

The Children's Family House Society of B.C.
Financial Statements
For the year ended January 31, 2016

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For the year ended January 31, 2016

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Independent Auditor's Report

To the Members of the The Children's Family House Society of B.C.

We have audited the accompanying financial statements of The Children's Family House Society of B.C., which comprise the Statement of Financial Position as at January 31, 2016, and the Statements of Operating Revenue and Expenses, Statement of Operations and Changes in Net Assets and Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

In common with many charitable organizations, The Children's Family House Society of B.C. derives revenue from donations and fundraising events the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Society and we were not able to determine whether any adjustments might be necessary to donations and fundraising events revenue, excess of revenue over expenses for the years ended January 31, 2016 and 2015, assets and net assets as at February 1 and January 31, 2016 for both the 2016 and 2015 years. Our audit opinion for the year ended January 31, 2016 was modified accordingly because of the possible effects of this limitation in scope.



Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of The Children's Family House Society of B.C. as at January 31, 2016 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Report on Other Legal and Regulatory Requirements

As required by the Society Act (British Columbia), we report that, in our opinion, the accounting principles in Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

BDO Canada LLP

Chartered Professional Accountants

Vancouver, British Columbia

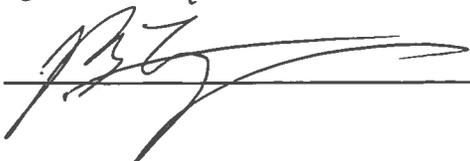
May 2, 2016

**The Children's Family House Society of B.C.
Statement of Financial Position**

	January 31, 2016	January 31, 2015
Assets		
Current		
Cash and cash equivalents (Note 3)	\$ 969,775	\$ 1,935,733
Accounts receivable	198,403	343,859
Prepaid expenses	82,161	48,695
	<u>1,250,339</u>	<u>2,328,287</u>
Restricted cash and Investments (Note 2)	91,696	106,782
Investments - Internally Restricted (Note 3)	9,936,878	4,973,539
Investments - Unrestricted (Note 3)	116,478	1,390,791
Property and equipment (Note 4)	29,921,314	30,555,593
	<u>\$ 41,316,705</u>	<u>\$ 39,354,991</u>
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 150,859	\$ 166,953
Deferred revenue	272,276	286,416
	<u>423,135</u>	<u>453,369</u>
Capital contributions unspent (Note 2)	91,696	106,782
Deferred capital contributions (Note 5)	26,556,770	25,829,440
	<u>26,648,466</u>	<u>25,936,222</u>
Net Assets		
Invested in property and equipment (Note 6)	3,364,544	4,726,153
Internally Restricted (Note 3)	9,936,878	4,973,539
Unrestricted	943,682	3,265,708
	<u>14,245,104</u>	<u>12,965,400</u>
	<u>\$ 41,316,705</u>	<u>\$ 39,354,991</u>

Approved by the Board:

 Director

 Director

**The Children's Family House Society of B.C.
Statement of Operating Revenue and Expense**

Year ended January 31	2016	2015
Revenue		
Fundraising events (Note 8)	\$ 1,498,845	\$ 1,302,667
Donations and Grants (Note 9)	1,938,205	856,615
Bequests	64,948	380,202
Room fees	852,262	314,325
Capital campaign donations realized (Note 2)	-	74,736
	<u>4,354,259</u>	<u>2,928,545</u>
Investment income (Note 10)	26,812	21,920
	<u>4,381,071</u>	<u>2,950,465</u>
Expenses		
Fundraising events (Note 8)	411,614	332,377
Capital campaign expenses (Note 2)	-	74,736
House Operating and Administrative		
Salaries and benefits	1,289,110	1,200,946
Cleaning & janitorial services - contracted	332,492	134,873
Repairs and maintenance	230,106	207,790
Family support	145,613	38,072
Utilities	141,567	115,397
Advertising and promotion	122,581	97,633
Building & facilities maintenance - contracted	89,313	75,858
Technology	44,303	53,091
Bank charges & investment management fees	30,484	35,652
Audit and accounting	25,000	26,317
Office	24,901	30,727
Conferences	20,311	6,815
Travel	16,591	11,862
Consulting & professional Fees	15,335	4,820
Board	12,999	8,420
Automobile	8,705	13,072
Volunteer recognition	5,662	4,992
Surrey Family Room program	5,267	14,758
Miscellaneous	4,322	21,140
Insurance	3,150	3,150
Legal	-	6,336
	<u>2,567,812</u>	<u>2,111,720</u>
	<u>2,979,426</u>	<u>2,518,833</u>
Excess of revenue over expenses (Operations)	<u>1,401,645</u>	<u>431,632</u>

