# FINANCIAL STATEMENTS

For

**JEWISH VOCATIONAL SERVICE OF METROPOLITAN TORONTO**

For year ended

**MARCH 31, 2024**

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of

**JEWISH VOCATIONAL SERVICE OF METROPOLITAN TORONTO**

*Opinion*

We have audited the financial statements of Jewish Vocational Service of Metropolitan Toronto (the "Agency"), which comprise the statement of financial position as at March 31, 2024, 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Agency 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 Opinion*

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

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

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

In preparing the financial statements, management is responsible for assessing the Agency'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 Agency or to cease operations, or has no realistic alternative but to do so.

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

Welch LLP - Chartered Professional Accountants
36 Toronto Street, Suite 1070, Toronto ON, M5C 2C5
T: 647 288 9200 F: 647 288 7600 W: welchllp.com
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*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 Agency'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 Agency'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 Agency 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.

Welch LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
June 26, 2024.

**JEWISH VOCATIONAL SERVICE OF METROPOLITAN TORONTO**

**STATEMENT OF FINANCIAL POSITION**

**MARCH 31, 2024**

| | 2024 | 2023 |
|---|---|---|
| **ASSETS** | | |
| **CURRENT ASSETS** | | |
| Cash and cash equivalents (note 3) | $ 3,830,640 | $ 3,945,182 |
| Investments (note 4) | 1,480,399 | 613,800 |
| Accounts receivable (note 15) | 56,962 | 86,160 |
| Grants receivable | 765,326 | 535,382 |
| HST receivable | 142,907 | 142,971 |
| Prepaid expenses | 134,245 | 243,963 |
| | 6,410,479 | 5,567,458 |
| **AMOUNTS ON DEPOSIT IN TRUST ACCOUNTS** (note 5) | 257,117 | 253,621 |
| **TANGIBLE CAPITAL ASSETS** (note 7) | 1,515,897 | 1,633,415 |
| | $ 8,183,493 | $ 7,454,494 |
| **LIABILITIES AND NET ASSETS** | | |
| **CURRENT LIABILITIES** | | |
| Accounts payable and accrued liabilities | $ 2,345,101 | $ 2,008,333 |
| Deferred contributions (note 8) | 1,427,374 | 1,632,132 |
| | 3,772,475 | 3,640,465 |
| **DEFERRED CONTRIBUTIONS** (note 8) | 145,380 | 153,466 |
| **DEFERRED CAPITAL CONTRIBUTIONS** (note 9) | 613,555 | 697,853 |
| **EMPLOYEE FUTURE BENEFIT LIABILITY** (note 6) | - | 388,500 |
| | 4,531,410 | 4,880,284 |
| **NET ASSETS** | | |
| Unrestricted | 2,181,392 | 1,521,180 |
| Pension remeasurements and other items | (1,542,773) | (1,926,873) |
| Endowments | 111,122 | 104,341 |
| Invested in tangible capital assets (note 10) | 902,342 | 935,562 |
| Internally restricted (note 11) | 2,000,000 | 1,940,000 |
| | 3,652,083 | 2,574,210 |
| | $ 8,183,493 | $ 7,454,494 |

Approved on behalf of the Board:

.................................... Director

.................................... Director

(See accompanying notes)

## JEWISH VOCATIONAL SERVICE OF METROPOLITAN TORONTO

## STATEMENT OF OPERATIONS

## YEAR ENDED MARCH 31, 2024

| | 2024 | 2023 |
|---|---|---|
| **Revenue** | | |
| Grants (notes 8 and 12) | $ 17,447,912 | $ 16,602,528 |
| Fees for service | 137,058 | 578,060 |
| Other income | 115,209 | 78,667 |
| Recognition of deferred contributions (note 8) | 666,124 | 511,092 |
| Amortization of deferred capital contributions (note 9) | 142,273 | 215,156 |
| | 18,508,576 | 17,985,503 |
| **Expenses** | | |
| Salaries | 8,786,712 | 8,623,111 |
| Employee benefits | 1,719,225 | 1,671,330 |
| Client | 2,688,650 | 2,293,156 |
| Rent and occupancy | 1,165,291 | 1,051,429 |
| Purchased services | 1,133,232 | 1,187,659 |
| Miscellaneous | 1,164,230 | 1,200,186 |
| Delivery partners | 211,182 | 157,692 |
| Office | 777,569 | 829,044 |
| Amortization of tangible capital assets | 175,493 | 249,492 |
| | 17,821,584 | 17,263,099 |
| **Excess of revenue over expenses** | $ 686,992 | $ 722,404 |

