

Community Futures Wood Buffalo
Financial Statements
March 31, 2019

Management's Responsibility

To the Members of Community Futures Wood Buffalo:


Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is composed entirely of Directors who are neither management nor employees of the Organization. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual performance report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for recommending the appointment of the Organization's external auditors.

MNP LLP is appointed by the members to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

June 25, 2019



Pamela Ramrup, Executive Director

Independent Auditor's Report

To the Members of Community Futures Wood Buffalo:

Opinion

We have audited the financial statements of Community Futures Wood Buffalo (the "Organization"), which comprise the statement of financial position as at March 31, 2019, 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2019, 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 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 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.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information, other than the financial statements and our auditor's report thereon, in the Annual Performance Report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Annual Performance Report prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

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.

Fort McMurray, Alberta

June 25, 2019

MNP LLP

Chartered Professional Accountants

Community Futures Wood Buffalo
Statement of Financial Position

As at March 31, 2019

	<i>General Fund</i>	<i>Loan Investment Fund - Repayable</i>	<i>Loan Investment Fund - Non- Repayable</i>	<i>Loan Investment Fund - Disabilities</i>	<i>Loan Investment Fund - WBRLPP</i>	<i>Capital Fund</i>	<i>2019</i>	<i>2018</i>
Assets								
Current								
Cash and cash equivalents (Note 3)	88,685	-	683,585	3,717	253,453	-	1,029,440	717,179
Marketable securities	-	-	-	84,944	-	-	84,944	808,973
Accounts receivable	20,554	-	8,977	-	6,275	-	35,806	543,587
Goods and services tax receivable	-	-	-	-	-	-	-	18,715
Prepaid expenses	2,763	-	-	-	-	-	2,763	6,038
Inter-fund receivable (payable)	(48,972)	315,416	(446,925)	94,126	86,355	-	-	-
	63,030	315,416	245,637	182,787	346,083	-	1,152,953	2,094,492
Capital assets (Note 4)	-	-	-	-	-	24,516	24,516	32,523
Loans receivable (Note 5)	-	-	505,981	118,237	1,691,137	-	2,315,355	1,350,511
	63,030	315,416	751,618	301,024	2,037,220	24,516	3,492,824	3,477,526

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The accompanying notes are an integral part of these financial statements

Community Futures Wood Buffalo
Statement of Financial Position

As at March 31, 2019

							2019	2018
	General Fund	Loan Investment Fund - Repayable	Loan Investment Fund - Non- Repayable	Loan Investment Fund - Disabilities	Loan Investment Fund - WBRLPP	Capital Fund		
Liabilities								
Current								
Accounts payable and accruals	36,057	-	-	-	-	-	36,057	38,857
Deferred revenue (Note 7)	26,663	-	-	-	-	-	26,663	-
	62,720	-	-	-	-	-	62,720	38,857
Investment funds repayable (Note 8)	-	300,000	-	200,000	-	-	500,000	500,000
	62,720	300,000	-	200,000	-	-	562,720	538,857
Commitments (Note 9)								
Net Assets								
General Fund	310	-	-	-	-	-	310	63,639
Loan Investment Funds (Note 10)	-	15,416	751,618	101,024	2,037,220	-	2,905,278	2,842,507
Capital Fund	-	-	-	-	-	24,516	24,516	32,523
	310	15,416	751,618	101,024	2,037,220	24,516	2,930,104	2,938,669
	63,030	315,416	751,618	301,024	2,037,220	24,516	3,492,824	3,477,526

