St. Joseph's Continuing Care Centre of Sudbury

Financial Statements

March 31, 2024

St. Joseph's Continuing Care Centre of Sudbury

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Independent Auditor's Report

To the Directors of St. Joseph's Continuing Care Centre of Sudbury:

Opinion

We have audited the financial statements of St. Joseph's Continuing Care Centre of Sudbury (the "Centre"), 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 Centre as at March 31, 2024, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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 Centre in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 public sector accounting standards, 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 Centre's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Centre or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance 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 Centre's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Centre's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Centre to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

Sudbury, Ontario

June 19, 2024

St. Joseph's Continuing Care Centre of Sudbury
Statement of Financial Position
As at March 31, 2024

	2024	2023
Assets		
Current		
Cash	**7,090,415**	2,882,095
Accounts receivable *(Note 3)*	**2,172,505**	2,956,591
Inventory	**97,391**	116,924
Prepaid expenses	**458,979**	368,067
Advances to related parties *(Note 4)*	**2,371**	566,670
	9,821,661	6,890,347
Tangible capital assets *(Note 5)*	**26,166,446**	16,581,992
	35,988,107	23,472,339
Liabilities		
Current		
Accounts payable and accrued liabilities *(Note 7)*	**4,537,607**	3,191,334
Deferred contributions *(Note 8)*	**1,580,322**	1,865,223
Advances from related parties *(Note 4)*	**1,068,659**	174,385
Current portion of capital lease obligations *(Note 9)*	**35,085**	35,085
	7,221,673	5,266,027
Capital lease obligations *(Note 9)*	**61,080**	92,269
Deferred tangible capital contributions *(Note 10)*	**24,466,028**	15,205,565
Post-employment benefits *(Note 11)*	**468,158**	403,826
	32,216,939	20,967,687
Contingencies *(Note 12)*		
Commitments *(Note 13)*		
Net Assets		
Unrestricted	**1,466,915**	555,579
Invested in tangible capital assets	**1,604,253**	1,249,073
Internally restricted	**700,000**	700,000
	3,771,168	2,504,652
	35,988,107	23,472,339

Approved on behalf of the Board

Catherine Hurault

Director

The accompanying notes are an integral part of these financial statements

St. Joseph's Continuing Care Centre of Sudbury
Statement of Operations
For the year ended March 31, 2024

	2024	*2023*
Revenue		
Ministry of Health	**30,376,342**	28,684,736
Other	**952,753**	664,203
Amortization of deferred tangible capital contributions *(Note 10)*	**568,978**	567,503
	31,898,073	29,916,442
Expenses		
Salaries and benefits *(Note 4)*	**18,446,833**	17,222,433
Supplies and other *(Note 4)*	**6,115,517**	6,292,013
Employee benefits *(Note 15)*	**3,488,615**	2,534,930
Medical and surgical	**943,373**	773,114
Drugs	**798,421**	926,557
Amortization of tangible capital assets	**659,022**	653,725
Medical staff remuneration	**179,776**	177,752
	30,631,557	28,580,524
Excess of revenue over expenses before other income	**1,266,516**	1,335,918
Other income and expense		
Gain on disposal of tangible capital assets	**-**	990
Bill 124 Reopener salaries, wages and benefits	**-**	(696,236)
	-	(695,246)
Excess of revenue over expenses	**1,266,516**	640,672

The accompanying notes are an integral part of these financial statements

St. Joseph's Continuing Care Centre of Sudbury
Statement of Changes in Net Assets
For the year ended March 31, 2024

	Unrestricted	*Invested in tangible capital assets*	*Internally restricted*	*2024*	*2023*
Net assets, beginning of year	**555,579**	**1,249,073**	**700,000**	**2,504,652**	1,863,980
Excess (deficiency) of revenue over expenses	**1,356,560**	**(90,044)**	**-**	**1,266,516**	640,672
Tangible capital assets funded by operations	**(445,224)**	**445,224**	**-**	**-**	-
Net assets, end of year	**1,466,915**	**1,604,253**	**700,000**	**3,771,168**	2,504,652

The accompanying notes are an integral part of these financial statements

St. Joseph's Continuing Care Centre of Sudbury
Statement of Cash Flows
For the year ended March 31, 2024

