



Financial Statements

*Junior Achievement of Canada -  
Jeunes Entreprises du Canada*

June 30, 2015

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# Independent Auditor's Report

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To the Members of  
**Junior Achievement of Canada - Jeunes Entreprises du Canada**

We have audited the accompanying financial statements of **Junior Achievement of Canada – Jeunes Entreprises du Canada**, which comprise the statement of financial position as at June 30, 2015, and the statements of operations, changes in fund balances 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 **Junior Achievement of Canada – Jeunes Entreprises du Canada** as at June 30, 2015, and its financial performance for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



Toronto, Canada  
January 28, 2016

Chartered Professional Accountants  
Licensed Public Accountants

# Junior Achievement of Canada - Jeunes Entreprises du Canada

## Statement of operations

Year ended June 30

	Operating Fund	Restricted and Special Purpose Fund	Operating Reserve Fund	Priorities Fund	Capital Asset Fund	Endowment Fund	2015 Total	2014 Total
<b>Revenue</b>								
Contributions	\$ 1,612,824	\$ 60,000	\$ -	\$ -	\$ 364,531	\$ -	\$ 2,037,355	\$ 1,991,763
Awards and scholarships	-	-	-	-	-	-	-	3,416
Grants – other	63	1,008,643	-	-	-	-	1,008,706	845,838
Charter license fees	454,934	-	-	-	-	-	454,934	381,981
Charter insurance fees	21,810	-	-	-	-	-	21,810	97,017
Unrealized gain(loss) on investments	-	-	-	-	-	3,155	3,155	7,805
Miscellaneous and interest income	19,588	-	-	-	-	34,810	54,398	43,557
Next Generation Forum	117,825	-	-	-	-	-	117,825	216,656
	<u>2,227,044</u>	<u>1,068,643</u>	<u>-</u>	<u>-</u>	<u>364,531</u>	<u>37,965</u>	<u>3,698,183</u>	<u>3,588,033</u>
<b>Expenses</b>								
Awards and scholarships	1,384	5,000	-	-	-	-	6,384	17,223
CBHF Gala	460,668	26,537	-	-	-	-	487,205	436,715
Charter program delivery	-	1,023,688	-	-	-	-	1,023,688	783,820
Conferences and training	48,218	-	-	-	-	-	48,218	24,314
Consultants	-	-	-	-	-	-	-	3,055
Depreciation	-	-	-	-	90,664	-	90,664	47,082
Facilities and administration	183,952	55	-	-	-	-	184,007	157,390
Foreign exchange loss (gain)	(32,372)	7,601	-	-	-	-	(24,771)	-
Fundraising	4,263	-	-	-	-	-	4,263	-
JA Canada/JACF Insurance	21,337	-	-	-	-	-	21,337	-
License fee	132,924	-	-	-	-	-	132,924	50,747
National program insurance	14,540	-	-	-	-	-	14,540	73,131
Marketing and communications	67,206	-	-	-	-	-	67,206	26,665
Next Generation Forum	88,016	-	-	55,000	-	-	143,016	82,251
Other events	59,794	-	-	-	-	-	59,794	40,910
Professional fees	40,415	-	-	-	-	-	40,415	41,892
Program development	-	14,592	-	40,000	-	-	54,592	91,005
Salaries and benefits	1,436,851	62,562	-	-	-	-	1,499,413	1,561,937
Technology	135,836	-	-	-	-	-	135,836	70,877
Travel	49,669	1,068	-	-	-	-	50,737	25,521
	<u>2,712,701</u>	<u>1,141,103</u>	<u>-</u>	<u>95,000</u>	<u>90,664</u>	<u>-</u>	<u>4,039,468</u>	<u>3,534,535</u>
Excess (deficiency) of revenue over expenses	\$ <u>(485,657)</u>	\$ <u>(72,460)</u>	\$ <u>-</u>	\$ <u>(95,000)</u>	\$ <u>273,867</u>	\$ <u>37,965</u>	\$ <u>(341,285)</u>	\$ <u>53,498</u>

See accompanying notes to the financial statements.

