

House of Compassion of Toronto

Financial Statements

March 31, 2025



House of Compassion of Toronto

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March 31, 2025

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September 29, 2025

Independent Auditors' Report

To the Board of Directors of House of Compassion of Toronto

Opinion

We have audited the accompanying financial statements of House of Compassion of Toronto, which comprise the balance sheet as at March 31, 2025 and the statements of changes in fund balances, operations, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of House of Compassion of Toronto as at March 31, 2025, 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 Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of House of Compassion of Toronto in accordance with the ethical requirements that are relevant to our audit of 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.

Emphasis of matter

We draw attention to note 2 to the financial statements, which explains the retroactive change to House of Compassion of Toronto's amortization accounting policy. Our opinion is not modified in respect of this matter.

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 modified to conform with the financial reporting provisions of the City of Toronto 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 House of Compassion of Toronto'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 House of Compassion of Toronto or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing House of Compassion of Toronto's financial reporting process.

Roger Chaplin CPA, CA LPA MA (Oxon) Gail Bergman CPA, CA LPA B Comm

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Auditors' 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 auditors' 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 judgement 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 House of Compassion of Toronto'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 House of Compassion of Toronto's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause House of Compassion of Toronto 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.

Chaplin & Co. LLP

Chartered Professional Accountants
Licensed Public Accountants
Toronto, Ontario



House of Compassion of Toronto

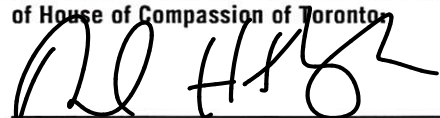
Balance Sheet

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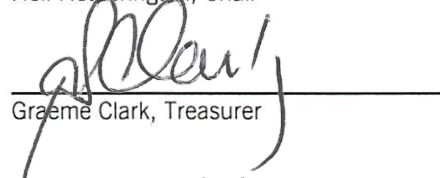
	Notes	Operating Fund	Restricted Funds	March 31 2025	March 31 2024 (as restated note 2)
Assets					
Current					
Cash		\$ 206,553	\$ -	\$ 206,553	\$ 344,554
Amounts receivable		28,932	-	28,932	28,932
City of Toronto grants receivable	3	247,406	-	247,406	-
Due from City of Toronto	4	7,238	-	7,238	12,540
Due to (from) funds		(227,467)	227,467	-	-
Public Service Bodies rebate recoverable		34,922	-	34,922	8,968
Prepaid expenses		5,879	-	5,879	5,955
		<u>303,463</u>	<u>227,467</u>	<u>530,930</u>	<u>400,949</u>
Capital Reserve Fund investments	5	-	56,298	56,298	51,896
Capital assets	6	956,198	-	956,198	988,445
		<u>\$ 1,259,661</u>	<u>\$ 283,765</u>	<u>\$ 1,543,426</u>	<u>\$ 1,441,290</u>
Liabilities					
Current					
Accounts payable and accrued liabilities		\$ 130,328	\$ -	\$ 130,328	\$ 39,370
Deferred revenue	13	75,000	-	75,000	-
Current portion of mortgage payable	7	-	-	-	24,207
		<u>205,328</u>	<u>-</u>	<u>205,328</u>	<u>63,577</u>
Loan payable to City of Toronto	8	-	15,000	15,000	15,000
		<u>205,328</u>	<u>15,000</u>	<u>220,328</u>	<u>78,577</u>
Fund balances					
Net invested in capital assets		956,198	-	956,198	964,238
Operating Fund		98,135	-	98,135	139,127
Restricted Funds		-	268,765	268,765	259,348
		<u>1,054,333</u>	<u>268,765</u>	<u>1,323,098</u>	<u>1,362,713</u>
		<u>\$ 1,259,661</u>	<u>\$ 283,765</u>	<u>\$ 1,543,426</u>	<u>\$ 1,441,290</u>

See accompanying notes

Approved on behalf of the Board of Directors
of House of Compassion of Toronto



Neil Hetherington, Chair



Graeme Clark, Treasurer



House of Compassion of Toronto

Statement of Changes in Fund Balances

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Year ended March 31, 2025

	Invested in Capital Assets	Operating Fund	Restricted Funds		Total 2025
			City of Toronto Capital Reserve	Reserve for Capital Items	
Balance, beginning of year, as restated (Note 2)	\$ 964,238	\$ 139,127	\$ 82,528	\$ 176,820	\$ 1,362,713
Contributions	-	-	5,015	-	5,015
Net operating loss before amortization	-	(16,785)	-	-	(16,785)
Amortization	(32,247)	-	-	-	(32,247)
Investment income	-	-	2,422	-	2,422
Unrealized gain on investments	-	-	1,980	-	1,980
Mortgage principal repayments	24,207	(24,207)	-	-	-
Balance, end of year	<u>\$ 956,198</u>	<u>\$ 98,135</u>	<u>\$ 91,945</u>	<u>\$ 176,820</u>	<u>\$ 1,323,098</u>

