

Scarborough Centre for Health Communities

Request for Proposal – Auditor Services

February 11, 2019

REFERENCE: **SCHCASRFP02112019**

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1.0 INTRODUCTION

The purpose of the RFP is to invite and select External Auditors / Audit firms with the qualifications, experience and expertise to audit the financial statements for Scarborough Centre for Health Communities (SCHC) for a period of five (5) years.

1.1 Award

The award will be made in accordance with the contents of the RFP (Request for Proposal). Period of the award will be for a five (5) year period, with SCHC having the option to extend the award on an annual basis, for up to two (2) additional years. Notwithstanding the award to the successful firm, the appointment of SCHC's auditors is still subject to annual approval by its members, at each Annual General Meeting (AGM).

1.2 Overview of SCHC

Originally founded as West Hill Community Services in 1977, is one of the most established and comprehensive community health organizations in the province. The organization owes its beginnings to 13 community agencies, a core group of community leaders and countless volunteers who identified emerging health and social needs within Scarborough.

After incorporating and acquiring Not-for-Profit / Charity status, SCHC provided initial services to the community such as meals-on-wheels, home support, transportation and family support programs. After a successful rebranding campaign, we employ over 180 staff, engage over 500 volunteers and operate 38 distinct and integrated services across 11 sites that work together to improve the health of our community. We provide medical assistance through our clinics; are involved in a growing youth program and have a multitude of social support programs including a food bank.

In order to remain a client-centered, integrated, engaged and proactive organization, we've continued to work closely with our community members, foster partnerships with initiatives that address pressing needs while setting new standards of excellence. We work tirelessly to offer programs and opportunities that profoundly impact the health of the communities we serve.

At the end of fiscal 2017-18, SCHC's overall budget was approximately \$13.7 million.

Please see accompanying audited financial statements for the fiscal year ended March 31, 2018.

The operating budget for 2018-19 grew to approximately \$18 million.

For other related information, see the SCHC website at www.schcontario.ca.

2.0 SERVICES

2.1 Description of Services

The primary responsibility of the selected auditor will be to provide annual auditor services to the Scarborough Centre for Health Communities.

The selected auditor will be required to:

- audit SCHC's financial statements, year-end schedules to the financial statements each fiscal year ending March 31, and, in accordance with GAAP & GAAS;
- assist and advise with drafting notes to the financial statements to include in the necessary disclosures;
- review final draft audited statements with SCHC's Finance, Audit and Risk (FAR) Committee in preparation for presentation to the Board of Directors;
- use fund accounting in the income statements and advise on accounting changes per IFRS for not-for-profit / charitable organizations;
- audit additional funder statements per their prescribed format:
 - (i) ARR – Account Reconciliation Report required by Central East Local Health Integration Network – CELHIN
 - (ii) Ministry of Health and Long Term Care (MOHLTC) – Diabetes Program;
- requirements may vary from year to year;
- complete the annual audit questionnaire required by the Ministry of Health and Long Term Care (MOHLTC), if required;
- issue a Management Letter for SCHC;
- conduct other special audit engagements as required (e.g. grant funding) or provide professional advice (e.g. HST);
- Prepare and submit, within their respective deadlines (and after required signatures are collected), all government (at all levels) returns and legislatively mandated filings and forms (e.g. corporate return, T3010 Charitable tax return, etc.)
- The selected auditor will report to the Finance, Audit and Risk (FAR) Committee of the Board of Directors of SCHC and to the Board itself.

2.2 Annual Schedule:

Before March 31st of each year, SCHC's auditor shall meet with SCHC's finance staff to discuss and agree upon the timelines required for the completion of the audit of financial statements for the current year. Agreement is to be reached on the audit plan for the interim and year-end audits (the "Audit Plan"), which should include but is not limited to:

- the extent and type of SCHC staff involvement, where applicable;
- a list of necessary schedules, working papers, analysis and other information to be prepared and made available by SCHC's finance staff for interim and year-end audit at convenient date agreed to by SCHC & the auditor;
- the auditor is required to provide SCHC with a Letter of Engagement accompanied by the Audit Plan each year and to include any recommendations from the auditor to complete the year-end audit;

- the audited financial statements must be reviewed with SCHC's Finance, Audit and Risk (FAR) Committee before the audited statements are presented to the Board of Directors on or before the first week of June each year.

2.3 Evaluating the Auditor's Performance:

During the term of the contract, the auditor's performance will be evaluated based on the following criteria:

It is expected that the successful respondent to the RFP keep to their fees quoted. The proposal requirements have been drafted with the intent of providing to the auditor sufficient details to allow for the preparation of a detailed bid that incorporates the SCHC's audit requirements. It is expected that the bids reflect these key requirements as any fees to be charged outside the scope of this proposal shall require the advance approval of the SCHC Board or its designate.

For the initial year of the engagement, the proposed auditor's staff assigned to the audit should be those originally proposed. Any subsequent changes to audit personnel must be acceptable to the SCHC Board or its designate.

It is expected that the audit senior will be available throughout the audit fieldwork and will provide regular updates to the CEO as to the status of the audit and any issues that may arise.

It is expected that the audit will be carried out in the manner proposed. Any changes in the audit program which impact staff and/or other resources of SCHC shall be discussed with and agreed to by the SCHC Board or its designate.

It is expected that the audit will be completed within the time frames specified in this RFP.

3.0 PROPOSAL SUBMISSION GUIDELINES

3.1 Communication subsequent to issuance of RFP

The Client Representative is:

Ms. Jeanie Joaquin – Chief Executive Officer
Scarborough Centre for Healthy Communities
E-mail: jjoaquin@schcontario.ca

Prospective auditors are prohibited from contacting any staff to obtain any information pertaining to this RFP, RFP Process, or to demonstrate or justify the prospective auditor's services or relay other benefits of doing business with SCHC. It is inappropriate for the auditor to initiate contact with any member of the RFP Evaluation Committee or any other staff unless specifically requested to do so by the Client Representative. Please note that it is inappropriate for prospective auditors to engage in any entertaining of any staff member connected with this RFP. Any prospective auditor who fails to comply with this requirement will be disqualified from the bidding process.

