

ALBERTA CONSERVATION ASSOCIATION
Financial Statements
Year Ended March 31, 2024

ALBERTA CONSERVATION ASSOCIATION
Index to Financial Statements
Year Ended March 31, 2024

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Operations	3
Statement of Changes in Net Assets	4
Statement of Financial Position	5
Statement of Cash Flow	6
Notes to Financial Statements	7 - 15



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June 18, 2024
Edmonton, Alberta

INDEPENDENT AUDITOR'S REPORT

To the Members of Alberta Conservation Association

Qualified Opinion

We have audited the financial statements of Alberta Conservation Association (the Association), which comprise the statement of financial position as at March 31, 2024, and the statements of operations, changes in net assets and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at March 31, 2024, and the results of its operations and cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Association derives revenue from partner contributions and donation activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues were limited to the amounts recorded in the records of the Association. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended March 31, 2024, current assets and net assets as at March 31, 2024. Our audit opinion on the financial statements for the year ended March 31, 2023 was modified accordingly because of the possible effects of this limitation of scope.

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 Association 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 qualified 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 ASNPO, 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 Association'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 Association or to cease operations, or has no realistic alternative but to do so.

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

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Independent Auditor's Report to the Members of Alberta Conservation Association
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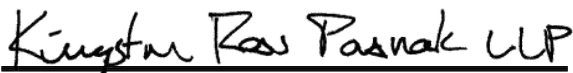
Auditor's Responsibilities for the Audit of the Financial Statements

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 qualified audit 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 Association'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 Association'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 Association 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.


Kingston Ross Pasnak LLP
Chartered Professional Accountants

ALBERTA CONSERVATION ASSOCIATION

Statement of Operations

Year Ended March 31, 2024

	2024	2023
REVENUE		
Levy, fees and assessments	\$ 13,960,208	\$ 13,528,110
Partner contributions (Note 11)	3,839,029	3,649,629
Miscellaneous (Note 3)	229,492	385,973
Donations	79,680	23,374
	18,108,409	17,587,086
EXPENDITURES		
Salaries and benefits (Note 13)	7,422,018	7,463,496
Contracted services (Note 12)	2,966,031	3,151,110
Materials and supplies	1,981,638	2,061,361
Grants (Note 11)	1,642,312	1,661,919
Rentals	481,063	561,066
Landowner agreements	433,263	147,647
Repairs and maintenance	398,363	497,171
Amortization	355,827	333,955
Travel	314,469	261,384
Office	285,280	221,665
Insurance	252,096	264,122
Taxes, registration and permits	218,838	197,810
Fuel and lubricants	191,673	242,914
Advertising	157,105	191,941
Telephone and communications	149,079	160,304
Utilities	143,834	135,890
Freight and postage	76,712	80,163
Training and membership	54,106	37,627
Bank charges and interest	47,356	45,855
Hosting and conferences	25,585	34,466
	17,596,648	17,751,866
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES FROM OPERATIONS	511,761	(164,780)
OTHER REVENUE (EXPENDITURES)		
Unrealized gain (loss) on marketable securities	596,940	(406,080)
Investment and interest income	510,605	437,642
Gain on sale of investments	8,778	54,467
Land grant expense (Note 11)	-	(875)
(Loss) gain on disposal of property and equipment	(11,542)	166
Foreign exchange (loss) gain	(12,600)	63,988
	1,092,181	149,308
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	\$ 1,603,942	\$ (15,472)

ALBERTA CONSERVATION ASSOCIATION
Statement of Changes in Net Assets
Year Ended March 31, 2024

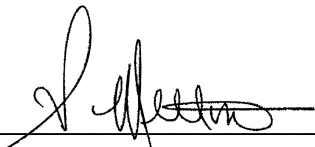
	Invested in Property and Equipment	Internally Restricted	Unrestricted	2024	2023
NET ASSETS - BEGINNING OF YEAR	\$ 45,767,550	\$ 986,792	\$ 4,844,567	\$ 51,598,909	\$ 48,701,332
Excess (deficiency) excess of revenue over expenditures	(367,524)	-	1,971,466	1,603,942	(15,472)
Transfers (Note 10)	-	300,000	(300,000)	-	-
Fund expenditures (Note 10)	532,605	(622,605)	90,000	-	5,175
Proceeds on disposal of property and equipment	(15,509)	-	15,509	-	-
Purchase of property and equipment	346,103	-	(346,103)	-	-
Land purchased through deferred funds	1,678,320	-	-	1,678,320	1,823,874
Donations of land	1,479,500	-	-	1,479,500	1,084,000
NET ASSETS - END OF YEAR	\$ 49,421,045	\$ 664,187	\$ 6,275,439	\$ 56,360,671	\$ 51,598,909

