



Grant Thornton

Financial Statements

**The St. Christopher House**

(operating as West Neighbourhood House)

March 31, 2020

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# Independent Auditor's Report

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To the Directors of  
The St. Christopher House (operating as West Neighbourhood House)

## Opinion

We have audited the financial statements of The St. Christopher House (operating as West Neighbourhood House) (the "Organization"), which comprise the statement of financial position as at March 31, 2020, 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 Organization as at March 31, 2020, 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 ("ASNPO").

## Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the 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 these 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.

## 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.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script font.

Toronto, Canada  
June 11, 2020

Chartered Professional Accountants  
Licensed Public Accountants

**The St. Christopher House**  
 (operating as West Neighbourhood House)  
**Statement of Financial Position**

As at March 31

2020

2019

**Assets**

Current

Cash	\$ 402,585	\$ 431,059
Short-term investments (Note 3)	944,881	933,218
Accounts receivable (Note 4)	<u>708,559</u>	<u>508,743</u>
	2,056,025	1,873,020
Due from St. Christopher House Community Endowment (Note 5)	189,814	307,570
Investments (Note 6)	1,874,223	1,866,601
Property and equipment (Note 7)	957,142	1,021,499
Intangible asset (Note 8)	<u>-</u>	<u>-</u>
	<u>\$ 5,077,204</u>	<u>\$ 5,068,690</u>

**Liabilities**

Current

Accounts payable and accrued liabilities (Note 4)	\$ 1,609,923	\$ 1,295,844
Deferred revenue (Note 9)	199,625	443,377
Mortgage payable	<u>6,992</u>	<u>6,992</u>
	1,816,540	1,746,213
Mortgage payable	8,247	14,614
Deferred capital contributions (Note 10)	<u>760,597</u>	<u>819,753</u>
	<u>2,585,384</u>	<u>2,580,580</u>

**Net assets**

General Fund	-	-
Internally Restricted Funds	<u>2,491,820</u>	<u>2,488,110</u>
	<u>2,491,820</u>	<u>2,488,110</u>
	<u>\$ 5,077,204</u>	<u>\$ 5,068,690</u>

Commitments (Note 11)  
 Subsequent events (Note 15)

On behalf of the Board of Directors

 Director

 Director

**The St. Christopher House**  
**(operating as West Neighbourhood House)**  
**Statement of Operations**

Year ended March 31	2020	2019
<b>Revenue</b>		
Federal government (Note 12)	\$ 398,259	\$ 400,170
Provincial government (Note 12)	7,418,615	7,827,693
City of Toronto (Note 12)	1,643,699	1,686,353
United Way	863,715	834,446
Foundations (Note 5)	400,402	203,115
Program fees	1,441,528	1,478,408
Membership fees	662	275
Fundraising and donations	257,419	188,316
Amortization of deferred capital contributions (Note 10)	75,992	75,992
Investment income (Note 6)	45,154	46,114
	<u>12,545,445</u>	<u>12,740,882</u>
<b>Expenses</b>		
Salaries, wages and employee benefits	9,699,931	9,878,212
Building occupancy	542,062	451,998
Office	334,659	287,972
Recruitment and education	22,685	28,967
Communication and printing	20,573	18,348
Purchased services	744,592	876,225
Staff development	64,205	84,022
Staff travel	78,072	81,997
Transportation	52,426	66,313
Food services	299,710	302,469
Program	502,901	480,115
Fundraising	94,166	87,031
Amortization	80,986	91,450
	<u>12,536,968</u>	<u>12,735,119</u>
Excess of revenue over expenses before other items	8,477	5,763
<b>Other items</b>		
Realized gains on investments	41,872	54,420
Unrealized (losses) gains on investments	<u>(46,639)</u>	<u>2,571</u>
Excess of revenue over expenses	<u>\$ 3,710</u>	<u>\$ 62,754</u>

See accompanying notes to the financial statements

**The St. Christopher House**  
 (operating as West Neighbourhood House)  
**Statement of Changes in Net Assets**  
 Year ended March 31, 2020

	General Fund	Internally Restricted Funds	2020 Total	2019 Total
Net assets, beginning of year	\$ -	\$ 2,488,110	\$ 2,488,110	\$ 2,425,356
Excess of revenue over expenses	3,710	-	3,710	62,754
Interfund transfers	(3,710)	3,710	-	-
Net assets, end of year	\$ -	\$ 2,491,820	\$ 2,491,820	\$ 2,488,110