3.2 RFP Schedule

The following is a summary of the key dates in the RFP process.

Event	Date
RFP Release	February 11, 2019
Final Date for RFP Inquiries	February 22, 2019 at 4:00 pm
Final Date for responses to RFP Inquiries	February 28, 2019 at 11:59 pm
RFP Closing Date	March 11, 2019 at 4:00 pm
Auditor Interviews (if requested by SCHC)	Week of March 25, 2019
Selection Completed (approximate date)	April 15, 2019

The RFP schedule is tentative and may be changed by SCHC at its sole discretion.

3.3 When and Where to Submit a Proposal

To be eligible for consideration, proposals must be received by 4:00 p.m. Eastern Standard Time (EST) on March 11, 2019 (“RFP Closing Date”), in the office of SCHC in a sealed envelope or package labeled “Proposal for Auditor Services” to the following address:

SCHC
629 Markham Road, Unit 2
Scarborough, ON, M1H 2A4
Attn: Jeanie Joquin, Chief Executive Officer

Late proposals **will not** be accepted and will be returned unopened. It is the auditor’s responsibility to ensure that proposals are submitted on or before the RFP Closing Date.

3.4 Withdrawal or Amendment of Proposal

A prospective auditor may withdraw or amend its proposal any time prior to the RFP Closing Date by written notice to the Client Representative at the address noted above. SCHC will return a proposal that has been withdrawn.

3.5 Proposal Irrevocable

Subject to the prospective auditor’s right to withdraw or amend a proposal prior to the RFP Closing Date, proposals will be irrevocable by the prospective auditor and will remain in effect and open for acceptance by SCHC until April 15, 2019.

- 3.6 Addenda
The issuance of addenda will be the only method recognized for revisions to the RFP document. SCHC will make its best effort to issue addenda within a reasonable period of time on its website.
- 3.7 Clarification and Verification of Proposal
SCHC reserves the right to seek clarification and supplementary information from prospective auditors after the proposal submission deadline. The response received by SCHC from a prospective auditor shall, if accepted by SCHC, form an integral part of that prospective auditor's submission.

SCHC reserves the right to verify any auditor statement or claim by whatever means SCHC deems appropriate and may reject any auditor statement or claim, if in the judgment of SCHC, the statement or claim appears unwarranted or not credible.
- 3.8 Auditor Inquiries
All inquiries regarding this RFP should be directed in writing, via email to the Client Representative. The deadline for inquiries is 4:00 p.m. February 22, 2019. SCHC will issue a summary of questions and answers to all prospective auditors through its website. Auditors who submit inquiries will not be identified in communication with other prospective auditors.
- 3.9 Conflict of Interest
Each proposal must include confirmation that the prospective auditor does not and will not have any conflict of interest (actual or potential) in submitting its proposal, or if selected, with its contractual obligations under the contract. Where applicable, the prospective auditor must disclose in its proposal, information pertaining to any situation which may be a conflict of interest in submitting a proposal or, if selected, with the contractual obligations of the auditor under the contract. Each prospective auditor will sign and return an original copy of the Conflict of Interest Form attached in Schedule B.

The proposal of any prospective auditor may be disqualified where that auditor fails to provide confirmation of the foregoing or makes misrepresentations regarding any of the above. Further, SCHC, in addition to any other remedies it may have in law or in equity, shall have the right to rescind any contract awarded to an auditor if SCHC, in its sole and absolute discretion, determines that the auditor made a misrepresentation regarding any of the above.
- 3.10 Type and Term of Contract for Services
The selected auditor will be required to enter into a Services Agreement with SCHC, as set out in Schedule C, for a period of three (3) years. SCHC has the option to extend the award on an annual basis for up to two (2) additional years
- 3.11. Pricing and Taxes
Prices shall be firm for the duration of the Services Agreement. The proposal price must include all incidental costs and the auditor shall be deemed to be satisfied as to all the full requirements of the RFP.

4.0 RFP TERMS & CONDITIONS

4.1 Reservation of Rights of SCHC

In addition to any other express rights or any other rights which may be implied in the circumstances, without liability, cost or penalty to SCHC, SCHC may at any time prior to or after the RFP Closing Date:

- (a) Waive formalities and accept proposals that substantially comply with the requirements of this RFP;
- (b) Waive irregularities in any prospective auditor's proposal;
- (c) Check references other than those provided by a prospective auditor;
- (d) Disqualify a prospective auditor whose proposal contains misrepresentations or any other inaccurate or misleading information;
- (e) Disqualify a prospective auditor or the proposal of a prospective auditor who has engaged in conduct prohibited by this RFP;
- (f) Accept or reject a proposal if only one copy is submitted;
- (g) Cancel this RFP process at any stage;
- (h) Cancel this RFP and issue a new RFP for the same or similar services;
- (i) Discuss with any prospective auditor different or additional terms to those contemplated in this RFP or in any prospective auditor's proposal;
- (j) Accept a prospective auditor's proposal as is, or negotiate with any prospective auditor any new requirements or terms, or changes that may be deemed necessary by SCHC; and
- (k) Reject any or all proposals in the absolute discretion of SCHC.

Any amendment or supplement to this RFP will be communicated to interested parties in the same manner in which this RFP was issued.

Any reference to RFP in this document will mean this RFP and all addenda, amendments or supplements, if any.

