BERMUDA CANCER AND HEALTH CENTRE

Financial Statements
(With Independent Auditor's Report Thereon)

For the year ended December 31, 2020

The accompanying report of KPMG Audit Limited ("KPMG") is for the sole and exclusive use of Bermuda Cancer and Health Centre (the "Centre").

No person, other than the Centre, is authorized to rely upon the report of KPMG unless KPMG expressly so authorizes.

Furthermore, the report of KPMG is as of May 7, 2021, and KPMG has carried out no procedures of any nature subsequent to that date which in any way extends that date.

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INDEPENDENT AUDITOR'S REPORT

To the Members of Bermuda Cancer and Health Centre

Qualified opinion

We have audited the financial statements of Bermuda Cancer and Health Centre (the "Centre"), which comprise the statement of financial position as at December 31, 2020, the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, except for the possible effects of the matter described in Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Centre as at December 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with accounting standards for not-for-profit organizations generally accepted in Bermuda and Canada ("ASNFPO").

Basis for qualified opinion

The Centre derives the following revenues from the general public in the form of donations, which are included as $471,349 (2019 - $833,801) of donations for uninsured and underinsured patients, $326,598 (2019 - $221,437) of donations which are included in the statements of revenues and expenditures, changes in net assets and cash flows, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues and deferred contributions was limited to the amounts recorded by the Centre. Therefore, we were not able to determine whether any adjustments might be necessary to revenues and excess of revenues over expenditures reported in the statements of revenues and expenditures, changes in net assets and cash flows for the years ended December 31, 2020 and 2019, and deferred contributions, cash and cash equivalents and net assets reported in the statement of financial position as at December 31, 2020 and 2019.

We conducted our audit in accordance with International Standards on Auditing ("ISA"). 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 Centre in accordance with International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Bermuda, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNFPO, 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 Centre'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 Centre or to cease operations, or has no realistic alternative but to do so.

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

KPMG

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 ISA 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 ISA, 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 Centre'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 Centre'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 Centre 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.

KPMG Audit Limited

Chartered Professional Accountants
Hamilton, Bermuda
May 7, 2021

BERMUDA CANCER AND HEALTH CENTRE

Statement of Financial Position

As at December 31, 2020
(Expressed in Bermuda Dollars)

	2020	2019
Assets		
Current assets		
Cash and cash equivalents (Note 2(d))	$ 4,104,410	$ 2,234,468
Donations receivable (Note 6)	61,000	50,000
Accounts receivable (Net of a provision of $ nil; 2019 - $ nil)	1,022,606	1,330,976
Prepaid expenses	224,672	236,820
Inventories (Note 2(e))	15,245	14,785
Total current assets	5,427,933	3,867,049
Investments (Note 3)	144,112	292,658
Term deposits (Note 3)	510,892	486,407
Internally restricted term deposits (Note 3)	1,500,000	1,500,000
Capital assets (Note 4)	9,221,000	9,790,502
Total assets	$ 16,803,937	$ 15,936,616
Liabilities and net assets		
Current liabilities		
Accounts payable and accrued liabilities (Notes 10 and 14)	$ 1,433,557	$ 1,303,022
Total current liabilities	1,433,557	1,303,022
Deferred contributions (Note 6)	4,401,739	5,103,989
Total liabilities	5,835,296	6,407,011
Net assets		
Unrestricted net assets	10,360,643	9,000,983
Restricted net assets (Note 7)	607,998	528,622
Total net assets	10,968,641	9,529,605
Total liabilities and net assets	$ 16,803,937	$ 15,936,616

The accompanying notes are an integral part of these financial statements

On behalf of the Board of Directors:

Lynne Woolridge Director

Director

BERMUDA CANCER AND HEALTH CENTRE

Statement of Revenues and Expenditures

For the year ended December 31, 2020
(Expressed in Bermuda Dollars)