ALBERTA CONSERVATION ASSOCIATION
Statement of Financial Position
March 31, 2024

	2024	2023
ASSETS		
CURRENT		
Cash	\$ 3,358,162	\$ 3,136,234
Short term investments (Note 4)	5,390	8,886
Accounts receivable (Note 11)	913,755	624,921
Goods and Services Tax recoverable	118,950	122,190
Prepaid expenses	64,530	134,756
	4,460,787	4,026,987
LONG TERM INVESTMENTS (Note 4)	8,191,194	7,336,075
PROPERTY AND EQUIPMENT (Note 5)	47,871,468	44,217,973
FILM COLLECTION (Note 6)	1,549,577	1,549,577
	\$ 62,073,026	\$ 57,130,612
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities (Note 11)	\$ 1,894,509	\$ 1,890,018
Source deductions payable	58,914	45,172
Deferred contributions (Note 8)	3,752,563	3,591,059
Deposits	6,369	5,454
	5,712,355	5,531,703
COMMITMENTS (Note 9)		
NET ASSETS		
Invested in property and equipment	49,421,045	45,767,550
Internally restricted (Note 10)	664,187	986,792
Unrestricted	6,275,439	4,844,567
	56,360,671	51,598,909
	\$ 62,073,026	\$ 57,130,612

ON BEHALF OF THE BOARD


 _____ Director


 _____ Director

ALBERTA CONSERVATION ASSOCIATION
Statement of Cash Flow
Year Ended March 31, 2024

	2024	2023
OPERATING ACTIVITIES		
Cash receipts	\$ 19,659,398	\$ 19,106,069
Cash paid to suppliers	(9,710,517)	(9,831,235)
Interest received	207,614	117,492
Cash paid to employees	(7,402,781)	(7,514,631)
Interest and bank charges paid	(47,353)	(45,854)
Cash flow from operating activities	2,706,361	1,831,841
INVESTING ACTIVITIES		
Purchase of land	(2,210,925)	(2,012,075)
Purchase of property and equipment	(346,103)	(129,086)
Proceeds on disposal of property and equipment	15,509	94,322
Net increase in long-term investments	(249,401)	(572,483)
Investment income received	302,991	320,150
Cash flow used by investing activities	(2,487,929)	(2,299,172)
INCREASE (DECREASE) IN CASH	218,432	(467,331)
CASH - BEGINNING OF YEAR	3,145,120	3,612,451
CASH - END OF YEAR	\$ 3,363,552	\$ 3,145,120
CASH CONSISTS OF:		
Cash	\$ 3,358,162	\$ 3,136,234
Short term investments	5,390	8,886
	\$ 3,363,552	\$ 3,145,120

ALBERTA CONSERVATION ASSOCIATION

Notes to Financial Statements

Year Ended March 31, 2024

1. PURPOSE OF THE ASSOCIATION

Alberta Conservation Association (the "Association") is incorporated under the Alberta Societies Act as a not-for-profit organization. Effective February 3, 1997, the Association was registered as a charitable organization under Section 149(1)(f) of The Income Tax Act (Canada). Its mission is to work together with Albertans to conserve, protect and enhance the province's natural resources. The Association is a non-profit organization and as such, is exempt from payment of income taxes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. Significant accounting policies observed in the preparation of the financial statements are summarized below.

Financial instruments

All arm's length financial instruments are initially measured at fair value, and, unless otherwise noted, the Association subsequently measures its financial instruments at amortized cost.

The measurement basis for related party financial instruments is disclosed in Note 11.

Revenue recognition

The Association follows the deferral method of accounting for contributions. Restricted contributions from member organizations and donors are recognized as revenue in the year in which the related expenses are incurred. Contributions restricted for the purchase of land are recorded as direct increases in net assets invested in property and equipment when received. Unrestricted contributions from member organizations and donors, fee and assessment revenues, investment revenues, miscellaneous revenue and film sales are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Donations and creative sentencing revenues are recognized when received.

Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit plus highly liquid short-term investments, less cheques issued and outstanding. Highly liquid short-term investments consist of mutual funds, and treasury bills with maturities at the date of purchase of less than ninety days.

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ALBERTA CONSERVATION ASSOCIATION
Notes to Financial Statements
Year Ended March 31, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Property and equipment

Property and equipment is stated at cost or deemed cost less accumulated amortization and is amortized over its estimated useful life at the following rates and methods:

Building	4%	diminishing balance method
Automotive	30%	diminishing balance method
Computer hardware	33%	diminishing balance method
Other equipment	20%	diminishing balance method
Trailers	20%	diminishing balance method
Boats	20%	diminishing balance method
Computer software	two years	straight-line method
Office equipment	20%	diminishing balance method
Communication equipment	33%	diminishing balance method
Leasehold improvements	six years	straight-line method

In the year of purchase, amortization on property and equipment is pro-rated based on the available for use date.

Property and equipment acquired during the year are not amortized until they are available for use.

Long-term investments

Long-term investments are recorded at market value. The Association's long-term investments consist of government and corporate bonds and domestic and foreign equities and trust units. The portfolio is held primarily for trading purposes. The portfolio is managed by a third party investment manager and is subject to an investment policy set by the Board with the main objectives of growth and preservation of capital. Transaction costs are recognized immediately in the statement of operations.

Film collection

The film collection is comprised of films and videos of material held for educational and research purposes that has been preserved through a digitization process. The cost of the film collection acquired in the business combination is its fair value as at the date of acquisition. Any proceeds from the sale of rights to use the collection items would be used towards conservation activities undertaken by the Association.

Statement of Cash Flow

The Association is using the direct method in its presentation of the Statement of Cash Flow.

Measurement uncertainty

The preparation of financial statements in conformity with accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates include providing for amortization of property and equipment, accounts receivable valuation, and the valuation of the film collection. These estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

ALBERTA CONSERVATION ASSOCIATION
Notes to Financial Statements
Year Ended March 31, 2024

3. MISCELLANEOUS

Miscellaneous revenue includes advertising revenue, event ticket and raffle sales, haying and surface lease revenue, leased premise income, and administration fees for predator compensation program.

4. INVESTMENTS

	2024	2023
Short Term Investments		
Cash held in investment account	\$ 5,390	\$ 8,886
Long Term Investments		
Mutual funds	\$ 117,297	\$ 181,169
Canadian equities	5,154,022	4,628,936
Canadian Fixed Income (Bissett Bond Fund)	1,529,961	1,519,771
International equities	600,007	415,063
US equities	789,907	591,136
	\$ 8,191,194	\$ 7,336,075

Included in the investment balance is \$3,884,574 (2023 - \$3,503,722) in funds set aside to manage Association properties.

ALBERTA CONSERVATION ASSOCIATION
Notes to Financial Statements
Year Ended March 31, 2024

5. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2024 Net book value	2023 Net book value
Land	\$ 46,215,699	\$ -	\$ 46,215,699	\$ 42,525,274
Building	1,679,350	828,367	850,983	886,441
Automotive	1,807,245	1,405,713	401,532	289,991
Computer hardware	305,440	192,798	112,642	124,712
Other equipment	750,302	654,558	95,744	115,194
Trailers	497,060	418,226	78,834	93,107
Boats	173,685	123,545	50,140	46,600
Computer software	176,764	127,023	49,741	113,308
Office equipment	209,656	197,875	11,781	12,120
Communication equipment	98,226	93,854	4,372	11,226
Leasehold improvements	784,821	784,821	-	-
	\$ 52,698,248	\$ 4,826,780	\$ 47,871,468	\$ 44,217,973

6. FILM COLLECTION

Included in the film collection as at March 31, 2024 is \$1,500,656, which represents the price paid in excess of 100% of the shares of Karvonen Films Ltd. acquired less a portion written off for project contributions forgiveness in the amount of \$1,474,293. In the prior year the Association digitized the collection resulting in additional costs incurred in the 2023 fiscal year of \$48,921.

