

AGAPE CENTRE (HELP FOR THE NEEDY) CORNWALL INC.

FINANCIAL STATEMENTS

MARCH 31, 2024

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PROFESSIONAL CORPORATION

CHARTERED PROFESSIONAL ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Agape Centre (Help for the Needy) Cornwall Inc.

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Agape Centre (Help for the Needy) Cornwall Inc. (the "Centre"), which comprise the statement of financial position as at March 31, 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, 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 Centre as at March 31, 2024, 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 Centre derives revenue from donations and the sale of donated goods, 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 Centre. Therefore, we were not able to determine whether any adjustments might be necessary to donation, fundraising and thrift shop revenues, excess of revenue over expenses and cash flows from operations for the years ended March 31, 2024 and March 31, 2023, current assets as at March 31, 2024 and March 31, 2023, and net assets as at April 1 and March 31 for both the 2024 and 2023 years. The audit opinion on the financial statements for the year ended March 31, 2023 was modified accordingly because of 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 Centre 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 Agape Centre (Help for the Needy) Cornwall Inc. for the year ended March 31, 2023 were audited by another auditor who expressed an unmodified qualified opinion on those statements on September 27, 2023.

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 and 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 Centre'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 Centre or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is 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 my 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 Centre'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 Centre'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 Centre 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.



PROFESSIONAL CORPORATION
CHARTERED PROFESSIONAL ACCOUNTANTS
Authorized to Practise Public Accounting by the
Chartered Professional Accountants of Ontario

Prescott, Ontario
September 18, 2024

AGAPE CENTRE (HELP FOR THE NEEDY) CORNWALL INC.**STATEMENT OF FINANCIAL POSITION****AS AT MARCH 31**

	<u>2024</u>	<u>2023</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash - Unrestricted	\$ 746,531	\$ 994,609
Investments - Note 4	402,555	5,130
Accounts Receivable	4,930	20,837
Subsidies Receivable	16,028	-
HST Rebate Receivable	13,487	18,308
Prepaid Expenses	<u>24,572</u>	<u>33,884</u>
	<u>1,208,103</u>	<u>1,072,768</u>
CAPITAL ASSETS - Note 5	<u>1,469,568</u>	<u>1,502,842</u>
TOTAL ASSETS	<u>\$ 2,677,671</u>	<u>\$ 2,575,610</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts Payable and Accrued Liabilities	\$ 49,166	\$ 17,334
Payroll Payables	23,471	19,926
Subsidies Repayable	38,097	38,097
Deferred Funding Revenue - Note 6	-	36,000
Deferred Capital Contributions - Note 7	920,106	975,891
Current Portion of Long Term Debt - Note 8	<u>-</u>	<u>40,000</u>
	<u>1,030,840</u>	<u>1,127,248</u>
TOTAL LIABILITIES	1,030,840	1,127,248
NET ASSETS	<u>1,646,831</u>	<u>1,448,362</u>
	<u>\$ 2,677,671</u>	<u>\$ 2,575,610</u>

The accompanying notes are an integral part of these financial statements.
2024-09-18

AGAPE CENTRE (HELP FOR THE NEEDY) CORNWALL INC.**STATEMENT OF OPERATIONS****FOR THE YEAR ENDED MARCH 31**

	<u>2024</u>	<u>2023</u>
REVENUES		
Grants and Subsidies - Note 9	\$ 304,505	\$ 154,073
Thrift Shop Sales	414,696	382,422
Lottery Revenues	389,717	22,530
Donations	742,071	432,290
Fundraising	72,718	81,925
Investment Income	8,339	720
Unrealized Gain on Investments	(6,006)	-
Gain on Sale of Capital Asset	1,500	-
Amortization of Deferred Contributions - Note 7	65,574	64,652
Miscellaneous	<u>2,423</u>	<u>2,752</u>
	<u>1,995,537</u>	<u>1,141,364</u>
EXPENDITURES		
Salaries, Wages and Benefits	680,697	557,434
Advertising	5,723	13,965
Amortization	88,628	85,837
Bank Charges, Interest and Fees	4,015	5,303
Fundraising	43,053	35,025
Insurance	22,308	20,444
Interest on Long Term Debt	-	7,305
Lottery Expenses	330,566	26,477
Memberships and Licenses	6,291	4,084
Office	23,395	13,770
Professional Fees	40,484	45,660
Program Supplies	400,596	229,445
Rent	11,577	9,588
Repairs and Maintenance	66,564	49,841
Staff Appreciation	13,068	10,630
Travel	9,677	10,307
Training	1,288	822
Telecommunications	3,266	3,806
Utilities	<u>45,877</u>	<u>54,273</u>
	<u>1,797,073</u>	<u>1,184,016</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 198,464</u>	<u>\$ (42,652)</u>

