

**THE REGENT THEATRE FOUNDATION  
FINANCIAL STATEMENTS  
AS AT SEPTEMBER 30, 2023**

**THE REGENT THEATRE FOUNDATION**  
**TABLE OF CONTENTS**  
**AS AT SEPTEMBER 30, 2023**

	<u>Page</u>
<b>INDEPENDENT AUDITOR'S REPORT</b>	1-2
<b>FINANCIAL STATEMENTS</b>	
Statement of Financial Position	3
Statement of Changes in Net Assets	4
Statement of Operations	5
Statement of Cash Flows	6
Notes to Financial Statements	7-14

## **INDEPENDENT AUDITOR'S REPORT**

To the Members  
The Regent Theatre Foundation

### **Qualified Opinion**

We have audited the financial statements of The Regent Theatre Foundation (the Organization), which comprise the statement of financial position as at September 30, 2023, and the statements of changes in net assets, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at September 30, 2023, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### **Basis for Qualified Opinion**

In common with many charitable organizations, the Organization derives revenue from donations and fundraising activities, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Organization and we were not able to determine whether, as at and for the years ended September 30, 2023 and September 30, 2022, any adjustments might be necessary to donation and fundraising revenue, excess of expenses over revenues, assets and general fund balance.

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 qualified opinion

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian 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.

In preparing these 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  
(CONT'D)**

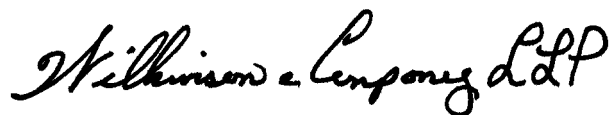
**Auditor's Responsibilities for the Audit of the Financial Statements**

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.



BELLEVILLE, Canada  
January 8, 2024

Chartered Professional Accountants  
Licensed Public Accountants

**THE REGENT THEATRE FOUNDATION  
STATEMENT OF FINANCIAL POSITION  
AS AT SEPTEMBER 30, 2023**

	2023	2022
	\$	\$
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	315,718	297,261
Short-term investments - Note 3	40,791	
Accounts receivable	79,195	89,677
HST recoverable	8,925	17,268
Inventory	4,893	2,240
Prepaid expenses	1,870	1,845
	451,392	408,291
<b>LONG-TERM</b>		
Tangible capital assets - Note 4	742,900	674,064
	1,194,292	1,082,355
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	96,342	121,307
Government remittances payable	3,665	3,731
Deferred revenue - Note 6	309,181	126,555
Loan payable - Note 7	60,000	
Current portion of long-term debt - Note 8	154,174	26,887
	623,362	278,480
<b>LONG-TERM</b>		
Loans payable - Note 7		60,000
Mortgage payable - Note 8		154,475
	NIL	214,475
	623,362	492,955
<b>NET ASSETS</b>		
General fund	570,930	589,400
	1,194,292	1,082,355

**APPROVED ON BEHALF OF THE BOARD**

\_\_\_\_\_ Director

\_\_\_\_\_ Director

The accompanying notes form an integral part of these financial statements

**THE REGENT THEATRE FOUNDATION  
STATEMENT OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	2023	2022
	\$	\$
<b>GENERAL FUND - BEGINNING OF YEAR</b>	<b>589,400</b>	468,980
<b>EXCESS OF REVENUE OVER EXPENDITURES (EXPENDITURES OVER REVENUE)</b>	<b>(18,470)</b>	120,420
<b>GENERAL FUND - END OF YEAR</b>	<b>570,930</b>	589,400