7. BANK INDEBTEDNESS

At March 31, 2024 the Association had available a TD Bank demand operating credit facility with an authorized limit of \$2,000,000. The facility is due on demand and bears interest at an annual rate of bank prime (7.20%). As collateral for the credit facility, the Association has provided a General Security Agreement representing a first charge on specific assets and undertakings. As at the end of the year, the Association had drawn \$nil (2023 - \$nil) on the available credit facility.

8. DEFERRED CONTRIBUTIONS

Deferred contributions represent unspent resources from external sources such as government, not-for-profit organizations and industry that were restricted by the contributor for carrying out specific conservation projects. These funds have been carried forward to spend on future similar projects, at the discretion of the contributor.

	2024	2023
Deferred contributions, beginning of year	\$ 3,591,059	\$ 3,538,260
Add: contributions received	3,103,413	3,479,896
Less: amounts recognized as revenue or net assets	(2,941,909)	(3,427,097)
Deferred contributions, end of year	\$ 3,752,563	\$ 3,591,059

ALBERTA CONSERVATION ASSOCIATION
Notes to Financial Statements
Year Ended March 31, 2024

9. COMMITMENTS

(a) The Association is committed to various leases for its office premises. The total lease obligations as at year end are as follows:

2025	278,645
2026	280,730
2027	229,698
2028	213,898
2029	113,190

(b) The Association owns office space in Sherwood Park Alberta and is committed to paying annual fees in the amount of \$69,249 associated with this office. There is an expectation that similar annual fees will be paid as long as the office space is being utilized.

(c) The Association is committed to three leases for vehicles. The total future lease obligations are as follows:

2025	33,868
2026	23,695
2027	11,637

(d) The Association is committed to various leases for office equipment. The total lease obligations as at year end are as follows:

2025	13,610
2026	10,765
2027	8,490
2028	6,206
2029	1,791

10. INTERNALLY RESTRICTED FUNDS

	2024	2023
Habitat Securement Fund	\$ 364,187	\$ 596,792
CWD Vaccine Research Fund	300,000	390,000
	\$ 664,187	\$ 986,792

The Habitat Securement Fund is intended to provide a source of capital to further the Alberta Conservation Association's Land Management Program through habitat securement. On an annual basis, funds are approved through the Annual Operating Plan, funds not used from a prior year are not carried forward unless securement opportunities are identified prior to year-end for completion in the following fiscal year. Expenditures in the Fund for fiscal 2023-24 were \$532,605 (2023 - \$188,201). Contributions to the Fund for fiscal 2023-24 were \$300,000 (2023 - \$600,000).

The CWD Vaccine Research fund has been established to provide funding to the University of Saskatchewan to conduct research on the development of an oral vaccine for CWD. Expenditures in the Fund for fiscal 2023-24 were \$90,000 (2023 - \$110,000).

ALBERTA CONSERVATION ASSOCIATION

Notes to Financial Statements

Year Ended March 31, 2024

11. RELATED PARTY TRANSACTIONS

The following member organizations are entitled to appoint one representative to the Board of Directors of the Association:

Alberta Bowhunters Association
Alberta Fish and Game Association
Alberta Hunter Education Instructor's Association
Alberta Professional Outfitters Society
Alberta Trappers' Association
Backcountry Hunters and Anglers - AB Chapter
Nature Alberta
Pheasants Forever Alberta Council
Treaty 8 First Nations of Alberta
Trout Unlimited Canada
Wild Sheep Foundation, Alberta

In addition to the eleven member groups, the Minister of Environment and Protected Areas appoints a director to the Board, and these twelve directors elect eight public at large directors as well as the ACA/University of Alberta Chair in Fisheries and Wildlife. On a yearly basis the Association disburses funds to many of its member groups associated with the Directors for a wide range of conservation initiatives.

In addition to the eleven member groups Animal Damage Control, Ken Bailey Consulting Inc. and Strix Ecological Consulting are related through a common director.

