

**FINANCIAL STATEMENTS**  
**For**  
**PLANNED PARENTHOOD TORONTO**  
**For year ended**  
**MARCH 31, 2020**

## INDEPENDENT AUDITOR'S REPORT

To the directors of

### **PLANNED PARENTHOOD TORONTO**

#### *Qualified Opinion*

We have audited the financial statements of Planned Parenthood Toronto (the "Organization"), which comprise the statement of financial position as at March 31, 2020, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2020 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.

#### *Basis for Qualified Opinion*

In common with many charitable organizations, the Organization derives revenue from donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to donations and fundraising revenue, net revenue (expense) and cash flows from operations for the years ended March 31, 2020 and 2019, current assets as at March 31, 2020 and 2019, and net assets as at April 1 and March 31 for both the 2020 and 2019 years. Our audit opinion on the financial statements for the year ended March 31, 2019 was modified accordingly because of the possible effects of this limitation in scope.

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.


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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.




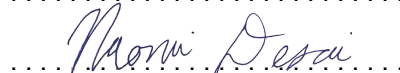
Chartered Professional Accountants  
Licensed Public Accountants

Toronto, Ontario  
June 18, 2020.

**PLANNED PARENTHOOD TORONTO**  
**STATEMENT OF FINANCIAL POSITION**  
**MARCH 31, 2020**

		Internally Restricted				Restricted		
	General	Program Continuity	Projects	Mobile Health Unit	Capital	Health Services	2020 Total	2019 Total
<b><u>ASSETS</u></b>								
<b>Current assets</b>								
Cash	\$ 328,107	\$ -	\$ -	\$ -	\$ -	\$ 68,778	\$ 396,885	\$ 274,479
Short-term investments (note 4)	385,254	60,000	200,000	-	-	-	645,254	640,395
Receivables	263,750	-	-	-	-	-	263,750	205,171
Accrued HST rebate	44,201	-	-	-	-	-	44,201	24,298
Inventory	40,600	-	-	-	-	-	40,600	45,752
Prepaid expenses	42,125	-	-	-	-	-	42,125	43,166
	<u>1,104,037</u>	<u>60,000</u>	<u>200,000</u>	<u>-</u>	<u>-</u>	<u>68,778</u>	<u>1,432,815</u>	<u>1,233,261</u>
<b>Tangible capital assets (note 5)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>633,356</u>	<u>-</u>	<u>633,356</u>	<u>652,095</u>
	<u>\$ 1,104,037</u>	<u>\$ 60,000</u>	<u>\$ 200,000</u>	<u>\$ -</u>	<u>\$ 633,356</u>	<u>\$ 68,778</u>	<u>\$ 2,066,171</u>	<u>\$ 1,885,356</u>
<b><u>LIABILITIES</u></b>								
<b>Current liabilities</b>								
Accounts payable and accrued liabilities (note 3)	\$ 252,186	\$ -	\$ -	\$ -	\$ -	\$ 68,778	\$ 320,964	\$ 227,754
Deferred contributions (note 6)	207,551	-	-	-	-	-	207,551	221,994
	<u>459,737</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>68,778</u>	<u>528,515</u>	<u>449,748</u>
<b><u>NET ASSETS</u></b>								
Unrestricted (note 7)	644,300	-	-	-	-	-	644,300	469,697
Internally restricted	<u>-</u>	<u>60,000</u>	<u>200,000</u>	<u>-</u>	<u>633,356</u>	<u>-</u>	<u>893,356</u>	<u>965,911</u>
	<u>644,300</u>	<u>60,000</u>	<u>200,000</u>	<u>-</u>	<u>633,356</u>	<u>-</u>	<u>1,537,656</u>	<u>1,435,608</u>
	<u>\$ 1,104,037</u>	<u>\$ 60,000</u>	<u>\$ 200,000</u>	<u>\$ -</u>	<u>\$ 633,356</u>	<u>\$ 68,778</u>	<u>\$ 2,066,171</u>	<u>\$ 1,885,356</u>