Year ended March 31, 2024

	Invested in Capital Assets	Operating Fund	Restricted Funds		Total 2024
			City of Toronto Capital Reserve	Reserve for Capital Items	
Balance, beginning of year, as restated (note 2)	\$ 950,541	\$ 127,162	\$ 74,139	\$ 299,600	\$ 1,451,442
Contributions	-	-	4,863	50,000	54,863
Net operating loss before amortization	-	(111,801)	-	-	(111,801)
Amortization	(35,317)	-	-	-	(35,317)
Investment income	-	-	1,037	-	1,037
Unrealized gain on investments	-	-	2,489	-	2,489
Mortgage principal repayments	49,014	(49,014)	-	-	-
Transfer for roof repairs (note 9)	-	155,450	-	(155,450)	-
Transfer for development laneway (note 9)	-	17,330	-	(17,330)	-
Balance, end of year, as restated (note 2)	<u>\$ 964,238</u>	<u>\$ 139,127</u>	<u>\$ 82,528</u>	<u>\$ 176,820</u>	<u>\$ 1,362,713</u>

See accompanying notes

	Notes	Shelter (City of Toronto)	Other	Year ended March 31 2025	2024 as restated (note 2)
Revenue					
Donations		\$ -	\$ 248,658	\$ 248,658	\$ 234,761
Small Capital Grants	3	-	247,406	247,406	-
Interest and other income		-	8,841	8,841	11,124
Municipal rent subsidies	4	77,723	-	77,723	105,067
Provincial rent subsidies	10	-	77,748	77,748	77,748
Province support fund	10	-	277,635	277,635	278,736
Rental income from residents		36,285	27,088	63,373	62,531
Supportive income from residents		-	121,359	121,359	123,236
		<u>114,008</u>	<u>1,008,735</u>	<u>1,122,743</u>	<u>893,203</u>
Expenses					
Administration (page 6)		11,594	34,781	46,375	40,696
Food, supplies and services		-	121,055	121,055	124,395
Fundraising		-	-	-	727
Insurance		4,836	5,319	10,155	9,792
Maintenance and repairs (page 6)		59,902	239,604	299,506	220,834
Mortgage interest		320	-	320	2,381
Professional development		-	207	207	914
Professional fees		5,095	15,285	20,380	8,674
Program and administrative fees	10	-	11,104	11,104	11,148
Residents' social programming		-	13,628	13,628	10,986
Utilities (page 6)		14,056	15,462	29,518	21,192
Wages and benefits		55,792	531,488	587,280	553,265
		<u>151,595</u>	<u>987,933</u>	<u>1,139,528</u>	<u>1,005,004</u>
Net operating income (loss) before under-noted		(37,587)	20,802	(16,785)	(111,801)
Amortization		(32,247)	-	(32,247)	(35,317)
Net operating income (loss) for the year		<u>\$ (69,834)</u>	<u>\$ 20,802</u>	<u>\$ (49,032)</u>	<u>\$ (147,118)</u>

See accompanying notes

	Note	Shelter (City of Toronto)	Other	Year ended March 31	
				2025	2024
Administration					
Bookkeeping		\$ 4,807	\$ 14,422	\$ 19,229	\$ 18,709
Bank charges		1,127	3,381	4,508	3,513
Communications		2,192	6,577	8,769	8,935
Memberships		517	1,552	2,069	3,011
Office		2,410	7,229	9,639	5,049
Postage		109	326	435	-
Recruitment		15	43	58	-
Transportation		417	1,251	1,668	1,479
		<u>\$ 11,594</u>	<u>\$ 34,781</u>	<u>\$ 46,375</u>	<u>\$ 40,696</u>
Maintenance and repairs					
Building		\$ 6,502	\$ 26,010	\$ 32,512	\$ 31,970
Major building repairs	3	49,113	196,453	245,566	155,450
Laneway		-	-	-	17,330
Fire safety		1,618	6,470	8,088	4,552
Grounds		121	483	604	1,565
Heating and plumbing		695	2,778	3,473	5,304
Pest control		1,853	7,410	9,263	4,663
		<u>\$ 59,902</u>	<u>\$ 239,604</u>	<u>\$ 299,506</u>	<u>\$ 220,834</u>
Utilities					
Electricity		\$ 3,470	\$ 3,816	\$ 7,286	\$ 6,590
Gas		2,379	2,617	4,996	4,864
Solid waste		5,150	5,666	10,816	5,027
Water		3,057	3,363	6,420	4,711
		<u>\$ 14,056</u>	<u>\$ 15,462</u>	<u>\$ 29,518</u>	<u>\$ 21,192</u>

