

**EDMONTON GLEANERS ASSOCIATION**  
*(Operating as Edmonton's Food Bank)*

**Financial Statements**

**For the Year Ended December 31, 2021**

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## INDEPENDENT AUDITORS' REPORT

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To the Members of Edmonton Gleaners Association

### *Qualified Opinion*

We have audited the financial statements of Edmonton Gleaners Association (the Association), which comprise the statement of financial position as at December 31, 2021, and the statements of operations, 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.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### *Basis for Qualified Opinion*

The Association derives revenue from donations and food donations in-kind, the completeness and existence of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Association and we were not able to determine whether any adjustments might be necessary to contributions, excess of revenues over expenses, current assets and net assets. Our audit opinion on the financial statements for the year ended December 31, 2021 was modified accordingly because of the possible effects of this limitation of scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified 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 accounting standards for 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 Association's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

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

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## Independent Auditors' Report to the Members of Edmonton Gleaners Association (*continued*)

### *Auditors' 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 auditors' 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 Association'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 Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Association 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.

**METRIX GROUP LLP**

Chartered Professional Accountants

Edmonton, Alberta  
May 10, 2022

**EDMONTON GLEANERS ASSOCIATION**  
**Operating as Edmonton's Food Bank**  
**Statement of Financial Position**  
**As At December 31, 2021**

	2021	2020
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash and cash equivalents (Note 3)	\$ 8,508,996	\$ 5,754,554
Short term investments (Note 4)	623,776	5,253,865
Accounts receivable	521,816	528,563
Prepaid expenses	37,058	76,169
Gift certificates on hand	50,582	44,455
	<b>9,742,228</b>	11,657,606
LONG TERM INVESTMENTS (Note 5)	5,041,706	1,395,107
TANGIBLE CAPITAL ASSETS (Note 6)	6,379,476	6,095,526
INTANGIBLE ASSETS	10,250	15,375
	<b>\$ 21,173,660</b>	<b>\$ 19,163,614</b>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities (Note 7)	\$ 332,338	\$ 354,257
Current portion of deferred capital contributions (Note 9)	100,187	69,677
	<b>432,525</b>	423,934
DEFERRED CONTRIBUTIONS (Note 8)	79,166	99,533
DEFERRED CAPITAL CONTRIBUTIONS (Note 9)	809,906	754,525
	<b>1,321,597</b>	1,277,992
<b>NET ASSETS</b>		
Invested in tangible capital assets	5,479,383	5,286,324
Internally restricted for		
Tangible capital assets reserve	1,100,000	1,100,000
Legacy reserve	457,396	457,396
Food purchase reserve	3,040,000	2,550,000
Emergency reserve	3,040,000	2,800,000
Unrestricted net assets	6,735,284	5,691,902
	<b>19,852,063</b>	17,885,622
	<b>\$ 21,173,660</b>	<b>\$ 19,163,614</b>

LEASE COMMITMENTS (Note 12)

ON BEHALF OF THE BOARD:

  
 \_\_\_\_\_ Director

  
 \_\_\_\_\_ Director

The accompanying notes are an integral part of these financial statements.

**EDMONTON GLEANERS ASSOCIATION****Statement of Operations****For The Year Ended December 31, 2021**

	2021	2020
<b>REVENUE</b>		
Food donations-in-kind (Note 11)	\$ 31,812,964	\$ 25,422,584
Contributions	8,277,352	11,699,150
Foundations' donations	1,397,335	1,244,756
Grants	372,436	2,154,912
Interest, investment and sundry income	157,710	104,184
United Way	134,800	154,279
Amortization of deferred capital contributions (Note 9)	93,851	76,746
	<u>42,246,448</u>	<u>40,856,611</u>
<b>EXPENSES</b>		
Food donations-in-kind (Note 11)	31,812,964	25,422,584
Salaries and employee benefits	3,401,283	2,887,397
Food purchases	2,103,123	2,072,351
Covid-19 program costs	636,387	584,450
Amortization of tangible and intangible assets	535,977	445,230
Warehouse operations	480,244	303,285
Promotion, recruitment and education	415,591	440,204
Transportation and trucking	304,204	201,321
Repairs and maintenance	162,482	197,724
Utilities	114,274	81,631
Supplies and sundry	70,385	86,477
Telephone	68,437	61,808
Purchased services	54,797	16,518
Goods and Services Tax	54,567	46,728
IT services	49,703	61,894
Insurance	44,160	34,636
Beyond food program	25,721	35,216
Interest and bank charges	3,542	33,469
	<u>40,337,841</u>	<u>33,012,923</u>
<b>EXCESS OF REVENUE OVER EXPENSES FROM OPERATIONS</b>	<u>1,908,607</u>	<u>7,843,688</u>
<b>OTHER INCOME</b>		
Unrealized gain on changes in market value of investments	40,686	51,370
Realized gain (loss) on disposal of investments	17,148	(4,574)
Gain on disposal of tangible capital assets	-	7,428
	<u>57,834</u>	<u>54,224</u>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<u>\$ 1,966,441</u>	<u>\$ 7,897,912</u>

The accompanying notes are an integral part of these financial statements.

