

Community Living Essex County

Financial Statements

For the year ended March 31, 2019

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Tel: 519-776-6488
Fax: 519-776-6090
www.bdo.ca

BDO Canada LLP
180 Talbot Street S
Essex ON N8M 1B6 Canada

Independent Auditor's Report

To the Board of Directors of Community Living Essex County

Qualified Opinion

We have audited the financial statements of Community Living Essex County (the Organization), which comprise the statement of financial position as at March 31, 2019, the statements of operations and changes in fund balances 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 Organization as at March 31, 2019, and its financial performance and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2019 and 2018, current assets as at March 31, 2019 and 2018, and net assets as at April 1 and March 31 for both the 2019 and 2018 years. Our audit opinion on the financial statements for the year ended March 31, 2019 was modified accordingly because of the possible effects of this limitation in scope.

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 Organization 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 these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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 Organization'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 Organization'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 Organization 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Essex, Ontario
June 05, 2019

Community Living Essex County

Statement of Financial Position

March 31,				2019	2018
Assets	General Fund	Capital Fund	Total	Total	
Current					
Cash and bank (Note 2 and 12)	\$4,117,250	\$ 3,304,794	\$ 7,422,044	\$	6,370,298
Grants receivable	4,218	-	4,218		4,218
Accounts receivable	971,618	-	971,618		700,279
Prepaid expenses	123,399	-	123,399		160,435
Interfund receivable	-	836,641	836,641		40,690
	<u>5,216,485</u>	<u>4,141,435</u>	<u>9,357,920</u>		<u>7,275,920</u>
Capital assets (Note 3)	-	16,095,706	16,095,706		15,751,287
	<u>\$5,216,485</u>	<u>\$ 20,237,141</u>	<u>\$ 25,453,626</u>	<u>\$</u>	<u>23,027,207</u>

Liabilities and Fund Balances

Current					
Accounts payable and accruals (Note 6)	\$3,606,928	\$ -	\$ 3,606,928	\$	3,000,945
Deferred contributions (Note 7)	782,360	-	782,360		708,510
Current portion of long-term debt (Note 5)	-	277,433	277,433		379,901
Interfund payable	836,641	-	836,641		40,690
	<u>5,225,929</u>	<u>277,433</u>	<u>5,503,362</u>		<u>4,130,046</u>
Long-term debt (Note 5 and 12)	-	2,387,593	2,387,593		2,203,913
	<u>5,225,929</u>	<u>2,665,026</u>	<u>7,890,955</u>		<u>6,333,959</u>
Commitments (Note 9)					
Fund balances					
Invested in capital assets	-	13,422,464	13,422,464		13,159,965
Externally restricted (Note 8)	-	79,967	79,967		75,415
Internally restricted (Note 8)	-	4,069,684	4,069,684		3,467,900
Unrestricted	(9,444)	-	(9,444)		(10,032)
	<u>(9,444)</u>	<u>17,572,115</u>	<u>17,562,671</u>		<u>16,693,248</u>
	<u>\$5,216,485</u>	<u>\$ 20,237,141</u>	<u>\$ 25,453,626</u>	<u>\$</u>	<u>23,027,207</u>

Approved on behalf of Board of Directors:

President



Treasurer

Community Living Essex County

Statement of Operations and Changes in General Fund Balances

March 31,	2019	2018
Revenue		
Provincial subsidies (Note 10)	\$ 29,331,641	\$ 29,045,454
Fees for services	6,435,904	5,059,139
Donations and fund raising	250,985	292,509
Other grants	171,447	309,832
Tax rebates and sundry	171,338	115,441
Federal subsidies	65,596	68,585
Investment income	57,832	40,510
	<u>36,484,743</u>	<u>34,931,470</u>
Expenditures		
Salaries	24,337,658	23,321,059
Staff benefits	3,777,412	3,501,733
Purchased services	3,006,441	2,776,110
Repairs and maintenance	1,620,422	1,507,194
Pension expense (Note 11)	970,039	951,702
Food	728,430	705,056
Supplies	564,015	733,061
Vehicle operation	469,825	440,967
Staff travel and training	319,851	259,898
Utilities and taxes	315,244	345,575
Insurance	157,985	139,363
Rent premises and other	103,895	129,185
Advertising and fundraising expenses	85,668	88,011
Personal needs	14,304	18,302
Bank charges and other	12,966	11,456
	<u>36,484,155</u>	<u>34,928,672</u>
Excess of revenue over expenditures	588	2,798
Fund balance, beginning of year	<u>(10,032)</u>	<u>(12,830)</u>
Fund balance, end of year	<u>\$ (9,444)</u>	<u>\$ (10,032)</u>