(See accompanying notes)

**JEWISH VOCATIONAL SERVICE OF METROPOLITAN TORONTO**

**STATEMENT OF CHANGES IN NET ASSETS**

**YEAR ENDED MARCH 31, 2024**

| | 2024 | | | | | |
|---|---|---|---|---|---|---|
| | Unrestricted | Pension remeasurements and other items | Endowments | Invested in tangible capital assets | Internally restricted | Total |
| Net assets (deficit), beginning of year | $ 1,521,180 | $ (1,926,873) | $ 104,341 | $ 935,562 | $ 1,940,000 | $ 2,574,210 |
| Excess of revenues over expenses (expenses over revenue) | 720,212 | - | - | (33,220) | - | 686,992 |
| Endowment contributions and changes in investment value | - | - | 6,781 | - | - | 6,781 |
| Pension remeasurements and other items (note 6) | - | 384,100 | - | - | - | 384,100 |
| Interfund transfer (note 11) | (60,000) | - | - | - | 60,000 | - |
| Net assets (deficit), end of year | $ 2,181,392 | $ (1,542,773) | $ 111,122 | $ 902,342 | $ 2,000,000 | $ 3,652,083 |

| | 2023 | | | | | |
|---|---|---|---|---|---|---|
| | Unrestricted | Pension remeasurements and other items | Endowments | Invested in tangible capital assets | Internally restricted | Total |
| Net assets (deficit), beginning of year | $ 1,037,072 | $ (1,713,373) | $ 106,599 | $ 887,266 | $ 1,750,000 | $ 2,067,564 |
| Excess of revenues over expenses (expenses over revenue) | 756,740 | - | - | (34,336) | - | 722,404 |
| Net change in invested in tangible capital assets (note 10) | (82,632) | - | - | 82,632 | - | - |
| Endowment contributions and changes in investment value | - | - | (2,258) | - | - | (2,258) |
| Pension remeasurements and other items (note 6) | - | (213,500) | - | - | - | (213,500) |
| Interfund transfer (note 11) | (190,000) | - | - | - | 190,000 | - |
| Net assets (deficit), end of year | $ 1,521,180 | $ (1,926,873) | $ 104,341 | $ 935,562 | $ 1,940,000 | $ 2,574,210 |

(See accompanying notes)

**JEWISH VOCATIONAL SERVICE OF METROPOLITAN TORONTO**

**STATEMENT OF CASH FLOWS**

**YEAR ENDED MARCH 31, 2024**

| | 2024 | 2023 |
|---|---|---|
| **CASH FLOWS FROM (USED IN)** | | |
| **OPERATING ACTIVITIES** | | |
| Excess of revenue over expenses | $ 686,992 | $ 722,404 |
| Items not involving cash and cash equivalents: | | |
| Amortization of tangible capital assets | 175,493 | 249,492 |
| Amortization of deferred capital contributions | (142,273) | (215,156) |
| Defined benefit pension expense | 65,400 | 72,300 |
| | 785,612 | 829,040 |
| Changes in non-cash working capital components: | | |
| Accounts receivable | 29,198 | 127,497 |
| Grants receivable | (229,944) | (98,878) |
| HST receivable | 64 | 13,191 |
| Prepaid expenses | 109,718 | (18,026) |
| Accounts payable and accrued liabilities | 336,768 | (154,694) |
| Deferred contributions | (212,844) | 219,819 |
| | 818,572 | 917,949 |
| **INVESTING ACTIVITIES** | | |
| Purchase of tangible capital assets | (57,975) | (108,630) |
| Decrease (increase) in deposit in trust accounts, net of transfers | (3,496) | 16,668 |
| Purchase of investments | (866,599) | (613,800) |
| | (928,070) | (705,762) |
| **FINANCING ACTIVITIES** | | |
| Deferred capital contributions received | 57,975 | 25,998 |
| Endowment contributions | 6,781 | (2,258) |
| Employer defined benefit pension contributions | (69,800) | (137,200) |
| | (5,044) | (113,460) |
| **INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS** | (114,542) | 98,727 |
| **CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR** | 3,945,182 | 3,846,455 |
| **CASH AND CASH EQUIVALENTS, END OF YEAR** | $ 3,830,640 | $ 3,945,182 |

