

ISLAND ARTS CENTRE SOCIETY
(ArtSpring)
Financial Statements
Year Ended August 31, 2021

INDEPENDENT AUDITOR'S REPORT

To the Members of Island Arts Centre Society (ArtSpring)

Report on the Financial Statements

Opinion

We have audited the financial statements of Island Arts Centre Society (the Society), which comprise the statement of financial position as at August 31, 2021, 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 Society as at August 31, 2021, and the results of its operations and cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-for-profit Organizations (ASNPO).

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 Society in accordance with 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.

Emphasis of Matter - Novel Coronavirus

We draw attention to Note 1 to the financial statements, which describes the situation in the context of the novel coronavirus ("COVID-19") global pandemic declared by the World Health Organization. Our opinion is not modified in respect to 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 ASNPO, 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 Society'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 Society or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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Independent Auditor's Report to the Members of Island Arts Centre Society *(continued)*

- 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 Society'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 Society'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 Society 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.

Report on Other Legal and Regulatory Requirements

As required by the British Columbia Societies Act, we report that, in our opinion, the Society's financial statements have been prepared following Canadian Accounting Standards for Not-for-profit Organizations (ASNPO) on a basis consistent with that of the preceding year.

McLean, Lizotte, Wheadon and Company

MCLEAN, LIZOTTE, WHEADON AND COMPANY
Chartered Professional Accountants

Salt Spring Island, British Columbia
November 22, 2021



ISLAND ARTS CENTRE SOCIETY
(ArtSpring)
Statement of Financial Position
August 31, 2021

	2021	2020
ASSETS		
CURRENT		
Cash	\$ 234,838	\$ 132,329
Accounts receivable	12,511	14,453
Prepaid expenses	12,580	10,534
	259,929	157,316
INVESTMENTS <i>(Note 4)</i>	403,122	359,552
CAPITAL ASSETS <i>(Note 5)</i>	1,435,096	1,478,552
	\$ 2,098,147	\$ 1,995,420
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 18,074	\$ 15,213
Due to government agencies <i>(Note 6)</i>	8,287	5,583
Wages payable	22,422	13,011
Unearned revenue and deposits <i>(Note 7)</i>	23,613	19,743
Deferred contributions <i>(Note 8)</i>	27,043	26,645
	99,439	80,195
CEBA loan payable <i>(Note 9)</i>	60,000	40,000
DEFERRED CAPITAL CONTRIBUTIONS <i>(Note 10)</i>	171,891	77,109
	331,330	197,304
NET ASSETS	1,766,817	1,798,116
	\$ 2,098,147	\$ 1,995,420

ON BEHALF OF THE BOARD

_____ Director

_____ Director

ISLAND ARTS CENTRE SOCIETY
(ArtSpring)
Statement of Operations
Year Ended August 31, 2021

	2021	2020
REVENUES		
Federal and other government grants	\$ 163,896	\$ 186,757
Donations and other gifts (Note 11)	128,776	97,333
Canada Emergency Wage Subsidy	96,161	57,143
Sponsorships	29,395	22,000
Sales and rentals (Note 12)	26,962	111,760
Other income (Note 13)	16,579	25,628
Investment income	3,090	2,544
Capital replacement surcharge	974	10,046
	<u>465,833</u>	<u>513,211</u>
EXPENSES		
Administrative expenses (Note 14)	318,920	327,399
Arts programming (Note 15)	35,850	107,561
Facility operations and related costs (Note 16)	79,386	56,896
General fundraising (Note 17)	9,088	7,597
	<u>443,244</u>	<u>499,453</u>
EXCESS OF REVENUES OVER EXPENSES BEFORE OTHER ITEM	<u>22,589</u>	<u>13,758</u>
OTHER ITEM		
Endowment investment income	28,376	8,092
Amortization	(82,264)	(74,336)
	<u>(53,888)</u>	<u>(66,244)</u>
DEFICIENCY OF REVENUES OVER EXPENSES FOR THE YEAR	<u>\$ (31,299)</u>	<u>\$ (52,486)</u>

