

Action Contre La Faim (Canada)/ Action Against Hunger (Canada)
Financial Statements
December 31, 2021

Action Contre La Faim (Canada)/ Action Against Hunger (Canada) Contents

For the year ended December 31, 2021

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To the Board of Directors of Action Contre La Faim (Canada)/ Action Against Hunger (Canada):

Opinion

We have audited the financial statements of Action Contre La Faim (Canada)/ Action Against Hunger (Canada) (the "Organization"), which comprise the statement of financial position as at December 31, 2021, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2021, 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

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our 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 opinion.

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

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

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Mississauga, Ontario

June 29, 2022

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

Action Contre La Faim (Canada)/ Action Against Hunger (Canada)

Statement of Financial Position

As at December 31, 2021

	2021	2020
Assets		
Current		
Cash	2,152,381	1,548,592
Short-term investment (Note 3)	200,000	-
Grants and other assets (Note 11)	701,556	576,816
Sales taxes recoverable	71,520	84,346
Prepaid expenses and deposits	175,705	61,513
Receivables and grant advances - other Action Against Hunger agencies (Note 4)	11,791,036	7,749,643
	15,092,198	10,020,910
Capital assets (Note 5)	39,395	31,956
	15,131,593	10,052,866
Liabilities		
Current		
Accounts payable and accrued liabilities	574,597	239,169
Deferred grants (Note 6)	13,150,687	7,846,309
Accounts payable - other Action Against Hunger agencies (Note 8)	2,439	334,208
	13,727,723	8,419,686
Loans and other payables - other Action Against Hunger agencies (Note 8)	702,568	819,901
	14,430,291	9,239,587
Net Assets		
Invested in capital assets	39,395	31,956
Unrestricted	51,832	371,248
Internally restricted	610,075	410,075
	701,302	813,279
	15,131,593	10,052,866

Approved on behalf of the Board

e-Signed by Victoria Davies

2022-06-29 13:22:44:44 MDT

Director

e-Signed by Chinmaya Thakore

2022-06-29 12:29:41:41 MDT

Director

The accompanying notes are an integral part of these financial statements

Action Contre La Faim (Canada)/ Action Against Hunger (Canada)

Statement of Operations

For the year ended December 31, 2021

	2021	2020
Revenue		
Program revenue (Note 6), (Note 9)	24,308,383	15,068,189
Professional services	859,003	368,381
Revenue from Action Against Hunger International	697,199	732,069
Donations	408,500	430,508
Government assistance (Note 11)	90,704	106,902
Management fees and other	80,478	113,365
	26,444,267	16,819,414
Expenses		
Programs (Note 9)	23,209,225	14,185,223
Salaries and benefits	2,857,185	2,183,667
Fundraising	169,357	117,788
General and administration	166,098	116,621
Rent (Note 11)	76,994	42,547
Advertising	41,208	4,133
Telecommunications and information technology	39,781	15,371
Interest and bank charges	7,412	2,918
Travel	6,031	15,736
Amortization	9,588	6,470
	26,582,879	16,690,474
Excess of (expenses) over revenue before other items	(138,612)	128,940
Other items		
Foreign exchange gain (loss) (Note 12)	26,635	(64,969)
Excess of (expenses) over revenue	(111,977)	63,971

The accompanying notes are an integral part of these financial statements

Action Contre La Faim (Canada)/ Action Against Hunger (Canada)
Statement of Changes in Net Assets
For the year ended December 31, 2021

	<i>Invested in capital assets</i>	<i>Unrestricted</i>	<i>Internally restricted</i>	2021	<i>2020</i>
Net assets, beginning of year	31,956	371,248	410,075	813,279	749,308
Excess (deficiency) of revenue over expenses	(9,588)	(102,389)	-	(111,977)	63,971
Acquisition of capital assets	17,027	(17,027)	-	-	-
Interfund transfer (Note 10)	-	(200,000)	200,000	-	-
Net assets, end of year	39,395	51,832	610,075	701,302	813,279

