

Daily Bread Food Bank
Financial Statements
For the year ended June 30, 2024

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Independent Auditor's Report

To the Board of Directors of Daily Bread Food Bank

Opinion

We have audited the financial statements of Daily Bread Food Bank (the Organization), which comprise the statement of financial position as at June 30, 2024, and the statements of operations and 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 June 30, 2024, 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 *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 these 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.



Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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
Oakville, Ontario
September 27, 2024



**Daily Bread Food Bank
Statement of Financial Position**

June 30

2024

2023

| | Operating Fund | Food Fund | Operations Expansion Fund | Total | Total |
|--|----------------------|-------------------|---------------------------------|----------------------|----------------------|
| Assets | | | | | |
| Current | | | | | |
| Cash | \$ 18,813,895 | \$ - | \$ - | \$ 18,813,895 | \$ 22,304,601 |
| Short-term investments (Note 2) | 1,370,225 | - | - | 1,370,225 | 436,253 |
| Receivables | 537,760 | 265 | - | 538,025 | 528,780 |
| Inventory | - | 1,191,246 | - | 1,191,246 | 576,000 |
| Prepaid expenses | 362,383 | 28,086 | - | 390,469 | 375,212 |
| Due to / from funds | (1,264,607) | (735,393) | 2,000,000 | - | - |
| | <u>19,819,656</u> | <u>484,204</u> | <u>2,000,000</u> | <u>22,303,860</u> | <u>24,220,846</u> |
| Long-term investments (Note 2) | 10,615,858 | - | - | 10,615,858 | 10,948,492 |
| Capital assets (Note 3) | 7,118,754 | - | - | 7,118,754 | 7,369,739 |
| | <u>\$ 37,554,268</u> | <u>\$ 484,204</u> | <u>\$ 2,000,000</u> | <u>\$ 40,038,472</u> | <u>\$ 42,539,077</u> |
| Liabilities and Net Assets | | | | | |
| Current | | | | | |
| Accounts payable and accrued liabilities | \$ 1,032,513 | \$ 484,204 | \$ - | \$ 1,516,717 | \$ 1,399,047 |
| Deferred contributions (Note 4) | 156,330 | - | - | 156,330 | 246,847 |
| | <u>1,188,843</u> | <u>484,204</u> | <u>-</u> | <u>1,673,047</u> | <u>1,645,894</u> |
| Deferred capital contributions (Note 4) | 367,149 | - | - | 367,149 | 424,539 |
| | <u>1,555,992</u> | <u>484,204</u> | <u>-</u> | <u>2,040,196</u> | <u>2,070,433</u> |
| Net assets | | | | | |
| Operating fund | 35,998,276 | - | - | 35,998,276 | 40,468,644 |
| Operations expansion fund | - | - | 2,000,000 | 2,000,000 | - |
| | <u>35,998,276</u> | <u>-</u> | <u>2,000,000</u> | <u>37,998,276</u> | <u>40,468,644</u> |
| | <u>\$ 37,554,268</u> | <u>\$ 484,204</u> | <u>\$ 2,000,000</u> | <u>\$ 40,038,472</u> | <u>\$ 42,539,077</u> |

