LIVE DIFFERENT

HAMILTON, ONTARIO

COMBINED FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2019

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HGK PARTNERS LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Live Different

Qualified Opinion
We have audited the combined financial statements of Live Different (the Organization), which comprise the combined statement of financial position as at August 31, 2019, and the combined statements of revenue and expenditures, changes in net assets and cash flows for the year then ended, and notes to the combined 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 combined financial statements present fairly, in all material respects, the financial position of the Organization as at August 31, 2019, and its results of 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 not for profit organizations, Live Different derives revenue from donations the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of Live Different. Therefore, we were not able to determine whether any adjustments might be necessary to donation revenue, excess (deficiency) of revenue over expenditures, and cash flows from operations for the years ended August 31, 2019 and 2018, current assets as at August 31, 2019 and 2018, and net assets as at September 1 and August 31 for both the 2019 and 2018 years. Our audit opinion on the combined financial statements for the year ended August 31, 2018 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 *Auditors' Responsibilities for the Audit of the Combined 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 combined 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 audit opinion.

Responsibilities of Management and Those Charged with Governance for the Combined Financial Statements
Management is responsible for the preparation and fair presentation of the combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements, management is responsible for assessing Live Different'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 Live Different's financial reporting process.

Auditors' Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined 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 these combined 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 combined 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 auditors' report to the related disclosures in the combined 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 Organization to cease to continue as a going concern.

• Evaluate the overall presentation, structure and content of the combined financial statements, including the disclosures, and whether the combined 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.

HGK Partners LLP

HAMILTON, ONTARIO
December 30, 2019

HGK PARTNERS LLP
Chartered Professional Accountants
Licensed Public Accountants

LIVE DIFFERENT
Combined Statement of Financial Position
As at August 31, 2019

	2019	2018 *(Note 2)*
ASSETS		
Current		
Cash *(Note 3)*	**$ 1,565,351**	$ 56,463
Accounts receivable *(Note 4)*	**117,654**	142,775
Note receivable - current portion (*Note 5)*	**12,000**	12,000
Inventory - materials	**16,021**	14,853
Prepaid expenditures	**118,870**	53,865
	1,829,896	279,956
Note receivable *(Note 5)*	**13,404**	25,404
Capital assets *(Note 6)*	**575,424**	305,046
	588,828	330,450
	$ 2,418,724	$ 610,406
LIABILITIES		
Current		
Accounts payable and accrued liabilities *(Note 8)*	**$ 235,852**	$ 120,367
Deferred revenue *(Note 9)*	**253,876**	441,513
Current portion of capital leases payable *(Note 11)*	**30,356**	19,440
	520,084	581,320
Deferred capital contributions *(Note 10)*	**1,785,621**	96,966
Capital leases payable *(Note 11)*	**-**	32,862
	1,785,621	129,828
	2,305,705	711,148
NET ASSETS		
Unrestricted net assets (deficiency)	**113,019**	(100,742)
	$ 2,418,724	$ 610,406

Commitments *(Note 15)*

On behalf of the Board:

______________________________ Director

______________________________ Director

(See Accompanying Notes)

LIVE DIFFERENT
Combined Statement of Changes in Net Assets
Year Ended August 31, 2019

	Unrestricted Net Assets (Deficiency) *(Note 2)*
	2019
Balance, beginning of year	**$ (100,742)**
Excess of revenue over expenditures	**213,761**
Balance, end of year	**$ 113,019**

	Unrestricted Net Assets (Deficiency) *(Note 2)*
	2018
Balance, beginning of year as previously reported	$ (18,593)
Deficiency of revenue over expenditures	(72,658)
Prior period adjustment *(Note 2)*	(9,491)
Balance, end of year	$ (100,742)

(See Accompanying Notes)

LIVE DIFFERENT
Combined Statement of Revenue and Expenditures
Year Ended August 31, 2019

	2019	2018 *(Note 2)*
Revenue		
School presentation/assembly program fees	**$ 368,776**	$ 345,263
Live Different Builds program fees	**264,420**	190,666
Live Different Academy program fees	**20,825**	13,280
Donations *(Notes 6 & 12)*	**2,551,814**	2,216,722
Fundraising and other	**41,586**	33,510
Other grant revenue *(Note 9)*	**87,679**	77,213
	3,335,100	2,876,654
Expenditures *(Note 13)*		
Programs		
Live Different Builds Projects *(Note 14)*	**1,390,161**	1,284,331
Live Different Academy	**42,709**	21,245
Presentations/school assemblies *(Note 11)*	**920,199**	618,620
Live Different projects	**242,031**	370,928
Other projects *(Note 9)*	**87,679**	77,213
	2,682,779	2,372,337
Management and general *(Note 6)*	**274,812**	566,089
Fundraising	**163,748**	10,886
	3,121,339	2,949,312
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	**$ 213,761**	$ (72,658)

(See Accompanying Notes)

LIVE DIFFERENT
Combined Statement of Cash Flows
Year Ended August 31, 2019

	2019	2018 *(Note 2)*
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenditures	**$ 213,761**	$ (72,658)
Expenditures not requiring a cash outlay:		
Amortization	**57,610**	61,797
Gain on disposal of capital assets	**(4,755)**	(9,891)
	266,616	(20,752)
(Increase) decrease in accounts receivable	**25,121**	(56,093)
(Increase) decrease in inventory - materials	**(1,168)**	(4,968)
(Increase) decrease in prepaid expenditures	**(65,005)**	(12,979)
Increase (decrease) in accounts payable and accrued liabilities	**115,485**	23,141
Increase (decrease) in deferred revenue	**(187,637)**	171,198
	(113,204)	120,299
Net cash provided by (used for) operating activities	**153,412**	99,547
INVESTING ACTIVITIES		
Proceeds on repayment of note receivable	**12,000**	12,000
Acquisition of capital assets	**(331,633)**	(80,759)
Proceeds on disposition of capital assets	**8,400**	10,187
Net cash provided by (used for) investing activities	**(311,233)**	(58,572)
FINANCING ACTIVITIES		
Increase (decrease) in bank indebtedness	**-**	(20,000)
Repayment of loans payable	**-**	(1,254)
Repayment of capital leases payable	**(21,946)**	(18,657)
Contributions restricted for capital asset purchases	**1,688,655**	15,341
Net cash provided by (used for) financing activities	**1,666,709**	(24,570)
Increase (decrease) in cash	**1,508,888**	16,405
Cash, beginning of year	**56,463**	40,058
Cash, end of year	**$ 1,565,351**	$ 56,463
Non-cash financing and investing activity:		
Vehicle donation	**$ -**	$ 15,000

(See Accompanying Notes)

Live Different has been a registered charity since 2000, incorporated by letters patent under Part II of the Canada Corporations Act, without share capital, on February 15, 2005. Supplementary Letters Patent were registered on January 24, 2012 changing the name of the organization to Live Different and the organization was continued under The Canada Not-for-profit Corporations Act, on October 10, 2014. As a result of its charitable status, it is exempt from the payment of income taxes under Section 149 (1)(f) of the Income Tax Act (Canada).

Amor, Esperanza, Cambio, A.C., a civil association registered with the government of Mexico in November, 2013, was created by Live Different in order to purchase a house in Mexico and open a bank account to enable Live Different to carry out its various charitable activities or projects outside Canada. It is controlled by Live Different as the majority of Board members are also Board members of Live Different and it is entirely managed by staff of Live Different.

Live Different exists to empower and engage youth in a lifestyle of compassion and service. They have trained teams doing engaging, multimedia school motivational presentations, giving a life changing message of hope to hundreds of thousands of students each school year. Additionally, their Live Different Builds program has thousands of students travelling to developing nations to do tangible humanitarian work, primarily building homes for families in need of basic shelter. Their Live Different Academy provides recent high school graduates with a life directing three month mentorship, travel and social justice program.

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Financial Instruments

(i) Measurement of Financial Instruments

The organization initially measures its financial assets and liabilities at fair value, except for certain non-arms length transactions that are measured at the carrying amount or exchange amount, as appropriate. The organization subsequently measures all of its financial assets and liabilities at amortized cost. Changes in fair value are recognized in excess (deficiency) of revenue over expenditures.

Financial assets measured at amortized cost include cash, accounts receivable and note receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(ii) Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write down is recognized in excess (deficiency) of revenue over expenditures. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in excess (deficiency) of revenue over expenditures.

(iii) Transaction Costs

The organization recognizes its transaction costs in excess (deficiency) of revenue over expenditures in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

(b) Inventory - Materials

Inventory is valued at the lower of cost and net realizable value. Cost is determined using the weighted average cost method.