(See accompanying notes)

## 1. NATURE OF OPERATIONS

Jewish Vocational Service of Metropolitan Toronto (the "Agency") is an Ontario organization providing educational, counselling, assessment and employment services to individuals in the Greater Toronto Area. For Canadian income tax purposes, the Agency qualifies as a not-for-profit organization and a registered charity (registration number 107535015RR0001), which is exempt from income tax under the Income Tax Act (Canada).

## 2. SIGNIFICANT ACCOUNTING POLICIES

*Basis of accounting*

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

*Revenue recognition*

The Agency follows the deferral method of accounting for contributions. These contributions generally consist of grants and donations. 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.

Externally restricted contributions, other than endowment contributions, are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of tangible capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related tangible capital assets.

Endowment contributions are recognized as direct increases in endowment net assets.

Fees for services and workshop sales are recorded when services have been rendered and payments are assured.

*Cash and cash equivalents*

Cash and cash equivalents include cash on hand, and cashable guaranteed investment certificates.

*Financial instruments*

Financial instruments are recorded at fair value on initial recognition and subsequently measured at cost or amortized cost except for mutual funds which are subsequently measured at fair value.

*Tangible capital assets*

Purchased tangible capital assets are recorded at cost. Contributed tangible capital assets are recorded at fair value on the date of contribution. When a tangible capital asset no longer contributes to the Agency's ability to provide services, its carrying amount is written down to its residual value. Annual amortization rates adopted by the Agency are applied on a straight-line basis as follows:

| | |
|---|---|
| Building | 40 years |
| Building improvements | 20 years |
| Furniture and equipment | 5 years |
| Computers | 3 years |
| Leasehold improvements | Term of lease |



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

*Employee future benefits*

The Agency has adopted the following policies with respect to employee benefit plans:

The cost of pensions earned by employees under the Defined Benefit Plan (the "Plan") is actuarially determined using the projected benefit method prorated on service and management's best estimate of expected plan investment performance, salary escalation and retirement ages. The Agency accrues its obligations as employees render the services necessary to earn the pensions.

The actuarial gains (losses) on Plan assets arising from the difference between the actual return on Plan assets for a period and the expected return on Plan assets for that period are immediately recognized in the statement of changes in net assets. Actuarial gains (losses) on the accrued benefit obligation arising from differences between actual and expected experience and from changes in the actuarial assumptions used to determine the accrued benefit obligation are immediately recognized in the statement of changes in net assets. Past service costs arising from Plan amendments are immediately recognized in the statement of changes in net assets.

The Agency recognizes an accrued benefit obligation on the statement of financial position, which is the net of the amount of the accrued benefit obligations and the fair value of the Plan assets.

The cost of the defined contribution component is based on a percentage of the employee's pensionable earnings. An expense is recorded in the period in which the contributions are made.

*Donated materials*

Donated materials are recorded at fair value when fair value can reasonably be determined.

*Contributed services*

A number of volunteers contribute a significant amount of their time each year. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

*Use of estimates*

The preparation of the Agency's 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 revenue and expenses during the reporting period. Accounts where significant estimates are used involve the valuation of assets and obligations related to employee future benefits, allowance for doubtful accounts, and useful lives of tangible capital assets. Actual results could differ from the estimates.