The following is a summary of the disbursements made during the year by the Association to organizations which are related to board members to carry out projects approved by the Board of Directors:

	2024	2023
University of Alberta	\$ 290,322	\$ 265,092
Alberta Hunter Education Instructor's Association	217,579	272,801
Alberta Fish and Game Association	107,276	80,698
Trout Unlimited Canada	80,703	42,470
Alberta Trappers' Association	78,781	52,715
Pheasants Forever Alberta Council	23,962	12,100
Ken Bailey Consulting Inc.	23,714	-
Animal Damage Control	19,342	25,500
Strix Ecological Consulting	18,750	5,050
Nature Alberta	16,500	15,000
Alberta Bowhunters Association	500	-
Wild Sheep Foundation, Alberta	307	-
Alberta Professional Outfitters Society	-	150

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ALBERTA CONSERVATION ASSOCIATION

Notes to Financial Statements

Year Ended March 31, 2024

11. RELATED PARTY TRANSACTIONS *(continued)*

The following is a summary of the contributions received during the year by the Association from organizations which are related to board members to carry out projects approved by the Board of Directors:

	2024	2023
Alberta Fish and Game Association	\$ 184,166	\$ 161,571
Pheasants Forever Alberta Council	95,745	441,375
Alberta Professional Outfitters Society	41,931	3,000
Trout Unlimited Canada	5,000	-
University of Alberta	583	-
Wild Sheep Foundation, Alberta	-	8,000
Alberta Hunter Education Instructor's Association	-	3,500
Alberta Trappers' Association	-	2,350

During the year, contributions for land purchases received from Pheasants Forever in the amount of \$50,000 (2023 - \$150,000) are included on the above noted contribution amounts.

During the year, the Association received \$315,500 (2023 - \$nil) in land donations from Alberta Fish and Game Association.

Included in accounts payable and accrued liabilities at year-end are the following amounts payable to member organizations for projects approved by the Board of Directors:

	2024	2023
University of Alberta	\$ 73,850	\$ 72,092
Alberta Hunter Education Instructors' Association	45,956	17,423
Alberta Trappers' Association	25,700	7,088
Trout Unlimited Canada	20,222	4,666
Alberta Fish and Game Association	11,666	14,166
Strix Ecological Consulting	6,250	-
Nature Alberta	5,500	-
Ken Bailey Consulting Inc.	619	-
Wild Sheep Foundation, Alberta	307	-

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ALBERTA CONSERVATION ASSOCIATION
Notes to Financial Statements
Year Ended March 31, 2024

11. RELATED PARTY TRANSACTIONS *(continued)*

Included in accounts receivable at year-end are the following amounts receivable from member organizations:

	2024	2023
Alberta Fish and Game Association	\$ 1,100	\$ 8,000
Alberta Trappers' Association	-	2,350

The transactions with related parties are initially measured at cost, which is equal to the undiscounted cash flows received, or expected to be received, not including expected interest, less any previously recognized impairment losses.

12. REMUNERATION OF DIRECTORS

The following amounts were paid to directors during the year included in contracted services:

Ms. Sandra Mellon	\$ 2,720
Mr. Vince Aiello	2,460
Mr. Richard Blakeley	2,110
Mr. Robert Gruszecki	2,105
Mr. Richard Mellon	1,970
Mr. Randy Collins	1,945
Mr. Charles Priestley	1,925
Ms. Robin Barnes	1,880
Mr. Alfred Calverley	1,765
Mr. Ken Bailey	1,595
Dr. Mark Boyce	1,105
Mr. Gordon Burton	880
Mr. Brent Watson	870
Dr. Lu Carbyn	550
Mr. Gerald (Tony) Blake	435
Ms. Lisa Holdaway	420
	\$ 24,735

13. PRESIDENT AND CEO COMPENSATION

Total gross compensation for the President and CEO during fiscal 2024 was \$365,417 (2023 - \$347,691) which includes base salary, benefits and allowances.

ALBERTA CONSERVATION ASSOCIATION
Notes to Financial Statements
Year Ended March 31, 2024

14. FINANCIAL INSTRUMENTS

The Association is exposed to various risks through its financial instruments. The following analysis provides information about the Association's risk exposure and concentration as of March 31, 2024. Unless otherwise noted, the Association's risk exposure has not changed from the prior year.

Liquidity risk

Liquidity risk is the risk that the Association will encounter difficulty in meeting its financial obligations as they become due. Cash flow from operations provides a substantial portion of the Association's cash requirements, and additional requirements are met with the use of available credit facilities.

Currency risk

Currency risk is the risk to the company's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Association is exposed to foreign currency exchange risk on cash, accounts receivable, and accounts payable held in U.S. dollars. The company does not use derivative instruments to reduce its exposure to foreign currency risk.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Association manages exposure through its normal operating and financing activities. The Association is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities.