

**LYCÉE FRANÇAIS DE TORONTO**

**FINANCIAL STATEMENTS**

AUGUST 31, 2022

**INDEX**

	Page
Independent Auditor's Report	
Balance Sheet	1
Statement of Changes in Fund Balances	2
Statement of Revenue and Expenses	3
Schedule of Expenditures	4
Statement of Cash Flows	5
Notes to the Financial Statements	6 - 14



## INDEPENDENT AUDITOR'S REPORT

To the Directors of  
Lycée Français de Toronto

### *Opinion*

We have audited the financial statements of Lycée Français de Toronto, which comprise the balance sheet as at August 31, 2022, and the statements of changes in fund balances, revenue and expenses and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

Except as noted in the following paragraph, in our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at August 31, 2022 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*

In common with many not-for-profit organizations, the organization derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the organization. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended August 31, 2022 and 2021, current assets as at August 31, 2022 and 2021, and net assets as at September 1 and August 31 for both the 2022 and 2021 years. Our audit opinion on the financial statements for the year ended August 31, 2022 was modified accordingly because of the possible effects of this limitation in scope.

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 organization 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 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 organization'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 organization or to cease operations, or has no realistic alternative but to do so.

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

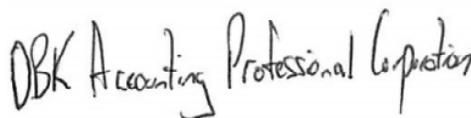
## INDEPENDENT AUDITOR'S REPORT, continued

### *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 organization'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 organization'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 organization 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.



**DBK Accounting Professional Corporation**  
Authorized to practice public accounting by the  
Chartered Professional Accountants of Ontario

Hamilton, Ontario  
November 7, 2022

# LYCÉE FRANÇAIS DE TORONTO

## BALANCE SHEET AS AT AUGUST 31, 2022

	2022	2021
<b>ASSETS</b>		
Current assets		
Cash	\$ 1,919,606	\$ 898,658
Short term investments (Note 3)	5,339,485	6,863,402
Accounts receivable (Note 4)	3,543,497	3,485,300
Prepaid expenses	464,765	640,115
GST/HST recoverable	35,711	24,349
	11,303,064	11,911,824
Capital assets (Note 5)	636,766	445,670
Restricted assets - short term investments	11,750,895	11,175,345
	\$ 23,690,725	\$ 23,532,839
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 842,314	\$ 934,085
Deferred revenue (Note 6)	9,438,625	8,834,001
Provisional deposits	49,000	57,000
	10,329,939	9,825,086
Deferred capital contributions (Note 7)	3,640,190	2,991,542
Deferred capital contributions - fundraising (Note 8)	98,136	201,692
	14,068,265	13,018,320
<b>FUND BALANCES</b>		
Investment in Capital Assets	541,524	502,195
General Fund	1,047,977	2,030,213
Building Fund	8,032,959	7,982,111
	9,622,460	10,514,519
	\$ 23,690,725	\$ 23,532,839

Approved on behalf of the Board:



Director



Director

See accompanying notes to the financial statements

Page 1

**LYCÉE FRANÇAIS DE TORONTO**  
**STATEMENT OF CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED AUGUST 31, 2022**

	Investment in Capital Assets	General Fund	Building Fund	Total 2022	Total 2021
Balance, beginning of year	\$ 502,195	\$ 2,030,213	\$ 7,982,111	\$ 10,514,519	\$ 9,974,317
Excess (deficiency) of revenues over expenses	(201,750)	(741,157)	50,848	(892,059)	540,202
Net investment in capital assets	241,079	(241,079)	-	-	-
Balance, end of year	<u>\$ 541,524</u>	<u>\$ 1,047,977</u>	<u>\$ 8,032,959</u>	<u>\$ 9,622,460</u>	<u>\$ 10,514,519</u>