**The Children's Family House Society of B.C.
Statement of Operations and Changes in Net Assets**

Year ended January 31

	Unrestricted	Internally Restricted	Invested in Property and Equipment (Note 6)	Total
Net assets, January 31, 2014	\$ 2,235,318	\$ 3,762,486	\$ 3,716,855	\$ 9,714,659
Operating revenues	2,928,545			2,928,545
Investment Income (loss)	21,920	54,518		76,438
Operating expenditures	(2,518,833)			(2,518,833)
Amortization of deferred capital contributions			303,551	303,551
Amortization of property and equipment			(359,257)	(359,257)
Gain on sale of old house			2,820,298	2,820,298
Excess (deficiency) of revenue over expenses	431,632	54,518	2,764,592	3,250,742
Purchase of property and equipment	(21,464)		21,464	-
Proceeds on sale of old house	3,889,757		(3,889,757)	-
Capital contributions development - new house			(4,555,481)	(4,555,481)
Cost of development of new house			6,668,480	6,668,480
Repayment of fund for new house development	(3,269,535)	1,156,534	-	(2,113,001)
Net assets, January 31, 2015	\$ 3,265,708	\$ 4,973,539	\$ 4,726,153	\$ 12,965,400
Operating revenues	4,354,259			4,354,259
Investment Income (loss)	26,812	(43,105)		(16,293)
Operating expenditures	(2,979,426)		-	(2,979,426)
Amortization of deferred capital contributions			620,583	620,583
Amortization of property and equipment			(692,505)	(692,505)
Loss on disposal of obsolete assets			(6,914)	(6,914)
Excess (deficiency) of revenue over expenses	1,401,645	(43,105)	(78,836)	1,279,704
Purchase of property and equipment	(3,084)		3,084	-
Capital contributions development - new house			(1,347,914)	(1,347,914)
Cost of development of new house	(62,057)		62,057	-
Repayment of fund for new house development	1,347,914	-	-	1,347,914
Transferred to internally restricted (Note 3)	(5,006,444)	5,006,444		-
Net assets, January 31, 2016	\$ 943,682	\$ 9,936,878	\$ 3,364,544	\$ 14,245,104

**The Children's Family House Society of B.C.
Statement of Operating Cash Flows**

Year ended January 31	2016	2015
Operating activities		
Excess of operating revenue over expenses for the year	\$ 1,401,645	\$ 431,632
Items not involving cash		
Capital campaign contributions realized	-	(74,736)
Changes in non-cash operating working capital		
Accounts receivable	145,456	184,254
Prepaid expenses	(33,466)	16,139
Accounts payable and accrued liabilities	(16,095)	(927,417)
Deferred revenue	(14,140)	124,366
Defined capital contributions - operating	(15,086)	(11,993)
	<u>1,468,314</u>	<u>(257,756)</u>
Investing activities		
Purchase of property and equipment - House	(62,057)	(6,668,480)
Purchase of property and equipment - other	(3,084)	(21,464)
Proceeds on sale of old house	-	3,889,757
Increase in internally restricted investments	(4,963,339)	(1,211,052)
Decrease in investments	1,246,294	147,306
	<u>(3,782,186)</u>	<u>(3,863,933)</u>
Financing activities		
Capital campaign and other capital donations received	<u>1,347,914</u>	<u>4,527,521</u>
Increase (decrease) in cash and cash equivalents	(965,958)	405,831
Cash and cash equivalents, beginning of year	1,935,733	1,529,902
Cash and cash equivalents, end of year	<u>\$ 969,775</u>	<u>\$ 1,935,733</u>

The Children's Family House Society of B.C.

Notes to Financial Statements

January 31, 2016

1. Summary of Significant Accounting Policies

(a) Nature of Business The Society owns and operates the Ronald McDonald House (the "House") located in Vancouver, B.C. The Society was incorporated under the Society Act of British Columbia and is a registered charity under the Income Tax Act of Canada.

Ronald McDonald House is a residential facility which serves as a temporary home away from home for families of seriously ill children. Families from all over British Columbia and from outside of the province stay at the House while their child is receiving medical treatment. The Society constructed a new Ronald McDonald House on the grounds of B.C. Children's Hospital. The new house, which can accommodate up to 73 families at a time, opened to families in July 2014.

The Society opened a Ronald McDonald Family Room in the new critical care tower of Surrey Memorial Hospital in June 2014. During the day, families can utilize the Ronald McDonald Family Room's common space, and during the night 4 sleeping rooms provide accommodation for families.

(b) Basis of Accounting These financial statements are presented in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

(c) Revenue Recognition The 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.