See accompanying notes

	Year ended March 31	
	2025	2024
Cash flows provided by (used in)		
Operations		
Net operating loss for the year	\$ (49,032)	\$ (147,118)
Non-cash item		
Amortization	32,247	35,317
	(16,785)	(111,801)
(Increase) decrease in non-cash working capital		
Amounts receivable	-	(73)
City of Toronto grants receivable	(247,406)	-
Due from City of Toronto	5,302	(12,540)
Insurance proceeds receivable	-	10,713
Public Service Bodies rebate recoverable	(25,954)	6,103
Prepaid expenses	76	(417)
Accounts payable and accrued liabilities	90,958	(6,309)
Deferred revenue	75,000	-
Due to City of Toronto	-	(2,104)
	(118,809)	(116,428)
Investing		
Capital Reserve Fund investments	(2,422)	(1,037)
Financing		
Repayment of mortgages payable	(24,207)	(49,014)
Contributions to reserve for capital items	5,015	54,863
	(19,192)	5,849
Change in cash before under-noted	(140,423)	(111,616)
Investment income earned on restricted funds	2,422	1,037
Change in cash during the year	(138,001)	(110,579)
Cash, beginning of year	344,554	455,133
Cash, end of year	\$ 206,553	\$ 344,554

See accompanying notes

House of Compassion of Toronto (Organization), which received its Letters Patent from the Province of Ontario on January 15, 1988, provides a real home at 169,171 and 171 ½ Shaw Street, Toronto for individuals from all walks of life who require help due to severe and persistent mental illness and who would otherwise be at risk of becoming homeless.

The Organization is registered as a charitable organization under the Income Tax Act and, as such, is not subject to income tax.

1. Summary of significant accounting policies

Basis of presentation

These financial statements have been prepared using the Canadian accounting standards for not-for-profit organizations.

Restricted fund accounting

The financial statements have been prepared using the restricted fund method of accounting for contributions as follows:

Operating Fund

All recurring income and expenses related to the operations of the Organization and capital assets are included in this fund.

Net investment in capital assets represents capital assets net of the Organization's mortgage obligations.

Restricted Funds

City of Toronto Capital Reserve

This fund represents contributions from the City which are to be used to pay for capital items approved by the City.

Reserve for Capital Items

This fund was established from contributions received from the Bay Street Invitational Golf Tournament and now includes contributions from other donors and is restricted to the purchase of capital items or redevelopment plans.

Financial instruments

The Organization, initially measures its financial assets and financial liabilities at fair value. It subsequently measures all its financial assets and financial liabilities at amortized cost, except for its capital reserve fund investments, which are reported at fair value with unrealized gains and losses recognized in the statement of externally-restricted funds.

Financial assets subsequently measured at amortized cost include cash, amounts receivable, City of Toronto grants receivable, due from City of Toronto, and Public Service Bodies rebate recoverable. Financial liabilities measured at amortized cost include, mortgage payable and accounts payable and accrued liabilities.

1. Summary of significant accounting policies (continued)

Capital assets

Capital assets are recorded at cost. Contributions related to capital assets are recorded at fair value at the date of contribution, and amortized over the useful life of the purchase.

Amortization of capital assets is provided annually on a declining-balance basis designed to amortize assets over their estimated useful lives was at the following rates:

Build	- 4%
Equipment	- 20%.

When a tangible capital asset no longer contributes to an organization's ability to provide goods and services, or the value of future economic benefits or service potential associated with the tangible capital asset is less than its net carrying amount, the net carrying amount of the tangible capital asset is written down to the asset's fair value or replacement cost.

There was no impairment during the year ended March 31, 2025.

Revenue recognition

Restricted contributions related to general operations of the Organization are recognized as revenue of the Operating Fund in the year in which the related expenses are incurred, with contributions related to expenses to be incurred in future years recorded as deferred revenue. All other restricted contributions are recognized as revenue of their respective fund in the year in which the related expenses are incurred.

Unrestricted contributions are recognized as revenue of the operating fund in the year received.