	2024	*2023*
Cash provided by (used for) the following activities		
Operating		
Excess of revenue over expenses	**1,266,516**	640,672
Amortization of tangible capital assets	**659,022**	653,725
Amortization of deferred tangible capital contributions	**(568,978)**	(567,503)
Gain on disposal of tangible capital assets	**-**	(990)
	1,356,560	725,904
Changes in working capital accounts		
Accounts receivable	**784,086**	(1,852,936)
Inventory	**19,533**	36,563
Prepaid expenses	**(90,912)**	14,466
Accounts payable and accrued liabilities	**1,346,273**	849,297
Deferred contributions	**(284,901)**	184,363
	3,130,639	(42,343)
Financing		
Advances from related parties	**894,274**	-
Repayment of advances from related parties	**-**	(134,738)
Repayments of capital lease obligations	**(31,189)**	(28,589)
Additions to deferred tangible capital contributions	**9,829,441**	1,020,262
Increase in post-employment benefits	**64,332**	41,486
	10,756,858	898,421
Capital activities		
Purchase of tangible capital assets	**(10,243,476)**	(1,565,785)
Proceeds of disposal of tangible capital assets	**-**	4,000
	(10,243,476)	(1,561,785)
Investing		
Repayment of advances to related parties	**564,299**	-
Increase (decrease) in cash resources	**4,208,320**	(705,707)
Cash resources, beginning of year	**2,882,095**	3,587,802
Cash resources, end of year	**7,090,415**	2,882,095

The accompanying notes are an integral part of these financial statements

1. Incorporation and nature of the organization

St. Joseph's Continuing Care Centre (the "Centre") was incorporated, without share capital, under the laws of Ontario on January 18, 2008 and commenced operations on June 1, 2009. Throughout the year, the Centre operated 16 complex continuing care and 48 rehabilitation beds.

The Centre operates as a hospital providing programs for complex continuing care and rehabilitative care and related services. The Centre is a registered charity under the Income Tax Act and, accordingly, is exempt from income taxes provided certain requirements of the Income Tax Act are met.

The Centre opened 30 transitional beds on April 6, 2020 at the Clarion Hotel in Sudbury as an alternate health facility in response to the anticipated surge of COVID-19 patients in acute care. On October 5, 2020, an additional 30 beds were added to the site for rehabilitative care.

2. Significant accounting policies

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards including the 4200 standards for government not-for-profit organizations. The significant policies are detailed as follows:

Revenue recognition

The Centre follows the deferral method of accounting for contributions which include donations and government grants.

The Centre is funded primarily by the Province of Ontario in accordance with budget arrangements established by the Ministry of Health/Ontario Health. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period.

Externally 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.

Contributions restricted for the purchase of tangible capital assets are deferred and amortized into revenue on the straight-line basis at rates corresponding to those of the related tangible capital assets.

Revenue from insurance plans and accommodation services are recognized when the service is provided.

Cash and cash equivalents

Cash and cash equivalents include balances with banks and short-term investments with maturities of three months or less.

Inventory

Inventory is valued at the lower of cost and replacement cost. Cost is determined using the weighted average method.

Tangible capital assets

Tangible capital assets are recorded at cost. Amortization is provided on the straight-line basis at the following range of annual rates:

Amortization is taken at 50% of the above rates in the year of acquisition and no amortization is recorded in the year of disposal.

	Method	Rate
Buildings	straight-line	40 years
Furniture and fixtures	straight-line	3 to 20 years
Information technology	straight-line	5 to 10 years
Signs	straight-line	10 years
Equipment under capital lease	straight line	15 years

2. Significant accounting policies *(Continued from previous page)*

Long-lived assets

Long-lived assets consist of tangible capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

When the Centre determines that a long-lived asset no longer has any long-term service potential to the Centre, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Write-downs are not reversed.

Deferred revenue

The unexpended portion of grants received for specific purposes is recorded as deferred revenue.

Internally restricted net assets

Restricted net assets represent amounts internally restricted for unforeseen expenses, as per the Board's capital reserve policy.

Retirement and post-employment benefits

The Centre provides retirement and post-employment benefits to certain employee groups. These benefits include pension, health and dental benefits. The Centre has adopted the following policies with respect to accounting for these employee benefits:

i) The costs of post-employment benefits are determined using management's best estimate of health care costs, employee turnover rates and discount rates. Adjustments to these costs arising from plan amendments and changes in estimates are accounted for in the period of the amendment or change.

ii) The expense related to the multi-employer defined benefit pension plan are the employer's contributions to the plan in the year.

iii) The discount rate used in the determination of post-employment benefits is equal to the provincial cost of borrowing rate recommended by the Ministry of Health for hospital use.