**EDMONTON GLEANERS ASSOCIATION**  
**Operating as Edmonton's Food Bank**  
**Statement of Changes in Net Assets**  
**For The Year Ended December 31, 2021**

	Invested in Tangible Capital Assets	Tangible Capital Assets Reserve	Legacy Reserve	Food Purchase Reserve	Emergency Reserve	Unrestricted	2021	2020
Net assets, beginning of year	\$ 5,286,324	\$ 1,100,000	\$ 457,396	\$ 2,550,000	\$ 2,800,000	\$ 5,691,902	\$ 17,885,622	\$ 9,987,710
Excess of revenue over expenses	-	-	-	-	-	1,966,441	1,966,441	7,897,912
Purchase of tangible capital assets	814,802	-	-	-	-	(814,802)	-	-
Amortization of tangible capital assets	(530,852)	-	-	-	-	530,852	-	-
Receipt of deferred capital contributions	(179,742)	-	-	-	-	179,742	-	-
Amortization of deferred capital contributions (Note 9)	88,851	-	-	-	-	(88,851)	-	-
Interfund transfers	-	-	-	490,000	240,000	(730,000)	-	-
Net assets, end of year	\$ 5,479,383	\$ 1,100,000	\$ 457,396	\$ 3,040,000	\$ 3,040,000	\$ 6,735,284	\$ 19,852,063	\$ 17,885,622

The accompanying notes are an integral part of these financial statements.

**EDMONTON GLEANERS ASSOCIATION****Statement of Cash Flows****For The Year Ended December 31, 2021**

	2021	2020
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses	\$ 1,966,441	\$ 7,897,912
Items not affecting cash:		
Amortization of tangible capital assets	530,852	440,105
Amortization of intangible assets	5,125	5,125
Gain on disposal of tangible capital assets	-	(7,428)
Realized (gain) loss on disposal of investments	(17,148)	4,574
Amortization of deferred capital contributions	(93,851)	(76,746)
Unrealized gain on changes in market value of investments	(40,686)	(51,370)
	<u>2,350,733</u>	<u>8,212,172</u>
Changes in non-cash working capital:		
Accounts receivable	6,747	(89,287)
Prepaid expenses	39,111	(53,115)
Gift certificates on hand	(6,127)	11,021
Accounts payable and accrued liabilities	(21,919)	126,335
Deferred contributions	(20,367)	94,533
	<u>(2,555)</u>	<u>89,487</u>
Cash flow from operating activities	<u>2,348,178</u>	<u>8,301,659</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of tangible capital assets	(814,802)	(991,315)
Proceeds on disposal of tangible capital assets	-	10,200
Net change in short term investments	5,146,217	(4,484,910)
Purchase of long term investments	(5,000,000)	(500,000)
Withdrawal of long term investments	895,107	300,000
	<u>226,522</u>	<u>(5,666,025)</u>
Cash flow from (used by) investing activities	<u>226,522</u>	<u>(5,666,025)</u>
<b>FINANCING ACTIVITIES</b>		
Receipt of deferred capital contributions (Note 9)	179,742	46,000
Repayment of long term debt	-	(243,542)
	<u>179,742</u>	<u>(197,542)</u>
Cash flow from (used by) financing activities	<u>179,742</u>	<u>(197,542)</u>
<b>INCREASE IN CASH FLOW</b>	<b>2,754,442</b>	<b>2,438,092</b>
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>5,754,554</u>	<u>3,316,462</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR (Note 3)</b>	<b><u>\$ 8,508,996</u></b>	<b><u>\$ 5,754,554</u></b>

The accompanying notes are an integral part of these financial statements.

# EDMONTON GLEANERS ASSOCIATION

## Notes to Financial Statements

For the Year Ended December 31, 2021

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### 1. NATURE OF OPERATIONS

Edmonton Gleaners Association (the "Association") was incorporated under the *Societies Act* of Alberta on January 16, 1981. The Association's principal business activity is to be stewards in the collection of surplus and donated food for the effective distribution, free of charge, to people in need in our community. The Association operates under the name "Edmonton's Food Bank". The Association is designated as a charitable organization under the *Income Tax Act (Canada)* and therefore is exempt from income taxes.

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO), Part III of the Chartered Professional Accountants of Canada Handbook as issued by the Canadian Accounting Standards Board.

#### Revenue recognition

The Association follows the deferral method of accounting for contributions.