Rental and supportive income from residents is recorded during the month services are provided and when collection is reasonably assured.

Interest income is recorded on an accrual basis.

Government subsidies

Government subsidies include municipal and provincial rent subsidies, and the provincial support funds. The City and the Ministry of Health and Long-Term Care (MOHLTC) provide funding to the Organization to subsidize the cost of operational and capital expenditures. Funding related to capital and operational expenditures is recorded as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributed goods

In-kind contributions are recorded at their estimated fair value based upon appraisal and other pertinent factors to the donation in circumstances where donation receipts have been issued.

1. Summary of significant accounting policies (continued)

Allocation of expenses

The Organization obtains funding for its program from the City and the MOHLTC. The costs related to this funding include expenses that are directly related to providing these programmes, including property taxes and mortgages. The Organization also incurs other costs which are common to its administration and its programmes. These costs are allocated to the programmes in proportion to the number of residents funded by each programme, other than property costs which are allocated based on property usage.

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 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. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the period in which they become known.

2. Change in accounting policy

Effective September 1, 2024, the Organization repaid the mortgage payable on 171 and 171½ Shaw Street. Under the prior agreement with the City of Toronto, the Organization was required to provide amortization on the rental property equal to the annual mortgage principal repayments. With the repayment of the mortgage, this requirement ceased.

The Organization has elected to prepare its financial statements in accordance with Canadian accounting standards for not-for-profit organizations and to provide amortization on its tangible capital assets as follows:

Buildings	- 4% declining balance
Equipment	- 20% declining balance

This change in accounting policy has been applied retrospectively and the comparative figures for the prior year have been restated to reflect the new policy as follows:

	2024	2023
Capital assets, as previously reported	\$ 1,239,813	\$ 1,288,827
Additional amortization from prior years	(216,052)	(226,134)
Amortization for the year	(35,317)	(38,932)
Capital assets, as restated	988,444	1,023,761
Excess of expenses over revenue as previously reported	(160,815)	(32,890)
Amortization during the year	13,697	8,079
Excess of expenses over revenue as restated	(147,118)	(24,811)
Net assets, as previously reported	1,215,607	1,215,607
Additional amortization from prior years	(216,052)	(226,134)
Amortization for the year	(35,317)	(38,932)
Net assets, as restated	\$ 964,238	\$ 950,541

3. City of Toronto grants receivable

During the year, the Organization received six Small Capital grants from the City of Toronto in the aggregate amount of \$247,406 to support major repairs to its facilities. The funding is restricted to capital improvements and building maintenance.

As of March 31, 2025, \$245,556 of the funding has been spent and recognized in the Statement of Operations.

The related grants had not yet been received at year-end and are recorded as receivable. The grants were received subsequent to the year-end.

4. Due from (to) City of Toronto

	2025	2024
Balance of annual rent subsidy receivable ⁽ⁱ⁾	\$ 5,260	\$ 8,980
Reduction to subsidy subject to approval of the Organization's Annual Information Return		
2025	(1582)	-
2024	2,170	2,170
2023	1,390	1,390
	<u>\$ 7,238</u>	<u>\$ 12,540</u>

⁽ⁱ⁾ Rent supplement subsidies are received on a monthly basis from the City to allow the Organization to have more tenants in need of rent-geared-to-income assistance. Any excess subsidies are to be repaid to the City.

The City has advised that the Organization will receive a subsidy of \$66,000 including a capital reserve fund allocation of \$5,164, during the year ending March 31, 2026.

5. Capital Reserve Fund investments

As required by the Housing Services Act, the Organization participates in the capital reserve investment pool established at Worldsource Financial Management Inc. by the Housing Services Corporation, as follows:

	2025	2024
	Cost	Market value
Canadian Short-term Bond Fund	\$ 45,164	\$ 42,662
Canadian Short-term Equity Fund	11,830	13,636
	<u>\$ 56,994</u>	<u>\$ 56,298</u>

6. Capital assets

	2025		
	Cost	Accumulated amortization	Net
Land	\$ 357,370	\$ -	\$ 357,370
Building	1,649,532	1,092,583	556,949
Equipment	214,163	172,284	41,879
	<u>\$ 2,221,065</u>	<u>\$ 1,264,867</u>	<u>\$ 956,198</u>

	2024		
	(as restated note 2)		
	Cost	Accumulated amortization	Net
Land	\$ 357,370	\$ -	\$ 357,370
Building	1,649,532	1,069,377	580,155
Equipment	214,163	163,243	50,920
	<u>\$ 2,221,065</u>	<u>\$ 1,232,620</u>	<u>\$ 988,445</u>

7. Mortgages payable

The mortgage payable to Bank of Nova Scotia, secured on 171 and 171½ Shaw Street, bearing interest at 4.72% per annum repayable in blended monthly principal and interest payments of \$4,283, was repaid on September 1, 2024

8. Loan payable to the City of Toronto

Pursuant to a special capital funding agreement signed in May 1997 with the Ministry of Municipal Affairs and Housing, which subsequently transferred its rights under the agreement to the City, the Organization may be required to repay \$15,000, in full or in part at the time the mortgage on the project is renewed and/or at such other time or times and in such manner as the City may determine.

