

Financial Statements of

**THE LEUKEMIA & LYMPHOMA  
SOCIETY OF CANADA/  
SOCIÉTÉ DE LEUCÉMIE &  
LYMPHOME DU CANADA**

And Independent Auditors' Report thereon

Year ended June 30, 2022



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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
The Leukemia & Lymphoma Society of Canada/  
Société de Leucémie & Lymphome du Canada

### ***Opinion***

We have audited the financial statements of The Leukemia & Lymphoma Society of Canada/Société de Leucémie & Lymphome du Canada (the Entity), which comprise:

- the statement of financial position as at June 30, 2022
- the statement of revenue and expenses for the year then ended
- the statement of changes in fund balances for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at June 30, 2022, and its results of 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 "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

### ***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 the 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.



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- 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 Entity'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 Entity'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 Entity 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.
- 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.

*KPMG LLP*

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

October 20, 2022

# THE LEUKEMIA & LYMPHOMA SOCIETY OF CANADA/ SOCIÉTÉ DE LEUCÉMIE & LYMPHOME DU CANADA

## Statement of Financial Position

June 30, 2022, with comparative information for 2021


	2022	2021
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 2,597,469	\$ 7,686,828
Short-term investments (note 2(a))	5,000,000	–
Sundry receivables (note 8)	1,329,842	603,227
Prepaid expenses	207,219	233,975
	<u>9,134,530</u>	<u>8,524,030</u>
Investments (note 2(b))	6,332,885	6,850,236
Capital assets (note 3)	491,331	472,173
	<u>\$ 15,958,746</u>	<u>\$ 15,846,439</u>


## Liabilities and Fund Balances

Current liabilities:		
Accounts payable and accrued liabilities (note 4)	\$ 633,719	\$ 715,793
Grants and fellowships payable	1,533,423	181,875
Deferred revenue (note 5)	562,852	1,016,739
	<u>2,729,994</u>	<u>1,914,407</u>
Fund balances:		
Operating fund:		
Invested in capital assets	491,331	472,173
Unrestricted fund	7,771,904	8,222,514
	<u>8,263,235</u>	<u>8,694,687</u>
Restricted fund (note 6)	4,373,798	4,594,403
Endowment fund (note 7)	591,719	642,942
	<u>13,228,752</u>	<u>13,932,032</u>
Commitments (note 9)		
Guarantees (note 12)		
	<u>\$ 15,958,746</u>	<u>\$ 15,846,439</u>

See accompanying notes to financial statements.

On behalf of the Board:

  
 \_\_\_\_\_ Director

  
 \_\_\_\_\_ Director

# THE LEUKEMIA & LYMPHOMA SOCIETY OF CANADA/ SOCIÉTÉ DE LEUCÉMIE & LYMPHOME DU CANADA

## Statement of Revenue and Expenses

Year ended June 30, 2022, with comparative information for 2021

			2022	2021
	Operating fund	Restricted fund	Total	Total
<b>Revenue:</b>				
Contributions	\$ 14,521,163	\$ 250,425	\$ 14,771,588	\$ 12,219,413
Less direct event fundraising expenses (note 10)	445,237	–	445,237	262,247
	14,075,926	250,425	14,326,351	11,957,166
Bequests	1,272,656	–	1,272,656	373,328
Investment and other income (loss) (notes 8)	92,394	(345,398)	(253,004)	1,978,196
	15,440,976	(94,973)	15,346,003	14,308,690
<b>Expenses (note 11):</b>				
<b>Program services:</b>				
Research	–	5,316,640	5,316,640	1,312,663
Public education	2,274,469	32,681	2,307,150	1,928,441
Patient support	2,326,079	230,951	2,557,030	2,272,452
	4,600,548	5,580,272	10,180,820	5,513,556
<b>Support services:</b>				
General fundraising (note 10)	3,674,607	–	3,674,607	3,212,804
Management and general (note 8)	2,193,856	–	2,193,856	1,790,153
	5,868,463	–	5,868,463	5,002,957
	10,469,011	5,580,272	16,049,283	10,516,513
<b>Excess (deficiency) of revenue over expenses</b>	<b>\$ 4,971,965</b>	<b>\$ (5,675,245)</b>	<b>\$ (703,280)</b>	<b>\$ 3,792,177</b>

See accompanying notes to financial statements.

