



RONALD MCDONALD HOUSE CHARITIES ATLANTIC ASSOCIATION

FINANCIAL STATEMENTS

DECEMBER 31, 2018

**RONALD MCDONALD HOUSE CHARITIES ATLANTIC ASSOCIATION
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DECEMBER 31, 2018**

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Independent auditor's report

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To the Directors of
Ronald McDonald House Charities Atlantic Association

Qualified Opinion

We have audited the financial statements of Ronald McDonald House Charities Atlantic Association (the "Association"), which comprise the statement of financial position as at December 31, 2018, and the statements of earnings and fund balances 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 Ronald McDonald House Charities Atlantic Association as at December 31, 2018, and its results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Association derives revenue from fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Association. Therefore, we were not able to determine whether any adjustments might be necessary to contribution and fundraising activities, excess of revenues over expenses and cash flows from operations for the years ended December 31, 2018 and 2017, current assets as at December 31, 2018 and 2017, and net assets as at January 1, 2018 and 2017 and December 31, 2018 and 2017. Our audit opinion on the financial statements for the year ended December 31, 2017 was modified accordingly because of the possible effects of this limitation in scope.

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

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.

In preparing the financial statements, management is responsible for assessing the Association'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 Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association'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 Association'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 Association'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 Association 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 is written in a stylized, cursive script. The words "Grant Thornton" are in a larger, more prominent font, and "LLP" is smaller and positioned to the right.

Halifax, Canada
March 28, 2019

Chartered Professional Accountants
Licensed Public Accountants

RONALD MCDONALD HOUSE CHARITIES ATLANTIC ASSOCIATION
STATEMENT OF EARNINGS
FOR THE YEAR ENDED DECEMBER 31, 2018

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	Unrestricted Fund		Restricted Fund		Capital Fund		Total	Total
	2018	2017	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$	\$	\$
REVENUES								
Contributions	659,257	596,830	527	30,213	-	-	659,784	636,343
Special events	377,979	338,264	-	-	-	-	377,979	328,964
Room fees	47,475	47,963	-	-	-	-	47,475	47,963
Grants	238,946	235,322	15,000	-	-	-	253,946	235,322
Other	3,799	12,490	-	-	-	-	3,799	12,490
	1,327,456	1,230,869	15,527	30,213	-	-	1,342,983	1,261,082
EXPENSES								
Amortization	-	-	-	-	40,132	40,105	40,132	40,105
Program	655,869	502,638	11,002	-	-	-	666,871	502,638
Management and general	38,532	202,521	-	-	-	-	38,532	202,521
Fundraising	368,836	289,488	-	-	43,264	-	412,100	289,488
	1,063,237	994,647	11,002	-	83,396	40,105	1,157,635	1,034,752
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FROM OPERATIONS	264,219	236,222	4,525	30,213	(83,396)	(40,105)	185,348	226,330
INVESTMENT (LOSS) INCOME (Note 3)	(94,556)	151,756	-	-	-	-	(94,556)	151,756
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	169,663	387,978	4,525	30,213	(83,396)	(40,105)	90,792	378,086

See accompanying notes to the financial statements

RONALD MCDONALD HOUSE CHARITIES ATLANTIC ASSOCIATION
STATEMENT OF CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2018

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	Unrestricted Fund		Restricted Fund		Capital Fund		Total	Total
	2018	2017	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$	\$	\$
FUND BALANCE - beginning of year	4,092,261	3,715,160	97,830	67,617	199,548	228,776	4,389,639	4,011,553
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	169,663	387,978	4,525	30,213	(83,396)	(40,105)	90,792	378,086
	4,261,924	4,103,138	102,355	97,830	116,152	188,671	4,480,431	4,389,639
TRANSFERS BETWEEN FUNDS (Note 5)	(399,779)	(10,877)	-	-	399,779	10,877	-	-
FUND BALANCE - end of year	3,862,145	4,092,261	102,355	97,830	515,931	199,548	4,480,431	4,389,639