# Junior Achievement of Canada - Jeunes Entreprises du Canada

## Statement of changes in fund balances

Year ended June 30

	Operating Fund	Restricted and Special Purpose Fund	Operating Reserve Fund	Priorities Fund	Capital Asset Fund	Endowment Fund	2015 Total	2014 Total
Fund balances, beginning of year	\$ 758,904	\$ 401,048	\$ 1,105,011	\$ 150,000	\$ 61,330	\$ 449,721	\$ 2,926,014	\$ 2,872,516
Excess (deficiency) of revenue Over expenses	(485,657)	(72,460)	-	(95,000)	273,867	37,965	(341,285)	53,498
Inter fund transfers	845,011	-	(845,011)	-	-	-	-	-
Capital assets purchased	(180,399)	-	-	(5,000)	185,399	-	-	-
Unrealized gain (loss) on investments	3,026	-	-	-	-	(3,026)	-	-
Fund balances, end of year	\$ <u>940,885</u>	\$ <u>328,588</u>	\$ <u>260,000</u>	\$ <u>50,000</u>	\$ <u>520,596</u>	\$ <u>484,660</u>	\$ <u>2,584,729</u>	\$ <u>2,926,014</u>

See accompanying notes to the financial statements.

# Junior Achievement of Canada - Jeunes Entreprises du Canada

## Statement of financial position

June 30

	Operating Fund	Restricted and Special Purpose Fund	Operating Reserve Fund	Priorities Fund	Capital Asset Fund	Endowment Fund	2015 Total	2014 Total
<b>Assets</b>								
<b>Current</b>								
Cash and cash equivalents	\$ 105,089	\$ 228,588	\$ 260,000	\$ 50,000	\$ 469	\$ 157,786	\$ 801,932	\$ 2,329,550
Term deposits	270,000	150,000	-	-	630,000	-	1,050,000	-
Receivables								
- affiliated organizations	7,972	-	-	-	-	-	7,972	51,846
- JACF (Note 4)	822,151	-	-	-	-	-	822,151	368,995
- other	157,816	-	-	-	-	-	157,816	176,622
Due from Operating Reserve Fund	-	-	-	-	-	-	-	100,000
Prepays	8,896	-	-	-	-	-	8,896	12,879
	<u>1,371,924</u>	<u>378,588</u>	<u>260,000</u>	<u>50,000</u>	<u>630,469</u>	<u>157,786</u>	<u>2,848,767</u>	<u>3,039,892</u>
Investments in preferred shares (Note 3)	-	-	-	-	-	313,922	313,922	430,542
Investment in common shares (Note 3)	-	-	-	-	-	12,952	12,952	19,179
Capital assets (Note 5)	-	-	-	-	525,596	-	525,596	61,330
	<u>\$ 1,371,924</u>	<u>\$ 378,588</u>	<u>\$ 260,000</u>	<u>\$ 50,000</u>	<u>\$ 1,156,065</u>	<u>\$ 484,660</u>	<u>\$ 3,701,237</u>	<u>\$ 3,550,943</u>
<b>Liabilities</b>								
<b>Current</b>								
Due to Operating Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,000
Payables and accruals	356,525	-	-	-	-	-	356,525	222,118
Due to affiliated organizations	-	-	-	-	-	-	-	282,728
Deferred revenue	74,514	50,000	-	-	-	-	124,514	20,083
	<u>431,039</u>	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>481,039</u>	<u>624,929</u>
<b>Long-term</b>								
Deferred capital contributions relating to capital assets	-	-	-	-	635,469	-	635,469	-
	<u>431,039</u>	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>635,469</u>	<u>-</u>	<u>1,116,508</u>	<u>624,929</u>
<b>Fund balances</b>								
Invested in capital assets	-	-	-	-	520,596	-	520,596	61,330
Externally restricted	-	328,588	-	-	-	484,660	813,248	850,769
Internally restricted	-	-	260,000	50,000	-	-	310,000	1,255,011
Unrestricted	940,885	-	-	-	-	-	940,885	758,904
	<u>940,885</u>	<u>328,588</u>	<u>260,000</u>	<u>50,000</u>	<u>520,596</u>	<u>484,660</u>	<u>2,584,729</u>	<u>2,926,014</u>
	<u>\$ 1,371,924</u>	<u>\$ 378,588</u>	<u>\$ 260,000</u>	<u>\$ 50,000</u>	<u>\$ 1,156,065</u>	<u>\$ 484,660</u>	<u>\$ 3,701,237</u>	<u>\$ 3,550,943</u>

