

LANGS FARM VILLAGE ASSOCIATION
NON-CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2021



**MARCH 31, 2021
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INDEPENDENT AUDITORS' REPORT

To the Members of
Langs Farm Village Association

Opinion

We have audited the accompanying non-consolidated financial statements of **Langs Farm Village Association** (the Organization), which comprise the non-consolidated statement of financial position as at March 31, 2021, and the non-consolidated statements of operations, changes in fund balances and cash flows for the year then ended, and notes to the non-consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying non-consolidated financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Non-Consolidated 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 non-consolidated 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 Non-Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these non-consolidated 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 non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated 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 the Board of Directors 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.

Auditors' Responsibilities for the Audit of the Non-Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the non-consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 non-consolidated financial statements.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

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

- Identify and assess the risks of material misstatement of the non-consolidated 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 auditors' report to the related disclosures in the non-consolidated 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 auditors' 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 non-consolidated financial statements, including the disclosures, and whether the non-consolidated 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.

A handwritten signature in black ink that reads "Graham Mathew Professional Corporation". The signature is written in a cursive, flowing style.

Cambridge, Ontario
May 25, 2021

Chartered Professional Accountants, authorized to practise public
accounting by the Chartered Professional Accountants of Ontario

NON-CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2021

| | Operating \$ | Capital \$ | Operating Reserve \$ | Program Expansion \$ | Capital Reserve \$ | 2021 \$ | 2020 \$ |
|--|-----------------|---------------|----------------------------|----------------------------|--------------------------|--------------|--------------|
| Revenue | | | | | | | |
| WW LHIN/MOHLTC funding | 10,381,407 | | | | | 10,381,407 | 9,978,960 |
| Other government funding | 921,929 | | | | | 921,929 | 606,258 |
| Grants | 809,925 | 31,832 | | | | 841,757 | 1,065,146 |
| Rental and common fees | 259,651 | | | | | 259,651 | 291,839 |
| Fundraising and donations | 46,167 | 52,394 | | | | 98,561 | 152,793 |
| Program fees | 14,141 | | | | | 14,141 | 46,297 |
| Back office support fees | 58,068 | | | | | 58,068 | 55,798 |
| Administration fees | | | | | 203,055 | 203,055 | 189,655 |
| Interest | 7,519 | | | | 7,386 | 14,905 | 43,766 |
| | 12,498,807 | 84,226 | | | 210,441 | 12,793,474 | 12,430,512 |
| Expenditures | | | | | | | |
| Amortization | | 278,631 | | | | 278,631 | 233,917 |
| Medical supplies | 38,831 | | | | | 38,831 | 43,672 |
| Non-recurring costs | 176,991 | | | | | 176,991 | 210,600 |
| Office and administration | 411,570 | | | | | 411,570 | 374,653 |
| Professional fees | 414,100 | | | | | 414,100 | 471,898 |
| Program expenses | 367,888 | 4,758 | | | | 372,646 | 482,587 |
| Rent and utilities (note 5 and 11) | 651,657 | | | | | 651,657 | 686,747 |
| Repairs and maintenance | 196,905 | | | | | 196,905 | 183,060 |
| Salaries and benefits (note 13) | 9,770,996 | | | | | 9,770,996 | 9,210,074 |
| Special events | 5,590 | | | | | 5,590 | 13,965 |
| Staff training and travel | 56,025 | | | | | 56,025 | 105,590 |
| Donations (note 5) | | | | | 150,000 | 150,000 | |
| | 12,090,553 | 283,389 | | | 150,000 | 12,523,942 | 12,016,763 |
| Excess (deficiency) of revenue over expenditures before Midwifery TPA | 408,254 | (199,163) | | | 60,441 | 269,532 | 413,749 |
| Midwifery transfer payment agency | | | | | | | |
| Revenue | 3,677,240 | | | | | 3,677,240 | 3,273,140 |
| Expenditures | (3,255,132) | | | | | (3,255,132) | (2,888,636) |
| Amount refundable to the Ministry of Health and Long-Term Care | (422,108) | | | | | (422,108) | (384,504) |
| Excess (deficiency) of revenue over expenditures | 408,254 | (199,163) | NIL | NIL | 60,441 | 269,532 | 413,749 |

The explanatory financial notes form an integral part of these financial statements.