4.2 Costs

Each prospective auditor will bear all costs associated with or incurred in the preparation and presentation of its proposal. Neither the failure of a prospective auditor to understand the RFP, nor SCHC's rejection of any or all proposals, will render the SCHC and/or its respective affiliates liable for any costs, penalties or damages. No prospective auditor shall hold SCHC and/or its respective affiliates liable for any error or omission in any part of this RFP. SCHC does not guarantee or warrant that such information is accurate, comprehensive or exhaustive.

4.3 Confidentiality

All information distributed in connection with this RFP is confidential, and is to be used for the sole purpose of completing proposals and are to be used for no other purpose unless prior written consent has been provided by SCHC. All material and information distributed will remain the property of SCHC to be used at its discretion.

All candidates electing not to submit a proposal will dispose of any and all confidential information in a responsible manner.

4.4 Governing Law

The RFP, the successful auditor's proposal and every document that will be required to be executed by the parties pursuant to the RFP will be governed by the laws of Ontario and the laws of Canada applicable therein, without reference to their respective conflict of laws principles.

5.0 REQUIREMENTS FOR COMPLETION

5.1 Mandatory Requirements

To be eligible for consideration, a prospective auditor must be invited to submit a proposal for the provision of auditor services for the SCHC.

The prospective auditor must deliver the following:

- (a) One (1) original, signed paper copy of the proposal,
- (b) One (1) proposal in electronic format using either MS Word or Adobe,
- (c) Four (4) paper copies of the proposal spiral bound.

The following is a list of mandatory items to be included in the proposal:

- (a) **Cover Letter:** An introduction to the prospective auditor's firm and a clear statement that the Terms and Conditions of this RFP have been read, understood and agreed to in their entirety and confirming that the information provided in the proposal is accurate. The letter must be signed by an authorized representative from the prospective auditor's organization, and include a clear statement noting that the individual signing the proposal has the authority to bind the prospective auditor's firm.
- (b) **Company Profile:** A description of the business (including breadth of other audit assignments and clients: resources, support services available and relevant to this audit) and contact details of the prospective auditor's firm, including:
 - (i) The full legal name of the prospective auditor's firm;
 - (ii) Any other name under which the prospective auditor's firm carries on business;
 - (iii) The address, telephone and facsimile numbers for the prospective auditors' firm;

- (iv) The name and title of a primary contact for all questions and clarifications arising from the RFP;
 - (v) The address, e-mail, telephone and facsimile number for the primary contact;
 - (vi) The name and title of the proposed individual(s) who will be performing the services for SCHC; and
 - (vii) The proposed start date for performing the services for SCHC.
- (c) **Conflict of Interest Form:** Complete, sign and attach the Conflict of Interest Form included in Schedule C.
- (d) **References:** Include three (3) references in the proposal, include name, title, organization and telephone number for each reference. References within the health care sector and prior audit work with CHCs is preferred.
- (e) **Pricing Information:** Identify annual and special project fees for the provision of auditor services. All pricing information will be in Canadian funds.

6.0 EVALUATION OF PROPOSALS

6.1 RFP Evaluation Process

The evaluation of the proposals will be conducted by SCHC in five (5) stages. A proposal must meet the requirements of each applicable stage to proceed to the next stage.

Stage 1: consists of validating that all proposal requirements are included and complete according to section 5.1 - Mandatory Requirements.

Stage 2: evaluating the list of services in accordance with section 2.1 and compliance to the proposed timelines per section 3.2

Stage 3: evaluating pricing information in conjunction with services offered.

Stage 4: consists of evaluating an oral presentation of the proposal by short listed prospective auditors (if requested by SCHC) and responding to questions by the evaluation team.

Stage 5: consists of verifying reference information for the selected auditor.

The points allocated to each stage of the evaluation process are as follows:

Stage	Evaluation Process	Percentage
1	Mandatory Requirements (section 5.1)	Pass / Fail
2	Service Requirements (section 6.2.1)	
	a) Compliance with stated qualification criteria.	5
	b) Audit experience of the firm and references	5
	c) Experience and qualification of personnel assigned to the project	10
	d) Description of audit approach	15
	e) Statement of understanding of the overall scope of the work	10
	f) Commitment to meeting all reporting deadlines	5
	g) Substantial resources and support services available.	5
	h) Description of your firm's quality assurance program	5
3	Pricing Information	30
4	Interview (if requested by SCHC)	10
5	Reference Verification	Pass / Fail

Each stage is evaluated separately and in sequential order. Eligible prospective auditors must achieve a score higher than the minimum score in each stage to participate in the next stage. A maximum of three (3) eligible prospective auditors with the highest point scores in Stage 2 and 3 – Service Requirements may may be invited to participate in Stage 4 – Interview.

6.2 Selection of Auditor

Service Requirement Evaluation Criteria

SCHC will make the award to the successful auditor. Final selection of an auditor may be based on, but not be limited to, a number of criteria. More points will be given to proposals that demonstrate the knowledge, experience and outcomes listed below:

- auditors must have professional certification and/ or registrations and related experience and qualifications;
- relevant experience of the firm related to non-profit and/ or health care sector audits and LHIN and MOHLTC funded organizations. At least one example provided;
- identification of personnel assigned to audit and related experience and qualifications;
- description of the audit approach showing well developed professional auditing techniques and sound system of control and review of audit work performed;
- statement of understanding of overall scope of the work;

- demonstrate a commitment to meeting all reporting deadlines;
- have substantial resources and support services available to address the scope of audit services required and sufficient resources to provide related consulting services if and when required;
- description of firm's quality assurance program;
- pricing Information.

Please provide a firm quotation for the fees to be charged for each audit year for period 3 years from (fiscal 2013 /14) onwards. A sample template is provided below. The fee quotation shall include: the estimate of hours for the audit as well as an indication as to how fees for special audit work (if any) is calculated and out of pocket expenses should be limited to maximum of 5% of audit fee. The proposed pricing schedule of the successful respondent will be entered into the Services Agreement found in Schedule C.