Community Living Essex County

Statement of Operations and Changes in Capital Fund Balances

March 31,	2019	2018
Revenue		
Provincial subsidies (Note 10)	\$ 1,424,901	\$ 598,584
Capital grants	232,625	-
Investment income	125,143	88,904
	<u>1,782,669</u>	<u>687,488</u>
Expenditures		
Amortization	826,324	824,105
Interest on long-term debt	76,905	64,822
Loss on disposal of assets	10,605	25,398
	<u>913,834</u>	<u>914,325</u>
Excess (deficiency) of revenue over expenditures	868,835	(226,837)
Fund balance, beginning of year	<u>16,703,280</u>	<u>16,930,117</u>
Fund balance, end of year	<u>\$ 17,572,115</u>	<u>\$ 16,703,280</u>

Community Living Essex County

Statement of Cash Flows

For the year ended March 31,	2019		2018	
	General Fund	Capital Fund	General Fund	Capital Fund
Cash flows from operating activities				
Excess (deficiency) of revenue over expenditures	\$ 588	\$ 868,835	\$ 2,798	\$ (226,837)
Add non-cash items:				
Amortization	-	826,324	-	824,105
Loss on disposal of capital assets	-	10,605	-	25,398
	<u>588</u>	<u>1,705,764</u>	<u>2,798</u>	<u>622,666</u>
Changes in non-cash working capital balances				
Accounts receivable	(271,339)	-	91,737	-
Prepaid expenses	37,036	-	(45,680)	-
Interfund receivable	-	(795,951)	-	69,731
Accounts payable and accruals	605,983	-	329,450	-
Deferred contributions	73,850	-	(116,103)	-
Interfund payable	795,951	-	(69,731)	-
	<u>1,241,481</u>	<u>(795,951)</u>	<u>189,673</u>	<u>69,731</u>
	<u>1,242,069</u>	<u>909,813</u>	<u>192,471</u>	<u>692,397</u>
Cash flows from financing and investing activities				
Mortgage principal repayments	-	(172,293)	-	(171,494)
Mortgage principal advanced	-	262,000	-	-
Purchase of capital assets	-	(1,260,512)	-	(363,054)
Proceeds on disposals	-	79,164	-	21,223
Long-term debt repayments	-	(8,495)	-	(7,872)
	<u>-</u>	<u>(1,100,136)</u>	<u>-</u>	<u>(521,197)</u>
Net increase (decrease) in cash and bank during the year	<u>1,242,069</u>	<u>(190,323)</u>	<u>192,471</u>	<u>171,200</u>
Cash and bank, beginning of year	<u>2,875,181</u>	<u>3,495,117</u>	<u>2,682,710</u>	<u>3,323,917</u>
Cash and bank, end of year	<u>\$ 4,117,250</u>	<u>\$ 3,304,794</u>	<u>\$ 2,875,181</u>	<u>\$ 3,495,117</u>

Community Living Essex County

Notes to Financial Statements

March 31, 2019

1. Significant accounting policies

Nature of organization Community Living Essex County is a social service organization providing support to individuals with an intellectual disability and their families who reside in Essex County. It is incorporated under the Corporations Act of Ontario as a not-for-profit organization and is a registered charity under the Income Tax Act.

Basis of accounting These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Capital assets Capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Amortization is provided over the assets' estimated useful lives on a straight line basis as follows:

Buildings	40 years
Vehicles	7 years
Equipment	10 years
Computer hardware	4 years
Computer software	3 years
Leaseholds	5 years

Amortization expense is reported in the Capital Fund.

Fund accounting The Organization follows the restricted fund method of accounting for contributions.

The General Fund accounts for the organization's program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants.

The Capital Fund reports the assets, liabilities, revenues and expenses related to the organization's capital assets. The Capital Fund is comprised of the net amount invested in capital assets, amounts internally restricted by the Board of Directors for property maintenance and capital asset purchases, and an amount externally restricted by the Ministry of Children, Community and Social Services for capital items at two specific locations.