On behalf of the Board:  Director  Director

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

Daily Bread Food Bank
Statement of Operations and Changes in Net Assets

For the year ended June 30

2024

2023

| | Operating Fund | Food Fund | Operations Expansion Fund | Total | Total |
|--|----------------------|---------------------|---------------------------------|----------------------|----------------------|
| Revenue | | | | | |
| Monetary donations | \$ 30,122,243 | \$ 4,285,066 | \$ - | \$ 34,407,309 | \$ 30,887,788 |
| Bequests | 1,492,420 | - | - | 1,492,420 | 165,299 |
| Designated program grants | 406,697 | - | - | 406,697 | 229,645 |
| Government grants | 110,259 | - | - | 110,259 | 128,299 |
| Fee-for-service revenues | 58,240 | - | - | 58,240 | 25,941 |
| Other income | 324,205 | - | - | 324,205 | 267,039 |
| | 32,514,064 | 4,285,066 | - | 36,799,130 | 31,704,011 |
| Donated food (Note 1) | - | 45,701,287 | - | 45,701,287 | 34,006,485 |
| | 32,514,064 | 49,986,353 | - | 82,500,417 | 65,710,496 |
| Expenses | | | | | |
| Food distribution operations | 4,276,696 | - | - | 4,276,696 | 4,274,373 |
| Food preparation and purchases | 1,204,845 | 21,417,324 | - | 22,622,169 | 18,153,867 |
| Member agency support | 6,500,906 | - | - | 6,500,906 | 3,511,369 |
| Kitchen | 486,135 | - | - | 486,135 | 525,372 |
| Research and public policy | 1,317,748 | - | - | 1,317,748 | 951,617 |
| Fundraising | 4,858,190 | - | - | 4,858,190 | 4,131,139 |
| Administration | 1,306,644 | - | - | 1,306,644 | 1,126,832 |
| | 19,951,164 | 21,417,324 | - | 41,368,488 | 32,674,569 |
| Distribution of donated food (Note 1) | - | 45,701,287 | - | 45,701,287 | 34,006,485 |
| | 19,951,164 | 67,118,611 | - | 87,069,775 | 66,681,054 |
| Excess (deficiency) of revenue over expenses before other items | 12,562,900 | (17,132,258) | - | (4,569,358) | (970,558) |
| Investment income | 1,848,505 | - | - | 1,848,505 | 211,493 |
| Unrealized fair value gain on long-term investments | 250,485 | - | - | 250,485 | 1,817,459 |
| Excess (deficiency) of revenue over expenses | 14,661,890 | (17,132,258) | - | (2,470,368) | 1,058,394 |
| Net assets, beginning of year | 40,468,644 | - | - | 40,468,644 | 39,410,250 |
| Approved board transfers | (19,132,258) | 17,132,258 | 2,000,000 | - | - |
| Net assets, end of year | \$ 35,998,276 | \$ - | \$ 2,000,000 | \$ 37,998,276 | \$ 40,468,644 |

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

Daily Bread Food Bank Statement of Cash Flows

| For the year ended June 30 | 2024 | 2023 |
|---|----------------------|----------------------|
| Cash was provided by (used in) | | |
| Operating activities | | |
| Excess (deficiency) of revenue over expenses | \$ (2,470,368) | \$ 1,058,394 |
| Adjustments required to reconcile excess (deficiency) of revenue over expenses with net cash provided by operating activities | | |
| Amortization of capital assets (Note 3) | 657,566 | 626,336 |
| Disposal of capital asset | - | 417,771 |
| Amortization of deferred capital contributions (Note 4) | (110,968) | (109,061) |
| Unrealized fair value gain on long-term investments | (250,485) | (1,817,459) |
| Changes in non-cash working capital balances | | |
| Receivables | (9,245) | 441,759 |
| Inventory | (615,246) | (210,610) |
| Prepaid expenses | (15,257) | (26,024) |
| Accounts payable and accrued liabilities | 117,670 | (1,119,569) |
| Deferred contributions | (90,517) | 86,522 |
| | (2,786,850) | (651,941) |
| Investing activities | | |
| Purchase of capital assets | (406,581) | (1,119,566) |
| Redemption (purchase) of short-term investments, net | (933,972) | 156,597 |
| Redemption of long-term investments, net | 583,119 | 12,368,174 |
| | (757,434) | 11,405,205 |
| Financing activity | | |
| Capital contributions received | 53,578 | 39,000 |
| Increase (decrease) in cash during the year | (3,490,706) | 10,792,264 |
| Cash, beginning of year | 22,304,601 | 11,512,337 |
| Cash, end of year | \$ 18,813,895 | \$ 22,304,601 |

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

Daily Bread Food Bank

Notes to Financial Statements

June 30, 2024

1. Significant Accounting Policies

Nature of Organization

Daily Bread Food Bank (the "Organization") was incorporated under the Canada Business Corporations Act on October 19, 1983 and continued under Articles of Continuance on January 15, 2013. These articles of continuance changed the name of the Organization from The Daily Bread Food Bank Foundation of Toronto to Daily Bread Food Bank. It is a registered charity under the Income Tax Act of Canada (the "Act"), and as such, is exempt from income taxes and is able to issue donation receipts for income tax purposes. In order to maintain its status as a registered charity under the Act, the Organization must meet certain requirements of the Act.