Year-End	Staff hours	Annual Audit Price Incl. disbursements	Hourly rates for special projects outside the scope of services
2018-19			
2019-20			
2020-21			
2021-22			
2022-23			
Total Proposed fee for the entire contract		\$	

The **lowest** proposed contract audit price will receive a maximum of 25 points and the **lowest** proposed hourly rate for special projects will receive a maximum of 5 points.

PART 1: Calculation of Annual Audit Price Score

The **lowest** proposed fee for the entire contract will receive a maximum score of 25 points. The other proposed fee for the entire contract will receive a score that is proportional to the extent by which they exceed the lowest proposed audit price.

The formula to be utilized to determine the score for this section is as follows:

(**Lowest** proposed audit price divided by auditor's submitted proposed audit price) X 25 points

PART 2: Calculation of Hourly Rate for Special Projects Score

The **lowest** proposed hourly rate will receive a maximum score of 5 points. The other proposed rates will receive a score that is proportional to the extent by which they exceed the lowest proposed hourly rate. Please note: if more than one hourly rate is stated, an average of the rates will be used.

The formula to be utilized to determine the score for this section is as follows:

(**Lowest** proposed hourly rate divided by auditor's submitted proposed hourly rate) X 5 points

TOTAL: The total score in this section consists of the audit price score and hourly rate score (PART 1 + PART 2).

6.3 Contract Award

SCHC will make the award to the prospective auditor who can provide the most appropriate proposal for SCHC. The selected auditor's entire proposal will be evaluated and selected on the basis of the responses to all information requested in this RFP. The successful auditor will be invited to enter into a Services Agreement with SCHC. Notice of selection to the successful auditor will be in writing.

6.4 Failure to Enter into Agreement

If the selected auditor fails to execute the Services Agreement within thirty (30) days of notice of selection, SCHC may, in its sole and absolute discretion and without incurring any liability, rescind the selection of that auditor.

Following which, SCHC reserves the right to negotiate directly with the audit firm with the next highest scoring proposal, and without re-issuing the RFP.

6.5 Notification to Other Auditors

Once an Agreement is executed by the successful auditor and SCHC, the other prospective auditors will be notified by SCHC in writing of the award of the contract to the successful auditor.

SCHEDULE A – SCHC’S MISSION STATEMENT

Our Mission:

SCHC is dedicated to meeting the diverse, holistic health needs of the communities of Scarborough by addressing the physical, mental, social, financial and environmental aspects of their health. Through the promotion of healthy lifestyles and the delivery of a comprehensive range of culturally competent health and social services, we cultivate vital and connected communities.

Our Vision:

To be recognized by our clients, communities and partners as leaders in championing holistic health and wellness for the diverse populations of Scarborough.

Our Values:

As an organization dedicated to its mission and vision, our actions are driven by these key values:

INCLUSIVENESS

We believe in creating an atmosphere that is reflective of the diversity of our community, eliminating any physical, social, psychological, or systemic barriers. This includes creating a welcoming and non-discriminatory environment that encourages a sense of belonging in our organization.

COMMUNITY ENGAGEMENT

Our client-centred and community-oriented organization is built on a framework of transparency, open communication, and sharing . We believe in building partnerships with members of our community to maintain a firm understanding of what our clients require, in order to adapt to changing needs.

ACCOUNTABILITY

We have a responsibility to our community of clients, staff and funders to remain transparent at all levels of the organization; to provide accurate, reliable, and timely services and information; to ensure ethical decision-making policies; and to continuously ensure that our clients are receiving the best and most effective services possible.

RESPECT

All members of the SCHC community deserve compassion, dignity and empathy. To achieve this and build the trust of our community, we believe we must begin from a foundation of non- judgmental respect and inclusivity.

EQUITY

We recognize and respect that our community members come from diverse backgrounds, and often access our organization according to their current needs. In order to accommodate the specific requirements of our clients and to provide them with the best services possible, we assess and identify the level of service they require while at SCHC and provide them with the right resources for their continued off-site support.

SCHEDULE B

CONFLICT OF INTEREST FORM

The Bidder must complete **either Part 1 or Part 2**, by marking the box in the appropriate section.

Part 1:

The Bidder declares that:

- (1) there was no Conflict of Interest in preparing its submission; and
- (2) there is no foreseeable Conflict of Interest in performing the contractual obligations contemplated in the Request for Proposal.

OR

Part 2:

The Bidder declares that there is an actual or potential Conflict of Interest relating to the preparation of its submission, and/or the Vendor foresees an actual or potential Conflict of Interest in performing the contractual obligations contemplated in the Request for Services.

If the Bidder declares an actual or potential Conflict of Interest by marking the box in **Part 2** above, the Bidder must provide details below, of the actual or potential Conflict of Interest:

Signature:

Officer(s) of the Audit Firm
(I/We have authority to bind the organization)

Date

SCHEDULE C
SERVICES AGREEMENT (SAMPLE ONLY)

THIS AGREEMENT is made as of the _____.

