Mount Pleasant Group of Cemeteries

Consolidated financial statements

March 31, 2020

Building a better working world

Independent auditor's report

To the Members of
Mount Pleasant Group of Cemeteries

Opinion

We have audited the consolidated financial statements of **Mount Pleasant Group of Cemeteries** [the "Organization"] which comprise the consolidated balance sheet as at March 31, 2020, and the consolidated statement of revenue and expenses, consolidated statement of changes in net assets and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Organization as at March 31, 2020, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for opinion

We conduced 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 consolidated 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 consolidated 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 consolidated financial statements

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

In preparing the consolidated 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 consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Report on other legal and regulatory requirements

As required by the *Corporations Act* (Ontario), we report that, in our opinion, Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
June 17, 2020

Mount Pleasant Group of Cemeteries

Consolidated balance sheet

[in thousands of dollars]

As at March 31

	2020	2019
	$	$
Assets		
Current		
Cash and cash equivalents	**5,275**	8,098
Accounts receivable	**22,068**	20,495
Prepaid expenses and other	**2,091**	2,011
Total current assets	**29,434**	30,604
Long-term accounts receivable	**51,085**	48,080
Investments *[note 3]*	**773,926**	761,330
Cemetery properties	**62,298**	64,830
Capital assets, net *[note 4]*	**66,061**	68,846
Other	**400**	400
	983,204	974,090
Liabilities and net assets		
Current		
Accounts payable and accrued liabilities *[notes 6 and 17]*	**13,218**	15,074
Deferred revenue	**1,349**	1,434
Total current liabilities	**14,567**	16,508
Deferred prepaid trust *[note 7]*	**226,114**	216,079
Other deferred revenue *[note 8]*	**4,523**	2,459
Accrued benefit liability *[note 14]*	**9,362**	10,316
Total liabilities	**254,566**	245,362
Commitments and contingencies *[notes 3, 5 and 12]*		
Net assets		
Externally restricted funds for care and maintenance *[note 9]*	**453,663**	467,084
Endowments	**4,727**	4,631
Internally restricted *[note 10]*	**41,242**	41,242
Unrestricted	**229,006**	215,771
Total net assets	**728,638**	728,728
	983,204	974,090

See accompanying notes

On behalf of the Board:

Board Chair

Director

Mount Pleasant Group of Cemeteries

Consolidated statement of revenue and expenses

[in thousands of dollars]

Year ended March 31

	2020	2019
	$	$
Revenue		
Sales *[note 7]*	**81,714**	75,408
Care and maintenance *[note 8]*	**14,262**	13,329
Other	**566**	568
	96,542	89,305
Expenses		
Direct *[note 15]*	**22,599**	20,958
General and administrative *[note 15]*	**43,524**	41,924
Care and maintenance *[notes 8 and 15]*	**14,262**	13,329
	80,385	76,211
Excess of revenue over expenses before the following	**16,157**	13,094
Investment income (loss) *[note 11]*	**(4,364)**	6,287
Excess of revenue over expenses for the year	**11,793**	19,381

See accompanying notes

Mount Pleasant Group of Cemeteries

Consolidated statement of changes in net assets

[in thousands of dollars]

Year ended March 31

	2020					2019
	Externally restricted funds for care and maintenance	**Endowments**	**Internally restricted**	**Unrestricted**	**Total**	**Total**
	$	$	$	$	$	$
Net assets, beginning of year	**467,084**	**4,631**	**41,242**	**215,771**	**728,728**	674,995
Excess of revenue over expenses for the year	**—**	**—**	**—**	**11,793**	**11,793**	19,381
Remeasurements related to employee defined benefit plan	**—**	**—**	**—**	**1,442**	**1,442**	(390)
Contributions *[note 9]*	**15,093**	**23**	**—**	**—**	**15,116**	14,688
Net gain (loss) on investments held for care and maintenance and endowments *[note 11]*	**(28,514)**	**73**	**—**	**—**	**(28,441)**	20,054
Net assets, end of year	**453,663**	**4,727**	**41,242**	**229,006**	**728,638**	728,728

See accompanying notes

Mount Pleasant Group of Cemeteries

Consolidated statement of cash flows

[in thousands of dollars]

