Mennonite Central Committee Saskatchewan
Financial Statements
March 31, 2020

Page

Management's Responsibility

To the Members of Mennonite Central Committee Saskatchewan:

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 financial 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 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 24, 2020

Executive Director

Director of Finance

Independent Auditor's Report

To the Members of Mennonite Central Committee Saskatchewan:

Qualified Opinion

We have audited the financial statements of Mennonite Central Committee Saskatchewan (the "Organization"), which comprise the statement of financial position as at March 31, 2020, 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, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2020, 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 Qualified Opinion

In common with many charitable organizations, the Organization derives revenue from contributions and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of undesignated, international designated and provincial designated revenue other than interest and grants was limited to the amounts recorded in the records of the Organization and we were not able to determine whether any adjustments might be necessary to revenue, excess (deficiency) of revenue over expenses, and cash flows from operations for the years ended March 31, 2020 and March 31, 2019, current assets as at March 31, 2020 and 2019, and net assets as at April 1, 2019 and March 31, 2020 and April 1, 2018 and March 31, 2019. Our audit opinion on the financial statements for the year ended March 31, 2019 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization’s financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent Auditor's Report *(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.

Saskatoon, Saskatchewan

MNP LLP

June 24, 2020

Chartered Professional Accountants

Mennonite Central Committee Saskatchewan
Statement of Financial Position
As at March 31, 2020

	2020	2019
Assets		
Current		
Cash	**779,620**	733,337
Accounts receivable	**136,087**	279,311
Investments and restricted cash *(Note 4)*	**816,168**	626,299
Prepaid expenses and deposits	**17,602**	16,958
Inventory	**34,539**	-
Current portion of loan to thrift shop *(Note 5)*	**10,170**	7,973
	1,794,186	1,663,878
Capital assets *(Note 6)*	**1,866,178**	1,929,603
Investments *(Note 4)*	**117,321**	117,321
Loan to thrift shop *(Note 5)*	**223,312**	276,553
	4,000,997	3,987,355
Liabilities		
Current		
Accounts payable and accruals	**282,291**	314,304
Deferred contributions *(Note 7)*	**499,706**	406,974
Current portion of deferred contributions related to capital assets *(Note 8)*	**43,707**	46,008
Current portion of mortgage due on demand *(Note 9)*	**10,170**	7,973
	835,874	775,259
Mortgage due on demand *(Note 9)*	**123,312**	179,053
	959,186	954,312
Deferred contributions related to capital assets *(Note 8)*	**830,443**	874,150
	1,789,629	1,828,462
Contingencies *(Note 11)*		
Net Assets		
Externally restricted for endowment purposes *(Note 4), (Note 12)*	**117,321**	117,321
Internally restricted *(Note 4), (Note 12)*	**614,069**	430,642
Invested in capital assets *(Note 12)*	**992,028**	1,009,445
Unrestricted	**487,950**	601,485
	2,211,368	2,158,893
	4,000,997	3,987,355

Approved on behalf of the Board of Directors

Director **Director**

The accompanying notes are an integral part of these financial statements

Mennonite Central Committee Saskatchewan
Statement of Operations
For the year ended March 31, 2020

	2020	2019
Revenue		
Undesignated		
General contributions	**1,047,911**	1,231,620
Thrift shops	**1,007,250**	1,167,741
Interest	**19,197**	18,601
Relief sales	**127,755**	136,121
Relief sale expenses	**(47,347)**	(49,693)
	2,154,766	2,504,390
International Designated		
Canadian Foodgrains Bank	**386,018**	436,392
Overseas programming	**286,403**	265,871
Material resources	**171,485**	264,318
Major disasters (unbudgeted)	**2,900**	13,987
Relief sales	**-**	3,624
Constituent initiated projects (unbudgeted)	**-**	200
Centennial campaign	**208,701**	-
	1,055,507	984,392
Provincial Designated		
Other income	**166,451**	139,666
Designated donations	**473,408**	405,231
	639,859	544,897
Total revenue	**3,850,132**	4,033,679

Continued on next page

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Mennonite Central Committee Saskatchewan
Statement of Operations
For the year ended March 31, 2020

