

**ARTHRITIS RESEARCH CENTRE SOCIETY OF CANADA /
ARTHRITE-RECHERCHE CANADA**

Financial Statements

March 31, 2016

**ARTHRITIS RESEARCH CENTRE SOCIETY OF CANADA / ARTHRITE-RECHERCHE
CANADA**

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March 31, 2016

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INDEPENDENT AUDITOR'S REPORT

To the Members of Arthritis Research Centre Society of Canada / Arthrite-Recherche Canada

We have audited the accompanying financial statements of Arthritis Research Centre Society of Canada / Arthrite-Recherche Canada, which comprise the statement of financial position as at March 31, 2016 and the statements of changes in net assets, operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Report to the Members of Arthritis Research Centre Society of Canada / Arthrite-Recherche Canada (continued)

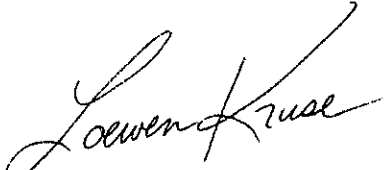
Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Arthritis Research Centre Society of Canada / Arthrite-Recherche Canada as at March 31, 2016 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.

Other Legal and Regulatory Requirements

As required by the Society Act of British Columbia, we report that, in our opinion, these standards have been applied on a basis consistent with that of the preceding year.

Burnaby, British Columbia
June 16, 2016


Chartered Professional Accountants

**ARTHRITIS RESEARCH CENTRE SOCIETY OF CANADA / ARTHRITE-RECHERCHE
CANADA**

Statement of Financial Position

March 31, 2016

	2016	2015 (Note 2)
ASSETS		
CURRENT		
Cash	\$ 2,419,072	\$ 975,194
Restricted cash (Note 4)	956,091	1,033,702
Accounts receivable	110,526	949,202
Recoverable from government authorities - GST	20,500	26,474
Prepaid expenses	11,023	8,055
	<u>3,517,212</u>	<u>2,992,627</u>
RESTRICTED CASH (Note 4)	5,461,427	5,794,659
RESTRICTED INVESTMENTS (Notes 4, 5)	4,295,908	3,985,208
CAPITAL ASSETS (Note 6)	<u>48,548</u>	<u>71,488</u>
	<u>\$ 13,323,095</u>	<u>\$ 12,843,982</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 163,384	\$ 182,900
Payable to government authorities - payroll deductions	28,085	18,331
Current portion of deferred revenue (Note 7)	956,091	1,033,702
	<u>1,147,560</u>	<u>1,234,933</u>
DEFERRED CAPITAL CONTRIBUTION (Note 8)	3,998	6,663
DEFERRED REVENUE (Note 7)	<u>5,138,412</u>	<u>6,129,400</u>
	<u>6,289,970</u>	<u>7,370,996</u>
NET ASSETS - page 4		
Unrestricted	2,369,652	1,757,693
Internally restricted (Note 9)	<u>4,663,473</u>	<u>3,715,293</u>
	<u>7,033,125</u>	<u>5,472,986</u>
	<u>\$ 13,323,095</u>	<u>\$ 12,843,982</u>
LEASE COMMITMENTS (Note 10)		

ON BEHALF OF THE BOARD

 Director

 Director

See notes to financial statements

**ARTHRITIS RESEARCH CENTRE SOCIETY OF CANADA / ARTHRITE-RECHERCHE
CANADA**

Statement of Changes in Net Assets

Year Ended March 31, 2016

	Unrestricted	Internally Restricted	2016	2015
NET ASSETS - BEGINNING OF YEAR BEFORE RESTATEMENT	\$ 1,757,693	\$ 3,715,293	\$ 5,472,986	\$ 4,170,761
Vacation accrual elimination (<i>Note 2</i>)	-	-	-	28,552
NET ASSETS - BEGINNING OF YEAR AFTER RESTATEMENT	1,757,693	3,715,293	5,472,986	4,199,313
Excess (deficiency) of revenue over expenses - page 5	1,585,806	(25,667)	1,560,139	1,273,673
Net asset transfers (<i>Note 11</i>)	(973,847)	973,847	-	-
NET ASSETS - END OF YEAR - page 3	\$ 2,369,652	\$ 4,663,473	\$ 7,033,125	\$ 5,472,986