BETWEEN: Scarborough Centre for Healthy Communities,
a non-profit charitable corporation registered
under the laws of the Province of Ontario
(hereinafter "SCHC")

And

(hereinafter the "Auditor")

SCHC has agreed to retain the Auditor to complete the work outlined below. SCHC and the Auditor agree to the following:

1. The term of this Agreement shall commence on _____ and shall continue for a period of five (5) years (the "Term") on condition that, according to SCHC's by-law section 12, "The Members of the corporation shall at each annual general meeting appoint an auditor who shall not be a Director or an officer or employee of the corporation or a partner or employee of any such person, and who is duly licensed under the Public Accounting Act, to hold office until the next annual meeting. The remuneration of the auditor shall be fixed by the Board". In the event that the appointment of the Auditor is not approved in any given year during the Term, this Agreement shall be terminated without any cost or penalty to SCHC (NOTE: should probably have our lawyer check this for us).
2. The work and deliverables to be performed by the Auditor included in the RFP section 2 and the response to the RFP will become the work to be performed (the "Work" and "Deliverables").
3. Any additions to the Work or Deliverables must be agreed upon by both SCHC and the Auditor.
4. SCHC agrees to pay the Auditor annual fees as per the pricing schedule found in 6.2 of the RFP for the Work. For additional projects outside of the description of services, the Auditor will bill on an hourly basis as per the price quoted in the response to the RFP.
5. Except as may be otherwise agreed by the parties, the Auditor shall submit two invoices, after completion of the interim and the final audits for work performed in the fiscal year. Where applicable, the Auditor shall submit separate invoices upon completion of special projects within the fiscal year. Invoices shall include number of hours and details of work performed for that period. SCHC shall pay such invoices: (a) upon acceptance by SCHC, acting reasonably, of the Work and/or Deliverables performed or delivered during the applicable calendar month, or (b) within 30 days following receipt of Auditor's correct and properly issued invoice, whichever is later.

6. Except as otherwise agreed to by the parties, the Auditor will be responsible for providing all necessary equipment to perform the Work, at no additional cost to the SCHC. The Auditor shall be responsible for all costs and expenses incident to the performance of the Work. Incidental costs to be paid by the Auditor include but are not limited to, all costs of equipment provided by the Auditor, all fees, fines, licenses, bonds or taxes required of or imposed against the Auditor and all other of the Auditor's costs of doing business.
7. Upon SCHC's request, the Auditor shall promptly replace any individual engaged by the Auditor to perform work under this Agreement whom SCHC deems unsatisfactory, in its sole reasonable discretion, with another individual of suitable ability and qualifications acceptable to SCHC.
8. The Auditor hereby warrants that: (a) the Auditor will be the sole provider of the Work; (b) the Work and the Deliverables shall be performed in a good and workmanlike manner, and shall be of reasonable accuracy and quality suitable for its intended purpose.
9. Each party represents and warrants that it has good and sufficient power, authority and right to enter into and deliver this Agreement.
10. The Auditor agrees that all Deliverables, reports, information, and other materials generated during the course of completing the Work and the Deliverables are the property of the SCHC and cannot be used for any other purpose without the express written consent of the SCHC. The Auditor acknowledges and agrees to be bound by the terms and conditions set forth in Appendix B attached hereto with respect to confidentiality and ownership of intellectual property.
11. The Auditor shall indemnify, defend, and save harmless the SCHC, its directors, officers, employees, agents, nominees, members, licensees and customers (the "**Indemnified Parties**") from and against any claims, demands, actions, causes of action, suits, proceedings, fines damages, settlements, costs, liabilities and expenses, including reasonable legal fees (collectively, "**Claims**"): (a) alleging that the Work or Deliverables, or any part thereof, constitutes an infringement of any trade mark, logo, copyright, patent, or other intellectual property right or similar right of any third party; or (2) arising from any negligent or wilful act or omission of the Auditor in the course of performance of the Work.
12. Notwithstanding any other provisions contained herein, this Agreement may be terminated as per section 12.2 of SCHC's by-laws:

The Members may, by resolution passed by at least two-thirds of the votes cast at a general meeting of which notice of intention to pass the resolution has been given, remove any auditor before the expiration of the auditor's term of office and shall by a majority of the votes cast at that meeting appoint another auditor in such auditors' stead for the remainder of the term.

13. Any notice, demand or other communication required or permitted to be given to any party to this Agreement shall be in writing and shall be either:

- personally delivered to such party, or
- sent by registered mail, postage prepaid; or
- sent by fax, telecopier or similar method of communication, charges prepaid.
- Any notice given pursuant to subparagraphs (ii) and (iii) above shall be sent to the intended recipient at its address as follows:

Auditor: _____

Fax: _____

Scarborough Centre for Health Communities
629 Markham Road
Scarborough, Ontario M1H 2A4
Fax: 416-724-5205

Any party may from time to time change its address by written notice to the other party given in accordance with the provisions of this Section.

All such notices shall be deemed to have been received when delivered or transmitted, or, if mailed, three (3) business days following the date of mailing. If any notice is mailed and if regular mail service is interrupted by strikes or other irregularities, such notice shall be deemed to have been received three (3) business days following the resumption of normal mail service, provided that during the period that regular mail service shall be interrupted all notices shall be given by personal delivery or by facsimile transmission.

14. This Agreement constitutes the entire agreement between the parties pertaining to its subject matter, and supersedes all prior and contemporaneous agreements, understandings, negotiations and discussions, whether oral or written, of the parties with the exception of any previously executed confidentiality agreements between the parties, which shall remain in effect in accordance with the terms of such agreements, and there are no warranties, representations or other agreements between the parties in connection with the subject matter of this Agreement, except as specifically set forth in this Agreement. No supplement, modification, amendment or waiver of this Agreement shall be binding unless executed in writing by each of the parties.

15. This Agreement is made in and shall be interpreted in accordance with the laws in force in the Province of Ontario. The parties submit to the jurisdiction of the Courts of Ontario with respect to any dispute, claim or other matter, whether arising out of or by virtue of this Agreement or otherwise.

AGREED AND ACCEPTED as of the date first set out above.

