

FINANCIAL STATEMENTS
For
BOARD OF MANAGEMENT FOR SCADDING COURT COMMUNITY CENTRE
For the year ended
DECEMBER 31, 2022

Management's Responsibility for the Financial Statements

The financial statements of the Board of Management for Scadding Court Community Centre (the "Centre") are the responsibility of management and have been approved by the Board.

The financial statements have been prepared in compliance with the Canadian public sector accounting standards for government not-for-profit organizations, including the 4200 series of standards, established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in Note 2 to the financial statements.

The preparation of the financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Centre's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

The Board of Management is responsible for ensuring that management fulfills its responsibilities for financial reporting. The Board reviews the Centre's financial statements and discusses any significant financial reporting or internal control matters prior to the approval of the financial statements.

The financial statements have been audited by Welch LLP, independent external auditors appointed by the City of Toronto's City Council, in accordance with Canadian generally accepted auditing standards. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Centre's financial statements.


..... Chairperson


..... Treasurer

INDEPENDENT AUDITOR'S REPORT

To the Council of the Corporation of the

**CITY OF TORONTO AND
THE BOARD OF MANAGEMENT FOR SCADDING COURT COMMUNITY CENTRE**

Opinion

We have audited the accompanying financial statements of the Board of Management for Scadding Court Community Centre (the Centre), which comprise the statement of financial position as at December 31, 2022, and the statements of operations and changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Centre as at December 31, 2022 and results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards for government not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Centre in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards for government not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Centre's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Centre or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Centre's financial reporting process.


Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Centre's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Centre's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Centre to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
October 11, 2023.

BOARD OF MANAGEMENT FOR SCADDING COURT COMMUNITY CENTRE

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2022

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 93,658	\$ 99,490
Due from City of Toronto - vacation receivable	50,347	46,454
Due from Scadding Court Community Centre, Inc. (note 7)	24,644	22,836
Accounts receivable	14,354	5,867
Prepaid expenses	<u>-</u>	<u>817</u>
	183,003	175,464
DUE FROM CITY OF TORONTO (note 5)	579,673	564,186
TANGIBLE CAPITAL ASSETS (note 4)	<u>4,798</u>	<u>10,790</u>
	<u>\$ 767,474</u>	<u>\$ 750,440</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 33,133	\$ 65,119
Due to City of Toronto - surplus (note 3)	51,737	34,740
Due to City of Toronto - other	561	561
Due to Scadding Court Community Centre, Inc. (note 7)	47,225	28,590
Vacation payable	<u>50,347</u>	<u>46,454</u>
	183,003	175,464
POST-EMPLOYMENT BENEFITS PAYABLE (note 5)	579,673	564,186
DEFERRED CAPITAL CONTRIBUTIONS (note 6)	<u>4,798</u>	<u>10,790</u>
	767,474	750,440
NET ASSETS	<u>-</u>	<u>-</u>
	<u>\$ 767,474</u>	<u>\$ 750,440</u>

Approved by the Board:

 Chair

 Treasurer

(See accompanying notes)

BOARD OF MANAGEMENT FOR SCADDING COURT COMMUNITY CENTRE

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2022

	<u>2022</u>	<u>2021</u>
Revenue		
City of Toronto funding		
Administration (note 3)	\$ 963,981	\$ 937,958
Post-employment benefits (note 5)	15,487	2,193
Vacation	3,892	9,996
Amortization of deferred capital contributions (note 6)	<u>5,992</u>	<u>1,469</u>
	<u>989,352</u>	<u>951,616</u>
 Expenses		
Salaries and wages	690,365	651,518
Employee benefits	200,841	198,800
Materials and supplies	24,222	24,738
Purchase of services	52,445	72,898
Post-employment benefits (note 5)	15,487	2,193
Amortization of tangible capital assets	<u>5,992</u>	<u>1,469</u>
	<u>989,352</u>	<u>951,616</u>
 Net revenue over expenses and net assets, beginning and end of year	 <u>\$ -</u>	 <u>\$ -</u>

(See accompanying notes)