Contributions received specifically for the acquisition of property and equipment are recorded as capital contributions unspent until the amount is used to acquire property and equipment. Contributions for property and equipment that will be amortized are transferred to unamortized deferred capital contributions in the period the asset is acquired. Contributions for property and equipment that will not be amortized, such as land, are recorded as direct increases in net assets in the period the asset is acquired. Amounts spent on items that are not betterments are recorded as revenue when spent.

Deferred capital contributions are recognized as revenue on the same basis as the related property and equipment. Unamortized deferred capital contributions, relating to property and equipment disposed of, are recognized as revenue in the period of disposal provided that all restrictions have been complied with.

Revenue from fundraising events is recognized in the period in which the event is held, provided the amounts are reasonably assured and can be reasonably estimated.

Donations are generally recorded in the year received or receivable if collection is assured. Donations that are for programs of a term that extends beyond the year received are deferred and recognized over the term of the program.

Rental revenue is recognized in the period the rooms are occupied based on the best estimate of total patient payments and third party recoveries that are reasonably expected to be collected.

(d) Cash and Cash Equivalents Cash and cash equivalents include cash and those highly liquid marketable investments with a term to maturity of three months or less at the date of acquisition.

The Children's Family House Society of B.C.

Notes to Financial Statements

January 31, 2016

(e) Property and Equipment

Purchased property and equipment are recorded at cost. Contributed property and equipment are recorded at estimated fair value at the date of contribution. Amortization for assets other than vehicles is provided on a straightline basis over the estimated useful lives as follows:

Building	60 years
Leasehold Improvements - Surrey Family Room	15 years
Furniture and fixtures	5 years
Computer equipment	3 years
Vehicles	30%

When a capital asset is considered to no longer have long term service potential to the Society, the excess of net book value over any residual value is recognized as an expense in the statement of revenue and expenses.

(f) Use of Estimates

The preparation of financial statements 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 reported amounts of revenue and expenses during the reporting period. A significant area requiring management estimates is the rates used for amortization of capital assets and deferred capital contributions. Actual results could differ from management's best estimates as additional information becomes available in the future.

(g) Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. Subsequently, the Society has elected to record all investments at fair market value including equities traded in an active market as well as bonds and guaranteed investment certificates, with any unrealized gains and losses reported in operations. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets recorded at amortized cost are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and capitalized to the financial instrument for those measured at amortized cost.

(h) Contributed Goods and Services

The Society periodically receives donations of supplies and equipment. These donations are recorded only if a gift-in-kind charitable receipt is issued and in such cases, are recognized at appraised values in the financial statements.

(i) Internally Restricted Net Assets

The Society has received funds from donors that generated surpluses in previous years. The Board elected to invest these funds in separate accounts and internally restrict such funds for future capital replacement needs on the new house.

The Children's Family House Society of B.C.
Notes to Financial Statements
January 31, 2016

2. Capital Contributions Unspent	January 31, 2016	January 31, 2015
<p>(i) During the year ended January 31, 2005 the Society received a grant of \$150,000 from Ronald McDonald House Charities of Canada. The terms of the of the grant provide that the funds are to be applied to 50% of certain renovations costs incurred by the Society.</p> <p style="padding-left: 40px;">During the year ended January 31, 2016, the Society incurred \$8,359 costs (2015 - \$4,487) related to the grant.</p>	27,585	35,944
<p>(ii) During the year ended January 31, 2007, the Society received a grant of \$25,000 from Djavad Mowafaghian. The terms of the grant provide that the funds are to be applied to the renovation costs incurred by the Society.</p> <p style="padding-left: 40px;">During the year ended January 31, 2016, the Society incurred \$6,727 costs (2015 - \$4,487) related to the grant for various renovations.</p>	-	6,727
<p>(iii) During the year ended January 31, 2008 and in prior years, the Society received various donations of \$67,156. The terms of the donations provide that the funds are to be applied to the playground related costs incurred by the Society.</p> <p style="padding-left: 40px;">During the year ended January 31, 2016, the Society incurred \$0 costs (2015 -\$3,019) related to the grant.</p>	64,111	64,111
	<u>\$ 91,696</u>	<u>\$ 106,782</u>
Changes in capital contributions unspent are as follows:		
Donations received	\$ 1,347,914	\$ 4,527,521
Less:		
Capital Campaign Donations recognized as revenue	-	74,736
Transferred to deferred capital contributions - capital campaign	1,347,914	4,555,481
Transferred to deferred capital contributions - operating	15,086	11,993
	<u>1,363,000</u>	<u>4,642,210</u>
Decrease during the year	(15,086)	(114,689)
Capital contributions unspent, beginning of year	<u>106,782</u>	<u>221,470</u>
Capital contributions unspent, end of year	<u>\$ 91,696</u>	<u>\$ 106,782</u>

Capital campaign expenses comprise fees paid to capital related fundraisers, transition consultants and capital related disbursements.

