



Doane
Grant Thornton

Financial statements

Cecil Community Centre

December 31, 2024

Contents

	Page
Independent auditor's report	1 - 3
Statement of financial position	4
Statement of operations	5
Statement of changes in net assets	6
Statement of cash flows	7
Notes to the financial statements	8 - 15

Date: May 23, 2025

Management's responsibility for the financial statements

The financial statements of the Cecil Community Centre (the "Centre") are the responsibility of management and have been approved by the Board.

The financial statements have been prepared in compliance with the Canadian public sector accounting standards for government not-for-profit organizations, including the 4200 series of standards, established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in Note 2 to the financial statements.

The preparation of the financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Centre's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

The Board of Management is responsible for ensuring that management fulfills its responsibilities for financial reporting. The Board reviews the Centre's financial statements and discusses any significant financial reporting or internal control matters prior to the approval of the financial statements.

The financial statements have been audited by Doane Grant Thornton LLP, independent external auditors appointed by the City of Toronto's City Council, in accordance with Canadian generally accepted auditing standards. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Centre's financial statements.

Signed by:

Ryan Patrick Northfield

5G382696E63E487...

Chairperson

Signed by:

[Signature]

FB7FA6157BD6417...

Vice-Chairperson

Independent Auditor's Report

Doane Grant Thornton LLP
11th Floor
200 King Street West
Toronto, ON
M5H 3T4
T +1 416 777 6096
F +1 416 360 4949

To the Council of the Corporation of the City of Toronto and the Board of Management of
[Cecil Community Centre](#)

Qualified Opinion

We have audited the financial statements of Cecil Community Centre (the "Centre"), which comprise the statement of financial position as at December 31, 2024, and the statements of operations, changes in net assets and cash flow 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 Cecil Community Centre as at December 31, 2024, and its results of operations, changes in net assets, and cash flows for the year then ended in accordance with Canadian public sector accounting standards for government not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Centre 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 Centre. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess (deficiency) of revenue over expenses, and cash flows from operations for the year ended December 31, 2024 and December 31, 2023, current assets as at December 31, 2024 and December 31, 2023, and net assets at January 1 and December 31 for both the 2024 and 2023 years.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards for government 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 Centre's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Centre or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Centre'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 Centre'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 Centre'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 Centre 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.

Doane Grant Thornton LLP

Toronto, Canada
May 23, 2025

Chartered Professional Accountants
Licensed Public Accountants

Cecil Community Centre Statement of Financial Position

December 31

2024

2023

Assets

Current

Cash	\$ 27,235	\$ 14,743
Investments (Note 4)	100,000	27,678
Due from City of Toronto - vacation	3,652	3,652
Due from City of Toronto – deficit (Note 7)	176,367	139,329
Accounts receivable	34,370	46,288
Prepaid expenses	<u>-</u>	<u>270</u>
	341,624	231,960

Tangible capital assets (Note 5)	42,870	22,283
Due from City of Toronto (Note 6)	<u>226,006</u>	<u>208,771</u>

\$ 610,500	\$ 463,014
-------------------	-------------------

Liabilities

Current

Accounts payable and accrued liabilities	\$ 158,614	\$ 85,974
Deferred contributions (Note 8)	<u>64,946</u>	<u>24,167</u>
	223,560	110,141

Deferred capital contributions (Note 9)	41,315	19,018
Post-employment benefits liability (Note 6)	<u>226,006</u>	<u>208,771</u>
	490,881	337,930

Net assets

Board designated reserve (Note 10)	40,329	40,329
Unrestricted	<u>79,290</u>	<u>84,755</u>
	119,619	125,084
	\$ 610,500	\$ 463,014

Signed by:
Approved by the Board:

Ryan Patrick Northfield

5C38260CF53E487

Chairperson

Signed by:

[Signature]

F87FA51578D0417...

Vice-Chairperson

See accompanying notes to the financial statements.