The accompanying notes are an integral part of these financial statements.
2024-09-18

AGAPE CENTRE (HELP FOR THE NEEDY) CORNWALL INC.**STATEMENT OF CHANGES IN NET ASSETS****AS AT MARCH 31**

	<u>Investment in Capital Assets</u>	<u>Operating Fund</u>	<u>2024</u>	<u>2023</u>
NET ASSETS - Beginning of Year	\$ 526,951	\$ 921,416	\$ 1,448,367	\$ 1,491,014
REVENUES OVER (UNDER) EXPENDITURES	<u>(23,054)</u>	<u>221,518</u>	<u>198,464</u>	<u>(42,652)</u>
Purchase of Capital Assets	503,897 55,354	1,142,934 (55,354)	1,646,831 -	1,448,362 -
Contributions Received for Capital Assets	<u>(9,789)</u>	<u>9,789</u>	<u>-</u>	<u>-</u>
NET ASSETS - End of Year	<u>\$ 549,462</u>	<u>\$ 1,097,369</u>	<u>\$ 1,646,831</u>	<u>\$ 1,448,362</u>

The accompanying notes are an integral part of these financial statements.
2024-09-18

AGAPE CENTRE (HELP FOR THE NEEDY) CORNWALL INC.**STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED MARCH 31**

	<u>2024</u>	<u>2023</u>
OPERATING ACTIVITIES		
Revenues Over (Under) Expenditures	\$ 198,464	\$ (42,652)
Non-Cash Items:		
Amortization of Capital Assets	88,628	85,837
Amortization of Deferred Capital Contributions	(65,574)	(64,652)
Unrealized Gain on Investments	<u>(6,006)</u>	<u>-</u>
	<u>215,512</u>	<u>(21,467)</u>
Changes in Non-Cash Items Related to Operating Activities:		
Accounts Receivable	15,907	6,390
Subsidies Receivable	(16,028)	-
HST Receivable	4,821	(16,983)
Prepaid Expenses	9,312	317
Accounts Payable and Accrued Liabilities	31,838	(45,653)
Subsidies Repayable	-	38,097
Deferred Revenue	(36,000)	36,000
Payroll Payables	<u>3,545</u>	<u>16,309</u>
	<u>13,395</u>	<u>34,477</u>
Net Cash Flow Provided By Operating Activities	<u>228,907</u>	<u>13,010</u>
INVESTING ACTIVITIES		
Purchase of Capital Assets	(55,354)	(103,110)
Purchase of Investment	<u>(391,420)</u>	<u>(5,130)</u>
Net Cash Flow Used By Investing Activities	<u>(446,774)</u>	<u>(108,240)</u>
FINANCING ACTIVITIES		
Long Term Debt Repayments	(40,000)	(235,369)
Contributions Received for Capital Assets	<u>9,789</u>	<u>79,111</u>
Net Cash Flow Used By Financing Activities	<u>(30,211)</u>	<u>(156,258)</u>
NET DECREASE IN CASH	(248,078)	(251,488)
CASH, Beginning Of Year	<u>994,609</u>	<u>1,246,097</u>
CASH, End Of Year	<u>\$ 746,531</u>	<u>\$ 994,609</u>
REPRESENTED BY:		
Cash - Unrestricted	<u>\$ 746,531</u>	<u>\$ 994,609</u>

The accompanying notes are an integral part of these financial statements.
2024-09-18

AGAPE CENTRE (HELP FOR THE NEEDY) CORNWALL INC.**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED MARCH 31****1. STATUS AND PURPOSE OF THE ORGANIZATION**

Agape Centre (Help For The Needy) Cornwall Inc. (the "Centre") was incorporated without share capital under Ontario's Corporations Act. The Centre's principal activity is to provide emergency food, clothing, public awareness, and other programs to area residents. The Centre is a registered charity 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 Centre must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada, which are part of the Canadian generally accepted accounting principals, and include the following significant policies:

Revenue Recognition

The Centre follows the deferral method of accounting for contributions and reports on a fund accounting basis. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Restricted contributions for capital assets are deferred and amortized to revenue at the same rate used to amortize the cost of the related asset. Contributions received for specific programs are recognized when the funds are disbursed for program expenses. The unrecognized amount is recorded as deferred contributions.

Government grants are recorded when there is a reasonable assurance that the Centre has complied with, and will continue to comply with, all the necessary conditions to obtain the grants.

Thrift shop and other sales are recognized as they occur, being point-of-sale in nature. Revenue from fundraising events is recorded when the event has been completed.

Unrestricted contributions are recognized as revenue when they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Measurement Uncertainty (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 revenues and expenses during the reported period.