Year ended March 31

	2020	2019
	$	$
Operating activities		
Excess of revenue over expenses for the year	**11,793**	19,381
Add (deduct) items not involving cash		
Amortization of capital assets	**5,799**	5,499
Net loss (gain) on investments	**7,093**	(3,474)
Employee benefits expense related to defined benefit plan	**632**	653
	25,317	22,059
Net change in non-cash balances related to operations *[note 13]*	**8,032**	5,923
Care and maintenance and endowment contributions	**15,116**	14,688
Net purchase of investments held for care and maintenance, endowments and prepaid trust funds, including unrealized investment losses of $33,068 [2019 – unrealized investment gains of $18,140]	**(24,905)**	(25,617)
Employer contributions to defined benefit plan	**(144)**	(138)
Cash provided by operating activities	**23,416**	16,915
Investing activities		
Net purchase of investments held for unrestricted and internally restricted funds	**(23,225)**	(9,048)
Purchase of capital assets	**(3,014)**	(5,342)
Cash used in investing activities	**(26,239)**	(14,390)
Net increase (decrease) in cash and cash equivalents during the year	**(2,823)**	2,525
Cash and cash equivalents, beginning of year	**8,098**	5,573
Cash and cash equivalents, end of year	**5,275**	8,098

See accompanying notes

Notes to consolidated financial statements

[in thousands of Canadian dollars]

March 31, 2020

1. Purpose of the Organization

Mount Pleasant Group of Cemeteries [the "Organization"] controls the operation of 10 cemeteries, three funeral homes and six funeral centres in the Greater Toronto Area ["GTA"]. Its purpose is to ensure that everyone in the GTA dealing with death has meaningful choice, and its mission is to make the memories of life and the wishes of loved ones the heart of everything we do.

The Organization is a corporation without share capital that was formed by Special Act and is governed by the *Corporations Act* (Ontario). It is a not-for-profit organization and is tax-exempt under the *Income Tax Act* (Canada).

2. Summary of significant accounting policies

These consolidated financial statements are prepared in accordance with Part III of the *CPA Canada Handbook – Accounting*, which sets out generally accepted accounting principles for not-for-profit organizations in Canada and includes the significant accounting policies summarized below.

Basis of presentation

The Organization consolidates its controlled entity, Canadian Memorial Services ["CMS"]. CMS operates three funeral homes and six funeral centres in the Greater Toronto Area and is incorporated without share capital under the *Corporations Act* (Ontario). CMS is a for-profit entity and subject to income taxes under the *Income Tax Act* (Canada).

Revenue recognition

Revenue related to the sale of interment rights is recognized when the contract is signed and a deposit has been received. Revenue from the sale of products and services is recorded when the product is delivered or the service provided.

The Organization also accepts pre-payment for products and services to be provided at a later date. Revenue is deferred until products and services are delivered. Payments received are credited directly to individual customer accounts and invested. Interest earned on funds is credited to the customer's account as earned. At the time of utilization, revenue to be recognized from prepaid trust funds will be equal to the payments received from the customer in relation to that portion of the contract being utilized plus any investment income earned on those payments, to a maximum value of the current retail selling price of the goods or services being utilized.

The *Funeral, Burial and Cremation Services Act, 2002*, requires that a certain percentage of sales of various products be set aside and invested to provide income for the care and maintenance of cemetery properties. These funds are recorded as externally restricted funds for care and maintenance. The Organization also accepts contributions for the special care and maintenance of specific areas within its cemeteries, which are recorded as endowments. Contributions for care and maintenance that are to be held permanently, and gains (losses) on the investment of these funds, are recognized as direct increases (decreases) in net assets.

Investment income (loss), which consists of interest, dividends, income distributions from pooled funds, and realized and unrealized gains and losses, is recorded as revenue in the consolidated statement of revenue and expenses, except to the extent that it relates to externally restricted funds for care and maintenance, endowments or deferred prepaid trust funds, in which case it is added directly to the balances or is restricted and recognized as revenue when the related expenses are incurred.

Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit, units of short-term investment funds and short-term investments with an original term to maturity of less than 90 days at the date of acquisition. Cash and investments meeting the definition of cash and cash equivalents that are held for investing rather than liquidity purposes are classified as long-term investments.

Financial instruments

Investments reported at fair value consist of equity instruments that are quoted in an active market as well as investments in pooled funds and any investments in fixed income securities that the Organization designates upon purchase to be measured at fair value. Transaction costs are recognized in the consolidated statement of revenue and expenses in the period during which they are incurred.

Alternative investments comprise investments in real estate, infrastructure, real assets, private equity, private debt and limited partnerships and are valued at the net asset value per unit reported by each investment fund manager, which the Organization believes is a reasonable estimate of fair value.

Investments in short-term investments and fixed income securities not designated to be measured at fair value are initially recorded at fair value plus transaction costs and are subsequently measured at amortized cost using the straight-line method, less any provision for impairment.

All transactions are recorded on a trade date basis.