## 3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following:

| | 2024 | 2023 |
|---|---|---|
| Cash | $ 830,640 | $ 2,745,182 |
| Cashable guaranteed investment certificates earning interest between 4.95% and 5.20%, maturing between August 2024 and December 2024 | 3,000,000 | 1,200,000 |
| | $ 3,830,640 | $ 3,945,182 |

## 4. INVESTMENTS

The Agency's investment portfolio consists of the following:

| | 2024 | 2023 |
|---|---|---|
| Mutual funds | $ 680,399 | $ 613,800 |
| Guaranteed investment certificate earning interest at 5.28% maturing July 2024 | 800,000 | - |
| | $ 1,480,399 | $ 613,800 |

## 5. AMOUNTS ON DEPOSIT IN TRUST ACCOUNTS

The Agency has an agreement with United Jewish Welfare Fund of Toronto ("UJWF") whereby UJWF maintains certain of the Agency's endowment funds in designated funds (the "Funds") as well as provides accounting with respect to the receipts, earnings and disbursements of the Funds. UJWF invests endowed and similar funds over which it has full investment discretion, in a pooled portfolio. The returns of these co-mingled accounts are averaged for purposes of allocations to the individual funds. The Agency has the right to appoint any registered charity, including the Agency itself, as successor to UJWF and accordingly, maintains control of the assets.

While the Funds are under the trusteeship of UJWF, UJWF is bound to apply the income and capital of the Funds exclusively in furtherance of the Agency's purposes as defined in the agreement. Although the Agency may provide written advice to UJWF regarding distributions of income and capital from the Funds, such advice is not binding on UJWF.

At March 31, 2024, the Funds had sustained an unrealized gain of $9,960 (2023 - unrealized loss of $10,662) and investment earnings, net of fees, of $13,535 (2023 - $9,070), which are recorded in deferred contributions.

## 6. EMPLOYEE FUTURE BENEFIT ASSET (LIABILITY)

The Agency maintained a pension plan that consisted of a defined benefit component and a defined contribution component. The defined benefit pension plan was closed for new entries as at November 1, 2002. All new employees after November 1, 2002 joined the defined contribution component of the plan. Employees had the option to make contributions, which were matched at a specific rate by the Agency. The defined benefit component of the pension provided pension benefits based upon the best three consecutive years' earnings and years of service.

In August 2023, the Agency entered into an agreement with the Sponsors' Committee and Board of Trustees of the Colleges of Applied Arts & Technology Pension Plan (the "CAAT Plan") to merge the Agency's Plan with the CAAT Plan effective March 1, 2024, with the Agency becoming a participating employer under the CAAT Plan.

Effective March 1, 2024, the Plan was amended to the effect that all active participants in the Plan will cease to accrue service in the Plan and no further employee contributions will be permitted under both the defined benefit and defined contribution components of the Plan. Additionally, the Plan was amended to the effect that a member's final average earnings will only take into account annualized earnings prior to March 1, 2024. These amendments have triggered a curtailment. The effect of the curtailment is a past service cost, included in pension remeasurements and other items.

The value of actuarial liability as at March 31, 2024 has been extrapolated based on the results of the December 31, 2021 actuarial valuation for funding purposes, as well as the actual benefit disbursements made in the period from January 1, 2022 to March 31, 2024. The measurement date of the plan assets and accrued benefit obligation coincides with the Agency's fiscal year. Assumptions used to project the accrued benefit obligation were as follows:

- discount rate - 4.25%
- salary increase - 3.00%
- yearly maximum pensionable earnings increase - 3.00%
- maximum pension increase - 3.00%
- consumer price index increase - 2.00%

Accrued benefit asset (liability) is as follows:

| | 2024 | 2023 |
|---|---|---|
| Accrued benefit obligation | $ (3,727,600) | $ (4,179,300) |
| Fair value of plan assets | 3,834,500 | 3,790,800 |
| Valuation allowance | (106,900) | - |
| Accrued future benefit asset (liability) | $ - | $ (388,500) |

Continuity of the accrued benefit asset (liability) is as follows:

| | 2024 | 2023 |
|---|---|---|
| Balance, beginning of year | $ (388,500) | $ (239,900) |
| Benefit expense | (65,400) | (72,300) |
| Employer contributions | 69,800 | 137,200 |
| Pension remeasurements and other items | 384,100 | (213,500) |
| Balance, end of year | $ - | $ (388,500) |

## 6. EMPLOYEE FUTURE BENEFIT ASSET (LIABILITY) - Cont'd.

The Agency's net benefit plan expenses are as follows:

| | 2024 | 2023 |
|---|---|---|
| Current service cost | $ 49,200 | $ 67,600 |
| Interest cost | 16,200 | 4,700 |
| Defined benefit pension expense | 65,400 | 72,300 |
| Defined contribution pension expense | 250,200 | 277,300 |
| | $ 315,600 | $ 349,600 |

## 7. TANGIBLE CAPITAL ASSETS

Tangible capital assets consist of the following:

| | 2024 | | 2023 | |
|---|---|---|---|---|
| | Cost | Accumulated amortization | Cost | Accumulated amortization |
| Land - 74 Tycos Drive | $ 645,000 | $ - | $ 645,000 | $ - |
| Building - 74 Tycos Drive | 717,001 | 613,178 | 717,001 | 604,286 |
| Building improvements | 1,380,664 | 680,128 | 1,322,689 | 612,544 |
| Furniture and equipment | 391,817 | 381,096 | 391,817 | 349,693 |
| Computers | 164,592 | 162,183 | 164,592 | 157,366 |
| Leasehold improvements | 735,613 | 682,205 | 735,613 | 619,408 |
| | 4,034,687 | $ 2,518,790 | 3,976,712 | $ 2,343,297 |
| Less: accumulated amortization | (2,518,790) | | (2,343,297) | |
| | $ 1,515,897 | | $ 1,633,415 | |

## 8. REVENUE AND DEFERRED CONTRIBUTIONS

Operating deferred contributions relate to unspent externally restricted operating funding received. Deferred contributions consist of the following:

| | Grants | Other | 2024 Total | 2023 Total |
|---|---|---|---|---|
| Balance, beginning of year | $ 1,387,649 | $ 397,949 | $ 1,785,598 | $ 1,565,779 |
| Contributions received | 17,231,805 | 669,387 | 17,901,192 | 17,333,403 |
| Contribution revenue recognized | (17,447,912) | (666,124) | (18,114,036) | (17,113,584) |
| Balance, end of year | 1,171,542 | 401,212 | 1,572,754 | 1,785,598 |
| Less: Short-term | (1,171,542) | (255,832) | (1,427,374) | (1,632,132) |
| | $ - | $ 145,380 | $ 145,380 | $ 153,466 |

## 9. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions include the unamortized portions of restricted contributions with which tangible capital assets were originally purchased. Deferred capital contributions consist of the following:

| | 2024 | 2023 |
|---|---|---|
| Balance, beginning of year | $ 697,853 | $ 887,011 |
| Contributions received | 57,975 | 25,998 |
| Amortization of deferred capital contributions | (142,273) | (215,156) |
| Balance, end of year | $ 613,555 | $ 697,853 |

## 10. INVESTED IN TANGIBLE CAPITAL ASSETS

Invested in tangible capital assets is calculated as follows:

| | 2024 | 2023 |
|---|---|---|
| Tangible capital assets | $ 1,515,897 | $ 1,633,415 |
| Amounts financed by deferred capital contributions | (613,555) | (697,853) |
| | $ 902,342 | $ 935,562 |

Net change in net assets invested in tangible capital assets is calculated as follows:

| | 2024 | 2023 |
|---|---|---|
| Excess of expenditures over revenue: | | |
| Amortization of tangible capital assets | $ (175,493) | $ (249,492) |
| Amortization of deferred capital contributions. | 142,273 | 215,156 |
| | (33,220) | (34,336) |
| Net change in invested in tangible capital assets: | | |
| Additions to tangible capital assets | 57,975 | 108,630 |
| Amounts financed by deferred capital contributions | (57,975) | (25,998) |
| | - | 82,632 |
| | $ (33,220) | $ 48,296 |

## 11. INTERNALLY RESTRICTED NET ASSETS

The Board of Directors has internally restricted net assets for the future obligations of the Agency. These funds cannot be used for other purposes without the approval of the Board of Directors.