**NON-CONSOLIDATED STATEMENT OF CHANGES IN FUND BALANCES
YEAR ENDED MARCH 31, 2021**

| | Operating \$ | Capital \$ | Operating Reserve \$ | Program Expansion \$ | Capital Reserve \$ | 2021 \$ | 2020 \$ |
|--|-----------------|----------------|----------------------------|----------------------------|--------------------------|------------------|------------------|
| Balance, beginning of year | 5,448 | 851,517 | 47,106 | 44,858 | 1,268,999 | 2,217,928 | 1,804,179 |
| Excess (deficiency) of revenue over expenditures for year | 408,254 | (199,163) | | | 60,441 | 269,532 | 413,749 |
| Inter-fund transfers | (408,254) | (47,636) | 50,000 | 25,000 | 380,890 | | |
| Balance, end of year (note 12) | 5,448 | 604,718 | 97,106 | 69,858 | 1,710,330 | 2,487,460 | 2,217,928 |

The explanatory financial notes form an integral part of these financial statements.



NON-CONSOLIDATED FINANCIAL POSITION
MARCH 31, 2021

| | Operating | | Capital | | Operating Reserve | | Program Expansion | | Capital Reserve | | Total | |
|---|------------------|------------|------------------|------------|-------------------|------------|-------------------|------------|------------------|------------|------------------|------------|
| | 2021 \$ | 2020 \$ | 2021 \$ | 2020 \$ | 2021 \$ | 2020 \$ | 2021 \$ | 2020 \$ | 2021 \$ | 2020 \$ | 2021 \$ | 2020 \$ |
| ASSETS | | | | | | | | | | | | |
| Cash | 2,377,351 | 1,830,299 | | | 97,106 | 47,106 | 69,858 | 44,858 | 1,700,330 | 1,258,999 | 4,244,645 | 3,181,262 |
| Short-term investments (note 3) | | | | | | | | | 10,000 | 10,000 | 10,000 | 10,000 |
| Accounts receivable (note 4) | 548,955 | 455,218 | | | | | | | | | 548,955 | 455,218 |
| Prepaid expenses | 69,932 | 85,202 | | | | | | | | | 69,932 | 85,202 |
| Current assets | 2,996,238 | 2,370,719 | | | 97,106 | 47,106 | 69,858 | 44,858 | 1,710,330 | 1,268,999 | 4,873,532 | 3,731,682 |
| Due from Langs Community Development Corporation, non-interest bearing with no specific terms of repayment (note 5) | | | 641,564 | 641,564 | | | | | | | 641,564 | 641,564 |
| Property and equipment (note 7) | | | 1,910,714 | 1,896,420 | | | | | | | 1,910,714 | 1,896,420 |
| | 2,996,238 | 2,370,719 | 2,552,278 | 2,537,984 | 97,106 | 47,106 | 69,858 | 44,858 | 1,710,330 | 1,268,999 | 7,425,810 | 6,269,666 |

The explanatory financial notes form an integral part of these financial statements.