Other financial instruments, including accounts receivable and accounts payable, are initially recorded at their fair value and are subsequently measured at cost, net of any provisions for impairment.

Cemetery properties

Cemetery properties, which consist of land, land development costs, crypts and niches, are recorded at cost.

Direct costs of cemetery properties sold comprise costs determined on the following bases:

- Land and land development costs attributable to specific lots – expensed when lots are sold.
- Crypt and niche costs – expensed when sold.
- Initial cemetery development costs, major cemetery features and other development costs not attributable to specific lots – amortized on a straight-line basis over 13 to 20 years.

Capital assets

Capital assets are recorded at cost less accumulated amortization. Amortization is provided on a straight-line basis designed to charge operations with the cost of the capital assets over their estimated useful lives as follows:

Buildings and crematoria	10–25 years
Furniture, fixtures and equipment	3–10 years

Capital assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not contribute to the Organization's ability to provide goods and services. Any impairment results in a write-down of the asset and an expense in the statement of revenue and expenses. An impairment loss is not reversed if the fair value of the related asset subsequently increases.

Defined contribution pension plans

Contributions to defined contribution pension plans are expensed on an accrual basis.

Non-pension post-retirement defined benefit plan

The Organization maintains a non-pension post-retirement defined benefit plan and accounts for these benefits using the immediate recognition approach. Under this approach, the Organization recognizes the amount of the accrued benefit obligation in the consolidated balance sheet. Current service and finance costs are expensed during the year, while remeasurements, representing actuarial gains and losses, are recognized as a direct increase or decrease in net assets. The Organization accrues its obligations under the non-pension post-retirement defined benefit plan as employees render services. The cost of non-pension post-retirement benefits earned by employees is actuarially determined using the projected benefit method pro-rated on service and management's best estimate assumptions. The accrued benefit obligation is determined using a roll-forward technique to estimate the accrued liability from the most recent actuarial valuation that is prepared at least every three years.

Allocation of expenses

Salaries and benefits directly related to certain activities are allocated to cemetery properties, capital assets and expense categories based on time sheets or an estimate of time spent on these activities. Other direct operating costs are allocated based on the appropriate category. No general and support costs are allocated, except for insurance, which is allocated based on the value of properties, and utilities, which are allocated based on estimates of consumption.

Income taxes

The Organization follows the taxes payable method of accounting for income taxes in connection with for-profit entities. Under this method, only current income tax assets and liabilities are recognized.

Adoption of new accounting standards

During the year, the Organization adopted the new accounting standard Section 4433, Tangible Capital Assets, as of April 1, 2019. Section 4433, Tangible Capital Assets replaces the previous Section 4431, Tangible Capital Assets, and provides additional guidance on contributed assets and the write-down [partial impairment] of assets. The change in accounting policy was applied on a prospective basis and additional disclosures have been made within significant accounting policies. There were no financial impacts as a result of adopting Section 4433, Tangible Capital Assets.

Notes to consolidated financial statements

[in thousands of Canadian dollars]

March 31, 2020

3. Investments

Investments consist of the following:

	Carrying value	2020 $	2019 $
Canadian short-term investments	Amortized cost	**66,741**	81,459
Canadian equities	Fair value	**107,678**	164,168
Pooled funds			
Canadian bonds	Fair value	**266,280**	249,608
Canadian mortgages	Fair value	**79,055**	76,594
Global equities	Fair value	**136,568**	103,866
Alternative funds			
Canadian real estate income	Fair value	**34,841**	35,254
Canadian real estate mortgages	Fair value	**11,350**	6,000
Canadian private debt	Fair value	**17,729**	10,539
Global income	Fair value	**33,411**	33,842
Global real estate income	Fair value	**20,273**	—
		773,926	761,330

Investments held for the following purposes are managed separately with different investment mixes based on the underlying purposes of the funds. Externally restricted funds for care and maintenance are invested in Canadian short-term investments [1%], Canadian bonds [40%], Canadian equities [16%], Global equities [22%] and alternative funds [21%]. Endowments are primarily invested in bonds. Prepaid trust funds are invested in Canadian bonds [48%] and Canadian mortgages [52%]. Internally restricted funds are invested in Canadian short-term investments [29%], Canadian bonds [6%], Canadian equities [22%], Global equities [25%] and alternative funds [18%].

