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ALZHEIMER SOCIETY OF TORONTO

FINANCIAL STATEMENTS

MARCH 31, 2016



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ALZHEIMER SOCIETY OF TORONTO

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MARCH 31, 2016

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INDEPENDENT AUDITORS' REPORT

To the Members of
Alzheimer Society of Toronto

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Alzheimer Society of Toronto, which comprise the statement of financial position as at March 31, 2016, and the statements of changes in net assets, operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

INDEPENDENT AUDITORS' REPORT (continued)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, the Society derives revenue from the general public in the form of fundraising events and donations, the completeness of which are not susceptible to satisfactory audit verification. Accordingly, our verification of this revenue was limited to the amounts recorded in the records of the Society. Therefore we were not able to determine whether any adjustments might be necessary to fundraising events and donations revenue, excess of revenue over expenses and cash flows for the year end March 31, 2016 and March 31, 2015, current assets as at March 31, 2016 and March 31, 2015, and net asset balances as at the beginning and end of the years ended March 31, 2016 and March 31, 2015. Our audit opinion on the financial statements for the year ended March 31, 2016 was modified accordingly because of the possible effects of this limitation in scope.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Alzheimer Society of Toronto as at March 31, 2016, 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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the *Canada Corporation Act, Corporations Act (Ontario)*, we report that, in our opinion, Canadian generally accepted accounting principles/Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

KRIENS~LAROSE, LLP



Chartered Professional Accountants
Licensed Public Accountants

June 6, 2016
Toronto, Ontario


ALZHEIMER SOCIETY OF TORONTO
STATEMENT OF FINANCIAL POSITION
 AS AT MARCH 31, 2016

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	2016 \$	2015 \$
ASSETS		
CURRENT		
Cash	36,100	22,099
Short term investments (note 2)	3,169,251	2,432,802
Accounts receivable	199,775	125,814
Prepaid expenses and deposits	14,312	12,795
	3,419,438	2,593,510
CHARITABLE REMAINDER TRUST (note 3)	66,822	36,842
LONG TERM INVESTMENTS (note 4)	-	952,840
CAPITAL ASSETS (note 5)	131,770	181,266
	3,618,030	3,764,458
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	578,985	193,498
Deferred revenue (note 6)	437,041	270,165
Current portion of tenant lease inducements	35,124	35,124
Current portion of deferred capital contributions (note 8)	15,000	15,000
	1,066,150	513,787
LONG TERM		
Tenant lease inducements	58,539	93,663
Externally restricted contributions (note 7)	362,005	527,913
Deferred capital contributions (note 8)	25,000	40,000
	1,511,694	1,175,363
Commitments (note 12)		
NET ASSETS		
INTERNALLY RESTRICTED (note 13)	55,105	319,138
UNRESTRICTED	2,051,231	2,269,957
	2,106,336	2,589,095
	3,618,030	3,764,458

APPROVED ON BEHALF OF THE BOARD:

 President

 Treasurer

See accompanying notes to the financial statements

ALZHEIMER SOCIETY OF TORONTO
STATEMENT OF CHANGES IN NET ASSETS
 FOR THE YEAR ENDED MARCH 31, 2016

	Internally Restricted \$	Unrestricted \$	2016 Total \$
BALANCE , beginning of year	319,138	2,269,957	2,589,095
Excess (deficiency) of revenues over expenses	-	(482,759)	(482,759)
Approved expenditures (note 13)	(264,033)	264,033	-
BALANCE , end of year	55,105	2,051,231	2,106,336

	Internally Restricted \$	Unrestricted \$	2015 Total \$
BALANCE , beginning of year	421,282	1,879,306	2,300,588
Excess of revenues over expenses	-	288,507	288,507
Approved expenditures (note 13)	(102,144)	102,144	-
BALANCE , end of year	319,138	2,269,957	2,589,095