**NON-CONSOLIDATED FINANCIAL POSITION
MARCH 31, 2021**

| | Operating | | Capital | | Operating Reserve | | Program Expansion | | Capital Reserve | | Total | |
|--|------------------|------------------|------------------|------------------|--------------------------|---------------|--------------------------|---------------|------------------------|------------------|------------------|------------------|
| | 2021 \$ | 2020 \$ | 2021 \$ | 2020 \$ | 2021 \$ | 2020 \$ | 2021 \$ | 2020 \$ | 2021 \$ | 2020 \$ | 2021 \$ | 2020 \$ |
| LIABILITIES AND FUND BALANCES | | | | | | | | | | | | |
| Accounts payable and accrued liabilities (notes 5 and 6) | 2,084,149 | 2,211,388 | | | | | | | | | 2,084,149 | 2,211,388 |
| Due to MOHLTC (note 8) | 492,111 | 359,569 | | | | | | | | | 492,111 | 359,569 |
| Due to MOHLTC, Ontario Midwifery Program (note 8) | 806,612 | 384,504 | | | | | | | | | 806,612 | 384,504 |
| Deferred revenue (note 9) | 1,108,075 | 745,550 | | | | | | | | | 1,108,075 | 745,550 |
| Inter-fund balance (note 10) | (1,947,560) | (1,686,467) | 1,947,560 | 1,686,467 | | | | | | | | |
| Current liabilities | 2,543,387 | 2,014,544 | 1,947,560 | 1,686,467 | | | | | | | 4,490,947 | 3,701,011 |
| Deferred contributions (note 9) | 447,403 | 350,727 | | | | | | | | | 447,403 | 350,727 |
| | 2,990,790 | 2,365,271 | 1,947,560 | 1,686,467 | | | | | | | 4,938,350 | 4,051,738 |
| Fund balances | | | | | | | | | | | | |
| Internally restricted | | | 604,718 | 851,517 | 97,106 | 47,106 | 69,858 | 44,858 | 1,710,330 | 1,268,999 | 2,482,012 | 2,212,480 |
| Unrestricted | 5,448 | 5,448 | | | | | | | | | 5,448 | 5,448 |
| | 5,448 | 5,448 | 604,718 | 851,517 | 97,106 | 47,106 | 69,858 | 44,858 | 1,710,330 | 1,268,999 | 2,487,460 | 2,217,928 |
| | 2,996,238 | 2,370,719 | 2,552,278 | 2,537,984 | 97,106 | 47,106 | 69,858 | 44,858 | 1,710,330 | 1,268,999 | 7,425,810 | 6,269,666 |

APPROVED BY THE BOARD:

_____ Director

_____ Director



NON-CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2021

| | 2021 \$ | 2020 \$ |
|--|------------------|------------------|
| Cash flows from operating activities: | | |
| Excess of revenue over expenditure for year | 269,532 | 413,749 |
| Item not involving cash: | | |
| Amortization | 278,631 | 233,917 |
| | 548,163 | 647,666 |
| Net change in non-cash working capital balances relating to operations: | | |
| Accounts receivable | (93,737) | 158,564 |
| Prepaid expenses | 15,270 | (36,498) |
| Accounts payable and accrued liabilities | (127,241) | 240,096 |
| Due to MOHLTC | 554,650 | 499,895 |
| Deferred revenue | 362,525 | 164,610 |
| Deferred contributions | 96,676 | 12,342 |
| | 1,356,306 | 1,686,675 |
| Cash flows from investment activities: | | |
| Purchase of property and equipment - net | (292,923) | (363,062) |
| Net increase in cash | 1,063,383 | 1,323,613 |
| Cash, beginning of year | 3,181,262 | 1,857,649 |
| Cash, end of year | 4,244,645 | 3,181,262 |



NON-CONSOLIDATED EXPLANATORY FINANCIAL NOTES

YEAR ENDED MARCH 31, 2021

1. Nature of Organization

The Organization is a registered charity incorporated without share capital under the laws of Ontario to provide community, health and social services to the neighbourhood.

As Langs Farm Village Association is a registered charity under the Income Tax Act, its income is not taxable and it is eligible to issue official income tax receipts for charitable donations.

