

**CANCERCARE MANITOBA
FOUNDATION INC.**

**Financial Statements
For the year ended March 31, 2019**

CANCERCARE MANITOBA FOUNDATION INC.

Financial Statements For the year ended March 31, 2019

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Independent Auditor's Report

To the Board of Directors of CancerCare Manitoba Foundation Inc.

Qualified Opinion

We have audited the accompanying financial statements of CancerCare Manitoba Foundation Inc. ("the Foundation"), which comprise the statement of financial position as at March 31, 2019, and the statement of operations and changes in fund balances and statement of 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 Foundation as at March 31, 2019, 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 Qualified Opinion

In common with many not-for-profit organizations, the Foundation derives revenue from fundraising activities and donations generated from events, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenses, and cash flows from operations for the years ended March 31, 2019 and 2018, current assets as at March 31, 2019 and 2018, and net assets as at April 1 and March 31 for both the 2019 and 2018 years. Our audit opinion on the financial statements for the year ended March 31, 2018 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 Foundation 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 audit 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 Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation'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 Foundation'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 Foundation'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 Foundation 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

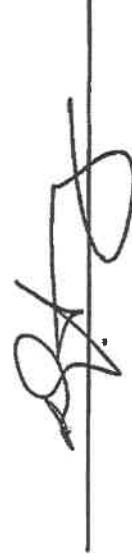
Winnipeg, Manitoba
June 24, 2019

CANCERCARE MANITOBA FOUNDATION INC.
Statement of Financial Position

As at March 31, 2019

| | Unrestricted Fund | Ongoing Restricted Funds | Endowment Funds | Capital Fund | 2019 Total | 2018 Total |
|--|-------------------|--------------------------|-----------------|--------------|---------------|---------------|
| Assets | | | | | | |
| Current Assets | | | | | | |
| Operating cash | \$ 838,095 | \$ - | \$ - | \$ - | \$ 838,095 | \$ 4,194,181 |
| Accounts receivable | 11,106 | - | - | - | 11,106 | 65,437 |
| Prepaid expenses | 151,299 | - | - | - | 151,299 | 162,293 |
| | 1,000,500 | - | - | - | 1,000,500 | 4,421,911 |
| Investments (Note 3) | 17,377,116 | 7,317,329 | 15,491,593 | 1,546,693 | 41,732,731 | 38,268,394 |
| Capital assets (Note 4) | 1,596 | - | - | - | 1,596 | 2,145 |
| Due from (to) other funds (Note 5) | 19,864,600 | - | - | (19,864,600) | - | - |
| Property development costs (Note 5) | - | - | - | 19,864,600 | 19,864,600 | 19,653,102 |
| | \$ 38,243,812 | \$ 7,317,329 | \$ 15,491,593 | \$ 1,546,693 | \$ 62,599,427 | \$ 62,345,552 |
| Liabilities and Fund Balances | | | | | | |
| Current Liabilities | | | | | | |
| Accounts payable and accrued liabilities | \$ 213,871 | \$ - | \$ - | \$ - | \$ 213,871 | \$ 339,806 |
| Grants payable | 1,742,107 | - | - | - | 1,742,107 | 4,376,210 |
| Deferred contributions (Note 6) | 138,891 | - | - | - | 138,891 | 379,336 |
| | 2,094,869 | - | - | - | 2,094,869 | 5,095,352 |
| Commitments (Note 10) | | | | | | |
| Fund Balances | | | | | | |
| Unrestricted | 36,148,943 | - | - | - | 36,148,943 | 33,911,817 |
| Internally restricted | - | 1,708,947 | 406 | - | 1,709,353 | 1,673,054 |
| Externally restricted | - | 5,608,382 | 3,051,717 | 1,546,693 | 10,206,792 | 9,563,917 |
| Endowed | - | - | 12,439,470 | - | 12,439,470 | 12,101,412 |
| | 36,148,943 | 7,317,329 | 15,491,593 | 1,546,693 | 60,504,558 | 57,250,200 |
| | \$ 38,243,812 | \$ 7,317,329 | \$ 15,491,593 | \$ 1,546,693 | \$ 62,599,427 | \$ 62,345,552 |

Approved by the Board of Directors:

CANCERCARE MANITOBA FOUNDATION INC.
Statement of Operations and Changes in Fund Balances

For the year ended March 31, 2019

| | Unrestricted Fund | Ongoing Restricted Funds | Endowment Funds | Capital Fund | 2019 Total | 2018 Total |
|---|-------------------|--------------------------|-----------------|--------------|---------------|---------------|
| Fundraising and Realized Investments Revenue | | | | | | |
| Estates and insurance beneficiary (Note 8) | \$ 1,133,178 | \$ 89,282 | \$ - | \$ - | \$ 1,222,460 | \$ 508,160 |
| General donations (Note 8) | 1,846,834 | 761,973 | 3,500 | 440,795 | 3,053,102 | 3,907,856 |
| Memorial donations (Note 8) | 480,050 | 31,072 | 1,345 | - | 512,467 | 407,412 |
| Events (Note 8) | 3,345,664 | 896,699 | - | - | 4,242,363 | 3,737,213 |
| Other revenue | 6,805,726 | 1,779,026 | 4,845 | 440,795 | 9,030,392 | 8,560,641 |
| Realized investment income (Note 9) | 156,116 | - | - | - | 156,116 | 283,123 |
| Capital fund expenses | 1,024,561 | 293,116 | 637,920 | 20,052 | 1,975,649 | 865,324 |
| | 7,986,403 | 2,072,142 | 642,765 | 460,847 | 11,162,157 | 9,709,088 |
| | - | - | - | - | - | (292,630) |
| | 7,986,403 | 2,072,142 | 642,765 | 460,847 | 11,162,157 | 9,416,458 |
| Administrative and Program Expenses | | | | | | |
| Administrative expenses | 758,634 | - | - | - | 758,634 | 732,821 |
| Marketing and communication | 314,442 | - | - | - | 314,442 | 315,338 |
| Donor development and major gifts | 556,959 | - | - | - | 556,959 | 542,094 |
| Events and projects | 374,089 | - | - | - | 374,089 | 350,709 |
| Amortization | 1,459 | - | - | - | 1,459 | 3,578 |
| | 2,005,583 | - | - | - | 2,005,583 | 1,944,540 |
| Excess of revenue over expenses before grants and unrealized investment gain | 5,980,820 | 2,072,142 | 642,765 | 460,847 | 9,156,574 | 7,471,918 |
| Grants to CancerCare Manitoba | 3,486,814 | 2,993,886 | 426,906 | - | 6,907,606 | 6,784,187 |
| Unrealized investment gain | 2,494,006 | (921,744) | 215,859 | 460,847 | 2,248,968 | 687,731 |
| | 407,902 | 191,680 | 405,808 | - | 1,005,390 | 442,077 |
| Excess (deficiency) of revenue over expenses for the year | 2,901,908 | (730,064) | 621,667 | 460,847 | 3,254,358 | 1,129,808 |
| Fund balance, beginning of year | 33,911,817 | 7,382,611 | 14,869,926 | 1,085,846 | 57,250,200 | 56,120,392 |
| Transfer of funds (Note 11) | (664,782) | 664,782 | - | - | - | - |
| Fund balance, end of year | \$ 36,148,943 | \$ 7,317,329 | \$ 15,491,593 | \$ 1,546,693 | \$ 60,504,558 | \$ 57,250,200 |

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

CANCERCARE MANITOBA FOUNDATION INC.

Statement of Cash Flows

| For the year ended March 31 | 2019 | 2018 |
|--|--------------------|---------------------|
| Operating Activities | | |
| Excess of revenue over expenses for the year | \$ 3,254,358 | \$ 1,129,808 |
| Items not affecting cash | | |
| Unrealized investment gain | (1,005,390) | (442,077) |
| Amortization of capital assets | 1,459 | 3,578 |
| | 2,250,427 | 691,309 |
| Changes in non-cash operating working capital items: | | |
| Accounts receivable | 54,331 | 27,811 |
| Prepaid expenses | 10,994 | (20,636) |
| Accounts payable and accrued liabilities | (125,935) | (260,199) |
| Grants payable | (2,634,103) | 3,531,341 |
| Deferred contributions | (240,445) | 258,815 |
| | (684,731) | 4,228,441 |
| Investing Activities | | |
| Property development costs paid | (211,498) | (728,770) |
| Acquisition of capital assets | (450) | (1,210) |
| Acquisition of investments | (5,959,407) | (1,043,326) |
| Redemption of investments | 3,500,000 | 10,453,520 |
| | (2,671,355) | 8,680,214 |
| Cash Flows from Financing Activities | | |
| Repayment of mortgage | - | (9,870,000) |
| Net increase (decrease) in operating cash | (3,356,086) | 3,038,655 |
| Operating cash, beginning of year | 4,194,181 | 1,155,526 |
| Operating cash, end of year | \$ 838,095 | \$ 4,194,181 |

CANCERCARE MANITOBA FOUNDATION INC.

Notes to Financial Statements

For the year ended March 31, 2019

1. Purpose of the Organization

CancerCare Manitoba Foundation Inc. ("the Foundation") is an independent agency whose sole purpose is to develop resources that support CancerCare Manitoba in providing optimal cancer control services to Manitobans. Upon acceptance of specific proposals, funds raised are granted for specific projects and equipment.

The Foundation is a registered public foundation under the Income Tax Act and accordingly is exempt from income taxes.

2. Significant Accounting Policies

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

a) Fund Accounting

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

The Unrestricted Fund includes revenue from general fundraising activities of the Foundation and accounts for the Foundation's program delivery and administrative activities.

The Ongoing Restricted Funds include resources donated to the Foundation which are directed for specific use, together with funds internally restricted by the Board of Directors.

The Endowment Funds include resources contributed as endowment capital and restricted investment income for which grants have not yet been identified. Income earned on resources of the Endowment Funds is used for various purposes based on the restrictions imposed by contributors of the endowment.

The Capital Fund includes expenditures associated with the Foundation's capital project related to assisting CancerCare Manitoba expand its current facilities as well as the revenue and expenses related to the Capital Campaign that has been undertaken to raise funds for this project.

b) Capital Assets

Purchased capital assets are recorded at original cost. Contributed fixed assets are recorded at fair value at the date of contribution. Amortization is provided on a straight-line basis over the following useful lives:

| | |
|------------------------|---------|
| Computer hardware | 4 years |
| Computer software | 1 year |
| Furniture and fixtures | 5 years |

CANCERCARE MANITOBA FOUNDATION INC.

Notes to Financial Statements

For the year ended March 31, 2019

2. Significant Accounting Policies (continued)

c) Financial Instruments

Financial assets and financial liabilities are initially recognized at fair value when the Foundation becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at amortized cost, except for investments in marketable securities quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the Statement of Operations and Changes in Fund Balances.

The Foundation's financial assets measured at fair value include its investments in Canadian equities, global equities and fixed income instruments.

Transaction costs related to financial instruments measured at fair value are expensed as incurred. Transaction costs related to the other financial instruments are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the effective interest method. Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life of the item using the effective interest method and recognized in net earnings as interest income or expense.

With respect to financial assets measured at cost or amortized cost, the Foundation recognizes in net earnings an impairment loss, if any, when it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of the impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss shall be reversed in net earnings in the period the reversal occurs.

d) Grants

Grants are reflected as an expense in the fiscal year in which the grants are paid or payable. Invoices received from CancerCare Manitoba in support of grants are accrued and expensed when received and included in grants payable on the Statement of Financial Position.

e) Revenue Recognition

Restricted contributions related to general operations are recognized as revenue of the Unrestricted Fund in the year in which the related expenses are included. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

All unrestricted contributions are recognized as revenue of the Unrestricted Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions for endowment are recognized as revenue in the Endowment Funds when the funds are received.

CANCERCARE MANITOBA FOUNDATION INC.

Notes to Financial Statements

For the year ended March 31, 2019

2. Significant Accounting Policies (continued)

e) Revenue Recognition (continued)

Realized investment income and unrealized gains (losses) earned on Endowment and Restricted Funds resources are recognized as revenue of the corresponding Endowment or Restricted Funds, in accordance with board policy. Other realized investment income and unrealized gains (losses) are recognized as revenue of the Unrestricted Fund when earned.

Pledges received by the Foundation are not recognized in these financial statements.

f) Contributed Services

The Foundation receives the help of unpaid volunteers to deliver services. The value of these services is not reflected in the accompanying Statement of Operations and Changes in Fund Balances.

g) Use of Estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant estimates include the fair value of marketable securities. Actual results could differ from these estimates.