Cecil Community Centre Statement of Operations

Year ended December 31

	<u>Program</u>	<u>Administration</u>	<u>2024</u>	<u>2023</u>
Revenue				
Grants				
City of Toronto	\$ 7,794	\$ 1,383,450	\$ 1,391,244	\$ 1,023,806
Province of Ontario	29,319	-	29,319	22,868
Government of Canada	21,166	-	21,166	29,042
Other grants	<u>149,544</u>	<u>-</u>	<u>149,544</u>	<u>176,173</u>
	207,823	1,383,450	1,591,273	1,251,889
Rentals	137,690	-	137,690	120,552
Program fees	46,403	-	46,403	43,259
Donations and fundraising	25,951	-	25,951	22,796
Interest	521	-	521	2,567
Other income	-	-	-	8,818
Amortization of deferred capital contributions (Note 9)	<u>2,451</u>	<u>7,353</u>	<u>9,804</u>	<u>7,364</u>
	<u>420,839</u>	<u>1,390,803</u>	<u>1,811,642</u>	<u>1,457,245</u>
Expenses				
Salaries and wages	250,321	949,758	1,200,079	940,067
Employee benefits	34,060	259,621	293,681	223,802
Materials and supplies	42,288	49,458	91,746	78,401
Purchase of services	95,475	124,613	220,087	180,233
Amortization of tangible capital assets	<u>4,160</u>	<u>7,353</u>	<u>11,513</u>	<u>9,073</u>
	<u>426,304</u>	<u>1,390,803</u>	<u>1,817,107</u>	<u>1,431,576</u>
(Deficiency) excess of revenue over expenses	<u>\$ (5,465)</u>	<u>\$ -</u>	<u>\$ (5,465)</u>	<u>\$ 25,669</u>

See accompanying notes to the financial statements.

Cecil Community Centre Statement of Changes in Net Assets

Year ended December 31

	Board Designated Reserve	Unrestricted	Total 2024	Total 2023
Net assets, beginning of year	\$ 40,329	\$ 84,755	\$ 125,084	\$ 99,415
(Deficiency) excess of revenue over expenses	-	(5,465)	(5,465)	25,669
Net assets, end of year	<u>\$ 40,329</u>	<u>\$ 79,290</u>	<u>\$ 119,619</u>	<u>\$ 125,084</u>

See accompanying notes to the financial statements.

Cecil Community Centre Statement of Cash Flows

Year ended December 31

2024

2023

Increase (decrease) in cash

Operating

(Deficiency) excess of revenue over expenses	\$ (5,465)	\$ 25,669
Adjustments for non-cash items:		
Post-employment benefits liability	(17,235)	(16,337)
Amortization of tangible capital assets	11,513	9,073
Amortization of deferred capital contributions	(9,804)	(7,364)
	<u>(20,991)</u>	<u>11,041</u>
Net change in non-cash working capital items:		
Due from City of Toronto – vacation	-	2,151
Due from City of Toronto – deficit	(37,038)	(49,174)
Accounts receivable	11,918	8,581
Prepaid expenses	270	8,199
Accounts payable and accrued liabilities	72,640	18,862
Deferred contributions	40,779	(89,964)
	<u>67,578</u>	<u>(90,304)</u>

Capital

Purchase of tangible capital assets	<u>(32,100)</u>	<u>(23,457)</u>
-------------------------------------	-----------------	-----------------

Financing

Long-term amount due from City of Toronto	17,235	16,337
Receipt of deferred capital contributions	32,101	22,935
	<u>49,336</u>	<u>39,272</u>

Investing

Maturity of investments	27,678	54,237
Purchase of investment	(100,000)	-
	<u>(72,322)</u>	<u>54,237</u>

Increase (decrease) in cash	12,492	(20,252)
Cash, beginning of year	<u>14,743</u>	<u>34,995</u>
Cash, end of year	<u>\$ 27,235</u>	<u>\$ 14,743</u>

See accompanying notes to the financial statements.

Cecil Community Centre

Notes to the Financial Statements

December 31, 2024

1. Nature of operations

The City of Toronto Act, 1997 continued the provisions of By-law No. 1995-0448 dated June 26, 1995 to reflect Chapter 25, Community and Recreation Centre of the Corporation of the City of Toronto Municipal Code. Chapter 25 amended all previous by-laws and established the premises at No. 58 Cecil Street, Toronto, as a community recreation centre under the authority of the Municipal Act, known as Cecil Community Centre (the "Centre"). The Centre is a not-for-profit organization and, as such, is exempt from income tax.

The Municipal Code provides for a Council appointed Board which, among other matters, shall:

- a) endeavour to manage and control the premises in a reasonable and efficient manner, in accordance with standard good business practices, and
- b) pay to the City of Toronto (the "City") any excess of administration expenditure funds provided by the City in accordance with its approved annual budget, but may retain any surplus from program activities.

2. Significant accounting policies

Basis of accounting

These financial statements have been prepared in accordance with Canadian public sector accounting standards for government not-for-profit organizations ("PSAS-GNFPO"), including the 4200 series of standards, as issued by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada

Revenue recognition

The Centre follows the deferral method of accounting for contributions. Contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions are deferred and recognized as revenue in the year in which the related expenses are recognized and are recorded as deferred contributions on the statement of financial position. Externally restricted contributions for depreciable tangible capital assets are deferred and amortized over the life of the related tangible capital assets. Externally restricted contributions for tangible capital assets that have not been expended are recorded as part of the deferred capital contribution on the statement of financial position.