Approved on behalf of the Board


Director


Director

The accompanying notes are an integral part of these financial statements

Community Futures Wood Buffalo
Statement of Operations

For the year ended March 31, 2019

	<i>General Fund</i>	<i>Loan Investment Fund - Repayable</i>	<i>Loan Investment Fund - Non- Repayable</i>	<i>Loan Investment Fund - Disabilities</i>	<i>Loan Investment Fund - WBRLPP</i>	<i>Capital Fund</i>	2019	2018
Revenue								
Western Economic Diversification Canada contribution <i>(Note 11)</i>	319,964	-	-	-	62,466	-	382,430	392,840
Interest income	-	-	41,859	5,768	117,247	-	164,874	98,749
Other income	14,845	-	5,321	-	3,625	-	23,791	41,010
Business Support Network revenue	20,123	-	-	-	-	-	20,123	36,375
Regional Municipality of Wood Buffalo contribution <i>(Note 10)</i>	-	-	-	-	-	-	-	2,000,000
Government of Alberta - CARES contribution	-	-	-	-	-	-	-	67,850
	354,932	-	47,180	5,768	183,338	-	591,218	2,636,824

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Community Futures Wood Buffalo
Statement of Operations

For the year ended March 31, 2019

	<i>General Fund</i>	<i>Loan Investment Fund - Repayable</i>	<i>Loan Investment Fund - Non- Repayable</i>	<i>Loan Investment Fund - Disabilities</i>	<i>Loan Investment Fund - WBRLPP</i>	<i>Capital Fund</i>	2019	2018
Total revenue <i>(Continued from previous page)</i>	354,932	-	47,180	5,768	183,338	-	591,218	2,636,824
Expenses								
Advertising	2,983	-	479	-	2,583	-	6,045	2,975
Amortization	-	-	-	-	-	9,111	9,111	12,305
Bank charges and interest	1,556	1,823	872	-	156	-	4,407	5,027
Business Support Network expenses	17,896	-	-	-	-	-	17,896	31,293
Conference fees	-	-	-	-	-	-	-	3,506
Goods and services tax expense	11,172	-	-	-	-	-	11,172	-
Insurance	6,629	-	-	-	-	-	6,629	4,575
Loan impairment provision (recovery)	-	-	(38,998)	-	68,000	-	29,002	(27,514)
Meals	7,573	-	-	-	-	-	7,573	6,513
Office	13,190	-	220	-	19,854	-	33,264	40,946
Professional fees	22,349	-	15,540	-	1,240	-	39,129	70,916
Rent	34,861	-	-	-	11,520	-	46,381	46,895
Repairs and maintenance	5,504	-	-	-	-	-	5,504	9,465
Salaries and benefits	265,006	-	2,346	-	81,944	-	349,296	265,330
Staff and board development	1,026	-	-	-	3,294	-	4,320	4,267
Telephone	6,582	-	-	-	-	-	6,582	6,530
Travel	20,830	-	-	-	2,642	-	23,472	23,266
	417,157	1,823	(19,541)	-	191,233	9,111	599,783	506,295
Excess (deficiency) of revenue over expenses	(62,225)	(1,823)	66,721	5,768	(7,895)	(9,111)	(8,565)	2,130,529

The accompanying notes are an integral part of these financial statements

Community Futures Wood Buffalo
Statement of Changes in Net Assets

For the year ended March 31, 2019

	<i>General Fund</i>	<i>Loan Investment Fund - Repayable</i>	<i>Loan Investment Fund - Non- Repayable</i>	<i>Loan Investment Fund - Disabilities</i>	<i>Loan Investment Fund - WBRLPP</i>	<i>Capital Fund</i>	<i>2019</i>	<i>2018</i>
Net assets, beginning of year	63,639	17,239	684,897	95,256	2,045,115	32,523	2,938,669	808,140
Excess (deficiency) of revenue over expenses	(62,225)	(1,823)	66,721	5,768	(7,895)	(9,111)	(8,565)	2,130,529
Capital asset additions	(1,104)	-	-	-	-	1,104	-	-
Net assets, end of year	310	15,416	751,618	101,024	2,037,220	24,516	2,930,104	2,938,669

The accompanying notes are an integral part of these financial statements

Community Futures Wood Buffalo
Statement of Cash Flows
For the year ended March 31, 2019