The accompanying notes are an integral part of these statements

ISLAND ARTS CENTRE SOCIETY
(ArtSpring)
Statement of Changes in Net Assets
Year Ended August 31, 2021

	2020 Balance	Deficiency of revenues over expenses	Interfund transfers	2021 Balance
Invested in capital assets	\$ 1,478,552	\$ (81,846)	\$ 11,558	\$ 1,408,264
Endowment (Note 18)	257,176	28,376	-	285,552
Internally restricted (Note 19)	65,230	(8,025)	-	57,205
Externally restricted (Note 20)	76,971	129,922	(47,791)	159,102
Unrestricted	(79,813)	(99,726)	36,233	(143,306)
	<u>\$ 1,798,116</u>	<u>\$ (31,299)</u>	<u>\$ -</u>	<u>\$ 1,766,817</u>
	2019 Balance	Deficiency of revenues over expenses	Interfund transfers	2020 Balance
Invested in capital assets	\$ 1,440,838	\$ (74,335)	\$ 112,049	\$ 1,478,552
Endowment	257,001	175	-	257,176
Internally restricted	82,009	(16,779)	-	65,230
Externally restricted	69,455	7,516	-	76,971
Unrestricted	1,299	30,937	(112,049)	(79,813)
	<u>\$ 1,850,602</u>	<u>\$ (52,486)</u>	<u>\$ -</u>	<u>\$ 1,798,116</u>

The accompanying notes are an integral part of these statements

ISLAND ARTS CENTRE SOCIETY
(ArtSpring)
Statement of Cash Flows
Year Ended August 31, 2021

	2021	2020
OPERATING ACTIVITIES		
Deficiency of revenues over expenses	\$ (31,299)	\$ (52,486)
Item not affecting cash:		
Amortization of capital assets	82,264	74,336
	<u>50,965</u>	<u>21,850</u>
Changes in non-cash working capital:		
Accounts receivable	1,942	(13,582)
Accounts payable	2,858	(3,528)
Prepaid expenses	(2,046)	6,372
Goods and services tax payable	2,704	(4,829)
Employee advances	-	1,073
Wages payable	9,411	563
Unearned revenue and deposits	3,870	(83,066)
Deferred contributions	398	686
Deferred capital contributions	94,782	77,109
	<u>113,919</u>	<u>(19,202)</u>
Cash flow from operating activities	<u>164,884</u>	<u>2,648</u>
INVESTING ACTIVITIES		
Purchase of capital assets	(38,807)	(112,050)
acquisition and Interest on investments	(15,196)	(8,723)
Fair market value change of investments	(28,372)	(175)
Cash flow used by investing activities	<u>(82,375)</u>	<u>(120,948)</u>
FINANCING ACTIVITY		
CEBA loan advance	<u>20,000</u>	<u>40,000</u>
INCREASE (DECREASE) IN CASH FLOW	102,509	(78,300)
Cash - beginning of year	<u>132,329</u>	<u>210,629</u>
CASH - END OF YEAR	\$ 234,838	\$ 132,329

The accompanying notes are an integral part of these statements

ISLAND ARTS CENTRE SOCIETY
(ArtSpring)
Notes to Financial Statements
Year Ended August 31, 2021

1. FINANCIAL IMPACT OF THE NOVEL CORONAVIRUS (COVID-19)

In March 2020, the World Health Organization declared a global pandemic due to the outbreak of novel coronavirus ("COVID-19"). The situation is continuously developing and the economic impact has been substantial to both Canada and the globe.

As at November 22, 2021, the Society is aware of the changes in its operations as a result of the COVID-19 pandemic, including the cancellation of scheduled events and postponement of future events.

The Society continues to receive financial support from the federal government through the Canada Emergency Wage Subsidy (CEWS) programs.

The Society is not able to fully estimate the impact of COVID-19 on operations at this time given the continuous evolution of the pandemic and the global responses to mitigate its spread.

The Society's realized financial impact will be accounted for when it is known and may be assessed.

2. PURPOSE OF THE SOCIETY

Island Arts Centre Society (the "society") is a not-for-profit organization incorporated provincially under the Society Act of British Columbia. The society is a registered charity and is exempt from the payment of income taxes under the Income Tax Act.

In accordance with its constitution, the purposes of the society are:

- To support for the advancement of the performing, visual and creative arts and crafts on Salt Spring Island;
 - To build, operate, maintain, and promote ArtSpring as a facility comprised of a theatre, gallery, display space and workshop space for those engaged in the performing, visual and creative arts and crafts as well as for other groups and individuals engaged in activities of community benefit.
 - To development and execute public education to support the performing, visual and creative arts and crafts; and
 - To bring high quality British Columbian, Canadian, and international performing artists to Salt Spring audiences by presenting music, dance, theatre and other professional performances.
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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian Accounting Standards for Not-for-profit Organizations (ASNFPPO).

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ISLAND ARTS CENTRE SOCIETY
(ArtSpring)
Notes to Financial Statements
Year Ended August 31, 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund accounting

Island Arts Centre Society follows the deferral method of accounting for contributions.

Revenues and expenses related to program delivery and administrative activities are reported in the Operating Fund.

The Capital Fund reports the assets, liabilities, revenues, and expenses related to Island Arts Centre Society's capital assets and building improvements campaign.

Endowment contributions are reported in the Endowment Fund. Investment income earned on resources of the Endowment Fund is reported in the Endowment Fund.

Net assets

- a) Net assets invested in property and equipment represents the organization's net investment in property and equipment which is comprised of the unamortized amount of property and equipment purchased with restricted funds.
- b) Internally restricted net assets are funds which have been designated for a specific purpose by the organization's Board of Directors.
- c) Unrestricted net assets comprise the excess of revenue over expenses accumulated by the organization each year, net of transfers, and are available for general purposes.

Cash and short term investments

Cash and cash equivalents consist primarily of commercial paper and deposits with an original maturity date of purchase of three months or less. Because of the short term maturity of these investments, their carrying amount approximates fair value.

Investments

Short term investments, which consist primarily of commercial paper with original maturities at date of purchase beyond three months and less than twelve months, are carried at amortized cost.

Investments for which there are quoted prices in an active market are carried at fair value. Unrealized gains or losses are reported as part of net income. Investments for which there is not an active market are carried at amortized cost except when it is established that their value is impaired. Impairment losses, or reversal of previously recognized impairment losses, are reported as part of net income.

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ISLAND ARTS CENTRE SOCIETY
(ArtSpring)
Notes to Financial Statements
Year Ended August 31, 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Island Arts Centre Society follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. 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. Endowment contributions are recognized as direct increases in net assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Seminar fees are recognized as revenue when the seminars are held.

Measurement uncertainty

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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives on a declining balance basis at the following rates and methods:

Building	40 years	straight-line method
Furniture and equipment	10%	declining balance method
Musical and theatre equipment	20%	declining balance method
Computers	30%	declining balance method
Office equipment	20%	declining balance method
Software	50%	declining balance method

The society regularly reviews its capital assets to eliminate obsolete items. Government grants are treated as a reduction of capital assets cost.

Capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

Contributed services

The operations of the organization depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

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ISLAND ARTS CENTRE SOCIETY
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Notes to Financial Statements
Year Ended August 31, 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Donated goods

In addition to monetary donations, The Society receives donation in-kind. Donations in-kind can take the form of equity shares traded on a public stock exchange, and contributions of goods and materials. Equity shares received are recorded at fair market value as at the date they were contributed and are sold shortly after. Proceeds are reported as income in the year of receipt. Contributions of goods and materials for the purposes of fundraising are reported upon realization of the proceeds from their sale.

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

4. INVESTMENTS

	2021	2020
Vancouver foundation fund	\$ 239,818	\$ 215,660
Term deposits	117,570	95,866
Philip, Hager & North fund	45,734	41,516
BMO Investorline	-	6,510
	\$ 403,122	\$ 359,552

5. CAPITAL ASSETS

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Building	\$ 2,204,378	\$ 1,107,826	\$ 1,096,552	\$ 1,120,029
License	141,400	-	141,400	141,400
Steinway piano	72,961	-	72,961	72,961
Furniture and equipment	208,862	183,150	25,712	28,569
Musical and theatre equipment	168,009	85,521	82,488	103,109
Computers	53,663	42,952	10,711	7,048
Office equipment	39,061	35,029	4,032	4,176
Software	16,319	15,079	1,240	1,260
	\$ 2,904,653	\$ 1,469,557	\$ 1,435,096	\$ 1,478,552

ISLAND ARTS CENTRE SOCIETY
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Notes to Financial Statements
Year Ended August 31, 2021

6. DUE TO GOVERNMENT AGENCIES

	2021	2020
Payroll deductions	\$ 7,834	\$ 4,723
GST/HST	-	(6)
WorksafeBC	453	866
	\$ 8,287	\$ 5,583

7. UNEARNED REVENUE AND DEPOSITS

	2021	2020
Unredeemed box office credits	\$ 15,912	\$ 10,238
Rental deposits	4,704	5,564
Unredeemed Gift Certificates	4,043	4,104
Box Office Ticket Sales	(1,046)	(163)
	\$ 23,613	\$ 19,743

8. DEFERRED CONTRIBUTIONS

	2021	2020
CRD tax levy	\$ 27,043	\$ 26,645

Deferred contributions represent the operating grant received in the current period that are for the subsequent period.

9. CEBA LOAN PAYABLE

In April 2020, the Society received \$40,000 related to the Canada Emergency Business Account (CEBA) loan. CEBA is an interest-free loan launched by the Government of Canada to ensure that businesses, not-for-profit organizations and charities have access to capital during the COVID-19 pandemic and can only be used to pay non-deferrable operating expenses. Repaying the balance of the loan on or before December 31, 2022 will result in loan forgiveness of 25% (up to \$10,000).

Any remaining balance after December 31, 2022 will be converted to a three year term loan with a fixed interest of 5% per annum.

No payment is required until January 31, 2023, with all outstanding principle and interest required to be paid in full by December 31, 2025.

The Canadian government has not required any security for this loan.

ISLAND ARTS CENTRE SOCIETY
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Notes to Financial Statements
Year Ended August 31, 2021

10. DEFERRED CAPITAL CONTRIBUTIONS

	2021	2020
Beginning balance	\$ 77,109	\$ -
Deferred capital contributions received during the year	100,000	85,677
Deferred capital contributions recognized as revenue during the year	(5,218)	(8,568)
	-	-
	\$ 171,891	\$ 77,109

During the fiscal year, the Society received grants for the purchase and upgrade of capital assets. These grants are recognized as revenue annually on the same basis as the capital asset are amortized.

11. DONATIONS AND OTHER GIFTS

	2021	2020
Annual Appeal	\$ 55,756	\$ 59,295
Donations	34,623	34,415
Treasure Fair	38,397	3,623
	\$ 128,776	\$ 97,333

12. SALES AND RENTALS

	2021	2020
House event ticket sales	\$ 15,333	\$ 65,334
Theatre rentals	9,779	33,608
Exhibition rentals	1,850	12,818
	\$ 26,962	\$ 111,760

ISLAND ARTS CENTRE SOCIETY
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Year Ended August 31, 2021

13. OTHER INCOME

	2021	2020
Raffle	\$ 6,050	\$ 8,570
Memberships	7,980	4,610
Concession	1	4,339
Ticket processing fees	1,000	4,025
Brochure advertising	-	1,820
Commissions	505	1,589
Sales	1,043	550
Box office services	-	125
	\$ 16,579	\$ 25,628

14. ADMINISTRATIVE EXPENSES

Advertising and printing	\$ 2,117	\$ 5,135
Contract services	1,545	2,156
Donor and volunteer recognition	-	79
Insurance	1,175	904
Interest and bank charges	4,699	6,072
License	5,431	4,403
Office	7,434	7,120
Organizational development	4,120	1,891
Professional fees	6,663	6,906
Telephone	3,880	4,813
Travel	236	1,870
Wages	281,620	286,050
	\$ 318,920	\$ 327,399

ISLAND ARTS CENTRE SOCIETY
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Notes to Financial Statements
Year Ended August 31, 2021

15. ARTS PROGRAMMING

	<u>2021</u>	<u>2020</u>
Advertising	\$ 3,510	\$ 6,156
Artist	20,939	60,541
Artist travel and accomodation	418	2,119
Concession	-	4,620
Contract services	477	745
Educational workshop	6,722	10,352
Hospitalities	220	881
Royalties	585	9,438
Supplies	374	4,897
Wages	2,605	7,812
	<u>\$ 35,850</u>	<u>\$ 107,561</u>

16. FACILITY OPERATIONS AND RELATED COSTS

	<u>2021</u>	<u>2020</u>
Garbage	\$ 1,203	\$ 934
Grounds maintenance	4,159	2,914
Hydro	17,844	18,023
Insurance	10,293	8,058
Janitorial	1,038	-
License	178	158
Repairs and maintenance	19,342	8,770
Security	2,050	2,651
Supplies	4,413	5,012
VIHA vaccine clinic	12,814	-
Wages	1,112	7,725
Water/sewer	4,940	2,651
	<u>\$ 79,386</u>	<u>\$ 56,896</u>

17. GENERAL FUNDRAISING

	<u>2021</u>	<u>2020</u>
Treasure fair	\$ 7,835	\$ 3,366
Raffle	331	2,427
Annual appeal	588	1,804
General fundraising	334	-
	<u>\$ 9,088</u>	<u>\$ 7,597</u>

ISLAND ARTS CENTRE SOCIETY
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Notes to Financial Statements
Year Ended August 31, 2021

18. ENDOWMENT

Endowment net assets record the accumulation of externally restricted endowment contributions and unrestricted contributions internally designated as endowments by the Board.

External restrictions refer to any conditions or specific uses that have been requested or required by the donor(s) in making a gift to the Society. Internal restrictions refer to those funds which the Board has earmarked for this specific purpose, where the donor(s) have not placed any restrictions on their use.

The endowment funds held by the Vancouver Foundation (see note 4) are capitalized in perpetuity. Only the income generated by these funds are made available to the society.

19. INTERNALLY RESTRICTED

	2021	2020
Capital replacement	\$ 42,205	\$ 50,230
Operating contingency	15,000	15,000
	\$ 57,205	\$ 65,230

20. EXTERNALLY RESTRICTED

	2021	2020
Accessibility upgrades	\$ 72,751	\$ -
Programs	42,129	36,250
Gaming	21,775	18,275
Arts Exploration	21,466	21,465
Capital replacement	981	981
	\$ 159,102	\$ 76,971

21. LICENSE AND LEASE AGREEMENT

In September 1991, the Society transferred two commercial lots, which cost \$141,400 to the Capital Regional District in return for a license entitling the Society to utilize the original two lots plus additional land. A new lease came into effect on April 1, 2021 for a period of 10 years commencing on April 1, 2021, with an automatic right of renewal for a further 10 years. The obligation is \$2 per annum, due on April 1st of each year. The Board expects that the Capital Regional District will continue to renew the lease of the land upon retirement of the current lease agreement.

ISLAND ARTS CENTRE SOCIETY
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Notes to Financial Statements
Year Ended August 31, 2021

22. RENUMERATION

On November 28, 2016, the new British Columbia Societies Act came into force. Included in the new Act is a requirement to disclose the remuneration paid to all directors, the ten highest paid employees and all contractors who are paid at least \$75,000 annually.

During the year, the Society did not pay any remuneration in excess of \$75,000 to any one director, employee, or contractor.

23. FINANCIAL INSTRUMENTS

The society is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the society's risk exposure and concentration as of August 31, 2021.

(a) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The society is exposed to credit risk from customers. In order to reduce its credit risk, the society reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The society has a significant number of customers which minimizes concentration of credit risk.

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The society is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, long-term debt, obligations under capital leases, contributions to the pension plan, and accounts payable.

(c) 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 risk: currency rate risk, interest rate risk and other price risk.

24. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.