(c) Capital Assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Betterments which extend the estimated life of an asset are capitalized.

The organization records amortization on its assets on a straight line basis over the estimated useful life of the assets, based on the following years of useful life:

House	-	25 years
Vehicles	-	3 years
Office furniture and equipment	-	5 years
Computer equipment	-	3 years

(d) Assets Under Capital Leases

Assets under capital leases are accounted for at cost. The cost corresponds to the present value of the minimum lease payments. Amortization is based on the straight-line basis over the estimated useful life of the assets as indicated.

Vehicles	-	3 years
Computer equipment	-	3 years

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Allocated Expenditures

Expenditures are classified and reported as programs, management and general, and fundraising expenditures based on the level of benefit received by each function. For employees who perform a combination of program, management and general, and fundraising, their wages and benefits and other payroll related costs are allocated based on the percentage of time dedicated to the activity.

(f) Revenue Recognition

The organization follows the deferral method of accounting for donations. Externally restricted contributions are recognized as revenue in the year in which the related expenditures are incurred. Contributions externally restricted for capital assets are deferred and amortized on the same basis as the related capital asset.

Unrestricted contributions are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Fees related to school programs and other programs are recognized as revenue when the services related to the assembly or program are performed and collection is reasonably assured.

Fees related to the Live Different Builds program are recognized as revenue once the participant has completed all aspects of the program and collection is reasonably assured. Fundraising and other revenue and investment revenue are recognized as revenue when earned.

(g) Asset and Service Contributions

Volunteers contribute a significant amount of time each year to assist the organization in carrying out its programs and services. Because of the difficulty in determining their fair value, contributed services are not recognized in these combined financial statements.

Contributions of assets, supplies and services that would otherwise have been purchased, are recorded at fair value at the date of contribution, providing a fair value can be reasonably determined.

(h) Foreign Currency Translation

Monetary assets and liabilities denominated in foreign currency are translated into Canadian dollars at the exchange rate prevailing at the combined statement of financial position date. Non-monetary items are translated at the rate in effect at the time the asset was acquired or the liability was realized. Revenue and expenditures are translated at the rate prevailing at the time of the transaction.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Use of Estimates

The preparation of combined financial statements in conformity with Canadian accounting standards for not for profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities as of the date of the combined financial statements and the reported amounts of revenue and expenditures during the reporting period. Key estimates include the amortization period for capital assets. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in the period in which they become known.

2. PRIOR PERIOD ADJUSTMENT

During the 2019 fiscal year the organization determined that prior year payments expensed under Live Different Builds projects should have been capitalized as the organization will hold title to the building in Haiti. This change was made on a retrospective basis and impacted the August 31, 2018 financial statements. The details of the adjustments and their effect on the August 31, 2018 financial statements are outlined below:

	Previously Reported	Adjustments	Restated
Capital assets	$ 208,080	$ 96,966	$ 305,046
Deferred capital contributions	$ -	$ 96,966	$ 96,966
Unrestricted net assets, beginning of year	$ 18,598	$ 9,491	$ 28,089
Live Different Builds Projects	$ 1,309,162	$ (24,832)	$ 1,284,330
Donations	$ 2,232,063	$ (15,341)	$ 2,216,722
Deficiency of revenue over expenditures	$ (82,149)	$ 9,491	$ (72,658)

3. CASH

	2019	2018
Cash	**$ 95,283**	$ 56,463
Cash - high yield savings account	**1,470,068**	-
	$ 1,565,351	$ 56,463

Cash accounts are held in two financial institutions. The high yield savings account bears interest on an escalating tiered basis for which at year end was an average of 2.48%

4. ACCOUNTS RECEIVABLE

	2019	2018
Program receivables	$ **80,532**	$ 105,457
Harmonized Sales Tax (HST) recoverable	**35,800**	33,975
Other	**1,322**	3,343
	$ **117,654**	$ 142,775

5. NOTE RECEIVABLE

The note receivable is from an employee of the organization and is due August 31, 2021 with monthly payments of $1,000 beginning April, 2017. It is unsecured and non-interest bearing.