	2020	2019
Revenues		
Radiation therapy services	$ 6,934,417	$ 7,207,865
Mammography services	2,532,767	3,111,962
Amortization of deferred contributions (Note 6)	899,448	951,938
Donations for uninsured and underinsured patients	471,349	833,801
Densitometry services	361,385	560,700
Donations	326,598	221,437
Ultrasound services	296,599	410,333
Realized gain on sale of investments	91,612	–
Other income	3,000	7,500
Genetics programme	74,774	–
Interest income	39,139	9,644
Biopsy service – prostate	18,664	33,770
Dividends from investments	8,200	8,667
Biopsy service - breast	568	171,223
Net change in fair value of investments (Note 3)	–	74,440
Prescription sales (Note 2(e))	–	1
Total revenues	12,058,520	13,603,281
Expenditures		
General and administrative (Note 8)	6,256,284	6,184,012
Radiation therapy expenses	1,831,486	2,262,572
Subsidy for underinsured patients (Note 9)	1,348,067	1,522,599
Donation to uninsured patients (Note 9)	607,563	211,752
Mammography expenses	270,576	290,201
Fundraising and education	101,306	225,841
Net change in fair value of investments (Note 3)	77,834	–
Densitometry expenses	36,449	28,276
Genetics program	36,270	75
Ultrasound expenses	35,519	21,830
Biopsy expenses - breast	15,740	51,786
Biopsy expenses – prostate	2,390	8,427
Interest expense (Note 5)	–	23,489
Total expenditures	10,619,484	10,830,860
Excess of revenues over expenditures	$ 1,439,036	$ 2,772,421

The accompanying notes are an integral part of these financial statements

BERMUDA CANCER AND HEALTH CENTRE

Statement of Changes in Net Assets

Year ended December 31, 2020
(Expressed in Bermuda Dollars)

	Restricted net assets (Note 7)									
	Capacity building	National Cancer Control Plan	Scholarship	Cancer information services	Under/ uninsured	Men's health	Total	Unrestricted net assets	2020 Total	2019 Total
Balance beginning of year	$ 2,500	$ –	$ 55,503	$ 262,313	$ 740	$ 207,566	$ 528,622	$ 9,000,983	$ 9,529,605	$ 6,757,184
Excess of revenues over expenses	–	14,350	1,110	–	23,167	40,749	79,376	1,359,660	1,439,036	2,772,421
Balance at end of year	$ 2,500	$ 14,350	$ 56,613	$ 262,313	$ 23,907	$ 248,315	$ 607,998	$10,360,643	$10,968,641	$ 9,529,605

The accompanying notes are an integral part of these financial statements

Statement of Cash Flows

For the year ended December 31, 2020
(Expressed in Bermuda Dollars)

	2020	2019
Operating activities		
Excess of revenues over expenditures	$ 1,439,036	$ 2,772,421
Adjustments for:		
Amortization of capital assets	1,117,367	1,225,696
Amortization of deferred contributions	(899,448)	(951,938)
Bad debt expense (recovery)	4,690	(198,548)
Realized gain on sale of investments	(91,612)	–
Net change in fair value of investments	77,834	(74,440)
Changes in non-cash working capital balances:		
Accounts receivable	303,680	(69,113)
Donations receivable	(11,000)	100,000
Prepaid expenses	12,148	51,563
Inventories	(460)	2,437
Accounts payable and accrued liabilities	130,535	86,953
Cash provided by operating activities	2,082,770	2,945,031
Investing activities		
Investment in term deposits	(1,310,892)	(1,986,407)
Purchase of capital assets, net	(547,865)	(641,377)
Proceeds on sale of investments	162,324	–
Proceeds on maturity of term deposits	1,286,407	–
Cash used in investing activities	(410,026)	(2,627,784)
Financing activities		
Amount repaid on bank loan, net (Note 5)	–	(1,499,494)
Net cash contributions received for capital campaigns (Note 6)	197,198	95,020
Cash provided by (used in) financing activities	197,198	(1,404,474)
Net increase (decrease) in cash and cash equivalents	1,869,942	(1,087,227)
Internally restricted cash and cash equivalents (Notes 2(d), 3 and 5)	–	1,500,000
Cash and cash equivalents at beginning of year	2,234,468	1,821,695
Cash and cash equivalents at end of year	$ 4,104,410	$ 2,234,468
Supplementary information:		
Interest paid (Note 5)	$ –	$ 44,941

The accompanying notes are an integral part of these financial statements

1. General

The Bermuda Cancer and Health Centre (the "Centre") is a registered charity formed on July 17, 1945 for the original purpose of assisting tuberculosis, cancer and diabetic patients in Bermuda. On July 2, 2007, the Centre converted from an unincorporated Association to a company limited by guarantee and changed its name from Bermuda Tuberculosis, Cancer and Health Association to Bermuda Cancer & Health Resource Centre. On August 31, 2007, the Centre changed its name to Bermuda Cancer and Health Centre and its current mission is to provide the highest standard of early detection, radiation treatment, support, care and education for cancer and other diseases to all.

