RAISING THE ROOF CHEZ TOIT

FINANCIAL STATEMENTS

JUNE 30, 2022

RAISING THE ROOF CHEZ TOIT

JUNE 30, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Directors of
RAISING THE ROOF CHEZ TOIT

Qualified Opinion

We have audited the financial statements of **RAISING THE ROOF CHEZ TOIT** (the "organization"), which comprise the statement of financial position as at June 30, 2022, and the statements of changes in net assets, operations 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 effect of the matter described in the *Basis for Qualified Opinion* paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at June 30, 2022, and its financial performance and its 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, **RAISING THE ROOF CHEZ TOIT** derives revenue from sources of donations, the completeness 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 organization. Therefore, we were not able to determine whether any adjustments might be necessary to the organization's revenues, excess of revenue over expenses, and cash flows from operations for the years ended June 30, 2022 and 2021, current assets as at June 30, 2022 and 2021, and net assets as at July 1, 2021 and June 30, 2022. The predecessor auditor's opinion on the financial statements for the year ended June 30, 2021 was modified accordingly because of the possible effects of this limitation in scope.

In addition, we were not appointed as auditors of **RAISING THE ROOF CHEZ TOIT** until after June 30, 2022, and thus did not observe the counting of physical inventories at the beginning and end of the year. As a result, we were unable to satisfy ourselves by alternative means concerning the inventory quantities held as at June 30, 2022, which is stated in the statement of financial position. Additionally, we were unable to satisfy ourselves regarding the completeness of partner agency toque sales by alternative means. As a result of these matters, we were not able to determine whether any adjustments to accounts and sundry receivable, inventory, and toque sales as at June 30, 2022, or toque purchases or grants to community groups for the year ended might be necessary.

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.

Other Matter

The financial statements of **RAISING THE ROOF CHEZ TOIT** for the year ended June 30, 2021 were audited by another auditor who expressed a qualified opinion on the completeness of donation revenue on those financial statements on October 28, 2021, for the reasons described in the *Basis for Qualified Opinion* section.

As part of our audit of the June 30, 2022 financial statements, we also audited the adjustments described in Note 2 that were applied to amend the June 30, 2021 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the June 30, 2021 financial statements of the company other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the June 30, 2021 financial statements taken as a whole.

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.

Kraft Berger LLP

KRAFT BERGER LLP
Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
February 3, 2023

RAISING THE ROOF CHEZ TOIT

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2022

	2022	2021 (Note 2)
ASSETS		
CURRENT		
Cash and cash equivalents (Note 3)	$ 1,757,909	$ 1,283,410
Accounts and sundry receivable (Note 4)	39,116	35,921
Inventory (Note 5)	70,098	78,432
Prepaid expenses	10,492	9,441
	1,877,615	1,407,204
PROPERTY (Note 6)	2,606,098	1,637,177
	$ 4,483,713	$ 3,044,381
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	$ 107,206	$ 56,224
Deferred revenue (Note 7)	355,575	316,401
Current portion of long-term debt (Note 8)	3,703	-
Current portion of deferred capital contributions (Note 9)	72,640	68,424
	539,124	441,049
LONG-TERM DEBT (Note 8)	95,875	-
DEFERRED CAPITAL CONTRIBUTIONS (Note 9)	2,741,065	2,023,382
	3,376,064	2,464,431
NET ASSETS		
UNRESTRICTED NET ASSETS (Note 10)	607,649	279,950
ACQUISITION FUND (Note 10)	275,000	150,000
CONTINUATION FUND (Note 10)	225,000	150,000
	1,107,649	579,950
	$ 4,483,713	$ 3,044,381

See accompanying notes to financial statements.