**The St. Christopher House**  
 (operating as West Neighbourhood House)  
**Statement of Cash Flows**

Year ended March 31	2020	2019
Increase (decrease) in cash		
<b>Operating</b>		
Excess of revenue over expenses	\$ 3,710	\$ 62,754
Items not involving cash		
Amortization	80,986	91,450
Amortization of deferred capital contributions	(75,992)	(75,992)
Unrealized losses (gains) on investments	<u>46,639</u>	<u>(2,571)</u>
	55,343	75,641
Change in non-cash working capital items		
Accounts receivable	(199,816)	67,571
Due from St. Christopher House Community Endowment	117,756	(31,472)
Accounts payable and accrued liabilities	314,079	(634,554)
Deferred revenue	<u>(243,752)</u>	<u>34,129</u>
	43,610	(488,685)
<b>Financing</b>		
Mortgage repayment	<u>(6,367)</u>	<u>(6,137)</u>
<b>Investing</b>		
Realized gains on investments reinvested	(41,872)	(54,420)
Net change in investments	(12,389)	(10,836)
Net change in short-term investments	(11,663)	(9,978)
Purchase of property and equipment	(16,629)	-
Deferred capital contributions received	<u>16,836</u>	<u>-</u>
	(65,717)	(75,234)
Decrease in cash	(28,474)	(570,056)
<b>Cash</b>		
Beginning of year	<u>431,059</u>	<u>1,001,115</u>
End of year	<u>\$ 402,585</u>	<u>\$ 431,059</u>



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# **The St. Christopher House**

## **(operating as West Neighbourhood House)**

### **Notes to the Financial Statements**

March 31, 2020

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#### **1. Nature of organization**

The St. Christopher House (operating as West Neighbourhood House) (the "Organization") provides programs and services to enable less advantaged individuals, families and groups in the community gain greater control over their lives and within their community. The Organization is a registered charity under the Income Tax Act and accordingly is exempt from income taxes.

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#### **2. Summary of significant accounting policies**

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") as issued by the Canadian Accounting Standards Board. The financial statements include the following significant accounting policies.

##### **Fund accounting**

The accounts are maintained in accordance with the principles of fund accounting, whereby net assets of the Organization are classified for accounting and reporting purposes into funds to be used as determined by the Organization.

##### General Fund

The General Fund reflects amounts available for immediate use for the general purpose of the Organization. According to the Organization's policy, any surplus for the year in the General Fund is transferred to Internally Restricted Funds and any deficit for the year is covered by a transfer from one of the Internally Restricted Funds as determined by the Board of Directors. As a result, the balance for the General Fund is \$Nil as at each year-end date.

##### Internally Restricted Funds

The Internally Restricted Funds include the amounts that have been formally set aside by the Organization to be used for specific purposes as approved by the Board of Directors.

##### **Revenue recognition**

The Organization follows the deferral method of accounting for contributions and grants. Unrestricted contributions and grants are recognized as revenue when received if the amount can be reasonably estimated and collection is reasonably assured. Restricted contributions and grants are deferred when received and recognized as revenue when the related expenses are incurred.

Program fees and investment income are accrued as earned. Investment income includes dividend and interest income.

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**The St. Christopher House**  
(operating as West Neighbourhood House)  
**Notes to the Financial Statements**  
March 31, 2020

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**2. Summary of significant accounting policies (continued)**

**Property and equipment and intangible asset**

Property and equipment purchased are recorded at cost. Amortization of property and equipment is calculated over their estimated useful lives on a straight-line basis at the following annual rates:

Buildings	5%
Furniture	25%
Automotive equipment	30%
Computer software	25%

The Organization follows a minimum capitalization threshold of \$6,000.

Contributions restricted for the purchase of property and equipment or intangible asset are deferred and amortized into revenue over the same term and on the same basis as the related property and equipment or intangible asset item is amortized into expenses.

**Donated services and materials**

Volunteers make a substantial contribution of time each year to assist the Organization in carrying out its activities. Due to the difficulty in determining the fair value of such contributed services, they are not recognized in these financial statements.

Donated materials received by way of gifts-in-kind are not recorded in the financial statements.

**Financial instruments**

The Organization considers any contract creating a financial asset, liability or equity instrument as a financial instrument. The Organization's financial instruments are comprised of cash, short-term investments, accounts receivable, investments, accounts payable and mortgage payable.

The Organization initially measures its financial assets and financial liabilities at fair value and subsequently at amortized cost, with the exception of investments, which are subsequently measured at fair value. Realized and unrealized gains and losses are recognized in the statement of operations.

**Use of estimates**

Management reviews the carrying amounts of items in the financial statements at each statement of financial position date to assess the need for revision or any possibility of impairment. Certain items in the preparation of these financial statements require management's best estimate. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action.