## LYCÉE FRANÇAIS DE TORONTO

### STATEMENT OF REVENUE AND EXPENSES FOR THE YEAR ENDED AUGUST 31, 2022

	2022	2021
<b>Revenues</b>		
Tuition fees	\$ 8,701,480	\$ 8,829,258
Transportation	165,234	69,218
Clubs and Camps	93,075	-
Registrations & assessments	93,200	64,150
Supervised studies and day care	70,555	17,358
Amortization of deferred contributions	12,580	3,245
Student activity fundraising income	24,377	7,700
Other income	58,733	105,239
	9,219,234	9,096,168
<b>Expenditures</b>		
Academic, Schedule 1	6,983,414	7,147,174
Administrative, Schedule 1	3,055,249	3,012,424
Amortization of capital assets	201,833	150,529
	10,240,496	10,310,127
Deficiency of revenues over expenses before other items	(1,021,262)	(1,213,959)
<b>Other income (expense)</b>		
Interest	135,884	97,148
Government grants	-	1,658,868
Loss on foreign exchange	(6,681)	(1,855)
	129,203	1,754,161
Excess (deficiency) of revenues over expenses for the year	\$ (892,059)	\$ 540,202

## LYCÉE FRANÇAIS DE TORONTO

SCHEDULE OF EXPENDITURES  
FOR THE YEAR ENDED AUGUST 31, 2022

	<u>2022</u>	<u>2021</u>
<b>Academic</b>		
Teaching salaries	\$ 4,511,098	\$ 4,788,403
Employee benefits	787,008	719,559
AEFE fees	494,265	514,664
Nursery assistants	429,276	448,865
Supervisors' salary	313,003	330,510
Transportation	195,179	149,957
Educational materials	150,749	144,076
School trips	24,377	72
Clubs and camps	22,892	2,373
Yearbook	18,768	18,550
Study hall and day care attendant	12,220	-
Book purchases	9,198	10,767
Training and travel	15,381	11,678
Student activity fundraising expenses	-	7,700
	<u>6,983,414</u>	<u>7,147,174</u>
<b>Administrative</b>		
Administration salaries	1,122,559	1,020,298
Occupancy costs	686,073	663,830
Office and general	277,242	428,815
Repairs and maintenance	215,980	207,524
Administrative benefits	207,058	188,857
Professional fees	141,737	224,136
Entertainment and promotion	88,248	36,285
Computer maintenance and supplies	87,237	86,631
Insurance	63,081	50,703
Advertising	53,143	32,947
Moving expenses	39,503	29,357
Communications	30,183	29,699
Bad debts	26,037	-
Bank charges and interest	17,168	13,342
	<u>3,055,249</u>	<u>3,012,424</u>
	<u>\$ 10,038,663</u>	<u>\$ 10,159,598</u>

# LYCÉE FRANÇAIS DE TORONTO

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED AUGUST 31, 2022

	<u>2022</u>	<u>2021</u>
Operating activities		
Excess (deficiency) of revenues over expenses	\$ (892,059)	\$ 540,202
Adjustments for		
Amortization	201,833	150,529
Amortization of deferred contributions	<u>(12,580)</u>	<u>(3,245)</u>
	(702,806)	687,486
Net Change in non-cash working capital items		
Short term investments	1,523,917	(1,298,673)
Accounts receivable	(58,197)	(93,317)
Prepaid expenses	175,350	(84,589)
GST/HST recoverable	(11,362)	17,877
Accounts payable and accrued liabilities	(91,770)	(266,443)
Deferred revenue	604,624	(371,917)
Provisional deposits	<u>(8,000)</u>	<u>(4,480)</u>
	<u>1,431,756</u>	<u>(1,414,056)</u>
Investing activities		
Purchase of capital assets	(392,930)	(303,199)
Restricted assets - short term investments	<u>(575,550)</u>	<u>(520,902)</u>
	<u>(968,480)</u>	<u>(824,101)</u>
Financing activities		
Deferred capital contributions	557,212	491,500
Deferred capital contributions - fundraising	<u>460</u>	<u>2,035</u>
	<u>557,672</u>	<u>493,535</u>
Increase (decrease) in cash	1,020,948	(1,744,622)
Cash, beginning of year	<u>898,658</u>	<u>2,643,280</u>
Cash, end of year	<u>\$ 1,919,606</u>	<u>\$ 898,658</u>



# LYCÉE FRANÇAIS DE TORONTO

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2022

### 1. Purpose of the Organization

The Lycée Français de Toronto ("Lycée") was incorporated by letters patent under the Canada Corporations Act on February 28, 1995. The organization is a registered charity under the Income Tax Act (Canada) and, accordingly, is exempt from income taxes provided certain requirements of the Income Tax Act (Canada) are met. The organization is accredited by l'Agence pour l'Enseignement Français à l'Étranger ("AEFE"), an agency of the Government of France.

