Financial Statements of

THE ST. LAWRENCE PARKS COMMISSION

And Independent Auditor's Report thereon

Year ended March 31, 2022

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INDEPENDENT AUDITORS' REPORT

To the St. Lawrence Parks Commissioners

Qualified Opinion

We have audited the financial statements of St. Lawrence Parks Commission (the "Entity"), which comprise:

- the statement of financial position as at March 31, 2022
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, except for the effects of the matters described in the "***Basis for Qualified Opinion***" paragraph, the financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2022, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

Note 2 indicates that tangible capital assets, including land, acquired before April 1, 1994 are carried at nominal value. Moreover, assets acquired before April 1, 2009 with provincial government funding have been expensed rather than capitalized. In these respects, the financial statements are not in accordance with Canadian public sector accounting standards.

Therefore, we were not able to determine whether any adjustments might be necessary to:

- the total assets reported in the statements of financial position as at March 31, 2022 and March 31, 2021
- the amortization of deferred capital contributions, the amortization expense of tangible capital assets and excess of revenue over expenses reported in the statements of operations for the years ended March 31, 2022 and March 31, 2021
- the unrestricted net assets, at the beginning and end of the year, reported in the statements of changes in net assets for the years March 31, 2022 and March 31, 2021
- the excess of revenue over expenses reported in the statements of cash flows for the years ended March 31, 2022 and March 31, 2021

Our opinion on the financial statements for the year ended and March 31, 2021 was qualified accordingly because of the possible effects of this departure from the Canadian public sector accounting standards.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' 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 the 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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.
- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Kingston, Canada

June 23, 2022

THE ST. LAWRENCE PARKS COMMISSION

Financial Statements

Year ended March 31, 2022

THE ST. LAWRENCE PARKS COMMISSION

Statement of Financial Position

March 31, 2022, with comparative information for 2021
(In thousands of dollars)

	2022	2021
Assets		
Current assets:		
Cash and short-term investments	$ 14,291	$ 11,046
Due from the Province of Ontario	9,645	6,163
Accounts receivable	331	101
Inventories	355	419
Prepaid expenses	207	89
	24,829	17,818
Long-term investments (note 3)	500	–
Tangible capital assets (note 4)	31,722	32,872
Deferred land costs (note 7)	–	41
	$ 57,051	$ 50,731
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	$ 2,758	$ 1,124
Deferred contributions (note 5)	11,528	8,602
	14,286	9,726
Deferred contributions - tangible capital assets (note 6)	28,095	28,667
Due to the Province of Ontario (note 7)	–	300
Severance and future employee benefits (note 8)	390	711
Net assets:		
Unrestricted	1,245	1,245
Internally restricted (note 9)	13,035	10,082
	14,280	11,327
Commitments (note 14)		
	$ 57,051	$ 50,731

See accompanying notes to financial statements.

Approved on behalf of the Board of Commissioners:

Commissioner

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THE ST. LAWRENCE PARKS COMMISSION

Statement of Operations

Year ended March 31, 2022, with comparative information for 2021
(In thousands of dollars)

	Unrestricted	Internally restricted (note 9)	Total 2022	Total 2021
Revenue:				
Provincial transfer – operating grant	$ 7,234	$ 9	$ 7,243	$ 7,257
Camping	4,831	–	4,831	2,477
Entrance receipts	4,691	–	4,691	1,619
Golf course	639	–	639	560
Marina docking and storage	544	–	544	352
Gross profit from retail operations (note 10)	441	–	441	200
Concession and site	250	–	250	135
Miscellaneous	166	–	166	52
Investment income	62	–	62	98
Sponsorships	60	–	60	26
	18,918	9	18,927	12,776
Expenses:				
Salaries, wages, and benefits (note 12)	11,505	1	11,506	9,842
Services	2,665	53	2,719	1,805
Supplies and equipment	971	–	971	692
Amortization of tangible capital assets	17	571	588	761
Transportation and communication	176	–	175	157
Miscellaneous	15	–	14	15
	15,349	625	15,974	13,272
Other government items:				
Amortization of deferred capital funding	5,544	–	5,544	5,813
Amortization of tangible capital assets	(3,351)	–	(3,351)	(3,631)
Refurbishment expenses	(2,193)	–	(2,193)	(2,182)
	–	–	–	–
Excess (deficiency) of revenue over expenses	$ 3,569	$ (616)	$ 2,953	$ (496)

See accompanying notes to financial statements.