6. CAPITAL ASSETS

	2019			2018 (Note 2)
	Cost	Accumulated Amortization	Net	Net
Land - Freedom Village	$ 65,263	$ -	$ **65,263**	$ 65,263
House	123,187	35,808	**87,379**	92,307
Building under construction - Freedom Village	339,476	-	**339,476**	31,703
Vehicles	169,576	131,096	**38,480**	51,309
Vehicle under capital lease	73,298	63,118	**10,180**	34,613
Office furniture and equipment	31,467	21,199	**10,268**	12,700
Computer equipment	38,964	14,586	**24,378**	9,685
Computer equipment under capital lease	-	-	**-**	7,466
	$ 841,231	$ 265,807	$ **575,424**	$ 305,046

Amortization expense for the fiscal year ended August 31, 2019 was $57,610 (2018 - $61,797) and is included in management and general on the combined statement of revenue and expenditures.

During the year a vehicle with a fair value of $Nil (2018 - $15,000) was contributed to the organization during the year and is reported under donation income in the combined statement of revenue and expenditures.

During the year computer equipment under capital lease with a cost of $12,799 (2018 - $Nil) was purchased at the bargain purchase option of $10 and the lease obligation was fully discharged.

7. DEMAND LOAN

The organization has a revolving demand credit facility due for renewal on September 30, 2019 with a $200,000 limit of which $200,000 (2018 - $200,000) was unused at year end. Interest is calculated at bank prime rate plus 2% per annum and is payable monthly. The security for this operating line includes a general security agreement with first ranking security on all personal property of the organization.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2019	2018
Accounts payable and accruals	**$ 208,765**	$ 80,487
Government remittances payable	**24,810**	21,830
Government remittances payable - Helping Hands	**2,277**	18,050
	$ 235,852	$ 120,367

9. DEFERRED REVENUE

Deferred revenue represents the unexpended portion of designated contributions including grants received that are related to expenditures for subsequent periods as well as monies received for fundraising events scheduled for the next fiscal year.

During the fiscal year ended August 31, 2017 the organization entered into an agreement with the Ontario Trillium Foundation (OTF) and a not for profit organization, Helping Hands. Under the Youth Opportunities Fund Program grant, a total of $210,000 is to be received over 36 months with $70,000 to be received annually commencing March 30, 2017. The funds are to be used by Helping Hands for delivering a project at the idea or conceptual stage to offer volunteer training workshops to increase volunteer opportunities and engagement in Halton-Peel's social services sector. During the fiscal year ended August 31, 2019 $35,000 (2018 - $35,000) was received from the OTF of which $Nil (2018 - $Nil) is reported in deferred revenue on the combined statement of financial position, and the revenue realized from this grant is reported under other grant revenue of $87,679 (2018 - $77,213) and other project expenses of $87,679 (2018 - $77,213) on the combined statement of revenue and expenditures.

Changes in the deferred revenue balances are as follows:

	2019	2018
Deferred revenue, beginning of year	**$ 441,513**	$ 270,315
Contributions received during the year related to the following year	**187,637**	440,251
Recognized as revenue during the year	**(375,274)**	(269,053)
Balance, end of year	**$ 253,876**	$ 441,513

10. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the unamortized amount of donations and grants received and spent for the purchase of capital assets. The amortization of deferred capital contributions is recorded as revenue in the combined statement of revenue and expenditures. The changes in the deferred capital contributions balance are as follows:

	2019	2018 *(Note 2)*
Balance, beginning of year	**$ 96,966**	$ -
Contributions received restricted for capital assets - Freedom Village building	**1,688,655**	96,966
Balance, end of year	**$ 1,785,621**	$ 96,966

The organization has received contributions from various donors for the Freedom Village construction project in Haiti, undertaken by the organization to provide living accommodations and programming for young girls who have been victims of exploitation.