The accompanying notes are an integral part of these financial statements

Action Contre La Faim (Canada)/ Action Against Hunger (Canada)

Statement of Cash Flows

For the year ended December 31, 2021

	2021	2020
Cash provided by (used for) the following activities		
Operating		
Excess of (expenses) over revenue	(111,977)	63,971
Amortization	9,588	6,470
	(102,389)	70,441
Changes in working capital accounts		
Grants and other assets	(124,740)	(691)
Sales taxes recoverable	12,826	(23,861)
Prepaid expenses and deposits	(114,192)	(29,386)
Receivables and grant advances - other Action Against Hunger agencies	(4,041,393)	(4,080,168)
Accounts payable and accrued liabilities	335,428	(70)
Deferred grants	5,304,378	3,601,230
Accounts payable - and other Action Against Hunger agencies	(331,769)	119,466
	938,149	(343,039)
Financing		
Loans and other payable - other Action Against Hunger agencies	(117,333)	(57,768)
Investing		
Purchase of short-term investment	(200,000)	-
Acquisition of capital assets	(17,027)	(20,570)
Increase (decrease) in cash	603,789	(421,377)
Cash, beginning of year	1,548,592	1,969,969
Cash, end of year	2,152,381	1,548,592

The accompanying notes are an integral part of these financial statements

Action Contre La Faim (Canada)/ Action Against Hunger (Canada)

Notes to the Financial Statements

For the year ended December 31, 2021

1. Purpose of the organization

Action Contre La Faim (Canada)/ Action Against Hunger (Canada) (the "Organization") was incorporated under Part II of the Canada Corporations Act and is a non-profit organization as defined in the Income Tax Act. The Organization was continued under the Canada Not-for-Profit Corporations Act on April 25, 2013. It has the objective of the fight against hunger in the world through the prevention, detection and treatment of malnutrition, by intervening during and after emergency situations of social conflict, war and natural disaster. The Organization also implements development projects and programs in Canada and internationally.

The Organization's is part of Action Against Hunger International and shares a common objective and vision as Action Contre La Faim, Action Against Hunger UK, Accion Contra El Hambre and Action Against Hunger USA. The Organization has an economic interest in the other Action Against Hunger agencies based on the financial support by way of various grants provided to assist in the implementation of the Organization's common vision. The Organization has subcontracting agreements with the other Action Against Hunger agencies when they perform work on behalf of the Organization with regards to certain projects and programs.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") set out in Part III of the CPA Canada Handbook - Accounting as issued by the Accounting Standards Board in Canada, which are part of Canadian generally accepted accounting principles and include the following significant accounting policies:

Fund accounting

The Organization follows the deferral method of accounting for contributions and reports using fund accounting.

Unrestricted net assets represents amounts available to support ongoing operations.

Internally restricted net assets represent funds set aside by the Board as a contingency reserve against extraordinary events. Funds may only be accessed at the Board's discretion.

Revenue recognition

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. The 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.

Government grants and assistance are recognized where there is reasonable assurance that grants and assistance will be received and the conditions will be complied with. Government grants and assistance are recognized in earnings over the periods in which the Company recognizes expenses which the grants and assistance are intended to compensate.

Revenues from donations are recognized when received.

Interest income is recognized as revenue when earned.

Contributed materials and services

Contribution of materials and services are recognized both as contributions and expenses in the statement of operations when a fair value can be reasonably estimated and when the materials and services are used in the normal course of the Organization's operations and would have otherwise been purchased.

The Organization benefits from the receipt of volunteers time and efforts. Due to the difficulty in establishing the fair value of volunteered time, it is not recognized in the financial statements.

Grants receivable

Grants receivable represents the difference between funds received and amounts spent on contracted programs.

Action Contre La Faim (Canada)/ Action Against Hunger (Canada)

Notes to the Financial Statements

For the year ended December 31, 2021

2. Significant accounting policies (Continued from previous page)

Financial instruments

The Organization recognizes financial instruments when the Organization becomes party to the contractual provisions of the financial instrument.