2. Significant accounting policies

These financial statements were prepared in accordance with accounting standards for not-for-profit organizations generally accepted in Bermuda and Canada ("ASNFPO") contained in Part III of the Chartered Professional Accountants of Canada ("CPA Canada") Handbook – Accounting, and include the following significant accounting policies:

(a) Going concern – Basis of preparation

On March 11, 2020, the World Health Organization officially declared the outbreak of COVID-19 a global pandemic. The rapid development and fluidity of this situation precludes any prediction as to its ultimate impact, which may have a continued adverse impact on economic and market conditions and trigger a period of global economic slowdown. Management is closely monitoring the evolution of this pandemic, including how it may affect Bermuda's economy and general population. Given the inherent uncertainties, it is not practicable at this time to determine the impact of COVID-19 on future financial performance of the Centre, or to provide a quantitative estimate of this impact which could potentially be significant. The Centre is monitoring developments relating to COVID-19 and is coordinating its operational response based on existing business continuity plans and on guidance from global health organizations, relevant governments, and general pandemic response best practices.

To date, the Centre has not observed any material impact on its operations or financial position as a result of the COVID-19 outbreak and therefore continues to adopt the going concern basis in preparing its financial statements.

(b) Use of estimates

The preparation of these financial statements in conformity with ASNFPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the period. These estimates are reviewed periodically and adjustments are made to revenues and expenditures as appropriate in the year they become known. Actual results could differ from the amount estimated.

(c) Revenue recognition

The Centre follows the deferral method of accounting for contributions. Restricted contributions that relate to expenses of future periods are deferred and, to the extent they have been received or pledged, are recognized as revenue in the period in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenues from services are recognized when the service is provided to the client and the collectability of the related receivable from the client's insurance provider is reasonably assured.

All other income, except for contributions, is recognized on the accruals basis when earned.

2. Significant accounting policies (continued)

(d) Cash and cash equivalents

The Centre considers all cash on hand, deposits with financial institutions that can be withdrawn without notice or penalty, and short-term deposits with an original maturity of ninety days or less as equivalent to cash. Interest earned on cash and cash equivalents is at rates ranging between nil% and 0.01% (2019 - nil% and 0.40%) per annum.

(e) Inventories

Inventories are carried at the lower of cost and net realizable value, and are valued on a first-in, first-out basis. Included in prescription purchases are recognized inventory expense reversal of $nil (2019 – $1). There were no inventories written off during the year (2019 - $nil) and no provision for obsolete or slow-moving inventories at the reporting date (2019 - $nil).

(f) Capital assets

Capital assets are recorded at cost less accumulated amortization and impairment losses, if any. Land is not amortized. Capital assets are separated into their significant component parts when practicable and when estimates can be made of the lives of the separate components.

Amortization of buildings, equipment and other assets is provided over the estimated useful lives of the assets on a straight-line basis as follows:

Buildings	20 years
Building improvements	10-15 years
Vehicle	10 years
Medical equipment	5-15 years
Furniture and fixtures	5-10 years
Website development	5 years
Office equipment	3 years

Capital assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to either fair value or replacement cost, on an asset-by asset basis. If the carrying amount of an asset exceeds either its fair value or replacement cost, an impairment charge is recognized by the excess value over the carrying amount of the asset.

(g) Donated services

Volunteer efforts and non-cash donations are reflected in these financial statements only when a fair value can be reasonably estimated.

(h) Donations receivable

Donations receivable are recognized on the statement of financial position when the Centre can reliably estimate the amount to be received and collection of this amount is fairly certain. Donations receivable for longer than a 12-month period from the statement of financial position date are not recognized.

2. Significant accounting policies (continued)

(i) Financial instruments

Financial assets consist of cash and cash equivalents, internally restricted cash and cash equivalents, term deposits, investments, accounts receivable and donations receivable. Financial liabilities consist of accounts payable.

Investments quoted in an active market are initially measured at fair value as at the trade date, and then re-measured to fair value at the reporting date, with the related net change in fair value included in revenues and expenditures. The fair value of the investments is based on quoted market values. Transaction costs are recognized in revenues and expenditures in the period incurred.

Purchases and sales of investments are accounted for at the transaction date.

All other financial assets are initially measured at cost being the fair value of the consideration paid. Subsequent to initial recognition, other financial assets are measured at amortized cost, less any adjustment for impairment.

Financial liabilities are measured at amortized cost.

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

3. Investments and term deposits

Investments include marketable securities consisting of:

		2020		2019	
Number of shares	Securities held	Cost	Fair value	Cost	Fair value
2,318	Butterfield Bank	$ 38,871	$ 69,795	$ 38,871	$ 71,858
4,000	Somers Limited (formerly Bermuda Commercial Bank Ltd.)	21,575	60,000	21,575	48,000
4,509	Ascendant Group Ltd.	–	–	70,712	162,324
3,492	KeyTech Limited	49,213	14,317	49,213	10,476
		$ 109,659	$ 144,112	$ 180,371	$ 292,658

3. Investments and term deposits (continued)

Term deposits held by the Centre at December 31, 2020 consist of:

Bank	Annual Rate	Term	Maturity	Amount
Clarien Bank Limited	0.20%	1 year	07-Oct 2021	$ 1,004,875
Bermuda Commercial Bank	1.50%	18 month	10-Jun 2022	$ 306,017
Bermuda Commercial Bank	2.00%	2 year	10-Dec 2021	$ 300,000
Bermuda Commercial Bank	3.00%	3 year	10-Dec 2022	$ 400,000

$1,500,000 (2019 - $1,500,000) of the total of $2,010,892 (2019 - $1,986,407) in term deposits represents funds internally restricted by Unanimous Written Resolutions of the Board of Directors as follows: i) $500,000 of previously restricted cash and cash equivalents – approved in 2018 to meet the costs of providing services to the uninsured (Note 9) or the costs associated with the transfer of care of uninsured or underinsured patients to an overseas treatment facility should on-island radiation treatment cease temporarily due to a natural disaster or other cause – was rolled over to longer term deposit during the year and ii) $1,000,000 approved in 2019 for the purposes of purchasing or replacement of clinical assets.

4. Capital assets

Capital assets consist of:

	2020			2019
	Cost	Accumulated amortization	Net book value	Net book value
Land	$ 987,428	$ –	$ 987,428	$ 987,428
Building and building improvements	8,959,789	4,092,189	4,867,600	5,297,401
Medical equipment	5,919,944	2,743,632	3,176,312	3,197,386
Vehicle	17,630	17,441	189	1,956
Office equipment and furniture	1,821,730	1,644,494	177,236	291,241
Website development	64,617	52,382	12,235	15,090
	$ 17,771,138	$ 8,550,138	$ 9,221,000	$ 9,790,502

The cost and accumulated amortization of capital assets at December 31, 2019 were $17,760,777 and $7,970,275, respectively. During the year the Centre disposed of capital assets with a cost of $537,504 and a net book value of $nil (2019 - $ nil) which were no longer in use.

5. Bank loan

In August 2016, the Centre entered into a $5,000,000, five-year loan facility agreement with Bermuda Commercial Bank (the “Bank”) which was fully repaid on March 29, 2019. Interest was payable in arrears at a rate of three-month LIBOR plus 4.5% per annum, adjusted quarterly. The facility was available through October 31, 2017 at which time un-drawn funds lapsed. Interest expense amounting to $nil (2019 - $23,489) was recognized during the year.

Through to repayment date, the Bank had a fixed and floating charge over the Centre’s building (Note 4) and the Centre was subject to loan covenants imposed by the Bank with which it was fully compliant.

6. Deferred contributions

Deferred contributions represent unamortized restricted contributions for capital campaigns. Changes in the deferred contributions balance are as follows:

	2020	2019
Balance, beginning of year	$ 5,103,989	$ 5,960,907
New contributions during the current year, net	136,198	45,020
Donations receivable	61,000	50,000
Amounts amortized to revenue in the year	(899,448)	(951,938)
Balance, end of period	$ 4,401,739	$ 5,103,989

In 2000, the Centre launched a building campaign to raise $4 million for a new Cancer Resource Centre.

In May 2014, the Centre launched a new capital campaign for a Radiation Treatment Centre. The deferred contributions balance comprises amounts contributed during the current year and prior years, which is externally restricted for the building of, and new equipment for, the Centre.

Donations receivable in the amount of $50,000 (2019 - $50,000) has been recognized with respect to the Radiation Therapy Unit campaign. These amounts are expected to be received within the next 12 months from various donors.

7. Restricted net assets

Restricted net assets represent unspent resources internally restricted for the Scholarship Fund as well as restricted capital campaign funds. The externally restricted funds include the Cancer Information Services ("CIS"), Capacity Building, National Cancer Control Plan, Men's Health and Underinsured/Uninsured Fund.

8. General and administrative expenditures

	2020	2019
Salaries and related costs (Note 10)	$ 3,593,854	$ 3,718,087
Amortization of capital assets (Note 4)	1,117,367	1,225,696
Radiologist support and outsourced costs	630,025	411,289
Professional fees	399,341	423,632
Insurance (Note 12)	142,407	129,256
Electricity and water	115,656	138,139
Building operation and maintenance	106,078	126,545
Membership and license fees	58,528	48,512
Bank charges	37,122	35,785
Telephone and postage	28,461	33,161
Office supplies	16,119	27,118
Office equipment maintenance	9,454	10,875
Bad debt expense (recovery)	4,690	(198,548)
Annual charity fee	445	445
Miscellaneous	(3,263)	54,020
	$ 6,256,284	$ 6,184,012

9. Donation to uninsured patients and subsidy for underinsured patients

The donation to uninsured patients of $607,563 (2019 - $211,752) represents services donated by the Centre for patients without insurance. The subsidy for underinsured patients of $1,348,067 (2019 - $1,522,599) represents primarily the shortfall in reimbursement from the Government's public health insurance plans for services delivered, namely HIP and FutureCare. The Centre's fundraising activities fund a portion of these donated and subsidized costs, which helps ensure the continued ability of the Centre to deliver services to customers who are uninsured and underinsured.

10. Employee future benefits

The Centre has a defined contribution pension plan providing pension benefits to all of its employees. Employee pension contributions of 5% are matched by the Centre. Pension expense incurred by the Centre in the current year was $110,756 (2019 - $91,627) and is included in general and administrative expenditures under salaries and related costs (Note 8). Included in accounts payable and accrued liabilities as at December 31, 2020 is $12,621 in accrued pension contributions (2019 - $22,012).

11. Financial instruments

The estimated fair values of financial instruments, including cash and cash equivalents, internally restricted cash and cash equivalents, term deposits, accounts receivable and accounts payable approximate their carrying values due to their relative short-term nature or the fact that they attract market rates of interest. The estimated fair value of marketable securities based on year-end quoted market bid prices is disclosed in Note 3.

The estimates of fair values presented herein are subjective in nature and are not necessarily indicative of the amounts that the Centre would realize in a current market exchange. Certain items such as inventories, deferred contributions, accrued liabilities and capital assets are excluded from the fair value disclosure. Thus, the individual fair value amounts cannot be aggregated to determine the underlying fair value of the Centre.

The Centre has a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The risks that arise from transacting financial instruments include, liquidity risk, credit risk and market risk.

Liquidity risk

Liquidity risk is the risk that the Centre will not be able to meet its financial obligations when they become due. The Centre manages liquidity to ensure sufficient funds are available to meet its liabilities in any situation when they fall due. Management believes that the Centre is not exposed to any significant concentration of liquidity risk.

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. The Centre's exposure to credit risk is limited to the carrying amount of its cash and cash equivalents, internally restricted cash and cash equivalents, term deposits and accounts receivable. The Centre holds cash and cash equivalents and term deposits with three Bermuda-based financial institutions which are externally regulated by the Bermuda Monetary Authority. The Centre monitors its accounts receivable balances and recorded no provision for impairment of accounts receivable (2019 - $ nil). Management believes that the Centre is not exposed to any significant concentration of credit risk other than the receivables generated in the normal course of business with the local insurance companies.

11. Financial instruments (continued)

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Centre is exposed to market risk with respect to its marketable securities which comprise investments in Bermuda listed companies quoted on the Bermuda Stock Exchange and until full repayment, interest rate risk through the bank loan payable which had a variable rate of interest. The Centre has no significant exposure to currency risk.

12. Related party transactions

During the normal course of its operations, the Centre purchased employee health benefits of $248,171 (2019 - $364,622) and property contents, vehicles, medical malpractice, and directors and officers liability insurance totaling $166,690 (2019 - $111,243), from BF&M Ltd. where a Board member of the Centre was a Senior Vice President until February 2019. These amounts are included in general and administrative expenditures (Note 8). In addition, the Centre has a defined contribution pension plan (Note 10) administered by BF&M Ltd.

In addition, the Centre procured $23,740 (2019 - $7,290) in legal services from MJM Limited where a Board member of the Centre was a Director effective January 2019.

13. Capital management

The Centre defines capital, for its own purposes, as restricted and unrestricted fund balances. During the year the Centre's objective when managing capital, which was unchanged from previous years, was to hold sufficient unrestricted funds to enable it to withstand negative unexpected financial events and continue as a going concern. The Centre seeks to achieve this objective by holding sufficient cash and cash equivalents to maintain liquidity and enable it to meet its obligations as they become due. The Centre is not subject to any externally imposed requirements on capital.

14. Government remittances payable

Included in accounts payable and accrued liabilities are government remittances payable of $57,391 (2020 - $55,649).