	2019	2018
Cash flows from operating activities		
Operating		
Excess (deficiency) of revenue over expenses	(8,565)	2,130,529
Amortization	9,111	12,305
Loan impairment provision (recovery)	29,002	(27,514)
	29,548	2,115,320
Changes in working capital accounts		
Accounts receivable	507,781	(537,331)
Goods and services tax receivable	18,715	(4,708)
Prepaid expenses	3,275	(845)
Accounts payable and accruals	(2,800)	(17,777)
Deferred revenue	26,663	(24,783)
	583,182	1,529,876
Financing activities		
Repayment of bank indebtedness	-	(376,113)
Investing activities		
Net purchase (disposal) of marketable securities <i>(Note 13)</i>	724,029	(612,911)
Purchase of capital assets	(1,104)	(5,426)
Net advances of loans receivable <i>(Note 13)</i>	(993,846)	(628,294)
	(270,921)	(1,246,631)
Increase (decrease) in cash and cash equivalents	312,261	(92,868)
Cash and cash equivalents, beginning of year	717,179	810,047
Cash and cash equivalents, end of year	1,029,440	717,179

The accompanying notes are an integral part of these financial statements

Community Futures Wood Buffalo

Notes to the Financial Statements

For the year ended March 31, 2019

1. Incorporation and nature of the organization

Community Futures Wood Buffalo (the "Organization") was incorporated under the authority of the Business Corporations Act of Alberta as a not-for-profit organization and is exempt from income taxes under Section 149 of the Income Tax Act.

The Organization provides a wide range of small business services and business management tools including access to loans and other financial services that small businesses may otherwise be unable to obtain from other financial institutions. The Organization also runs specialized business programs and actively works with community and business leaders to foster rural economic growth.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada using the following significant accounting policies:

Fund accounting

The Organization follows the restricted fund method of accounting for contributions, and maintains three funds: the General Fund, the Loan Investment Fund and the Capital Fund.

The General Fund reports the Organization's accounts for the operating costs and general revenues. This fund reports unrestricted resources and restricted operating grants.

The Loan Investment Fund reports the Organization's restricted resources that are to be used for assistance to small businesses and entrepreneurs in the form of loans and loan guarantees and includes the following:

The Loan Investment Fund - Disabilities reports the Organization's resources provided to businesses owned and operated by disabled persons. The Loan Investment Fund - Non-Repayable, reports the Organization's resources provided to businesses through its non-repayable funding. The Loan Investment Fund - Repayable, reports the Organization's resources provided to businesses through its repayable funding. The Loan Investment Fund - Wood Buffalo Recovery Loan Partnership Program ("WBRLPP"), reports the Organization's resources provided to businesses primarily through its funding provided by Regional Municipality of Wood Buffalo ("RMWB").

The Capital Fund reports all contributions and expenditures relating to capital assets.

The Organization is restricted in the types of loans that can be made according to its agreements with Western Economic Diversification Canada ("WED"), Community Futures Network of Alberta ("CFNA"), and RMWB.

Revenue recognition

The Organization uses the restricted fund method of accounting for contributions. Restricted contributions related to specific fund are recognized as revenue of the appropriate fund in the year in year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions for which no corresponding restricted fund is presented are recognized as revenue of the General Fund in the year in which the related expenses are incurred. 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. Unrestricted investment income is recognized as revenue of the General Fund when earned.

Contributed materials and services

Contributions of materials and services are recognized both as contributions and expenses in the statement of operations when a fair value can be reasonably estimated and when the materials and services are used in the normal course of the Organization's operations and would otherwise have been purchased. During the year, \$nil (2018 - \$nil) contributions of materials and services were recognized.

Cash and cash equivalents

Cash and cash equivalents include balances with banks, cash on hand and highly liquid marketable securities with maturities less than 3 months. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

2. **Significant accounting policies** (Continued from previous page)

Marketable securities

Marketable securities with prices quoted in an active market are measured at fair value while those that are not quoted in an active market are measured at cost less impairment.