The Organization has committed to make total investments in Canadian real estate [$10,000], Canadian real estate mortgages [$13,500], Canadian private debt pool fund [$20,000] and Canadian private debt [$25,000]. The following amounts have been funded to date: Canadian real estate [$4,333], Canadian real estate mortgages [$1,350], Canadian private debt pool fund [$8,951] and Canadian private debt [$18,640]. Subsequent to year-end, the Organization committed to make additional investments in Global private equities of $9,000 USD and no amounts have been subsequently funded.

Notes to consolidated financial statements

[in thousands of Canadian dollars]

March 31, 2020

4. Capital assets

Capital assets consist of the following:

	2020		
	Cost	**Accumulated amortization**	**Net book value**
	$	$	$
Land	**3,014**	**—**	**3,014**
Buildings and crematoria	**99,481**	**42,271**	**57,210**
Furniture, fixtures and equipment	**25,627**	**19,790**	**5,837**
	128,122	**62,061**	**66,061**

	2019		
	Cost	**Accumulated amortization**	**Net book value**
	$	$	$
Land	3,014	—	3,014
Buildings and crematoria	98,268	38,411	59,857
Furniture, fixtures and equipment	24,592	18,617	5,975
	125,874	57,028	68,846

Buildings include construction in progress of $1,232 [2019 – $994] that will not be amortized until placed in service. Fully amortized assets of $766 [2019 – $518] have been removed from cost and accumulated amortization as they are no longer in use.

5. Bank facility

The Organization has a line of credit of $1,800 available with a Canadian chartered bank, bearing interest at the bank's prime rate of 2.45% [2019 – 3.95%] against which letters of credit totaling $1,497 [2019 – $1,390] are outstanding. In addition, the Organization has a line of credit of $197 available with a Canadian chartered bank, bearing interest at the bank's prime rate of 2.45% [2019 – 3.95%] that was not otherwise utilized as at March 31, 2020 and 2019. Annual fees at 0.75% [2019 – 0.75%] are charged on outstanding letters of credit.

6. Government remittances payable

As at March 31, 2020, accounts payable and accrued liabilities include government remittances payable of $1,976 [2019 – $1,496].

Notes to consolidated financial statements

[in thousands of Canadian dollars]

March 31, 2020

7. Deferred prepaid trust

The continuity of deferred prepaid trust for the year ended March 31 is as follows:

	2020 $	2019 $
Balance, beginning of year	**216,079**	202,726
Contributions during the year	**19,588**	18,964
Interest income earned during the year *[note 11]*	**5,631**	5,157
Gain (loss) during the year *[note 11]*	**(1,604)**	1,989
Services performed during the year recognized as revenue	**(13,580)**	(12,757)
Balance, end of year	**226,114**	216,079

8. Other deferred revenue

Other deferred revenue represents unspent income on externally restricted funds for care and maintenance and endowments. The continuity of other deferred revenue for the year ended March 31 is as follows:

	2020 $	2019 $
Balance, beginning of year	**2,459**	1,049
Investment income *[note 11]*	**16,326**	14,739
Revenue recognized related to care and maintenance	**(14,262)**	(13,329)
Balance, end of year	**4,523**	2,459

9. Externally restricted funds for care and maintenance

Externally restricted funds for care and maintenance represent that portion of revenue that is set aside under legislation and permanently maintained to provide for the care and maintenance of cemetery properties. These amounts are added directly to net assets in the consolidated statement of changes in net assets.

10. Internally restricted net assets

The Organization, at its discretion, has agreed to internally restrict additional amounts to provide for, amongst other things, the continued care and maintenance and development of cemetery properties.

Notes to consolidated financial statements

[in thousands of Canadian dollars]

March 31, 2020

11. Investment income

Investment income recorded in the consolidated statement of revenue and expenses is calculated as follows:

	2020 $	2019 $
Total investment income (loss)	**(12,452)**	48,226
Add (deduct)		
Net loss (gain) on investments held for externally restricted funds for care and maintenance recognized in the consolidated statement of changes in net assets	**28,514**	(19,939)
Net gain on investments held for endowments recognized in the consolidated statement of changes in net assets	**(73)**	(115)
Interest income on prepaid trust funds *[note 7]*	**(5,631)**	(5,157)
Net loss (gain) on prepaid trust funds *[note 7]*	**1,604**	(1,989)
Investment income on externally restricted funds for care and maintenance and endowments recorded as other deferred revenue *[note 8]*	**(16,326)**	(14,739)
Investment income (loss) recognized in the consolidated statement of revenue and expenses	**(4,364)**	6,287

12. Commitments and contingencies

[a] The Organization is subject to various claims and potential claims in connection with operations. Where the potential liability is able to be estimated, management believes that the ultimate disposition of the matters will not materially exceed the amounts recorded in the accounts. In other cases, the ultimate outcome of the claims cannot be determined at this time. Any additional losses related to claims will be recorded in the period during which the liability is able to be estimated or adjustments to the amount recorded are determined to be required.