Contributed services

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

Financial instruments

All financial instruments are initially recorded on the statement of financial position at fair value.

All investments, if any, held in equity instruments that trade in an active market are recorded at fair value. Management has elected to record investments at fair value as they are managed and evaluated on a fair value basis. Freestanding derivative instruments that are not equity instruments that are quoted in an active market are subsequently measured at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred.

All financial assets are assessed for impairment on an annual basis. Where a decline in fair value is determined to be other than temporary, the amount of the loss is recognized in the statement of operations and any unrealized gain is adjusted through the statement of remeasurement gains and losses.

2. Significant accounting policies *(Continued from previous page)*

Measurement uncertainty (use of estimates)

The preparation of financial statements in conformity with Canadian public sector accounting standards 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.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Provisions are made for obsolete inventory. Amortization is based on the estimated useful lives of tangible capital assets. Accrued liabilities are estimated based on the anticipated charges for unbilled goods and services at year-end. Post-employment benefits are estimates based on valuations.

By their nature, these judgments are subject to measurement uncertainty, and the effect on the financial statements of changes in such estimates and assumptions in future years could be material. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues over expenses in the years in which they become known.

3. Accounts receivable

	2024	*2023*
Ministry of Health	**824,808**	2,436,677
Canada Revenue Agency HST rebates	**1,267,669**	433,569
Patients	**69,137**	40,125
Other	**10,891**	46,220
	2,172,505	2,956,591

4. Related party transactions

The Centre is related to the St. Joseph's Health Centre of Sudbury ("Health Centre"), St. Joseph's Villa of Sudbury Inc. ("SJV") and St. Gabriel's Villa of Sudbury ("VSGV") by virtue of common board members.

St. Joseph's Foundation of Sudbury was established to raise, receive, maintain and manage funds to be distributed towards various programs and capital projects of the Centre. The Foundation is a non-profit organization incorporated under the Canada Corporations Act and is a registered charity under the Income Tax Act.

The advances to/from related parties are unsecured, non-interest bearing with no specific terms of repayment.

The SJV provides laundry and food services to the Centre. The amount of food services provided for the year was $811,753 (2023 - $767,894) and laundry services provided for the year was $93,819 (2023 - $100,514).

The VSGV provides food services to the Centre. The amount of food services provided for the year was $715,333 (2023 - $664,759).

The Health Centre has recovered amounts from the Centre for salaries, supplies and purchased services incurred on behalf of the organization. The amount recovered for the year was $3,549,999 (2023 - $3,461,608).

These transactions have been measured and recorded in the accompanying financial statements at the exchange amount which is the amount of consideration established and agreed to by the management of the related parties.

4. Related party transactions *(Continued from previous page)*

Amounts due to/from related parties are as follows:

	2024	*2023*
Advances to related parties:		
St. Joseph's Foundation of Sudbury	**2,371**	-
St. Joseph's Villa of Sudbury Inc	**-**	520,584
St. Gabriel's Villa of Sudbury	**-**	46,086
	2,371	566,670
Advances from related parties:		
S. Joseph's Foundation of Sudbury	**-**	20
St. Joseph's Health Centre of Sudbury	**830,396**	174,365
St. Joseph's Villa of Sudbury Inc	**131,541**	-
St. Gabriel's Villa of Sudbury	**106,722**	-
	1,068,659	174,385

5. Tangible capital assets

	Cost	***Accumulated amortization***	***2024 Net book value***	*2023 Net book value*
Buildings	**22,203,029**	**7,978,974**	**14,224,055**	14,629,592
Furniture and fixtures	**1,721,884**	**1,461,837**	**260,047**	275,063
Information technology	**661,875**	**564,497**	**97,378**	67,716
Signs	**64,066**	**64,066**	**-**	-
Construction in process	**11,434,221**	**-**	**11,434,221**	1,453,678
	36,085,075	**10,069,374**	**26,015,701**	16,426,049
Assets under capital lease				
Equipment under capital lease	**155,943**	**5,198**	**150,745**	155,943
	36,241,018	**10,074,572**	**26,166,446**	16,581,992

Construction in process has a carrying value of $11,434,221 (2023 - $1,453,678). No amortization of this asset has been recorded during the current year because it is currently under construction.

