

ALBERTA CONSERVATION ASSOCIATION
Financial Statements
Year Ended March 31, 2022

ALBERTA CONSERVATION ASSOCIATION
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Year Ended March 31, 2022

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June 11, 2022
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, 2022, 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, 2022, 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, 2022, current assets and net assets as at March 31, 2022. Our audit opinion on the financial statements for the year ended March 31, 2021 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.

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Independent Auditor's Report to the Members of Alberta Conservation Association
(continued)

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

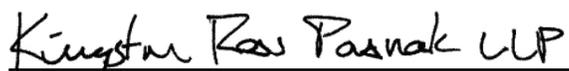
Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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, 2022

	2022	2021
REVENUE		
Levy, fees and assessments	\$ 14,440,401	\$ 15,025,013
Partner contributions	2,557,709	1,588,976
Miscellaneous (Note 3)	398,683	323,632
Donations	37,264	15,484
Investment income	-	572
	17,434,057	16,953,677
EXPENDITURES		
Salaries and benefits	7,720,635	6,993,200
Materials and supplies	1,904,085	2,029,984
Contracted services	1,696,039	1,257,399
Grants (Note 11)	1,635,018	1,547,053
Rentals	554,087	439,413
Landowner agreements	389,240	319,097
Repairs and maintenance	350,967	288,433
Amortization (Note 5)	292,115	245,294
Office	251,397	318,941
Insurance	227,432	184,880
Fuel and lubricants	212,412	142,959
Advertising	202,607	257,582
Telephone and communications	160,784	153,749
Travel	129,932	40,295
Utilities	110,247	93,168
Freight and postage	76,604	65,983
Fees, licenses and permits	76,087	26,175
Bank charges and interest	53,411	41,893
Training and membership	39,496	24,808
Hosting and conferences	7,973	5,092
Interest on loans	-	520
Bad debts	-	21,633
	16,090,568	14,497,551
EXCESS OF REVENUE OVER EXPENDITURES FROM OPERATIONS	1,343,489	2,456,126
OTHER REVENUE (EXPENDITURES)		
Investment income	415,083	300,007
Gain on sale of investments	107,038	16,914
Unrealized (loss) gain on marketable securities	(21,296)	912,391
(Loss) gain on disposal of property and equipment	(69,417)	33,358
Land grant expense (Note 11)	(551,237)	(279,000)
	(119,829)	983,670
EXCESS OF REVENUE OVER EXPENDITURES	\$ 1,223,660	\$ 3,439,796

ALBERTA CONSERVATION ASSOCIATION
Statement of Changes in Net Assets
Year Ended March 31, 2022

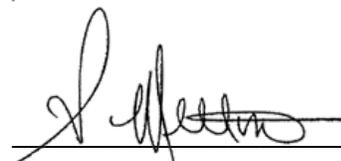
	Invested in Property and Equipment	Internally Restricted	Unrestricted	2022	2021
NET ASSETS - BEGINNING OF YEAR	\$ 36,481,049	\$ 582,675	\$ 4,371,272	\$ 41,434,996	\$ 36,051,075
Excess (deficiency) of revenue over expenditures	(912,816)	-	2,136,476	1,223,660	3,439,796
Transfers (<i>Note 10</i>)	-	850,000	(850,000)	-	-
Fund expenditures	828,682	(828,682)	-	-	-
Proceeds on disposal of property and equipment	(31,388)	-	31,388	-	-
Purchase of property and equipment	563,339	-	(563,339)	-	-
Donations and grants restricted for land purchases	6,042,676	-	-	6,042,676	1,944,125
NET ASSETS - END OF YEAR	\$ 42,971,542	\$ 603,993	\$ 5,125,797	\$ 48,701,332	\$ 41,434,996

ALBERTA CONSERVATION ASSOCIATION
Statement of Financial Position
March 31, 2022

	2022	2021
ASSETS		
CURRENT		
Cash	\$ 3,604,137	\$ 3,348,313
Short term investments (Note 4)	8,314	8,821
Accounts receivable (Note 11)	309,543	474,353
Inventory	-	632
Goods and Services Tax recoverable	73,878	55,413
Prepaid expenses	89,604	116,508
	4,085,476	4,004,040
LONG TERM INVESTMENTS (Note 4)	7,115,204	6,601,268
PROPERTY AND EQUIPMENT (Note 5)	41,421,965	34,931,472
FILM COLLECTION (Note 6)	1,549,577	1,549,577
	\$ 54,172,222	\$ 47,086,357
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities (Note 11)	\$ 1,892,009	\$ 1,893,133
Source deductions payable	33,962	85,310
Deferred contributions (Note 8)	3,538,260	3,635,030
Deposits	6,659	37,888
	5,470,890	5,651,361
COMMITMENTS (Note 9)		
NET ASSETS		
Invested in property and equipment	42,971,542	36,481,049
Internally restricted (Note 10)	603,993	582,675
Unrestricted	5,125,797	4,371,272
	48,701,332	41,434,996
	\$ 54,172,222	\$ 47,086,357