Community Living Essex County

Notes to Financial Statements

March 31, 2019

1. Significant accounting policies (continued)

Revenue recognition Restricted contributions related to general operations, including provincial subsidies, fees for services and capital grants, are recognized as revenue of the General or Capital Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund. Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income earned on capital fund resources is recognized as revenue of the Capital Fund. Other investment income is recognized as revenue of the General Fund when earned.

Pension plan The Organization maintains a defined contribution pension plan for qualified personnel that are non-unionized employees. Expense for this plan is equal to the company's required contribution for the year.

The Organization is a participating employer in a multi-employer pension plan for qualified personnel that are unionized employees. Expense for this plan is equal to the company's required contribution for the year.

Financial instruments Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, all investments have been designated to be in the fair value category, with gains and losses reported in operations. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

Community Living Essex County

Notes to Financial Statements

March 31, 2019

1. Significant accounting policies (continued)

Administrative expenses	Administrative expenses are segregated and allocated to the various programs primarily on the basis of negotiated budgets.
Contributed services	Several hundred volunteers contribute to assist Community Living Essex County in carrying out its service activities. The value of this contribution is not reflected on the financial statements.
Use of estimates	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 amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

2. Cash and bank

Included in cash and bank are the following:

	<u>2019</u>	<u>2018</u>
Cash - General fund	\$ 3,410,766	\$ 2,269,039
Cash - Externally restricted fund	47,972	37,022
Cash - Trustee	<u>658,512</u>	<u>569,120</u>
	<u>\$ 4,117,250</u>	<u>\$ 2,875,181</u>
Cash - Capital fund	<u>\$ 3,304,794</u>	<u>\$ 3,495,111</u>

Cash included in the externally restricted fund are lottery and bingo accounts. The use of these funds is externally restricted by regulatory bodies. Cash in the Trustee account are monies held in trust for people supported by the organization. At year end, the trustee account owes the general account \$25,167 (2018 - the general fund account owed the trustee account \$1,146). This was repaid subsequent to the year end. The Capital fund is used to purchase assets for the Organization.

Community Living Essex County

Notes to Financial Statements

March 31, 2019

3. Capital assets

	Cost	Accumulated Amortization	2019 Net Book Value	2018 Net Book Value
Building	\$ 16,330,682	\$ 5,124,272	\$ 11,206,410	\$ 11,347,327
Land	2,830,229	-	2,830,229	2,785,229
Vehicles	2,847,393	1,545,142	1,302,251	933,066
Equipment	2,051,090	1,502,734	548,356	575,529
Computer hardware	947,114	796,533	150,581	102,209
Computer software	330,092	272,213	57,879	7,927
Leaseholds	32,483	32,483	-	-
	<u>\$ 25,369,083</u>	<u>\$ 9,273,377</u>	<u>\$ 16,095,706</u>	<u>\$ 15,751,287</u>

Included in the above are the final capital costs for the following projects originally funded by the Ministry of Municipal Affairs and Housing:

	2019	2018
Property, 48 Heritage, Kingsville	\$ 519,653	\$ 519,653
Property, 647/649 Centre St., Belle River	516,195	516,195
	<u>\$ 1,035,848</u>	<u>\$ 1,035,848</u>

4. Security for bank line of credit

Libro Credit Union has a general security agreement and an assignment of business insurance to cover any overdraft in the operating accounts up to a maximum of \$250,000 (2018 - \$250,000). The full amount of the overdraft coverage was available at the year end date. The line of credit bears interest at prime plus 1.00%.