BOARD OF MANAGEMENT FOR SCADDING COURT COMMUNITY CENTRE

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2022

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM (USED IN)		
OPERATING ACTIVITIES		
Net revenue over expenses	\$ -	\$ -
Adjustments for:		
Amortization of tangible capital assets	5,992	1,469
Amortization of deferred capital contributions	<u>(5,992)</u>	<u>(1,469)</u>
	-	-
Increase (decrease) resulting from changes in:		
Due from City of Toronto - operating deficit	-	23,408
Due from City of Toronto - other	-	4,044
Due from City of Toronto - vacation receivable	(3,893)	(9,996)
Due from Scadding Court Community Centre, Inc.	(1,808)	37,253
Accounts receivable	(8,487)	(775)
Prepaid expenses	817	(563)
Long-term receivable due from City of Toronto	(15,487)	(2,193)
Accounts payable and accrued liabilities	(31,986)	(24,164)
Due to City of Toronto - surplus	16,997	34,740
Due to Scadding Court Community Centre, Inc.	18,635	9,379
Vacation payable	3,893	9,996
Post-employment benefits payable	<u>15,487</u>	<u>2,193</u>
	<u>(5,832)</u>	<u>83,322</u>
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	<u>-</u>	<u>(9,870)</u>
FINANCING ACTIVITIES		
Capital contributions received	<u>-</u>	<u>9,870</u>
INCREASE (DECREASE) IN CASH	(5,832)	83,322
CASH, BEGINNING OF YEAR	<u>99,490</u>	<u>16,168</u>
CASH, END OF YEAR	\$ <u>93,658</u>	\$ <u>99,490</u>

(See accompanying notes)

BOARD OF MANAGEMENT FOR SCADDING COURT COMMUNITY CENTRE

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

1. NATURE OF OPERATIONS

The City of Toronto Act, 1997 continued the provisions of By-law No. 1995 - 0448 dated June 26, 1995 to reflect Chapter 25, Community and Recreation Centres of the Corporation of the City of Toronto Municipal Code. Chapter 25 amended all previous by-laws and established part of the premises at 707 Dundas Street West, Toronto, as a community recreation centre under the Community Recreation Centres Act, known as Scadding Court Community Centre (the "Centre"). The Centre is a not-for-profit organization and, as such, is exempt from income tax.

The Municipal Code provides for a Council appointed Committee which, among other matters, shall:

- (a) endeavour to manage and control the premises in a reasonable and efficient manner, in accordance with standard good business practices, and
- (b) pay to the City of Toronto (the "City") any excess of administration expenditure funds provided by the City in accordance with its approved annual budget.

The Municipal Code required that the audited annual financial statements be submitted by the Board of Management for the Centre to the City covering the management and control of the premises by the Board. These financial statements reflect the operations of the Centre relating to administration expenditures funded by the City of Toronto. Effective January 1, 2002, separate financial records were established for Scadding Court Community Centre, Inc., a registered charitable organization, and separate financial statements are prepared for programs. Details are provided at note 7.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

These financial statements have been prepared in accordance with Canadian public sector accounting standards for government not-for-profit organizations ("PSAS-GNFPO"), including the 4200 series of standards, as issued by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada.

Revenue recognition

The Centre follows the deferral method of accounting for contributions. Contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions are deferred and recognized as revenue in the year in which the related expenses are recognized. Externally restricted contributions for depreciable capital assets are deferred and amortized over the life of the related tangible capital assets. Externally restricted contributions for tangible capital assets that have not been expended are recorded as part of deferred capital contributions on the statement of financial position.

Financial instruments

The Centre initially measures its financial assets and financial liabilities at fair value.