Program fees, membership fees and rental income are recognized as the services are provided. Amounts received in advance of services being provided are classified as deferred revenue on the statement of financial position.

Financial instruments

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

The Centre subsequently measures all its financial assets and financial liabilities at amortized cost.

Cecil Community Centre

Notes to the Financial Statements

December 31, 2024

2. Significant accounting policies (continued)

Financial instruments (continued)

Financial assets measured at amortized cost include cash, investments, accounts receivable and due from City of Toronto. Financial liabilities measured at amortized cost include accounts payable.

Contributed materials and services

Because of the difficulty of determining their fair value, contributed materials and services are not recognized in the financial statements.

Tangible capital assets

Tangible capital assets are recorded at cost and contributed capital assets are recorded at fair value at the date of contribution. Amortization is provided on a straight-line basis over their estimated useful lives, as follows:

Computers	3 years straight-line
Furniture and equipment	5 - 15 years straight-line

Employee related costs

The Centre has adopted the following policies with respect to employee benefit plans:

- a) The City offers a multi-employer defined benefit pension plan to the Centre's eligible employees. Due to the nature of the plan, the Centre does not have sufficient information to account for the plan as a defined benefit plan; therefore, the multi-employer defined benefit pension plan is accounted for in the same manner as a defined contribution plan. An expense is recorded in the period in which contributions are made.
- b) The Centre also offers its eligible employees a defined benefit sick leave plan, a post-retirement life, health and dental plan, a long-term disability plan and continuation of health, dental and life insurance benefits to disabled employees. The accrued benefit obligations are determined using an actuarial valuation based on the projected benefit method prorated on service, incorporating management's best estimate of future salary levels, inflation, sick day usage estimates, ages of employees and other actuarial factors.

Net actuarial gains and losses that arise are amortized over the expected average remaining service life of the employee group.

The Centre recognizes an accrued benefit liability on the statement of financial position, which is the net of the amount of the accrued benefit obligations and the unamortized actuarial gains/losses.

Cecil Community Centre

Notes to the Financial Statements

December 31, 2024

2. Significant accounting policies (continued)

Use of estimates

The preparation of financial statements in conformity with PSAS-GNFPO 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 expenses during the reporting period.

Management makes accounting estimates when determining the useful lives of capital assets, significant accrued liabilities, the post-employment benefits liabilities and the related costs charged to the statement of operations. Actual results could differ from those estimates, the impact of which would be recorded in future periods.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

3. Change in accounting policies

Effective January 1, 2024, the Centre adopted PS3400 *Revenues* retroactively with no restatement required.

PS 3400 *Revenues* establishes standards on how to account for and report on revenue, specifically differentiating between transactions that include performance obligations (i.e. the payor expects a good or service from the public sector entity), referred to as exchange transactions, and transactions that do not have performance obligations, referred to as non-exchange transactions. For exchange transactions, revenue is recognized when a performance obligation is satisfied. For non-exchange transactions, revenue is recognized when there is authority to retain an inflow of economic resources and a past event that gave rise to an asset has occurred.

4. Investments

The Centre's investment portfolio consists of the following:

	<u>2024</u>	<u>2023</u>
Mutual funds	\$ -	\$ 27,678
Guaranteed investment certificates	<u>100,000</u>	<u>-</u>
	<u>\$ 100,000</u>	<u>\$ 27,678</u>

Investments consist of guaranteed investment certificates with maturity dates ranging from April 7, 2025 to December 9, 2025 and interest rates ranging from 3.87% to 5.15%.

Cecil Community Centre

Notes to the Financial Statements

December 31, 2024

5. Tangible capital assets

Tangible capital assets consist of the following:

			<u>2024</u>	<u>2023</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Furniture and fixtures	\$ 67,931	\$ 26,009	\$ 41,922	\$ 20,478
Computers	<u>34,960</u>	<u>34,012</u>	<u>948</u>	<u>1,805</u>
	<u>\$ 102,891</u>	<u>\$ 60,021</u>	<u>\$ 42,870</u>	<u>\$ 22,283</u>

6. Post-employment benefits liability and long-term due from City of Toronto

The Centre participates in a number of defined benefit plans provided by the City including pension, other retirement and post-employment benefits to its eligible employees. Under the sick leave plan for management staff with ten years of service as of April 1, 2003, unused sick leave accumulated until March 1, 2008, and eligible employees may be entitled to a cash payment when they leave the Centre's employment. The liability for these accumulated days represents the extent to which they have vested and can be taken in cash by an employee upon termination, retirement or death. This sick bank plan was replaced by a Short-Term Disability Plan (STD) effective March 1, 2008, for all non-union employees of the City. Upon the effective date, individual sick banks were locked with no further accumulation. Grandfathered management staff remains entitled to payout of frozen, banked time, as described above. Under the new STD plan, management employees are entitled to 130 days annual coverage with salary protection at 100 or 75 percent, depending upon years of service. Non-management employees continue to receive sick bank time as stipulated in the applicable Collective Agreement, which specifies no financial conversion of unused sick leave.

The Centre also provides health, dental, accidental death and disability, life insurance and long-term disability benefits to eligible employees. Depending on length of service and individuals' election, management retirees are covered either by the former City retirement benefit plan or by the current retirement benefit plan.

Due to the complexities in valuing the benefit plans, actuarial valuations are conducted on a periodic basis. The most recent actuarial valuation was completed as at December 31, 2024 with projections to December 31, 2027. Assumptions used to project the accrued benefit obligation were as follows:

- long-term inflation rate - 2.0%
- assumed health care cost trends - range from 3.0% to 6.0%
- rate of compensation increase - 3.0% to 3.5%
- discount rates - post-retirement 4.3%, post-employment 3.8%, sick leave 4.1%

Cecil Community Centre

Notes to the Financial Statements

December 31, 2024

6. Post-employment benefits liability and long-term due from City of Toronto (continued)

Information about the Centre's employee benefits, other than the multi-employer, defined benefit pension plan noted below, is as follows:

	<u>2024</u>	<u>2023</u>
Post retirement benefits	\$ 152,754	\$ 204,045
Sick leave benefits	<u>136,834</u>	<u>106,498</u>
	289,588	310,543
Unamortized actuarial loss	<u>(63,582)</u>	<u>(101,772)</u>
Post-employment benefits liability	<u>\$ 226,006</u>	<u>\$ 208,771</u>

The continuity of the accrued benefit obligation is as follows:

	<u>2024</u>	<u>2023</u>
Balance, beginning of year	\$ 208,771	\$ 192,434
Current service cost	12,574	11,542
Interest cost	12,918	13,273
Amortization of actuarial gains and losses	7,755	6,933
Benefits paid	<u>(16,012)</u>	<u>(15,411)</u>
Balance, end of year	<u>\$ 226,006</u>	<u>\$ 208,771</u>

A long-term receivable from the City of \$226,006 (2023 - \$208,771) has resulted from the recording of sick leave and post-retirement benefits. Funding for these costs continues to be provided by the City as benefit costs are paid and the City continues to be responsible for the benefit liabilities of administration staff that may be incurred by the Centre.

The Centre also makes contributions to the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer plan, on behalf of most of its eligible employees. The OMERS plan (the "Plan") is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Employer contributions to this pension plan amounted to \$81,293 (2023 - \$68,046).

The most recent actuarial valuation of the Plan as at December 31, 2024 indicates the Plan is in a deficit position and the Plan's December 31, 2024 financial statements indicate a net deficit of \$4,319 million (a net deficit of \$2,913 million plus adjustment of \$1,406 million of unrecognized investment returns above or below the discount rate that is being smoothed and recognized over a five-year period). The Plan's management is monitoring the adequacy of the contributions to ensure that future contributions together with the Plan's assets and future investment earnings will be sufficient to provide for all future benefits. At this time, the Centre's contributions accounted for an insignificant portion of the Plan's total employer contributions. Additional contributions, if any, required to address the Centre's proportionate share of the deficit will be expensed during the period incurred.

Cecil Community Centre

Notes to the Financial Statements

December 31, 2024

7. Funds provided by City of Toronto – Administration

Funding for administration expenses is provided by the City according to Council approved budgets. Surplus amounts in administration are payable to the City. Deficits, excluding those accruals for long-term employee benefits, are funded by the Centre unless Council approval has been obtained for additional funding.