Community Living Essex County

Notes to Financial Statements

March 31, 2019

5. Long-term debt

	2019	2018
Mortgage payable - Libro Credit Union (Libro) 2.89% first mortgage, repayable in monthly instalments of \$3,100, including principal and interest due October 2, 2020. The mortgage is secured by the land and buildings at 1312 Deer Run Trail, Belle River. The carrying value is \$535,914.	\$ 335,146	\$ 362,291
Mortgage payable - Libro 3.79% first mortgage, repayable in monthly instalments of \$1,959 (2018 - \$2,331) including principal and interest due October 31, 2023. The mortgage is secured by land and building at County Road 18, Essex. The carrying value is \$599,390.	329,907	343,554
Mortgage payable - Libro 3.54% (2018 - 3.48%) first mortgage, repayable in monthly instalments of \$2,237 (2018 - \$2,311), including principal and interest due June 27, 2023. The mortgage was secured by land and building at 5400 Lakeshore Road 305, Lakeshore. The carrying value is \$827,559.	312,482	328,316
Mortgage payable - Libro 3.79% first mortgage, repayable in monthly instalments of \$1,350 including principal and interest due November 23, 2023. The mortgage is secured by land and building at 160 County Road 34 East, Cottam. The carrying value is \$355,175.	259,829	-
Mortgage payable - Libro 2.99% first mortgage, repayable in monthly instalments of \$1,660 including principal and interest due June 9, 2019. The mortgage is secured by land and building at 280 Golfview, Amherstburg. The carrying value is \$415,353.	243,973	256,434
Mortgage payable - Peoples Group 3.03% (2018 - 2.882%) first mortgage, repayable in monthly instalments of \$2,060 (2018 - \$2,046) including principal and interest due September 1, 2023. The mortgage is secured by land and building at 647/649 Centre Street, Belle River. The carrying value is \$407,638.	204,469	222,825

Community Living Essex County

Notes to Financial Statements

March 31, 2019

5. Long-term debt (continued)	2019	2018
<p>Mortgage payable - Libro 2.89% first mortgage, repayable in monthly instalments of \$990 including principal and interest due March 31, 2022. The mortgage is secured by land and building at 795 North Talbot Rd., Kingsville. The carrying value is \$360,311.</p>	\$ 166,657	\$ 173,642
<p>Mortgage payable - Libro 3.00% first mortgage, repayable in monthly instalments of \$897 including principal and interest due December 12, 2019. The mortgage is secured by land and building at Wride Avenue, Kingsville. The carrying value is \$567,784.</p>	135,147	141,774
<p>Mortgage payable - Libro 2.89% first mortgage, repayable in monthly instalments of \$922 including principal and interest due March 31, 2022. The mortgage is secured by the land and buildings at 372 Talbot St., Essex. The carrying value is \$818,938.</p>	134,605	141,696
<p>Mortgage payable - Scotiabank 2.164% first mortgage, repayable in monthly instalments of \$1,974 including principal and interest due November 1, 2019. The mortgage is secured by the land and buildings at 48 Heritage Rd., Kingsville. The carrying value is \$435,449.</p>	126,255	152,461
<p>Mortgage payable - Libro 2.89% (2018 - 3.99%) first mortgage, repayable in monthly instalments of \$699 including principal and interest due February 17, 2021. The mortgage is secured by land and building at 1693 Maplewood, Belle River. The carrying value is \$185,752.</p>	89,306	95,037
<p>Mortgage payable - Libro 2.84% (2018 - 2.89%) first mortgage, repayable in monthly instalments of \$608 including principal and interest due March 30, 2021. The mortgage is secured by land and building at 39 McBride, Amherstburg. The carrying value is \$317,889.</p>	73,713	78,850
<p>Mortgage payable - Libro 3.79% (2018 - 3.39%) first mortgage, repayable in monthly instalments of \$580 (2018 - \$567) including principal and interest due September, 2023. The mortgage is secured by land and building at 1950 Suzanne St., Lasalle. The carrying value is \$130,125.</p>	59,844	64,435

Community Living Essex County

Notes to Financial Statements

March 31, 2019

5. Long-term debt (continued)

	<u>2019</u>	<u>2018</u>
Mortgage payable - Libro 2.84% first mortgage, repayable in monthly instalments of \$694 including principal and interest due June 23, 2021. The mortgage is secured by land and building at 85 Gosfield Townline Rd E., Essex. The carrying value is \$235,957.	\$ 54,463	\$ 61,156
Mortgage payable - Libro 3.99% (2018 - 3.69%) first mortgage, repayable in monthly instalments of \$503 (2017 - \$491) including principal and interest due December 4, 2023. The mortgage is secured by land and building at 286 St. Jude St., Belle River. The carrying value is \$197,418.	52,334	56,212
Mortgage payable - Libro 2.89% first mortgage, repayable in monthly instalments of \$383 including principal and interest due May 30, 2022. The mortgage is secured by land and building at 920 Mersea Road, Leamington. The carrying value is \$82,125.	50,143	53,246
Mortgage payable - Libro 2.89% first mortgage, repayable in monthly instalments of \$650 including principal and interest due April 1, 2022. The mortgage is secured by land and building at 335 Forest Hill, Amherstburg. The carrying value is \$232,418.	36,753	43,390
Car loan - Ford Credit Canada Limited 0.0% financing agreement, repayable in monthly instalments of \$656 including principal and interest, repaid during the year.	-	8,495
	<u>2,665,026</u>	<u>2,583,814</u>
Less: current portion of long-term debt	<u>277,433</u>	<u>379,901</u>
	<u>\$ 2,387,593</u>	<u>\$ 2,203,913</u>