The accompanying notes form an integral part of these financial statements

**THE REGENT THEATRE FOUNDATION**  
**STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	2023	2022
	\$	\$
<b>REVENUE</b>		
Live shows and theatre rental	80,810	69,456
Movies	93,557	72,274
Satellite presentations	5,006	7,996
Donations	103,280	61,177
Memberships	16,979	21,800
Special events and Nevada fundraising	23,068	12,296
Sponsorships and advertising	66,431	105,195
Grants	139,528	170,800
Rental	82,336	63,265
Concession and wine bar	63,760	35,509
Building improvement fee	23,741	13,684
Ticket service charges	20,583	14,291
Ontario Arts Endowment Fund - Note 9	4,587	4,912
Interest	3,855	362
	<b>727,521</b>	<b>653,017</b>
<b>EXPENSES</b>		
Production costs:		
Live shows	45,053	61,039
Movies	73,507	57,987
Satellite presentations	3,388	4,172
Publicity, promotion and box office	46,982	38,354
Special events and Nevada fundraising	35,878	8,938
Concession and wine bar	22,963	16,904
Premises	130,123	73,252
Administration	106,045	62,013
Processing fees	23,449	20,615
Interest and bank charges	3,113	2,006
Interest on long-term debt	9,113	10,163
Amortization	41,697	34,620
Professional fees	32,655	19,780
Salaries and benefits (net of subsidies) - Note 10	172,025	122,754
	<b>745,991</b>	<b>532,597</b>
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>		
<b>(EXPENDITURES OVER REVENUE)</b>	<b>(18,470)</b>	<b>120,420</b>

The accompanying notes form an integral part of these financial statements

**THE REGENT THEATRE FOUNDATION**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	2023	2022
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenditures (expenditures over revenue)	(18,470)	120,420
Adjustment for items which do not affect cash -		
Amortization	41,697	34,620
	<u>23,227</u>	<u>155,040</u>
Net change in non-cash working capital balances related to operations		
-		
Accounts receivable	10,482	(68,628)
Government remittances recoverable	8,343	(17,268)
Inventory	(2,653)	(693)
Prepaid expenses	(25)	2,626
Accounts payable and accrued liabilities	(24,965)	36,692
Government remittances payable	(66)	1,070
Deferred revenue	182,626	(16,926)
	<u>173,742</u>	<u>(63,127)</u>
<b>CASH FLOWS PROVIDED FROM OPERATING ACTIVITIES</b>	<b>196,969</b>	<b>91,913</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of short-term investments	(40,791)	
Purchase of tangible capital assets	(110,533)	(80,446)
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>	<b>(151,324)</b>	<b>(80,446)</b>
<b>FINANCING ACTIVITIES</b>		
Repayment of mortgage payable	(27,188)	(25,474)
<b>CASH FLOWS USED IN FINANCING ACTIVITIES</b>	<b>(27,188)</b>	<b>(25,474)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS FOR YEAR</b>	<b>18,457</b>	<b>(14,007)</b>
<b>CASH - BEGINNING OF YEAR</b>	<b>297,261</b>	<b>311,268</b>
<b>CASH - END OF YEAR</b>	<b>315,718</b>	<b>297,261</b>

The accompanying notes form an integral part of these financial statements



**THE REGENT THEATRE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**1. NATURE OF BUSINESS**

The Regent Theatre Foundation (the Organization) is a not-for-profit organization which owns and operates The Regent Theatre in Picton, a heritage structure and community asset. The Regent Theatre Foundation provides programming and promotes the Theatre as a self-sustaining centre for arts, cultural and community events.

The Regent Theatre Foundation was incorporated February 12, 1982 under the laws of Ontario without share capital. The Organization obtained status as a registered charity under Section 149(1) of the Canada Income Tax Act in October 1983, and is therefore, exempt from corporate income tax and is eligible to issue official income tax receipts for charitable activities.

**2. ACCOUNTING POLICIES**

Outlined below are those accounting policies adopted by the Organization considered to be particularly significant:

**(a) Basis of Accounting**

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations.

**(b) Accounting Estimates**

The preparation of financial instruments in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant items subject to such estimates and assumptions include the valuation of accounts receivable, accounts payable, accrued liabilities and deferred revenue and the estimated useful life of tangible capital assets. Actual results could differ from those estimates.