Unrestricted contributions are recognized as revenue when they are received or receivable if the amount can be reasonably assured. Externally restricted contributions are initially deferred and then recognized as revenue in the year the related expenses are incurred. Donated tangible capital assets and capital contributions received are initially deferred and recognized as revenue on the same basis as the useful life. Donated tangible capital assets not subject to amortization are recorded as direct increase to Association's Net Assets.

Donations received in kind are recorded at estimated fair market value at the date the donation is made.

Food donations-in-kind are recorded at \$5.78 per kilogram based on the Food Banks Canada national valuation standard.

Investment income, which consist of interest, dividends, income distributions from pooled funds and realized and unrealized gains and losses, is recognized in the statement of operations.

#### Cash and cash equivalents

Cash and cash equivalents include cash and short-term investments with a maturity of three months or less from the date of acquisition.

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**EDMONTON GLEANERS ASSOCIATION**

**Notes to Financial Statements**

**For the Year Ended December 31, 2021**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Tangible capital assets

Tangible capital assets are stated at cost less accumulated amortization. Tangible capital assets are amortized over their estimated useful lives at the following rates and methods:

Land		non-amortizable
Buildings	4%	declining balance method
Equipment	20%	declining balance method
Automotive	30%	declining balance method
Computers and software	30%	declining balance method
Parking lot	8%	declining balance method

The Association regularly reviews its tangible capital assets to eliminate obsolete items.

Tangible capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

Intangible assets

The cost of the website development is being amortized on a straight-line basis over its estimated useful life of five years.

Reserve policy

The Association maintains the following internally restricted reserves:

Tangible Capital Assets Reserve - designated to fund major capital expenditures. Examples of major capital expenditures may include building renovations, equipment and vehicle purchases or repairs.

Legacy Reserve - consists of donations left to the Association from estates. In consultation with the family members and other major funders, these gifts are invested to ensure long term benefits for the people served within the organization.

Food Purchase Reserve - designated for the purchase of food when food supplies and financial donations are inadequate to meet client requirements.

Emergency Reserve - designed to protect the Association against unexpected demands on its resources arising from the occurrence of negative events including natural disasters.

Donated services

Volunteer hours representing fundraising, special events, administrative and warehouse activity are not reflected in these financial statements as the fair value of these services cannot be reasonably estimated.

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# EDMONTON GLEANERS ASSOCIATION

## Notes to Financial Statements

For the Year Ended December 31, 2021

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### Measurement uncertainty

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent liabilities at the date of financial statements and the reported amount of revenues and expenses during the reporting period. Significant areas requiring the use of management's estimates include the useful lives of tangible capital assets and the corresponding rates of amortization, the amount of accrued liabilities, and assessment of the value of donated food and other products. All estimates are reviewed periodically and adjustments are made to the statement of operations as appropriate in the year they become known.

#### Food purchases and inventory

Food purchases are recorded as an expense at the date of purchase. Food items on hand at year-end are not recorded as inventory.

#### Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

The Association's financial instruments consist of cash and cash equivalents, gift certificates on hand, short term investments, accounts receivable, long term investments, accounts payable, vacation and overtime payable, and accrued liabilities. It is management's opinion that the Association is not exposed to significant currency or credit risks arising from these financial instruments.

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### 3. CASH AND CASH EQUIVALENTS

	<u>2021</u>	<u>2020</u>
Servus Credit Union-operating account	\$ 5,009,571	\$ -
Scotiabank - operating account	1,791,247	3,031,617
Scotiabank - savings account	816,020	1,361,059
CIBC - operating account	541,339	1,055,791
Undeposited funds on hand	248,544	301,437
Scotia iTrade - cash account	102,205	4,580
Cash on hand	70	70
	<u>\$ 8,508,996</u>	<u>\$ 5,754,554</u>

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# EDMONTON GLEANERS ASSOCIATION

## Notes to Financial Statements

For the Year Ended December 31, 2021

### 4. SHORT TERM INVESTMENTS

	2021	2020
Guaranteed Investment Certificates	\$ 571,821	\$ 5,080,414
Scotia iTrade equities (book value - \$51,907)	51,955	169,414
CIBC Mutual Funds	-	4,037
	<b>\$ 623,776</b>	<b>\$ 5,253,865</b>

Guaranteed Investment Certificates bear interest ranging from 0.3% to 0.9% and mature between January 21, 2022 and April 18, 2022.

Scotia iTrade Investments are held at fair market value.

### 5. LONG TERM INVESTMENTS

	2021	2020
ATB Wealth	\$ 5,041,706	\$ -
Edmonton Community Foundation	-	895,107
Guaranteed Investment Certificate	-	500,000
	<b>\$ 5,041,706</b>	<b>\$ 1,395,107</b>

ATB Wealth investment portfolio is presented at fair market value and consists of funds invested in Canadian, US and Global equity and fixed income securities.

During the year, the Association withdrew the funds from the Edmonton Community Foundation.