	2020	2019
Total revenue *(Continued from previous page)*	**3,850,132**	4,033,679
Expenses		
Justice and Peace Building		
Peacebuilding and conflict transformation	**190,546**	217,845
Restorative justice	**187,659**	193,225
	378,205	411,070
Disaster Relief	**110,615**	143,664
Sustainable Community Development		
Migration and resettlement	**306,097**	287,623
Education	**170,743**	113,346
	476,840	400,969
Administration		
Building management	**102,685**	85,067
Financial services	**118,421**	129,154
Office management	**48,523**	43,473
Human resources	**47,045**	51,287
Executive office and board	**68,097**	75,988
Information services	**21,791**	22,014
Constituency relations	**29,395**	31,815
Annual meeting	**129**	226
	436,086	439,024
Fundraising		
Communications and donor relations	**324,875**	368,603
Thrift shop coordination	**181,359**	180,942
	506,234	549,545
Total provincial expenditures	**1,907,980**	1,944,272
Forwardings to MCC Canada		
General and designated	**1,044,151**	1,324,197
Canadian Foodgrains Bank	**416,782**	436,392
Material resources	**171,485**	264,318
Centennial campaign	**208,701**	-
Grant to MCC Canada	**48,559**	-
	1,889,678	2,024,907
Total expenses	**3,797,658**	3,969,179
Excess of revenue over expenses for the year	**52,474**	64,500

The accompanying notes are an integral part of these financial statements

Mennonite Central Committee Saskatchewan
Statement of Changes in Net Assets
For the year ended March 31, 2020

	Externally restricted for endowment purposes	*Internally restricted*	*Invested in capital assets*	*Unrestricted*	*2020*	*2019*
Net assets, beginning of the year	**117,321**	**430,642**	**1,009,445**	**601,486**	**2,158,894**	2,094,394
Excess (deficiency) of revenue over expenses for the year	**-**	**-**	**(45,678)**	**98,152**	**52,474**	64,500
Investment in capital assets	**-**	**-**	**28,261**	**(28,261)**	**-**	-
Internally imposed restrictions, net	**-**	**183,427**	**-**	**(183,427)**	**-**	-
Net assets, end of year	**117,321**	**614,069**	**992,028**	**487,950**	**2,211,368**	2,158,894

The accompanying notes are an integral part of these financial statements

Mennonite Central Committee Saskatchewan
Statement of Cash Flows
For the year ended March 31, 2020

	2020	*2019*
Cash provided by (used for) the following activities		
Operating		
Excess of revenue over expenses for the year	**52,474**	64,500
Loss on disposal of capital assets	**-**	1,022
Amortization	**91,686**	95,932
Amortization of deferred contributions related to capital assets	**(46,008)**	(48,429)
Non-cash increase in investments	**(7,464)**	(8,591)
	90,688	104,434
Changes in working capital accounts		
Accounts receivable	**143,224**	(173,645)
Inventory	**(34,539)**	-
Prepaid expenses and deposits	**(644)**	(6,216)
Accounts payable and accruals	**(32,012)**	(306,636)
Deferred contributions	**92,732**	115,853
	259,449	(266,210)
Financing		
Repayment of mortgage payable	**(53,544)**	(38,323)
Investing		
Purchase of capital assets	**(28,261)**	(7,747)
Proceeds on disposal of capital assets	**-**	225
Repayment of loan to thrift shop	**51,044**	38,324
Decrease (increase) in restricted cash included in investments	**(182,405)**	9,890
	(159,622)	40,692
Increase (decrease) in cash resources	**46,283**	(263,841)
Cash resources, beginning of year	**733,337**	997,178
Cash resources, end of year	**779,620**	733,337

The accompanying notes are an integral part of these financial statements

1. Incorporation and nature of the organization

Mennonite Central Committee Saskatchewan (the "Organization") was incorporated by the Legislative Assembly of the Province of Saskatchewan under The Mennonite Central Committee Saskatchewan Act. Bill 301 of 1999-2000 was given Royal Assent May 26, 2000. The Organization exists to provide support to third-world countries and disaster areas around the world by sending money, food, supplies and materials collected from its members.

2. Change in accounting policies

Capital Assets Held by Not-for-Profit Organizations

Effective April 1, 2019, the Organization adopted the Accounting Standard Board’s (AcSB) new accounting standards for not-for-profit organizations related to capital assets under Section 4433 *Tangible Capital Assets Held By Not-for-Profit Organizations*. Applying this new Section results in changes to the determination of impairment and write-downs of capital assets and allows for the recognition of partial impairments of these assets.

There was no material impact on the financial statements from the application of the new accounting recommendations.

3. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations using the following significant accounting policies:

Financial instruments

The Organization recognizes its financial instruments when the Organization becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management. Financial assets and liabilities originated and issued in all other related party transactions are initially measured at their carrying or exchange amount in accordance with CPA Canada 3840 *Related Party Transactions*.

At initial recognition, the Organization may irrevocably elect to subsequently measure any financial instrument at fair value. No such election was made during the year.

All financial assets and liabilities are subsequently measured at amortized cost. Transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at amortized cost.