Approved by the Board:

 ..... Director  
 ..... Director

(See accompanying notes)

**Welch LLP**

An Independent Member of BKR International

**PLANNED PARENTHOOD TORONTO**

**STATEMENT OF OPERATIONS**

**YEAR ENDED MARCH 31, 2020**

	2020					2019				
	Internally Restricted		Restricted	Total		Internally Restricted		Restricted	Total	
	General	Mobile Health Unit	Capital			General	Mobile Health Unit	Capital		
<b>Revenue</b>										
Toronto Central LHIN - base	\$ -	\$ -	\$ 46,777	\$ 2,877,735	\$ 2,924,512	\$ -	\$ -	\$ 42,943	\$ 2,702,407	\$ 2,745,350
City of Toronto										
Toronto Public Health	185,359	-	-	-	185,359	182,869	-	-	-	182,869
United Way of Greater Toronto	255,877	-	-	-	255,877	255,877	-	-	-	255,877
Project revenue										
Recovery of administration overhead	-	-	-	64,719	64,719	-	-	9,790	75,315	85,105
SVC Grant	63,357	-	-	-	63,357	12,926	-	-	-	12,926
Ontario Trillium Foundation	218,421	-	-	-	218,421	320,984	-	-	-	320,984
Public Health Agency Canada	176,241	-	-	-	176,241	188,477	-	-	-	188,477
Other	97,091	-	-	-	97,091	96,953	-	-	-	96,953
Donations and Fundraising										
Individuals and corporations	110,865	-	-	-	110,865	53,956	-	-	-	53,956
Foundations	11,513	-	-	-	11,513	9,396	-	-	-	9,396
United Way - Donor Choice	8,557	-	-	-	8,557	15,120	-	-	-	15,120
Productive enterprise										
Contraceptive sales	124,041	-	-	-	124,041	127,517	-	-	-	127,517
Workshops and training	551	-	-	-	551	707	-	-	-	707
Other income	25,833	-	-	-	25,833	417	-	-	1,000	1,417
Investment income	4,860	-	-	-	4,860	4,618	-	-	-	4,618
	<u>1,282,566</u>	<u>-</u>	<u>46,777</u>	<u>2,942,454</u>	<u>4,271,797</u>	<u>1,269,817</u>	<u>-</u>	<u>52,733</u>	<u>2,778,722</u>	<u>4,101,272</u>
<b>Expenses</b>										
Salaries and benefits	705,860	-	-	2,318,491	3,024,351	768,236	-	-	2,209,416	2,977,652
Building	6,211	-	-	72,199	78,410	3,508	-	-	92,890	96,398
Purchased and contractual services	60,119	-	-	104,260	164,379	13,286	-	-	113,368	126,654
Operating	17,112	-	-	164,332	181,444	15,447	-	-	148,397	163,844
Administrative	13,486	-	-	35,638	49,124	10,328	-	-	36,787	47,115
Cost of resale contraceptives	141,639	-	-	-	141,639	132,964	-	-	-	132,964
Fundraising	4,851	-	-	-	4,851	3,794	-	-	-	3,794
Programming	207,855	4,646	-	40,374	252,875	205,960	3,697	-	42,644	252,301
Non-insured	-	-	-	164,437	164,437	-	-	-	115,220	115,220
Amortization	-	-	65,516	-	65,516	-	-	71,837	-	71,837
	<u>1,157,133</u>	<u>4,646</u>	<u>65,516</u>	<u>2,899,731</u>	<u>4,127,026</u>	<u>1,153,523</u>	<u>3,697</u>	<u>71,837</u>	<u>2,758,722</u>	<u>3,987,779</u>
<b>Net revenue (expense) before amount below</b>	125,433	(4,646)	(18,739)	42,723	144,771	116,294	(3,697)	(19,104)	20,000	113,493
<b>Amount refundable to LHIN (note 3)</b>	-	-	-	(42,723)	(42,723)	-	-	-	(20,000)	(20,000)
<b>Net revenue (expense)</b>	<u>\$ 125,433</u>	<u>\$ (4,646)</u>	<u>\$ (18,739)</u>	<u>\$ -</u>	<u>\$ 102,048</u>	<u>\$ 116,294</u>	<u>\$ (3,697)</u>	<u>\$ (19,104)</u>	<u>\$ -</u>	<u>\$ 93,493</u>