The Children's Family House Society of B.C.
Notes to Financial Statements

January 31, 2016

3. Cash and Investments

Cash and cash equivalents of \$969,775 (2015 - \$1,935,733) are all held in one Canadian Chartered bank.

The internally restricted investments are comprised of the following:

	January 31, 2016	January 31, 2015
PH&N Cash, Money Market & Equivalents	342,410	3,051,244
PH&N Equities	4,592,888	853,005
PH&N Fixed Income	3,854,542	936,802
Vancouver Foundation	139,263	132,488
RBC Investments - GICs maturing in 2017 with rates between 1.36 - 1.67%	1,007,775	-
Investments - internally restricted	<u>\$ 9,936,878</u>	<u>\$ 4,973,539</u>

During the year, the Board of Directors approved a transfer \$4,000,000 to the internally restricted Philips Hagar & North (PH&N) investment accounts.

The Board of directors approved a transfer \$1,006,444 of the RBC GIC Investments account to the internally restricted fund.

Restricted Investments now total \$9,936,878 (2015 - \$4,973,539) which represent the following:

- approximately \$6.4 Million represents the two times operating reserve as detailed in RMH licencing guidelines
- approximately \$3.5 Million represents a portion of the Building Reserve Fund to maintain the House over time.

The Property Replacement Reserve Study estimates the Building Reserve requirement to total approximately \$5.4 Million.

RBC Short Term Investments - one year GICs	116,478	1,390,791
Total Unrestricted Investments	<u>\$ 116,478</u>	<u>\$ 1,390,791</u>

Unrestricted portion of RBC GIC investments, which have interest rates ranging from 1.42% to 1.45% and mature between April and October.

The Children's Family House Society of B.C.
Notes to Financial Statements

January 31, 2016

4. Property and Equipment

	Cost	Accumulated Amortization	January 31, 2016 Net Book Value
Building - Heather Street	\$ 29,554,483	\$ 738,995	28,815,488
Leasehold Improvements - Surrey Family Room	587,718	58,558	529,159
Furniture and equipment	771,292	218,020	553,272
Vehicles	63,207	53,114	10,093
Computer equipment	24,548	11,246	13,302
	\$ 31,001,248	\$ 1,079,933	\$ 29,921,314

	Cost	Accumulated Amortization	January 31, 2015 Net Book Value
Building - Heather Street	\$ 29,562,467	\$ 246,354	29,316,114
Leasehold Improvements - Surrey Family Room	584,515	19,484	565,032
Furniture and equipment	704,453	70,445	634,008
Vehicles	63,207	48,788	14,419
Computer equipment	31,034	5,013	26,021
	\$ 30,945,677	\$ 390,084	\$ 30,555,593

The Society entered into an agreement in 2014 with Children's & Women's Health Centre of British Columbia Branch to lease the underlying land for the new building on Heather Street for a period of 60 years at a total nominal cost of \$1.00.

The Society entered into an agreement in 2014 with Fraser Health Authority to lease the premises within Surrey Memorial Hospital for the new Ronald McDonald Family Room at no cost for a period of 10 years plus an option to renew for a further five years.

The Children's Family House Society of B.C.
Notes to Financial Statements

January 31, 2016

5. Deferred Capital Contributions

Deferred capital contributions represent unamortized external funding used to purchase capital assets. Unamortized amounts which will be recognized as revenue in future periods are as follows:

	<u>2016</u>	<u>2015</u>
Balance, beginning of year	\$ 25,829,440	\$ 21,865,507
Capital contributions attributed to new House	1,347,914	4,555,481
Unamortized contributions on disposed assets	-	(287,997)
Amount amortized to revenue	<u>(620,583)</u>	<u>(303,551)</u>
Balance, end of year	<u>\$ 26,556,770</u>	<u>\$ 25,829,440</u>

6. Net Assets Invested in Property and Equipment

Net assets invested in property and equipment are calculated as follows:

	<u>2016</u>	<u>2015</u>
Property and equipment, net of accumulated amortization	\$ 29,921,314	\$ 30,555,593
Amounts funded by deferred capital contributions	<u>(26,556,770)</u>	<u>(25,829,440)</u>
	<u>\$ 3,364,544</u>	<u>\$ 4,726,153</u>

Change in net assets in property and equipment is calculated as follows:

	<u>2016</u>	<u>2015</u>
Deficiency of revenue over expenses:		
Amortization of deferred capital contributions	\$ 620,583	\$ 303,551
Amortization of property and equipment	<u>(692,505)</u>	<u>(359,257)</u>
	\$ (71,922)	\$ (55,706)
Net change in investment in capital assets:		
Purchase of property and equipment	\$ 65,141	\$ 6,689,944
Net book value of disposed old house and contents	<u>(6,914)</u>	<u>(1,357,456)</u>
Unamortized deferred capital contributions for disposed assets	-	287,997
Amounts funded by deferred capital contributions	<u>(1,347,914)</u>	<u>(4,555,481)</u>
	<u>(1,289,687)</u>	1,065,004
Change for year	<u>\$ (1,361,609)</u>	<u>\$ 1,009,298</u>
Opening invested in net assets	\$ 4,726,153	\$ 3,716,855
Closing invested in net assets	<u>\$ 3,364,544</u>	<u>\$ 4,726,153</u>

The Children's Family House Society of B.C.
Notes to Financial Statements

January 31, 2016

7. Contributed Assets, Materials and Services	<u>2016</u>	<u>2015</u>
	<u>\$ 119,687</u>	<u>\$ 35,335</u>

During the year, the Society received contributed materials and supplies with an estimated total fair value of \$40,146 (2015 - \$28,452), donated event tickets with an estimated total fair value of \$19,858 (2015 - \$6,882), and donated food supplies with an estimated total fair value of \$39,208 (2015 - \$0), all of which have been reported as donations in revenue and expenses. The Society also received artwork appraised at \$20,475 (2015 - \$0) which has been reported as donations in revenues and as additions to capital assets.

Also during the prior year, the Society received a significant amount of materials and services, including supplies, furniture and equipment to outfit the new house. These items were received free of charge or at a substantial discount from their fair market value. As the donors did not request tax receipts and the fair value was not readily determinable, the amounts have not been included in the financial statements.

8. Fundraising Events

Fundraising events during 2016 and 2015 each included two golf tournaments, a gala, an amazing journey event and several other sponsor organized activities.

	<u>2016</u>	<u>2015</u>
Revenue	<u>\$ 1,498,845</u>	<u>\$ 1,302,667</u>
Expenses	<u>411,614</u>	<u>332,377</u>
Net proceeds from fundraising events	<u>\$ 1,087,231</u>	<u>\$ 970,290</u>

9. Donations and Grants - McDonald's

Donations and Grants include \$803,122 (2015 - \$323,661) in grants and contributions from Ronald McDonald House Charities, from coinbox donations and McHappy Day proceeds from McDonald's Restaurants throughout British Columbia and the Yukon. In fiscal 2015, an additional \$275,104 from coinbox donations and McHappy Day proceeds were directed to the capital campaign for the new House.

10. Investment Income

	<u>2016</u>	<u>2015</u>
Income from unrestricted fixed term investments	<u>\$ 26,812</u>	<u>\$ 21,920</u>
Income (loss) allocated to restricted funds	<u>(43,105)</u>	<u>54,518</u>
	<u>\$ (16,293)</u>	<u>\$ 76,438</u>

The Children's Family House Society of B.C.

Notes to Financial Statements

January 31, 2016

11. Financial Instrument Risks

The Society through its financial assets and liabilities, is exposed to various risks. The following analysis provides a measurement of those risks:

(a) Credit Risk

Credit risk is the risk that the Society will incur a loss due to the failure by its debtors to meet their contractual obligations. Financial instruments that potentially subject the Society to significant concentrations of credit risk consist primarily of cash and cash equivalents, and accounts receivable. The maximum amount of credit risk exposure is limited to the carrying amount of the balance in the financial statements. There is no significant concentration of credit risk. Management has carefully reviewed the balances and provided an allowance for any doubtful accounts.

(b) Foreign Exchange Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Society is not exposed to foreign exchange risk as all financial instruments are denominated in Canadian dollars.

(c) Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Society is not exposed to interest rate risk except for the fixed income investments. The Society is investing in low risk funds to mitigate its risks. The investment policy provides a balance between fixed income and equities to mitigate the risks.

(d) Market Risk

Market risk is the risk that the value of an investment will fluctuate as a result of changes in market prices, whether these changes are caused by factors specific to the individual investment, or factors affecting all securities traded in the market. The Society is exposed to market risk on equity and market investments. The market risk is mitigated by prudent investment policies as noted above.

(e) Liquidity Risk

Liquidity risk is the risk that the Society will not be able to meet its obligations as they fall due. The Society maintains adequate levels of working capital to ensure all its obligations can be met when they fall due.