# THE LEUKEMIA & LYMPHOMA SOCIETY OF CANADA/ SOCIÉTÉ DE LEUCÉMIE & LYMPHOME DU CANADA

## Statement of Changes in Fund Balances

Year ended June 30, 2022, with comparative information for 2021

	Operating fund				2022	2021
	Invested in capital assets	Unrestricted fund	Restricted fund (note 6)	Endowment fund (note 7)	Total	Total
Fund balances, beginning of year	\$ 472,173	\$ 8,222,514	\$ 4,594,403	\$ 642,942	\$ 13,932,032	\$ 10,139,855
Excess (deficiency) of revenue over expenses	(104,361)	5,076,326	(5,675,245)	–	(703,280)	3,792,177
Interfund transfers - restricted	–	(5,403,417)	5,403,417	–	–	–
Interfund transfers - endowment investment income	–	–	51,223	(51,223)	–	–
Investment in capital assets	123,519	(123,519)	–	–	–	–
Fund balances, end of year	\$ 491,331	\$ 7,771,904	\$ 4,373,798	\$ 591,719	\$ 13,228,752	\$ 13,932,032

See accompanying notes to financial statements.

# THE LEUKEMIA & LYMPHOMA SOCIETY OF CANADA/ SOCIÉTÉ DE LEUCÉMIE & LYMPHOME DU CANADA

## Statement of Cash Flows

Year ended June 30, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenses	\$ (703,280)	\$ 3,792,177
Items not involving cash:		
Amortization	104,361	67,405
Change in unrealized loss (gain) on investments	1,719,269	(934,495)
Net realized gain on sale of investment	(1,145,496)	-
Change in non-cash operating working capital:		
Sundry receivables	(726,615)	47,556
Prepaid expenses	26,756	(73,789)
Accounts payable and accrued liabilities	(82,074)	387,522
Grants and fellowships payable	1,351,548	(1,748,410)
Deferred revenue	(453,887)	403,539
	90,582	1,941,505
Investing activities:		
Purchases of investments	(11,953,702)	(199,479)
Proceeds on sale of investments	6,897,280	-
Additions to capital assets	(123,519)	(315,400)
	(5,179,941)	(514,879)
Increase (decrease) in cash and cash equivalents	(5,089,359)	1,426,626
Cash and cash equivalents, beginning of year	7,686,828	6,260,202
Cash and cash equivalents, end of year	\$ 2,597,469	\$ 7,686,828

See accompanying notes to financial statements.



# THE LEUKEMIA & LYMPHOMA SOCIETY OF CANADA/ SOCIÉTÉ DE LEUCÉMIE & LYMPHOME DU CANADA

Notes to Financial Statements

Year ended June 30, 2022

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The Leukemia & Lymphoma Society of Canada/Société de Leucémie & Lymphome du Canada (the "Organization") is a volunteer-driven organization with a mission to establish, promote and support medical and scientific research towards cures and/or treatment of blood-related cancers; educate the general public and the medical and scientific community about developments in the prevention, diagnosis and treatment of blood-related cancers; and support community service programs and access to such programs for patients suffering from blood-related cancers, including leukemia, lymphoma, Hodgkin's disease and myeloma.

The Organization was previously incorporated without share capital under the Canada Corporations Act and on October 27, 2014, the Organization was continued under the Canada Not-for-profit Corporations Act. The Organization is registered as a charitable organization under the Income Tax Act (Canada) and is, therefore, not subject to income taxes if certain disbursement requirements are met.

## 1. Significant accounting policies:

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the Chartered Professional Accountants of Canada Handbook.

### (a) Fund accounting:

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

The Operating fund accounts for the Organization's program delivery and administrative activities.

The Restricted fund reports only restricted resources that are to be used for special purposes. The purposes are determined by the restrictions imposed by the contributors.

The Endowment fund reports resources contributed for endowment purposes. Investment income earned on resources of the Endowment fund is reported in the Restricted or Operating fund depending on the nature of any restrictions imposed by contributors of funds for endowment.