Loans receivable

Loans are initially recorded at fair value and subsequently measured at their amortized cost less impairment. Amortized cost is calculated as the loans' principal amount plus unamortized loan administration fees less any allowance for anticipated losses. Interest revenue is recorded on the accrual basis using the effective interest method. Loan administration fees are amortized over the term of the loan using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to the carrying amount of the financial asset.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution if fair value can be reasonably determined.

Amortization is provided using the following methods at rates intended to amortize the cost of assets over their estimated useful lives.

	Method	Rate
Computer equipment	declining balance	30 %
Computer software	straight-line	5 years
Furniture and fixtures	declining balance	20 %
Leasehold improvements	straight-line	term of lease

Measurement uncertainty (use of estimates)

The preparation of financial statements in conformity 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 and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable and loans receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in the statement of operations in the periods in which they become known.

Financial instruments

All financial instruments are initially recorded at their fair value, excluding certain financial assets and liabilities originated and issued in a related party transaction measured at their carrying or exchange amount in accordance with Section 3840 Related Party Transactions. At initial recognition, the Organization may irrevocably elect to subsequently measure any financial instrument at fair value. The Organization has not made such an election during the year.

The Organization subsequently measures investments in equity instruments quoted in an active market at fair value. All other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to financial instruments subsequently measured at fair value are immediately recognized in statement of operations for the current period. Transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

The Organization assesses impairment of all of its financial assets measured at cost or amortized cost when there is an indication of impairment. Any impairment which is not considered temporary is included in current year statement of operations.

Community Futures Wood Buffalo Notes to the Financial Statements

For the year ended March 31, 2019

3. Cash and cash equivalents

	2019	2018
Unrestricted cash	88,685	55,857
Restricted cash	940,755	661,322
	1,029,440	717,179

4. Capital assets

	2019 Cost	2019 Accumulated amortization	2018 Net book value	2018 Net book value
Computer equipment	109,154	104,477	4,677	7,261
Computer software	5,474	5,291	183	691
Furniture and fixtures	65,925	59,076	6,849	8,562
Leasehold improvements	72,891	60,084	12,807	16,009
	253,444	228,928	24,516	32,523

5. Loans receivable

	2019	2018
Loans receivable	2,445,144	1,425,511
Less: allowance for doubtful accounts	129,789	75,000
	2,315,355	1,350,511

Loans receivable include term loans and lines of credit which bear interest at fixed rates varying from 7.0% - 12.99% (2018 - 6.75% - 12.99%), with monthly principal payments and interest repayments amortized for terms between 12 and 63 months (2018 - 24 and 48 months). Security is taken on these loans and includes personal guarantees, general security agreements covering business assets and mortgages on land and buildings.

It is impractical to determine the current portion of loans receivable.

6. Bank indebtedness

The Organization had access to a line of credit with Community Futures Network of Alberta bearing interest at the RBC prime rate, authorized to a maximum of \$1,250,000 (2018 - \$1,250,000). As at March 31, 2019, no amount was drawn on this line of credit (2018 - \$nil).

The Organization has access to an RBC credit card facility, authorized to a maximum of \$5,000 (2018 - \$5,000), bearing interest at 19.99%. As at March 31, 2019, \$1,134 (2018 - \$485) had been drawn on this facility.

7. Deferred revenue

	2019	2018
Western Economic Diversification Canada		
Balance, beginning of year	-	24,783
Amount received during the year	409,093	366,177
Amounts recognized as revenue during the year	(382,430)	(390,960)
	26,663	-

Community Futures Wood Buffalo

Notes to the Financial Statements

For the year ended March 31, 2019

8. Investment funds repayable

	2019	2018
Western Economic Diversification Canada Conditionally Repayable Contribution, non-interest bearing, unsecured, repayable upon 30 days notice in an event of default as defined in the contribution agreement.	300,000	300,000
Western Economic Diversification Canada Conditionally Repayable Contribution, non-interest bearing, unsecured, repayable upon 30 days notice in an event of default as defined in the contribution agreement.	200,000	200,000
	500,000	500,000

Western Economic Diversification Canada Conditionally Repayable Contributions are subject to certain conditions as stipulated in the contribution agreement. As at March 31, 2019, management believes the Organization is in compliance with all such conditions required in this agreement.