**(c) Fund Accounting**

The Regent Theatre Foundation follows the restricted fund method of accounting for contributions. External restrictions are imposed from outside the Organization. Internal restrictions are imposed by the Organization in a formal manner, usually by resolution of the Board of Directors.

The Organization reports through one general fund. This fund accounts for all production, charitable activities and capital expenditures.

**THE REGENT THEATRE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**2. ACCOUNTING POLICIES (Cont'd)**

**(d) Financial Instruments**

**(i) Measurement of 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 except for equities quoted in an active market, which are subsequently measured at fair value. Changes in fair value are recognized in income.

Financial assets measured at amortized cost include cash, accounts receivable, and government remittances recoverable.

Financial liabilities measured at amortized cost include the accounts payable and accrued liabilities, government remittances payable, loans payable and mortgage payable.

**(ii) Impairment**

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is reflected in net income. When events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in net income up to the amount previously recognized as impaired.

**(e) Revenue Recognition**

Unrestricted revenues are recognized as revenue in the year in which they are received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Revenue from live shows, presentations and related services is recognized in the year in which the event occurs. Restricted contributions relating to operations are recognized as revenue in the year in which the related expenditures are incurred. Restricted contributions relating to capital expenditures are recognized in accordance with Note 2(g) in the year in which the related expenditures are incurred. Revenues from memberships, sponsorships and certain funding contracts are recognized over the membership or sponsorship year to which they apply.

Donations and grants that are internally designated for the purpose of financing capital expenditures, major renovations and repayment of principal on the mortgage are recognized as revenue in the year in which they are received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Deferred revenue represents contributions received which relate to future years. They are deferred and recognized as revenue in the year in which the related expenditure or service is incurred.

**THE REGENT THEATRE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**2. ACCOUNTING POLICIES (Cont'd)**

**(f) Inventory**

Inventory consists of wine bar and concession merchandise purchased for resale and are valued at the lower of cost and net realizable value, with cost being determined substantially on a first-in, first-out basis. Net realizable value is defined as current replacement cost.

**(g) Tangible Capital Assets**

Tangible capital assets are recorded at cost, net of direct government and other assistance. Contributed assets are recorded at fair value at the date of contribution. The following annual rates and methods allow for annual straight-line amortization expense of RTF's assets to reflect management's estimate of the useful life of each class of asset:

Building	40 years
Pianos	25 years
Movie projection and sound equipment	5 years
Furniture and equipment	5 years
Computer equipment and software	3 years
Lighting and rigging equipment	5 years

**(h) Impairment of Long-Lived Assets**

A long-lived asset is tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

**(i) Contributed Materials and Services**

Due to the difficulty of determining volunteer hours contributed per year and their fair value, services are not recognized in the financial statements unless they are from a business where the expense would have been incurred regardless of the contribution. In addition, they must have been invoiced and subsequently donated back.

**(j) Government Assistance**

**(i) Forgivable Loans**

Government assistance in the form of grants and forgivable loans is accounted for using the cost reduction approach, whereby the cost of the capital item or operating expense is reduced by the assistance received; if assistance received is not for a specific expenditure, the assistance is recorded as revenue. Government assistance is recognized in the period where all conditions of the grants or forgivable loans are met.

**THE REGENT THEATRE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**2. ACCOUNTING POLICIES (Cont'd)**

**(k) Cash**

Cash consists of cash on deposit.

**3. SHORT-TERM INVESTMENTS**

During the year, short-term investments were purchased for \$40,791. Short-term investments consist of a Guaranteed Investment Certificate with an effective interest rate of 4.5% and a maturity date of June 28, 2024. The fair value of the short-term investments is \$40,791.