**ARTHRITIS RESEARCH CENTRE SOCIETY OF CANADA / ARTHRITE-RECHERCHE
CANADA**

Statement of Operations

Year Ended March 31, 2016

	2016	2015 <i>(Note 15)</i>
REVENUE		
Research grants	\$ 2,602,604	\$ 2,122,211
Donations	1,362,392	1,342,721
Operating grant	878,052	878,052
Investment income	140,501	165,810
Fundraising	110,335	102,981
Gaming grants	40,000	39,555
Foreign exchange gains	5,461	94,130
Unrealized gain (loss) on investments	(81,325)	14,120
	5,058,020	4,759,580
EXPENSES		
Research <i>(Note 12)</i>		
Salaries and benefits	1,328,235	1,274,462
Direct project costs	1,144,055	1,126,606
Fundraising <i>(Note 12)</i>		
Salaries and benefits	211,082	215,570
Direct costs	168,809	211,046
Administrative salaries and benefits	321,457	289,036
Premises	197,993	189,651
Operations	105,296	137,904
Amortization	25,667	25,555
Clinical trials <i>(Note 13)</i>		
Bad debts (recovery)	(4,713)	16,077
	3,497,881	3,485,907
EXCESS OF REVENUE OVER EXPENSES - page 4, 5	\$ 1,560,139	\$ 1,273,673

**ARTHRITIS RESEARCH CENTRE SOCIETY OF CANADA / ARTHRITE-RECHERCHE
CANADA**

Statement of Cash Flows

Year Ended March 31, 2016

	2016	2015
OPERATING ACTIVITIES		
Excess of revenue over expenses - page 5	\$ 1,560,139	\$ 1,273,673
Items not affecting cash:		
Amortization	25,667	25,555
Unrealized loss (gain) on investments	81,325	(14,120)
	<u>1,667,131</u>	<u>1,285,108</u>
Changes in non-cash working capital:		
Accounts receivable	838,676	2,476,979
Recoverable from government authorities - GST	5,974	(1,683)
Prepaid expenses	(2,968)	10,980
Accounts payable and accrued liabilities	(19,516)	(71,023)
Payable to government authorities - payroll deductions	9,754	4,729
Deferred revenue	(1,068,599)	(4,671)
	<u>(236,679)</u>	<u>2,415,311</u>
Cash flow from operating activities	<u>1,430,452</u>	<u>3,700,419</u>
INVESTING ACTIVITIES		
Purchase of capital assets	(2,727)	-
Increase in investments	(392,025)	(2,245,753)
Cash flow used by investing activities	<u>(394,752)</u>	<u>(2,245,753)</u>
FINANCING ACTIVITY		
Decrease in deferred capital contribution	(2,665)	(2,665)
INCREASE IN CASH FLOW	<u>1,033,035</u>	<u>1,452,001</u>
Cash - beginning of year	<u>7,803,555</u>	<u>6,351,554</u>
CASH - END OF YEAR	<u>\$ 8,836,590</u>	<u>\$ 7,803,555</u>
CASH CONSISTS OF:		
Unrestricted cash	\$ 2,419,072	\$ 975,194
Restricted cash - current	956,091	1,033,702
Restricted cash - long term	5,461,427	5,794,659
	<u>\$ 8,836,590</u>	<u>\$ 7,803,555</u>

See notes to financial statements

ARTHRITIS RESEARCH CENTRE SOCIETY OF CANADA / ARTHRITE-RECHERCHE CANADA

Notes to Financial Statements

Year Ended March 31, 2016

1. PURPOSE OF THE SOCIETY

The purpose of the Arthritis Research Centre Society of Canada / Arthrite-Recherche Canada (the "Society") is to create and provide a leading research environment responsible for advancing knowledge of the needs of people affected by arthritis and to publicly share knowledge related to the fields of arthritis, musculoskeletal and immune-related disorders.