AGAPE CENTRE (HELP FOR THE NEEDY) CORNWALL INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31

2. **SIGNIFICANT ACCOUNTING POLICIES** - (Cont'd)

Measurement Uncertainty (Use of Estimates) - (Cont'd)

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization of capital assets and deferred contributions is based on the estimated useful lives of capital assets. Revenue is recognized based on the estimated program expenses incurred. Accruals are estimated based on the payments made subsequent to year end that pertain to expenses applicable to the reporting year. The valuation of contributed assets is based on third party valuations.

By their nature, these judgments are subject to measurement uncertainty, and the effect on the financial statements of changes in such estimates and assumptions in future years could be significant. These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in the current year revenues (under) over expenditures.

Fund Accounting

The Centre follows the deferral method of accounting for contributions and reports using fund accounting, and maintains two funds: the Operating Fund and the Investment in Capital Assets Fund. The Operating Fund reports the Centre's revenue and expenses related to program delivery and administrative activities. The Investment in Capital Assets Fund reports the Centre's net book value of capital assets purchased, less long-term debt and deferred contributions related to the funding of those assets.

Cash and Cash Equivalents

Cash and cash equivalents include balances with banks and short term investments of less than 90 days. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash (\$nil for March 31, 2024 and March 31, 2023).

Investments

Investments are measured at fair value. Any changes in fair value are recorded immediately in the excess of revenues over expenses.

Capital Assets

Purchased capital assets are recorded at acquisition cost. Contributed capital assets are recorded at fair value at the date of contribution if fair value can be reasonably determined. Repairs and maintenance costs are expensed. Betterments extending the estimated life of an asset are capitalized.

Amortization is calculated using straight-line method at rates intended to mirror the asset's cost less salvage value over their estimated useful lives, using the following annual rates:

Buildings and Improvements	30-40 years Straight-Line
Vehicle	10 year Straight-Line
Furniture and Equipment	5 year Straight-Line
Computer	5 year Straight-Line

AGAPE CENTRE (HELP FOR THE NEEDY) CORNWALL INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31

2. **SIGNIFICANT ACCOUNTING POLICIES** - (Cont'd)

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 policies.

The Centre reduces long-lived assets held for use when conditions indicate that the asset no longer contributes to the Centre's ability to provide goods and services. The asset is also adjusted when the value of future economic benefits or service potential associated with the asset is less than its net carrying amount. When the Centre determines that a long-lived asset is impaired, its carrying amount is adjusted to the asset's fair value or replacement cost as determined on an asset-by-asset basis.

Contributed Materials and Services

Contributions of materials and services are recognized both as contributions and expenses in the statement of operations only when a fair value can be reasonably estimated and when the materials are used in the normal course of the Centre's operations and would otherwise have been purchased. Contributions of materials and services not recorded consist of donated food, donated clothing and goods for sale at the Thrift Store and volunteer hours provided at the Centre.

During the current year ended March 31, 2024, contributed materials and services that are recorded as revenue amounted to \$82,881. During the March 31, 2023 year-end, contributed materials and services were \$50,596

Financial Instruments

The Centre measures its financial instruments when it becomes party to the contractual provisions of the financial instrument.

Financial instruments originated/acquired or issued/assumed in an arm's length transaction are initially recorded at their fair value. At initial recognition, the Centre may irrevocably elect to subsequently measure an arm's length financial instrument at fair value. The Centre has not made such an election during the year.

The Centre subsequently measures investments in equity instruments quoted in an active market at fair value. Fair value is determined by published price quotations. All other 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 cost or amortized cost.

AGAPE CENTRE (HELP FOR THE NEEDY) CORNWALL INC.**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED MARCH 31**2. **SIGNIFICANT ACCOUNTING POLICIES** - (Cont'd)***Financial Asset Impairment***

The Centre assesses impairment of all of its financial assets measured at cost or amortized cost. The Centre groups assets for impairment testing when available information is not sufficient to permit identification of each individually-impaired financial asset in the group, when there are numerous assets affected by the same factors, or when no asset is individually significant. When there is an indication of impairment, the Centre 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 Centre 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 the current year excess (deficiency) of revenues over expenditures.

The Centre reverses impairment losses on financial assets when there is a decrease in impairment and it can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized and the excess (deficiency) of revenues over expenditures in the year the reversal occurs.

3. **COMPARATIVE FIGURES**

The financial information for fiscal year ended March 31, 2023 were prepared by another auditor, as noted in the "Other Matter" section of the audit report. The comparative figures are included on the basis that they may provide further insight to users of the financial information for the current year. In preparing the comparative figures, reclassification and renaming of various lines did occur.

4. **INVESTMENTS**

Investments consist of cash held for investment and equities recorded at fair value. Investments are recorded as short term due to the ability of the Centre to dispose of the investments at any time.