### 6. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Land	\$ 879,102	\$ -	\$ 879,102	\$ 879,102
Buildings	5,402,797	1,324,728	4,078,069	3,972,690
Equipment	1,176,439	638,493	537,946	453,460
Automotive	1,923,154	1,232,457	690,697	561,129
Computers and software	213,061	158,487	54,574	77,963
Parking lot	205,614	66,526	139,088	151,182
	<b>\$ 9,800,167</b>	<b>\$ 3,420,691</b>	<b>\$ 6,379,476</b>	<b>\$ 6,095,526</b>

### 7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2021	2020
Trades payables and accrued liabilities	\$ 149,877	\$ 210,781
Vacation and overtime payable	124,281	100,815
Wages payable	44,191	32,426
Payroll withholding taxes	13,989	10,235
	<b>\$ 332,338</b>	<b>\$ 354,257</b>

## EDMONTON GLEANERS ASSOCIATION

### Notes to Financial Statements

For the Year Ended December 31, 2021

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#### 8. DEFERRED CONTRIBUTIONS

All of the deferred contributions to the Association have been designated for a specific use. These amounts are recognized as revenue as related program expenses are incurred. The changes in deferred contributions balance are as follows:

	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 99,533	\$ 5,000
Contributions	79,166	99,533
Amount recognized as revenue during the year	<u>(99,533)</u>	<u>(5,000)</u>
Balance, end of year	<u>\$ 79,166</u>	<u>\$ 99,533</u>

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#### 9. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the unamortized amount of contributions received for the purchase of tangible capital assets and intangible assets. The amortization of deferred capital contributions begins when the associated tangible capital assets or intangible assets are put into use, and is recorded as revenue in the statement of operations based on the useful life of the assets. The changes in the deferred capital contributions balance are as follows:

	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 824,202	\$ 854,948
Capital contributions received	179,742	46,000
Amount amortized during the year - intangible assets	(5,000)	(5,000)
Amount amortized during the year - tangible capital assets	<u>(88,851)</u>	<u>(71,746)</u>
Balance, end of year	910,093	824,202
Current portion to be amortized	<u>(100,187)</u>	<u>(69,677)</u>
Balance, end of year	<u>\$ 809,906</u>	<u>\$ 754,525</u>

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#### 10. RELATED PARTY TRANSACTIONS

The Association periodically incurs expenses with parties which certain members of its Board of Directors are associated. Transactions involving the Association and these parties in 2021 totaled \$80,350 (2020 - \$25,958). As of December 31, 2021 there were \$NIL (2020 - \$NIL) outstanding as a payable to related parties and \$NIL (2020 - \$NIL) outstanding as a receivable from related parties.

These transactions are considered to be in the normal course of business and are measured at or below fair market value.

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#### 11. FOOD DONATIONS IN-KIND

The food donations are valued at an average price per kilogram of \$5.78 (2020 - \$5.78) based on the Food Banks Canada national valuation standard. In 2021 management estimated that approximately 5,503,973 kilograms of food was received and distributed (4,398,371 kilograms at \$5.78 per kilogram in 2020) for a total value of \$31,812,964 (2020 - \$25,422,584).

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# EDMONTON GLEANERS ASSOCIATION

## Notes to Financial Statements

For the Year Ended December 31, 2021

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### 12. COMMITMENTS

On December 15, 2020, the Association entered into a one year lease agreement to rent an additional warehouse facility. In 2021 the lease was extended for an additional term until December 14, 2022. Under the terms of the renewed lease, the Association will pay a monthly basic rent fee of \$13,992. In addition, the Association is responsible for property taxes, utilities and other direct costs.

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### 13. FINANCIAL INSTRUMENTS

The Association is exposed to various risks through its financial instruments. The following analysis provides information about the Association's risk exposure and concentration as of December 31, 2021.

#### Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Association is exposed to credit risk from its accounts receivable and gift certificates. The Association mitigates this risk by reviewing and monitoring these balances.

#### Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Association is exposed to this risk mainly in respect of its receipt of funds from its members, donors, other related sources, and accounts payable and accrued liabilities. Sufficient short term investments are on hand at any given time that can readily be converted to cash to cover any expected and unexpected operating requirements.

#### Market risk

The Association is exposed to market risk through changes in marketable security prices, other than changes arising from interest rate or currency risk, in connection with investments in equity securities and other pooled funds. The Association mitigates this risk through controls to monitor and limit concentration levels.

#### Interest rate risk

Interest rate risk is the risk that the value of the Association's interest bearing financial instruments will fluctuate due to changes in prevailing interest rates. The Association is exposed to interest rate risk on its short term investments and cash and cash equivalents. Management frequently reviews the interest rates to mitigate risk.

#### Changes in risk

There has been no significant change in the level of risk during the year.

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### 14. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

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