Commitments (Note 7)  
Line of credit (Note 8)  
On behalf of the Board

Director

Director

See accompanying notes to the financial statements.

# Junior Achievement of Canada - Jeunes Entreprises du Canada

## Statement of cash flows

Year ended June 30

	Operating Fund	Restricted and Special Purpose Fund	Operating Reserve Fund	Priorities Fund	Capital Asset Fund	Endowment Fund	2015 Total	2014 Total
Increase (decrease) in cash and cash equivalents								
<b>Operating activities</b>								
Excess (deficiency) of revenue over expenses	\$ (485,657)	\$ (72,460)	\$ -	\$ (95,000)	\$ 273,867	\$ 37,965	\$ (341,285)	\$ 53,498
Depreciation of capital assets	-	-	-	-	90,664	-	90,664	47,082
Unrealized gain on investments	-	-	-	-	-	3,026	3,026	(7,805)
Gift in kind of common shares	-	-	-	-	-	-	-	(18,382)
Net change in non-cash working capital (Note 9)	<u>(464,629)</u>	<u>(382,728)</u>	<u>-</u>	<u>-</u>	<u>(630,000)</u>	<u>-</u>	<u>(1,477,357)</u>	<u>(310,534)</u>
	<u>(950,286)</u>	<u>(455,188)</u>	<u>-</u>	<u>(95,000)</u>	<u>(265,469)</u>	<u>40,991</u>	<u>(1,724,952)</u>	<u>(236,141)</u>
<b>Investing activities</b>								
Deferred capital contributions (Note 6)	-	-	-	-	635,469	-	635,469	-
Purchase of capital assets	-	-	-	-	(554,930)	-	(554,930)	(83,850)
Disposition of (purchase of) investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>116,795</u>	<u>116,795</u>	<u>(2,025)</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>80,539</u>	<u>116,796</u>	<u>197,334</u>	<u>(85,875)</u>
<b>Financing Activities</b>								
Note receivable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,164</u>
Net increase (decrease) in cash and cash equivalents	(950,286)	(455,188)	-	(95,000)	(184,930)	157,786	(1,527,618)	(316,852)
Cash and cash equivalents, beginning of year	290,763	683,776	1,205,011	150,000	-	-	2,329,550	2,646,402
Inter fund transfers	<u>764,612</u>	<u>-</u>	<u>(945,011)</u>	<u>(5,000)</u>	<u>185,399</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents, end of year	\$ <u>105,089</u>	\$ <u>228,588</u>	\$ <u>260,000</u>	\$ <u>50,000</u>	\$ <u>469</u>	\$ <u>157,786</u>	\$ <u>801,932</u>	\$ <u>2,329,550</u>

See accompanying notes to the financial statements.



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# Junior Achievement of Canada - Jeunes Entreprises du Canada

## Notes to the financial statements

June 30, 2015

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### 1. The organization

Junior Achievement of Canada - Jeunes Entreprises du Canada ("JA/JE") is a non-profit organization incorporated without share capital under the Canada Corporations Act. JA/JE's purpose is to provide practical economic and business education programs and experience for young people by working with the business and education communities. Delivery of the programs is provided through the Canadian Chartered Organizations. JA/JE maintains an operating agreement with each of its Canadian Chartered Organization affiliates from which it charges annual license fees of \$454,934 (2014 - \$381,981). In addition, JA/JE has a licensing agreement with its U.S. affiliate, Junior Achievement Worldwide, to which it paid an annual licensing fee of \$132,924 (2014 - \$50,747).