	<u>2024</u>	<u>2023</u>
Equities, Measured at Fair Value	\$ 95,458	\$ -
GIC, 5.55%, matures October 2024	307,097	-
GIC, 4.40%, matured October 2023	<u>-</u>	<u>5,130</u>
	<u>\$ 402,555</u>	<u>\$ 5,130</u>

AGAPE CENTRE (HELP FOR THE NEEDY) CORNWALL INC.**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED MARCH 31**5. CAPITAL ASSETS

			<u>2024</u>	<u>2023</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>	<u>Net</u>
Land	\$ 68,000	\$ -	\$ 68,000	\$ 68,000
Building and Improvements	2,186,508	926,582	1,259,926	1,271,200
Vehicle	152,123	60,849	91,274	106,486
Furniture and Equipment	245,912	199,937	45,975	51,718
Computer	<u>57,774</u>	<u>53,381</u>	<u>4,393</u>	<u>5,438</u>
	<u>\$ 2,710,317</u>	<u>\$ 1,240,749</u>	<u>\$ 1,469,568</u>	<u>\$ 1,502,842</u>

6. DEFERRED CONTRIBUTIONS

Contributions received for specific programs are restricted for use on the applicable projects for which funding was received. Unspent restricted contributions are deferred. Changes in deferred contributions related to expenses of future periods are as follows:

	<u>2024</u>	<u>2023</u>
Balance, Beginning of Year	\$ 36,000	\$ -
Restricted Contributions Received	268,505	190,073
Contributions Recognized as Revenue	<u>(304,505)</u>	<u>(154,073)</u>
Balance, End of Year	<u>\$ -</u>	<u>\$ 36,000</u>

AGAPE CENTRE (HELP FOR THE NEEDY) CORNWALL INC.**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED MARCH 31****7. DEFERRED CAPITAL CONTRIBUTIONS**

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

	<u>2024</u>	<u>2023</u>
Balance, Beginning of Year	\$ 975,891	\$ 961,432
Amount Received During Year	9,789	79,111
Contributions Recognized as Revenue	<u>(65,574)</u>	<u>(64,652)</u>
Balance, End of Year	<u>\$ 920,106</u>	<u>\$ 975,891</u>

8. LONG TERM DEBT

	<u>2024</u>	<u>2023</u>
Canada Emergency Benefit Account, interest-free until December 31, 2023. Up to \$20,000 may be eligible for loan forgiveness if 75% or more of the loan is repaid during 0% interest period, due January 18, 2024.	\$ -	\$ 40,000
Less: Current Portion	<u>-</u>	<u>(40,000)</u>
	<u>\$ -</u>	<u>\$ -</u>

9. GRANTS AND SUBSIDIES

	<u>2024</u>	<u>2023</u>
City of Cornwall	\$ 10,000	\$ 785
Food Banks Canada	80,812	53,724
United Way	156,956	74,682
Ecclesiastical	20,000	-
Canada Summer Jobs Grant	20,969	21,597
Miscellaneous	1,350	3,285
Contributed Goods and Services	<u>14,418</u>	<u>-</u>
	<u>\$ 304,505</u>	<u>\$ 154,073</u>

AGAPE CENTRE (HELP FOR THE NEEDY) CORNWALL INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31

10. FINANCIAL INSTRUMENTS

The Centre, as part of its operations, carries a number of financial instruments. It is management's opinion that the Centre is not exposed to significant interest or currency risks arising from these financial instruments unless otherwise disclosed.

Liquidity Risk

Liquidity risk is the risk that the Centre will not be able to meet its obligations associated with financial liabilities. Cash flow from operations provides a substantial portion of the Centre's cash requirements.

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 Centre is exposed to credit risk in the event of non-performance by counterparties in connection with its accounts receivable. The maximum exposure to credit risk is the carrying value of accounts receivable on the statement of financial position. Accounts receivable or non-interest bearing and are generally due in 30 to 60 days.

Market Risk

Currency Risk

The Centre is exposed to currency risk in respect of the equity portion of its short-term investments. The majority of its equities are held by a US-based Company. This is a new risk area as these securities were obtained in the March 31, 2024 fiscal year and does not apply to fiscal year ended March 31, 2023.

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 Centre's short-term investments are exposed to fluctuations in future cash flows as a result of changes in market interest rates. This risk is lessened by the usage of GIC's which are locked in at set rates and are only exposed to fluctuations upon maturity.

Other Price Risk

Other price risk is the risk that the fair value or a future cash flows of a financial instrument will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Centre's investments in equity funds expose the Centre to price risk as these investments are subject to price changes in an open market due to a variety of reasons including changes in market rates of interest, general economic indicators and restrictions on credit markets. This is a new risk area as these securities were obtained in the March 31, 2024 fiscal year and does not apply to fiscal year ended March 31, 2023.