SCARBOROUGH CENTRE FOR HEALTHY COMMUNITIES

Signature: _____

Name: _____

Title: _____

AUDITOR

Signature: _____

Name: _____

Title: _____

APPENDIX A

CONTRACTOR AGREEMENT AS TO CONFIDENTIALITY AND IP OWNERSHIP

Whereas the performance of contract work by me for the Scarborough Centre for Healthy Communities (the “SCHC”) will provide me with access to confidential and proprietary information and materials of the SCHC, its customers, suppliers, and others, and the SCHC intends to grant me access to such information and materials;

Now Therefore, in consideration of: (1) the SCHC granting me access to such information; (2) my engagement to perform contract work and the fees payable to me in connection with such contract work; and (3) other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, I agree as follows:

1. Every Development (as defined below) is the exclusive property of the SCHC. I agree to hold all Developments for the benefit of the SCHC, and hereby assign, and agree to assign, all of my right, title and interest in and to such Developments to the SCHC and its nominees, and to promptly disclose in writing to my supervisor, or to any person specifically designated by the SCHC from time to time, complete information concerning all Developments. I hereby unconditionally and irrevocably waive in favour of the SCHC, its successors, assigns, and licensees, any and all moral rights that I may have in connection with any Developments, which rights include the right to be or not be associated with a work and the right to the integrity of a work.
2. "**Developments**" means all discoveries, inventions, designs, works of authorship, improvements and ideas (whether or not patentable or copyrightable) and all intellectual property or proprietary rights therein, including, but not limited to, patents, copyrights, trademarks, topographies, know-how and trade secrets (collectively, "**IPRs**") and all records and copies of records relating to the foregoing, that:
 - (i) have resulted derived, or arisen, or will result derive, or arise from or in the course of the performance of the work performed by me under contract work with the SCHC ("**my Work**") or from my knowledge or use of Confidential Information (as defined below);
 - (ii) have been or will be conceived or made by me (individually or in collaboration with others) during the course of my Work; or
 - (iii) resulted or derived from, or will result or derive from my use or application of resources of the SCHC.
3. I acknowledge that I am being permitted by the SCHC to use its premises, facilities, equipment and tools, supplies and other resources to do my Work, which may involve making or creating Developments, and that I am receiving the SCHC's assistance in performing my Work. I agree that I may perform my Work at home or at other than SCHC locations, during as well as outside regular business hours. I agree that the work so performed will be considered part of and within the scope of my Work for the SCHC.

4. I shall, during and after the period of my Work with the SCHC, without charge to the SCHC but at its request and expense, assist the SCHC in every reasonable way to obtain and vest in it title to all IPRs arising with respect to Developments, in all countries, by executing all necessary or desirable documents, including applications for IPRs and assignments thereof. I will also co-operate with the SCHC in the prosecution or defence of any claims, lawsuits or other proceedings arising in connection with any such Developments or IPRs, without charge to the SCHC but at its expense and request.
5. I shall keep and maintain current and adequate records of all Developments conceived or created by me, and agree that these records shall be and remain the property of, and available to, the SCHC at all times. I agree that on completion or termination of my Work for the SCHC, or at any time upon request, I will promptly deliver to the SCHC all such records, in a tangible form such as notes, sketches, drawings, photographs, tables, lists, correspondence, computer diskettes, engineering books, and other tangible material in my possession, power or control, and will not retain any such materials.
6. I recognize that during the period of my Work with the SCHC, I may receive, develop or otherwise acquire information that: (i) is a trade secret of the SCHC; (ii) is proprietary or confidential to the SCHC, its suppliers, customers, or others, including without limitation Developments, products, software, specifications, processes, procedures, machinery, apparatus, business affairs, future plans, marketing plans, technical data, or customer lists (whether or not developed or acquired by me); (iii) relates to the business, affairs or prospects of the SCHC or any of its suppliers, customers, or others; or (iv) is information for which the SCHC owes an obligation of confidence (collectively, "**Confidential Information**"). Confidential Information does not include: (i) information publicly known without breach of this Agreement or similar agreements by myself; or (ii) information required to be disclosed by me by any law, regulation, governmental authority or court, only to the extent of such requirement, and provided that before disclosure is made, notice of the requirement is provided to the SCHC, and to the extent possible in the circumstances, the SCHC is afforded an opportunity to dispute the requirement for disclosure.
7. I agree not to use any of the Confidential Information, in whole or in part, for any purpose other than for the benefit of the SCHC and I will not, directly or indirectly, publish or disclose to any third party at any time during or after the period of my Work any of the Confidential Information, in whole or in part, without first obtaining the prior written authorization of the SCHC for such use, publication or disclosure. I will also take all reasonable precautions to prevent inadvertent disclosure, use, copying, transfer, or destruction of any of the Confidential Information. I will not make any unauthorized use of any Confidential Information of a third party during the performance of my Work.
8. Upon the expiration or termination of my Work with the SCHC, or upon request, I will promptly deliver to the SCHC all property of or belonging to or administered by the SCHC or any of its suppliers, customers, or others, including all Confidential Information, regardless of the media upon which it is stored, that is within my possession or control.
9. I agree to adhere to all SCHC policies and guidelines regarding the use of the SCHC's computers, networks, communications systems (voice, data, video), databases, or files, and I agree not to make any unauthorized use of such computers, networks, communications systems, databases, or files.

10. I acknowledge and agree that a breach of any of the foregoing provisions will give rise to irreparable harm and injury non-compensable in damages. Accordingly, the SCHC or such other party may seek and obtain injunctive relief against the breach or threatened breach of the foregoing provisions, in addition to any other legal remedies which may be available. I acknowledge and agree that the enforcement of a remedy hereunder by way of injunction will not prevent me from earning a reasonable livelihood.
11. My Work with the SCHC is and will continue to be subject to the terms and conditions of this Agreement. The rights and obligations of the parties arising under this Agreement with respect to Developments, IPRs and Confidential Information will survive the expiry or termination of my Work for the SCHC and shall remain enforceable.
12. This Agreement will inure to the benefit of the successors and assigns of the SCHC and be binding upon my heirs, executors and administrators. This Agreement will be governed by and construed in accordance with the laws in force in the Province of Ontario. If any provision of this Agreement, or any part thereof, shall be held by a court of competent jurisdiction to be invalid or unenforceable, such provision or part thereof shall be severable and of no force and effect, and shall not invalidate the remaining provisions hereof, and this Agreement shall continue in full force and effect as if such provision had not been a part hereof.