3. Investments

The following provides details regarding the Foundation's investments:

| | 2019 | | 2018 | |
|-------------------|----------------------|----------------------|----------------------|----------------------|
| | Fair Value | Cost | Fair Value | Cost |
| Canadian equities | \$ 13,854,995 | \$ 10,885,730 | \$ 12,640,647 | \$ 9,189,504 |
| Cash | 3,604,715 | 3,604,715 | 3,627,020 | 3,627,020 |
| Fixed income | 5,934,019 | 5,822,361 | 5,658,410 | 5,638,692 |
| Global equities | 16,727,587 | 8,098,377 | 15,056,398 | 7,870,752 |
| Mineral rights | 5,000 | 5,000 | 5,000 | 5,000 |
| Money market | 1,606,415 | 1,606,415 | 1,280,919 | 1,280,919 |
| | \$ 41,732,731 | \$ 30,022,598 | \$ 38,268,394 | \$ 27,611,887 |

CANCERCARE MANITOBA FOUNDATION INC.

Notes to Financial Statements

For the year ended March 31, 2019

4. Capital Assets

| | 2019 | | 2018 | |
|------------------------|-------------------|--------------------------|-----------------|-----------------|
| | Cost | Accumulated Amortization | Net Book Value | Net Book Value |
| Computer hardware | \$ 52,059 | \$ 51,430 | \$ 629 | \$ 936 |
| Computer software | 16,848 | 16,848 | - | - |
| Furniture and fixtures | 53,453 | 52,486 | 967 | 1,209 |
| | \$ 122,360 | \$ 120,764 | \$ 1,596 | \$ 2,145 |

5. Property Development Costs

Pursuant to certain agreements dated March 9, 2015, the Foundation purchased and is in the planning process of redeveloping several properties for the benefit of CancerCare Manitoba. It is intended that these efforts will allow CancerCare Manitoba to expand its current facilities so that it is able to respond to the increasing incidence of cancer and provide timely state of the art research and care for the benefit of patients in Manitoba. The Foundation obtained title of the specific properties in August 2015 and January 2016 respectively for a total purchase price of \$18,420,000, of which \$8,550,000 was paid in cash and \$9,870,000 was financed by way of a vendor take-back mortgage. The remaining balance included in property development costs represents expenses directly related to the acquisition and development of the property. The mortgage of \$9,870,000 was paid in full and discharged in January 2018.

As at March 31, 2019, the property development costs have been financed by an interfund loan. The loan is non-interest bearing, unsecured and bears no specific terms of repayment.

6. Deferred Contributions

Deferred contributions represent contributions for specific projects and other purposes relating to future periods:

| | 2019 | | 2018 | |
|---|-------------------|-------------------|------|--|
| Balance, beginning of year | \$ 379,336 | \$ 120,521 | | |
| Contributions received during the year | 138,891 | 379,336 | | |
| Contributions recognized as revenue during the year | (379,336) | (120,521) | | |
| Balance, end of year | \$ 138,891 | \$ 379,336 | | |

CANCERCARE MANITOBA FOUNDATION INC.

Notes to Financial Statements

For the year ended March 31, 2019

7. Pledges Received

The following pledges have been received for future support of the Foundation and its fundraising efforts. The value of these pledges has not been recognized in these financial statements.

| | <u>2019</u> | <u>2018</u> |
|---|---------------------|---------------------|
| Pledges related to the Capital Campaign | \$ 856,914 | \$ 1,250,365 |
| Pledges related to ongoing support | 613,363 | 107,939 |
| | <u>\$ 1,470,277</u> | <u>\$ 1,358,304</u> |

8. Net Fundraising Revenue

a) Estates and Insurance Beneficiary

| | <u>2019</u> | <u>2018</u> |
|----------|---------------------|-------------------|
| Revenue | \$ 1,253,075 | \$ 518,475 |
| Expenses | (30,615) | (10,315) |
| | <u>\$ 1,222,460</u> | <u>\$ 508,160</u> |

b) General Donations

| | <u>2019</u> | <u>2018</u> |
|----------|---------------------|---------------------|
| Revenue | \$ 3,200,193 | \$ 4,159,303 |
| Expenses | (147,091) | (251,447) |
| | <u>\$ 3,053,102</u> | <u>\$ 3,907,856</u> |

c) Memorial Donations

| | <u>2019</u> | <u>2018</u> |
|----------|-------------------|-------------------|
| Revenue | \$ 566,433 | \$ 456,121 |
| Expenses | (53,966) | (48,709) |
| | <u>\$ 512,467</u> | <u>\$ 407,412</u> |

d) Events

| | <u>2019</u> | <u>2018</u> |
|----------|---------------------|---------------------|
| Revenue | \$ 5,029,879 | \$ 4,413,693 |
| Expenses | (787,516) | (676,480) |
| | <u>\$ 4,242,363</u> | <u>\$ 3,737,213</u> |

CANCERCARE MANITOBA FOUNDATION INC.