Community Living Essex County

Notes to Financial Statements

March 31, 2019

5. Long-term debt (continued)

The principal payments due within the next five years and thereafter are as follows assuming refinancing under similar terms for all mortgages held by Libro Credit Union:

2020	\$ 277,433
2021	155,934
2022	160,921
2023	166,070
2024	361,920
Thereafter	<u>1,542,748</u>
	<u>\$ 2,665,026</u>

6. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are net government remittances payable of \$260,780 (2018 - \$264,495).

7. Deferred contributions

	<u>2019</u>	<u>2018</u>
Individual's accounts - in trust	\$ 633,342	\$ 570,266
Other revenues and donations received in advance	<u>149,018</u>	<u>138,244</u>
	<u>\$ 782,360</u>	<u>\$ 708,510</u>

Deferred contributions represent restricted operating funding received in the current period that relates to the subsequent period.

Community Living Essex County

Notes to Financial Statements

March 31, 2019

8. Restrictions on fund balances

	2019	2018
Restricted by Ministry of Children, Community and Social Services for replacement of capital items at 48 Heritage Road, Kingsville and 647/649 Centre St., Belle River	\$ 79,967	\$ 75,415
Internally restricted for property maintenance	1,385,982	1,253,439
Internally restricted for capital asset purchases	2,638,376	2,175,157
Internally restricted for renewable energy initiative	45,326	39,304
	<u>4,069,684</u>	<u>3,467,900</u>
	<u>\$ 4,149,651</u>	<u>\$ 3,543,315</u>

9. Commitments

Three property leases exist with expiration dates starting in 2021. Leases convert to a month-to-month basis at the end of the lease term. Two office equipment leases exist with expiration dates starting in 2021. Future minimum lease payments are as follows:

	Property	Office equipment
2020	\$ 59,873	\$ 27,135
2021	40,924	6,393
2022	7,718	4,507
2023	-	2,254
	<u>\$ 108,515</u>	<u>\$ 40,289</u>

Property and office equipment expenses are included in rent premises and other expenditures.

10. Economic dependence

As is customary in the industry, approximately 80% (2018 - 83%) of revenue reported in the year relates to contracts ultimately with the Ministry of Children, Community and Social Services.

Community Living Essex County

Notes to Financial Statements

March 31, 2019

11. Pension expense

The Organization contributes to two pension plans on behalf of its employees.

The Organization contributes to a defined contribution pension plan for the non-unionized employees. The total contributions to this plan during the year totaled \$177,394 (2018 - \$157,434).

Effective January 1, 2006, the Organization became a participating employer in a multi-employer pension plan for qualified personnel that are unionized employees. The Organization entered into an agreement with the Canadian Union of Public Employees and its Local 3137 whereby the Organization is required to contribute to the multi-employer pension plan an amount equal to 4.5% (3.5% prior to September 27, 2009) of applicable wages for eligible unionized employees. Under the agreement, the pension plan trustees and the union agree and acknowledge that the Organization has no obligation to provide, pay for, or contribute to the cost of the benefits established by the pension plan beyond the obligation to make contributions pursuant to the Collective Agreement and that the Organization assumes no liability whatsoever with respect to the pension plan save and except to make contributions in accordance with the Collective Agreement. The total contributions to this plan during the year totaled \$792,645 (2018 - \$794,268).

12. Fair value of financial instruments and credit risk

Liquidity risk

Liquidity risk is the risk that the Organization encounters difficulty in meeting its obligations with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Organization will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value which is less than what they are worth; or may be unable to settle or recover a financial asset.

This risk is reduced due to considerable amount of cash available for use. Trade accounts payable and accrued liabilities are generally repaid within 30 days.

The Organization manages its liquidity risk by constantly monitoring forecasted and actual cash flows and financial liability maturities, and by holding assets that can be readily converted into cash.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fixed rate instruments subject the Organization to a fair value risk while variable rate instruments subject it to a cash flow risk. The Organization is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the value of its long-term debt.