**4. TANGIBLE CAPITAL ASSETS**

	2023		2022	
	Cost \$	Accumulated amortization \$	Cost \$	Accumulated amortization \$
Land	177,557		177,557	
Building -				
Theatre and renovation (net) <sup>(A)</sup>	799,695	380,867	747,532	360,320
Box office renovations	7,565	1,938	7,565	1,749
Concession/bar remodel (net) <sup>(B)</sup>	55,511	2,011	52,686	659
Pianos	23,869	23,869	23,869	23,869
Movie projection and sound equipment (net) <sup>(C)</sup>	71,030	52,949	62,424	48,281
Furniture and equipment (net) <sup>(D)</sup>	152,657	110,000	132,328	98,974
Computer equipment and software	20,734	18,921	19,221	18,159
Lighting and rigging	28,311	3,474	3,215	322
	<b>1,336,929</b>	<b>594,029</b>	1,226,397	552,333
Cost less accumulated amortization	<b>\$ 742,900</b>		\$ 674,064	

(A) Total costs to date of \$1,533,538 have been partially offset by grants and funding recognized in the 2011 fiscal year (\$508,000), 2014 fiscal year (\$43,970), 2015 fiscal year (\$1,446), 2018 fiscal year (\$28,211), 2019 fiscal year (\$800), 2022 fiscal year (\$143,416) and 2023 fiscal year (\$8,000).

(B) Total costs to date of \$65,009 have been partially offset by grants and funding recognized in the 2021 fiscal year of \$4,000 and in the 2022 fiscal year of \$5,498.

**THE REGENT THEATRE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**4. TANGIBLE CAPITAL ASSETS (Cont'd)**

- (C) Total costs include equipment valued at \$180,843, partially offset by a Trillium Foundation grant received in the 2012 fiscal year of \$67,300, a PEC grant received in the 2020 fiscal year of \$16,577, and a Parrott Foundation grant received in the 2023 fiscal year of \$25,936.
- (D) Costs include furniture and equipment valued at \$190,363, partially offset by Trillium Foundation and John M. & Bernice Parrott Foundation Inc. grants received in prior years totalling \$37,706.

**5. BANK CREDIT FACILITY**

The Organization has available an authorized unsecured operating line of credit of \$15,000 (2022 - \$15,000) at an interest rate of prime plus 2.00%. As at September 30, 2023, the credit facility was not utilized.

**6. DEFERRED REVENUE**

Deferred revenue represents unspent resources which relate to future years operations, and which will be recognized as revenue in the year in which the related expenditure or service is incurred.

	<b>2023</b>	2022
	\$	\$
Deferred revenues consist of:		
Unrestricted		
Memberships	4,687	7,106
Sponsorships	56,600	44,500
Future events	51,037	19,249
Membership Bucks, gift certificates and other miscellaneous	2,922	11,377
	<b>115,246</b>	82,232
Externally restricted		
Trillium Grant	34,020	
Parrott Foundation Grant	74,740	
TELEFILM Grant	7,468	18,328
OAC Special Screenings Grant	10,500	
Prince Edward County Grant	8,628	25,995
Red Cross Grant	38,667	
Stark Family Grant	19,912	
	<b>193,935</b>	44,323
	<b>309,181</b>	126,555

**THE REGENT THEATRE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**7. LOAN PAYABLE**

	2023	2022
	\$	\$
Non-interest bearing, unsecured loan, with no repayment requirements until January 18, 2024, under the Canada Emergency Business Account (CEBA) loan program. Up to \$20,000 is forgivable if certain conditions are met, including repayment of \$40,000 on or before January 18, 2024. This loan was repaid subsequent to year end.	<b>60,000</b>	60,000
Less: Current portion	<b>(60,000)</b>	
	<b>NIL</b>	<b>60,000</b>

**8. MORTGAGE PAYABLE**

	2023	2022
	\$	\$
First Mortgage - Royal Bank of Canada, 5.39% fixed interest rate per annum, repayable by monthly blended payments of principal and interest of \$3,000, based on a 60 month term and a 121 month amortization maturing in October, 2023. Secured by lands and improvements located at 224 Main Street, Picton.	<b>154,174</b>	181,362
Less: Current portion	<b>(154,174)</b>	(26,887)
	<b>NIL</b>	<b>154,475</b>

As at September 30, 2023, the Organization was not in compliance with the covenants under their loan agreement with the Royal Bank of Canada. The loan was repaid in full subsequent to year end (Note 12), unrelated to not being in compliance.