These estimates are reviewed periodically and adjustments are made to excess of revenue over expenses as appropriate in the fiscal year they become known.

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**The St. Christopher House**  
(operating as West Neighbourhood House)  
**Notes to the Financial Statements**  
March 31, 2020

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**3. Short-term investments**

	<u>2020</u>	<u>2019</u>
Guaranteed investment certificate ("GIC")	\$ 420,502	\$ 419,120
Term deposit	<u>524,379</u>	<u>514,098</u>
	<u>\$ 944,881</u>	<u>\$ 933,218</u>

The GIC earns an annual interest rate of 0.55% (2019 – 0.55%) and matures on March 11, 2021 (2019 – January 9, 2020) while the term deposit earns an annual interest rate of 2.20% (2019 – 2.00%) and matures on May 3, 2020 (2019 – May 3, 2019).

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**4. Government remittances receivable and payable**

Included in accounts receivable is \$172,758 (2019 - \$173,797) in government remittances receivable.

Included in accounts payable and accrued liabilities is \$Nil (2019 - \$Nil) in government remittances payable.

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**5. Related party transactions**

The Organization is related to St. Christopher House Community Endowment (the "Community Endowment") through common purpose. The Community Endowment is an independent legal organization to the Organization with a separate Board of Directors to the Organization. In fiscal 2020, the Organization has a non-interest bearing receivable of \$189,814 (2019 - \$307,570) from the Community Endowment. The amounts are unsecured, due on demand and non-interest bearing.

The Organization receives annual donations from the Community Endowment, after approval by the Community Endowment's Board of Directors. During the year, a donation of \$155,366 (2019 - \$149,974) was received from the Community Endowment and is recorded in foundations revenue in the statement of operations. The Organization also receives donations that actually belong to the Community Endowment. The due from St. Christopher House Community Endowment reflects the net receivable after accounting for the donations owed to the Community Endowment. These transactions and balances are 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.

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**The St. Christopher House**  
 (operating as West Neighbourhood House)  
**Notes to the Financial Statements**  
 March 31, 2020

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**6. Investments**

Investments consist of the following:

	<u>2020</u>	<u>2019</u>
Canadian equities	\$ 115,112	\$ 267,068
Global equities	895,542	742,600
Cash and cash equivalents	42,540	23,100
Pooled funds	736,709	751,068
Alternative	<u>84,320</u>	<u>82,765</u>
	<u>\$ 1,874,223</u>	<u>\$ 1,866,601</u>

Cash and cash equivalents consist of cash and bankers' acceptances held in the Organizations' investment portfolio. As the intention is to hold these amounts for the long-term, they have been classified as such.

Investment income consists of the following:

	<u>2020</u>	<u>2019</u>
Dividend income	\$ 12,352	\$ 30,298
Interest income	<u>32,802</u>	<u>15,816</u>
	<u>\$ 45,154</u>	<u>\$ 46,114</u>

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**7. Property and equipment**

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2020 Net</u>	<u>2019 Net</u>
Land	\$ 197,200	\$ -	\$ 197,200	\$ 197,200
Buildings	2,594,693	1,859,366	735,327	775,065
Furniture and equipment	160,860	136,245	24,615	49,234
Automotive equipment	<u>165,322</u>	<u>165,322</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,118,075</u>	<u>\$ 2,160,933</u>	<u>\$ 957,142</u>	<u>\$ 1,021,499</u>

The building at 248 Ossington Avenue, with a net book value of \$200,830 (2019 - \$204,273), is pledged as collateral for the mortgage payable.

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**8. Intangible asset**

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2020 Net</u>	<u>2019 Net</u>
Computer software	\$ 91,526	\$ 91,526	\$ -	\$ -

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**The St. Christopher House**  
 (operating as West Neighbourhood House)  
**Notes to the Financial Statements**  
 March 31, 2020

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**9. Deferred revenue**

Deferred revenue relates to externally restricted funding received in the current period that are to be recognized in line with the related expense in a subsequent period. Changes for the year in deferred revenue are as follows:

	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 443,377	\$ 409,248
Amounts received relating to future years	198,483	257,514
Amounts recognized as revenue	<u>(442,235)</u>	<u>(223,385)</u>
Balance, end of year	<u>\$ 199,625</u>	<u>\$ 443,377</u>

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**10. Deferred capital contributions**

Deferred capital contributions include the unamortized portions of contributions restricted for the purchase of property and equipment with which the Organization's buildings were originally purchased and renovations for buildings were made.