The Society is incorporated under the Society Act of British Columbia as a not-for-profit organization and is a registered charity under the *Income Tax Act* and as such is exempt from taxes.

2. CHANGE IN ACCOUNTING POLICY

The Society has changed its accounting policy with respect to its vacation accrual. Previously the Society accrued amounts for unused vacation on the basis that staff were paid hourly. However, further examination has determined that staff are paid on a salary basis using annual remuneration amounts with vacation time already included. Each pay period staff are paid their normal salary amounts regardless of vacation time taken. As a result, there is no obligation at year-end for the future payment of unused vacation time, only the granting of vacation days in lieu of work days, which does not represent a financial liability. The Society no longer accrues vacation payable unless such amounts are to be paid to an employee in addition to their normal salary or if an employee is paid an hourly wage rather than salary, with vacation time calculated separately from their normal gross remuneration.

To account for this change in policy in the current year, opening net assets increased \$31,493, salaries expense decreased \$4,100, excess of revenue over expenses increased \$4,100, and accrued liabilities decreased \$35,593. For the previous year, opening net assets increased \$28,552, salaries expense decreased \$2,941 with a corresponding increase in net excess of revenue over expenses, while accrued liabilities decreased \$31,493. The change in 2015 has been reflected in the opening 2016 figures.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements were prepared by management in accordance with Canadian accounting standards for not-for-profit organizations.

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**ARTHRITIS RESEARCH CENTRE SOCIETY OF CANADA / ARTHRITE-RECHERCHE
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Notes to Financial Statements

Year Ended March 31, 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue Recognition

The Society follows the deferral method of accounting for contributions.

Externally restricted contributions and grants are recognized as revenue in the year in which the related expenses are incurred. Externally restricted amounts can only be used for purposes designated by the contributor.

Contributions externally restricted for the purchase of capital assets are deferred and amortized into revenue on the same basis as the related capital assets' amortization. Endowment contributions are recognized as direct increases in net assets.

Unrestricted contributions, which includes fundraising revenue, are recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Unrestricted investment revenue is recognized as revenue when earned using the accrual method of accounting. Investment revenue subject to external restrictions is deferred until spent in accordance with the donor's original restrictions.

Investments

Investments consist of guaranteed investment certificates (GIC's) and the related accrued interest, and equity shares. These investments have been classified as current assets as they are capable of prompt liquidation, except for the portion that has been allocated to satisfy internal restrictions set by the board of directors. All the GIC's have a maturity date of April 5, 2016 and an interest rate of 0.95%.

Capital Assets

Capital assets purchased are stated at cost less accumulated amortization. Amortization is provided at various rates on a straight-line basis designed to amortize the assets over the estimated useful lives. The amortization rates are as follows:

Computer hardware	5 years
Computer software	3 years
Furniture and fixtures	5 years
Leasehold improvements	8 years

Contributed Services and Gifts-in-Kind

Volunteers assist the Society in carrying out its operations. Due to the difficulty in determining their fair value, contributed services are not recognized in the financial statements. Gifts-in-kind are only recognized when their fair value is reasonably determinable and significant, with such items recorded at fair value on the date of the contribution. Any gifts-in-kind contributed for use at auction are not recognized as revenue. Instead, the subsequent cash proceeds raised from their disposal at auction are recorded as fundraising revenue. During the year the Society received non-auction gifts-in-kind of NIL\$ (2015 - NIL\$).

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**ARTHRITIS RESEARCH CENTRE SOCIETY OF CANADA / ARTHRITE-RECHERCHE
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Notes to Financial Statements

Year Ended March 31, 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Foreign Currency Translation

All monetary assets and liabilities of operations denominated in currencies other than Canadian dollars have been translated into Canadian dollars at the rate of exchange in effect at the statement of financial position date. Non-monetary items are translated at historical exchange rates, unless such items are carried at market, in which case they are translated at the rate of exchange in effect at the statement of financial position date. Gains and losses resulting from the translation of assets and liabilities are reflected in excess of revenue over expenses for the year.

Revenue and expense transactions are translated using the prior day's noon rate of exchange at the time of the transaction.

Allocation of Expenses

The Society classifies its expenses by function, including its research, fundraising and operations expenses. For these expenses, the Society identifies the appropriate basis of allocating each component expense and applies that basis consistently each year.

Research expense is made up of researcher salaries and benefits, administrative salaries, honorariums, equipment purchases, research fees, travel, meetings, purchased services, communications, special events, and general office expenses. The expenses are allocated proportionately on the following basis:

Researcher salaries and benefits – by direct allocation of science staff time.

Administrative salaries – by timesheet allocation as designated by staff.

All other above-mentioned expenses – by project coding as designated by science and administrative staff, including subsequent recording by management where appropriate.

Fundraising expense is made up of administrative salaries, honorariums, travel, meetings, purchased services, communications, special events, and general office expenses. The expenses are allocated proportionately on the following basis:

Administrative salaries – by timesheet allocation as designated by staff.

All other above-mentioned expenses – by project coding as designated by administrative staff, including subsequent recording by management where appropriate.

Except for researcher salaries and wages, the operations expense includes the non-allocated portion of all the above expenses. Operations expense also includes non-allocated expenses such as professional fees, consulting and printed materials.

See *Note 12* for the research and fundraising expense allocation amounts for the year.

ARTHRITIS RESEARCH CENTRE SOCIETY OF CANADA / ARTHRITE-RECHERCHE CANADA

Notes to Financial Statements

Year Ended March 31, 2016

4. RESTRICTED ASSETS

The restricted assets are allocated as follows:

	2016	2015
Restricted cash - long term deferred revenue	\$ 5,138,412	\$ 5,794,659
Restricted investments - long term deferred revenue	-	334,741
Total long term deferred revenue	5,138,412	6,129,400
Restricted cash - current deferred revenue	956,091	1,033,702
Restricted cash - project reserves	323,015	-
Restricted investments - project reserves	195,908	550,467
Restricted investments - contingency fund	4,100,000	3,100,000
	\$ 10,713,426	\$ 10,813,569

Total restricted investments for project reserves, contingency fund and long term deferred revenue is \$4,295,908 (2015 - \$3,985,208). Total non-current restricted cash for long term deferred revenue and project reserves is \$5,461,427 (2015 - \$5,794,659).

5. INVESTMENTS

	2016	2015
Guaranteed investment certificate and accrued interest	\$ 3,066,168	\$ 3,036,983
Equity shares	1,081,215	718,375
Unrealized gain on equity shares	148,525	229,850
	\$ 4,295,908	\$ 3,985,208

Categorized as:

Long term investments - internally restricted	\$ 4,295,908	\$ 3,985,208
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The Society's investment policy is to invest conservatively in high-grade securities to minimize risk of loss while earning a reasonable rate of return. This policy is accomplished by utilizing the services of an investment broker and holding a diversified portfolio.

6. CAPITAL ASSETS

	Cost	Accumulated amortization	2016 Net book value	2015 Net book value
Computer hardware	\$ 29,995	\$ 24,765	\$ 5,230	\$ 8,380
Computer software	16,524	15,566	958	4,297
Furniture and fixtures	162,619	134,968	27,651	40,425
Leasehold improvements	29,418	14,709	14,709	18,386
	\$ 238,556	\$ 190,008	\$ 48,548	\$ 71,488

ARTHRITIS RESEARCH CENTRE SOCIETY OF CANADA / ARTHRITE-RECHERCHE CANADA

Notes to Financial Statements

Year Ended March 31, 2016

7. DEFERRED REVENUE

The Society receives funds that have been externally restricted for specific projects or purposes.

	Opening Balance	Additions & Current Portion Allocations	Recognized as Revenue	Ending Balance
Current portion deferred revenue				
Province of B.C. Ministry of Health grant	\$ 878,052	\$ 878,052	\$ 878,052	\$ 878,052
Soiree contributions	40,650	74,205	40,650	74,205
Other grants	-	4,500	666	3,834
Pfizer innovation grant	75,000	-	75,000	-
Gaming grant	40,000	-	40,000	-
	1,033,702	956,757	1,034,368	956,091
Long term portion deferred revenue				
Research grants (i)	4,613,435	1,932,477	2,023,834	4,522,078
Province of B.C. Ministry of Health grant (ii)	1,243,896	(878,052)	-	365,844
Doctors designations (iii)	272,069	44,856	66,435	250,490
	6,129,400	1,099,281	2,090,269	5,138,412
	\$ 7,163,102	\$ 2,056,038	\$ 3,124,637	\$ 6,094,503

(i) During the year the cash held for the Lupus Conference project was transferred to another entity which will manage and expend the funds on the next conference to be held. The \$263,934 transferred, along with other project adjustments and transfers, have been reflected in the amounts presented under the "Additions & Current Portion Allocations" column above.

(ii) The Province of B.C. Ministry of Health (the "Ministry") grant is restricted for use to cover operating costs associated with accelerating research with respects to work disability prevention, pain management and health care cost reduction. The completion date of the grant is August 31, 2017 with any unspent amounts subject to possible repayment at the discretion of the Ministry. Several other general operating terms apply such as the requirement to raise additional funds and providing satisfactory evidence of project work that, if not met, could result in possible total or partial repayment of the grant funds.

(iii) The Doctors designations balance of deferred revenue consists of amounts held on behalf of the Society's researchers for use on their research projects. The Society holds and administers these amounts while the researchers control and direct their use.

8. DEFERRED CAPITAL CONTRIBUTION

The deferred contribution consists of amounts received from a donor that were designated for the purchase of a specialized freezer and monitor. The donation revenue of \$13,326 is being deferred and recognized at the same rate of amortization of the equipment, which is 5 years straight-line. For the fiscal year, \$2,665 of the deferred contributions was recognized as revenue. In 2017, \$2,665 of the deferred contributions will be recognized as revenue, with the remaining \$1,333 recognized in 2018.

**ARTHRITIS RESEARCH CENTRE SOCIETY OF CANADA / ARTHRITE-RECHERCHE
CANADA**

Notes to Financial Statements

Year Ended March 31, 2016

9. INTERNALLY RESTRICTED

Internally restricted net assets are amounts established by the board of directors for specific projects or purposes. The internally restricted net assets consist of the following:

	<u>2016</u>	<u>2015</u>
Contingency reserve	\$ 4,100,000	\$ 3,100,000
Project reserves	518,923	550,468
Invested in capital assets	44,550	64,825
	<u>\$ 4,663,473</u>	<u>\$ 3,715,293</u>

The contingency reserve represents funds set aside for contingency purposes.

The project reserves represent funds set aside for research projects and purposes.

Invested in capital assets represents the internally restricted assets, liabilities and expenses related to the Society's capital assets.

10. LEASE COMMITMENTS

The Society has a lease with respect to its premises. The operating lease for the premises is \$10 per annum plus the pro rata share of the cost of common areas and real property taxes under a lease term expiring July 31, 2017.

11. NET ASSET TRANSFERS

During the year the following net asset transfers occurred:

\$31,545 was transferred from the internally restricted project reserves to the unrestricted net assets for expenses incurred by internally restricted projects.

\$2,665 was transferred from the unrestricted net assets to the internally restricted capital assets for deferred capital contributions recognized in the current year (*Note 8*).

\$2,727 was transferred from the unrestricted net assets to the internally restricted capital assets for the purchase of capital assets.

\$1,000,000 was transferred from the unrestricted net assets to the internally restricted contingency net assets per board resolutions.

ARTHRITIS RESEARCH CENTRE SOCIETY OF CANADA / ARTHRITE-RECHERCHE CANADA

Notes to Financial Statements

Year Ended March 31, 2016

12. ALLOCATION OF EXPENSES

Research expenses of \$2,472,290 (2015 - \$2,401,068) have been allocated as follows:

	<u>2016</u>	<u>2015</u>
Research expenses		
Researcher salaries and benefits	\$ 1,040,801	\$ 876,557
Purchased services	490,949	508,750
Research fees	341,624	56,474
Administrative salaries	287,434	397,905
Travel	127,915	230,006
Meetings	66,811	138,435
General office	39,981	34,155
Equipment purchases	35,684	30,579
Communications	21,549	12,761
Honorariums	19,302	102,083
Special events	240	13,363
	<u>\$ 2,472,290</u>	<u>\$ 2,401,068</u>

Fundraising expenses of \$379,891 (2015 - \$426,616) have been allocated as follows:

Fundraising expenses		
Administrative salaries	\$ 211,082	\$ 215,570
Purchased services	105,043	124,128
Special events	32,398	58,002
General office	18,617	17,330
Communications	6,906	6,088
Equipment purchases	3,716	4,166
Meetings	1,321	568
Travel	808	764
	<u>\$ 379,891</u>	<u>\$ 426,616</u>

13. DISCONTINUED OPERATIONS

The Society discontinued its clinical trials operations in the 2013 fiscal year. The revenues and expenses related to this discontinued activity are presented separately from all other revenues and expenses.

14. FINANCIAL INSTRUMENTS

All financial instruments are initially recorded at their fair market value. Publicly traded equity instruments quoted in an active market are subsequently measured at fair value with any unrealized gains or losses and transaction costs recognized in net excess of revenue over expenses. All other financial instruments are adjusted for any transaction costs incurred on acquisition and are subsequently measured at their amortized cost. Financial instrument impairments and impairment reversals are recognized when incurred in net excess of revenue over expenses.

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**ARTHRITIS RESEARCH CENTRE SOCIETY OF CANADA / ARTHRITE-RECHERCHE
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Notes to Financial Statements

Year Ended March 31, 2016

14. FINANCIAL INSTRUMENTS *(continued)*

Credit Risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Society is exposed to credit risk for its accounts receivable and investments. The Society does not directly hold any collateral as security for its receivables. Exposures to credit risk and significant changes to the risk exposure from the prior year are as follows:

- Investments consist of guaranteed investment certificates (GIC's) and publicly traded securities issued by large corporations held through one investment broker and one financial institution. The diversity of the Society's portfolio has increased from the prior year, resulting in a decrease in credit risk exposure.
- Accounts receivable are non-interest bearing and are generally due within 30 to 60 days of the invoice date. Management evaluates the credit worthiness of its project partners and periodically reviews accounts receivable for possible impairments related to collection. The project partner base for the accounts receivable is similar in size and diversity to the prior year. The amount of accounts receivable outstanding over 90 days has decreased by 75% or \$838,725 from the prior year, resulting in a significant decrease in credit risk.

Concentrations of credit risk include:

- All the investments are held and managed by one investment broker and the total amount invested in several accounts exceeds the Canadian Investor Protection Fund's threshold of up to \$1,000,000. Therefore any financial difficulties encountered by the broker or unfavourable investment decisions could adversely affect the collectibility and valuation of the investments. Similarly, the guaranteed investment certificates are held through one financial institution and the aggregate deposits exceed the Canadian Deposit Insurance Corporation's threshold of up to \$100,000 per financial institution, resulting in a risk of loss should the financial institution suffer financial difficulties.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

The Society is exposed to market risk for its investments as the fair value can be significantly affected by price and valuation changes in the open market. All of the non-GIC investments are actively managed by a professional broker and concentrated in low to medium risk Canadian equities, which serves to reduce the overall market risk although the decreased diversity could result in larger losses if Canadian markets are subject to significant price devaluation versus other markets.

15. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation. Specifically, unrestricted donations received during or in anticipation of the Soiree are now classified as donations revenue whereas in prior years they were included in fundraising revenue. The fundraising revenue for the current and prior year now only includes revenues directly attributable to the Soiree event such as ticket sales, auctions and similar transactions.