# THE LEUKEMIA & LYMPHOMA SOCIETY OF CANADA/ SOCIÉTÉ DE LEUCÉMIE & LYMPHOME DU CANADA

Notes to Financial Statements (continued)

Year ended June 30, 2022

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## 1. Significant accounting policies (continued):

### (b) Revenue recognition:

Unrestricted contributions are recorded as revenue of the Operating fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Contributions received from fundraising events that have not been completed are deferred until completion of the event. Other restricted contributions are deferred until such time as they are spent in accordance with the donor's restrictions, which may include general operations of future periods.

Restricted contributions for research are recognized as revenue of the Restricted fund.

Externally restricted endowment contributions are recognized as revenue of the Endowment fund.

Bequests are recorded as revenue when received or receivable if the underlying wills have been declared valid by the probate court and no other conditions are required to be met.

Restricted and unrestricted investment income is recognized as revenue when earned. Investment income, which is recorded on the accrual basis, includes income from pooled funds, interest, net unrealized gain/loss on investments, and net realized gain/loss on sale of investments.

### (c) Cash and cash equivalents:

Cash and cash equivalents include cash on account and cashable guaranteed investment certificates.

### (d) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Organization has elected to carry all financial investments at fair value.

# THE LEUKEMIA & LYMPHOMA SOCIETY OF CANADA/ SOCIÉTÉ DE LEUCÉMIE & LYMPHOME DU CANADA

Notes to Financial Statements (continued)

Year ended June 30, 2022

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## 1. Significant accounting policies (continued):

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Organization determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Organization expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

### (e) Capital assets:

Purchased capital assets are recorded at cost. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to the Organization's ability to provide services, its carrying amount is written down to its residual value.

Capital assets are amortized on a straight-line basis using the following rates:

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Office furniture and equipment	2 - 10 years
Leasehold improvements	Over term of lease
Website	3 years
Software	2 years

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### (f) Gifts-in-kind:

The value of donated materials and services contributed to the Organization are not recognized in the financial statements because of the difficulty in determining their fair value.

# THE LEUKEMIA & LYMPHOMA SOCIETY OF CANADA/ SOCIÉTÉ DE LEUCÉMIE & LYMPHOME DU CANADA

Notes to Financial Statements (continued)

Year ended June 30, 2022

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## 1. Significant accounting policies (continued):

Included in contributions on the statement of revenue and expenses is \$84,836 (2021 - \$50,513) in donated shares.

### (g) Government assistance:

The Organization has applied for financial assistance under available government incentive programs. Government assistance related to current expenses is recognized as revenue during the year.

### (h) Allocation of expenses:

The Organization classifies expenses on the statement of revenue and expenses by function. Certain officers and employees perform a combination of program and support service functions; as a result, salaries are allocated based on functional activity. Other costs, including printing, postage and professional fees, have been allocated on an appropriate basis between the program and support services benefited.

### (i) Use of estimates:

The preparation of financial statements 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 year. Actual results could differ from those estimates.

## 2. Investments:

### (a) Short-term investments:

Short-term investments consist of a non-redeemable guaranteed investment certificate, bearing interest at 1.20% and maturing on January 24, 2023.

# THE LEUKEMIA & LYMPHOMA SOCIETY OF CANADA/ SOCIÉTÉ DE LEUCÉMIE & LYMPHOME DU CANADA

Notes to Financial Statements (continued)

Year ended June 30, 2022

## 2. Investments (continued):

(b) Long-term:

	2022	2021
Cash and cash equivalents	\$ —	\$ 109,604
Pooled funds:		
Balanced	—	4,836,266
Fixed income	1,677,653	1,904,366
Canadian equity	2,227,936	—
Global equity	1,517,237	—
Alternative	910,059	—
	<u>\$ 6,332,885</u>	<u>\$ 6,850,236</u>

## 3. Capital assets:

			2022	2021
	Cost	Accumulated amortization	Net book value	Net book value
Office furniture and equipment	\$ 395,383	\$ 355,264	\$ 40,119	\$ 64,495
Leasehold improvements	321,379	312,803	8,576	7,496
Website	234,060	52,024	182,036	219,582
Software	260,600	—	260,600	180,600
	<u>\$ 1,211,422</u>	<u>\$ 720,091</u>	<u>\$ 491,331</u>	<u>\$ 472,173</u>

The software is currently under development and amortization will commence once it is put into service.