The Centre subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

BOARD OF MANAGEMENT FOR SCADDING COURT COMMUNITY CENTRE

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2022

2. SIGNIFICANT ACCOUNTING POLICIES - Cont'd.

Tangible capital assets

Tangible capital assets are recorded at cost and contributed tangible capital assets are recorded at fair value at the date of contribution. Amortization is provided on a straight-line basis over their estimated useful lives, as follows:

Furniture and equipment	5 years
Computer equipment	3 years

Employee related costs

The Centre has adopted the following policies with respect to employee benefit plans:

- (c) The City of Toronto offers a multi-employer defined benefit pension plan to the Centre's employees. Due to the nature of the plan, the Centre does not have sufficient information to account for the plan as a defined benefit plan; therefore, the multi-employer defined benefit pension plan is accounted for in the same manner as a defined contribution plan. An expense is recorded in the period in which contributions are made.
- (d) The Centre also offers its employees a defined benefit sick leave plan, a post-retirement life, health and dental plan, a long-term disability plan and continuation of health, dental and life insurance benefits to disabled employees. The accrued benefit obligations are determined using an actuarial valuation based on the projected benefit method prorated on service, incorporating management's best estimate of future salary levels, inflation, sick day usage estimates, ages of employees and other actuarial factors.

Net actuarial gains and losses that arise are amortized over the expected average remaining service life of the employee group.

The Centre recognizes an accrued post-employment benefits liability on the statement of financial position, which is the net of the amount of the accrued benefit obligations and the unamortized actuarial gains/losses.

Use of estimates

The preparation of financial statements in conformity with PSA-GNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Management makes accounting estimates when determining collectability of accounts receivable, the useful life of its tangible capital assets, significant accrued liabilities, the post-employment benefits liabilities and the related costs charged to the statement of operations. Actual results could differ from those estimates, the impact of which would be recorded in future periods.

BOARD OF MANAGEMENT FOR SCADDING COURT COMMUNITY CENTRE

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2022

3. FUNDS PROVIDED BY THE CITY OF TORONTO - ADMINISTRATION

Funding for administration expenses are provided by the City according to Council approved budgets. Surplus amounts in administration are repayable to the City. Deficits, excluding those for long-term employee benefits, are normally to be funded by the Centre unless Council approval has been obtained for additional funding.

	2022 <u>Budget</u> (unaudited)	<u>2022</u>	<u>2021</u>
Administration expenses:			
Salaries and wages	\$ 692,854	\$ 690,365	\$ 651,518
Employee benefits	219,192	200,841	198,800
Materials and supplies	19,650	24,222	24,738
Purchase of services	49,282	52,445	72,898
Post-employment benefits	-	15,487	2,193
	<u>\$ 980,978</u>	<u>\$ 983,360</u>	<u>\$ 950,147</u>
Centre's actual administration revenue:			
Administration budget		\$ 980,978	\$ 987,218
Difference in budget and amount funded		<u>(4,650)</u>	<u>-</u>
		<u>976,328</u>	<u>987,218</u>
Centre's actual administration expenses:			
Administration expenses		989,352	951,616
Adjustments for:			
Post retirement benefits, not funded by the City until paid, that is included in long-term receivable - City of Toronto		(15,487)	(2,193)
Amortization of tangible capital assets funded by deferred capital contribution		(5,992)	(1,469)
Vacation pay liability, not funded by the City until paid, that are included in due from City of Toronto		(3,892)	(9,996)
Administration tangible capital asset acquisitions		-	9,870
		<u>963,981</u>	<u>947,828</u>
Administration expenses over (under) approved budget		<u>\$ (12,347)</u>	<u>\$ (39,390)</u>
The due to/from City of Toronto balance is comprised of:			
		<u>2022</u>	<u>2021</u>
2020 deficit receivable		\$ -	\$ 4,650
2021 surplus payable		(39,390)	(39,390)
2022 surplus payable		<u>(12,347)</u>	<u>-</u>
		<u>\$ (51,737)</u>	<u>\$ (34,740)</u>

BOARD OF MANAGEMENT FOR SCADDING COURT COMMUNITY CENTRE

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2022

4. TANGIBLE CAPITAL ASSETS

Tangible capital assets consist of the following:

	2022		2021	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Furniture and equipment	\$ 23,739	\$ 23,739	\$ 23,739	\$ 23,739
Computer equipment	25,377	20,579	25,377	14,587
	49,116	\$ 44,318	49,116	\$ 38,326
Less: accumulated amortization	(44,318)		(38,326)	
	\$ 4,798		\$ 10,790	

