

FINANCIAL STATEMENTS
For
PLANNED PARENTHOOD TORONTO
For year ended
MARCH 31, 2023

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, 2023, 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, 2023 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, 2023 and 2022, current assets as at March 31, 2023 and 2022, and net assets as at April 1, 2022 and 2021 and March 31 for both the 2023 and 2022 years. Our audit opinion on the financial statements for the year ended March 31, 2022 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

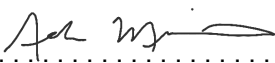
Toronto, Ontario
June 12, 2023.

PLANNED PARENTHOOD TORONTO
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2023

	Health General Fund	Capital Fund	Services Fund	2023 Total	2022 Total
<u>ASSETS</u>					
CURRENT ASSETS					
Cash	\$ 151,497	\$ -	\$ -	\$ 151,497	\$ 337,348
Short-term Investments (note 3)	500,000	-	-	500,000	651,876
Receivables	339,667	-	12,730	352,397	168,764
Accrued HST rebate	75,584	-	-	75,584	60,095
Inventory	26,292	-	-	26,292	34,147
Prepaid expenses	<u>38,795</u>	<u>69,693</u>	<u>-</u>	<u>108,488</u>	<u>39,887</u>
	1,131,835	69,693	12,730	1,214,258	1,292,117
TANGIBLE CAPITAL ASSETS (note 4)					
	<u>-</u>	<u>692,475</u>	<u>-</u>	<u>692,475</u>	<u>717,559</u>
	<u>\$ 1,131,835</u>	<u>\$ 762,168</u>	<u>\$ 12,730</u>	<u>\$ 1,906,733</u>	<u>\$ 2,009,676</u>
<u>LIABILITIES AND FUND BALANCES</u>					
CURRENT LIABILITIES					
Accounts payable and accrued liabilities (note 5)	\$ 192,130	\$ -	\$ -	\$ 192,130	\$ 344,159
Deferred contributions (note 6)	160,238	-	-	160,238	63,743
Interfund payable (receivable)	<u>(12,730)</u>	<u>-</u>	<u>12,730</u>	<u>-</u>	<u>-</u>
	<u>339,638</u>	<u>-</u>	<u>12,730</u>	<u>352,368</u>	<u>407,902</u>
FUND BALANCES					
General fund					
Unrestricted	423,158	-	-	423,158	525,176
Internally restricted (note 7)	369,039	-	-	369,039	359,039
Capital fund	<u>-</u>	<u>762,168</u>	<u>-</u>	<u>762,168</u>	<u>717,559</u>
	<u>792,197</u>	<u>762,168</u>	<u>-</u>	<u>1,554,365</u>	<u>1,601,774</u>
	<u>\$ 1,131,835</u>	<u>\$ 762,168</u>	<u>\$ 12,730</u>	<u>\$ 1,906,733</u>	<u>\$ 2,009,676</u>

Approved by the Board:


..... Director


..... Director

(See accompanying notes)

Welch LLP[®]