THE ST. LAWRENCE PARKS COMMISSION

Statement of Changes in Net Assets

Year ended March 31, 2022, with comparative information for 2021
(In thousands of dollars)

	Unrestricted	Internally restricted (note 9)	Total 2022	Total 2021
Balance, beginning of year	$ 1,245	$ 10,082	$ 11,327	$ 11,823
Excess (deficiency) of revenue over expenses	3,569	(616)	2,953	(496)
Internal transfer (note 9)	(3,569)	3,569	–	–
Balance, end of year	$ 1,245	$ 13,035	$ 14,280	$ 11,327

See accompanying notes to financial statements.

THE ST. LAWRENCE PARKS COMMISSION

Statement of Cash Flows

Year ended March 31, 2022, with comparative information for 2021
(In thousands of dollars)

	2022	2021
Cash provided by (used for):		
Operating activities:		
Excess (deficiency) of revenue over expenses	$ 2,953	$ (496)
Items not involving cash:		
Amortization of tangible capital assets	3,939	4,392
Amortization of deferred capital contributions	(5,553)	(5,822)
Forgiveness of loan (note 7)	(41)	–
Recognition of deferred land costs (note 7)	41	–
Change in non-cash operating working capital:		
Due from the Province of Ontario	(3,482)	(1,025)
Accounts receivable	(230)	(57)
Inventories	64	27
Prepaid expenses	(118)	(28)
Accounts payable and accrued liabilities	1,634	(325)
Deferred contributions	2,926	2,236
Due to the Province of Ontario	(259)	–
Severance and future employee benefits	(321)	(402)
	1,553	(1,500)
Capital activities:		
Acquisition of tangible capital assets	(2,789)	(1,839)
Receipt of deferred capital contributions	4,981	4,022
	2,192	2,183
Investing activities:		
Purchase of long-term investments	(500)	–
Increase in cash and short-term investments	3,245	683
Cash and short-term investments, beginning of year	11,046	10,363
Cash and short-term investments, end of year	$ 14,291	$ 11,046

See accompanying notes to financial statements.

1. Governing statutes:

The St. Lawrence Parks Commission (the "Commission"), a Provincial Corporation without share capital and Crown Agency, is subject to and governed by an Ontario Statute, the St. Lawrence Parks Commission Act. The Commission operates several parks, historical sites and other facilities situated on Crown lands in Eastern Ontario, including Upper Canada Village and Fort Henry, intended to provide tourism and recreation opportunities to both residents of, and visitors to the Province of Ontario (the "Province"). The Commission is exempt from federal and provincial income taxes under paragraph 149(1)(d) of the Income Tax Act (Canada).

2. Significant accounting policies:

The financial statements have been prepared in accordance with Canadian public sector accounting standards in the Chartered Professional Accountants of Canada (CPA) Handbook. The Commission has elected to apply the accounting standard recommendations applicable solely to government not-for-profit organizations in Sections PS 4200 to PS 4270 of the CPA Public Sector Accounting Handbook. A Statement of Remeasurement Gains and Losses has not been included as there are no matters to report therein.

(a) Cash and short-term investments:

The Commission's policy is to present in cash and short-term investment bank balances, including bank overdrafts whose balances fluctuate frequently from being positive to overdrawn, and investments that are redeemable at any time without penalty.

(b) Revenue recognition:

The Commission follows the deferral method of accounting for contributions. Under this method, contributions restricted for future period expenses are deferred and are reported as revenue in the year in which 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.

Retail revenue is recognized when persuasive evidence of an arrangement exists, when the customer has taken possession of the goods, the price to the buyer is fixed or determinable and collection is reasonably assured.

Entrance fees, campsites, golf course, concession and site, sponsorships, and marina docking and storage revenues are recognized in accordance with the agreement between the parties, when services have been rendered, fees are fixed or determinable and collection is reasonably assured. Fees received for services performed after the end of the fiscal year of the Commission are recorded as deferred revenue.

Investment income is recorded on the transaction date and resulting revenue are recognized using the accrual method of accounting. Investment income includes interest income, which is recognized on a time apportionment basis.

