.

Financial Statements

Canadian Mental Health Association - Alberta Division and Centre for Suicide Prevention

March 31, 2025

Contents

Doane Grant Thornton

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Independent Auditor's Report

To the Members of

The Canadian Mental Health Association – Alberta Division and Centre for Suicide Prevention

Qualified Opinion

We have audited the financial statements of The Canadian Mental Health Association – Alberta Division and Centre for Suicide Prevention ("the Association"), which comprise the statement of financial position as at March 31, 2025, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the 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, 2025, and the results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Association derives revenue from fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was 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 public support revenue, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2025, and March 31, 2024, current assets as at March 31, 2025 and March 31, 2024, and net assets as at April 1, 2024 and March 31, 2025; and April 1, 2023 and March 31, 2024. Our audit opinion on the financial statements for the year ended March 31, 2024 was modified accordingly because of the possible effects of this limitation in 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 the 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 opinion.

Emphasis of matter – Comparative information

We draw your attention to Note 2 to the financial statements, which describes the Association has entered into a combination effective September 1, 2024. The combination was applied retrospectively by management to the comparative information these financial statements, including the Statement of Financial Position as at March 31, 2024 and the Statement of Operations, changes in net assets and cash flows for the year ended March 31, 2024, and related disclosures. Our opinion is not modified in respect of this matter. We were not engaged to report on the comparative information and as such, it is unaudited.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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.

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.

Doane Grant Thornton LLP

Edmonton, Canada
June 25, 2025

Chartered Professional Accountants

Canadian Mental Health Association - Alberta Division and Centre for Suicide Prevention
Statement of Financial Position
March 31

		2025		2024 (Combined – Note 2)
Assets				
Current				
Cash (Note 4)	**$**	**5,500,749**	$	5,971,400
Accounts receivable		**347,163**		402,826
Inventory		**10,914**		6,503
Prepaids and deposits		**67,521**		71,603
		5,926,347		6,452,332
Deposit		**11,651**		11,651
Tangible capital assets (Note 5)		**19,472**		19,447
	$	**5,957,470**	$	6,483,430
Liabilities				
Current				
Accounts payable and accruals	**$**	**434,375**	$	447,607
Deferred revenue (Note 6)		**4,205,937**		4,827,845
Current portion of capital lease (Note 13)		**2,817**		2,942
		4,643,129		5,278,394
Capital lease (Note 13)		**-**		2,817
	$	**4,643,129**	$	5,284,211
Net assets				
Unrestricted		**997,697**		888,531
Invested in tangible capital assets (Note 12)		**16,644**		13,688
Internally restricted (Note 7)		**300,000**		300,000
		1,314,341		1,202,219
	$	**5,957,470**	$	6,486,430

Commitments (Note 9)

On behalf of the Board

Director

Director

See accompanying notes to the financial statements.

Canadian Mental Health Association -
Alberta Division and Centre for Suicide Prevention
Statement of Changes in Net Assets
Year Ended March 31

	Unrestricted	Invested in tangible capital assets (Note 12)	Internally Restricted (Note 6)	**2025 Total**	2024 Total (Combined - Note 2)
Balance, beginning of year (Combined- Note 2)	$ 888,531	13,688	300,000	**$ 1,202,219**	$ 1,426,786
Excess (deficiency) of revenues over expenditures	118,935	(6,813)	-	**112,122**	(224,567)
Purchase of capital assets	(6,838)	6,838	-	**-**	-
Repayment of capital lease obligation	(2,942)	2,942	-	**-**	-
Balance, end of year	$ 997,686	$ 16,655	$ 300,000	**$ 1,314,341**	$ 1,202,219

See accompanying notes to the financial statements.

The Canadian Mental Health Association - Alberta Division and Centre for Suicide Prevention
Statement of Operations
Year Ended March 31

		2025		2024 (Combined – Note 2)
Revenues				
Government grants and contracts	$	**5,374,867**	$	4,861,328
Earned revenues (Note 8)		**2,199,084**		1,918,830
Public support		**931,395**		873,953
		8,505,346		7,654,111
Expenditures				
Staffing costs		**3,281,439**		3,669,137
Program and project costs		**2,731,875**		2,034,115
Finance, consulting and legal		**704,258**		623,019
Training and workshops		**591,023**		556,955
Office costs		**298,874**		316,835
Conferences		**248,048**		79,581
Facility costs		**240,272**		247,601
Travel, conference and meetings		**123,958**		127,914
Publicity and promotion		**70,212**		35,673
Board and volunteer costs		**35,826**		20,822
Affiliation costs		**33,522**		29,910
Fundraising costs		**27,104**		36,713
Amortization		**6,813**		100,403
Total expenses		**8,393,224**		7,878,678
Excess (deficiency) of revenues over expenditures	$	**112,122**	$	(224,567)

See accompanying notes to the financial statements.