Financial asset impairment

The Organization assesses impairment of all of its financial assets measured at amortized cost. The Organization groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group. Management considers whether the issuer is having significant financial difficulty in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Organization determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Organization reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in current year excess of revenue over expenses.

The Organization reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in the excess of revenue over expenses in the year the reversal occurs.

Cash

Cash include balances with banks and petty cash held on premises. Cash subject to restrictions is included in investments as restricted cash (Note 4).

Investments

Investments are interest-bearing redeemable deposits and are measured at cost less impairment.

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

Inventory

Inventories held for distribution at no charge are recognized at the lower of cost and current replacement cost. Cost is determined by the first in, first out method.

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 declining balance method at rates intended to amortize the cost of assets over their estimated useful lives.

	Rate
Buildings	5 and 10 %
Automotive	30 %
Computer equipment	30 %
Furniture and fixtures	10 %
Office equipment	20 %

Long-lived assets

Long-lived assets consist of capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policy.

The Organization writes down long-lived assets held for use when conditions indicate that the asset no longer contributes to the Organization’s ability to provide goods and services. The asset is also written-down when the value of future economic benefits or service potential associated with the asset is less than its net carrying amount. When the Organization determines that a long-lived asset is impaired, its carrying amount is written down to the asset’s fair value.

Revenue recognition

The Organization follows the deferral method of accounting for contributions. Restricted contributions for the purchase of capital assets are recognized as revenue on the same basis as the purchased capital assets are amortized. Other restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.

Relief sales revenue is recognized when a price is agreed, goods are shipped to customers, all significant contractual obligations have been satisfied, and collectability is reasonably assured. Revenue from rental agreements is recognized over the rental term.

Contributed materials and services

Volunteers contribute numerous hours per year to assist the Organization in carrying out its activities. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

Blankets, soaps and material for aid kits are donated during the year. The donations and corresponding expense are recorded when the items are shipped from the Organization.

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

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 disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts 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. Deferred contributions related to capital assets is based on the estimated useful lives of the capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues over expenses in the years in which they become known.

4. Investments

The investments, excluding restricted cash, are interest-bearing redeemable deposits held with Abundance Canada bearing interest at 1.30% (2019 - 1.53%). Restricted cash is a bank deposit included with other cash deposit balances that the board has placed internal restrictions thereon and has therefore been included in internally restricted investments rather than cash.

The terms of certain donations established as endowment funds require that the principal funds remain untouched with only the interest earned in the year being appropriated to the specific purpose. The long-term portion of investments is restricted for endowment purposes. These externally restricted endowment donations comprise the Overseas Programme which are currently invested with Abundance Canada.

	2020	*2019*
Internally restricted		
Capital reserve	**387,519**	382,495
Special projects fund	**4,170**	4,117
Restricted cash	**222,380**	39,975
Unrestricted		
Operating fund	**184,754**	182,367
Bursary	**17,345**	17,345
	816,168	626,299
Externally restricted for endowment purposes		
Overseas programme	**117,321**	117,321
	933,489	743,620

5. Loan to thrift shop

	2020	*2019*
Lanigan Thrift Shop - The loan is secured by a promissory note and consists of a $450,000 mortgage agreement and a $100,000 interest free portion. Current terms of the mortgage are monthly payments of $1,268 including interest at 3.95% per annum.	**233,482**	284,526
Less: current portion	**10,170**	7,973
	223,312	276,553

6. Capital assets

	Cost	*Accumulated amortization*	*2020 Net book value*	*2019 Net book value*
Land	**301,354**	**-**	**301,354**	301,354
Buildings	**2,955,605**	**1,434,774**	**1,520,831**	1,582,840
Automotive	**32,306**	**31,310**	**996**	1,422
Computer equipment	**55,653**	**37,016**	**18,637**	20,789
Furniture and fixtures	**95,097**	**78,106**	**16,991**	13,986
Office equipment	**30,991**	**23,622**	**7,369**	9,212
	3,471,006	**1,604,828**	**1,866,178**	1,929,603

Amortization expense included in the statement of operations is $91,686 (2019 - $95,932).

7. Deferred contributions

The Organization receives contributions which are restricted by the donor to be used for specific purposes. The amounts received are recorded as deferred contributions. They are recognized in contribution revenue when costs are incurred that meet the restrictions established by the donors.

	2020	*2019*
Balance, beginning of year	**406,974**	291,123
Amount received during the year	**306,877**	326,985
Less: Amount recognized as revenue during the year	**(214,145)**	(211,134)
	499,706	406,974

8. Deferred contributions related to capital assets

Deferred contributions related to capital assets consist of the unamortized amount of contributions received for the purchase of capital assets. Recognition of these amounts as revenue is deferred to periods when the related capital assets are amortized.

	2020	*2019*
Balance, beginning of year	**920,158**	968,587
Recognized as revenue during the year	**(46,008)**	(48,429)
	874,150	920,158
Less: current portion	**43,707**	46,008
Balance, end of year	**830,443**	874,150

9. Mortgage payable

	2020	*2019*
Due to Abundance Canada and secured by a mortgage on building in Lanigan, Saskatchewan with a net book value of $584,495 (2019 - $614,890). Current repayment terms are $1,268 per month including interest at 3.95% per annum, with a renewal date of September 2, 2021.	**133,482**	187,026
Less: Current portion	**10,170**	7,973
Less: Mortgage due on demand	**123,312**	179,053
	-	-

Principal repayments on the mortgage payable in each of the next five years are estimated as follows, assuming the mortgage is renewed at similar terms:

2021	10,170
2022	10,580
2023	11,000
2024	11,440
2025	11,900

10. Income taxes

The Organization is registered as a charitable organization under the *Income Tax Act* (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 within the Act. In the opinion of management, these requirements have been met.

11. Contingencies

MCC Canada ("MCCC") has signed a Private Sponsorship of Refugees ("PSR") Agreement with Immigration Refugee and Citizenship Canada ("IRCC"), formerly the Department of Citizenship and Immigration Canada ("CIC"), to provide financial, human resources and moral support to a certain number of refugees sponsored under the PSR program. MCCC’s responsibilities under this agreement were assigned to the various Canadian Mennonite Central Committees.

The Organization has partnered with various church and community groups to assist with the sponsorship and resettlement of certain refugee families in Saskatchewan. These groups have committed to providing the required funding to sponsor and support these refugee families for the required period of time. However, should any of these groups default on their financial obligations the Organization will be responsible for providing the funding shortfall. As at March 31, 2020, the Organization has 148 active sponsorship cases with an estimated contingent liability of $1,631,538 (2019 - 72 cases with an estimated contingent liability of $534,888).

12. Restrictions on net assets

The net assets restricted for endowment purposes are subject to externally imposed restrictions stipulating that the resources be maintained permanently. Net assets externally restricted for endowment purposes are $117,321 (2019 - $117,321). The earnings on these amounts can only be spent on overseas needs.

The Organization's board of directors has internally restricted net assets equal to the Organization's equity in its capital assets. Internally restricted net assets invested in capital assets are $992,028 (2019 - $1,009,445).

The Organization's board of directors has internally restricted net assets as follows:

	2020	2019
Capital reserve	**419,071**	235,644
Global Education Fund	**47,028**	47,028
Care for Creation Fund	**12,180**	12,180
Special Projects Funds	**33,306**	33,306
Reconciliation Fund	**71,313**	71,313
CDR Initiative Fund	**31,171**	31,171
Total internally restricted net assets	**614,069**	430,642

13. Thrift shops

The Organization has an association with eight (2019 - eight) thrift shops throughout Saskatchewan. The shops are directed by boards separate from that of the Organization and therefore operate as their own independent entities. Of the eight buildings occupied by the thrift shops one is rented by a thrift shop and seven are owned by the Organization. Seven of the thrift shops forward all net earnings to the Organization and the eighth shop forwards a portion of its net earnings. The funds are then used at the Organization's discretion for its work in relief and development efforts.

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 concentration

Financial instruments that potentially subject the Organization to concentrations of credit risk consist primarily of accounts receivable and the loan to thrift shop. As at March 31, 2020, 3 organizations (2019 - three organizations) accounted for 44% (2019 - 71%) of outstanding accounts receivable at year end. The Organization believes that there is no unusual exposure associated with the collection of these receivables as they closely monitor the financial status of all debtor organizations.

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 risk with respect to its investments, loan to thrift shop and mortgage due on demand. Interest rates on all investments are variable and subject to changing market rates. However, this would only affect accrued interest and interest revenue earned. Loan to thrift shop and the mortgage due on demand have limited exposure to interest rate risk as they bear the same interest rate and are subject to renewal at the same maturity dates .

14. Financial instruments *(Continued from previous page)*

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 purchase goods and services on credit for which repayment is required at various maturity dates. The Organization's exposure to liquidity risk is dependent on the collection of accounts receivable and the loan to thrift shop, purchasing commitments and obligations, and raising funds to meet commitments and sustain operations.

15. Significant event

Prior to year-end, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Organization as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

The outbreak did necessitate the temporary closure of the thrift shops and possible cancellation of fundraising events that have been a significant source of revenue in other years. The results of future operations, if any, of the thrift shops can not be predicted, but it is likely there will be a reduction in the amounts the shops and events will contribute to the Organization in the coming year.

16. Comparative figures

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