2. Significant accounting policies (continued):

(c) Inventory valuation:

Inventories are valued at the lower of cost and net realizable value. Cost is determined by the first in, first out method.

(d) Tangible capital assets:

Tangible capital assets, including land, acquired before April 1, 1994 are carried at nominal value. Capital assets acquired with Provincial government funds before April 1, 2009 have been expensed rather than capitalized. Tangible capital assets acquired with Provincial government funds after April 1, 2009 have been capitalized at cost.

Tangible capital assets are recorded at cost. Amortization is provided on a straight-line basis using the following estimated useful lives:

Asset	Useful life
Buildings and other structures	20 to 40 years
Landhold improvements	15 years
Exhibits	10 years
Machinery, equipment and tools	5 years
Vehicles	5 to 10 years
Computer systems and licenses	3 to 5 years
Office furniture and equipment	3 to 5 years
Structures	5 years

Tangible capital assets grants received by the Commission are deferred and amortized at rates that offset amortization recorded on related tangible capital assets.

When the Commission recognizes that a tangible capital asset no longer has any long-term service potential, the excess of net carrying amount of the tangible capital asset over its residual value is recognized as an expense in the Statement of Operations.

The costs incurred for major capital projects are classified separately as construction in progress until the project is complete. When complete, the costs are transferred to the appropriate capital asset category and amortization commences.

(e) Salaries, wages and benefits:

These financial statements reflect salaries, wages and benefit costs allocated by the Province of Ontario for those members of the Ontario Public Service ("OPS") who are involved with Commission operations.

2. Significant accounting policies (continued):

(f) Severance accrual:

OPS regular employees are entitled to one week of severance pay for each year of service, up to a maximum of six months' pay, when employment ceases because of death, retirement, layoff after one year of continuous service, or for any reason after five years of continuous service other than dismissal for cause and abandonment of position. Unionized employees could no longer accumulate severance after December 31, 2016. Fixed term employees with more than five seasons of continuous service are entitled to such payment only if terminated by the employer. Non-unionized employees could no longer accumulate severance after December 31, 2015. The Commission has accrued the obligation owing to regular employees. Any potential obligation for fixed term employees is recorded only upon termination. Anyone hired after January 1, 2014 is not entitled to severance.

(g) Workplace Safety and Insurance Board:

The Province provides benefits to OPS employees on workers' compensation through the Workplace Safety and Insurance Board (WSIB). Up to March 31, 2021, the Commission accrued its obligation for this employee benefit. The costs of this benefit were actuarially determined province wide, based on historical and previous experience. Effective April 1, 2021, the Commission no longer accrues its obligation for this employee benefit as the Province accrues it on its own financial statements for all consolidated agencies.

(h) Pension plan:

The Province provides pension benefits to its eligible OPS employees through participation in the Public Service Pension Plan (PSP Plan) and the Ontario Public Service Employees' Union Pension Trust (OPSEU Pension Trust). These plans are multi-employer defined benefit pension plans. As the Commission has insufficient information to apply defined benefit plan accounting, the plans have been accounted for as defined contribution pension plans, and the Commission's annual contributions are expensed. According to the Public Service Pension Act any deficiencies of the pension fund are to be paid out of the Consolidated Revenue Fund of the Province of Ontario, and as such no attempt has been made to calculate any amount owing regarding the unfunded liability (if any) with respect to these pension plans.

(i) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently measured at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Commission has elected to subsequently carry all investments at fair value.

2. Significant accounting policies (continued):

(i) Financial instruments (continued):

Canadian public sector accounting standards require an organization to classify fair value measurements using a fair value hierarchy, which includes three levels of information that may be used to measure the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities using the last bid price.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

Financial assets are assessed for indicators of impairment on an annual basis at the end of the fiscal year. Where an indicator of impairment is present, the Commission determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Commission expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial impairment charge.

(j) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

(In thousands of dollars)

3. Long-term investments:

Long-term investments is comprised of a Principal Protected Deposit Note held with the Bank of Montreal and aims to track the gross total return performance of the Solactive Equal Weight Canada Banks Index. The principal balance of the investment holding is fully protected against any losses if held until its maturity date of November 5, 2027. The market value of this holding at March 31, 2022 is $464. Unrealized losses have not been recognized through a Statement of Remeasurement Losses and the investment continues to be held at cost as the principal balance of the holding is protected.