(See accompanying notes)

**PLANNED PARENTHOOD TORONTO**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**YEAR ENDED MARCH 31, 2020**

	2020						Total
	Internally Restricted					Restricted Health Services	
	General	Program Continuity	Projects	Mobile Health Unit	Capital		
<b>Balance, beginning of year</b>	\$ 469,697	\$ 60,000	\$ 200,000	\$ 53,816	\$ 652,095	\$ -	\$ 1,435,608
Net revenue (expense)	125,433	-	-	(4,646)	(18,739)	-	102,048
Fund transfer (note 7)	<u>49,170</u>	<u>-</u>	<u>-</u>	<u>(49,170)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Balance, end of year</b>	<u>\$ 644,300</u>	<u>\$ 60,000</u>	<u>\$ 200,000</u>	<u>\$ -</u>	<u>\$ 633,356</u>	<u>\$ -</u>	<u>\$ 1,537,656</u>

	2019						Total
	Internally Restricted					Restricted Health Services	
	General	Program Continuity	Projects	Mobile Health Unit	Capital		
<b>Balance, beginning of year</b>	\$ 429,354	\$ 60,000	\$ 200,000	\$ 57,513	\$ 595,248	\$ -	\$ 1,342,115
Net revenue (expense)	116,294	-	-	(3,697)	(19,104)	-	93,493
Fund transfer	<u>(75,951)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,951</u>	<u>-</u>	<u>-</u>
<b>Balance, end of year</b>	<u>\$ 469,697</u>	<u>\$ 60,000</u>	<u>\$ 200,000</u>	<u>\$ 53,816</u>	<u>\$ 652,095</u>	<u>\$ -</u>	<u>\$ 1,435,608</u>

(See accompanying notes)

**PLANNED PARENTHOOD TORONTO**

**STATEMENT OF CASH FLOWS**

**YEAR ENDED MARCH 31, 2020**

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM (USED) OPERATING ACTIVITIES</b>		
Net revenue	\$ 102,048	\$ 93,493
Adjustment for non-cash item:		
Amortization	<u>65,516</u>	<u>71,837</u>
	167,564	165,330
Changes in level of:		
Receivables	(58,579)	(92,356)
Accrued HST rebate	(19,903)	42,385
Inventory	5,152	(20,071)
Prepaid expenses	1,041	(11,276)
Accounts payable and accrued liabilities	93,210	82,398
Deferred contributions	<u>(14,443)</u>	<u>64,893</u>
	<u>174,042</u>	<u>231,303</u>
<b>CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES</b>		
Purchase of tangible capital assets	(46,777)	(128,684)
Proceeds from sale of investments	416,439	485,777
Purchase of investments	<u>(421,298)</u>	<u>(640,395)</u>
	<u>(51,636)</u>	<u>(283,302)</u>
<b>INCREASE (DECREASE) IN CASH</b>	122,406	(51,999)
<b>CASH, BEGINNING OF YEAR</b>	<u>274,479</u>	<u>326,478</u>
<b>CASH, END OF YEAR</b>	\$ <u>396,885</u>	\$ <u>274,479</u>

(See accompanying notes)

**PLANNED PARENTHOOD TORONTO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2020**

**1. NATURE OF OPERATIONS**

Planned Parenthood Toronto (the "Organization") is incorporated under the laws of Ontario as a non-profit corporation without share capital. The Organization is also a registered charity.

Planned Parenthood Toronto is a community-based voluntary agency whose purpose is to promote healthy sexuality by educating, supporting and encouraging youth in informed decision making.

**2. SIGNIFICANT ACCOUNTING POLICIES**

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

*a) Fund accounting*

Planned Parenthood of Toronto follows the restricted fund method of accounting for contributions whereby all contributions are recognized as revenue when received or receivable.

*i) Health Services Fund*

The Health Services Fund is an externally restricted fund and accounts for all contributions and expenses towards the operation of a community health centre. All unexpended funds are repayable to the Toronto Central Local Health Integration Network (LHIN)/Ministry of Health as outlined in note 3.

*ii) Capital Fund*

The Capital Fund reports the assets and expenses related to the Organization's land and building assets.

*iii) Other Funds*

The Other Funds account for all of the Organization's activities other than those funded by the Toronto Central LHIN/Ministry of Health.

*General Fund*

This fund reports various purchase of service agreements, grants, donations, fundraising, product sales and investment income activities.

*Program Continuity Fund*

The internally restricted fund was established to provide an operating reserve for non-LHIN funded programs of approximately two months of operating costs. The reserve was created by a transfer from the General Fund.

*Projects Fund*

This internally restricted fund has been established for future projects and/or new project expenses. The reserve was created by a transfer from the General Fund.

*Mobile Health Unit*

This fund was established as an internally restricted fund to manage the gift received from the Estate of Catherine Cragg. The Mobile Health Unit program ended during the year. Consistent with the donor's wishes for the donation to be used for sexual and reproductive health, the remaining balance in the fund was transferred to the Compassionate Fund.



**PLANNED PARENTHOOD TORONTO**  
**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**  
**YEAR ENDED MARCH 31, 2020**

**2. SIGNIFICANT ACCOUNTING POLICIES - Cont'd.**

*b) Financial instruments*

The Organization initially measures its financial assets and financial liabilities at fair value adjusted by transaction costs in the case where a financial asset or financial liability is subsequently measured at amortized cost.

The Organization subsequently measures all its financial assets and financial liabilities at amortized cost except for cash and investments which are measured at fair value.

*c) Inventory*

Inventory is recorded at the lower of cost and net realizable value with cost determined on a first in and first out basis.

*d) Tangible capital assets*

The costs of tangible capital assets are capitalized upon meeting the criteria for recognition as a capital asset. Otherwise, costs are expensed as incurred. The cost of a tangible capital asset comprises its purchase price and any directly attributable cost of preparing the asset for its intended use.

Amortization is provided on a straight-line basis at rates designed to amortize the cost of the tangible capital assets over their estimated useful lives. The annual amortization rates are as follows:

Building	- 25 years straight-line
Mobile health unit	- 10 years straight-line
Computer equipment	- 3 years straight-line
Furniture and equipment	- 5 years straight-line

*e) Management estimates*

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the current period. Management makes estimates when determining the useful life of its tangible capital assets and significant accrued liabilities. 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.

*f) Employee benefits plans*

Eligible employees of the Organization are eligible to be members of the Healthcare of Ontario Pension Plan ("HOOPP"), which is a multi-employer defined benefit pension plan, and are entitled to certain post-employment benefits. Contributions made to the HOOPP are expensed as funded, as the plan is accounted for as a defined contribution plan.

*g) Contributed materials and services*

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

**PLANNED PARENTHOOD TORONTO**  
**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**  
**YEAR ENDED MARCH 31, 2020**

**3. DUE TO TORONTO CENTRAL LOCAL HEALTH INTEGRATION  
NETWORK/MINISTRY OF HEALTH**

Amount due to Toronto Central LHIN is due on demand and represents the unspent portion of operating grants received from the Toronto Central LHIN/Ministry of Health to support the operations of the community health centre. Funds held as cash and short-term investments required to meet this obligation are not available for current operations and the interest earned on these funds is credited to the Toronto Central LHIN.

The balance due is included in accounts payable and accrued liabilities and comprised as follows:

Approved funding for 2019/2020 Toronto Central LHIN	\$ 2,877,735
Recovery of administrative overhead	<u>64,719</u>
Total health services revenue for year	2,942,454
Deduct: eligible expenses	<u>(2,899,731)</u>
Excess of funding over expenses for year	42,723
Total amount due, beginning of year	26,055
Amount repaid during year	<u>-</u>
Total amount due, end of year	<u>\$ 68,778</u>

**4. INVESTMENTS**

Investments consist of three guaranteed investment certificates, which bear interest at rates ranging from 0.55% to 2.00% and mature between October 2020 and March 2021.

**5. TANGIBLE CAPITAL ASSETS**

	2020			2019		
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net</u>	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net</u>
Land	\$ 184,220	\$ -	\$ 184,220	\$ 184,220	\$ -	\$ 184,220
Building	630,562	226,974	403,588	603,102	208,895	394,207
Mobile health unit	-	-	-	124,650	124,650	-
Computer equipment	215,979	194,012	21,967	196,662	158,574	38,088
Furniture and equipment	<u>66,747</u>	<u>43,166</u>	<u>23,581</u>	<u>66,747</u>	<u>31,167</u>	<u>35,580</u>
	<u>\$ 1,097,508</u>	<u>\$ 464,152</u>	<u>\$ 633,356</u>	<u>\$ 1,175,381</u>	<u>\$ 523,286</u>	<u>\$ 652,095</u>

**PLANNED PARENTHOOD TORONTO**  
**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**  
**YEAR ENDED MARCH 31, 2020**

**6. DEFERRED CONTRIBUTIONS**

	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 221,994	\$ 157,101
Add: funds received	540,667	651,762
Less: amounts recognized as revenue	<u>(555,110)</u>	<u>(586,869)</u>
Balance, end of year	<u>\$ 207,551</u>	<u>\$ 221,994</u>

**7. GENERAL FUND BALANCE**

The general fund balance is comprised as follows:

	<u>2020</u>	<u>2019</u>
Trillium Foundation - PPT Training Centre	\$ 16,668	\$ 16,668
Compassionate Fund	67,371	25,201
Tech Development Fund	35,000	-
Unrestricted	<u>525,261</u>	<u>427,828</u>
	<u>\$ 644,300</u>	<u>\$ 469,697</u>

During the year, the Board of Directors approved to transfer the remaining balance in the Mobile Health Unit fund to the Compassionate Fund.

**8. FINANCIAL INSTRUMENTS**

Transactions in financial instruments may result in an entity 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 Organization's financial instruments.

The Organization manages its exposure to the risks associated with financial instruments that have the potential to affect its operating and financial performance in accordance with its risk management policy. The objective of the policy is to reduce volatility in cash flow and earnings. The Organization monitors compliance with risk management policies and reviews these policies and procedures on an annual basis.

The Organization also has a specific investment policy which restricts the types of eligible investments. The policy permits investments in securities issued or guaranteed by the federal government or a provincial government and other investments approved by the Board on the advice of the Finance Committee.

The Organization does not use derivative financial instruments to manage its risks.

*Changes in risk*

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

**PLANNED PARENTHOOD TORONTO**  
**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**  
**YEAR ENDED MARCH 31, 2020**

**8. FINANCIAL INSTRUMENTS - Cont'd.**

*Credit risk*

The Organization is exposed to credit risk resulting from the possibility that parties may default on their financial obligations, or if there is a concentration of transactions carried out with the same party, or if there is a concentration of financial obligations which have similar economic characteristics that could be similarly affected by changes in economic conditions, such that the Organization could incur a financial loss. The Organization does not hold directly any collateral as security for financial obligations of counterparties.

The maximum exposure of the Organization to credit risk at March 31, 2020 is as follows:

	<u>2020</u>	<u>2019</u>
Cash	\$ 396,885	\$ 274,479
Investments	645,254	640,395
Receivables and accrued HST rebate	<u>307,951</u>	<u>229,469</u>
	<u>\$ 1,350,090</u>	<u>\$ 1,144,343</u>

Credit risk associated with cash and investments is minimized substantially by ensuring that these assets are invested in financial obligations of governments and major financial institutions that have been accorded investment grade ratings by a primary rating agency and/or other credit-worthy parties.

In management's opinion the Organization is not exposed to significant credit risk on its receivables as they are primarily from government funders.

*Liquidity risk*

Liquidity risk is the risk that the Organization will not be able to meet a demand for cash or fund its obligations as they come due. Liquidity risk also includes the risk that the Organization will not be able to liquidate assets in a timely manner at a reasonable price.

The Organization meets its liquidity requirements by preparing and monitoring detailed forecasts of cash flows from operations, anticipating investing and financing activities and holding assets that can be readily converted into cash.

*Market risk*

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

*Currency risk*

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

**PLANNED PARENTHOOD TORONTO**  
**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**  
**YEAR ENDED MARCH 31, 2020**

**8. FINANCIAL INSTRUMENTS - Cont'd.**

*Interest rate risk*

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market interest rates.

The exposure of the Organization to interest rate risk arises from its interest bearing assets.

The Organization's cash includes amounts on deposit with financial institutions that earn interest at market rates.

The Organization manages its exposure to the interest rate risk of its cash by maximizing the interest income earned on excess funds while maintaining the minimum liquidity necessary to conduct operations on a day-to-day basis. Fluctuations in market rates of interest on cash do not have a significant impact on the Organization's results of operations.

The primary objective of the Organization with respect to its investments in fixed income investments is to ensure the security of principal amounts invested and provide for a high degree of liquidity, while achieving a satisfactory investment return.

The Organization manages the interest rate risk exposure of its fixed income investments by using a laddered portfolio with varying terms to maturity. The laddered structure of maturities helps to enhance the average portfolio yield while reducing the sensitivity of the portfolio to the impact of interest rate fluctuations.

**9. EMPLOYEE PENSION PLAN**

Effective April 2019, the Organization entered into an agreement with Healthcare of Ontario Pension Plan ("HOOPP") to offer pension benefits to the Organization's eligible employees. As HOOPP is a multi-employer, defined benefit pension plan, no actuarial liability has been recorded on the Organization's financial statements. Employer contribution to HOOPP are expensed as contributions are due. Employer contributions to HOOPP on behalf of employees amounted to \$150,968. The most recent actuarial valuation for financial reporting purposes completed by the HOOPP as at December 31, 2019 disclosed the HOOPP was fully funded, with net assets available for benefits of \$94.1 million.

**10. ECONOMIC DEPENDENCE**

The majority of Organization's revenue is from Toronto Central LHIN. In 2020, approximately 67% (2019 - 67%) of all funding was contributed by Toronto Central LHIN.

**11. COVID-19**

In mid-March 2020 the province of Ontario declared a state of emergency in response to the public health concerns originating from COVID-19 pandemic.

Due to the Organization being deemed an essential service, they have continued to operate utilizing more virtual or remote services. They currently do not have a planned date as to when the Organization will return to typical operation.

A high degree of uncertainty persists surrounding the full economic impact of the situation. The unpredictable nature of the spread of the disease makes it difficult to determine the length of time that the Organization's operations will be impacted. Consequently, at the time of issuance of these financial statements, the effect that the abrupt decline in economic activity will have on the Organization's operations, assets, liabilities, revenues and expenses are not yet known.

**12. COMPARATIVE FIGURES**

Comparative figures have been reclassified where necessary to conform to the presentation adopted in the current year.