See accompanying notes to the financial statements

ALZHEIMER SOCIETY OF TORONTO
STATEMENT OF OPERATIONS
 FOR THE YEAR ENDED MARCH 31, 2016

	2016	2015
	\$	\$
REVENUES		
Fundraising		
Events	1,414,172	1,278,773
Donations	1,379,063	1,411,182
Bequests	46,543	502,674
	2,839,778	3,192,629
Grants - Toronto Central LHIN and flowthrough funding	1,334,113	1,139,290
- George C. Hunt Family Foundation (note 11)	413,896	464,631
- other (note 11)	369,445	260,287
Shared services and secondment recoveries (note 10)	201,038	-
Literature and seminars	187,745	141,593
Sundry and interest	36,851	48,158
Amortization/recognition of deferred capital contributions (note 8)	15,000	15,000
	5,397,866	5,261,588
EXPENSES		
Program and services (Schedule I)	4,225,852	3,574,194
Fundraising (Schedule II)	1,423,553	1,247,521
Administration (Schedule III)	231,220	151,366
	5,880,625	4,973,081
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	(482,759)	288,507

See accompanying notes to the financial statements

ALZHEIMER SOCIETY OF TORONTO
SCHEDULES TO STATEMENT OF OPERATIONS
 FOR THE YEAR ENDED MARCH 31, 2016

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	2016	2015
	\$	\$
SCHEDULE I		
<i>Program and services:</i>		
Salaries and benefits allocation (note 9)	2,102,995	1,729,819
Administrative overhead allocation (note 9)	831,694	661,642
Other program direct costs	791,453	571,179
Caregiver framework direct program costs	377,900	354,346
Education and awareness	76,810	107,208
Research	45,000	150,000
	4,225,852	3,574,194
SCHEDULE II		
<i>Fundraising:</i>		
Salaries and benefits allocation (note 9)	674,165	526,000
Events and programs	485,042	506,349
Administrative overhead allocation (note 9)	264,346	215,172
	1,423,553	1,247,521
SCHEDULE III		
<i>Administration:</i>		
Salaries and benefits allocation (note 9)	615,542	423,654
Building occupancy	255,613	242,978
General office expenses and supplies	169,160	198,620
Professional services	137,641	32,919
Amortization	54,340	52,419
Conference and travel	53,506	47,902
Telephone	18,248	11,780
Miscellaneous	10,486	6,707
Insurance	6,664	6,842
Meetings	3,369	1,192
Dues and memberships	2,695	3,167
Administrative overhead allocation (note 9)	(1,096,040)	(876,814)
	231,224	151,366

See accompanying notes to the financial statements

ALZHEIMER SOCIETY OF TORONTO
STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED MARCH 31, 2016

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	2016 \$	2015 \$
CASH WAS PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	(482,759)	288,507
Items not involving cash:		
Amortization of capital assets	54,340	52,419
Amortization of deferred capital contributions	(15,000)	(15,000)
Tenant lease inducements	(35,124)	(35,124)
	(478,543)	290,802
Changes in non-cash working capital balances:		
Accounts receivable	(73,961)	(58,283)
Prepaid expenses and deposits	(1,517)	30,727
Accounts payable and accrued liabilities	385,487	(21,867)
Deferred revenue	166,876	111,936
	(1,658)	353,315
FINANCING ACTIVITIES		
Externally restricted contributions (used) in the year	(165,908)	(86,668)
INVESTING ACTIVITIES		
(Increase) in short term investments	(736,449)	(457,466)
Decrease in long term investments	952,840	49,929
Purchase of capital assets	(4,844)	(25,716)
(Increase) in Charitable Remainder Trust	(29,980)	(4,029)
	181,567	(437,282)
Change in cash	14,001	(170,635)
Cash, beginning of year	22,099	192,734
Cash, end of year	36,100	22,099

See accompanying notes to the financial statements

PURPOSE OF THE SOCIETY

The Alzheimer Society of Toronto (the "Society") was established as a charitable organization in 1981. The role of the Society is to offer support, information and education to persons with dementia, their families and their caregivers, to increase public awareness of dementia, to promote research, and to advocate for services that respect the dignity of the individual.