The long-term investment is a Level 2 measurement on the fair value hierarchy. There were no transfers between Level 1 and Level 2 for the years ended March 31, 2022 and 2021. There were also no transfers in or out of Level 3.

4. Tangible capital assets:

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Buildings and other structures	$ 21,320	$ 6,711	$ 14,609	$ 15,244
Landhold improvements	13,945	5,822	8,123	8,748
Exhibits	7,139	6,931	208	705
Machinery, equipment and tools	4,928	4,165	763	1,031
Vehicles	6,274	5,049	1,225	1,301
Computer systems and licenses	3,536	3,236	300	346
Office furniture and equipment	1,916	1,763	153	151
Structures	12,610	7,840	4,770	5,295
Construction in progress	1,571	–	1,571	51
	$ 73,239	$ 41,517	$ 31,722	$ 32,872

Cost and accumulated amortization at March 31, 2021 amounted to $70,450 and $37,578, respectively.

(In thousands of dollars)

5. Deferred contributions:

	2022	2021
Prepaid admissions and camping	$ 2,694	$ 3,051
Brown's Bay Donation	9	–
Ministry of Tourism, Culture and Sport, unspent funds	8,379	4,945
Kingston Penitentiary Tours destination marketing	446	606
	$ 11,528	$ 8,602

6. Deferred contributions - tangible capital assets:

	2022	2021
Ministry of Tourism, Culture and Sport - funding for refurbishment:		
Balance, beginning of year	$ 13,671	$ 13,976
Contribution received in current year	4,981	4,022
Amortization	(4,316)	(4,327)
Balance, end of year	14,336	13,671
Ministry of Tourism, Culture and Sport - funding for revitalization:		
Balance, beginning of year	12,188	13,476
Amortization	(1,030)	(1,288)
Balance, end of year	11,158	12,188
Ministry of Tourism, Culture and Sport - infrastructure stimulus funding:		
Balance, beginning of year	2,759	2,937
Amortization	(178)	(178)
Balance, end of year	2,581	2,759
Celebrate Ontario:		
Balance, beginning of year	13	22
Amortization	(9)	(9)
Balance, end of year	4	13
Bike infrastructure program:		
Balance, beginning of year	36	56
Amortization	(20)	(20)
Balance, end of year	16	36
	$ 28,095	$ 28,667

(In thousands of dollars)

7. Due to Province:

On February 6, 2013, the Commission received one-time funding to support a land sales initiative program being undertaken at the time with Ontario Infrastructure and Lands Corporation. This funding was provided on an interest free basis, and on the understanding that it would be repaid upon completion of the sale(s). There were no costs incurred during the fiscal year (2021 - $Nil) relating to the land sales initiative. Costs incurred in the 2014 fiscal year amounted to $41 and were capitalized as deferred land costs, which were to be recognized in operations against related proceeds on sale. This loan was repaid in 2022 as the initiative was halted in 2014. The Ministry agreed to forgive $41 of the loan to offset the $41 in capitalized deferred land costs. The $41 forgiven portion of the loan and write-off of the deferred land costs has been recognized in Provincial transfer – operating grant and Services on the Statement of Operations, respectively.

8. Severance and WSIB accruals:

The Province provides benefits to OPS employees on workers' compensation through the Workplace Safety and Insurance Board (WSIB). Effective April 1, 2021, the Commission no longer accrues its obligation for this employee benefit as the Province accrues it on its own financial statements for all consolidated agencies. The release of the WSIB benefit accrual from the prior year was recorded through Services expense on the Statement of Operations.

	2022	2021
Severance accrual	$ 390	$ 422
WSIB benefit accrual	–	289
	$ 390	$ 711

9. Internally restricted net assets:

A portion of net assets has been internally restricted by the Board of Commissioners to fund future capital expenditures. In the current year, the Board of Commissioners approved a deficiency of revenues over expenses of $616 (2021- $789) from these restricted net assets.

The Board of Commissioners has approved the transfer of $3,569 (2021 - $2,606) to the Commission's Internally Restricted Reserve fund, for investment in programs and projects that will best contribute to the financial sustainability of future and ongoing operations.