Arm's length financial instruments

Financial instruments originated/acquired or issued/assumed in an arm's length transaction ("arm's length financial instruments") are initially recorded at their fair value.

At initial recognition, the Organization may irrevocably elect to subsequently measure any arm's length financial instrument at fair value. The Organization has not made such an election during the year.

The Organization subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost less impairment. All other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in excess of (expenses) over revenue. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Related party financial instruments

The Organization initially measures the following financial instruments originated/acquired or issued/assumed in a related party transaction ("related party financial instruments") at fair value:

- Investments in equity instruments quoted in an active market
- Debt instruments quoted in an active market
- Debt instruments when the inputs significant to the determination of its fair value are observable (directly or indirectly)
- Derivative contracts.

All other related party financial instruments are measured at cost on initial recognition. When the financial instrument has repayment terms, cost is determined using the undiscounted cash flows, excluding interest, dividend, variable and contingent payments, less any impairment losses previously recognized by the transferor. When the financial instrument does not have repayment terms, but the consideration transferred has repayment terms, cost is determined based on the repayment terms of the consideration transferred. When the financial instrument and the consideration transferred both do not have repayment terms, the cost is equal to the carrying or exchange amount of the consideration transferred or received (refer to Note 9).

At initial recognition, the Organization may elect to subsequently measure related party debt instruments that are quoted in active market, or that have observable inputs significant to the determination of fair value, at fair value.

The Organization has not made such an election during the year, thus all such related party debt instruments are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of related party financial instruments are immediately recognized in excess of (expenses) over revenue.

Action Contre La Faim (Canada)/ Action Against Hunger (Canada)

Notes to the Financial Statements

For the year ended December 31, 2021

2. Significant accounting policies (Continued from previous page)

Financial asset impairment

The Organization assesses impairment of all its financial assets measured at cost or amortized cost. The Organization groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group; there are numerous assets affected by the same factors; and no asset is individually significant. Management considers whether the issuer is having significant financial difficulty and whether there has been a breach in contract, such as a default or delinquency in interest or principal payments, in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Organization determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year.

With the exception of related party debt instruments and related party equity instruments initially measured at cost, the Organization reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

For related party debt instruments initially measured at cost, the Organization reduces the carrying amount of the asset (or group of assets), to the highest of: the undiscounted cash flows expected to be generated by holding the asset, or group of similar assets, excluding the interest and dividend payments of the instrument; the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

For related party equity instruments initially measured at cost, the Organization reduces the carrying amount of the asset (or group of assets), to the amount that could be realized by selling the asset(s) at the statement of financial position date.

Any impairment, which is not considered temporary, is included in current year excess of (expenses) over revenue.

The Organization reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in excess of (expenses) over revenue in the year the reversal occurs.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution plus all costs directly attributable to the acquisition.

Amortization is provided using the declining balance method at rates intended to amortize the cost of assets over their estimated useful lives.

	Method	Rate
Computer equipment	declining balance	30 %
Furniture and fixtures	declining balance	20 %
Computer software	straight line	3 years

Impairment of long-lived assets

Long-lived assets, which comprise capital assets, are reviewed for impairment when certain events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. An impairment is recognized when the carrying amount of an asset to be held and used exceeds the undiscounted future net cash flows expected from its use and disposal. If there is an impairment, the impairment amount is measured as the amount by which the carrying amount of the asset exceeds its fair value calculated using discounted cash flows.

Deferred revenue

Deferred revenue represents the difference between the funds received and the revenue recognized for specific programs.

Action Contre La Faim (Canada)/ Action Against Hunger (Canada)

Notes to the Financial Statements

For the year ended December 31, 2021

2. Significant accounting policies *(Continued from previous page)*

Foreign exchange

The Organization follows the temporal method to translate its foreign currency balances and transactions into Canadian dollars. Under this method, monetary assets and liabilities are translated at the rates of exchange in effect at year-end and the other Statement of financial position items and Statement of operations items are translated at the monthly average exchange rates. Exchange gains and losses are included in the excess of revenue over expenses for the year.