Notes to Financial Statements

For the year ended March 31, 2019

9. Realized Investment Income

| | 2019 | 2018 |
|--------------------------------------|---------------------|-------------------|
| Dividends | \$ 575,526 | \$ 500,364 |
| Interest income | 302,506 | 352,796 |
| Investment management fees | (176,129) | (174,762) |
| Realized gain on sale of investments | 1,273,746 | 186,926 |
| | \$ 1,975,649 | \$ 865,324 |

10. Commitments

In addition to the grant allocations made in the 2019 year and recognized in these financial statements, the Foundation has committed funds to CancerCare Manitoba for grant allocations and associated capital projects as follows:

| | |
|--|----------------------|
| Outstanding grant commitments relating to the 2019 fiscal year | \$ 13,077,383 |
| Grant commitments relating to the 2020 year end | <u>7,030,000</u> |
| Total grant commitments | <u>\$ 20,107,383</u> |

11. Transfer of Funds

During the year \$664,782 was transferred from the Unrestricted Fund to the Ongoing Restricted Funds (\$1,152,115 in 2018). These transfers reflect the net proceeds of fundraising campaigns held for the purpose of the Restricted Funds or as restricted by the Board of Directors.

12. Pension Plans

The employees of the Foundation are members of the Health Employees' Pension Plan (the "Plan"), which is a multi-employer defined benefit pension plan available to all eligible employees. Plan members will receive benefits based on the length of service and on the average of annualized earnings calculated on the best five of the eleven consecutive years prior to retirement, termination or death, that provide the highest earnings. The costs of the Plan are not allocated to the individual entities within the related group. As a result, individual entities within the related group are not able to identify their share of the underlying assets and liabilities. Therefore, the Plan is accounted for as a defined contribution plan.

Variances between actuarial funding estimates and actual experience may be material and any differences are generally to be funded by the participating members. The most recent actuarial valuation of the Plan as at December 31, 2017 indicates the plan is in a deficit.

CANCERCARE MANITOBA FOUNDATION INC.

Notes to Financial Statements

For the year ended March 31, 2019

12. Pension Plans (continued)

The HEPP Board of Trustees continues to monitor the Plan's financial progress in order to align the assets and liabilities based on Plan experience and investment returns over the long-term. The Foundation has fully met its obligations and has fully paid the required premiums. Contributions to the plan made during the year by the Foundation on behalf of its employees amounted to \$132,232 (\$107,531 in 2018) and are included in the Statement of Operations and Changes in Fund Balances.

13. Financial Instrument Risk Management

The Foundation is exposed to a variety of financial risks by virtue of its assets and liabilities. Details relating to these risks are as follows:

Equity Market Risk

Equity market risk is the potential for financial loss arising from price changes or volatility in equity markets. Certain Foundation investments are subject to equity market risk. Equity market risk is mitigated by the Foundation's internal Investment Policy which specifies an acceptable asset mix for the Foundation's investment portfolio.

Interest Rate Risk

Interest rate risk refers to the adverse consequences of interest rate changes on the Foundation's cash flow, financial position and income. The Foundation is exposed to interest rate risk on its fixed interest rate financial instruments. These fixed-rate instruments subject the Foundation to the risk of changes in fair value and represent investments in a fixed income pooled fund. The current investment philosophy with respect to the fixed income investments is to preserve capital and temper the impact of potentially rising rates.

Credit Risk

Credit risk arises from the potential that a counterparty will fail to perform its obligations. The Foundation is exposed to credit risk relating to its accounts receivable and is also indirectly exposed to credit risk through debt securities, such as bonds and mortgages. The fair value of debt securities includes consideration of the credit worthiness of the debt issuer. The Foundation has invested in investments that are considered to be high quality credit instruments and utilizes an internal Investment Policy and Procedures monitoring process to manage credit risk.

Foreign Currency Risk

The Foundation owns equity investments denominated in foreign currencies. Accordingly, the Foundation is exposed to fluctuations in exchange rates.

Liquidity Risk

Liquidity risk is the risk that the Foundation will not be able to meet its obligations as they fall due. The Foundation maintains adequate levels of working capital to ensure all its obligations can be met when they fall due.