The Canadian Mental Health Association - Alberta Division and Centre for Suicide Prevention
Statement of Cash Flows
Year Ended March 31

	2025	2024 (Combined – Note 2)
(Decrease) increase in cash		
Operating activities		
Excess (deficiency) of revenues over expenditures	**$ 112,122**	$ (224,567)
Items not affecting cash:		
Amortization	**6,813**	100,403
Debt forgiveness	**-**	(10,000)
	118,935	(134,164)
Change in non-cash operating working capital:		
Accounts receivable	**55,663**	(195,062)
Prepaids and deposits	**4,082**	(49,404)
Inventory	**(4,411)**	(250)
Accounts payable and accruals	**(13,232)**	(157,658)
Deferred revenue	**(621,908)**	2,723,504
Security deposit	**-**	(11,651)
	(460,871)	2,175,315
Financing activities		
Repayment of obligation under capital lease	**(2,942)**	(6,629)
Repayment of CEBA loan	**-**	(30,000)
	(2,942)	(36,629)
Investing activities		
Purchase of tangible capital assets	**(6,838)**	-
(Decrease) increase in cash during the year	**(470,651)**	2,138,686
Cash		
Beginning of year	**5,971,400**	3,832,714
End of year	**$ 5,500,749**	$ 5,971,400

Supplemental information:

Tangible capital assets acquired through capital lease	**$ -**	$ 5,998

See accompanying notes to the financial statements.

1. Purpose and operations of the Association

Canadian Mental Health Association - Alberta Division and Centre for Suicide Prevention (the "Association") is a provincial voluntary association that exists to drive intentional design and a systems approach to community mental health care and suicide prevention.

Effective September 1, 2024, Canadian Mental Health Association – Alberta Division and Centre for Suicide Prevention, 2005 entered into an amalgamation agreement, and continued operations as The Canadian Mental Health Association – Alberta Division and Centre for Suicide Prevention (Note 2).

The Association is a registered charity for purposes of the Income Tax Act (Canada) and is exempt from income taxes.

These financial statements do not include or account for assets, liabilities or operations of the Canadian Mental Health Association's regional offices in Alberta, as they are all separately incorporated.

2. Combination

Effective September 1, 2024, Canadian Mental Health Association – Alberta Division ("CMHA") and Centre for Suicide Prevention, 2005 ("CSP") amalgamated the operations of the two entities and continue to operate under the new name of The Canadian Mental Health Association - Alberta Division and Centre for Suicide Prevention (the "Combined Organization").

Centre for Suicide Prevention, 2005 was a not-for-profit organization whose primary purpose is to raise funds in support of providing publications and training curriculum in suicide prevention and to offer training and workshops in suicide prevention. Centre for Suicide Prevention, 2005's services are used by the public at large and particularly by social workers, educators, foster parents, and frontline care givers who work with populations most at risk of suicide.

The amalgamation has been accounted for as a merger in accordance with Section 4449, Combinations by Not for Profit Organizations of Canadian Accounting Standards for Not for Profit Organizations.

Combining the organizations will leverage both CMHA and CSP's large partner networks, amplify relationships with the CMHA Regions and Government of Alberta, raise the profile of suicide prevention, and reduce operational duplication.

The results of operations for the year ended March 31, 2025 are the aggregated results for the period from April 1, 2024 to August 31, 2024 of the two entities when they were operating independently and the results of the Combined Organization for the period from September 1, 2024 to March 31, 2025. The prior year comparative figures show the aggregated results including adjustments made to the comparative balances of both organizations to eliminate inter-entity transactions. There were no adjustments required to align the prior year accounting policies between the entities.

2. Combination (continued)

The principal components of the combined Statement of Operations for the year ended March 31, 2025 are as follows:

	Period from September 1, 2024 to March 31, 2025 Combined	Period from April 1, 2024 to August 31, 2024 CMHA	Period from April 1, 2024 to August 31, 2024 CSP	Total
Revenue				
Government grants and contracts	$ 2,985,950	$ 2,033,054	$ 355,863	$ 5,374,867
Earned revenue	1,389,194	191,602	618,288	2,199,084
Public support	594,376	105,769	231,250	931,395
	4,969,520	2,330,425	1,205,401	8,505,346
Expenses				
Staffing costs	$ 1,991,333	$ 674,434	$ 615,672	$ 3,281,439
Program and project costs	1,497,670	1,185,245	48,960	2,731,875
Finance, consulting and legal	353,983	282,509	67,766	704,258
Training and workshops	337,519	37,930	215,574	591,023
Office costs	167,683	35,394	95,797	298,874
Conferences	216,371	31,677	-	248,048
Facility costs	143,049	34,155	63,068	240,272
Travel, conference and meetings	66,592	45,136	12,230	123,958
Publicity and promotion	57,718	12,494	-	70,212
Board and volunteer costs	25,959	9,867	-	35,826
Affiliation costs	22,191	11,331	-	33,522
Fundraising costs	9,670	4,497	12,937	27,104
Amortization	4,020	-	2,793	6,813
	4,893,758	2,364,669	1,134,797	8,393,224
Excess (deficiency) of revenues over expenses	$ 75,762	$ (34,244)	$ 70,604	$ 112,122

2. Combination (continued)

A summary of the principal components of the combined Statement of Financial Position and Statement of Operations as at March 31, 2024, including the combined carrying amount of the net assets of each party prior to the amalgamation as at that date, are as follows:

Statement of Financial Position	CMHA	CSP	Elimination	Combined
Assets				
Cash and cash equivalents	$ 2,715,480	$ 3,255,920	$ -	$ 5,971,400
Accounts receivable	172,710	251,521	(21,405)	402,826
Prepaids and deposits	42,232	29,371	-	71,603
Inventory	-	6,503	-	6,503
Deposit	11,651	-	-	11,651
Tangible capital assets	-	19,447	-	19,447
	$ 2,942,073	$ 3,562,762	$ (21,405)	$ 6,483,430
Liabilities				
Accounts payable and accruals	$ 243,198	$ 225,814	$ (21,405)	$ 447,607
Deferred revenue and contributions	1,695,699	3,132,146	-	4,827,845
Capital lease obligation	-	5,759	-	5,759
	$ 1,938,897	$ 3,363,719	$ (21,405)	$ 5,281,211
Net Assets				
Invested in capital assets	$ -	$ 13,688	$ -	$ 13,688
Unrestricted	703,176	185,355	-	888,531
Internally restricted	300,000	-	-	300,000
	$ 1,003,176	$ 199,043	$ -	$ 1,202,219
Statement of Operations				
Revenue				
Government grants and contracts	$ 3,919,575	$ 941,753	$ -	$ 4,861,328
Earned revenue	529,074	1,400,844	(11,088)	1,918,830
Public support	278,524	595,429	-	873,953
	4,727,173	2,938,026	(11,088)	7,654,111
Expenses				
Staffing costs	$ 2,142,602	$ 1,526,535	$ -	$ 3,669,137
Programming and projects	1,899,177	134,938	-	2,034,115
Finance, consulting and legal	408,876	214,143	-	623,019
Training/workshops	12,975	543,980	-	556,955
Office costs	138,508	178,327	-	316,835
Facility costs	83,245	164,356	-	247,601
Travel, conference and meetings	99,547	28,367	-	127,914
Amortization	-	100,403		100,403
Conferences	79,581	-	-	79,581
Fundraising costs	12,041	24,672	-	36,713
Publicity and promotion	35,673	-	-	35,673
Affiliation costs	30,706	10,292	(11,088)	29,910
Board and volunteer costs	20,822	-	-	20,822
	4,963,753	2,926,013	(11,088)	7,878,678
(Deficiency) excess of revenues over expenses	$ (236,580)	$ 12,013	$ -	$ (224,567)

3. Summary of significant accounting policies

These financial statements have been prepared by management in accordance with Canadian Accounting Standards for Not-for-profit Organizations ("ASNPO") and include the following significant accounting policies:

Use of estimates and measurement uncertainty

The preparation of financial statements in conformity with ASNPO 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 reported amounts of revenues and expenses during the period. Management reviews the carrying amounts of items in the financial statements at each balance sheet date to assess the need for revision or any possibility of impairment. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action. Actual results could differ from those estimates.

Revenue recognition

The Association follows the deferral method of accounting for contributions. Externally restricted contributions are recognized as revenue in the year 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.

Training and conferences revenue is recognized as revenue when received or receivable if the amount can be estimated and collection is reasonably assured. Revenue received in advance is deferred and recognized when the related services are provided.

Interest income is recognized as it is earned.

Contributed materials and services

The Association records contributed materials and services when a fair value can be reasonably estimated and when the materials are used in the normal course of operations and would otherwise have been purchased.

3. Summary of significant accounting policies (continued)

Financial instruments

A financial asset or liability is recognized when the Association becomes a party to contractual provisions of the instrument.

Initial measurement:

The Association's financial instruments are measured at fair value when issued or acquired except for certain non-arm's length transactions, if any, which are measured at the cost or fair value, depending on the nature of the transaction. The Association has no non-arm's length transactions recorded at fair value. For financial instruments subsequently measured at cost or amortized cost, fair value is adjusted by the amount of the related financing fees and transaction costs. Transaction costs and financing fees relating to financial instruments that are measured subsequently at fair value are recognized in operations in the year in which they are incurred.

Subsequent measurement:

The Association subsequently measures its financial assets and liabilities obtained in arm's length transactions at cost or amortized cost (less impairment in the case of financial assets). The Association uses the effective interest method to amortize any premiums, discounts, transaction fees and financing fees to the statement of revenues and expenditures. The financial instruments measured at amortized cost are cash, accounts receivable, investment, and accounts payables and accruals. The carrying value of financial instruments approximates their fair value due to the short-term nature, unless otherwise noted.

For financial assets measured at cost or amortized cost, the Association regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and the Association determines that there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss in the statement of revenues and expenditures. Any reversals of previously recognized impairment losses are recognized in operations in the year the reversal occurs.

<u>Financial instruments in related party transactions</u>

Financial assets and financial liabilities in related party transactions are initially measured at cost, with the exception of certain instruments which are initially measured at fair value. The Association does not have any financial assets or financial liabilities in related party transactions which are initially measured at fair value.

Gains or losses arising on initial measurement differences are generally recognized in excess (deficiency) of revenue over expenditures when the transaction is in the normal course of operations, and in net assets when the transaction is not in the normal course of operations, subject to certain exceptions.

Financial assets and financial liabilities recognized in related party transactions are subsequently measured based on how the Association initially measured the instrument. Financial instruments initially measured at cost are subsequently measured at cost, less any impairment for financial assets. Financial instruments initially measured at fair value are subsequently measured at amortized cost or fair value based on certain conditions.

3. Summary of significant accounting policies (continued)

Tangible capital assets

Tangible capital assets are recorded at cost. The Association provides for amortization using the straight-line method at rates designed to amortize the cost of the capital assets over their estimated useful lives. The annual amortization rates are as follows:

Asset	Rate
Office equipment	5 years
Computer equipment	5 years
Office equipment under capital lease	2-5 years

The Association capitalizes implementation costs related to modifications and customizations to cloud-based software when costs are incurred and amortizes the costs over the period of initial access.

Impairment

When a capital asset no longer has any long-term service potential to the Association, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, bank balances, term deposits and investments with initial maturities of three months or less.

Inventory

Inventory is measured at the lower of cost and net realizable value. Cost is determined on an average cost basis. Cost includes all costs of books that are used in workshops and training programs. During the year, $132,071 (2024 - $78,965) of inventory was expensed to training and workshops in the Statement of Operations. In establishing the appropriate inventory obsolescence allowance, management estimates the likelihood that inventory carrying costs will be affected by changes in market demand which would make the inventory on hand obsolete.

Leases

Leases are classified as either capital or operating leases. Leases that transfer substantially all of the benefits and inherent risks of ownership of property to the Centre are accounted for as capital leases. At the time a capital lease is entered into, an asset is recorded together with its related long-term obligation to reflect the acquisition and financing. Equipment recorded under capital leases is amortized on the same basis as described above. Payments under operating leases are expensed as incurred.

4. Cash

Cash includes the following:

	Unrestricted	Externally Restricted	**2025**	2024
Cash	$ 2,919,616	$ -	**$ 2,919,616**	$ 2,808,875
Grant funding agreements	-	2,520,127	**2,520,127**	3,083,919
Casino and gaming funds	-	61,006	**61,006**	78,606
	$ 2,919,616	$ 2,581,133	**$ 5,500,749**	$ 5,971,400

Restricted cash from grant funding agreements are restricted as the cash received is deposited and maintained in a separate, interest bearing account.

5. Tangible capital assets

	Cost	Accumulated Amortization	**2025 Net Book Value**	2024 Net Book Value (Combined - Note 2)
Office equipment	$ 55,983	$ 46,362	**$ 9,621**	$ 13,064
Computer equipment	22,833	12,982	**9,851**	6,383
	$ 78,816	$ 59,344	**$ 19,472**	$ 19,447

Included in office equipment is equipment with a cost of $44,338 (2024 - $44,338) and accumulated amortization of $39,454 (2024 - $38,340) under capital lease. Total amortization expense of $1,114 was recognized for the year ended March 31, 2025 (2024 - $6,390) for the office equipment under capital lease.