The changes for the year in the deferred capital contributions balance are as follows:

	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 819,753	\$ 895,745
Funds received restricted for capital items	16,836	-
Amortization of deferred capital contributions	<u>(75,992)</u>	<u>(75,992)</u>
Balance, end of year	<u>\$ 760,597</u>	<u>\$ 819,753</u>

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**11. Commitments**

The Organization has entered into various agreements to lease office equipment until April 2026. The Organization is committed to the following future minimum lease payments.

2021	\$ 8,383
2022	8,383
2023	8,383
2024	8,383
2025	8,383

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**The St. Christopher House**  
 (operating as West Neighbourhood House)  
**Notes to the Financial Statements**  
 March 31, 2020

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**12. Revenue from government sources**

	<u>2020</u>	<u>2019</u>
<b>Federal government</b>		
Immigration, Refugees and Citizenship Canada	\$ 276,713	\$ 282,746
Public Health Agency of Canada	62,024	61,022
Employment and Social Development Canada	<u>59,522</u>	<u>56,402</u>
	<u>\$ 398,259</u>	<u>\$ 400,170</u>
<b>Provincial government</b>		
Ministry of Health and Long-Term Care	\$ 5,729,288	\$ 6,022,080
Ministry of Training, Colleges and Universities	797,920	809,055
Ministry of Children, Community and Social Services	673,226	700,378
Ministry of Seniors and Accessibility	158,181	156,180
Ministry of Tourism, Culture and Sport	<u>60,000</u>	<u>60,000</u>
	<u>\$ 7,418,615</u>	<u>\$ 7,827,693</u>
<b>City of Toronto</b>		
Social Development, Finance and Administration	\$ 885,497	\$ 957,384
Shelter, Support and Housing Administration	595,804	585,800
Children's Services	73,931	61,933
Employment and Social Services	<u>64,467</u>	<u>57,236</u>
	1,619,699	1,662,353
<b>Toronto Arts Council</b>	<u>24,000</u>	<u>24,000</u>
	<u>\$ 1,643,699</u>	<u>\$ 1,686,353</u>

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**13. Risks arising from financial instruments**

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of the financial statements in assessing the extent of risk related to financial instruments. The main risks to which the Organization's financial instruments are exposed are interest rate risk, credit risk, market risk and liquidity risk.

**Interest rate risk**

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Organization is exposed to interest rate risk due to investments. The interest rate risk is minimized as much as possible by external investment managers investing in a diversified portfolio.

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**The St. Christopher House**  
**(operating as West Neighbourhood House)**  
**Notes to the Financial Statements**  
March 31, 2020

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**13. Risks arising from financial instruments (continued)**

**Credit risk**

Credit risk is the risk of financial loss occurring as a result of a counter party to a financial instrument failing to discharge an obligation or commitment that it has entered into with the Organization. The Organization's main credit risks relate to its accounts receivable.

The Organization's credit risk is limited to program fees and it reduces its exposure to credit risk by ensuring it only provides credit to worthy parties and creating an allowance for doubtful accounts when appropriate. As at March 31, 2020, the allowance for doubtful accounts is \$Nil (2019 - \$Nil).

**Market risk**

Market risk is the risk the fair value of a financial instrument will fluctuate because of changes in market prices. The Organization's investments are subject to market risk, which includes price risk arising from market volatility and the risk of loss of capital associated with these investments.

The Organization mitigates this risk by holding a diversified portfolio including global and Canadian equities as well as pooled funds. There is no significant concentration risk included in the portfolio.

**Liquidity risk**

Liquidity risk is the risk the Organization will encounter difficulty in raising funds to meet commitments associated to its financial liabilities. The Organization is exposed to liquidity risk mainly in respect to its accounts payable and mortgage payable. The Organization manages liquidity risk through regular monitoring of forecast and actual cash flows to ensure it has sufficient funds available to meet current and foreseeable financial obligations.

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**14. Comparatives figures**

Certain comparatives amounts have been reclassified from those previously presented to conform to the presentation of the 2020 financial statements.

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**The St. Christopher House**  
**(operating as West Neighbourhood House)**  
**Notes to the Financial Statements**

March 31, 2020

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**15. Subsequent events**

Since January 1, 2020, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, organizations and businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to organizations worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

The Organization has determined that this event is a non-adjusting subsequent event. Accordingly, the financial position and results of operations as of and for the year ended March 31, 2020 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Organization for future periods. At the board approval date, the Organization's investment balances and major funding agreements have remained relatively unchanged. However, the Organization has and continues to consider options available to adjust its operations should there be any changes in their revenue streams.