

# Canadian Forces Central Fund

Financial statements

March 31, 2021



# Independent auditor's report

To the Members of the Non-Public Property Board of  
**Canadian Forces Central Fund**

## Opinion

We have audited the accompanying financial statements of **Canadian Forces Central Fund** [the "Organization"], which comprise the statement of financial position as at March 31, 2021 and the statement of operations and changes in net assets and the statement of cash flows for the year then ended, and the 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 March 31, 2021, 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 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 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 audit 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.

Ottawa, Canada  
October 12, 2021

*Ernst + Young LLP*

Chartered Professional Accountants  
Licensed Public Accountants



## Canadian Forces Central Fund

### Statement of financial position

As at March 31

	2021	2020
	\$	\$
<b>Assets</b>		
<b>Current</b>		
Cash <i>[note 3]</i>	16,454,879	1,104,906
Accrued interest and dividend receivable <i>[note 6]</i>	183,737	222,217
Accounts receivable <i>[note 4]</i>	84,505,448	84,951,436
Current portion of project loans receivable <i>[note 5]</i>	2,921,804	2,933,274
Prepaid expenses	93,605	132,606
<b>Total current assets</b>	<b>104,159,473</b>	<b>89,344,439</b>
Project loans receivable <i>[note 5]</i>	38,351,194	41,381,467
Portfolio investments <i>[note 6]</i>	195,411,244	159,341,413
Equity investments <i>[note 7]</i>	18,329,542	19,581,388
	<b>356,251,453</b>	<b>309,648,707</b>
<b>Liabilities and net assets</b>		
<b>Current liabilities</b>		
Bank indebtedness <i>[note 3]</i>	—	2,053,756
Accounts payable and accrued liabilities <i>[note 4]</i>	41,970,156	34,206,343
	<b>41,970,156</b>	<b>36,260,099</b>
<b>Trust liabilities <i>[note 8]</i></b>	<b>159,564,393</b>	<b>146,693,031</b>
	<b>201,534,549</b>	<b>182,953,130</b>
<b>Net assets</b>	<b>154,716,904</b>	<b>126,695,577</b>

See accompanying notes

Approved on behalf of the Non-Public Property Board:

 Chief Financial Officer

## Canadian Forces Central Fund

### Statement of operations and changes in net assets

Year ended March 31

	2021	2020
	\$	\$
<b>Revenue</b>		
Dividends and interest	4,944,357	5,834,793
Gain on sale of portfolio investments	7,218,067	7,817,149
Unrealized change in fair value of portfolio investments	23,868,926	(15,969,822)
Interest on project loans receivable	1,698,221	1,552,165
Earnings (loss) from Queensway Corporate Campus <i>[note 7]</i>	(828,548)	200,693
Earnings (loss) from Michael Street Property <i>[note 7]</i>	(423,298)	96,730
Re-insurance guarantee fee <i>[note 9]</i>	250,000	250,000
CANEX credit plan administration fees <i>[note 10]</i>	671,241	916,439
Other	12,164	179,780
	<b>37,411,130</b>	<b>877,927</b>
<b>Expenses</b>		
CFCF management	436,350	434,533
Interest to bases/wings/funds/messes and trusts <i>[note 10]</i>	5,262,075	1,852,271
CFMWS user fees for services <i>[note 10]</i>	350,000	350,000
Investment services	414,061	460,558
Other	271,815	204,745
	<b>6,734,301</b>	<b>3,302,107</b>
<b>Excess (deficiency) of revenue over expenses before the undernoted</b>	<b>30,676,829</b>	<b>(2,424,180)</b>
Contribution to Wainwright Community Centre	(2,655,502)	(1,494,767)
<b>Excess (deficiency) of revenue over expenses for the year</b>	<b>28,021,327</b>	<b>(3,918,947)</b>
<b>Net assets – beginning of year</b>	<b>126,695,577</b>	<b>130,614,524</b>
<b>Net assets – end of year</b>	<b>154,716,904</b>	<b>126,695,577</b>