I HAVE CAREFULLY READ AND CONSIDERED THE PROVISIONS OF THIS AGREEMENT AND, HAVING DONE SO, AGREE THAT THE RESTRICTIONS SET FORTH HEREIN ARE FAIR AND REASONABLE AND ARE REASONABLY REQUIRED FOR THE PROTECTION OF THE INTERESTS OF THE SCHC.

Witness Signature

Auditor Signature

Witness Name

Auditor Name

Date

Date

**Scarborough Centre for Healthy
Communities**
Financial Statements
For the year ended March 31, 2018

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Mississauga ON L5B 1M2 Canada

Independent Auditor's Report

To the Board of Directors of Scarborough Centre for Healthy Communities

We have audited the accompanying financial statements of Scarborough Centre for Healthy Communities, which comprise the statement of financial position as at March 31, 2018 and the statements of operations, 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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Scarborough Centre for Healthy Communities as at March 31, 2018 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Mississauga, Ontario
June 20, 2018

Scarborough Centre for Healthy Communities
Statement of Financial Position

March 31 **2018** **2017**

Assets

Current

Cash	\$ 1,603,540	\$ 1,275,131
Accounts receivable	473,854	394,264
Prepaid expenses and deposits	127,267	102,414
	2,204,661	1,771,809

Capital assets (Note 2) 1,710,255 2,262,452

\$ 3,914,916 **\$ 4,034,261**

Liabilities and Net Assets

Current

Accounts payable and accrued liabilities (Note 3)	\$ 1,276,502	\$ 997,853
Central East Local Health Integration Network grant payable (Note 8)	658,607	651,754
Deferred revenue	131,381	7,147
	2,066,490	1,656,754

Deferred capital contributions (Note 4) 789,338 906,928

2,855,828 **2,563,682**

Net assets

General Reserve Fund	138,171	115,055
Funds Invested in Capital Assets	920,917	1,355,524
	1,059,088	1,470,579

\$ 3,914,916 **\$ 4,034,261**

On behalf of the Board:

Janice Dusek

Director

Laura

Director

The accompanying notes are an integral part of these financial statements.

Scarborough Centre for Healthy Communities Statement of Operations

For the year ended March 31	2018	2017
Revenue		
Central East Local Health Integration Network (Note 5)	\$ 11,272,411	\$ 10,593,689
United Way of Greater Toronto	770,806	749,487
City of Toronto (Note 6)	644,795	648,196
User fees	584,013	605,097
Grants	136,858	349,588
Donations	102,152	68,953
Other	236,132	192,298
	<u>13,747,167</u>	<u>13,207,308</u>
Less: Deferred capital contributions received	-	(10,027)
	<u>13,747,167</u>	<u>13,197,281</u>
Expenditures		
Salaries and benefits	10,067,115	9,549,722
Building occupancy	1,484,627	1,441,341
General program expenses	627,811	612,565
Non-insured - specialist	18,304	18,565
- diagnostic	39,843	39,007
Office and general	540,754	541,214
Other outside services	476,314	506,390
Outreach and promotion	25,911	12,547
Professional fees	80,703	101,074
Staff training	39,657	38,904
	<u>13,401,039</u>	<u>12,861,329</u>
Excess of revenue over expenditures before undernoted items	346,128	335,952
Less: Government grants clawed back (Note 8)	(323,012)	(335,595)
Excess of revenue over expenditures before other income (expenses)	23,116	357
Other income (expenses)		
Amortization of capital assets	(552,197)	(650,652)
Amortization of deferred capital contributions	117,590	142,090
Previous years' government grants clawed back (Note 8)	-	(107,573)
Deficiency of revenue over expenditures	\$ (411,491)	\$ (615,778)

The accompanying notes are an integral part of these financial statements.

Scarborough Centre for Healthy Communities
Statement of Changes in Net Assets

For the year ended March 31

	2018			2017
	General Reserve Fund	Funds Invested in Capital Assets	Total	Total
Net assets, beginning of year	\$ 115,055	\$1,355,524	\$1,470,579	\$2,086,357
Deficiency of revenue over expenditures	(411,491)	-	(411,491)	(615,778)
Amortization expense	552,197	(552,197)	-	-
Amortization of deferred capital contributions	(117,590)	117,590	-	-
Net assets, end of year	\$ 138,171	\$ 920,917	\$1,059,088	\$1,470,579

The accompanying notes are an integral part of these financial statements.

Scarborough Centre for Healthy Communities Statement of Cash Flows

For the year ended March 31	2018	2017
Cash provided by (used in)		
Operating activities		
Deficiency of revenue over expenditures for the year	\$ (411,491)	\$ (615,778)
Adjustments required to reconcile deficiency of revenue over expenditures for the year with net cash provided by operating activities		
Amortization of capital assets	552,197	650,652
Amortization of deferred capital contributions	(117,590)	(142,090)
Changes in non-cash working capital balances		
Accounts receivable	(79,590)	28,243
Prepaid expenses and deposits	(24,853)	34,778
Accounts payable and accrued liabilities	278,649	141,523
Central East Local Health Integration Network grant payable	6,853	443,168
Deferred revenue	124,234	(40,237)
	328,409	500,259
Investing activities		
Purchase of capital assets	-	(10,027)
Financing activity		
Deferred capital contributions received	-	10,027
Increase in cash during the year	328,409	500,259
Cash, beginning of year	1,275,131	774,872
Cash, end of year	\$ 1,603,540	\$ 1,275,131

The accompanying notes are an integral part of these financial statements.