## 4. Accounts payable and accrued liabilities:

On July 1, 2004, the Organization entered into a business affiliation with The Leukemia & Lymphoma Society, a U.S. charity (the "Society"). The purpose of the affiliation is to create a single North American presence in support of research into the causes of, and cures for, leukemia, lymphoma, Hodgkin's disease and myeloma.

# THE LEUKEMIA & LYMPHOMA SOCIETY OF CANADA/ SOCIÉTÉ DE LEUCÉMIE & LYMPHOME DU CANADA

Notes to Financial Statements (continued)

Year ended June 30, 2022

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## 4. Accounts payable and accrued liabilities (continued):

As part of the affiliation agreement, the Society has undertaken to pay certain trade payable amounts of the Organization for which the Society will be reimbursed. At June 30, 2022, the amount owed to the Society totalled \$89,428 (2021 - \$40,677) and is included in accounts payable and accrued liabilities. The amount owing is non-interest bearing, is unsecured and has no specific repayment terms.

These transactions are in the normal course of operations and are recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

## 5. Deferred revenue:

	2022	2021
Balance, beginning of year	\$ 1,016,739	\$ 613,200
Amounts amortized into revenue	(966,739)	(613,200)
Amounts received	512,852	1,016,739
Balance, end of year	\$ 562,852	\$ 1,016,739

## 6. Restricted fund:

The Restricted fund includes unspent externally restricted donations and grants. Research expenses are recognized under the Restricted fund. Funds are transferred from the Operating fund by interfund transfer to cover these expenses.

During 2022, the Organization received donations of \$250,425 (2021 - \$112,825) externally restricted for research and patient support.

# THE LEUKEMIA & LYMPHOMA SOCIETY OF CANADA/ SOCIÉTÉ DE LEUCÉMIE & LYMPHOME DU CANADA

Notes to Financial Statements (continued)

Year ended June 30, 2022

## 7. Endowment fund:

The Endowment fund includes the following:

	2022	2021
Rae Endowment Fund	\$ 260,114	\$ 260,114
The United Food & Commercial Workers ("UFCW") Endowment Fund	90,000	90,000
Unspent investment income	241,605	292,828
	<u>\$ 591,719</u>	<u>\$ 642,942</u>

Amounts restricted for endowment purposes are subject to externally imposed restrictions, stipulating that the principal be maintained permanently. The investment income earned on the Rae Endowment Fund is externally restricted to support research activities or to assist charitable organizations whose activities are within or similar to the Organization's objectives. The investment income earned on the UFCW Endowment Fund is externally restricted to fund scholarships for Canadian universities to distribute to students enrolled in courses related to leukemia research.

Investment income may be spent for purposes as specified in the restrictive endowment agreements. The Board of Directors has internally restricted the unspent investment income to be held in its respective endowment fund until used for its intended restriction.

## 8. Investment and other income (loss):

	2022	2021
Wage and rent subsidies	\$ 144,186	\$ 776,735
Income from pooled funds	119,302	239,252
Interest	57,281	24,036
Other	—	3,678
Net realized gain on sale of investments	1,145,496	—
Change in unrealized gain (loss) on investments	(1,719,269)	934,495
	<u>\$ (253,004)</u>	<u>\$ 1,978,196</u>

# THE LEUKEMIA & LYMPHOMA SOCIETY OF CANADA/ SOCIÉTÉ DE LEUCÉMIE & LYMPHOME DU CANADA

Notes to Financial Statements (continued)

Year ended June 30, 2022

## 8. Investment and other income (loss) (continued):

Included in management and general expenses are investment management fees in the amount of \$45,942 (2021 - \$41,058).

The Organization applied for and received government assistance, including Canada Emergency Wage Subsidy and the Canada Hiring Recovery Program. Total government assistance recorded in investment and other income (loss) amounts to \$144,186 (2021 - \$776,735), of which \$44,432 (2021 - \$326,500) is included in sundry receivables as at year end. Management believes that it is in compliance with all eligibility criteria under the subsidy programs.