The financial results of the Canadian Chartered Organizations are not included in these financial statements. As JA/JE is a registered charitable organization, it is exempt from income tax and may issue charitable donation receipts for income tax purposes.

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### 2. Summary of significant accounting policies

#### Basis of presentation

The organization has prepared these financial statements in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

These financial statements include the accounts of JA/JE only. They do not include assets, liabilities or activities of any of the Canadian Chartered Organizations.

#### Fund balances

JA/JE's financial statements have been prepared in a manner which segregates the fund balances as follows:

The **Operating Fund** consists of a set of accounts which report all day-to-day activities and in the current year all the revenues and expenses associated with the Gala.

The **Restricted and Special Purpose Fund** consists of a set of accounts which report contributions from external sources restricted for use relating primarily to strategic initiatives of JA/JE, the development of new programs, and the redevelopment of existing programs.

The **Operating Reserve Fund** was established by the Board of Directors of JA/JE to internally restrict funds to mitigate current and future risks (e.g. revenue shortfalls and unanticipated expenditures). The base target level of this reserve is an amount equal to six months of operating expenses of JA/JE.

The **Priorities Fund** was established by the Board of Directors of JA/JE to internally restrict funds for the implementation of priority projects identified by the Board of Directors.

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# Junior Achievement of Canada - Jeunes Entreprises du Canada

## Notes to the financial statements

June 30, 2015

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

The **Capital Asset Fund** reports the assets, liabilities, revenues and expenses relating to JA/JE's capital assets.

The **Endowment Fund** consists of a set of accounts which report endowment contributions and related investment income. An endowment contribution stipulates that the resources contributed be permanently maintained. The Endowment Fund includes two separate funds that have two specific purposes. Donations are placed in a segregated account and invested in preferred shares or money market funds. The first fund was established in 1987. Income from this fund may only be used for research and development activities of JA/JE. Donations received this year relating to this fund are \$nil (2014 - \$18,382). The second fund was established in 1996 and is administered by the Organization's management. Income from this fund may only be used for scholarships. Donations received this year relating to this fund are \$nil (2014 - \$nil).

#### Capital assets

Capital assets are recorded at cost less amortization and impairment. Third party and internal allocated costs are capitalized under internally developed software in connection with the development of the Virtual School project.

All capital assets are amortized on a straight-line basis over their estimated useful lives at the following annual rates:

Computer hardware	- 3 years
Computer software	- 3 years
Furniture	- 5 years
Office equipment	- 5 years
Leasehold improvements	- 5 years
Intangible assets	- 5 years

When a capital asset no longer has any long-term service potential to the Organization, the differential of its net carrying amount and any residual value, is recognized as a gain or loss, as appropriate, in the statements of operations.

#### Investments

The investments in common and preferred shares are recorded at fair market value with changes in fair value reported in the statement of operations.

#### Contributions

Unrestricted contributions received for the purpose of capital assets are recorded as deferred capital contributions related to capital assets and are amortized on the same basis as the related capital assets.

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# Junior Achievement of Canada - Jeunes Entreprises du Canada

## Notes to the financial statements

June 30, 2015

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

#### Revenue recognition

Donated services or assets are recognized when a fair value can be reasonably estimated and when the services or assets normally would have been acquired if not donated. Advance billings include amounts received in respect of events taking place in the following fiscal year. Grant revenue is recognized as revenue in the year the funds are received or receivable. Donor restricted contributions are deferred and recognized as revenue in the year in which the related expenses are incurred.

#### Endowment fund income

Endowment fund income is transferred annually to the operating fund to offset research and development costs and to the restricted fund to offset scholarship awards. The transfer cannot exceed actual research and development costs incurred or scholarships awarded during the year.