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PLANNED PARENTHOOD TORONTO

STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31, 2023

	2023				2022			
	General Fund	Capital Fund	Health Services Fund	Total	General Fund	Capital Fund	Health Services Fund	Total
Revenue								
Ontario Health - base	\$ -	\$ 141,402	\$ 3,414,641	\$ 3,556,043	\$ -	\$ 15,000	\$ 3,221,681	\$ 3,236,681
City of Toronto								
Toronto Public Health	122,517	-	-	122,517	136,448	-	-	136,448
United Way of Greater Toronto	230,289	-	-	230,289	235,289	-	-	235,289
Project revenue								
Recovery of administration overhead	-	-	66,744	66,744	-	-	68,044	68,044
SVC Grant	17,394	-	-	17,394	144,128	-	-	144,128
Public Health Agency Canada	-	-	-	-	187,861	-	-	187,861
Other	86,111	-	-	86,111	107,797	-	-	107,797
Donations and Fundraising								
Individuals and corporations	141,832	-	-	141,832	127,989	-	-	127,989
Foundations	143,163	-	-	143,163	755	-	-	755
United Way - Donor Choice	4,804	-	-	4,804	4,820	-	-	4,820
Productive enterprise								
Contraceptive sales	77,917	-	-	77,917	81,087	-	-	81,087
Workshops and training	913	-	-	913	821	-	-	821
Other income	2	-	-	2	442	-	-	442
Investment income	5,623	-	-	5,623	1,414	-	-	1,414
	<u>830,565</u>	<u>141,402</u>	<u>3,481,385</u>	<u>4,453,352</u>	<u>1,028,851</u>	<u>15,000</u>	<u>3,289,725</u>	<u>4,333,576</u>
Expenses								
Salaries and benefits	638,444	-	2,577,129	3,215,573	550,285	-	2,568,667	3,118,952
Building	76	-	77,943	78,019	1,576	-	90,062	91,638
Purchased and contractual services	38,851	-	290,358	329,209	136,767	-	183,962	320,729
Operating	2,736	-	143,957	146,693	11,848	-	135,095	146,943
Administrative	8,455	-	52,405	60,860	9,126	-	30,657	39,783
Cost of resale contraceptives	83,812	-	-	83,812	100,299	-	-	100,299
Fundraising	19,322	-	-	19,322	13,867	-	-	13,867
Programming	130,887	-	54,978	185,865	184,217	-	36,076	220,293
Non-insured	-	-	270,361	270,361	-	-	216,166	216,166
Amortization	-	96,793	-	96,793	-	103,884	-	103,884
	<u>922,583</u>	<u>96,793</u>	<u>3,467,131</u>	<u>4,486,507</u>	<u>1,007,985</u>	<u>103,884</u>	<u>3,260,685</u>	<u>4,372,554</u>
Net revenue (expense) before amount below	(92,018)	44,609	14,254	(33,155)	20,866	(88,884)	29,040	(38,978)
Amount refundable to Ontario Health (note 5)	-	-	(14,254)	(14,254)	-	-	(29,040)	(29,040)
Net revenue (expense)	<u>\$ (92,018)</u>	<u>\$ 44,609</u>	<u>\$ -</u>	<u>\$ (47,409)</u>	<u>\$ 20,866</u>	<u>\$ (88,884)</u>	<u>\$ -</u>	<u>\$ (68,018)</u>

(See accompanying notes)

PLANNED PARENTHOOD TORONTO
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2023

	2023			
	<u>General Fund</u>	<u>Capital Fund</u>	<u>Health Services Fund</u>	<u>Total</u>
Balance, beginning of year	\$ 884,215	\$ 717,559	\$ -	\$ 1,601,774
Net revenue (expense)	<u>(92,018)</u>	<u>44,609</u>	<u>-</u>	<u>(47,409)</u>
Balance, end of year	<u>\$ 792,197</u>	<u>\$ 762,168</u>	<u>\$ -</u>	<u>\$ 1,554,365</u>

	2022			
	<u>General Fund</u>	<u>Capital Fund</u>	<u>Health Services Fund</u>	<u>Total</u>
Balance, beginning of year	\$ 937,197	\$ 732,595	\$ -	\$ 1,669,792
Net revenue (expense)	20,866	(88,884)	-	(68,018)
Interfund transfer (note 2)	<u>(73,848)</u>	<u>73,848</u>	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ 884,215</u>	<u>\$ 717,559</u>	<u>\$ -</u>	<u>\$ 1,601,774</u>

(See accompanying notes)

PLANNED PARENTHOOD TORONTO
STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2023

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM (USED)		
OPERATING ACTIVITIES		
Net revenue (expense)	\$ (47,409)	\$ (68,018)
Adjustment for non-cash item:		
Amortization	<u>96,793</u>	<u>103,884</u>
	49,384	35,866
Changes in level of:		
Receivables	(183,633)	(118,935)
Accrued HST rebate	(15,489)	8,483
Inventory	7,855	(6,231)
Prepaid expenses	(68,601)	(2,366)
Accounts payable and accrued liabilities	(152,029)	80,813
Deferred contributions	<u>96,495</u>	<u>(14,582)</u>
	<u>(266,018)</u>	<u>(16,952)</u>
INVESTING ACTIVITIES		
Purchase of tangible capital assets	(71,709)	(88,848)
Proceeds from sale of investments	1,182,500	578,168
Purchase of investments	<u>(1,030,624)</u>	<u>(579,583)</u>
	<u>80,167</u>	<u>(90,263)</u>
DECREASE IN CASH	(185,851)	(107,215)
CASH, BEGINNING OF YEAR	<u>337,348</u>	<u>444,563</u>
CASH, END OF YEAR	<u>\$ 151,497</u>	<u>\$ 337,348</u>

(See accompanying notes)

PLANNED PARENTHOOD TORONTO
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2023

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.

The Organization is a fully accredited community health centre that provides primary and sexual health care services to youth between the ages of 13 and 29. The Organization offers health promotion programming, education, training and research to improve the health and well-being of Toronto's diverse communities.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Revenue recognition

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

Restricted contributions are recognized as receipts of the appropriate fund in the year in which the related expenses are incurred. The Organization has the following restricted funds:

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 Ontario Health as outlined in note 5.

ii) *Capital Fund*

The Capital Fund reports the assets and expenses related to the Organization's tangible capital assets. During the year, the Board transferred \$nil (2022 - \$73,848) from the General Fund to the Capital Fund relating to capital asset purchases not covered by Ontario Health. Included in the Capital Fund is \$500,720 (2022 - \$559,969) of funding for capital assets not covered by Ontario Health.

iii) *General Fund*

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

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
Computer equipment	- 3 years straight-line
Furniture and equipment	- 5 years straight-line

PLANNED PARENTHOOD TORONTO
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES - Cont'd.

Inventory

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

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.

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.

Contributed materials and services

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

Use of 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.

3. INVESTMENTS

Investments consist of three guaranteed investment certificates, which bear interest at rates at prime minus 0.50% and mature between August 2023 and March 2024.

PLANNED PARENTHOOD TORONTO
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2023

4. TANGIBLE CAPITAL ASSETS

	<u>2023</u>			<u>2022</u>		
	<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	765,598	292,329	473,269	710,679	268,847	441,832
Computer equipment	429,221	394,235	34,986	412,431	323,154	89,277
Furniture and equipment	<u>66,747</u>	<u>66,747</u>	<u>-</u>	<u>66,747</u>	<u>64,517</u>	<u>2,230</u>
	<u>\$ 1,445,786</u>	<u>\$ 753,311</u>	<u>\$ 692,475</u>	<u>\$ 1,374,077</u>	<u>\$ 656,518</u>	<u>\$ 717,559</u>

5. DUE TO ONTARIO HEALTH

Amount due to Ontario Health is due on demand and represents the unspent portion of operating grants received from Ontario 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 Ontario Health.

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

Approved funding for 2022/2023 Ontario Health	\$ 3,414,641
Recovery of administrative overhead	<u>66,744</u>
Total health services revenue for year	3,481,385
Deduct: eligible expenses	<u>(3,467,131)</u>
Excess of funding over expenses for year	14,254
Total amount due, beginning of year	50,987
Amount repaid during year	<u>(77,971)</u>
Total amount receivable, end of year	<u>\$ (12,730)</u>

6. DEFERRED CONTRIBUTIONS

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 63,743	\$ 78,325
Add: contributions received	206,744	425,204
Less: amounts recognized as revenue	<u>(110,249)</u>	<u>(439,786)</u>
Balance, end of year	<u>\$ 160,238</u>	<u>\$ 63,743</u>

PLANNED PARENTHOOD TORONTO
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2023

7. GENERAL FUND - INTERNALLY RESTRICTED

The general fund internally restricted balance is comprised of the following reserves internally restricted by the Board of Directors:

	<u>2023</u>	<u>2022</u>
Program continuity reserve (i)	\$ 200,000	\$ 200,000
Projects reserve (ii)	60,000	60,000
Compassionate reserve (iii)	57,371	47,371
Tech development reserve (iv)	35,000	35,000
Training centre reserve (v)	<u>16,668</u>	<u>16,668</u>
	<u>\$ 369,039</u>	<u>\$ 359,039</u>

- (i) The program continuity reserve was established to provide an operating reserve for non-Ontario Health funded programs of approximately two months of operating costs.
- (ii) The projects reserve was established for future projects and/or new project expenses.
- (iii) The compassionate reserve was established to support contraceptive access for youth who are not otherwise able to afford them.
- (iv) The tech development reserve was established to support development of innovative technological solutions in carrying out the Organization's mission.
- (v) The training centre reserve was established to provide continued support training for service providers, youth and the Organization's volunteers to enhance their knowledge on sexual reproductive health, anti-homophobia education, build leadership skills and learn how to work effectively with youth populations.

8. EMPLOYEE PENSION PLAN

Substantially all employees are eligible to be members of the Healthcare of Ontario Pension Plan ("the Plan") which is a multi-employer defined benefit pension plan. Plan members will receive benefits based on the length of service and on the average of annualized earnings during the five consecutive years prior to retirement, termination or death that provides the highest earnings.

The most recent actuarial evaluation of the Plan was conducted on December 31, 2022. As of December 31, 2022, the Plan is in a surplus position with value of net assets of \$108,850 million and value of pension obligations of \$92,721 million.

Contributions to the Plan made during the year by the Organization on behalf of participating employees amounted to \$213,571 (2022 - \$200,810) and are included in benefits and relief on the statement of operations.

9. ECONOMIC DEPENDENCE

The majority of Organization's revenue is from Ontario Health. In 2023, approximately 80% (2022 - 75%) of all funding was contributed by Ontario Health.

PLANNED PARENTHOOD TORONTO
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2023

10. CONTINGENT LIABILITIES

In 2022, a legal claim was filed by a client against the Organization and a few other parties. At this time, the outcome of the claim cannot be determined and consequently no liability has been accrued in these financial statements. A settlement, if any, will be covered by the Organization's insurance provider.

11. CREDIT FACILITIES

The Organization has a demand operating facility agreement with its bank up to \$150,000 for general operating purposes that is used when sufficient cash flow is not available from operations to cover operating and capital expenditures. Advances under this credit facility bear interest at the bank's prime lending rate plus 2.18% per annum, with interest payable monthly, and is secured by a general security agreement over its assets. No amount has been drawn on the demand operating facility as at March 31, 2023 (2022 - \$nil). Additionally, the Organization has credit card is available to a limit of \$30,000 at prevailing account rates.

12. 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.

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, 2023 is as follows:

	<u>2023</u>	<u>2022</u>
Cash	\$ 151,497	\$ 337,348
Investments	500,000	651,876
Receivables and accrued HST rebate	<u>427,981</u>	<u>228,859</u>
	<u>\$ 1,079,478</u>	<u>\$ 1,218,083</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.

PLANNED PARENTHOOD TORONTO
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2023

12. FINANCIAL INSTRUMENTS - Cont'd.

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.

(i) 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.

(ii) 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.

PLANNED PARENTHOOD TORONTO
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2023

12. FINANCIAL INSTRUMENTS - Cont'd.

Market risk - Cont'd.

(iii) Other price risk

Other price risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate because of the 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. Since the Organization does not have investments in publicly traded marketable securities, it is not exposed to other price risk.

Changes in risk

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

13. COMPARATIVE FIGURES

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