Mount Pleasant Group of Cemeteries

Consolidated financial statements

March 31, 2025

Shape the future
with confidence

Independent auditor's report

To the Members of
Mount Pleasant Group of Cemeteries

Report on the audit of the financial statements

Opinion

We have audited the consolidated financial statements of **Mount Pleasant Group of Cemeteries** and its subsidiary [collectively the "Organization" or the "Group"], which comprise the consolidated balance sheet as at March 31, 2025, 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, 2025, 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 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 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 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 appropriate audit evidence regarding the financial information of the entities or business activities within the Organization 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the work performed for the purposes 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 *Ontario Not-for-Profit Corporations Act*, 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.

Toronto, Canada
June 25, 2025

Chartered Professional Accountants
Licensed Public Accountants

Mount Pleasant Group of Cemeteries

Consolidated balance sheet

[in thousands of dollars]

As at March 31

	2025	2024
	$	$
Assets		
Current		
Cash and cash equivalents	**44,459**	24,021
Accounts receivable	**29,792**	33,884
Prepaid expenses and other *[note 17]*	**2,490**	2,489
Total current assets	**76,741**	60,394
Long-term accounts receivable	**66,535**	63,350
Investments *[note 3]*	**1,170,855**	1,081,124
Cemetery properties	**120,541**	121,582
Capital assets, net *[note 4]*	**71,844**	67,676
Other	**400**	400
	1,506,916	1,394,526
Liabilities and net assets		
Current		
Accounts payable and accrued liabilities *[notes 6 and 17]*	**18,053**	17,459
Deferred revenue	**1,460**	1,447
Total current liabilities	**19,513**	18,906
Deferred prepaid trust *[note 7]*	**301,039**	275,634
Other deferred revenue *[note 8]*	**19,649**	14,285
Accrued benefit liability *[note 14]*	**8,581**	8,275
Total liabilities	**348,782**	317,100
Commitments and contingencies *[notes 3, 5 and 12]*		
Net assets		
Externally restricted funds for care and maintenance *[note 9]*	**667,227**	627,989
Endowments	**5,029**	4,075
Internally restricted *[note 10]*	**41,242**	41,242
Unrestricted	**444,636**	404,120
Total net assets	**1,158,134**	1,077,426
	1,506,916	1,394,526

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

	2025	2024
	$	$
Revenue		
Sales *[note 7]*	**100,499**	103,921
Care and maintenance *[note 8]*	**19,859**	17,780
Other	**556**	110
	120,914	121,811
Expenses		
Direct *[note 15]*	**25,680**	26,399
General and administrative *[note 15]*	**54,221**	51,647
Care and maintenance *[notes 8 and 15]*	**19,859**	17,780
	99,760	95,826
Excess of revenue over expenses before the following	**21,154**	25,985
Investment income *[note 11]*	**19,447**	22,522
Excess of revenue over expenses for the year	**40,601**	48,507

See accompanying notes

Mount Pleasant Group of Cemeteries

Consolidated statement of changes in net assets

[in thousands of dollars]

Year ended March 31

	2025					2024
	Externally restricted funds for care and maintenance	**Endowments**	**Internally restricted**	**Unrestricted**	**Total**	**Total**
	$	$	$	$	$	$
Net assets, beginning of year	**627,989**	**4,075**	**41,242**	**404,120**	**1,077,426**	981,008
Excess of revenue over expenses for the year	**—**	**—**	**—**	**40,601**	**40,601**	48,507
Remeasurements related to employee defined benefit plan	**—**	**—**	**—**	**(85)**	**(85)**	871
Contributions *[note 9]*	**20,333**	**64**	**—**	**—**	**20,397**	22,243
Net gain on investments held for care and maintenance and endowments *[note 11]*	**18,905**	**890**	**—**	**—**	**19,795**	24,797
Net assets, end of year	**667,227**	**5,029**	**41,242**	**444,636**	**1,158,134**	1,077,426

See accompanying notes

Mount Pleasant Group of Cemeteries

Consolidated statement of cash flows

[in thousands of dollars]

Year ended March 31

	2025	2024
	$	$
Operating activities		
Excess of revenue over expenses for the year	**40,601**	48,507
Add (deduct) items not involving cash		
Amortization of capital assets	**7,110**	6,262
Net gain on investments	**(12,692)**	(15,969)
Employee benefits expense related to defined benefit plan	**509**	574
	35,528	39,374
Net change in non-cash balances related to operations *[note 13]*	**33,322**	(13,773)
Care and maintenance and endowment contributions	**20,397**	22,243
Net purchase of investments held for care and maintenance, endowments and prepaid trust funds, including unrealized investment gains of $20,883 [2024 – $2,791]	**(50,033)**	(46,559)
Employer contributions to defined benefit plan	**(285)**	(243)
Cash provided by operating activities	**38,929**	1,042
Investing activities		
Net purchase (withdrawal) of investments held for unrestricted and internally restricted funds	**(7,213)**	14,262
Purchase of capital assets	**(11,278)**	(5,962)
Cash provided by (used in) investing activities	**(18,491)**	8,300
Net increase in cash and cash equivalents during the year	**20,438**	9,342
Cash and cash equivalents, beginning of year	**24,021**	14,679
Cash and cash equivalents, end of year	**44,459**	24,021

See accompanying notes

Notes to consolidated financial statements

[in thousands of dollars]

March 31, 2025

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 serve the diverse clients and communities of yesterday, today and tomorrow with excellence and compassion to meet all their death care needs.

The Organization is a corporation without share capital that was formed by *Special Act* and is governed by the *Ontario Not-for-Profit Corporations Act*. It is a not-for-profit organization and is tax-exempt under the *Income Tax Act* (Canada). The Organization's wholly owned subsidiary, Canadian Memorial Services ["CMS"], operates three funeral homes and six funeral centres in the GTA. CMS is incorporated without share capital under the *Ontario Not-for-Profit Corporations Act* and is subject to income taxes 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*, "Accounting Standards for Not-for-Profit Organizations", 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 CMS, its controlled entity.

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 prepayment 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, 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 consolidated statement of revenue and expenses. An impairment loss is not reversed if the fair value of the related asset subsequently increases.

Defined contribution pension plan

Contributions to a defined contribution pension plan 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 prorated 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 accounting 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. Under this method, only current income tax assets and liabilities are recognized.

Notes to consolidated financial statements

[in thousands of dollars]

March 31, 2025

Adoption of Accounting Guideline AcG-20, *Customer's Accounting for Cloud Computing Arrangements* ["AcG-20"]

Effective April 1, 2024, the Organization adopted AcG-20. This new guideline provides guidance on both accounting for a customer's expenditures in a cloud computing arrangement and determining whether a software intangible asset exists in the arrangement.

Under AcG-20, entities are provided with an optional simplification approach to expense as incurred the expenditures related to the elements in a cloud computing arrangement. When an enterprise does not apply the simplification approach, AcG-20 provides factors to assist the enterprise in determining whether the arrangement includes a software intangible asset or is a software service. An accounting policy choice is available to either capitalize directly attributable expenditures on implementation activities when the arrangement is a software service or expense such expenditures as incurred.

The Organization adopted AcG-20 retrospectively, which had no impact on the consolidated financial statements.

3. Investments

Investments consist of the following:

	Carrying value	2025 $	2024 $
Canadian short-term investments	Amortized cost	**78,019**	67,997
Canadian equities	Fair value	**197,981**	179,717
Pooled funds			
Canadian bonds	Fair value	**309,520**	278,346
Global income	Fair value	**102,014**	93,248
Canadian mortgages	Fair value	**101,871**	91,694
Global equities	Fair value	**203,379**	201,422
Alternative funds			
Canadian real estate income	Fair value	**28,765**	30,772
Canadian real estate mortgages	Fair value	**23,500**	23,500
Canadian private debt	Fair value	**14,689**	15,560
Global real estate income	Fair value	**24,493**	24,332
Global infrastructure	Fair value	**64,261**	57,330
Global private equities	Fair value	**22,363**	17,206
		1,170,855	1,081,124

Notes to consolidated financial statements

[in thousands of dollars]

As at March 31, 2025, investments held for the following purposes are managed separately with different investment mixes based on the underlying purposes of the funds:

Purpose	Short-term investments	Canadian bonds and global income	Canadian mortgages	Canadian equities	Global equities	Alternative funds
	%	%	%	%	%	%
Externally restricted funds for care and maintenance	**3**	**42**	**—**	**19**	**21**	**15**
Endowments funds	**—**	**49**	**51**	**—**	**—**	**—**
Prepaid trust funds	**—**	**51**	**49**	**—**	**—**	**—**
Internally restricted funds	**10**	**9**	**—**	**26**	**24**	**31**

The Organization has committed to making total investments in global private equities of US$20,500, of which US$13,063 has been funded to date.

4. Capital assets

Capital assets consist of the following:

	2025		
	Cost	**Accumulated amortization**	**Net book value**
	$	$	$
Land	**3,014**	**—**	**3,014**
Buildings and crematoria	**117,895**	**62,592**	**55,303**
Furniture, fixtures and equipment	**40,311**	**26,784**	**13,527**
	161,220	**89,376**	**71,844**

	2024		
	Cost	**Accumulated amortization**	**Net book value**
	$	$	$
Land	3,014	—	3,014
Buildings and crematoria	113,659	58,282	55,377
Furniture, fixtures and equipment	34,034	24,749	9,285
	150,707	83,031	67,676

[in thousands of dollars]

Buildings include construction in progress of $1,962 [2024 – $6,377] that will not be amortized until placed in service. Fully amortized assets of $765 [2024 – $1,016] 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 $3,500 available with a Canadian chartered bank, bearing interest at the bank's prime rate of 4.95% [2024 – 7.20%] against which letters of credit totalling $1,384 [2024 – $1,970] 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 4.95% [2024 – 7.2%] that was not otherwise utilized as at March 31, 2025 and 2024. Annual fees at 0.75% [2024 – 0.75%] are charged on outstanding letters of credit. The bank facility is secured under a general security agreement.

6. Government remittances payable

As at March 31, 2025, accounts payable and accrued liabilities include government remittances payable of $2,277 [2024 – $3,684].

7. Deferred prepaid trust

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

	2025 $	**2024** $
Balance, beginning of year	**275,634**	256,708
Contributions during the year	**28,380**	28,747
Interest and dividend income earned during the year *[note 11]*	**9,678**	8,432
Realized and unrealized gain during the year *[note 11]*	**6,272**	330
Services performed during the year recognized as revenue	**(18,925)**	(18,583)
Balance, end of year	**301,039**	275,634

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:

	2025 $	**2024** $
Balance, beginning of year	**14,285**	7,848
Investment and dividend income *[note 11]*	**25,223**	24,217
Revenue recognized related to care and maintenance expenses	**(19,859)**	(17,780)
Balance, end of year	**19,649**	14,285

Notes to consolidated financial statements

[in thousands of dollars]

March 31, 2025

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.

11. Investment income

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

	2025	**2024**
	$	$
Total investment income	**80,415**	80,298
Add (deduct)		
Net realized and unrealized gain on investments held for externally restricted funds for care and maintenance recognized in the consolidated statement of changes in net assets	**(18,905)**	(24,844)
Net realized and unrealized loss (gain) on investments held for endowments recognized in the consolidated statement of changes in net assets	**(890)**	47
Interest and dividend income on prepaid trust funds *[note 7]*	**(9,678)**	(8,432)
Net realized and unrealized gains on prepaid trust funds *[note 7]*	**(6,272)**	(330)
Interest and dividend income on externally restricted funds for care and maintenance and endowments recorded as other deferred revenue *[note 8]*	**(25,223)**	(24,217)
Investment income recognized in the consolidated statement of revenue and expenses	**19,447**	22,522

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.

[in thousands of dollars]

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

	$
2026	685
2027	662
2028	601
2029	462
2030	404
Thereafter	4,506

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 $19,990 related to its cemetery properties, of which $15,540 of costs have been incurred to date.

13. Consolidated statement of cash flows

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

	2025 $	**2024** $
Accounts receivable	**4,092**	3,234
Prepaid expenses and other	**(1)**	(353)
Long-term accounts receivable	**(3,185)**	(4,533)
Cemetery properties	**1,041**	(34,282)
Accounts payable and accrued liabilities	**593**	(2,727)
Deferred revenue	**13**	(475)
Deferred prepaid trust	**25,405**	18,926
Other deferred revenue	**5,364**	6,437
	33,322	(13,773)

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 January 1, 2024, and extrapolated to March 31, 2025.

Notes to consolidated financial statements

[in thousands of dollars]

March 31, 2025

15. Allocation of expenses

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

	2025	2024
	$	$
Direct	**202**	140
Care and maintenance	**1,176**	1,016
	1,378	1,156

16. Financial instruments and risk management

The Organization is exposed to various financial risks through transactions in financial instruments. The Organization's Statements of Investment Policies and Procedures ["SIPP"] provide that the General Fund and Trust Funds be structured and managed to achieve their purpose and provide for the generation of its targeted rate of investment return while assuming the lowest possible risk. The objective of the General Fund is to provide for the ongoing management of the operation, future capital and operating needs and, where required, to cover cemetery maintenance costs that exceed income generated from the Care and Maintenance Fund. The objective of the Care and Maintenance Fund is to provide sufficient income to meet the costs of maintaining the cemetery properties on an ongoing basis. The Prepaid Trust Fund has the objective of providing sufficient returns to grow the prepaid deposits to meet future obligations of the Organization's products and services.

A Trustee approves the SIPP for the Trust Funds to ensure continued prudent and effective management of these portfolios.

The Organization engages an outsourced Investment Consultant responsible for monitoring the portfolios in accordance with the SIPP, including measuring the portfolio's exposure to risk and structuring the portfolio with the SIPP's maximum risk exposure limit. The Finance and Investment Committee of the Organization's Board and management monitor the Investment Consultant's performance and the portfolio's financial risk.

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. The objective of the Organization's investment policy is to control currency risk by maintaining a geographically diversified portfolio. The Investment Consultant is responsible for monitoring the conditions in the overall foreign exchange market and portfolio exposures and recommending risk mitigation strategies as appropriate.

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. To manage this credit risk exposure, the Organization only invests in high-quality securities.

Interest rate risk

The Organization is exposed to interest rate risk with respect to its investments in short-term investments and 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 facility because the interest rate is linked to the bank's prime rate, which changes from time to time, causing cash flows to fluctuate. The Organization is invested in a number of fixed income instruments, pooled bond funds, as well as pooled mortgage funds. Duration is the most common measure of the sensitivity of the price of a fixed income instrument to a change in interest rates. The Organization's Investment Consultant monitors the duration of the fixed income holdings in order to mitigate the impact of possible changes in interest rates.

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 risk] in connection with its investments in equity securities and pooled funds. The objective of the Organization's SIPP is to manage equity price risk by monitoring against its benchmark asset mix and maintaining a portfolio that is diversified across geographic sectors.

17. Income taxes

In 2025, the Organization had income tax expenses of $30 [2024 – $887]. Instalments have been made during the year, which are $32 in excess of the taxes payable for the year [2024 – $62]. The excess amount is recorded in prepaid expenses. There is $8,007 [2024 – $6,425] of undepreciated capital cost available to be claimed in future years.