See accompanying notes to the financial statements

RONALD MCDONALD HOUSE CHARITIES ATLANTIC ASSOCIATION
STATEMENT OF FUNCTIONAL EXPENSES - UNRESTRICTED FUND 2018
FOR THE YEAR ENDED DECEMBER 31, 2018

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	Programs services				Support services		
	Ronald McDonald House \$	Ronald McDonald Family Rooms \$	Other program services \$	Total program services \$	Management and general \$	Fundraising \$	Total 2018 \$
Direct response	-	-	-	-	-	2,699	2,699
Donor relationships	-	27	-	27	-	2,901	2,928
Education, training and meetings	4,726	290	-	5,016	2,470	5,280	12,766
Event logistics	-	-	-	-	-	29,718	29,718
Family support and services	1,549	1,268	30	2,847	359	85	3,291
Insurance	-	-	-	-	5,500	-	5,500
Interest and bank charges	2,022	12	51	2,085	-	3,215	5,300
Maintenance and repairs	10,903	54	-	10,957	134	-	11,091
Marketing and communications	12,247	-	-	12,247	-	4,873	17,120
Memberships and licences	-	-	-	-	716	60	776
Occupancy	27,458	-	-	27,458	327	14,710	42,495
Office supplies	2,767	1,980	336	5,083	-	721	5,804
Other	905	450	3,554	4,909	228	4,370	9,507
Postage and courier	1,428	60	-	1,488	91	239	1,818
Printing	784	183	-	967	-	2,525	3,492
Professional fees	6,450	2,828	-	9,278	15,089	26,531	50,898
Property tax	2,918	-	-	2,918	-	-	2,918
Technology and telephone	18,920	741	-	19,661	1,888	19,215	40,764
Travel and meals	6,088	3,681	-	9,769	5,382	11,922	27,073
Utilities	24,393	-	-	24,393	-	-	24,393
Volunteer resources and recognition	1,155	119	-	1,274	-	149	1,423
Wages and benefits	400,582	114,910	-	515,492	6,348	239,623	761,463
	525,295	126,603	3,971	655,869	38,532	368,836	1,063,237

See accompanying notes to the financial statements

RONALD MCDONALD HOUSE CHARITIES ATLANTIC ASSOCIATION
STATEMENT OF FUNCTIONAL EXPENSES - UNRESTRICTED FUND 2017
FOR THE YEAR ENDED DECEMBER 31, 2017

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	Programs services				Support services		
	Ronald McDonald House	Ronald McDonald Family Rooms	Other program services	Total program services	Management and general	Fundraising	Total 2017
	\$	\$	\$	\$	\$	\$	\$
Direct response	-	-	-	-	-	248	248
Donor relationships	-	-	-	-	-	1,144	1,144
Education, training and meetings	218	-	209	427	3,649	469	4,545
Event logistics	-	-	-	-	-	24,240	24,240
Family support and services	3,994	2,830	818	7,642	-	-	7,642
Insurance	-	-	-	-	2,750	-	2,750
Interest and bank charges	-	-	-	-	3,638	-	3,638
Maintenance and repairs	11,677	-	-	11,677	-	-	11,677
Marketing and communications	-	-	-	-	3,175	-	3,175
Memberships and licences	676	440	-	1,116	854	280	2,250
Occupancy	-	-	-	-	45,033	-	45,033
Office supplies	510	855	-	1,365	782	1,074	3,221
Other	-	-	-	-	7,183	2,323	9,506
Postage and courier	-	-	-	-	2,125	1,328	3,453
Printing	-	-	-	-	1,290	7,849	9,139
Professional fees	-	-	-	-	12,428	-	12,428
Property tax	2,583	-	-	2,583	-	-	2,583
Technology and telephone	2,730	1,299	175	4,204	38,649	2,830	45,683
Travel and meals	222	399	3,062	3,683	7,348	6,280	17,311
Utilities	24,405	-	-	24,405	-	-	24,405
Volunteer resources and recognition	831	533	65	1,429	47	-	1,476
Wages and benefits	388,556	55,551	-	444,107	73,570	241,423	759,100
	436,402	61,907	4,329	502,638	202,521	289,488	994,647

See accompanying notes to the financial statements

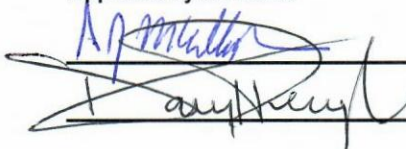
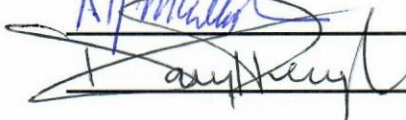
RONALD MCDONALD HOUSE CHARITIES ATLANTIC ASSOCIATION
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2018

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ASSETS								
	Unrestricted Fund		Restricted Fund		Capital Fund		Total	Total
	2018	2017	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$	\$	\$
CURRENT								
Cash	187,353	41,668	102,355	97,830	-	-	289,708	139,498
Receivables	69,483	38,493	-	-	-	-	69,483	38,493
HST recoverable	61,458	18,794	-	-	-	-	61,458	18,794
Prepays	14,552	35,297	-	-	-	-	14,552	35,297
	332,846	134,252	102,355	97,830	-	-	435,201	232,082
INVESTMENTS	3,588,347	3,985,241	-	-	-	-	3,588,347	3,985,241
CAPITAL ASSETS (Note 4)	-	-	-	-	169,663	199,548	169,663	199,548
CAPITAL ASSET UNDER DEVELOPMENT	-	-	-	-	346,268	-	346,268	-
	3,921,193	4,119,493	102,355	97,830	515,931	199,548	4,539,479	4,416,871
LIABILITIES								
CURRENT								
Accounts payable and accrued liabilities	59,048	27,232	-	-	-	-	59,048	27,232
FUND BALANCES								
UNRESTRICTED FUND	3,862,145	4,092,261	-	-	-	-	3,862,145	4,092,261
RESTRICTED FUND	-	-	102,355	97,830	-	-	102,355	97,830
CAPITAL FUND	-	-	-	-	515,931	199,548	515,931	199,548
	3,862,145	4,092,261	102,355	97,830	515,931	199,548	4,480,431	4,389,639
	3,921,193	4,119,493	102,355	97,830	515,931	199,548	4,539,479	4,416,871

COMMITMENTS (Note 6)

Approved by the Board

 Director
 Director

See accompanying notes to the financial statements

RONALD MCDONALD HOUSE CHARITIES ATLANTIC ASSOCIATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018

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	Unrestricted Fund		Restricted Fund		Capital Fund		Total	Total
	2018	2017	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$	\$	\$
CASH PROVIDED BY (USED FOR):								
OPERATING								
Excess (deficiency) of revenues over expenses	169,663	387,978	4,525	30,213	(83,396)	(40,105)	90,792	378,086
Items not affecting cash								
Amortization	-	-	-	-	40,132	40,105	40,132	40,105
Unrealized loss on investments	245,211	32,411	-	-	-	-	245,211	32,411
Realized gain on investments	(70,851)	(188,303)	-	-	-	-	(70,851)	(188,303)
	344,023	232,086	4,525	30,213	(43,264)	-	305,284	262,299
Changes in non-cash working capital items								
Receivables	(30,990)	(3,140)	-	-	-	-	(30,990)	(3,140)
HST recoverable	(42,664)	11,554	-	-	-	-	(42,664)	11,554
Prepays	20,745	(18,343)	-	-	-	-	20,745	(18,343)
Accounts payable and accrued liabilities	31,814	1,734	-	-	-	-	31,814	1,734
	322,928	223,891	4,525	30,213	(43,264)	-	284,189	254,104
FINANCING								
Interfund transfers	(399,779)	(10,877)	-	-	399,779	10,877	-	-
INVESTING								
Acquisition of capital assets	-	-	-	-	(10,247)	(10,877)	(10,247)	(10,877)
Increase in capital assets under development	-	-	-	-	(346,268)	-	(346,268)	-
Acquisition of investments	(1,809,862)	(2,635,585)	-	-	-	-	(1,809,862)	(2,635,585)
Proceeds on disposal of investments	2,032,399	2,444,119	-	-	-	-	2,032,399	2,444,119
	222,537	(191,466)	-	-	(356,515)	(10,877)	(133,978)	(202,343)
CHANGE IN CASH	145,685	21,548	4,525	30,213	-	-	150,210	51,761
CASH - beginning of year	41,668	20,120	97,830	67,617	-	-	139,498	87,737
CASH - end of year	187,353	41,668	102,355	97,830	-	-	289,708	139,498

See accompanying notes to the financial statements

1. NATURE OF OPERATIONS

Ronald McDonald House Charities Atlantic Association (the "Association"), is a Nova Scotia registered charitable organization formed in 1981. The mission of the Association is to create, fund and support programs that directly improve health and well-being of children and their families. The Association supports seriously ill or disabled children by providing them and their families a caring and supportive "home away from home" and by extending this care to the hospital setting in Maritime communities through the Ronald McDonald Family Room Program.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The Association has prepared these financial statements in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Fund accounting

Unrestricted fund

The Unrestricted fund reports unrestricted resources available for general operating activities.

Restricted Fund

The Restricted fund reports resources that are to be used for specific purposes as specified by the donor.

Capital fund

The Capital fund reports resources that are restricted to the Association's capital asset purchases, replacements, or maintenance initiatives.

Cash

Cash consists of cash on hand and a bank balance held with a financial institution.

Capital assets

On acquisition capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Capital assets are measured at cost less accumulated amortization. Amortization is provided for using the following rates and method over the estimated useful lives as follows:

Building	20 years	Straight-line
Computer equipment	3 years	Straight-line
Equipment	5 years	Straight-line
Family room	10 years	Straight-line
Furniture and fixtures	5 years	Straight-line
Software	5 years	Straight-line

One half year's amortization is taken in the year of acquisition.

Capital assets under development

Expenses incurred during development phase are capitalized. No amortization is taken until the asset is available for use.

Impairment of long-lived assets

Long-lived assets are tested for impairment whenever events or changes in circumstances indicate that their service potential may not be realized. When a capital asset no longer has any long-term service potential to the Association, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of earnings. Any write-downs recognized are not reversed.

Income taxes

The Association is a registered charitable organization under the meaning assigned in section 149 (1) of the Income Tax Act, and, as such, is exempt from income taxes. Accordingly, no provision has been made in the accounts for income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

The Association follows the restricted fund method of accounting for contributions.

Restricted contributions, grants, fundraising, room fees and other revenue are recorded in the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Unrestricted contributions are recognized as revenue in the Unrestricted fund when received.

Restricted contributions for use toward capital assets initiatives are recognized as revenue of the Capital fund when initially received.

Expense allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, wages, occupancy and telephone expenses have been allocated among the programs and supporting services benefited based on staff full time equivalents.

Foreign currency translation

Transactions denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing at the transaction date. Monetary assets and liabilities are translated into Canadian dollars at exchange rates in effect at the date of the balance sheet. Non-monetary assets and liabilities are translated at the historic rate. Exchange gains and losses are included in the statement of earnings, except to the extent that they relate to investments, in which case they are accounted for consistent with investment income.

Financial instruments

Measurement of financial instruments

The Association initially measures its financial assets and financial liabilities at fair value.

The Association subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments which are quoted in an active market and measured at fair value. Changes in fair value are recognized in excess of revenues over expenses.

Financial assets measured at amortized cost include cash and receivables.

Financial assets measured at fair value include investments.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of any write-down is recognized in excess of revenues over expenses. Any previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of any reversal is recognized in excess of revenues over expenses.

Contributed goods and services

The Association benefits from donated services in the form of volunteer time and goods as support for various programs and objectives of the Association. Due to the difficulty of determining their fair value, these contributed goods and services are not recognized in these financial statements.

RONALD MCDONALD HOUSE CHARITIES ATLANTIC ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

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2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates are used when accounting for items and matters such as estimated useful lives of capital assets and certain accrued liabilities. Actual results could differ from those estimates.

3. INVESTMENT INCOME

	2018	2017
	\$	\$
Investment income is comprised of the following items:		
Dividends and interest	82,733	69,137
Realized gain on disposal of investments	70,851	188,303
Unrealized loss on investments	(245,211)	(32,411)
Unrealized foreign exchange gain (loss)	30,579	(52,490)
Investment management fees	(33,508)	(20,783)
	(94,556)	151,756

4. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net Book Value 2018	Net Book Value 2017
	\$	\$	\$	\$
Land	60,000	-	60,000	60,000
Building	1,000,811	944,061	56,750	73,243
Computer equipment and equipment	88,281	70,407	17,874	11,028
Family room	156,380	127,710	28,670	44,307
Furniture and fixtures	3,703	1,111	2,592	3,333
Software	21,823	18,046	3,777	7,637
	1,330,998	1,161,335	169,663	199,548

5. INTERFUND TRANSFERS

During the year, funds were transferred between Unrestricted and Capital funds as follows:

	Unrestricted Fund		Capital Fund
	2018	2017	2018
	\$	\$	\$
Acquisition of capital assets	(10,247)	(10,877)	10,247
Acquisition of capital assets under development	(346,268)	-	346,268
Capital campaign expenses	(43,264)	-	43,264
	(399,779)	(10,877)	399,779
			10,877

6. COMMITMENTS

i) The Association leases office space under an operating lease arrangement. Future minimum lease payments over the next two years are approximately as follows:

	\$
2019	45,000
2020	19,000

ii) The Association has signed an agreement with an architectural firm for design services of a new Ronald McDonald House in Halifax.

7. RELATED PARTY TRANSACTIONS

Ronald McDonald House Charities ("RMHC") is a system of independent, separately registered public benefit organizations, referred to as "Chapters" within the global organization. The Association is an independent operating Chapter within the RMHC system. Each Chapter is licensed by McDonald's Corporation and Ronald McDonald House Charities Inc. to use RMHC related trademarks in conjunction with fundraising activities and the operation of its programs; the License Agreement also sets standards of operations for programs, governance, finance, branding and reporting.

During the year ended December 31, 2018, the Association received from Ronald McDonald House Charities Inc. \$NIL (2017 - \$30,313); and the Association received \$646,592 (2017 - \$568,777) from Ronald McDonald House Charities, Canada.

8. FINANCIAL INSTRUMENTS

Risks and concentrations

The Association is exposed to various risks through its financial instruments. The following analysis provides a measure of the Association's risk exposure and concentration at December 31, 2018.

It is management's opinion that the Association is not exposed to significant interest rate risk from its financial instruments. The risks arising on financial instruments are limited to the following:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Financial instruments that potentially subject the Association to concentrations of credit risk consist of cash, receivables and investments. The Association deposits its cash in and purchases investments from reputable financial institutions and therefore believes the risk of loss to be remote. The Association is exposed to credit risk from outstanding receivables balances. The Association believes this credit risk is minimized as the Association has a large and diverse receivables base. A provision for impairment of accounts receivable is established when there is objective evidence that the Association will not be able to collect all amounts due.

Liquidity risk

Liquidity risk is the risk that the Association will encounter difficulty in meeting obligations associated with financial liabilities. The Association is exposed to this risk mainly in respect of its accounts payable and accrued liabilities. The Association generates sufficient cash flow from operating activities to fund operations and fulfill obligations as they become due.

Market risk

Market risk is the risk that the fair value of 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 Association is mainly exposed to currency and other price risk.

8. FINANCIAL INSTRUMENTS (CONTINUED)

Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Certain assets are exposed to foreign exchange fluctuations. As at December 31, 2018, cash and investments of \$29,155 and \$605,400 (2017 - \$47,773; \$444,430) respectively are reported in US dollars and converted into Canadian dollars. The Association has not entered into foreign exchange contracts to hedge this risk.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

9. COMPARATIVE FIGURES

The comparative figures included in these financial statements have been restated to conform with the accounting standards adopted for the current year.