See accompanying notes

## Canadian Forces Central Fund

### Statement of cash flows

Year ended March 31

	2021	2020
	\$	\$
<b>Operating activities</b>		
Excess (deficiency) of revenue over expenses for the year	<b>28,021,327</b>	(3,918,947)
Items not affecting cash		
Change in fair value of investments	<b>(31,086,993)</b>	8,152,672
Loss (earnings) from Queensway Corporate Campus	<b>828,548</b>	(200,693)
Loss (earnings) from Michael Street Property	<b>423,298</b>	(96,730)
Write-off of project loans	<b>259,755</b>	353,105
Net change in non-cash working capital		
Accrued interest and dividend receivable	<b>38,480</b>	(30,115)
Accounts receivable	<b>445,988</b>	(4,366,898)
Prepaid expenses	<b>39,001</b>	555,233
Accounts payable and accrued liabilities	<b>7,763,813</b>	15,253,937
Trust liabilities	<b>12,871,362</b>	(28,238,305)
<b>Cash provided by (used in) operating activities</b>	<b>19,604,579</b>	(12,536,741)
<b>Investing activities</b>		
Acquisition of portfolio investments	<b>(80,828,784)</b>	(168,216,410)
Proceeds from disposal of portfolio investments	<b>75,845,946</b>	178,811,907
New project loans issued	<b>(344,334)</b>	(6,314,369)
Principal repayment of project loans	<b>3,126,322</b>	3,421,926
<b>Cash provided by (used in) investing activities</b>	<b>(2,200,850)</b>	7,703,054
<b>Net increase (decrease) in cash during the year</b>	<b>17,403,729</b>	(4,833,687)
<b>Cash (bank overdraft), beginning of year</b>	<b>(948,850)</b>	3,884,837
<b>Cash (bank overdraft), end of year</b>	<b>16,454,879</b>	(948,850)

See accompanying notes

## Canadian Forces Central Fund

### Notes to financial statements

March 31, 2021

#### 1. Nature of operations

Canadian Forces Central Fund ["CFCF" or the "Organization"] was established by the Chief of the Defence Staff ["CDS"] on February 1, 1968, under Section 2 and Sections 38 to 41 of the *National Defence Act*, to provide banking services to units and trusts from non-public funds, and financial assistance to units in establishing and improving messes and recreational and social facilities for the benefit of Canadian Forces personnel and their dependents.

Non-Public Property ["NPP"], as defined under the *National Defence Act*, consists of money and property contributed by Canadian Forces members. The Organization operates under the authority of the CDS in his NPP capacity.

In common with other Non-Public Funds, CFCF is exempt from paying income tax under Part I of the *Income Tax Act* (Canada).

#### 2. Summary of significant accounting policies

##### Basis of accounting

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

##### Cash and bank indebtedness

Cash consists of balances with banks, cash in the broker accounts and short-term investments with a short maturity of approximately three months or less from the date of purchase unless they are held for investment rather than liquidity purposes, in which case they are classified as investments.

##### Portfolio and equity investments

Portfolio investments consist of treasury bills, fixed income pooled funds, Canadian and international equities, and infrastructure and real estate pooled funds. Portfolio investments are measured at fair value, determined by reference to published price quotations in an active market at year-end. Changes in fair value are recognized in the statement of operations for the year.

Investments in Queensway Corporate Campus ["QCC"] and Michael Street Property are accounted for using the equity method. The excess (deficiency) of revenue over expenses of these investments are reflected in the statement of operations of CFCF during the year the excess or deficiency occurs, either increasing or decreasing the value of the investment, respectively.

##### Revenue recognition

Dividends, interest and the CANEX credit plan administration fees are recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

## Canadian Forces Central Fund

### Notes to financial statements

March 31, 2021

#### Use of estimates

The preparation of 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 and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period.

Management makes estimates in determining the estimated net realizable value of accounts receivable, project loans receivable and the amount of accrued liabilities. Actual results could differ from those estimates. The estimates are reviewed annually and, as adjustments become necessary, they are recognized in the financial statements in the year they become known.

#### Financial instruments

CFCF initially measures its financial assets and financial liabilities at fair value. CFCF subsequently measures its financial assets and financial liabilities at amortized cost, with the exception of portfolio investments which are subsequently measured at fair value

Financial assets subsequently measured at amortized cost are tested for impairment when there are indicators of possible impairment. Any impairment loss is recognized in excess (deficiency) of revenue over expenses. The previously recognized impairment loss may subsequently be reversed to a maximum of the amortized cost that would have been reported at the date of the reversal had the impairment not been recognized previously.