APPROVED ON BEHALF OF THE BOARD:

DocuSigned by:
Simon Weisz
888BD372002C4A0... Director

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A59FDF15A90047A... Director

RAISING THE ROOF CHEZ TOIT

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2022

	Unrestricted	Acquisition Fund	Continuation Fund	2022 Total	2021 Total (Note 2)
NET ASSETS, beginning of year	$ 279,950	$ 150,000	$ 150,000	$ 579,950	$ 207,319
Excess of revenue over expenses for the year	287,699	-	-	287,699	183,002
Allocation of deferred capital contribution for land purchases	240,000	-	-	240,000	189,629
Inter fund transfers (Note 10)	(200,000)	125,000	75,000	-	-
NET ASSETS, end of year	$ 607,649	$ 275,000	$ 225,000	$ 1,107,649	$ 579,950

See accompanying notes to financial statements.

RAISING THE ROOF CHEZ TOIT

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED JUNE 30, 2022

	2022	2021 (Note 2)
REVENUE		
Partner agency funding revenue	$ 371,747	$ 374,167
Sponsorship revenue	317,465	265,000
RESIDE program funding	294,074	252,420
General donations	212,540	188,943
Toque sales	96,748	102,186
Rental income	54,282	43,572
Amortization of deferred capital contributions	52,366	65,357
Special events	31,019	2,275
Government funding	25,632	8,739
Other income	7,859	14,241
	1,463,732	1,316,900
EXPENSES		
Salaries, wages and benefits	468,253	310,028
Partner agency funding expense	353,040	341,454
Program expenses	100,256	178,684
Office and general	51,080	32,734
Grants to community groups	43,201	38,715
Amortization	40,641	66,092
Professional fees	39,741	82,632
Toque purchases	26,695	40,351
Bank charges and interest	15,396	9,765
Postage and courier	8,423	9,238
Advertising and promotion	7,674	13,339
Insurance	7,495	4,406
Events	7,143	-
Rent	4,253	4,000
Telephone	2,742	2,460
	1,176,033	1,133,898
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	$ 287,699	$ 183,002

See accompanying notes to financial statements.

RAISING THE ROOF CHEZ TOIT

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2022

	2022	2021 (Note 2)
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	$ 287,699	$ 183,002
Amortization of deferred capital contributions	(52,366)	(65,357)
Amortization - property	40,641	66,092
	275,974	183,737
Change in non-cash components of working capital		
Accounts and sundry receivable	(3,195)	53,408
Inventory	8,334	(32,112)
Prepaid expenses	(1,051)	(3,583)
Accounts payable and accrued liabilities	50,982	(4,863)
Deferred revenue	39,174	(131,511)
	94,244	(118,661)
	370,218	65,076
INVESTING ACTIVITY		
Purchase of property	(1,009,562)	(301,162)
FINANCING ACTIVITIES		
Proceeds from long-term debt	100,000	-
Repayment of long-term debt	(422)	-
Proceeds from deferred capital contributions	1,014,265	820,912
	1,113,843	820,912
CHANGE IN CASH AND CASH EQUIVALENTS	474,499	584,826
CASH AND CASH EQUIVALENTS, beginning of year	1,283,410	698,584
CASH AND CASH EQUIVALENTS, end of year	$ 1,757,909	$ 1,283,410

See accompanying notes to financial statements.

NATURE OF ORGANIZATION

Raising the Roof Chez Toit (the "organization") is a not-for-profit organization that provides national leadership on long-term solutions to homelessness through partnership and collaboration with diverse stakeholders, investment in local communities, and public education. The organization provides opportunities for corporations, organizations, governments and individuals to invest in local solutions for men, women and children who are homeless or at risk of being homeless. The organization achieves this goal by providing financial support to community based charities, by educating the general public about the issues of homelessness and the solutions, and by building partnerships so Canadians can work together on long-term solutions to homelessness.

The organization is incorporated under the laws of Canada as a corporation without share capital, and is a registered charitable organization under the Income Tax Act and, as such, is exempt from income taxes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

These financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations.

(b) Cash and Cash Equivalents

Cash and cash equivalents have an original maturity of one year or less.

(c) Inventory

Inventory is measured at the lower of cost and replacement value. Cost is determined using the weighted average method. Cost represents the direct invoice amount from the supplier plus freight and duty charges. Net realizable value is the estimated selling price in the ordinary course of business.