During the year, tangible capital assets were acquired at an aggregate cost of $10,243,476, (2023 - $1,721,728) of which $nil (2023 - $155,943) were acquired by means of capital leases.

6. Short-term demand loans

The Centre has an overdraft lending agreement facility with the Desjardins Ontario Credit Union to a maximum of $500,000 with interest charged per annum at the bank's prime lending rate of 7.2%. At March 31, 2024, there was no amount drawn on this facility (2023 - $nil).

7. Accounts payable and accrued liabilities

	2024	*2023*
Trade accounts payable	**2,531,721**	656,503
Due to Ministry of Health and Long-Term care	**413,883**	413,883
Accrued salaries and wages	**523,899**	1,068,998
Vacation and other entitlements	**467,582**	366,388
Payroll remittances	**556,631**	347,269
Other payroll liabilities	**28,693**	25,206
Other accounts payable and accruals	**15,198**	313,087
	4,537,607	3,191,334

8. Deferred contributions

Deferred contributions consist of unspent externally restricted funding that has been received and may be realized in the subsequent year or repayable to the funder. Changes in deferred contributions are as follows:

	2024	*2023*
Balance, beginning of year	**1,865,223**	1,796,928
Contributions received	**2,039,504**	3,930,637
Contributions returned	**(173,908)**	(1,603,658)
Contributions recognized as revenue	**(2,150,497)**	(2,258,684)
Balance, end of year	**1,580,322**	1,865,223

9. Capital lease obligations

	2024	*2023*
Capital lease obligation payable in equal monthly installments of $2,924 including interest at 3.965%, due April 2027, secured by equipment under capital lease with a carrying value of $150,745 (2023 - $155,943).	**96,165**	127,354
Less: Current portion	**35,085**	35,085
	61,080	92,269

Future minimum lease payments related to the obligation under capital lease are as follows:

2025	35,085
2026	35,085
2027	35,085
2028	2,924
	108,179
Less: imputed interest	(12,012)
	96,165
Less: current portion	(35,085)
	61,080

10. Deferred tangible capital contributions - Ministry of Health

Deferred tangible capital contributions represent the unamortized balances of donations and grants restricted for tangible capital asset acquisitions. The amount of unamortized deferred tangible capital contributions is $24,466,028 (2023 - $15,205,565). Details of the continuity of these funds are as follows:

	2024	*2023*
Balance, beginning of year	**15,205,565**	15,867,298
Additions to deferred tangible capital contributions	**9,829,441**	1,020,262
Less: Amounts amortized	**(568,978)**	(567,503)
Less: Return of deferred tangible capital contribution for cancelled project	**-**	(1,114,492)
	24,466,028	15,205,565

11. Post-employment benefits

The Centre pays certain health, dental and life insurance benefits on behalf of its retired employees and recognizes these post-retirement costs in the period in which the employees rendered their services. During the current year, an actuarial valuation was prepared which calculated the accrued benefit obligation at March 31, 2024. The accrued benefit liability and the expense for the period ended March 31, 2024 were determined using an annual discount rate of 3.95% (2023 - 4.04%). The accrued benefit obligation is as follows:

	2024	*2023*
Balance, beginning of year	**403,826**	362,340
Expense for the year	**71,352**	49,178
Benefits paid for the year	**(7,020)**	(7,692)
Balance, end of year	**468,158**	403,826

The main assumptions employed for the valuations are as follows:

Interest (discount) rate: The obligation as at March 31, 2024 for the present value of future liabilities and the expense for the period ended March 31, 2024 were determined using an annual discount rate of 3.95%.

Benefit costs: Future general benefit costs were assumed to increase at the following rates: dental 3.5% per annum and extended health care 6.0% (6.0% in initial year, decreasing by 0.2% per annum to a rate of 4.0% per annum).

12. Contingent liabilities

The Centre is a member of the Health Care Insurance Reciprocal of Canada (HIROC). HIROC is a pooling of the public liability insurance risk of its members. All members of the pool pay annual premiums which are actuarially determined. All members are subject to reassessment for losses, if any, experienced by the pool for the years in which they were members and these losses could be material. No reassessments have been made to March 31, 2024.