9. Transfer between funds

During the year, the directors approved a transfer of \$nil (2024 - \$172,780) from the Reserve for Capital Items to the Operating Fund. The transfer during the year ended March 31, 2024 was used to cover the cost of the roof repairs and the pre-development phase of the laneway development.

10. Economic dependence

The Organization received approximately 61% (2024 - 49%) of its total revenues from government assistance. The loss of significant amounts of such funding could have a material adverse effect on the financial results of the Organization.

In addition to the funding from the City, described in note 3, the Organization is also dependent upon St. Jude Community Homes (St. Jude) to disburse the funds received from the MOHLTC as rent supplement and support funds. Effective April 1, 2023, the Organization and St. Jude entered into a one-year Service Accountability Agreement pursuant to the Local Health System Integration Act, 2006. The purpose of this agreement is to give effect to the implementation of the support program funded by the Toronto Central Local Health Integration Network. During 2025, no new agreement was provided but a further one year extension was provided to extend the contract until March 31, 2026. The organization anticipates a new agreement to be reached for fiscal 2026/27.

During the year, the Organization received support service funding of \$277,635 (2024 - \$278,736), subject to an administrative fee of \$11,104 (2024 - \$11,148), and rent supplement payments of \$77,748 (2024 - \$77,748).

11. Commitments and contingencies

In 2001, the Organization entered into a funding agreement for renovations of the building at 169 Shaw Street. Under the terms of the agreement, \$462,000 of the renovations were to be funded by a Supporting Communities Partnership Initiative ("SCPI") grant, provided by the City on behalf of the federal government.

In March 2004, the final SCPI grant money was received upon satisfactory completion of the renovation.

Under the terms of the funding agreement, the grant money is not repayable if the Organization continues to operate as a non-profit organization and does not sell, lease or dispose of the building at 169 Shaw Street for a term of twenty five years commencing on July 24, 2001, the first day of the funding period.

If the Organization does not meet these provisions, the grant is repayable as follows:

- (i) 100% prior to the first day of the sixteenth year of the term, or
- (ii) 75% at any time from the first day of the sixteenth year to the last day of the twentieth year of the term.

With the discharge of the mortgage payable to the Bank of Nova Scotia described in note 7, the City no longer has any charge on the properties at 169, 171 and 171 ½ Shaw Street.

12. Defined contribution pension plans

The Organization's employees are members of the Canadian Council of Christian Charities Employees Pension Plan, a defined contribution pension plan. Employees eligible for the plan can contribute up to 5% of their salary to the plan, which is matched by the Organization. During the year, the Organization's contribution to the plan was \$5,674 (2024 - \$6,351).

13. Related party transactions

During the year, a foundation controlled by a member of the Board of Directors pledged \$225,000 to the Organization, to be contributed over a three-year period. The initial contribution of \$75,000 was received during the year (2024 - \$10,000). The contributions were made in the normal course of operations. The 2025 contribution was designated to improve wages in fiscal 2026 and, accordingly, has been deferred.

The transactions are measured at the exchange amount, which is the amount established and agreed to by the related parties.

14. Financial instruments

Credit risk

The carrying value of cash, amounts receivable, City of Toronto grants receivable, due from City of Toronto, Public Service Bodies Rebate recoverable, accounts payable and accrued liabilities approximates their fair market value due to the immediate or short-term maturity of these instruments. In management's opinion, the Organization is not exposed to any significant concentration of interest rate, credit or currency risk with respect to these financial instruments.

Liquidity risk

The Organization considers that it has sufficient credit facilities to ensure that funds are available to meet its current and long-term financial needs at a reasonable cost.

Interest rate risk

The Organization is not exposed to interest rate risk as it has fixed interest rate mortgages. Risk management relates to the understanding and active management of risks associated with the Organization's activities and the associated operating environment.

Market risk

The Organization is exposed to market risk with respect to its capital reserve fund investments. The Organization monitors the performance of the investments in conjunction with the investment manager.