ON BEHALF OF THE BOARD


 _____ Director


 _____ Director

ALBERTA CONSERVATION ASSOCIATION
Statement of Cash Flow
Year Ended March 31, 2022

	2022	2021
OPERATING ACTIVITIES		
Cash receipts	\$ 17,483,633	\$ 16,365,988
Cash paid to suppliers	(7,958,331)	(6,581,925)
Cash paid to employees	(7,837,750)	(6,888,739)
Interest income received	-	572
Interest paid	(53,412)	(42,414)
Cash flow from operating activities	1,634,140	2,853,482
INVESTING ACTIVITIES		
Purchase of land	(828,682)	(17,325)
Purchase of property and equipment	(563,339)	(169,855)
Proceeds on disposal of property and equipment	31,388	43,390
Net (decrease) increase in long-term investments	(433,273)	(340,378)
Investment income received	415,083	300,007
Cash flow used by investing activities	(1,378,823)	(184,161)
FINANCING ACTIVITY		
Repayment of credit line financing	-	(20,000)
INCREASE IN CASH	255,317	2,649,321
CASH - BEGINNING OF YEAR	3,357,134	707,813
CASH - END OF YEAR	\$ 3,612,451	\$ 3,357,134
CASH CONSISTS OF:		
Cash	\$ 3,604,137	\$ 3,348,313
Short term investments	8,314	8,821
	\$ 3,612,451	\$ 3,357,134

ALBERTA CONSERVATION ASSOCIATION

Notes to Financial Statements

Year Ended March 31, 2022

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 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, less cheques issued and outstanding.

Inventory

Inventory is measured at the lower of cost or net realizable value with the cost being determined on a first-in, first-out basis. The amount of inventory expensed during the year was \$632 (2021 - \$439).

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ALBERTA CONSERVATION ASSOCIATION

Notes to Financial Statements

Year Ended March 31, 2022

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

Property and equipment

Property and equipment is stated at cost or deemed cost less accumulated amortization. Property and equipment 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
Computer software	two years	straight-line method
Boats	20%	diminishing balance method
Communication equipment	33%	diminishing balance method
Office equipment	20%	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 acquisition 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, 2022

3. MISCELLANEOUS

Miscellaneous revenue includes advertising revenue, event ticket and raffle sales, hay and surface lease revenue, leased premise income, accounting services to member groups as well as administration fees for predator compensation program.

4. INVESTMENTS

	2022	2021
Short Term Investments		
Cash held in investment account	\$ 8,314	\$ 8,821
Long Term Investments		
Mutual funds	\$ 185,590	\$ 75,161
Canadian equities	4,573,707	4,109,739
Canadian Fixed Income (Bissett Bond Fund)	1,169,282	1,097,618
International equities	495,692	592,425
US equities	690,933	726,325
	\$ 7,115,204	\$ 6,601,268

Included in the investment balance is \$3,251,801 (2021 - \$3,037,535) in funds set aside to manage Association properties.

5. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Land	\$ 39,505,074	\$ -	\$ 39,505,074	\$ 33,279,999
Building	1,679,350	755,974	923,376	961,850
Automotive	1,674,397	1,307,949	366,448	238,506
Computer hardware	615,742	447,277	168,465	90,356
Other equipment	752,509	626,204	126,305	157,882
Trailers	522,693	401,690	121,003	151,567
Computer software	714,480	593,888	120,592	-
Boats	169,539	111,246	58,293	10,511
Communication equipment	174,241	157,007	17,234	21,832
Office equipment	216,701	201,526	15,175	18,969
Leasehold improvements	784,821	784,821	-	-
	\$ 46,809,547	\$ 5,387,582	\$ 41,421,965	\$ 34,931,472

ALBERTA CONSERVATION ASSOCIATION

Notes to Financial Statements

Year Ended March 31, 2022

6. FILM COLLECTION

Included in the film collection as at March 31, 2021 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 addition, the Association has digitized the collection resulting in additional costs incurred in the 2013 fiscal year of \$48,921.

7. BANK INDEBTEDNESS

At March 31, 2022 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 (2.70%). 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 (2021 - \$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.

