

**THE TORONTO CONSORT  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
JUNE 30, 2019**

**THE TORONTO CONSORT**

**JUNE 30, 2019**

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**INDEPENDENT AUDITOR'S REPORT**

**To the Members of  
The Toronto Consort**

**Opinion**

I have audited the financial statements of The Toronto Consort which comprises the statement of financial position as at March 31, 2019, and the statements of operations, changes in net assets, and cash flows for the year then ending, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Toronto Consort as at March 31, 2019, 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 Opinion**

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Organization in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 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 a 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.

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

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.

I 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 I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Jeffrey D. Milgram, CPA, CA, LPA.



**JEFFREY D. MILGRAM PROFESSIONAL CORPORATION**  
Authorized to practise public accounting by  
The Institute of Chartered Professional Accountants of Ontario

**TORONTO, ONTARIO**  
**SEPTEMBER 26, 2019**


**JEFFREY D. MILGRAM PROFESSIONAL CORPORATION**  
CHARTERED PROFESSIONAL ACCOUNTANT / LICENSED PUBLIC ACCOUNTANT




**THE TORONTO CONSORT**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2019**

	<u>2019</u>	<u>2018</u>
	\$	\$
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash - unrestricted	202,264	101,997
Cash – internally restricted	36,213	62,957
Short term investment (Note 3)	50,800	50,312
Accounts receivable	1,409	2,856
Government excise tax rebate receivable	7,041	4,290
Prepaid expenses and inventory	<u>12,347</u>	<u>6,637</u>
	310,074	229,049
<b>LONG TERM</b>		
Long term investments (Note 3)	3,733	50,345
<b>CAPITAL ASSETS (Note 4)</b>	<u>-</u>	<u>768</u>
	<u>313,807</u>	<u>280,162</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	<u>30,386</u>	<u>14,527</u>
<b>DEFERRED (Note 5)</b>		
Subscriptions received in advance	87,165	92,987
Deferred grant revenue	<u>123,278</u>	<u>15,243</u>
	<u>210,443</u>	<u>108,230</u>
<b>Total Liabilities</b>	<u>240,829</u>	<u>122,757</u>
<b>NET ASSETS</b>		
Artistic Development Reserve	36,213	46,213
Compact Disc Production Reserve	-	16,744
Capital Assets Fund	-	768
Operating Fund	<u>36,765</u>	<u>93,680</u>
	<u>72,978</u>	<u>157,405</u>
	<u>313,807</u>	<u>280,162</u>

**APPROVED ON BEHALF OF THE BOARD**

 **DIRECTOR**

 **DIRECTOR**

 **DATE**

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

**THE TORONTO CONSORT**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**AS AT JUNE 30, 2019**

	<u>2019</u>					<u>2018</u>
	<b>Artistic Development Reserve</b>	<b>Compact Disc Production Reserve</b>	<b>Capital Assets Fund</b>	<b>Operating Fund</b>	<b>Total</b>	<b>Total</b>
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
<b>Balance, beginning of year</b>	46,213	16,744	768	93,680	157,405	195,676
<b>Excess of expenses over revenues for the year</b>	<u>-</u>	<u>-</u>	<u>(768)</u>	<u>(83,659)</u>	<u>(84,427)</u>	<u>(38,271)</u>
	46,213	16,744	-	10,021	72,978	157,405
<b>Fund transfers</b>	<u>(10,000)</u>	<u>(16,744)</u>	<u>-</u>	<u>25,744</u>	<u>-</u>	<u>-</u>
<b>Balance, end of year</b>	<u>36,213</u>	<u>-</u>	<u>-</u>	<u>35,765</u>	<u>72,978</u>	<u>157,405</u>

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

**THE TORONTO CONSORT**  
**STATEMENT OF OPERATIONS**  
**AS AT JUNE 30, 2019**

	<u>2019</u>	<u>2018</u>
	\$	\$
<b>REVENUES</b>		
Earned revenue (Note 6)	195,360	240,134
Government grants (Note 7)	137,006	154,252
Donations (Note 8)	197,520	152,610
Fundraising events	6,652	8,220
Miscellaneous	<u>15,152</u>	<u>11,982</u>
	551,690	567,198
<b>COST OF COMPACT DISC SALES</b>	<u>2,918</u>	<u>6,052</u>
	<u>548,772</u>	<u>561,146</u>
<b>EXPENSES</b>		
Performance (Note 9)	243,774	294,694
Marketing	160,642	126,944
Administrative (Note 10)	99,539	99,857
Fundraising	54,621	38,198
Education and outreach (Note 11)	74,623	35,501
Special project	<u>-</u>	<u>4,223</u>
	<u>633,199</u>	<u>599,417</u>
<b>EXCESS OF EXPENSES OVER REVENUES FOR THE YEAR</b>	<u>(84,427)</u>	<u>(38,271)</u>

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

**THE TORONTO CONSORT**  
**STATEMENT OF CHANGES IN CASH FLOWS**  
**AS AT JUNE 30, 2019**

	<u>2019</u> \$	<u>2018</u> \$
<b>OPERATING ACTIVITIES</b>		
Excess of expenses over revenues for the year	(84,427)	(38,271)
Add: Item(s) not requiring an immediate outlay of cash:		
Depreciation	768	3,719
Deferred revenue	<u>(108,230)</u>	<u>(122,292)</u>
	(191,889)	(156,844)
Short term investments	(488)	(22)
Accounts receivable	1,447	19,944
Government excise tax rebate receivable	(2,751)	(3,176)
Inventory	-	(1,791)
Prepays	(5,710)	746
Accounts payable	15,859	(6,817)
Government remittance payable	-	(2,023)
Deferred revenue	<u>210,443</u>	<u>108,230</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>26,911</u>	<u>(41,753)</u>
<b>INVESTING AND FINANCING ACTIVITIES</b>		
Capital asset additions	-	-
Long term investments	<u>46,612</u>	<u>50,311</u>
<b>NET CASH PROVIDED BY INVESTING AND FINANCING ACTIVITIES</b>	<u>46,612</u>	<u>50,311</u>
 Increase in cash for the year	 73,523	 8,558
CASH, beginning of year	<u>164,954</u>	<u>156,396</u>
CASH, end of year	<u>238,477</u>	<u>164,954</u>

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

**THE TORONTO CONSORT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**1. Operations**

**Organization:** The Toronto Consort (the “Organization”) was incorporated without share capital as a not-for-profit organization under the laws of the Province of Ontario in 1972. Its purpose is to promote and encourage the study and performance of Medieval and Renaissance music. The Toronto Consort is a registered charitable organization under the Canadian Income Tax Act and is, thus, exempt from income taxes under Section 149(1)(1) of the Act. Exemption remains valid as long as the organization continues to meet the requirements of the Act and regulations in respect of registered charities.

**Accounting Framework:** The corporation prepares its financial statements in accordance with the Chartered Professional Accountants of Canada (CPA, Canada) (formerly the Canadian Institute of Chartered Accountant’s (CICA)) Handbook, Part III, Canadian accounting standards for not-for-profit organizations (ASNPO).

**2. Summary of Significant Accounting Policies**

The accounting policies of the organization are in accordance with Canadian accounting standards for not-for-profit organizations applied on a basis consistent with that of the preceding year. Outlined below are those policies considered particularly significant.

**Basis of Accounting**

These financial statements were prepared using the accrual basis of accounting. The accrual basis recognizes revenues as they are earned and measurable; expenses are recognized as they are incurred and measurable as a result of receipts of goods and services and the creation of legal obligation to pay.

**Fund Accounting**

The Organization follows the restricted fund method of accounting for revenues. The Organization maintains the following four funds:

- (i) **Compact Disc Development Reserve:** This Fund reports the contributions, net of expenses, designated for the recording and production associated with sound recordings of the Organization’s concert performances.
- (ii) **Artistic Development Reserve:** This Fund reports contributions designated for future development of the Organization’s concert performance series and outreach programs.

**THE TORONTO CONSORT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**2. Summary of Significant Accounting Policies – Continued**

**Fund Accounting – Continued**

- (iii) **Capital Assets Fund:** This Fund is represented by the net value of the Organization's capital assets net of liabilities and associated debt. These funds are available and accumulated to fund future expansion and redevelopment of the Organization's property and equipment.
- (iv) **Operating Fund:** This Fund reports contributions and expenditures from general operations exclusive of those amounts reported in each of the aforementioned funds.

**Cash**

Cash includes cash on hand, current bank deposits, broker held cash, segregated gaming bank deposits and investments with a maturity date of less than 90 days from the year end date.

**Inventory**

Compact disc inventory has been recorded at an estimate of the lower of weighted average cost or net realizable value.

**Capital Assets**

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. The Organization regularly reviews its capital assets to eliminate obsolete items. Depreciation is provided at the following rates based on the estimated useful life of the assets as follows:

Computer equipment	3 years straight line
Website development	3 years straight line
Office equipment	5 years straight line

**Revenue Recognition**

The Toronto Consort follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Performance revenue is recognized when concerts are performed.

Government assistance related to current expenditures is reflected as a revenue item in the current year; assistance related to a specific expenditure or program is recognized in the year of the related expenditure.

**THE TORONTO CONSORT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**2. Summary of Significant Accounting Policies - Continued**

**Revenue Recognition - Continued**

Fund-raising and other income is recorded when funds are receivable and the amounts can be reasonably estimated.

Interest is recognized as earned.

Net capital gains or losses on the sale of investments are recognized on the date of settlement.

**Estimates**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

During the year, management booked estimates to the accounts pertaining to the prepaid expenses, certain accrued liabilities and government rebates receivable.

**Contributed Materials and Services**

Donated materials, facilities and services on which there is no restricted use by the organization, are recorded at their fair market value. Materials and services recorded as donations pertain to those materials and services essential to the Organization's operations and fundraising events. The work of the organization is partially dependent on voluntary services. Because of the difficulty in determining their fair value, contributed services are not recognized in these financial statements.

**Income Taxes**

The Organization is exempt from income tax in Canada as a not-for-profit equity under Section 149(1) (l) of the Income Tax Act of Canada.

**THE TORONTO CONSORT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**2. Summary of Significant Accounting Policies – Continued**

**Financial Assets and Financial Liabilities**

**(i) Measurement of financial instruments**

The Organization initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are based on public stock exchange transactions in an active market, which are measured at fair value. Changes in fair value are recognized in the statements of operations in the period incurred. Financial assets measured at amortized cost include cash, amounts receivable and fixed income investments. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

**(ii) Impairment**

At the end of each reporting period, the Organization assesses whether there are any indications that a financial asset measured at amortized cost may be impaired. Objective evidence of impairment includes observable data that comes to the attention of the Organization, including but not limited to the following events: significant financial difficulty of the issuer; a breach of contract, bankruptcy or other financial indicators indicating distress relating to the item valued.

When there is an indication of impairment, the Organization determines whether a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset.

When the Organization identifies a significant adverse change in the expected timing or amount of future cash flows from a financial asset, it reduces the carrying amount of the asset to the highest of the following:

- a) the present value of the cash flows expected to be generated by holding the asset discounted using a current market rate of interest appropriate to the asset;
- b) the amount that could be realized by selling the asset at the statement of financial position date; and
- c) the amount the Organization expects to realize by exercising its rights to any collection action less the costs necessary to exercise those actions.



**THE TORONTO CONSORT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**2. Summary of Significant Accounting Policies – Continued**

**Financial Assets and Financial Liabilities – Continued**

**(ii) Impairment**

When the Organization determines an adjustment to the carrying value is required, the carrying amount of the asset is reduced directly or through the use of an allowance account. The amount of the reduction is recognized as an impairment loss in the statements of operations. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent of the improvement, directly or by adjusting the allowance account. The amount of the reversal is recognized in the statements of operations in the period the reversal occurs.

**(iii) Transaction costs**

Transaction costs are recognized in the statements of operations in the period incurred, except for financial instruments that will be subsequently measured at amortized cost. Transaction costs associated with the acquisition and disposal of fixed income investments are capitalized and are included in the acquisition costs or reduce proceeds on disposal. Investment management fees associated with managing of the Organization's portfolio investment holdings are expensed as incurred.

**3. Investments**

Short-term investments represent guaranteed investment certificates (GICs) which are recorded at their fair market value and consist of the following holding(s) at year end.

	<u>Rate</u>	<u>Maturity</u>	<u>Face Value</u> \$	<u>Fair Value</u> \$
Bank of Montreal GIC	1.60%	24/01/2020	<u>50,000</u>	<u>50,800</u>

Long-term investments are recorded at their fair market value and consist of the following holding(s) at year end.

	<u>Rate</u>	<u>Maturity</u>	<u>Face Value</u> \$	<u>Fair Value</u> \$
Equity investments	n/a	n/a	<u>3,733</u>	<u>3,733</u>

**THE TORONTO CONSORT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**4. Capital Assets**

	<u>2019</u>			<u>2018</u>
	<u>Cost</u>	<u>Accumulated</u>	<u>Net Book</u>	<u>Net Book</u>
	<u>\$</u>	<u>Amortization</u>	<u>Value</u>	<u>Value</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Computer equipment	11,071	11,071	-	301
Musical instrument	1,200	1,200	-	-
Office equipment	1,866	1,866	-	467
Website development	<u>8,674</u>	<u>8,674</u>	<u>-</u>	<u>-</u>
	<u>22,811</u>	<u>22,811</u>	<u>-</u>	<u>4,487</u>

**5. Deferred Revenue**

	<u>2019</u>	<u>2018</u>
	<u>\$</u>	<u>\$</u>
Deferred revenues are comprised of:		
Advance subscription sales		
- Concert series of 2019-20 (2018-19)	87,165	92,987
Grant - Employment and Social Development Canada		
• New Horizons for Seniors Program	17,634	15,243
Grant – Canada Council		
• Digital Program	31,100	-
• Internship	6,428	-
Foundation – 2019-20 Concert Season		
• S.M. Blair Family Foundation	2,000	-
Restricted individual donation(s)		
• David Fallis Fund	<u>66,116</u>	<u>-</u>
	<u>210,443</u>	<u>108,230</u>

**6. Earned Revenue**

	<u>2019</u>	<u>2018</u>
	<u>\$</u>	<u>\$</u>
Toronto Series	186,834	198,511
Touring and other concert fees	6,000	27,260
Compact disc sales	2,526	9,643
Other fees	<u>-</u>	<u>4,720</u>
	<u>195,360</u>	<u>240,134</u>

**THE TORONTO CONSORT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**7. Government Grants**

	<u>2019</u>	<u>2018</u>
	\$	\$
<b>Federal</b>		
Canada Council – Operating grant	40,000	28,000
Canada Council – Program	2,700	12,000
Canada Council – Touring	-	15,140
Employment and Social Development Canada		
• New Horizons for Seniors Program	21,122	20,042
<b>Provincial</b>		
Ontario Arts Council – Operating grant	27,794	25,073
Ontario Arts Council – Arts Endowment Fund	2,018	2,018
Ontario Arts Council – Internship	7,012	-
Ontario Arts Council – Touring	-	5,900
Ontario Trillium Foundation – Equipment grant	-	15,000
<b>Municipal</b>		
Toronto Arts Council – Operating grant	27,000	27,000
Other grant(s)	<u>9,360</u>	<u>4,079</u>
	<u>137,006</u>	<u>154,252</u>

**8. Donations**

	<u>2019</u>	<u>2018</u>
	\$	\$
<b>Individuals</b>	166,147	112,635
<b>Corporations</b>	20,500	30,765
<b>Foundations</b>	<u>10,873</u>	<u>9,210</u>
	<u>197,520</u>	<u>152,610</u>

During the year, the Organization received donations in kind in the form of public securities with a market value of \$20,299 (2018 - \$13,494). These donations have been included in the above balances.

**THE TORONTO CONSORT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**9. Performance Expenses**

	<u>2019</u>	<u>2018</u>
	\$	\$
<b>Toronto Series Expenses</b>		
Ensemble fees	66,107	55,740
Guest artist fees	59,270	58,361
Production and other expenses	83,825	105,338
Hall rentals	<u>29,623</u>	<u>24,548</u>
	<u>238,825</u>	<u>244,897</u>
<b>Touring Expenses</b>		
Ensemble fees	3,671	28,958
Travel costs	1,278	19,501
Production expenses	-	-
Promotion expenses	<u>-</u>	<u>1,338</u>
	<u>4,949</u>	<u>49,797</u>
	<u>243,744</u>	<u>294,694</u>

**10. Administrative Expenses**

	<u>2019</u>	<u>2018</u>
	\$	\$
Depreciation	768	3,719
Staff expenses	50,384	45,779
Office supplies (Note 13)	37,943	38,209
Consulting fees	-	774
Audit fees	6,935	8,056
Office technology	<u>3,509</u>	<u>3,320</u>
	<u>99,539</u>	<u>99,857</u>

**11. Education and Outreach**

	<u>2019</u>	<u>2018</u>
	\$	\$
Ensemble fees	8,497	6,997
Education and outreach staff	29,093	23,681
Materials and production expenses	1,682	3,054
Production of compact disc recordings	<u>35,351</u>	<u>1,759</u>
	<u>74,623</u>	<u>35,501</u>

**THE TORONTO CONSORT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**12. The Toronto Consort Arts Endowment Funds**

The Toronto Consort established The Toronto Consort Arts Endowment Fund at the Ontario Arts Foundation (OAF) under the terms of the Arts Endowment Fund (AEF) Program. The AEF is a program of the Government of Ontario through the Ministry of Culture and administered by the OAF. The Toronto Consort receives investment income from The Toronto Consort Arts Endowment Fund to be used for operations. During this fiscal year, included in miscellaneous revenue, The Toronto Consort recorded investment income from the AEF of \$2,018 (2018 - \$2,018).

**13. Trinity St. Paul's Centre**

The Organization had entered into a rental lease agreement effective June 1, 2019 pertaining to its office location for a two year period expiring May 30, 2020. The lease provides for monthly rental payments of \$552; accordingly, the minimum lease payments during the remaining period of the lease are as follows:

Fiscal 2020	<u>\$ 6,072</u>
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**14. Risk**

**Liquidity**

The Organization manages its liquidity risk by monitoring actual and projected cash flows, from both fundraising activities and the performance program, to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses.

**General**

The Organization holds financial assets in the form of cash and trade and government receivables. It is management's opinion that the fair value of these financial instruments approximates their stated values, plus accrued interest where applicable, due to the short term to maturity for the items held at year end.

The Organization also holds financial liabilities in the form of accounts payable and accrued liabilities. As with the financial assets, fair value and stated value approximate each other at year end due to the short term to maturity of the liabilities held at June 30, 2019.

**THE TORONTO CONSORT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**14. Risk**

**Interest Rate Risk**

Interest rate risk arises from the possibility that changes in interest rates will affect the future cash flows or the fair value of financial instruments. Interest rate risk arises when the organization invests in interest-bearing financial instruments. The organization is exposed to the risk that the value of such financial instruments will fluctuate due to the prevailing levels of market interest rates. As at the end of the current fiscal year, the Organization held interest bearing investments in the form of short and long term guaranteed investment certificates as described in Note 3 and is therefore subject to the risk associated with interest rate changes. While the risk of future cash flows from the investments held will accordingly increase or decrease with the changes to the market rate of interest on similar investments, many of these investments are fully cashable or are held for short periods of time which does not preclude management from reinvesting at a more favourable rate, and accordingly, minimizing the exposure to interest rate risk on the investments held.

**Other Risks**

It is management's opinion that the Organization is not exposed to significant currency, market or credit risks arising from the financial instruments held.