5. POST-EMPLOYMENT BENEFITS AND LONG-TERM ACCOUNTS RECEIVABLE

The Centre participates in a number of defined benefit plans provided by the City including pension, other retirement and post-employment benefits to its employees. Under the sick leave plan for management staff with ten years of service as of July 1, 2008, unused sick leave accumulates and eligible retirees are entitled to a cash payment when they leave the Centre's employment. The liability for these accumulated days represents the extent to which they have vested and can be taken in cash by an employee upon termination, retirement or death. This sick bank plan was replaced by a Short-Term Disability Plan (STD) effective March 1, 2008, for all non-union employees of the City of Toronto. Upon the effective date, individual sick banks were locked with no further accumulation. Grandfathered management staff remains entitled to payout of frozen, banked time, as described above. Under the new STD plan, management employees are entitled to 130 days annual coverage with salary protection at 100 or 75 percent, depending upon years of service. Non-management employees continue to receive sick bank time as stipulated in the applicable Collective Agreement, which specifies no financial conversion of unused sick leave.

The Centre also provides health, dental, accidental death and disability, life insurance and long-term disability benefits to eligible employees. Depending upon length of service and an individual's election, management retirees are covered either by the former City of Toronto retirement benefit plan or by the current retirement benefit plan.

Due to the complexities in valuing the benefit plans, actuarial valuations are conducted on a periodic basis. The most recent actuarial valuation was completed as at December 31, 2022 with projections to December 31, 2024. Assumptions used to project the accrued benefit obligation were as follows:

- long-term inflation rate - 2.0%
- assumed health care cost trends- range from 3.0% to 6.0%
- rate of compensation increase - 3.0% to 3.5%
- discount rates- post-retirement 4.7%, post-employment 4.1%, sick leave 4.2%

BOARD OF MANAGEMENT FOR SCADDING COURT COMMUNITY CENTRE

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2022

5. POST-EMPLOYMENT BENEFITS AND LONG-TERM ACCOUNTS RECEIVABLE - Cont'd.

Information about the Centre's employee benefits, other than the multi-employer, defined benefit pension plan noted below, is as follows:

	<u>2022</u>	<u>2021</u>
Post-retirement benefits	\$ 322,620	\$ 405,066
Sick leave benefits	<u>60,850</u>	<u>73,532</u>
	383,470	478,598
 Less: Unamortized actuarial gain	 <u>196,203</u>	 <u>85,588</u>
Post-employment benefit liability	\$ <u>579,673</u>	\$ <u>564,186</u>

The continuity of the accrued benefit obligation is as follows:

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 564,186	\$ 561,993
Current service cost	23,952	16,288
Interest cost	12,976	8,098
Amortization of actuarial loss	(8,282)	(11,925)
Expected benefits paid	<u>(13,159)</u>	<u>(10,268)</u>
 Balance, end of year	\$ <u>579,673</u>	\$ <u>564,186</u>

A long-term receivable from the City of \$579,673 in 2022 (2021 - \$564,186) has resulted from the recording of sick leave and post-retirement benefits. Funding for these costs continues to be provided by the City as benefit costs are paid and the City continues to be responsible for the benefit liabilities of administration staff that may be incurred by the Centre.

The Centre also makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf of most of its employees. The OMERS plan (the "Plan") is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Employer contributions to this pension plan amounted to \$68,090 in 2022 (2021 - \$66,324).

The most recent actuarial valuation of the Plan as at December 31, 2022 indicates that the Plan is in a deficit position and the Plan's December 31, 2022 financial statements indicate a net deficit of \$6,100 million (a deficit of \$6,678 million plus adjustment of \$578 million of unrecognized investment returns above or below the discount rate that is being smoothed and recognized over a five-year period). The Plan's management is monitoring the adequacy of the contributions to ensure that future contributions together with the Plan's assets and future investment earnings will be sufficient to provide for all future benefits. At this time, the Centre's contributions accounted for an insignificant portion of the Plan's total employer contributions. Additional contributions, if any, required to address the Centre's proportionate share of the deficit will be expensed during the period incurred.