2. Summary of Significant Accounting Policies

The non-consolidated financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

(a) Amortization of property and equipment

Property and equipment include capital assets that are stated at cost. Amortization based on the estimated useful life of the asset is calculated as follows:

| | | |
|------------------------|-----|--------------------|
| Computer hardware | 33% | Straight-line |
| Computer software | 50% | Straight-line |
| Leasehold improvements | | Over term of lease |
| Equipment | 20% | Declining-balance |
| Vehicles | 10% | Straight-line |
| Buildings | 3% | Straight-line |

(b) Fund accounting

To ensure observation of restrictions placed on the use of resources available to Langs Farm Village Association, the accounts are maintained in accordance with the principles of fund accounting. The resources are classified for accounting and reporting purposes into the following funds which have been established according to their nature and purpose:

The **Operating fund** accounts for the Organization's program delivery and administrative activities.

The **Capital fund** represents the assets, liabilities, revenue and expenditures related to the capital assets acquired by the Organization.

The **Operating reserve fund** represents funds that have been restricted by the Board of Directors to offset certain future costs such as pay equity or unexpected operating costs such as those resulting from a pandemic.

The **Program expansion reserve fund** represents funds that have been restricted by the Board of Directors to finance future program expansions.

The **Capital reserve fund** represents funds that have been restricted by the Board of Directors to finance future building and renovation costs.



NON-CONSOLIDATED EXPLANATORY FINANCIAL NOTES
YEAR ENDED MARCH 31, 2021

2. Summary of Significant Accounting Policies (Continued)

(c) Financial instruments

All financial assets and liabilities are recorded at amortized cost less any discovered impairment.

(d) Revenue recognition

Langs Farm Village Association is a multi-funded Organization with the majority of funding coming from the Ministry of Health and Long-Term Care/Local Health Integration Network. Annual reconciliation reports are submitted to the Ministry of Health and Long-Term Care/Local Health Integration Network by the Organization for final approval. Assessments of prior funding may occur based on funder decisions. The effect of these adjustments, which cannot be quantified at the time of preparing the financial statements, will be recorded in the year of assessment.

Revenue related to delivery of specific programs is recognized as revenue in the Operating fund in the year in which the program occurs. The Organization follows the restricted fund method of accounting for contributions whereby externally restricted contributions are recognized in the fund corresponding to the purpose for which they were contributed. Where there is no appropriate restricted fund, restricted contributions are recognized under the deferral method in the Operating fund. Unrestricted contributions are recognized as revenues in the Operating fund.

Investment income is recognized as it is earned in the appropriate fund.

(e) Contributed services and materials

Donations of materials and services are not reflected in these non-consolidated financial statements because of the impracticality of the record keeping and valuation of them.

(f) Use of estimates

The preparation of these non-consolidated 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, the disclosure of contingent assets and liabilities at the date of the non-consolidated financial statements and the reported amounts of revenues and expenses during the current period. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

3. Short-Term Investments

| | 2021 \$ | 2020 \$ |
|---|------------|------------|
| Held with Cambridge & North Dumfries Community Foundation | 10,000 | 10,000 |



NON-CONSOLIDATED EXPLANATORY FINANCIAL NOTES
YEAR ENDED MARCH 31, 2021

| | 2021 \$ | 2020 \$ |
|-------------------------------|----------------|----------------|
| 4. Accounts Receivable | | |
| Trade | 428,130 | 309,089 |
| HST recoverable | 120,825 | 146,129 |
| | 548,955 | 455,218 |

5. Due from Langs Community Development Corporation

Langs Farm Village Association (the "Organization") controls Langs Community Development Corporation ("LCDC"). LCDC is a registered charity established for the purposes of holding land and building for a multi-purpose facility that can be leased or sold. LCDC prepares its own financial reports that are consistent with the financial policies of the Organization (e.g. fiscal year, spending limitations, signing authorities). LCDC has not been consolidated in the Organization's financial statements. A financial summary of the unaudited and unconsolidated entity at March 31, 2021 and March 31, 2020 and the years then ended are as follows:

| | | |
|---|-------------------|-------------------|
| Financial Position | | |
| Total assets | 14,173,073 | 14,524,327 |
| Total liabilities | 4,805,326 | 5,014,678 |
| Total net assets | 9,367,747 | 9,509,649 |
| | 14,173,073 | 14,524,327 |
| Results of Operations | | |
| Total revenue | 419,874 | 268,719 |
| Total expenditures | (561,776) | (582,090) |
| Deficiency of revenue over expenditures | (141,902) | (313,371) |