On December 31, 2018, an Ontario Superior Court Decision was released for a legal case filed against the Organization. The Organization initiated an appeal of the Decision to the Ontario Court of Appeal. On May 5, 2020, the Ontario Court of Appeal voted in favour of the Organization's appeal of the Ontario Superior Court Decision allowing the appeal in its entirety and dismissing the cross-appeal brought by the Applicant.

Notes to consolidated financial statements

[in thousands of Canadian dollars]

March 31, 2020

[b] The Organization is committed with respect to leases for office premises. The future minimum annual lease payments under operating leases are as follows:

	$
2021	502
2022	498
2023	299
2024	230
2025	202
Thereafter	17

In addition to minimum rental payments, leases for offices generally require the payment of various operating costs.

[c] The Organization is committed to construction costs of $3,024 related to its cemetery properties, of which $2,892 of costs have been incurred to date.

13. Statement of cash flows

The net change in non-cash balances related to operations consists of the following:

	2020	**2019**
	$	$
Accounts receivable	**(1,573)**	(1,356)
Prepaid expenses and other	**(80)**	(405)
Long-term accounts receivable	**(3,005)**	(2,366)
Cemetery properties	**2,532**	(5,995)
Accounts payable and accrued liabilities	**(1,856)**	1,154
Deferred revenue	**(85)**	128
Deferred prepaid trust	**10,035**	13,353
Other deferred revenue	**2,064**	1,410
	8,032	5,923

14. Post-retirement defined benefit plan

The Organization's non-pension post-retirement defined benefit plan comprises medical and dental coverage for certain groups of employees. The latest actuarial valuation for the non-pension post-retirement defined benefit plan was performed as of March 31, 2018.

Notes to consolidated financial statements

[in thousands of Canadian dollars]

March 31, 2020

15. Allocation of expenses

General and administrative expenses allocated to other expense categories are as follows:

	2020	**2019**
	$	$
Direct	**64**	65
Care and maintenance	**783**	709
	847	774

16. Financial instruments

The Organization is exposed to various financial risks through transactions in financial instruments.

Foreign currency risk

The Organization is exposed to foreign currency risk with respect to its investments denominated in foreign currencies, including the underlying investments of its pooled funds denominated in foreign currencies, because the fair value and future cash flows will fluctuate due to the changes in the relative value of foreign currencies against the Canadian dollar.

Credit risk

The Organization is exposed to credit risk in connection with its accounts receivable and its short-term and fixed income investments because of the risk that one party to the financial instrument may cause a financial loss for the other party by failing to discharge an obligation.

Interest rate risk

The Organization is exposed to interest rate risk with respect to its investments in fixed income investments and pooled funds that hold fixed income securities because the fair value will fluctuate due to changes in market interest rates. In addition, the Organization is exposed to interest rate risk with respect to its bank facilities because the interest rate is linked to the bank's prime rate, which changes from time to time, causing cash flows to fluctuate.

Other price risk

The Organization is exposed to other price risk through changes in market prices [other than changes arising from interest rate risk or foreign currency risks] in connection with its investments in equity securities and pooled funds.

17. Income taxes

As at March 31, 2020, the Organization estimates taxes payable of approximately $308 [2019 – $224]. Installments have been made during the year, which have been estimated to be in excess of the taxes payable for the year. The excess amount is recorded as a prepaid. There is $8,290 of undepreciated capital cost available to be carried forward next year.

Notes to consolidated financial statements

[in thousands of Canadian dollars]

March 31, 2020

18. COVID-19

Overall risk to operations with the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown.

Global stock markets have also experienced great volatility and a significant weakening. As at March 31, 2020, the fair value of the Organization’s investments had experienced an unrealized loss of $47.4 million, which represents 6.1% of the Organization's investment portfolio. While governments and central banks have reacted with monetary interventions designed to stabilize economic conditions, the duration and extent of the impact of the COVID-19 outbreak, as well as the effectiveness of government and central bank responses, remains unclear at this time. As at May 31, 2020, the fair value of the Organization’s investments experienced an unrealized gain of $44.2 million, which represents 5.6% of the Organization's investment portfolio at that date.

Until the safety measures around social distancing are removed, revenue from the sale of services and products of the Organization will remain under pressure; however, we endeavour to service our customers as best we can, while providing a safe environment for them and all of our employees.

The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of ongoing consequences, as well as their impact on the financial position and results of the Organization for future periods.