During the year, the Board of Directors approved the transfer of $60,000 from unrestricted net assets to internally restricted net assets (2023 - $190,000).



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## 12. GRANT REVENUE

Grant revenue consists of the following:

| | 2024 | 2023 |
|---|---|---|
| Federal, provincial, municipal and other | $ 16,580,720 | $ 15,614,963 |
| UJA Federation of Greater Toronto | 308,987 | 415,580 |
| United Way Greater Toronto | 558,205 | 571,985 |
| | $ 17,447,912 | $ 16,602,528 |

## 13. CREDIT FACILITY

The Agency has credit facilities available in the amount of $870,000 (2023 - $870,000). A revolving demand facility in the amount of $800,000 (2023 - $800,000) bears interest at the Royal Bank of Canada's prime rate plus 0.75%. VISA business card is available to a limit of $70,000 (2023 - $70,000) at prevailing VISA account rates. No amounts have been drawn on the revolving demand facility in 2023 or 2024.

## 14. COMMITMENTS

The Agency has leases for premises and equipment expiring up to November 2028. The future minimum lease payments, excluding variable costs, required under these leases are as follows:

| | |
|---|---|
| 2025 | $ 417,853 |
| 2026 | 213,324 |
| 2027 | 169,122 |
| 2028 | 144,260 |
| 2029 | 38,808 |
| | $ 983,367 |

## 15. FINANCIAL INSTRUMENTS

The Agency is exposed to and manages various risks resulting from its financial instruments. The following analysis provides a measure of the Agency's risk exposure and concentrations.

*Credit risk*

The Agency is exposed to credit risk resulting from the possibility that parties may default on their financial obligations. The Agency's maximum exposure to credit risk represents the sum of the carrying value of its cash and cash equivalents, accounts receivable, grants receivable, and HST receivable. The Agency's cash and cash equivalents are deposited with Canadian chartered banks. As a result, management believes the risk of loss of cash and cash equivalents to be remote. The Agency manages its credit risk of accounts receivable by reviewing and following up on outstanding amounts, and providing for an allowance for doubtful accounts when necessary. Management believes that all accounts receivable will be collected. Grants receivable and HST receivable consists of amounts due from the federal and provincial governments. As a result, Management believes there is minimal credit risk associated with these amounts.

*Liquidity risk*

Liquidity risk is the risk that the Agency cannot meet a demand for cash or fund its financial obligations as they become due. The Agency manages its liquidity risk by preparing budgets and cash flow forecasts to ensure it has sufficient funds to fulfill its obligations. As a result, Management believes its exposure to liquidity risk is minimal.

15. **FINANCIAL INSTRUMENTS** - Cont'd.

*Market risk*

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest rate risk and other price risk.

i) *Currency risk*

Currency risk refers to the risk that the fair value of instruments or future cash flows associated with the instruments will fluctuate relative to the Canadian dollar due to changes in foreign exchange rates. The Agency's financial instruments are all denominated in Canadian dollars and it transacts primarily in Canadian dollars. As a result, management does not believe it is exposed to significant currency risk.

ii) *Interest rate risk*

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market interest rates. The Agency's exposure to interest rate risk arises from its line of credit which bears a floating interest rate based on the bank prime rate. The Agency also has investments in guaranteed investment certificates but interest rate risk is minimal as it bears a fixed rate of interest. As a result, Management does not believe it is exposed to significant interest rate risk.

iii) *Other price risk*

Other price risk refers to the risk that the fair value of financial instruments or future cash flows associated will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual instrument, its issuers, or factors affecting all similar instruments traded in the market. The Agency does not have investments in publicly traded securities, and therefore Management does not believe it is exposed to significant other price risk.

*Changes in risk*

There are no significant changes in the Agency's risk exposure from the prior year.