During the fiscal year the Organization was charged lease costs by Langs Community Development Corporation in the amount of \$267,754. The building lease expires March 31, 2028. In addition, the Board of Directors approved a donation to LCDC in the amount of \$150,000. These transactions were carried out in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. At March 31, 2021, approximately \$239,300 is payable to LCDC and is included in accounts payable and accrued liabilities.

6. Accounts Payable and Accrued Liabilities

There were no amounts payable with respect to government remittances as of the year end date.



NON-CONSOLIDATED EXPLANATORY FINANCIAL NOTES
YEAR ENDED MARCH 31, 2021

| | 2021 \$ | 2020 \$ |
|--|------------------|------------------|
| 7. Property and Equipment | | |
| Cost - Cambridge | | |
| Computer hardware | 1,012,157 | 881,969 |
| Computer software | 182,361 | 182,361 |
| Leasehold improvements | 1,356,002 | 1,208,033 |
| Equipment | 851,872 | 847,507 |
| Vehicles | 62,034 | 62,034 |
| | 3,464,426 | 3,181,904 |
| Accumulated amortization | | |
| Computer hardware | 761,726 | 621,344 |
| Computer software | 182,361 | 182,361 |
| Leasehold improvements | 991,753 | 950,077 |
| Equipment | 639,912 | 587,468 |
| Vehicles | 62,033 | 62,033 |
| | 2,637,785 | 2,403,283 |
| Cost - North Dumfries | | |
| Computer hardware | 12,666 | 12,666 |
| Equipment | 85,285 | 85,285 |
| Building | 1,419,835 | 1,409,434 |
| | 1,517,786 | 1,507,385 |
| Accumulated amortization - North Dumfries | | |
| Computer hardware | 12,666 | 12,666 |
| Equipment | 77,907 | 76,063 |
| Building | 343,140 | 300,857 |
| | 433,713 | 389,586 |
| Net Book Value | 1,910,714 | 1,896,420 |



NON-CONSOLIDATED EXPLANATORY FINANCIAL NOTES
YEAR ENDED MARCH 31, 2021

| | 2021 \$ | 2020 \$ |
|---|------------|------------|
| 8. Due to Ministry of Health and Long-Term Care (MOHLTC) | | |
| Approved LHIN funding | 10,433,670 | 10,079,589 |
| Eligible expenses | 10,212,476 | 9,960,865 |
| Balance due for year | 221,194 | 118,724 |
| Balance, beginning of year | 359,569 | 240,845 |
| Recovered during year | (88,652) | |
| Balance, end of year | 492,111 | 359,569 |

Subsequent to year end, the Organization received notice that MOHLTC has reconciled the fiscal 2020 Midwifery results, and will recover the surplus of \$384,504 between June and August 2021.

9. Deferred Revenue and Contributions

Deferred revenue consists of unearned rental revenue and funding received from community sponsors which relates to the next fiscal year or funding for specific expenditures to be incurred in the next fiscal year.

Deferred contributions is comprised of funding for various capital projects and is being amortized into income at the same rate as the corresponding asset.

10. Inter-fund Balance

The inter-fund loan is interest free, unsecured and due on demand.

11. Operating Lease Commitments

The Organization has entered into leases for premises and various equipment expiring between 2022 and 2028.