**9. ONTARIO ARTS ENDOWMENT FUND PROGRAM**

The Ontario Ministry of Heritage, Sport, Tourism and Culture Industries has established an Arts Endowment Fund, administered by the Ontario Arts Foundation. For specified fundraising events and donation revenue, the Ministry sets aside funds to be invested on behalf of The Regent Theatre Foundation. The Organization has no claim to the principal amount contributed to this fund but will receive income in perpetuity from these investments. In 2023, income received from the Arts Endowment Fund amounted to \$4,587 (2022 - \$4,912).

**THE REGENT THEATRE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**10. COVID-19**

The Organization was eligible for government assistance as a result of the Coronavirus pandemic (COVID-19), in the form of the Canada Emergency Wage Subsidy (CEWS). The Organization's CEWS entitlement of \$Nil (2022 - \$5,245) is included as a reduction of salaries and benefits on the Statement of Operations.

**11. FINANCIAL RISKS AND CONCENTRATION OF RISK**

RTF has a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The risks that arise from transacting financial instruments include market (other price) risk, interest rate risk, liquidity risk and credit risk. Market (other price) risk arises from changes in interest rates, foreign currency exchange rates and market prices.

**(a) Market (Other Price) Risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of market factors. Market factors include three types of risk: currency risk, interest rate risk and equity risk. It is management's opinion that the Organization is not exposed to currency and equity risk as it does not hold amounts denominated in foreign currency or equity instruments.

**(b) Interest Rate Risk**

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates.

The Organization would be exposed to interest rate risk on its operating lines of credit, as described in Note 5 to these financial statements, if it were to utilize these credit facilities. Changes in the bank prime lending rate can cause fluctuations in interest payments and cash flows.

The Organization is also exposed to interest rate risk on its loan payable in the amount of \$60,000 as detailed in Note 7 to these financial statements and on its mortgage loan with a carrying value of \$154,174 (2022 - \$181,362) as detailed in Note 8 to these financial statements. Changes in market rate of interest will affect the fair market value of the debt. The risk is mitigated as the balance of the mortgage was paid in full subsequent to year-end.

The Organization does not use derivative financial instruments to alter the effects of this risk.

**THE REGENT THEATRE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**11. FINANCIAL RISKS AND CONCENTRATION OF RISK (Cont'd)**

**(c) Liquidity Risk**

Liquidity risk is the risk that the Organization will not be able to meet all cash outflow obligations as they come due.

The Organization's exposure to liquidity risk is dependent on the receipt of funds from its operations. This risk is mitigated by the availability of an operating line of credit with a total limit of \$15,000 as described in Note 5 to these financial statements. Management is of the opinion that the Organization will be able to meet all of its cash flow obligations as they come due and is not subject to significant liquidity risk.

**(d) Credit Risk**

Credit risk is the risk of financial loss to the Organization if a debtor fails to make payments of interest and principal when due.

The Organization is exposed to credit risk in the event of non-performance by debtors in connection with its accounts receivable. The Organization does not obtain collateral or other security to support the accounts receivable subject to credit risk but mitigates this risk by dealing only with what management believes to be financially sound counterparties and, accordingly, does not anticipate significant loss for non-performance.

There have been no significant changes from the previous period in the exposure to risk or policies, procedures and method used to measure the above risks.

**12. SUBSEQUENT EVENT**

Subsequent to year end, the Organization repaid the mortgage payable in full and increased its operating line of credit to \$30,000. The mortgage had a balance of \$154,174 as at September 30, 2023.