6. Deferred contributions

Deferred contributions consist of the following:

		2025		2024 (Combined – Note 2)
Grant funding agreements	$	**3,940,705**	$	4,664,689
Training and workshops		**140,978**		84,550
Casino and gaming funds		**12,654**		78,606
Other		**111,600**		-
	$	**4,205,937**	$	4,827,845

A summary of the movement of deferred contributions is as follows:

		2025		2024 (Combined – Note 2)
Balance, beginning of year	$	**4,827,845**	$	1,908,443
Add: contributions received		**6,166,308**		8,284,344
Less: amounts recognized as revenue		**(6,788,216)**		(5,319,089)
Less: amounts repayable to funders		**-**		(45,853)
Balance, end of year	$	**4,205,937**	$	4,827,845

7. Internally restricted - other

The Board of Directors has internally restricted resources for the following purposes:

		2025		2024
General	$	**300,000**	$	300,000

This internally restricted amount is not available for unrestricted purposes without prior approval of the Board of Directors.

8. Earned revenues

Earned revenues is comprised of the following:

		2025		2024 (Combined – Note 2)
Training, workshops and conferences	**$**	**1,909,871**	$	1,591,254
Interest income		**108,539**		128,612
Other		**180,674**		198,964
	$	**2,199,084**	$	1,918,830

9. Commitments

Under the office premises leases expiring between August 31, 2026 and June 30, 2029, the Association is required to pay a minimum lease payment plus their share of operating costs and property taxes. The future annual minimum lease payments are as follows:

2026	$	132,112
2027		93,276
2028		65,536
2029		16,384

10. Pension expense

The Association participates in a defined contribution plan covering eligible employees. Contributions are computed as a percentage of compensation. The expense recorded in relation to the defined contribution employee benefit plan for the year ended March 31, 2025, was $89,049 (2024 - $69,160).

11. Additional information

In compliance with the Alberta Charitable Fundraising Act, the summary of fundraising activities for the year is as follows:

	2025	2024 (Combined – Note 2)
Gross contributions from fundraising	$ 683,730	$ 370,485
Fundraising expenses:		
Salaries and benefits	(4,967)	(17,089)
Other expenses related to fundraising	(27,103)	(24,672)
Net proceeds from fundraising, excluding gaming	651,660	328,724
Gaming proceeds, net	56,560	78,606
Net proceeds from fundraising	$ 708,220	$ 407,330

12. Invested in tangible capital assets

		2025		2024 (Combined – Note 2)
Net book value of tangible capital assets	$	**19,472**	$	19,447
Obligations under capital lease		**(2,817)**		(5,759)
Net investment in tangible capital assets		**16,655**		13,688

13. Capital lease obligation

		2025		2024 (Combined – Note 2)
Obligation under capital lease, repayable in monthly instalments of $262 (2024 - $262) including interest at 0% (2024 - 0%), secured by specific office equipment, due February 28, 2026	$	**2,817**	$	5,759
Less current portion		**2,817**		2,942
Long-term portion	$	**-**	$	2,817

14. Financial instruments

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments. It is the opinion of management that the Association is not subject to significant currency risks related to these financial statements but has the following risks:

Credit risk
Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failure to discharge an obligation. The Association is exposed to credit risk resulting from the possibility that a counterparty to a financial instrument defaults on their financial obligations; if there is a concentration of transactions carried out with the same counterparty; or of financial obligations which have similar economic characteristics such that they could be similarly affected by changes in economic conditions. The Association's financial instruments that are exposed to concentrations of credit risk relate primarily to its cash and accounts receivable from clients.

The Association has a concentration of credit risk with respect to cash as all of the cash is held at one national financial institution. The financial institution has deposit insurance through the Canada Deposit Insurance Corporation to a maximum of $100,000 (2024 - $100,000). As at March 31, 2025, substantially all of the cash is held at the financial institution, in accounts over the coverage limit. As such, the Association is exposed to the risks of the institution.

Liquidity risk
Liquidity risk is the risk that the Association will not be able to meet a demand for cash or fund its obligations as they come due. The Association manages its liquidity risk by monitoring cash flows from operations and monitoring and reviewing actual and forecasted cash flows to ensure there is available cash resources to meet these needs.

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Association is exposed to interest rate risk on its fixed rate financial instruments. Fixed-interest instruments subject the Association to a fair value risk to the extent that the value of its obligations under capital lease may fluctuate with changes in market rates.

There have been no changes to these risk from the prior year.