The carrying amount of the financial asset or liability is adjusted by the transaction costs, which are recognized in excess (deficiency) of revenue over expenses using the straight-line method.

### 3. Cash and bank indebtedness

CFCF maintains cash in its consolidated bank account on behalf of other funds, trusts and units. The interest earned on such funds is recorded as revenue of CFCF. CFCF pays the respective funds, trusts and units for cash managed on their behalf. In fiscal 2021, bases/wings/funds and messes received a fixed 3% interest [2020 – three options were provided that included: a fixed 3%, the bank's prime rate plus 0.25%, or CFCF's investment rate of return less 0.5% for their cash balances in excess of CFCF liabilities]. Trust accounts continue to receive varying percentages based on cash balances and options selected. These amounts are recorded as interest expense in the statement of operations and changes in net assets.

CFCF's main banking provider is BMO Bank of Montreal, however it also holds bank accounts with other financial institutions. Bank accounts in an overdraft position which do not have a legally enforceable right of offset with other cash balances are reported as bank indebtedness on the statement of financial position.

CFCF has an operating credit facility of \$20 million, which bears interest at the bank's prime [2020 - \$10M at bank's prime plus 0.35%].



## Canadian Forces Central Fund

### Notes to financial statements

March 31, 2021

#### 4. Accounts receivable and account payable and accrued liabilities

As part of the Non-Public Property Board approved Customer Relationship Management Project, CFCF assumes and manages the accounts receivable and accounts payable and accrued liabilities of all activities undertaken by Canadian Forces Morale and Welfare Services ["CFMWS"], bases/wings/funds/messes, the Canadian Forces Exchange System ["CANEX"], Service Income Security Insurance Financial Services ["SISIP Financial"] and specialty interest activities.

Accounts receivable are comprised of the following:

	2021	2020
	\$	\$
NPP balances <i>[note 10]</i>		
CANEX	54,741,331	61,526,191
CFMWS	21,563,121	14,167,386
Support Our Troops	121,093	293,537
SISIP Financial	58,353	22,202
Bases/wings/funds/messes/museums	2,922,418	3,707,034
	<u>79,406,316</u>	<u>79,716,350</u>
Trade and other receivables	5,623,293	5,822,698
	<u>85,029,609</u>	<u>85,539,048</u>
Less: Allowance for doubtful accounts	524,161	587,612
	<u>84,505,448</u>	<u>84,951,436</u>

In regard to the accounts receivable assumed on behalf of CANEX, approximately \$52.4 million [2020 – approximately \$58.7 million] relates to CANEX's interest free credit plans that are available for eligible patrons with the balance being for trade receivables. There are varying repayment terms in regard to the CANEX credit plans ranging from one-year to three-year plans.

Included in accounts receivable are net government sales tax remittances of \$644,122 [2020 – \$140,313].

## Canadian Forces Central Fund

### Notes to financial statements

March 31, 2021

Accounts payable and accrued liabilities are comprised of the following:

	2021 \$	2020 \$
NPP balances <i>[note 10]</i>		
CANEX	5,588,080	6,311,649
CFMWS	5,179,370	3,516,994
Support Our Troops	39,463	128,258
SISIP Financial	19,625,429	13,617,199
Bases/wings/funds/messes/museums	1,401,656	2,271,762
	<b>31,833,998</b>	<b>25,845,862</b>
Trade and other payables	10,136,158	8,360,481
	<b>41,970,156</b>	<b>34,206,343</b>

Included in payables are net government sales tax remittances of nil [2020 – nil].

#### 5. Project loans receivable

CFCF provides unsecured loans to NPP entities related to military bases and ships to share in the financing of capital projects. CFCF provides interest-free working capital loans to units on deployed operations for the duration of the deployment. Repayment terms vary from three to 20 years.

	2021 \$	2020 \$
Interest-bearing loans [at 4%]		
CANEX	40,425,009	43,298,793
Other	837,686	986,056
Relocation	10,303	29,892
	<b>41,272,998</b>	<b>44,314,741</b>
Less: Current portion	2,921,804	2,933,274
	<b>38,351,194</b>	<b>41,381,467</b>

#### 6. Portfolio investments

	2021		2020	
	Fair value \$	Cost \$	Fair value \$	Cost \$
Accrued interest and dividend receivable	183,737	183,737	222,217	222,217
Portfolio investments	195,411,244	168,768,739	159,341,413	156,567,835
	<b>195,594,981</b>	<b>168,952,476</b>	<b>159,563,630</b>	<b>156,790,052</b>

## Canadian Forces Central Fund

### Notes to financial statements

March 31, 2021

	2021		2020	
	Fair value \$	Cost \$	Fair value \$	Cost \$
Cash and cash equivalents	6,253,563	6,253,105	12,809,244	12,809,951
Canadian bond fund	62,653,529	64,340,784	57,612,483	57,161,463
Canadian equities	41,464,437	31,819,291	30,128,149	31,741,694
International equities	55,688,527	36,146,495	37,326,493	28,936,924
Real estate	19,983,384	20,672,636	13,926,296	17,577,058
Infrastructure and alternatives	9,551,541	9,720,165	7,760,965	8,562,962
	<b>195,594,981</b>	<b>168,952,476</b>	159,563,630	156,790,052

\$33.6 million [2020 – \$21.5 million] of CFCF's long-term investments is exposed to fluctuations in the US dollar.

The portfolio investments are externally managed by CIBC Asset Management, with CIBC Mellon acting as custodian.

The cash and cash equivalents comprise short-term investments including cash and fixed income securities with maturities of twelve months or less held by investment managers for investment purposes.

The Canadian bond fund uses a laddered portfolio with varying terms to maturity to enhance the average portfolio yield while reducing the sensitivity of the portfolio to the impact of interest rate fluctuations.

Equities are diversified in different business sectors and corporation sizes.

#### 7. Equity investments

	2021 \$	2020 \$
Equity in Queensway Corporate Campus	14,195,153	15,023,701
Equity in Michael Street Property	4,134,389	4,557,687
	<b>18,329,542</b>	19,581,388

## Canadian Forces Central Fund

### Notes to financial statements

March 31, 2021

#### Queensway Corporate Campus

The Queensway Corporate Campus [the "Campus"] was acquired by CFCF on December 24, 2009. The Campus encompasses the real estate located at 4200 Labelle Street, 4210 Labelle Street and 1223 Michael Street in Ottawa, Ontario. In common with other non-public funds, the Campus is exempt from paying income tax under Part I of the *Income Tax Act* (Canada). The Campus is externally managed by the property management firm, Inside Edge Properties.

	2021	2020
	\$	\$
Total assets	43,015,741	44,127,341
Total liabilities	28,820,588	29,103,640
Net assets	14,195,153	15,023,701

	2021	2020
	\$	\$
Rental revenue	9,021,570	9,713,111
Rental expenses	9,850,118	9,512,418
Excess (deficiency) of revenue over expenses	(828,548)	200,693

	2021	2020
	\$	\$
Cash flows provided by operating activities	4,212,365	6,168,502
Cash flows used in investing activities	(1,536,625)	(3,992,053)
Cash flows used in financing activities	(1,397,998)	(1,365,157)
	1,277,742	811,292

#### Michael Street Property

This property is located at 1209 Michael Street in Ottawa, Ontario acquired on December 24, 2009. In common with other non-public funds, the property is exempt from paying income tax under Part I of the *Income Tax Act* (Canada). The property is externally managed by the property management firm, Inside Edge Properties.

	2021	2020
	\$	\$
Total assets	4,150,838	4,603,493
Total liabilities	16,449	45,806
Net assets	4,134,389	4,557,687

## Canadian Forces Central Fund

### Notes to financial statements

March 31, 2021

	2021	2020
	\$	\$
Rental revenue	<b>84,462</b>	668,647
Rental expense	<b>507,760</b>	571,917
Excess (deficiency) of revenue over expenses	<b>(423,298)</b>	96,730

  

	2021	2020
	\$	\$
Cash flows provided by (used in) operating activities	<b>(227,178)</b>	171,962
Cash flows used in investing activities	<b>(43,169)</b>	—
	<b>(270,347)</b>	171,962

#### 8. Trust liabilities

CFCF maintains assets and liabilities on behalf of the following related parties [note 10]:

	2021	2020
	\$	\$
Bases/wings/funds/messes	<b>106,650,332</b>	96,947,283
CANEX	<b>7,565,786</b>	8,953,087
CFMWS	<b>(13,372,050)</b>	(4,548,682)
Support Our Troops	<b>19,611,282</b>	20,060,530
Museums, Regimental Funds and alike (RMC Club)	<b>22,482,322</b>	16,683,690
NPF pension/benefits	<b>26,164,959</b>	7,216,157
Queensway Corporate Campus/Michael Street Property	<b>4,775,883</b>	4,383,850
SISIP Financial	<b>(14,314,121)</b>	(3,002,884)
	<b>159,564,393</b>	146,693,031

CFCF pays interest on net trust liabilities to the units and funds based on the bank's prime rate or CFCF's investment rate of return.

#### 9. Re-insurance guarantee fee

CFCF is contingently liable to a maximum of \$100 million as part of the SISIP Financial re-insurance coverage for Canadian wartime efforts with the annual fee being calculated at 0.25% of the amount guaranteed. This fee has been recorded at its exchange amount, which is the amount agreed to by the related parties involved [note 10].

## Canadian Forces Central Fund

### Notes to financial statements

March 31, 2021

#### 10. Related party transactions

Among the other entities that operate under the authority of the CDS in his NPP capacity are CFMWS, CANEX, SISIP Financial, Support Our Troops, QCC, Michael Street Property, NPF Employee Group Insurance Plan and NPF Employee Group Pension Plan.

CFCF receives administration fees of \$671,241 [2020 – \$916,439] related to credit plans purchased from CANEX [note 4].

CFCF paid interest of \$5,262,075 [2020 – \$1,852,271] to NPP entities [including bases/wings/funds/messes and trusts] that hold shares in the internal Consolidated Bank Account administered by CFCF, as outlined in note 3.

Expenses include user fees of \$350,000 [2020 – \$350,000] paid for services received from CFMWS in relation to accounting.

Related party transactions are measured at the exchange amounts, which are the amounts of consideration established and agreed to by the related parties involved.

#### 11. Contingent liabilities

CFCF, along with CANEX and SISIP Financial [note 10], has also provided a letter of acknowledgement to the Bank of Montreal to fund any shortfall in the long-term debt payments to be made by QCC. As at March 31, 2021, this long-term debt amounted to \$26,885,727 [2020 – \$28,283,722].

#### 12. Financial instruments

CFCF is exposed to various risks through its financial instruments. The following analysis provides a measure of CFCF's risk exposure as at the statement of financial position date.

##### Foreign currency risk

CFCF 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 of fluctuations in the relative value of foreign currencies against the Canadian dollar.

##### Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. CFCF is exposed to credit risk on its project loans receivable and short-term investments, including interest and dividends receivable.

##### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. CFCF is exposed to interest rate risk on its fixed-interest short-term financial instruments, which include cash and cash equivalents and Canadian bond fund.

## Canadian Forces Central Fund

### Notes to financial statements

March 31, 2021

#### **Market risk**

Market risk arises as a result of trading in equity the portfolio investments. Fluctuations in the market expose CFCF to a risk of loss.

#### **Liquidity risk**

Liquidity risk is the risk CFCF will have difficulty in meeting obligations associated with financial liabilities, which include accounts payable and accrued liabilities and trust liabilities. Prudent management of liquidity risk implies retaining a sufficient level of liquidities and arranging for appropriate credit facilities. CFCF believes that its recurring financial resources are adequate to cover all its expenditures.

#### **Other price risk**

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices [other than those arising from interest rate risk or currency risk], whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. Management believes that no material other price risk factors exist.

#### **13. Comparative figures**

The Organization has adjusted the comparative information for the year ended March 31, 2020 to reflect the correction of certain immaterial errors and to reclassify certain amounts to conform to the presentation of the financial statements for the period ended March 31, 2021. These adjustments had nil impact on the deficiency of revenue over expenses and the net assets of the Organization in the comparative period.

#### **14. COVID-19 pandemic**

The outbreak of the Coronavirus disease ["COVID-19"] has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. The duration and impact of the COVID-19 outbreak is unknown at this time, nor is the efficacy of the government and central bank monetary and fiscal interventions designed to stabilize economic conditions. As a result, the investment portfolio has experienced volatility given the changes in the market, as well as the possibility of lower collection on receivables, however it is not possible to reliably estimate the length and severity of these developments nor the impact on the financial position and financial results of CFCF in current and future periods.