The Organization's objective is to collaborate with all to eliminate food insecurity and advocate for solutions to end poverty. This is done through the solicitation, purchase, preparation and distribution of food to those in need via member agencies that directly serve clients. It is also accomplished through research, education, and advocating for improved government policies to eliminate poverty. In addition, the Organization supports the establishment and running of member food banks across Toronto and operates a food bank out of its head office.

The Organization acts as a distribution hub for the Ontario Association of Food Banks (o/a Feed Ontario) in the distribution of food in Ontario.

Funding has been primarily received through voluntary contributions and grants from members of the public, corporations, government, and charitable foundations.

Basis of Accounting

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

Fund Accounting

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

Operating Fund - unrestricted

The Operating Fund records the operating activities of the Organization.

Restricted Funds

(i) Food Fund - externally restricted

All donations designated by donors for the acquisition of food are allocated to the Food Fund. Additional monies may be transferred to this fund from time to time by the Board of Directors.

Daily Bread Food Bank Notes to Financial Statements

June 30, 2024

1. Significant Accounting Policies (Continued)

Fund Accounting (Continued)

Restricted Funds (Continued)

(ii) Operations Expansion Fund - internally restricted

The Operations Expansion fund is an internally restricted fund that reflects the amounts that are designated by the Board of Directors for increasing operating capacity. The Fund will ensure that there are sufficient resources for the capital investments required for the Organization to fulfill future demand. The qualifying expenditures will include capital improvements or upgrades made to the Organization's building, purchase of operating equipment and purchase of vehicles.

Revenue Recognition

Restricted contributions are recognized as revenue of the appropriate externally restricted fund. All other restricted contributions for which no restricted fund has been established are deferred and recognized as revenue of the Operating Fund in the years in which the related expenses are incurred. Unrestricted contributions are recognized as revenue of the Operating Fund if the amount to be received can be reasonably estimated and collection is reasonably assured.

Grants are recognized as income in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Deferred contributions relates to grants received in advance for programs taking place in the next fiscal year for those which do not have a specific externally restricted fund established.

Fee-for-service revenues are recognized as income when the service has been provided, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Deferred capital contributions arise from amounts that have been received and that are receivable under the restriction that proceeds are to be used to fund capital asset purchases. Deferred capital contributions are recognized on a straight-line basis over the estimated useful life of the corresponding capital asset.

Donated food is recognized as revenue in the Statement of Operations and Changes in Net Assets when distributed. 11,687,095 pounds of donated food (2023 - 9,193,659) has been valued based on independently obtained, national standards recommended by Food Banks Canada at \$3.58 per pound (2023 - \$3.52). The use of the national standards recommended by Food Banks Canada is consistent with fiscal 2023; management and the Board believe that this valuation is a reasonable reflection of fair market value. 2,055,986 pounds of donated food (2023 - 1,285,004) was received from farmers who were issued tax receipts for \$3,861,487 (2023 - \$1,644,805), calculated at an average value of \$1.88 per pound (2023 - \$1.28). The Organization distributed a total of 13,743,081 pounds of donated food to the community (2023 - 10,478,663) at a value of \$45,701,287 (2023 - \$34,006,485).

Donations of physical capital assets are recorded at fair value at the date of contribution.

Daily Bread Food Bank Notes to Financial Statements

June 30, 2024

1. Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Investment income includes interest, dividends, and realized and unrealized gains and losses on investments.

Items other than food are donated to the Organization from time to time. These items are not recognized in the financial statements.

Inventory

Food which has been purchased from suppliers but not yet distributed to member agencies, is recorded on the Statement of Financial Position at the lower of cost and current replacement cost. The cost of inventory is determined on a first-in, first-out basis. As donated food has no net realizable value, it is not included in the inventory balance.

Capital Assets

Capital assets are recorded at cost less accumulated amortization. Amortization based on the estimated useful life of the asset is calculated as follows:

| | |
|-------------------------------|------------------------------------|
| Building structure | - 40 years straight-line basis |
| Building, non-structure | - 25 years straight-line basis |
| Parking lot | - 12 years straight-line basis |
| Kitchen equipment | - 6 years straight-line basis |
| Warehouse equipment | - 5 - 10 years straight-line basis |
| Automotive | - 6 years straight-line basis |
| Computer and office equipment | - 5 - 10 years straight-line basis |

Volunteer Services

The work of the Organization is dependent on the efforts of many volunteers. Since these services are not purchased by the Organization and due to the difficulty of determining their fair value, donated services are not recognized in these financial statements.

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, investments are recorded at fair value with any change in the fair value reported in the Statement of Operations and Changes in Net Assets. 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.

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 revenue and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

Daily Bread Food Bank

Notes to Financial Statements

June 30, 2024

1. Significant Accounting Policies (Continued)

Allocation of Administrative Expenses to Cost Centres

The Organization reports its operating costs by function. Many cost centres work for a single function and are appropriately allocated. Certain costs pertain to more than one function and these are allocated as follows:

- (i) When a staff member spends part of their time on different functions the policy is to apportion the relevant salary and associated costs in proportion to the amount of time spent on each function.
- (ii) The expenses within the kitchen operation have been charged 50% to food preparation and 50% to kitchen, which respects the two-fold operation of the kitchen and the approximate cost of performing each of the functions.
- (iii) Common and support expenses such as facilities maintenance, computer services, staff and volunteer management have been allocated as follows:

| <u>Expense</u> | <u>Basis of Allocation</u> |
|----------------------------|--|
| Facilities maintenance | Square footage of space used |
| Computer systems | Network administration, by time spent, hardware and software, by cost |
| Human resources management | Headcount |
| Volunteer management | Volunteer labour hours |
| Central services | Usage of reception and office equipment |

2. Investments

| | <u>2024</u> | | <u>2023</u> | |
|-------------------------------|----------------------|----------------------|-------------------|---------------|
| | <u>Fair Value</u> | <u>Cost</u> | <u>Fair Value</u> | <u>Cost</u> |
| Short-term investments | | | | |
| Cash | \$ 46,198 | \$ 46,198 | \$ 54,220 | \$ 54,220 |
| GICs | 1,324,027 | 1,288,000 | 382,033 | 376,000 |
| | <u>1,370,225</u> | <u>1,334,198</u> | 436,253 | 430,220 |
| Long-term investments | | | | |
| Exchange-traded funds | 1,005,400 | 986,883 | 4,548,831 | 4,704,521 |
| GICs | 1,626,662 | 1,588,000 | 1,081,730 | 1,064,000 |
| Mutual funds | 7,983,796 | 8,200,045 | 5,317,931 | 5,557,331 |
| | <u>10,615,858</u> | <u>10,774,928</u> | 10,948,492 | 11,325,852 |
| | <u>\$ 11,986,083</u> | <u>\$ 12,109,126</u> | \$ 11,384,745 | \$ 11,756,072 |

Daily Bread Food Bank
Notes to Financial Statements

June 30, 2024

2. Investments (Continued)

Short-term GICs have interest rates between 2.45% and 5.76% (2023 - 2.15% and 5.35%) and maturity dates from November 2024 to December 2024 (2023 - December 2023).

Long-term GICs have interest rates between 2.45% and 5.60% (2023 - 2.45% and 5.33%) and maturity dates from November 2025 to December 2026 (2023 - December 2024 to December 2026).

3. Capital Assets

| | 2024 | | 2023 | |
|----------------------------------|----------------------|-----------------------------|----------------------|-----------------------------|
| | Cost | Accumulated Amortization | Cost | Accumulated Amortization |
| Land | \$ 871,388 | \$ - | \$ 871,388 | \$ - |
| Building and parking lot | 7,413,735 | 2,723,505 | 7,383,364 | 2,487,270 |
| Warehouse equipment | 1,998,855 | 1,068,372 | 1,833,489 | 912,607 |
| Automotive | 1,020,477 | 959,437 | 1,020,477 | 825,164 |
| Kitchen equipment | 166,460 | 152,187 | 158,768 | 131,100 |
| Computer and office equipment | 1,213,994 | 662,654 | 1,027,531 | 569,137 |
| | \$ 12,684,909 | \$ 5,566,155 | \$ 12,295,017 | \$ 4,925,278 |
| Net book value | | \$ 7,118,754 | | \$ 7,369,739 |

Of the total balance in the Net Assets of the Operating Fund of \$35,998,276 (2023 - \$40,468,644), the amount invested in capital assets is \$6,751,605 (2023 - \$6,945,200).

| | 2024 | 2023 |
|--|---------------------|---------------------|
| Total investment in capital assets | \$ 7,118,754 | \$ 7,369,739 |
| Less: amount funded by deferred capital contributions (Note 4) | (367,149) | (424,539) |
| Funds invested in capital assets | \$ 6,751,605 | \$ 6,945,200 |

Daily Bread Food Bank
Notes to Financial Statements

June 30, 2024

3. Capital Assets (Continued)

Amortization of capital assets is included on the Statement of Operations and Changes in Net Assets in the following expense categories:

| | 2024 | 2023 |
|--------------------------------|------------|------------|
| Food distribution operations | \$ 437,768 | \$ 426,284 |
| Food preparation and purchases | 69,338 | 70,634 |
| Member agency support | 45,409 | 34,350 |
| Kitchen | 37,680 | 38,096 |
| Research and public policy | 15,627 | 17,265 |
| Fundraising | 30,373 | 27,582 |
| Administration | 21,371 | 12,125 |
| | \$ 657,566 | \$ 626,336 |

4. Deferred Contributions and Deferred Capital Contributions

Changes in deferred contributions and deferred capital contributions are as follows:

| | Current | Capital | 2024 | 2023 |
|--|------------|------------|------------|------------|
| Balance, beginning of year | \$ 246,847 | \$ 424,539 | \$ 671,386 | \$ 654,925 |
| Add: funds received | 178,660 | 53,578 | 232,238 | 293,490 |
| Less: contributions recognized as revenue | (269,177) | (110,968) | (380,145) | (277,029) |
| Balance, end of year | \$ 156,330 | \$ 367,149 | \$ 523,479 | \$ 671,386 |

5. Allocation of Administrative Expenses to Cost Centres

Administrative expenses totaling \$2,247,808 (2023 - \$2,391,734) have been allocated as follows:

| | 2024 | 2023 |
|--------------------------------|--------------|--------------|
| Food distribution operations | \$ 835,337 | \$ 926,137 |
| Food preparation and purchases | 288,024 | 317,217 |
| Member agency support | 338,594 | 324,301 |
| Kitchen | 269,352 | 311,376 |
| Research and public policy | 109,816 | 133,624 |
| Fundraising | 250,534 | 270,051 |
| Administration | 156,151 | 109,028 |
| | \$ 2,247,808 | \$ 2,391,734 |

Daily Bread Food Bank
Notes to Financial Statements

June 30, 2024

6. Line of Credit

The Organization has a \$750,000 credit facility agreement with a Canadian chartered bank. The line of credit is secured by a general security agreement representing a first charge on all present and after acquired property, bears interest at prime and is payable on demand. The balance outstanding as at June 30, 2024 is \$Nil (2023 - \$Nil).

7. Employee Benefits

The Organization maintains an RRSP matching program for its employees. The Organization matches up to 2% of the employee's gross earnings. The expense for the year was \$81,981 (2023 - \$69,376).

8. Commitments

The Organization has obligations under operating leases for office equipment as follows:

| | | |
|------|----|---------------|
| 2025 | \$ | 18,665 |
| 2026 | | 17,174 |
| 2027 | | 17,174 |
| 2028 | | 17,174 |
| 2029 | | 12,880 |
| | | <hr/> |
| | \$ | 83,067 |

Daily Bread Food Bank Notes to Financial Statements

June 30, 2024

9. Financial Instrument Risks

Liquidity Risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting its obligations associated 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. The Organization is exposed to this risk mainly in respect of its accounts payable and accrued liabilities.

The Organization's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash flows to fund its operations and to meet its liabilities when due, under both normal and stressed conditions. The Organization maintains a portion of its invested assets in liquid securities.

Market Risk

Market risk arises from the possibility that changes in market prices will affect the level of investments held by the Organization. The Organization is subject to market risk on its long-term investments. The values of these long-term investments will fluctuate as a result of changes in market prices or other factors effecting the values of the investments.

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. The Organization is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the value of fixed income denominated investments.

Currency Risk

Currency risk is the risk that arises from fluctuations in foreign exchanges rates. The Organization is exposed to currency risk with respect to \$143,670 (2023 - \$84,230) of cash held in U.S dollars.