9. Commitments

At at March 31, 2019, the Organization has \$33,470 (2018 - \$59,519) of undisbursed loan funds that have been committed.

The Organization has entered into rental and equipment lease agreements with estimated minimum annual payments as follows:

2020	50,253
2021	28,411
2022	4,380
2023	4,380
2024	2,190

10. Net assets - loan investment funds

Included in net assets - loan investment funds is a Western Economic Diversification Canada Non-Repayable Contribution in the amount of \$1,300,000 (2018 - \$1,300,000). The amount is non-interest bearing, unsecured and is non-repayable to the extent that the Organization is not in default of the Contribution Agreement. As at March 31, 2019, management believes the Organization is in compliance with the agreement.

Included in net assets - loan investment funds is a RMWB non-repayable contribution in the amount of \$2,000,000 (2018 - \$nil). During the 2018 year, RMWB approved the Wood Buffalo Recovery Loan Partnership Program starting June 1, 2017 and ending May 31, 2022 and contributed \$2,000,000 to the Organization to be used for this purpose. At the sole discretion of RMWB, the program may be extended for an additional five year period. The amount is non-interest bearing, unsecured and is non-repayable to the extent that the Organization is not in default of the Contribution Agreement. As at March 31, 2019, management believes the Organization is in compliance with the agreement.

Community Futures Wood Buffalo Notes to the Financial Statements

For the year ended March 31, 2019

11. Western Economic Diversification contribution - WBRLPP

In fiscal 2018, the Organization entered into an agreement Western Economic Diversification Canada to provide the Organization with financial assistance for the delivery and administration of the Wood Buffalo Recovery Loan Partnership Program. Under the terms of the agreement, Western Economic Diversification Canada will provide the Organization with funding of \$10,411 per loan approved and disbursed during the contract period to a maximum of 13 loans for a total of \$135,343.

During the 2019 year, the following loans were approved and disbursed as part of this agreement:

Date loan disbursed	WBRLPP loan #	Description	Loan amount
May 10, 2018	RMWB T#20	Working capital	\$150,000
May 7, 2018	RMWB T#23	Expansion capital	\$150,000
June 7, 2018	RMWB T#22	Working capital	\$65,000
June 19, 2018	RMWB T#24	Working capital	\$80,000
August 10, 2018	RMWB T#25	Expansion capital	\$150,000
August 10, 2018	RMWB T#26	Start-up capital	\$31,000

As a result of the approval and disbursement of 6 (2018 - 7) loans during the year, the Organization received a contribution of \$62,466 (2018 - \$72,877).

12. Economic dependence

The Organization receives a substantial portion of its funding from Western Economic Diversification Canada. During the 2018 year, an agreement was signed covering the period of April 1, 2018 to March 31, 2021 that will provide annual funding of \$319,963 to the Organization.

13. Supplemental cash flow information

Cash flows related to loans receivable and marketable securities have been presented on a net basis as it is impracticable for management to determine the gross cash receipts and repayments.

14. Financial instruments

The Organization, as part of its operations, carries a number of financial instruments. It is management's opinion that the Organization is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Credit risk

Financial instruments that subject the Organization to concentrations of credit risk consist primarily of accounts receivable and loans receivable. The balance of accounts receivable and loans receivable are widely distributed among the Organization's customer base. The Organization performs regular credit assessments of its customers and provides allowances for potentially uncollectable accounts.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Organization is exposed to interest rate cash flow risk on its marketable securities and loans receivable that bear interest at fixed rates.

Liquidity risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization enters into transactions to borrow funds from financial institutions or other creditors for which repayment is required at various maturity dates. The Organization's exposure to liquidity risk is dependent on the collection of loans receivable to meet commitments and sustain operations.

15. Comparative figures

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