	Budget 2024 (unaudited)	<u>2024</u>	<u>2023</u>
Administration expenses			
Salaries and wages	\$ 881,839	\$ 949,758	\$ 677,563
Employee benefits	243,529	259,621	186,159
Materials and supplies	39,916	49,458	40,202
Purchase of services	130,880	124,613	105,342
Amortization of tangible capital assets	-	7,353	4,903
	<u>\$ 1,296,164</u>	<u>\$ 1,390,803</u>	<u>\$ 1,014,169</u>
Centre's actual administration revenue			
Administration budget		<u>\$ 1,296,164</u>	<u>\$ 939,561</u>
Centre's actual administration expense			
Administration expenses		1,390,803	1,014,169
Adjustments for non-cash items:			
Post-employment benefits, not funded by the City until paid, that are included in long-term accounts receivable - City of Toronto		(17,235)	(16,337)
Amortization of tangible capital assets funded by deferred capital contribution		(7,353)	(4,903)
Vacation pay asset (liability, not funded by the City until paid, that are included in due from City of Toronto)		-	2,151
Administration tangible capital asset acquisition		31,017	19,780
		<u>1,397,232</u>	<u>1,014,860</u>
Administration expenses over approved budget		<u>\$ (101,068)</u>	<u>\$ (75,299)</u>
The Due from City of Toronto - deficit balance is comprised of:			
		<u>2024</u>	<u>2023</u>
2022 deficit receivable	\$ -		\$ 64,030
2023 deficit receivable		75,299	75,299
2024 deficit receivable		<u>101,068</u>	-
		<u>\$ 176,367</u>	<u>\$ 139,329</u>

Cecil Community Centre

Notes to the Financial Statements

December 31, 2024

8. Deferred contributions

Deferred contributions consist of the following:

	<u>2024</u>	<u>2023</u>
Balance, beginning of year	\$ 24,167	\$ 114,131
Contributions received	228,062	126,084
Amounts recognized as grant revenue	<u>(187,283)</u>	<u>(216,048)</u>
Balance, end of year	<u>\$ 64,946</u>	<u>\$ 24,167</u>

9. Deferred capital contributions

Deferred capital contributions consist of the following:

	<u>2024</u>	<u>2023</u>
Balance, beginning of year	\$ 19,018	\$ 3,447
Capital contributions received	32,101	22,935
Amounts recognized as revenue	<u>(9,804)</u>	<u>(7,364)</u>
Balance, end of year	<u>\$ 41,315</u>	<u>\$ 19,018</u>

10. Board designated reserve

In 1992, the Board created a reserve for the establishment of new and expanded programs in future years. The Board did not approve a transfer from the reserve account in 2024 or 2023.

11. Financial instruments

Transactions in financial instruments may result in the Centre assuming or transferring to another party one or more of the financial risks described below. The following disclosures provide information to assist users of the financial statements in assessing the extent of risk related to the Centre's financial instruments.

Credit risk

The Centre is exposed to credit risk resulting from the possibility that parties may default on their financial obligations. The Centre's maximum exposure to credit risk represents the sum of the carrying value of its cash, investments, and accounts receivable. The Centre's cash and investments are with a Canadian chartered bank and as a result management believes the risk of loss to be remote. The Centre provides credit to its customers in the normal course of operations. Management believes that the Centre's credit risk with respect to accounts receivable is limited. The Centre manages its credit risk by reviewing accounts receivable aging and following up on outstanding amounts.

Cecil Community Centre

Notes to the Financial Statements

December 31, 2024

11. Financial instruments (continued)

Liquidity risk

Liquidity risk refers to the adverse consequence that the Centre will encounter difficulty in meeting obligations associated with financial liabilities, which are comprised of accounts payable and accrued liabilities. The Centre manages liquidity risk by monitoring its cash flow requirements on a regular basis. Management believes its overall liquidity risk to be minimal as the Centre's financial assets are considered to be highly liquid. The following table sets out the expected maturities, representing undiscounted cash flows of its financial liabilities.

	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Accounts payable and accrued liabilities	\$ 158,614	\$ -	\$ -	\$ -	\$ 158,614

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk is comprised of currency risk, interest rate risk, and other price risk.

It is management's opinion that unless otherwise noted, the Centre is not exposed to significant market risk arising from its financial instruments.

i) Currency risk

Currency risk refers to the risk that the fair value of instruments or future cash flows associated with the instruments will fluctuate relative to the Canadian dollar due to changes in foreign exchange rates. The Centre's financial instruments are all denominated in Canadian dollars and the Centre transacts primarily in Canadian dollars. As a result, management does not believe it is exposed to significant currency risk.

ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Centre's cash and investments earn interest at prevailing market rates and management believes the interest rate exposure related to these financial instruments is negligible.

iii) Other price risk

Other price risk refers to the risk that the fair value of financial instruments or future cash flows associated with financial instruments will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all similar instruments traded in the market. Management believes that the Centre is not exposed to significant other price risk.

Changes in risk

There have been no significant changes in the Centre's risk exposures from the prior year