The future minimum annual lease payments over the next five years are as follows:

| | |
|------|-----------|
| 2022 | 343,685 |
| 2023 | 289,873 |
| 2024 | 280,850 |
| 2025 | 269,700 |
| 2026 | 269,124 |
| | 1,453,232 |

NON-CONSOLIDATED EXPLANATORY FINANCIAL NOTES
YEAR ENDED MARCH 31, 2021

| | 2021 \$ | 2020 \$ |
|--|------------------|------------------|
| 12. Reserve Fund Balances | | |
| Included in the reserve fund balances, are sub-funds as shown below: | | |
| Operating Fund | 5,448 | 5,448 |
| Capital Fund | 604,718 | 851,517 |
| Operating Reserve | 97,106 | 47,106 |
| Program Expansion Reserve | 69,858 | 44,858 |
| Capital Reserve | | |
| Land and building | 1,180,388 | 889,057 |
| Cambridge facility | 424,284 | 349,284 |
| North Dumfries facility | 55,658 | 30,658 |
| Grow facility | 50,000 | |
| | 1,710,330 | 1,268,999 |

13. Registered Retirement Savings/Pension Plan

The Organization made contributions to a registered retirement savings plan match program during the year for designated employees. The amount contributed to the plan in fiscal 2021 was \$13,256 for current service (\$21,240 in 2020). These payments are included as an expenditure in the statement of operations under salaries and benefits.

In February 2010, the Board of Directors approved a change in the Organization's pension plan to HOOPP. All new employees are required to join HOOPP and existing members had the option of changing to HOOPP or continuing with the registered retirement savings plan match program. The amount contributed to HOOPP in fiscal 2021 was \$702,541 (\$670,418 in 2020) for current service. These payments are included as an expenditure in the statement of operations under salaries and benefits.

HOOPP is a multi-employer defined benefit pension plan. The member Organizations are unable to identify their share of the underlying assets and liabilities. As a result, the benefit plan has been accounted for following the recommendations for defined contribution plans.

14. Guarantee

The Organization has guaranteed the bank debt of Langs Community Development Corporation. At March 31, 2021 the outstanding debt was approximately \$4,158,000.

15. Ontario Health Team

During the year, Langs was appointed as the interim fund holder for the Cambridge and North Dumfries Ontario Health Team (OHT). Langs and the MOHLTC establish the budget, spending parameters and direction of the OHT.

NON-CONSOLIDATED EXPLANATORY FINANCIAL NOTES
YEAR ENDED MARCH 31, 2021

16. Financial Instruments

The entity is exposed to various risks through its financial instruments. The following analysis provides a measure of the entity's risk exposure and concentrations at the year end date.

Liquidity risk

Liquidity risk is the risk that the Organization will not be able to meet its financial obligations as they come due. The Organization has taken steps to ensure that it has sufficient working capital available to meet its obligations. This risk has not changed from the prior year.

Credit risk

Financial instruments which are potentially exposed to credit risk include cash, accounts receivable and due from Langs Community Development Corporation. Management considers its exposure to credit risk attributable to cash to be trivial as the Organization holds cash deposits at a major Canadian chartered bank. Accounts receivable are not concentrated and therefore bear only low to moderate risk; the carrying amount of accounts receivable represents the maximum credit risk exposure.

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 risk, interest rate risk and other price risk. The entity is mainly exposed to interest rate risk.

Interest rate risk

The Organization is exposed to interest rate risk arising from fluctuations in interest rates depending on prevailing rates at renewal of investments. To manage interest rate exposure, the Organization invests in various income vehicles backed by a chartered bank. This risk has not changed from the prior year.

17. Uncertainty Regarding COVID-19

As the COVID-19 pandemic continues to impact the economy, it could result in a significant negative impact on the Organization's operations. The organization received \$263,086 of funding related to the COVID-19 pandemic. Of this funding, \$10,500 was spent on capital items and \$15,533 of individual donations was received, but not yet spent and is included in deferred revenue. The remainder was recognized during the year and is included in revenue. It is expected that this will be one-time funding. The Organization also experienced a decline in facility rental revenue and program fees as a result of the pandemic.

As of the time of authorization of these financial statements, it is not possible to estimate the length and severity of the pandemic and its impact on the financial results and operations of the Organization.

18. Comparative Figures

Comparative figures have, in some instances, been reclassified in order to present them in a form comparable to those for the current year.