The purpose of Lycée is to operate an educational establishment where students will be taught in all preparatory studies for superior education in accordance with the official instructions from the national education bodies of France.

### 2. Significant accounting policies

The organization applies the Canadian accounting standards for not-for-profit organizations.

#### (a) Fund accounting

All revenues, expenses, assets and liabilities relating to the day to day operations of the organization are reported in the organization's General Fund.

The Reserve for Building Fund is maintained to provide a source of funds for the organization's future building purchase.

#### (b) Revenue recognition

The organization follows the deferral method of revenue recognition. Restricted contributions are deferred and recognized as revenue in the year in which the related expenses are recognized. Tuition fees for the forthcoming academic year (commencing in September) are invoiced prior to year-end. The revenue is recognized on a straight line basis as the school year progresses.

Contributions received for the purchase of capital assets are deferred and recognized as revenue over the useful life of the corresponding assets, commencing in the year the assets are put into use.

Government assistance is recognized when the amount can be determined and there is a reasonable expectation of collection.

All other revenue sources are recognized as revenue upon completion of the related services.

#### (c) Foreign exchange

Monetary assets and liabilities of the organization which are denominated in foreign currencies are translated at year end exchange rates. Other assets and liabilities are translated at rates in effect at the date the assets were acquired and liabilities incurred. Revenue and expenses are translated at the rates of exchange in effect at their transaction dates. The resulting gains or losses are included in operations.

#### (d) Short term investments

Investments are recorded at fair value. Unrealized gains and losses as a result of fair value adjustments at year end are recognized in the statement of revenues and expenses.

# LYCÉE FRANÇAIS DE TORONTO

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2022

### 2. Significant accounting policies, continued

#### (e) Capital assets

Capital assets are recorded at cost. The organization provides for amortization using the straight-line method at rates designed to amortize the cost of the capital assets over their estimated useful lives. The annual amortization rates are as follows:

Library	5 years
Office furniture and fixtures	5 years
Leasehold improvements	10 years
Website improvements	3 years
Computer software and hardware	3 years

#### (f) Use of estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the amounts of revenues and expenses during the reporting year. Items requiring the use of significant estimates include the estimated useful lives of capital assets, amortization of deferred capital contributions, scholarships and bursaries receivable from the AEFÉ for the balance of the year and amounts payable to the AEFÉ for the partial reimbursement of teachers' salaries and employee benefits for the balance of the year. Actual results could differ from management's best estimates, as additional information becomes available in the future.

#### (g) Financial instruments

The organization initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The organization subsequently measures all its financial assets and financial liabilities at amortized cost. Financial assets measured at amortized cost include cash, GST/HST recoverable and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

At the end of reporting period, the organization assesses whether there are any indications that a financial asset may be impaired. When there is an indication of impairment, the carrying amount of the asset is reduced and the amount of the reduction is recognized as an impairment loss in the statement of revenues and expenses.

# LYCÉE FRANÇAIS DE TORONTO

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2022

### 2. Significant accounting policies, continued

#### (h) Rebates, discounts and scholarships in tuition fees

The organization provides a 50% discount in tuition fees to students who have a parent who is a teacher at the school.

In addition, for families who have three or more children attending the school, the organization provides a 10% discount in tuition fees to these students (the discount is calculated on the tuition fees due from the third child).

The organization also provided varying levels of scholarship to twenty students based on specific criteria. The board approved a maximum of \$100,000 in scholarships to be paid out. Additional bursaries were paid from donations received from the families of the school. The scholarships are as follows:

	<u>2022</u>	<u>2021</u>
Scholarships	\$ 116,350	\$ 116,524

#### (i) Provisional deposits

Prior to the 2012/13 school year provisional deposits were received from students on enrolment and were to be returned to students on departure. Provisional deposits unclaimed two years subsequent to departure are included in other income. Starting with the 2012/13 school year, the provisional deposit was no longer required as the organization requested that a capital contribution be made from students on enrolment. Capital contributions are non-refundable and will be used for future capital asset purchases.

#### (j) Contributed services

Directors, committee members and volunteers give of their time to assist in the organization's activities. While these services benefit the organization considerably, a reasonable estimate of their amount and fair value cannot be made and, accordingly, these contributed services are not recognized in the financial statements.