Scarborough Centre for Healthy Communities

Notes to Financial Statements

March 31, 2018

1. Nature of Operations and Summary of Significant Accounting Policies

Nature and Purpose of Organization

Scarborough Centre for Healthy Communities (the "Organization") was incorporated as a corporation without share capital by letters patent under the Ontario Corporations Act on June 15, 1977. The Organization is exempt from the payment of income taxes as provided under the Income Tax Act as a registered charity.

Scarborough Centre for Healthy Communities is a not-for-profit community health and social services organization. The Organization addresses the physical, mental, social, financial and environmental aspects of health and delivery of a diverse range of health and social services to meet the holistic health needs of the communities of Scarborough. The Organization operates 38 services across 11 sites, including primary care, services for children, youth and seniors, hospice palliative care, social support programs and health education. For over 40 years the Organization has worked closely with a variety of community stakeholders to cultivate vital and connected communities.

Basis of Accounting

The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.

Capital Assets

Capital assets are recorded at cost and amortized on a straight-line basis over the estimated useful lives as follows:

Furniture and fixtures	5 years
Office equipment	5 years
Computer equipment	3 years
Medical equipment	5 years
Vehicles	5 years
Leasehold improvements	Over the term of the lease

Revenue Recognition

The Organization follows the deferral method of accounting for revenue, whereby restricted sources of revenue are recognized as revenue in the year in which the related expenses are incurred. Unrestricted sources of revenue are recognized as revenue when received.

User fees are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Net Assets

The General Reserve Fund accounts for the Organization's operating and administrative activities.

The Funds Invested in Capital Assets represents the net investment in capital assets.

Scarborough Centre for Healthy Communities

Notes to Financial Statements

March 31, 2018

1. Nature of Organization and 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 affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting year. Actual results could differ from management's best estimates as additional information becomes available in the future.

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, all financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets 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 charged to the financial instrument for those measured at amortized cost.

2. Capital Assets

	2018		2017	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Furniture and fixtures	\$ 652,788	\$ 649,433	\$ 652,788	\$ 623,247
Office equipment	258,593	258,593	258,593	256,223
Computer equipment	478,800	475,846	478,800	472,504
Medical equipment	592,823	582,177	592,823	577,554
Vehicles	613,680	586,718	613,680	558,129
Leasehold improvements	5,929,414	4,263,076	5,929,414	3,775,989
	\$ 8,526,098	\$ 6,815,843	\$ 8,526,098	\$ 6,263,646
Net book value		\$ 1,710,255		\$ 2,262,452

Scarborough Centre for Healthy Communities Notes to Financial Statements

March 31, 2018

3. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities includes the following:

	2018	2017
Payroll deductions	\$ 221,476	\$ 102,716
Employers' Health Tax payable	9,434	6,141
WSIB payable	14,181	8,754
	\$ 245,091	\$ 117,611

4. Deferred Capital Contributions

Deferred capital contributions represents funding received for capital asset acquisitions that are being amortized.

Revenue is recognized over the life of the capital assets on the same basis as amortization. Accordingly, deferred capital contributions equal the corresponding net book value of funded capital assets.

	2018	2017
Balance , beginning of year	\$ 906,928	\$ 1,038,991
Funding received	-	10,027
Amortization of deferred capital contributions	(117,590)	(142,090)
Balance , end of year	\$ 789,338	\$ 906,928

5. Central East Local Health Integration Network Funding

Funding provided by the Central East Local Health Integration Network relates to the following:

	2018	2017
Community Health Centre	\$ 8,079,680	\$ 7,622,818
Community Support Services	1,785,889	1,663,274
Palliative Care	734,816	817,359
Assisted Living	537,799	490,238
Mental Health and Addictions	134,227	-
	\$ 11,272,411	\$ 10,593,689

Scarborough Centre for Healthy Communities Notes to Financial Statements

March 31, 2018

6. City of Toronto Funding

Funding provided by the City of Toronto relates to the following:

	<u>2018</u>	<u>2017</u>
Community Service Partnership	\$ 187,806	\$ 186,726
Furniture Bank	184,419	184,418
Homelessness	85,020	85,020
Early ON Centre	114,036	115,533
Other	73,514	76,499
	<u>\$ 644,795</u>	<u>\$ 648,196</u>

7. Commitments

The Organization has entered into commitments for property leases, office equipment and internet services, with minimum annual payments for the next five years and thereafter as follows:

2019	\$ 1,340,371
2020	1,240,049
2021	1,133,732
2022	757,715
2023	579,669
Thereafter	<u>2,330,481</u>
	<u>\$ 7,382,017</u>

Scarborough Centre for Healthy Communities Notes to Financial Statements

March 31, 2018

8. Central East Local Health Integration Network Grant Payable

The Organization receives funding from the Central East Local Health Integration Network (the "CE-LHIN") to assist with the expenditures of the Organization based on a pre-approved budget. The amount of funding provided to the Organization is subject to final review and approval by the CE-LHIN.

As at the date of these financial statements, funding for the period of April 1, 2017 to March 31, 2018 has not been subject to the CE-LHIN's review process. Any adjustments required as a result of this review, will be accounted for in the year of settlement. As at March 31, 2018 the Organization has recorded a payable to the CE-LHIN totalling \$658,607 (2017 - \$651,754) on account of unspent funding.

	2018	2017
Clawback re: 2014/2015	\$ -	\$ 88,136
Clawback re: 2015/2016	-	19,437
Previous years' government grants clawed back	-	107,573
Unspent funding - 2015/2016	-	208,586
Unspent funding - 2016/2017	335,595	335,595
Unspent funding - 2017/2018	323,012	-
	\$ 658,607	\$ 651,754

9. Financial Instrument Risk

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. The Organization is exposed to credit risk arising from its accounts receivable. This risk has not changed from the prior year.

10. Comparative Figures

Certain comparative figures have been reclassified to conform with the method of presentation adopted for the current year.