11. CAPITAL LEASES PAYABLE

	2019	2018
Vehicle capital lease payable, interest rate 3.98%, repayable in 36 monthly instalments of $1,449 principal and interest, maturing January 12, 2020, secured by equipment with a net book value of $10,180 (2018 - $34,613)	**$ 30,356**	$ 46,198
Computer equipment capital lease payable, interest rate 4.73%, repayable in monthly instalments of $318 principal and interest, maturing April 1, 2020, secured by equipment with a net book value of $Nil (2018 - $7,466) *(Note 6)*	**-**	6,104
	30,356	52,302
Current portion payable within one year	**30,356**	19,440
	$ -	$ 32,862

Future minimum lease payments under the capital leases are as follows:

	Principal	Interest	**Total**
2020 -	$ 5,421	$ 376	$ 5,797
	24,935	-	24,935
	$ 30,356	$ 376	$ 30,732

11. CAPITAL LEASES PAYABLE (Continued)

Total interest of $1,811 (2018 - $2,553) was paid during the year on the capital leases and is included in presentations/school assemblies expenditures on the combined statement of revenue and expenditures. Sixty days prior to the lease termination date of January 12, 2020, the organization is required to elect to extend the lease term or either purchase or sell to a third party the vehicle for a purchase price of $24,935.

12. DONATIONS

Donations by major sources are as follows:	**2019**	2018 *(Note 2)*
Foundations	**$ 433,440**	$ 412,983
Municipal government	**39,388**	18,057
Provincial government	**19,170**	-
Individuals and other corporate	**1,984,921**	1,712,536
Other not for profit organizations	**74,895**	73,146
	$ 2,551,814	$ 2,216,722

Donations by program designation are as follows:	**2019**	2018 *(Note 2)*
School presentation/assembly program	**$ 1,031,877**	$ 489,061
Live Different Builds program	**1,076,477**	1,137,890
Live Different Academy program	**30,880**	18,720
Live Different projects	**75,727**	376,170
Other projects	**336,853**	194,881
	$ 2,551,814	$ 2,216,722

13. ALLOCATED EXPENDITURES

Wages and benefits were allocated as follows:	**2019**	2018
Programs	**$ 858,433**	$ 608,572
Management and general	**235,728**	391,853
Fundraising	**19,423**	-
	$ 1,113,584	$ 1,000,425

14. LIVE DIFFERENT BUILDS

Included in Live Different Builds Projects are construction costs in the amount of $12,183 (2018 - $43,283) incurred by Live Different to construct an elementary school in Cap Haiten, Haiti. Cumulative costs paid to date by Live Different total $412,007 (2018 - $399,824). Live Different entered into an agency agreement ending in May 2019, with a local Foundation to undertake staffing the school and educating children up to Grade 6. The agreement states that the school will remain in the Foundation's name unless the terms of the contract are breached at which time title to the school will be transferred to another charitable organization within Haiti.

15. COMMITMENTS

Future minimum lease payments (excluding Harmonized Sales Tax) under premises operating leases are as follows:

August 30, 2020	-	$ 65,929
August 30, 2021	-	30,263
August 30, 2022	-	30,868
August 31, 2023	-	15,587
		$ 142,647

As at August 31, 2019 the organization entered into a contract with a contractor for the Freedom Village building construction project in Haiti. Total costs are payable in $US in the amount of $1,200,252 and construction is expected to be completed in March 2021.

16. FINANCIAL INSTRUMENTS

Live Different is exposed to various risks through its financial instruments. The following analysis provides a measure of Live Different’s risk exposure and concentrations at August 31, 2019.

(a) Credit Risk

The organization is exposed to credit risk with respect to its cash and accounts receivable. Credit risk arises from the potential that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The organization determines, on a continuous basis, amounts receivable on the basis of amounts it is virtually certain to receive, based on their estimated realizable value. The organization does not have a significant exposure to any individual client. Cash balances are held with a Canadian credit union and a large Canadian chartered bank.

(b) 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 comprises three types of risk: currency risk, interest rate risk and other price risk. The organization is exposed to currency risk.

16. FINANCIAL INSTRUMENTS (Continued)

(c) Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The organization holds two U.S. bank accounts in the amount of $16,879 (2018 - $21,618) to fund operating expenditures denominated in U.S. dollars in delivering the Live Different Builds program within developing nations. The organization does not use derivative instruments to reduce its exposure to foreign currency risk. These assets are of a short term nature and management does not believe they represent a significant risk to the organization.

(d) Liquidity Risk

Liquidity risk is the risk that the organization will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect to its accounts payable and accrued liabilities, and capital leases payable. The organization meets its liquidity requirements by preparing and monitoring detailed forecasts of cash flows from operations, anticipating investing and financing activities.

There has been no change to the risk exposures noted from the prior year other than as disclosed above for interest rate risk and currency risk.

17. COMPARATIVE FIGURES

Certain figures have been restated to reflect the format presentation adopted for this year.