### 3. Short term investments

Term deposits are recorded at cost plus the interest earned to date. The interest rates range from .50% to 4.00% and maturity dates between September 2022 and August 2023.

### 4. Accounts receivable

	<u>2022</u>	<u>2021</u>
Accounts receivable	\$ 3,543,497	\$ 3,039,580
Government accounts receivable	-	457,720
	3,543,497	3,497,300
Less: Allowance for doubtful accounts	-	12,000
	<u>\$ 3,543,497</u>	<u>\$ 3,485,300</u>

## LYCÉE FRANÇAIS DE TORONTO

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2022

#### 5. Capital assets

	Cost	Accumulated amortization	2022 Net	2021 Net
Library	\$ 92,477	\$ 75,363	\$ 17,114	\$ 12,127
Office furniture and fixtures	913,964	543,873	370,091	158,672
Leasehold improvements	559,988	459,814	100,174	54,061
Website improvements	110,861	105,804	5,057	11,560
Computer software and hardware	695,790	551,460	144,330	209,250
	<u>\$ 2,373,080</u>	<u>\$ 1,736,314</u>	<u>\$ 636,766</u>	<u>\$ 445,670</u>

#### 6. Deferred revenue

	2022	2021
Tuition fees for the forthcoming academic year	\$ 9,157,601	\$ 8,548,397
Transportation for the forthcoming academic year	-	122,000
Deferred student activities fundraising	75,547	43,075
Scholarship donations	20,131	23,241
Extra-curricular programs paid in advance	161,846	73,165
APA parent dues	-	72
Textbooks for the forthcoming academic year	-	51
Deferred revenue for meals	23,500	24,000
	<u>\$ 9,438,625</u>	<u>\$ 8,834,001</u>

#### 7. Deferred capital contributions

	2022	2021
Balance, beginning of year	\$ 2,991,542	\$ 2,503,287
Capital contributions	661,228	491,500
Amortization of deferred capital contributions	(12,580)	(3,245)
Balance, end of year	<u>\$ 3,640,190</u>	<u>\$ 2,991,542</u>

## LYCÉE FRANÇAIS DE TORONTO

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2022

#### 8. Deferred capital contributions - fundraising

	2022	2021
Balance, beginning of year	\$ 201,692	\$ 199,657
Fundraising capital contributions	460	2,035
Purchase of leasehold improvements	(104,016)	-
	\$ 98,136	\$ 201,692

#### 9. Net assets in capital assets

(a) Net assets invested in capital assets are as follows:

	2022	2021
Cash & short term investments	\$ 3,643,084	\$ 3,249,761
Capital assets	2,373,079	1,980,149
Accumulated amortization	(1,736,313)	(1,534,480)
Deferred contributions - special projects	(14,006)	(55,132)
Deferred capital contributions	(3,473,933)	(2,923,431)
Deferred contributions - fundraising	(98,136)	(201,692)
Deferred contributions - desks	(10,384)	(12,980)
Deferred contributions - smartboards	(43,052)	-
Deferred contributions - construction & renovations	(98,815)	-
	\$ 541,524	\$ 502,195

(b) Deficiency of revenue over expenses relating to capital assets is as follows:

	2022	2021
Amortization of capital assets	\$ (201,833)	\$ (150,529)

#### 10. Tuition fees

	2022	2021
Tuition fees	\$ 8,927,330	\$ 9,053,282
Bursaries granted	(116,350)	(116,524)
Discounts given for early payment	(109,500)	(107,500)
	\$ 8,701,480	\$ 8,829,258

# LYCÉE FRANÇAIS DE TORONTO

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2022

### 11. Clubs and camps

Salaries and benefits have been included in the clubs and camps expenses. These salaries are disclosed below:

	<u>2022</u>	<u>2021</u>
External clubs and camps personnel	\$ 12,072	\$ -
Internal personnel for camps	<u>10,820</u>	<u>2,373</u>
	<u>\$ 22,892</u>	<u>\$ 2,373</u>

### 12. Educational materials

Community Care Access Centres reimburses the organization for different services provided. The expenses for these services are included into educational materials expenditures. The revenue has also been included in the educational materials expenditures as shown below:

	<u>2022</u>	<u>2021</u>
Educational materials expenses	\$ 153,746	\$ 166,720
Speech therapy revenue	<u>(2,997)</u>	<u>(22,644)</u>
	<u>\$ 150,749</u>	<u>\$ 144,076</u>

### 13. Building fund income

A percentage of the interest income earned from the short term investments is allocated to the Building Fund. The percentage used is based on the restricted short-term investment balance at year end.