#### Cash and cash equivalents

JA/JE considers deposits in banks, certificates of deposit and short-term investments with original maturities of three months or less as cash and cash equivalents.

#### Volunteer services

JA/JE benefits substantially from services in the form of volunteer time. These invaluable services are not recorded in these financial statements due to the difficulty in determining their fair value.

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### 3. Investments

At the year end June 30, 2015 the fair market value of the preferred shares was \$313,922 (2014 - \$430,542) the original purchase price of these shares amounted to \$197,953 (2014 - \$281,137).

At the year end June 30, 2015 the fair market value of the common shares was \$12,952 (2014 - \$19,179) the original purchase price of these shares amounted to \$18,382 (2014 - \$18,382).

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### 4. Related party transactions

Junior Achievement of Canada Foundation ("JACF") was established to raise funds for Junior Achievement, including for JA/JE. JA/JE and JACF are related by virtue of the fact that they share some of the same common management and board members.

# Junior Achievement of Canada - Jeunes Entreprises du Canada

## Notes to the financial statements

June 30, 2015

### 4. Related party transactions (continued)

Contributions received in the year from JACF were \$1,296,828, of which \$1,296,828 was included in the operating fund and \$nil in the restricted and special purpose fund. In 2014, JACF made contributions of \$1,755,941 of which \$ 1,611,253 was included in the operating fund and \$144,688 in the restricted and special purpose fund.

Transactions between related parties were in the normal course of operations and were measured at the exchange amounts.

### 5. Capital assets

			2015 Net Book Value	2014 Net Book Value
	Cost	Accumulated Depreciation		
Computer – hardware	\$ 98,796	\$ 77,068	\$ 21,728	\$ 1,670
Computer – software	299,675	172,319	127,356	59,660
Furniture	43,333	35,062	8,271	-
Equipment	3,664	2,668	996	-
Internally developed software (a)	364,531	-	364,531	-
Leasehold improvements	<u>3,394</u>	<u>680</u>	<u>2,714</u>	<u>-</u>
	<u>\$ 813,393</u>	<u>\$ 287,797</u>	<u>\$ 525,596</u>	<u>\$ 61,330</u>

(a) Internally developed software relates to contributions received for the Virtual School project. The computer platform will be amortized once the project is completed.

### 6. Deferred contributions related to capital assets

Deferred contributions related to capital assets represent the unamortized and unspent amount of funds received for the purchase of capital assets. The changes in the deferred contributions related to capital assets balances for the year as follows:

	June 30, 2015	June 30, 2014
Balance, beginning of year :	\$ -	\$ -
Amounts received related to capital assets:	\$ 1,000,000	-
Amounts recognized as revenue	<u>\$ (364,531)</u>	<u>-</u>
Balance, end of year	<u>\$ 635,469</u>	<u>\$ -</u>

# Junior Achievement of Canada - Jeunes Entreprises du Canada

## Notes to the financial statements

June 30, 2015

### 7. Commitments

JA/JE leases office facilities and equipment under operating lease agreements. As at June 30, 2015 the future minimum annual lease commitment remaining under these leases is as follows:

2016	\$	47,600
2017		47,600
2018		<u>15,867</u>
	\$	<u>111,067</u>

### 8. Line of credit

JA/JE has available an operating line of credit to the maximum of \$300,000 at prime plus 0.5%. The operating line of credit is unsecured and at year end June 30, 2015 the facility has not been drawn down.

### 9. Change in non-cash operating working capital

	Operating Fund	Restricted and Special Purpose Fund	Capital asset Fund	2015	2014
Receivables from affiliated Organizations and JACF	\$ (409,282)	\$ -	-	\$ (409,282)	\$ (7,064)
Other receivables	18,806	-	-	18,806	(130,373)
Prepays	3,983	-	-	3,983	(5,517)
Term deposit	(270,000)	(150,000)	(630,000)	(1,050,000)	-
Payables and accruals	62,781	-	-	62,781	(53,588)
Due to affiliated organizations	-	(282,728)	-	(282,728)	36,075
Advance billings	74,583	-	-	74,583	(170,150)
Deferred revenue	<u>54,500</u>	<u>50,000</u>	-	<u>104,500</u>	<u>20,083</u>
	\$ <u>(464,629)</u>	\$ <u>(382,728)</u>	\$ <u>(630,000)</u>	\$ <u>(1,477,357)</u>	\$ <u>(310,534)</u>

### 10. Capital

JA/JE's main objective when managing capital is to safeguard its ability to continue as a going concern, so that it can continue to provide services and benefits to charters.

The capital structure of JA/JE consists of cash and cash equivalents and net assets comprised of accumulated fund balances in operating funds, capital asset funds, endowment funds and special purpose funds as described in Note 2. JA/JE manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. JA/JE is not subject to any externally imposed capital requirements; however, endowment funds, some grants, and donations have conditions setting out the activities or other expenditures for which the funds may be used.

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# Junior Achievement of Canada - Jeunes Entreprises du Canada

## Notes to the financial statements

June 30, 2015

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### 11. Financial instruments and risk management

#### Fair value of financial instruments

Financial assets and liabilities are measured at fair value in the statement of financial position in accordance with the fair value hierarchy. This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy for financial instruments measured at fair value is Level 1 for all investments. The Organization does not have Level 2 or Level 3 inputs. There were no transfers between the three levels between June 30, 2014 and June 30, 2015.

JA/JE's financial instruments consist of cash and cash equivalents, preferred shares, receivables, note receivable, payables and accruals and amounts due to affiliated organizations. It is management's opinion that JA/JE is not exposed to significant interest, currency or credit risk arising from these financial instruments. Management estimates that the fair value of these financial instruments approximates the carrying value.

Cash and cash equivalents and investments have been classified as held for trading, receivables has been classified as loans and receivables and payables and accruals have been classified as other liabilities.

#### Financial instrument risk

In the normal course of business, the Organization is exposed to a variety of financial risks: interest rate risk, price risk, credit risk, and liquidity risk. The value of investments within the Organization's portfolio can fluctuate on a daily basis as a result of changes in interest rates, economic conditions and market news related to specific securities within the Organization.

The level of risk depends on the Organization's investment objectives and the type of securities it invests in.

##### *Price risk*

Price risk is the risk that the fair value of an investment will fluctuate because of changes in market prices (other than those arising from foreign currency or interest rate risk), whether those changes are caused by factors specific to the individual investment or factors affecting all securities traded in the market.

The following table demonstrates the sensitivity of the Organization's net assets to a 1% absolute change in the fair value of the Organization's investments which are exposed to price risk, assuming all other variables are held constant.

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# Junior Achievement of Canada - Jeunes Entreprises du Canada

## Notes to the financial statements

June 30, 2015

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### 11. Financial instruments and risk management (continued)

#### Financial instrument risk (continued)

##### *Price risk (continued)*

	<b>2015</b>		<b>2014</b>
	<b>Impact of a 1% absolute change in market value</b>		<b>Impact of a 1% absolute change in market value</b>
	<b><u>Market value</u></b>	<b><u>on net assets</u></b>	<b><u>Market value</u></b>
			<b><u>on net assets</u></b>
Investments in common and preferred shares	\$ <u>326,874</u>	\$ <u>3,300</u>	\$ <u>449,721</u>
			\$ <u>4,500</u>

##### *Credit risk*

Credit risk on financial instruments is the risk of financial loss occurring as a result of default or insolvency of a counterparty on its obligations to the Organization. Concentration of credit risk exists when a significant proportion of the portfolio is invested in securities with similar characteristics or subject to similar economic, political or other conditions. Given the structure of this sector as well as the financial strength of these counterparties the Organization believes that this does not create levels of credit risk in excess of our risk tolerance.

##### *Liquidity risk*

Liquidity risk is the risk of being unable to settle or meet commitments as they come due. Liquidity risk is managed by ensuring the investment manager invests in high quality investments easily disposed of in an active market.