	2022	2021
Deferred contributions, beginning of year	\$ 3,635,030	\$ 4,139,733
Add: contributions received	716,432	724,187
Less: amounts recognized as revenue or net assets	(813,202)	(1,228,890)
Deferred contributions, end of year	\$ 3,538,260	\$ 3,635,030

ALBERTA CONSERVATION ASSOCIATION
Notes to Financial Statements
Year Ended March 31, 2022

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:

2023	205,223
2024	132,052
2025	68,578
2026	69,576
2027	17,456

(b) The Association owns office space in Sherwood Park Alberta and is committed to paying annual fees in the amount of \$64,566 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 five leases for vehicles. The total future lease obligations are as follows:

2023	34,545
2024	19,893
2025	10,174

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

2023	27,874
2024	17,922
2025	5,680
2026	1,812
2027	423

10. INTERNALLY RESTRICTED FUNDS

	2022	2021
Habitat Securement Fund	\$ 103,993	\$ 582,675
CWD Vaccine Research Fund	500,000	-
	\$ 603,993	\$ 582,675

The Habitat Securement Fund is intended to provide a source of capital to further the Alberta Conservation Association's ability to purchase land as conservation sites to preserve and enhance habitat. On a yearly basis the Board of Directors approve an annual budget for the Habitat Securement Fund (identified in the Annual Operating Plan (AOP)). The approved budgeted funds are transferred in this fund from operation revenue. Expenditures in the Fund for fiscal 2020-21 were \$828,682 (2021 - \$17,325).

The CWD Vaccine Research fund has been established to provide funding funding over 5 years to the University of Saskatchewan, in collaboration with the University of Calgary, University of British Columbia and the University of Alberta to conduct research on the development of an oral vaccine for CWD.

ALBERTA CONSERVATION ASSOCIATION

Notes to Financial Statements

Year Ended March 31, 2022

11. RELATED PARTY TRANSACTIONS

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

Alberta Fish and Game Association
Alberta Hunter Education Instructor's Association
Alberta Professional Outfitters Society
Alberta Bowhunters Association
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 Alberta Environment and Parks appoints a director to the Board, and these eleven 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.

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:

	2022	2021
University of Alberta	\$ 300,139	\$ 81,176
Alberta Hunter Education Instructor's Association	248,376	158,298
Alberta Fish and Game Association	80,160	361,127
Trout Unlimited Canada	46,625	59,640
Pheasants Forever Alberta Council	28,450	8,406
Alberta Trappers' Association	19,619	63,113
Nature Alberta	12,000	2,500
Animal Damage Control	11,969	9,500
Wild Sheep Foundation, Alberta	6,666	10,000
Stamp Seeds	1,016	1,708
Alberta Professional Outfitters Society	80	-

During the year land was donated to Alberta Fish and Game Association in the amount of \$551,237.

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ALBERTA CONSERVATION ASSOCIATION

Notes to Financial Statements

Year Ended March 31, 2022

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:

	2022		2021
Alberta Fish and Game Association	\$ 221,044	\$	123,360
Pheasants Forever Alberta Council	11,000		50,000
Alberta Professional Outfitters Society	4,000		13,500
Alberta Hunter Education Instructor's Association	3,500		3,500

Throughout the year, the Association was contracted to provide accounting support services to Alberta Fish and Game Association. The fees for these services and included on the above noted contribution amounts.

During the year, contributions for land purchases received from Alberta Fish and Game Association in the amount of \$75,000 are included on the above noted contribution amounts. Of this amount \$25,000 (2021 - \$Nil) is recorded in deferred contributions.

During the year, the Association received \$5,710,320 (2021 - \$1,944,125) 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:

	2022		2021
Alberta Hunter Education Instructors' Association	\$ 64,699	\$	33,758
University of Alberta	61,054		65,527
Trout Unlimited Canada	20,421		19,760
Alberta Trappers' Association	18,609		25,357
Alberta Fish and Game Association	13,966		10,799
Wild Sheep Foundation, Alberta	6,666		6,666
Pheasants Forever Alberta Council	3,333		3,465
Stamp Seeds	-		495

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ALBERTA CONSERVATION ASSOCIATION

Notes to Financial Statements

Year Ended March 31, 2022

11. RELATED PARTY TRANSACTIONS *(continued)*

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

	2022	2021
Alberta Fish and Game Association	\$ 10,216	\$ 32,105
Pheasants Forever Alberta Council	-	51,080
Alberta Professional Outfitters Society	-	5,500

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:

Mr. Randy Collins	\$ 2,080
Mr. Robert Gruszecki	2,045
Ms. Sandra Mellon	2,020
Mr. Greg Shyba	1,755
Mr. Alfred Calverley	1,460
Mr. Charles Priestley	1,440
Dr. Brian Joubert	1,240
Mr. Perry McCormick	1,000
Mr. Brent Watson	940
Dr. Mark Boyce	940
Mr. Richard Mellon	740
Mr. Richard Stamp	680
Mr. Vince Aiello	320
Mr. Ken Ambrock	320
Mr. Neil Keown	260
Mr. Matthew Mellon	160
	<hr/>
	\$ 17,400

13. PRESIDENT AND CEO COMPENSATION

Total gross compensation for the President and CEO during fiscal 2022 was \$353,569 (2021 - \$304,590) which includes base salary, benefits and allowances.

ALBERTA CONSERVATION ASSOCIATION
Notes to Financial Statements
Year Ended March 31, 2022

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, 2022. 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.