	<u>2022</u>	<u>2021</u>
Interest income	<u>\$ 50,848</u>	<u>\$ 30,612</u>

## LYCÉE FRANÇAIS DE TORONTO

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2022

#### 14. Transactions with the French Government

- (a) The AEFE charges the organization an administration fee based on the number of students enrolled in the year and the total tuition revenue received. The administration fee was as follows

	2022	2021
Administration fee	<u>\$ 494,265</u>	<u>\$ 514,664</u>

- (b) The AEFE pays for the base salary and benefits of 15 seconded teachers (2021 -15). The organization is required to reimburse the AEFE for 60% (12 teachers) - 100% (3 teachers) of these costs. The AEFE also pays for living allowances for these teachers. The organization is required to reimburse the AEFE for 100% of these costs.

The related transactions during the year are as follows:

	2022	2021
Academic salaries for the year	\$ 970,366	\$ 1,205,907
Adjustment for prior year's academic salaries	<u>(64,000)</u>	<u>(64,113)</u>
	<u>\$ 906,366</u>	<u>\$ 1,141,794</u>

- (c) In addition, the AEFE paid all of the salaries and travel expenses for the principal and director of primary.

#### 15. Commitments

The organization will be required to make annual minimum payments for services and assets as follows:

2023	\$ 975,640
2024	608,342
2025	607,661
2026	762,361
2027	<u>783,011</u>
	<u>\$ 3,737,015</u>

During the year, the organization signed a lease agreement with Toronto District School Board and agreed to renovations of \$3,000,000 to be completed by August 31, 2024. \$100,000 of these renovations have been spent in the current fiscal year.

# LYCÉE FRANÇAIS DE TORONTO

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2022

### 16. Pension plan

As required by the collective employment contracts, the organization has established a defined contribution pension plan under a Funds Policy for all the employees who are members under the collective employment contracts.

The organization is required to contribute 4% of the base salaries of employees. In addition, the organization matches 1% to 4% of contributions if employees contribute an additional 1% to 4%.

During the fiscal year, the organization contributed to the plan based on the collective employment contracts as follows:

	<u>2022</u>	<u>2021</u>
Canada Life pension contributions	<u>\$ 231,181</u>	<u>\$ 255,984</u>

### 17. Related party transactions

During the year, the organization paid \$214,555 (2021 - \$304,215) of salaries to four seconded teachers and two local teacher at LFT. Three of the teachers were on the board of directors and the other three were immediate family members of board of director members. These transactions were in the normal course of business and were measured at the exchange amount, which was the amount of consideration established and agreed to by the related parties.

### 18. Comparative figures

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior years excess of revenue over expenses.



# LYCÉE FRANÇAIS DE TORONTO

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2022

### 19. Financial instruments

The organization is exposed to various risks through its financial instruments. The following provides a measure of the organization's exposure to risk.

(a) Liquidity risk

Liquidity risk arises through having excess financial obligations over available financial assets at any point in time. The organization's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The organization achieves this by attempting to maintain sufficient cash and short term investments.

(b) Credit risk

The organization's financial assets that are exposed to credit risk consist of accounts receivable. In the normal course of operations, the organization is exposed to credit risk from its donors and parents. The organization assesses the financial strength of its donors and parents and therefore believes its accounts receivable credit risk exposure is limited.

(c) Currency risk

Currency risk is the risk to the organization's excess of revenues over expenses that arises from fluctuations of foreign exchange rates and the degree of volatility of these rates. A portion of the organization's revenues and expenses are denominated in Euros.

(i) The net balances, reflected in Canadian currency, is as follows:

	<u>2022</u>	<u>2021</u>
Cash	747	453
Prepaid expenses	298,559	410,376
Accounts receivable	78,455	103,366
Accounts payable and accrued liabilities	<u>(311,629)</u>	<u>(484,005)</u>
	<u>66,132</u>	<u>30,190</u>