The Society is a registered charity under the Income Tax Act (Canada) and as such, is exempt from income taxes and is able to issue tax-deductible receipts to donors.

1. 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 Handbook and include the following significant accounting policies:

Financial instruments:

The Society initially measures its financial assets and financial liabilities at fair value. The Society subsequently measures all its financial assets and financial liabilities at amortized cost. Changes in fair value are recognized in the statement of operations. Financial assets measured at amortized cost include cash and accounts receivable. Financial liabilities measured at amortized cost include accounts payable.

Revenue recognition:

The Society follows the deferral method of accounting for contributions which include proceeds from fundraising events, donations, bequests and literature and seminars. 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 (including grants) are recognized as revenue in the year in which the related expenses are incurred or the restriction is removed by the donor.

Interest is recognized as revenue in the period in which it is earned.

Contributed capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital assets.

Gifts-in-kind are recorded at fair value at the date of contribution.

Donations received by way of charitable remainder trusts vest irrevocably with the Society. These donations are tax-receipted by the Society and are recorded as revenue and contribution receivable at the estimated fair market value upon establishment of the trust. The difference between the fair market value and the residual value is amortized to revenue based on the assumptions of the original actuarial valuation.

Cash and Cash Equivalents:

Cash and cash equivalents consist of cash on hand and fixed income investments with maturities of less than 90 days.

1. **SIGNIFICANT ACCOUNTING POLICIES** (continued)

Prepaid expenses:

Prepaid expenses are recorded for goods and services being received in the next fiscal year but paid for in the current year. The balance at year end represents amounts paid for insurance, maintenance contracts and venue deposits.

Capital assets and amortization:

Capital assets are stated at acquisition cost. Amortization is provided on a straight line basis from the month of purchase over the estimated useful lives of the assets as follows:

Furniture and equipment	5 years
Computer equipment	3 years
Computer software	2 years

Leasehold improvements are amortized on a straight line basis over the term of the lease. Where equipment no longer has any long-term service potential to the Organization, the excess of their net carrying amount over any residual value is recognized as an expense in the statement of operations.

Tenant lease inducements:

Tenant lease inducements consist of cash inducements for leasehold improvements as well as rent-free periods. These are amortized over the term of the lease and allocated to rent expense.

Allocation of expenses:

The Society engages in various fundraising and service programs. The cost of these programs include the expenses that are directly related to providing the service. The Society also incurs salaries, benefits and administration expenses that are common to the Society and each of its programs. The Society allocates certain of its salaries, benefits and administration expenses on the basis as disclosed in note 9.

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 reporting date and the reported amounts of revenues and expenses for the reporting period. Actual results could differ from these estimates. Significant financial statement items that require the use of estimates include collectibility of accounts receivable, useful lives of property and equipment, rates of amortization and accrued liabilities. These estimates are reviewed periodically and adjustments are made, as appropriate, in the statement of operations in the year they become known.

Donated services:

During the year, voluntary services were provided. Because these services are not normally purchased by the Society, and because of the difficulty of determining their fair value, donated services are not recognized in these statements.

Continued...

2. SHORT TERM INVESTMENTS

Short term investments consist of guaranteed investment certificates which have maturities within the next 12 months and interest rates ranging between 1.01% and 1.75% (2015 - 1.00% and 1.65%). Short term investments are reported at cost plus accrued interest which approximates fair value.

3. CHARITABLE REMAINDER TRUST

As of March 31, 2016, the Society has entered into two charitable remainder trust agreements. Charitable remainder trusts are an arrangement whereby individuals place cash into an irrevocable trust with the Society appointed as the beneficiary. The income from the trust is paid to the donor for life and upon the donor's death the Society will receive the capital in trust. A charitable tax receipt is issued to the donor based on the estimated fair market value upon the establishment of the trusts. It is estimated that the Society will receive approximately \$100,000 combined for both trusts upon the donor's death. The difference is amortized to revenue annually based on the actuarial assumptions provided of a life expectancy as per the Society of Actuaries 1983 Annuity Mortality Table and a discount rate of 3.61% in 2016 and 4.20% on inception of the first trust.

4. LONG TERM INVESTMENTS

	2016	2015
	\$	\$
GIC, maturing April 5, 2016, 1.65%	-	300,000
GIC, maturing April 6, 2016, 1.65%	-	150,000
GIC, maturing May 10, 2016, 1.18%	-	300,000
GIC, maturing January 24, 2017, 1.75%	-	200,000
Accrued interest	-	2,840
	-	952,840

5. CAPITAL ASSETS

	2016		2015	
	Cost	Accumulated	Cost	Accumulated
	\$	\$	\$	\$
Furniture and equipment	168,428	(146,527)	167,027	(138,545)
Computer equipment and software	112,568	(103,395)	109,126	(94,799)
Leasehold improvements	374,161	(273,465)	374,161	(235,704)
	655,157	(523,387)	650,314	(469,048)
Less accumulated amortization	(523,387)		(469,048)	
	131,770		181,266	

6. DEFERRED REVENUE

Deferred revenue consists of money received for events/funding in advance of the event date or the related expenditure and is summarized as follows:

	2016	2015
	\$	\$
George C. Hunt Family Foundation	156,786	78,405
Other	147,289	28,214
Ontario Trillium Volunteer Mobilization	50,500	-
Ontario Trillium Minds in Motion	34,500	-
Community Connection Enriches Grant	21,278	-
Ontario Trillium Foundation	17,500	17,500
Temerty Family Foundation	9,188	-
Green Shield Canada Foundation	-	146,046
Balance, end of year	437,041	270,165

Continued...

7. EXTERNALLY RESTRICTED CONTRIBUTIONS

Externally restricted contributions represent donation/pledges received that cannot be taken into income until certain conditions related to the contributions are met. These externally restricted contributions are summarized as follows:

	2016	2015
	\$	\$
The Emily Bertoldi-Bernice Bogart Fund for Dementia Counselling	167,555	141,555
The George C. Hunt Family Foundation \$1Million Matching Gifts Campaign	194,450	386,358
Balance, end of year	362,005	527,913

(a) The Emily Bertoldi - Bernice Bogart Fund for Dementia Counselling

On January 31, 2010, the Society entered into a pledge agreement whereby two individual contributors pledged \$25,000 per year for five years (commencing in calendar year 2010). Of the \$25,000 pledge, \$10,000 is unrestricted and can be spent on general purposes. The balance of the pledge is set aside into an externally restricted fund, the terms of which will be reviewed by the contributors to determine whether and when any portion of the fund may be released for a specified or general use. Interest on the funds will accrue and remain in the fund over the term of the pledge. In 2016, \$1,670 (2015 - \$1,833) of interest was earned on these funds and allocated to the fund.

On January 31, 2015, a new agreement was signed, whereby the two individuals pledged \$30,000 per year for five years (commencing December 2015). Of the \$30,000 pledge, \$15,000 will be unrestricted and can be spent for general purposes. The remaining \$15,000 (plus any additional donations designated to the Fund from these individuals or other third parties) will remain in the Fund. Interest will continue to compound on the Fund over the duration of the pledge.

(b) The George C. Hunt Foundation \$1 Million Matching Gifts Campaign

On November 27, 2013, the Society received \$500,000 from the George C. Hunt Foundation. Access to these funds require matching of new donations/pledges of at least \$5,000 that are designated to either the Alzheimer's Counselling and Financial Support Program or the Memory and Music: ipod project.

During the year, matching funds totaling \$191,908 (2015: \$113,642) were received by the Society and as such, this amount has been released from the externally restricted fund and transferred to deferred revenue to be expended in accordance with the initiatives noted. As such, \$191,908 was expended in 2016 (2015: \$35,237) and no balance remains in deferred revenue to be expended in a future period.

Continued...

8. DEFERRED CAPITAL CONTRIBUTIONS

Pursuant to an agreement dated June 26, 2008, the Society received a grant of \$150,000 from the Ontario Trillium Foundation. The purpose of the grant was to assist the Society with its co-location costs to achieve efficiency savings and increase access to coordinated services and resources for clients with dementia across Toronto. Since this grant was used to offset purchases of capital assets, it is being amortized over the same term as the amortization of the related capital assets.

	2016	2015
	\$	\$
Balance, beginning of year	55,000	70,000
Amortization	(15,000)	(15,000)
Current portion	40,000	55,000
	15,000	15,000
Long term portion	25,000	40,000

9. EXPENSE ALLOCATIONS

Salaries, benefits and administration expenses are allocated among fundraising, program and services, and administration based on the time staff dedicated to various programs. During the year, 20% (2015: 21%) was allocated to fundraising, 63% (2015: 64%) was allocated to program and services, and 17% (2015: 15%) was allocated to administration. The dollar amount of salaries, benefits and general administrative expenses allocated to program have been disclosed in the schedules to the statement of operations.

10. SHARED SERVICES AND COST RECOVERIES

During the year, the Society, in conjunction with Alzheimer Society of Canada (ASC) and Alzheimer Society of Ontario (ASO), agreed to merge the finance operations of each organization into one Shared Services department effective April 1, 2016. The three organizations agreed to share the costs for this restructuring equally. The costs and recoveries related to this decision were charged to operations in the current year. These costs included severances, consultants, and legal fees and totaled approximately \$261,355. Furthermore, the recovery of costs related thereto from the other organizations of \$51,746 was reflected in revenue on the statement of operations.

In addition, during the year, one employee was seconded to the ASC. The cost of the employee to the Society has been reported through payroll expense under the allocation policies described in note 9, and the recovery has been reflected as revenue in accordance with section 4400 of Part III of the CPA handbook.

Continued...

11. CONTRIBUTION AGREEMENTS

- (a) On September 25, 2012, the Society entered into a grant agreement with George C. Hunt Family Foundation. The Society was awarded with a \$1,000,000 grant over 3 years to fund the Alzheimer's Counselling and Financial Support Program of which the final \$400,000 was received and \$429,395 was expended in fiscal 2015 (2014 - \$300,000 received and \$457,491 spent; 2013 - \$300,000 received and \$113,144 spent). The project ended and no additional matching funds were received in 2016.
- (b) On May 7, 2012, the Society entered into a collaborative funding agreement with Green Shield Canada Foundation (GSCF). The funding agreement grants the Society with a \$550,000 donation over 3 years to improve quality and accessibility of care for seniors in the greater Toronto region. Unexpended funds, at the end of the term of the agreement, May 1, 2015, were to be expended by September 2015. All remaining funds (\$146,045) were spent by this date.
- (c) On October 31, 2013, the Society entered into a grant agreement with Ontario Trillium Foundation (OTF). The Society was awarded with a \$210,000 grant over 3 years to coordinate a personalized music program that will reach people with Alzheimer's disease. In fiscal 2016, \$70,000 (2015: \$70,000) was received and \$70,000 (2015: \$70,000) was spent.
- (d) On October 1, 2015, the Society entered into a grant agreement with George C. Hunt Family Foundation. The Society was awarded with a \$1,100,000 grant over 5 years to fund the Alzheimer's Counselling and Financial Support Program. In fiscal 2016, \$300,000 was received and \$143,213 was spent.
- (e) On December 28, 2015, the Society entered into a grant agreement with Ontario Trillium Foundation (OTF). The Society was awarded with a \$75,000 grant over 11 months to create and implement a volunteer companionship program to bring inclusive and engaged communities together. In fiscal 2016, \$67,500 was received and \$17,000 was spent.
- (f) On October 1, 2015, the Society entered into a grant agreement with Temerty Family Foundation. The Society was awarded with a \$600,000 grant over 3 years to support the expansion of the Dementia care training programs. In fiscal 2016, \$100,000 was received and \$90,811 was spent.
- (g) On November 1, 2015, the Society entered into a grant agreement with the Ministry of Employment and Social Development Canada. The Society was awarded with a \$600,000 grant over 3 years to develop a community connection program that will identify healthcare providers, community stakeholders, and senior caregivers, and provide them with training and resources to reduce social isolation of marginalized caregivers aged 55 and older in Greater Toronto Area. In fiscal 2016, \$66,865 was received and \$45,587 was spent.

12. COMMITMENTS

- (i) Pursuant to a the co-tenancy agreement, signed April 1, 2008, the Alzheimer Society of Ontario (“ASO”), the Alzheimer Society of Canada (“ASC”), and the Society co-located in new premises in order to benefit from efficiencies of scale. The co-tenancy agreement sets out the terms of the sharing of costs (based on the related cost drivers, which are primarily shared equally to each of the three co-tenants). Shared costs include leasehold improvements, furniture, equipment, rent, phones and IT. The Society's portion of the operating lease commitments is as follows:

2017	128,892
2018	126,259
2019	70,510
	\$ 325,661

In addition, the Society is responsible for its share of tax escalation and common area charges. During the year, the Society paid \$188,984 (2015 - \$176,516) in tax escalation and common area charges. Further, the Society received property tax rebates of \$17,738 (2015 - \$18,376) during the year.

Net leasehold inducements of \$35,124 (2015 - \$35,124) have been offset against rent expense on the statement of operations.

- (ii) Effective April 1, 2009, the Society (along with 38 member chapters in Ontario at that time) entered into a five year federation agreement with ASO which includes a revenue sharing formula. Under this agreement the Society received \$307,129 (2015 - \$300,000) from ASO, of which \$300,000 was the minimum positive differential allocated to the Society under the terms of the agreement. Although the original agreement expired April 1, 2014, the Society and ASO have extended the agreement for another two years. Effective April 1, 2016, the Society and ASO have agreed to extend the agreement for an additional 12 months to March 31, 2017.

13. INTERNALLY RESTRICTED FUND

On March 31, 2012, the Board approved the transfer of \$500,000 from the unrestricted net assets to an internally restricted Strategic Plan Fund. This fund is to be used for mission-related activities. Access to the fund, or to any portion thereof, will require authorization via a Board motion, and all funds must be expended over the term of the next Strategic Plan. During the year, \$264,033 (2015 - \$102,144) was expended for this specific purpose and has been approved by the Board as a draw down from the Fund.

14. FINANCIAL INSTRUMENTS

The Society is exposed to various risks through its financial instruments. The following presents the Society's risk exposures and concentrations at March 31, 2016.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Society's credit risk would occur with their accounts receivable from sponsor, donors and co-tenants. Actual exposure to credit losses has been minimal in prior years. To reduce its credit risk, the Society has adopted policies which include regular review and follow up of outstanding amounts. Furthermore, risk exposure to accounts receivable from co-tenants is mitigated with co-tenancy, tri-level and federation agreements. The allowance for doubtful accounts is \$0 (2015: \$0).

Liquidity risk

Liquidity risk is the risk the Society will encounter difficulties in meeting obligations associated with financial liabilities. The Society's exposure to liquidity risk mainly in respect of its accounts payables. The Association expects to meet these obligations as they come due by generating sufficient cash flow from operations and from from unrestricted reserves funded through short term investments. There has been no change in the risk assessment from the prior period.

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 comprises three types of risks: currency risk, interest rate risk and other price risk.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Society is not exposed to foreign currency risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Society is not exposed to fair value risk due to changes in market rates of interest.

Other Price Risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), 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 Society is not exposed to other price risk.