(In thousands of dollars)

10. Gross profit from retail operations:

Retail gross profit is comprised of:

		2022		2021
Sales from retail operations	$	1,180	$	495
Cost of goods sold		(739)		(295)
Gross profit from retail operations	$	441	$	200

11. Transactions with the Province:

In the normal course of operations, the costs of post-retirement non-pension employee benefits have been paid by the Management Board Secretariat of the Province of Ontario and are not included in the Statement of Operations of the Commission. Further transactions with the Province of Ontario are as shown below and are measured at their exchange amount as established and accepted by the parties.

Included in trade payables and accrued liabilities is $212 (2021 - $169) due to the Ministry of Finance in connection with payroll expenses.

During the year, the Commission paid a total of $11,905 (2021 - $10,434) in gross payroll expenses to the Ministry of Finance.

Included in Services expenses is $73 (2021 - $84) paid to the Ministry of Finance for various services including advertising, pay stub printing, telephone chargebacks, legal services, training, and licenses.

During the year, the Commission paid $27 (2021 - $27) to the Ministry of Finance for general liability insurance.

During the year, the Commission paid $259 (2021 - $Nil) to the Ministry of Heritage, Sport, Tourism and Culture Industries for a repayment of an interest-free loan provided in 2013 to support a land sales initiative (note 7).

During the year, the Commission recognized funding totaling $12,777 (2021 - $13,070) from the Ministry of Heritage, Sport, Tourism and Culture Industries, which is included in Provincial transfer – operating grant and funding recognized as deferred capital contributions.

(In thousands of dollars)

12. Pension plan:

The Commission's contribution to the PSP Plan and the OPSEU Pension Trust for the year ended March 31, 2022 was $594 (2021 - $579) and is included in salaries, wages and benefits on the Statement of Operations.

13. Remuneration of members:

Total remuneration of members of the Commission was $18 (2021 - $18) and is included in salaries, wages and benefits on the Statement of Operations.

14. Commitments:

The Commission has entered into long-term lease agreements expiring on various dates between September 2023 and June 2024. Under the terms of these agreements, the minimum annual lease payments for the next two years are as follows:

2023	$	14
2024		9
	$	23

15. Risk management:

(a) Credit risk:

The Commission is exposed to credit risk regarding the financial assets recognized on the Statement of Financial Position. The Commission has determined that the financial asset with greater credit risk exposure is trade accounts receivable since failure of any of these parties to fulfil their obligations could result in financial losses for the Commission.

The credit risk regarding cash and short-term investments and long-term investments is considered to be negligible because the counterparty is a reputable bank with an investment grade external credit rating.

The trade accounts receivable balances are managed and analyzed on an ongoing basis with a large amount due from the Province where the collection risk is low. Accordingly, the Commission's exposure to doubtful accounts is not significant. The balance in the allowance for doubtful accounts at March 31, 2022 is $Nil (2021 - $23).

The Commission's management considers that all the above financial assets that are not impaired or past due are of good credit quality.

15. Risk management (continued):

(b) Liquidity risk:

The Commission's liquidity risk represents the risk that the Commission could encounter difficulty in meeting obligations associated with its financial liabilities. The Commission is, therefore, exposed to liquidity risk with respect to all of the financial liabilities recognized in the Statement of Financial Position.

The Commission manages its liquidity risk by monitoring its operating requirements. The Commission prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

(c) 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 market factors. The Commission is exposed to market through its long-term investments.

To manage the exposure to market risk, an investment policy is in place and its application is monitored on an ongoing basis throughout the year.

There has been no significant change to the risk exposures from 2021.

16. Impact of COVID-19:

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization resulting in significant local and global impacts. As of March 31, 2022, the pandemic is ongoing which continues to have the potential to create financial stress on the Commission.

At this time, the ongoing COVID-19 pandemic presents uncertainty over future cash flows, may cause significant changes to the assets and liabilities, and may have a significant impact on future operations. The Commission continues to monitor and assess the effect that COVID-19 will have on its operations and financial results. At this time these factors present uncertainty over future cash flows, may cause significant changes to the assets or liabilities and may have a significant impact on future operations. An estimate of the financial effect is not practicable at this time.