Measurement uncertainty (use of estimates)

The preparation of financial statements in conformity with Canadian ASNPO 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 revenues and expenses during the reporting period.

Primary components of these financial statements which include estimates are: the collectibility of receivable amounts and the useful life for amortization of capital assets. Actual results could differ from management's best estimates as additional information becomes available in the future.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues over expenses in the periods in which they become known.

3. Short-term investment

Short-term investment represents a \$200,000 cashable Guaranteed Investment Certificate earning interest at 0.55% and maturing on December 2022.

4. Receivables and grant advances - other Agencies Against Hunger agencies

	<i>2021</i>	<i>2020</i>
Action Contre la Faim	4,031,692	3,194,609
Accion Contra El Hambre	5,319,739	534,098
Action Against Hunger USA	2,439,605	4,018,539
Action Against Hunger UK	-	2,397
	11,791,036	7,749,643

5. Capital assets

		<i>2021</i>	<i>2020</i>
	<i>Cost</i>	<i>Accumulated amortization</i>	<i>Net book value</i>
Computer equipment	89,322	52,533	36,789
Computer software	5,780	5,698	82
Furniture and fixtures	17,729	15,205	2,524
	112,831	73,436	39,395

Action Contre La Faim (Canada)/ Action Against Hunger (Canada)
Notes to the Financial Statements
For the year ended December 31, 2021

6. Deferred grants

	<i>Global Affairs Canada</i>	<i>SMART</i>	<i>Gender</i>	<i>Other</i>	<i>2021</i>	<i>2020</i>
Opening balances	7,273,890	344,424	-	227,995	7,846,309	4,245,079
Funding received during the year	26,391,515	2,399,447	386	552,313	29,343,661	17,826,931
Change in grants receivable	-	135,039	(386)	7,886	142,539	(180,070)
Revenue recognized during the year	(21,261,217)	(2,532,147)	-	(388,458)	(24,181,822)	(14,045,631)
	12,404,188	346,763	-	399,736	13,150,687	7,846,309

SMART represents the Standardized Monitoring and Assessment of Relief and Transition.

Changes in grants receivable includes foreign exchange gains and losses.

7. Banking facility

The Organization has a line of credit facility with Royal Bank of Canada in the amount of \$70,000 (2020 - \$40,000), bearing interest at the prime rate plus 1.53%, unsecured and due on demand. As at December 31, 2021, the Organization has drawn \$Nil (2020 - \$Nil) from the facility.

8. Loans and other payable

	<i>2021</i>	<i>2020</i>
Accounts payable - other Action Against Hunger agencies		
Action Against Hunger UK	2,439	-
Action Contra Hambre (Guatemala)	-	156,471
Action Against Hunger USA (Kenya)	-	177,737
	2,439	334,208
Non-current loans and other payable - other Action Against Hunger agencies		
Action Contre La Faim	487,330	604,663
Action Against Hunger UK	16,333	16,333
Action Contra El Hambre	198,905	198,905
	702,568	819,901

Loans and other payables are unsecured, non-interest bearing, due on various dates up to 2027.

9. Related party transactions

Program revenue recognized during the year from Action Against Hunger agencies totalled \$3,286,560 (2020 - \$2,226,678).

Program expenditures incurred during the year by Action Against Hunger agencies totalled \$22,043,627 (2020 - \$13,682,067)

These transactions occurred in the normal course of operations and have been measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Action Contre La Faim (Canada)/ Action Against Hunger (Canada)

Notes to the Financial Statements

For the year ended December 31, 2021

10. Interfund transfer

During the year, the Organization transferred amount of \$200,000 (2020 - \$Nil) from unrestricted net assets to the internally restricted net assets to increase the contingency reserve against extraordinary events.

11. Government assistance and rent relief

The Organization received government assistance in the amount of \$83,066 (2020 - \$106,902) under the temporary Canada Emergency Wage Subsidy (CEWS), a program launched in response to the pandemic. Qualifying organizations received funds to assist with payroll costs. The amount of staff compensation and the decline experienced in revenue factored into the amount of the subsidy.