BOARD OF MANAGEMENT FOR SCADDING COURT COMMUNITY CENTRE

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2022

6. DEFERRED CAPITAL CONTRIBUTIONS

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 10,790	\$ 2,389
Add: contributions received	-	9,870
Less: amortization of deferred capital contributions	<u>(5,992)</u>	<u>(1,469)</u>
Balance, end of year	\$ <u>4,798</u>	\$ <u>10,790</u>

7. CONTROLLED NOT-FOR-PROFIT

The Centre controls Scadding Court Community Centre, Inc. (the "Charity"), a charitable organization. The Charity runs the Centre's programs. The Charity is incorporated without share capital under the name Scadding Court Community Centre, Inc. and is a registered charity under the Income Tax Act. The Centre provides all administrative resources to the Charity and the Charity operates to assist the Centre in achieving its mandates.

The Charity has not been consolidated in the Centre's financial statements. Financial summaries of the Charity as at December 31, 2022 and 2021 and for the years then ended are as follows:

Statement of Financial Position

	<u>2022</u>	<u>2021</u>
Total assets	\$ <u>2,086,748</u>	\$ <u>2,215,068</u>
Total liabilities	\$ 734,945	\$ 864,941
Total net assets	<u>1,351,803</u>	<u>1,350,127</u>
	\$ <u>2,086,748</u>	\$ <u>2,215,068</u>

Statement of Operations

	<u>2022</u>	<u>2021</u>
Total revenues	\$ 3,411,493	\$ 2,729,080
Total expenses	<u>3,409,817</u>	<u>2,712,376</u>
Excess revenue over expenses	\$ <u>1,676</u>	\$ <u>16,704</u>

Statement Cash Flows

	<u>2022</u>	<u>2021</u>
Cash from (used in) operations	\$ (260,610)	\$ 201,295
Cash from (used in) investing activities	<u>-</u>	<u>(104,502)</u>
Increase (decrease) in cash	\$ <u>(260,610)</u>	\$ <u>96,793</u>

At December 31, 2022 \$47,225 (2021 - \$28,590) was owed by the Centre to the Charity and \$24,644 (2021 - \$22,836) was owed from the Charity to the Centre.

8. **FINANCIAL INSTRUMENTS**

The Centre is exposed to and manages various financial risks resulting from operations. The Centre's main financial risk management policies are as follows:

Credit risk

The Centre is exposed to credit risk resulting from the possibility that parties may default on their financial obligations. The Centre's maximum exposure to credit risk represents the sum of the carrying value of its cash and amounts receivable. The Centre's cash is deposited with a Canadian chartered bank and as a result management believes the risk of loss on this item to be remote. Management believes that the Centre's credit risk with respect to amounts receivable is limited. The Centre manages its credit risk by reviewing accounts receivable aging and following up on outstanding amounts.

Liquidity risk

Liquidity is the risk that the Centre cannot meet a demand for cash or fund its financial obligations as they become due. The centre's financial liabilities are comprised of accounts payable and accrued liabilities. The Centre manages liquidity risk by monitoring its cash flow requirements on a regular basis. The Centre believes its overall liquidity risk to be minimal as the Centre's financial assets are considered to be highly liquid.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest risk and other price risk.

i) *Currency risk*

Currency risk is the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate relative to the Canadian dollar due to changes in foreign exchange rates. The Centre's financial instruments are denominated in Canadian dollars and it transacts primarily in Canadian dollars. As a result, management does not believe it is exposed to significant currency risk.

ii) *Interest rate risk*

Interest rate risk is the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market interest rates. Management does not believe it is exposed to interest rate risk.

iii) *Other price risk*

Other price risk is the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market prices (other than those arising from currency risk or interest rate risk), whether these changes are caused by factors specific to the individual instrument or its issuer or factors affecting all similar instruments traded in the market. Management does not believe the Centre is exposed to other price risk.

Changes in risk

There have been no significant changes in the Centre's risk exposures from the prior year.

9. **COMPARATIVE FIGURES**

Certain comparative figures have been reclassified to conform to the current year presentation.