(d) Property

Property is measured at cost. Amortization is provided for over their estimated useful lives at the following annual rates and methods:

Building	- over twenty-five years, straight-line basis
Leasehold improvements	- over the term of the lease, straight-line basis

(e) Impairment of Long-Lived Assets

A long-lived asset is tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Financial Instruments

i) Measurement of Financial Instruments

The organization initially measures its financial assets and financial liabilities at fair value, except for certain related party transactions which are measured at the carrying amount or exchange amount, as appropriate.

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

Financial assets measured at amortized cost include cash and cash equivalents and accounts and sundry receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and long-term debt.

The organization has not designated any financial assets or financial liabilities to be recorded at fair value.

ii) Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in results of operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in results of operations.

(g) Revenue Recognition

The organization follows the deferral method of accounting for contributions. Under this method, restricted contributions are recognized as revenue in the same period as the related expense. Restricted contributions for the purchase of capital assets are deferred and recognized as revenue on the same basis as the amortization of the related asset. Unrestricted contributions are recognized when they are received.

Investment and rental income are recognized on an accrual basis.

Special events revenue is recognized on completion of the event.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Government Assistance

The organization recognizes only the portion of the government assistance it expects to receive, provided there is reasonable assurance that it has complied and will continue to comply with the government assistance conditions.

Government assistance related to current expenses and revenues is included in the determination of results of operations for the year.

(i) Donated Services

Donated services are not recognized in these financial statements because of the difficulty in determining their fair value.

(j) Estimates and Measurement Uncertainty

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 the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include useful lives of property, allowance for doubtful accounts, and amortization of deferred capital contributions. These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in results of operations in the years in which they become known. Actual results could differ from these estimates.

2. PRIOR PERIOD ADJUSTMENT

The organization had received deferred capital contributions for the purchase land in previous years, which was recorded as a deferred capital contribution. The deferred capital contribution should have been adjusted directly to net assets. As a result, the unrestricted net assets balance as at June 30, 2021 was increased by $189,629 from $90,321 to $279,950, and deferred capital contributions were decreased by $189,629 from $2,281,435 to $2,091,806 on the 2021 comparative figures.

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents is comprised as follows:

	2022	2021
Cash	$ 1,707,055	$ 1,232,556
Term deposit	50,854	50,854
	$ 1,757,909	$ 1,283,410

The term deposit is non-redeemable, bearing interest at 2% per annum, matures in February 2023.

4. ACCOUNTS AND SUNDRY RECEIVABLE

Accounts and sundry receivable are presented net of the allowance for doubtful accounts of $10,180 (2021 - $10,180).

5. INVENTORY

Inventory includes goods in transit of $17,841 (2021 - $Nil).

RAISING THE ROOF CHEZ TOIT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

6. PROPERTY

	2022			2021
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
RESIDE - Cedar Mains				
Leasehold improvements	$ 563,061	$ 65,690	$ 497,371	$ 506,755
RESIDE - Epsom Downs				
Building	$ 901,369	$ 99,151	$ 802,218	$ 829,260
RESIDE - Eastern				
Land	$ 23,879	$ -	$ 23,879	$ 23,879
Building	210,797	4,218	206,579	70,094
	$ 234,676	$ 4,218	$ 230,458	$ 93,973
RESIDE - Winnipeg				
Land	$ 165,750	$ -	$ 165,750	$ 165,750
Building	80,752	-	80,752	41,439
	$ 246,502	$ -	$ 246,502	$ 207,189
RESIDE - Sudbury (1498 Kingslea Court)				
Land	$ 120,000	$ -	$ 120,000	$ -
Building	288,882	-	288,882	-
	$ 408,882	$ -	$ 408,882	$ -
RESIDE - Sudbury (1517 Kingslea Court)				
Land	$ 120,000	$ -	$ 120,000	$ -
Building	273,579	-	273,579	-
	$ 393,579	$ -	$ 393,579	$ -
RESIDE - Orillia				
Building	$ 27,088	$ -	$ 27,088	$ -
	$ 2,775,157	$ 169,059	$ 2,606,098	$ 1,637,177

The RESIDE Eastern property began operating in January 2022. The asset is being amortized on a straight-line basis over 25 years.

Amortization has not been taken on the RESIDE Winnipeg, Sudbury (1498 Kingslea Court and 1517 Kingslea Court), and Orillia properties as these projects are still in progress and the building is not yet available for use.

7. DEFERRED REVENUE

Deferred revenue represents funds received in respect of future periods. This is primarily composed of funding collected in advance but designated and intended for specific program expenses.

	2022	2021
RESIDE program funding	$ 169,546	$ 130,432
Wrap Around Support funding	149,718	185,969
Be Homes program funding	36,311	-
	$ 355,575	$ 316,401

8. LONG-TERM DEBT

Raising the Roof entered into a mortgage agreement with the Assiniboine Credit Union to receive a $100,000 mortgage at a 2.972% interest rate, repayable by monthly blended payments of $555 and maturing on April 2027.

	2022	2021
Assiniboine mortgage	$ 99,578	$ -
Less: Cash repayments required within the next 12 months	3,703	-
	$ 95,875	$ -

Security for the long-term debt is provided by the following:

(a) First mortgage on 573 Mountain Avenue, Winnipeg, (the "property") in the amount of $100,000 constituting a first fixed charge;

(b) General security agreement charging all assets of the organization;

(c) General assignment of rents and leases of the property;

(d) A promissory note in the amount of $100,000;

(e) Assignment of insurance; and

(f) A corporate guarantee from the Jubilee Fund in the amount of $100,000.

Included in bank charges and interest expense is $132 (2021- $Nil) of interest paid on the long-term debt during the year.

8. LONG-TERM DEBT (Continued)

Scheduled principal repayments required on the long-term debt for the next five years, ending June 30, are as follows:

2023	$ 3,703
2024	3,816
2025	3,933
2026	4,053
2027	84,073
	$ 99,578

9. DEFERRED CAPITAL CONTRIBUTIONS

	Opening Balance	Contributions During the Year	Contributions Reallocated for Future Use	Purchase of Land	Amortization	Ending Balance
RESIDE-Cedar Mains	$ 515,663	$ -	$ -	$ -	$ (18,292)	$ 497,371
RESIDE-Epsom Downs	832,075	-	-	-	(29,857)	802,218
RESIDE-Eastern	432,121	-	(221,325)	-	(4,217)	206,579
RESIDE-Winnipeg	84,250	238,262	-	-	-	322,512
RESIDE-Sudbury	49,000	776,003	-	(240,000)	-	585,003
RESIDE-Orillia	176,000	-	-	-	-	176,000
RESIDE-Future projects	2,697	-	221,325	-	-	224,022
	$ 2,091,806	$ 1,014,265	$ -	$ (240,000)	$ (52,366)	$ 2,813,705

Deferred contributions related to property include the unamortized portions of contributed capital assets and restricted contributions that will be used for the expansion of the RESIDE program. Amortization has commenced for RESIDE Cedar Mains, RESIDE Epsom Downs, and RESIDE Eastern upon completion of the projects. Amortization has not been taken on the RESIDE Winnipeg, RESIDE Sudbury (both 1498 & 1517 Kingslea Court), and RESIDE Orillia projects as these are still in progress. The organization is currently looking at additional project sites in Sudbury, as well as continuously seeking new locations to take on future RESIDE projects.

The amount of deferred capital contributions to be amortized into income within 12 months of year end is as follows: $28,153 for RESIDE Cedar Mains (2021 - $28,153), $36,055 for RESIDE Epsom Downs (2021 - $36,055), and $8,432 for RESIDE Eastern (2021 - $4,216).

9. DEFERRED CAPITAL CONTRIBUTIONS (Continued)

Included in the opening balance for RESIDE Epsom Downs is a $50,000 forgivable loan from the City of Toronto. In addition, the house was donated to be used to operate as longer-term and transitional housing with ongoing case management for youth in difficulty and at imminent risk of becoming homeless. If the property ceases to be used as described, the organization must repay the market value of the property at the time of default to the donor, a federal government agency. Additionally, RESIDE Sudbury contributions in the year include a $448,000 forgivable vendor-take back mortgage from the City of Sudbury. The organization is in compliance with the conditions set out in these agreements.

RESIDE Eastern was allocated $221,325 in excess funds over the the amount that was required to complete the renovations. As these funds are externally restricted for capital development and construction of RESIDE projects, the amount has been reallocated to RESIDE Future projects to be used at a later date.

The properties under construction will incur additional costs subsequent to June 30, 2022. The funds in the RESIDE Future projects account will be allocated to the individual properties as they are completed.

10. UNRESTRICTED NET ASSETS

A portion of the organization's net assets has been internally restricted into one of the below funds:

(i) Continuation Fund:
The organization has designated an internally restricted fund, which represents reserve funds set aside by the board of directors for use at its discretion to ensure that it could operate in case of unforeseen financial difficulties, emergencies or temporary cash flow needs. The funds can also be utilized for special projects or grants to community groups.

The board of directors approved a transfer of $75,000 to the continuation fund for the year ended June 30, 2022 (2021 - $50,000).

(ii) Acquisition Fund:
The organization has designated an internally restricted fund, which represents reserve funds set aside by the board of directors for use at its discretion to acquire new properties for the RESIDE program.

The board of directors approved a transfer of $125,000 to the acquisition fund for the year ended June 30, 2022 (2021 - $150,000).

11. COMMITMENT

The organization has entered a long-term lease for the property at 1 Cedar Mains Drive, Caledon. The lease was signed on October 16, 2018 and expires within 10 years on October 15, 2028. The organization has the option to extend the lease for 2 successive five-year periods. The basic annual rent is $12 plus operating costs. The landlord has the option to terminate the lease with a 90 days' prior written notice. There are financial penalties to the landlord for the early termination.

12. GOVERNMENT ASSISTANCE

During the year, the organization received government assistance in the amount of $25,632 (2021 - $8,739), which is included in Government funding revenue. The organization has also received various forgivable loans (Note 9).

13. RELATED PARTY TRANSACTIONS

During the year, the organization had transactions with entities over which it has significant influence. The particulars of the transactions with and the balances owing to these entities at the end of the year are as follows:

	2022	2021
Transactions during the year:		
Purchase of property	$ 301,838	$ 60,141
Toque sales	4,320	-
Special events	2,000	-
Partner agency funding expense	353,040	341,454
Program expenses	450	55,818

	2022	2021
Balance, end of year:		
Accounts payable and accrued liabilities	$ 5,763	$ -

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

Description of the significantly influenced organizations:

Building Up is a non-profit construction contractor that delivers high quality work, while providing long-term career pathways for motivated members of the community. The organization has significant influence over Building Up as the organization has representation on the board of directors, material inter-entity transactions in the year and interchange of managerial personnel.

Community Builders is a non-profit construction based social enterprise that provides training, employment and affordable housing to meet the growing needs of the community. The organization has significant influence over Community Builders as the organization has representation on the board of directors, and material inter-entity transactions in the year.

14. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS

The significant risks arising from financial instruments to which the organization is exposed as at June 30, 2022 are detailed below.

(a) 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 interest rates. The organization is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed interest rate instruments subject the organization to a fair value risk since fair value fluctuates inversely to changes in market interest rates. Floating interest rate instruments subject the organization to changes in related future cash flows.

(b) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The organization is exposed to credit risk in the event of non-performance by counterparties in connection with its accounts and sundry receivable. The organization does not obtain collateral or other security to support the accounts and sundry receivable subject to credit risk.

(c) Liquidity Risk

Liquidity risk is the risk that the organization will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to liquidity risk arising primarily from its accounts payable and accrued liabilities and long-term debt. The organization's ability to meet obligations depends on the receipt of funds from its operating activities.

15. COVID-19

The outbreak of the novel strain of coronavirus, specifically identified as "COVID-19," has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the organization in future periods.

16. COMPARATIVE FIGURES

The prior years' figures have been reported on by another firm of public accountants. Certain comparative figures have been reclassified to conform with the current year's presentation.