The Government of Canada announced the Canada Emergency Rent Subsidy (CERS) program in November 2020. CERS provides a rent subsidy of up to 65% of rent paid to eligible entities based on certain criteria, including demonstration of revenue declines as a result of COVID-19. The subsidy is retroactive to September 27, 2020. The qualification and application of CERS is being assessed over multiple four-week application period segments. The Organization received government assistance in the amount of \$7,638 (2020 - \$Nil) under CERS.

At year-end, included in grants and other assets is \$Nil (2020 - \$49,163) of government assistance relating to these subsidies.

In addition, as a result of the pandemic the Organization received rent relief from the landlord of \$Nil (2020 - \$10,477) that reduced rent expense for the year.

12. Financial instruments

The Organization, as part of its operations, carries a number of financial assets and liabilities. It is management's opinion that the Organization is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Foreign currency risk

Foreign 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 realized some of its transactions in foreign currencies currency for which assets and liabilities balances are subject to exchange rate fluctuations. As at December 31, 2021, the following are denominated in foreign currencies:

	2021 CAD\$	2020 CAD\$
Cash - U.S. dollars	455,017	272,585
Loans and receivables - other Action Against Hunger agencies - U.S. dollars	422,744	4,485
Loans and receivables - other Action Against Hunger agencies - Euros	10,012	52,659
Deferred grants - U.S. dollars	22,660	35,010
Deferred grants - Euros	220,922	-
Deferred grants - Swedish Krona	-	309,414
Grant receivable - U.S. dollars	216,033	64,939
Loans and other payable - other Action Against Hunger agencies - U.S. dollars	210,395	47,680
Loans and other payable - other Action Against Hunger agencies - Euros	423,707	448,841
Loans and other payable - other Action Against Hunger agencies - British pound	188	191

The foreign exchange loss recognized for the year includes a realized loss since the start of the year of \$Nil (2020 - \$9,574) and a unrealized gain since the start of the year of \$26,635 (2020 - \$55,395 unrealized loss).

Action Contre La Faim (Canada)/ Action Against Hunger (Canada)

Notes to the Financial Statements

For the year ended December 31, 2021

12. Financial instruments *(Continued from previous page)*

Liquidity risk

Liquidity risk is the risk that the Organization will encounter difficulties in meeting obligations associated with financial liabilities. The Organization manages its liquidity risk by constantly monitoring forecasted and annual cash flows and financial liability maturities, by holding assets that are liquid or readily convertible to cash, by maintaining access to additional financing from other Action Against Hunger agencies and by increasing fundraising activities.

Credit concentration

The Organization is subject to a concentration of credit risk with its receivables and grant advances due from other Action Against Hunger agencies. The Organization is in regular communication with its network partners and is able to evaluate the credit risk related to these amounts on an ongoing basis.

13. Guarantees

In the normal course of business, the Organization enters into agreements that meet the definition of a guarantee. The Organization's primary guarantees subject to disclosure are as follows:

(i) The Organization has provided indemnities under a lease agreement for the use of an operating facility. Under the terms of this agreement, the Organization agrees to indemnify the counter parties for various items including, but not limited to, all liabilities, loss, suits, and damages arising during, on or after, the term of the agreement. The Organization has purchased property insurance to mitigate the cost of any potential exposure. The maximum amount of any potential future payment cannot be reasonably estimated.

(ii) The Organization indemnifies all directors and volunteers for various items, including but not limited to, all costs to settle suits or actions due to services provided to the Organization, subject to certain restrictions. The Organization has purchased liability insurance to mitigate the cost of any potential future suits or actions. The amount of any potential future payment cannot be reasonably estimated.

There were no known actions as at December 31, 2021 and 2020.

14. Environmental risk

The effects of a global outbreak of COVID-19 (coronavirus) continues to rapidly evolve, which has had a significant impact on the Organization through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Organization as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. The ultimate extent of the impact is unknown, however the Organization anticipates that the outbreak may cause increased government regulations which may negatively impact the Organization's financial condition.