## 9. Commitments:

The Organization is committed to rental payments and operating expenses under various operating leases and service agreements. Minimum annual payments under the terms of these leases and agreements, including applicable taxes, are approximately as follows:

2023	\$ 161,000
2024	114,000
2025	60,000
	\$ 335,000

## 10. Fundraising expenses:

Fundraising expenses consist of the following:

	2022	2021
Direct event fundraising (a)	\$ 445,237	\$ 262,247
General fundraising (b)	3,674,607	3,212,804
	\$ 4,119,844	\$ 3,475,051



# THE LEUKEMIA & LYMPHOMA SOCIETY OF CANADA/ SOCIÉTÉ DE LEUCÉMIE & LYMPHOME DU CANADA

Notes to Financial Statements (continued)

Year ended June 30, 2022

## 10. Fundraising expenses (continued):

- (a) Direct event fundraising expenses are costs directly related to putting on major events which include both fundraising and public education/patient support components. Fundraising expenses include, but are not limited to, participant incentives (such as T-shirts), venue rental fees (such as for city parks), etc.
- (b) General fundraising expenses are costs related to overall fundraising activities. These expenses include but are not limited to staffing, promotion, occupancy, printing and postage.

## 11. Expenses:

The following table summarizes direct expenses and allocated expenses, which are included in the statement of revenue and expenses:

			2022	2021
	Direct expenses	Allocated expenses	Total	Total
Research	\$ 5,086,953	\$ 229,687	\$ 5,316,640	\$ 1,312,663
Public education	44,089	2,263,061	2,307,150	1,928,441
Patient support	729,119	1,827,911	2,557,030	2,272,452
General fundraising	527,997	3,146,610	3,674,607	3,212,804
Management and general	519,685	1,674,171	2,193,856	1,790,153
	\$ 6,907,843	\$ 9,141,440	\$ 16,049,283	\$ 10,516,513

## 12. Guarantees:

In the normal course of business, the Organization enters into agreements that meet the definition of a guarantee. The Organization's primary guarantees are as follows:

- (a) The Organization has provided indemnities under lease agreements for the use of various operating facilities. Under the terms of these agreements, the Organization agrees to indemnify the counterparties for various items including, but not limited to, all liabilities, losses, suits and damages arising during, on or after the term of the agreement. The maximum amount of any potential future payment cannot be reasonably estimated.

# THE LEUKEMIA & LYMPHOMA SOCIETY OF CANADA/ SOCIÉTÉ DE LEUCÉMIE & LYMPHOME DU CANADA

Notes to Financial Statements (continued)

Year ended June 30, 2022

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## 12. Guarantees (continued):

- (b) The Organization indemnifies all directors and volunteers for various items including, but not limited to, all costs to settle suits or actions due to services provided to the Organization, subject to certain restrictions. The Organization has purchased liability insurance to mitigate the cost of any potential future suits or actions. The amount of any potential future payment cannot be reasonably estimated.

The nature of these indemnification agreements prevents the Organization from making a reasonable estimate of the maximum exposure due to the difficulties in assessing the amount of liability which stems from the unpredictability of future events and the unlimited coverage offered to counterparties. Historically, the Organization has not made any significant payments under such or similar indemnification agreements and, therefore, no amount has been accrued with respect to these agreements.

## 13. Financial risks:

The following risks have remained consistent with the prior year:

- (a) Interest rate and currency risks:

The Organization is exposed to interest rate and currency risks with respect to its investments in fixed income investments and foreign currency-denominated investments because the fair value will fluctuate due to changes in market rates. The Organization does not currently enter into forward contracts to mitigate these risks.

- (b) Liquidity risk:

Liquidity risk is the risk that the Organization will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Organization manages its liquidity risk by monitoring its operating requirements. The Organization prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

- (c) Market risk:

Market risk arises as a result of trading equities and fixed income securities. Fluctuations in the market expose the Organization to risk of loss. The Investment Committee of the Organization monitors investment decisions and results.