The Centre has entered into accountable contribution agreements with the Ministry. The programs are subject to audit by the Ministry and should these audits result in recoveries of contributions, the amount of these recoveries would be charged to the the Centre in the period in which they are determined.

The Centre guaranteed the overdraft lending agreements of St. Joseph's Villa of Sudbury Inc. and St. Gabriel's Villa in the amounts of $200,000 and $200,000, respectively. The total balances outstanding at March 31, 2024 are $nil (2023 - $nil).

As at March 31, 2024, no liability associated with the above guarantees has been recorded. The Centre does not have any recourse should these guarantees be exercised.

13. Commitments

The Centre entered into a contract to build rehabilitation beds at 319 Lasalle Blvd, Sudbury with an estimated project cost of $19,963,500. The maximum amount of Ministry funds for this project is $18,195,100. The construction commenced in October 2023 and will completed in March 2025.

14. Ministry of Health pandemic funding

In connection with the ongoing coronavirus pandemic ("COVID-19), the MOH has announced a number of funding programs intended to assist hospitals and long-term care facilities with incremental operating and capital costs and revenue decreases resulting from COVID-19.

While the MOH has provided guidance with respect to the maximum amount of funding potentially available to the Centre, as well as criteria for eligibility and revenue recognition, this guidance continues to evolve and is subject to revision and clarification subsequent to the time of approval of these financial statements. The MOH has also indicated that all funding related to COVID-19 is subject to review and reconciliation, with the potential for adjustments during the subsequent fiscal year.

Management's estimate of MOH revenue for COVID-19 is based on the most recent guidance provided by MOH and the impacts of COVID-19 on the Centre's operations, revenues and expenses. As a result of Management's estimation process, the Centre has determined a range of reasonably possible amounts that are considered by Management to be realistic, supportable and consistent with the guidance provided by the MOH. However, given the potential for future changes to funding programs that could be announced by the MOH, the Centre has recognized revenue related to COVID-19 based on the lower end of the range. Any adjustments to Management's estimate of MOH revenues will be reflected in the Centre's financial statements in the year of settlement.

Details of the MOH funding for COVID-19 recognized as revenue in the current year are summarized below:

	2024	*2023*
Funding for incremental COVID-19 operating expenses	**-**	448,330
COVID funding for Clarion operations	**-**	13,709,400
Funding for personal support worker temporary wage enhancement	**-**	4,394
		14,162,124

15. Pension plan

Substantially all of the full-time employees of the Centre are members of the Healthcare of Ontario Pension Plan ("HOOPP"), which is a multi-employer defined benefit plan. Defined contribution plan accounting principles are applied to a multi-employer plan, whereby contributions are expensed when due, as the Centre has insufficient information available to apply defined benefit plan accounting principles. The Centre records as pension expense the current service cost, amortization of past service costs and interest costs related to the future employer contributions to the plan for past employee service.

Contributions made to HOOPP during the year on behalf of the employees amounted to $914,491 (2023 - $652,925). These amounts are included in employee benefits in the statement of operations. The most recent valuation for financial reporting purposes completed by HOOPP as of December 31, 2023 disclosed net assets available for benefits of $112.6 billion with a pension obligation of $102.4 billion resulting in a surplus of $10 billion.

16. Financial instruments

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

Liquidity risk

Liquidity risk is the risk that the Centre will be unable to fulfil its obligations on a timely basis or at a reasonable cost. The Centre is exposed to this risk relating to its accounts payable and accrued liabilities of $4,537,606 (2023 - $3,191,334).

The Centre reduces its exposure to liquidity risk by management’s monitoring of cash activities and expected outflow through extensive budgeting and maintaining enough cash and investments to repay creditors as those liabilities become due.

Credit Risk

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Centre is exposed to credit risk with respect to cash, accounts receivable and advances to related parties.

The Centre minimizes risk associated with its cash balances by ensuring these financial assets are placed with large reputable financial institutions with high credit ratings.

The Centre incurs receivable transactions in the normal course of operations and is exposed to credit risk associated with its accounts receivable balance of $2,172,505 (2023 - $2,956,591). The Centre manages this risk exposure through management’s on-going monitoring of accounts receivable balances and collections. The Centre measures its exposure to credit risk with respect to accounts receivable based on how long the amounts have been outstanding and management’s analysis of accounts.

Refer to note 2 regarding the Centre’s policies for assessing impairment of financial assets measured at other than fair value which includes its advances to related parties.