

**ONTARIO PHARMACISTS ASSOCIATION**

**Financial Statements**

**Year Ended December 31, 2023**

**ONTARIO PHARMACISTS ASSOCIATION**

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**Year Ended December 31, 2023**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Members of Ontario Pharmacists Association

### *Opinion*

We have audited the financial statements of Ontario Pharmacists Association (the "Association"), which comprise the statement of financial position - general and insurance fund as at December 31, 2023, and the statements of revenues and expenditures, 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2023, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

### *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 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 opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

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

### *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.

*(continues)*

Independent Auditor's Report to the Board of Directors and Members of Ontario Pharmacists Association  
(continued)

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.

Mississauga, Ontario  
April 29, 2024

*McCarney Group LLP*

McCARNEY GROUP LLP  
Chartered Professional Accountants  
Licensed Public Accountants

**ONTARIO PHARMACISTS ASSOCIATION**  
**Statement of Financial Position - General and Insurance Fund**  
**As at December 31, 2023**

	General Fund	Insurance Fund	2023	2022
<b>ASSETS</b>				
Current				
Cash	\$ 2,690,073	\$ 283,661	\$ 2,973,734	\$ 3,590,520
Miscellaneous receivables	509,885	-	509,885	150,647
Inter-fund receivables <i>(Note 2)</i>	-	709,975	709,975	770,207
Prepaid expenses and deposits	319,040	-	319,040	210,527
	3,518,998	993,636	4,512,634	4,721,901
INVESTMENTS <i>(Note 3)</i>	5,309,308	-	5,309,308	5,601,536
INVESTMENT IN A COMPANY SUBJECT TO EQUITY ACCOUNTING <i>(Note 4)</i>	467,674	-	467,674	458,397
INVESTMENT AT COST <i>(Note 5)</i>	509,965	-	509,965	-
TANGIBLE CAPITAL AND INTANGIBLE ASSETS <i>(Note 6)</i>	369,349	-	369,349	443,512
	\$ 10,175,294	\$ 993,636	\$ 11,168,930	\$ 11,225,346

See notes to financial statements

**ONTARIO PHARMACISTS ASSOCIATION**  
**Statement of Financial Position - General and Insurance Fund**  
**As at December 31, 2023**

	General Fund	Insurance Fund	2023	2022
<b>LIABILITIES</b>				
Current				
Accounts payable and accrued liabilities <i>(Note 7)</i>	\$ 932,574	\$ 24,643	\$ 957,217	\$ 981,485
Deferred occupancy costs <i>(Note 8)</i>	109,253	-	109,253	137,230
Inter-fund payables <i>(Note 2)</i>	709,975	-	709,975	770,207
Membership fees received in advance	2,404,447	-	2,404,447	2,458,091
Insurance premiums received in advance	-	968,993	968,993	1,144,650
Programs under administration <i>(Note 9)</i>	475,699	-	475,699	301,321
	4,631,948	993,636	5,625,584	5,792,984
<b>Net Assets</b>				
Net assets invested in tangible capital and intangible assets	369,349	-	369,349	443,512
Unrestricted net assets	5,173,997	-	5,173,997	4,988,850
	5,543,346	-	5,543,346	5,432,362
	\$ 10,175,294	\$ 993,636	\$ 11,168,930	\$ 11,225,346

COMMITMENTS *(Note 12)*

**ON BEHALF OF THE BOARD**

\_\_\_\_\_ *Chair*

\_\_\_\_\_ *Chief Financial Officer*

**ONTARIO PHARMACISTS ASSOCIATION**

**Statement of Revenues and Expenditures**

**Year Ended December 31, 2023**

	2023	2022
<b>REVENUES</b>		
Memberships and subscriptions	\$ 2,769,486	\$ 2,813,046
Professional development	1,060,502	862,119
Insurance administration fee <i>(Note 10)</i>	615,336	569,250
Interest and investment income	308,434	434,930
Affiliated partners	147,088	205,115
Medical writing and service	6,417	73,826
Conference	-	208,117
	<b>4,907,263</b>	<b>5,166,403</b>
<b>EXPENDITURES</b>		
Salaries and benefits	3,328,884	3,291,321
Occupancy costs	497,759	497,593
Public and government relations	230,774	191,582
Professional development	161,045	143,409
Computer service	146,529	155,277
Amortization	135,889	130,594
Staff and board training	111,184	68,101
Bank and credit card charges	100,883	110,275
Membership services	61,009	104,101
Committee, district and other meetings	54,041	66,441
Investment management fee	45,075	45,502
Insurance	44,406	39,968
Board meetings	42,438	37,035
General office	28,595	42,035
Legal and audit	27,048	28,115
Corporate branding	21,637	63,913
Conference	14,968	147,879
	<b>5,052,164</b>	<b>5,163,141</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES FROM OPERATIONS</b>	<b>(144,901)</b>	<b>3,262</b>
<b>OTHER INCOME (EXPENDITURES)</b>		
Fair market value adjustment on investments	246,607	(810,324)
Share of profit of company under significant influence	9,277	-
Covid subsidies	-	254,340
	<b>255,884</b>	<b>(555,984)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ 110,983</b>	<b>\$ (552,722)</b>

See notes to financial statements

**ONTARIO PHARMACISTS ASSOCIATION**

**Statement of Changes in Net Assets**

**Year Ended December 31, 2023**

	<b>2023</b>	<b>2022</b>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>\$ 5,432,362</b>	<b>\$ 5,985,084</b>
Excess (deficiency) of revenues over expenditures	<b>110,983</b>	<b>(552,722)</b>
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 5,543,345</b>	<b>\$ 5,432,362</b>

See notes to financial statements

**ONTARIO PHARMACISTS ASSOCIATION**

**Statement of Cash Flows**

**Year Ended December 31, 2023**

	<b>2023</b>	<b>2022</b>
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenues over expenditures	\$ 110,983	\$ (552,722)
Items not affecting cash:		
Amortization	135,889	130,594
Amortization of deferred occupancy costs	(27,977)	130,532
Fair market value adjustment on investments	(246,607)	810,324
Share of profit of company under significant influence	(9,277)	-
	<b>(36,989)</b>	<b>518,728</b>
Changes in non-cash working capital:		
Miscellaneous receivables	(359,238)	153,005
Prepaid expenses and deposits	(108,513)	(117,012)
Accounts payable and accrued liabilities	(24,266)	137,592
Membership fees received in advance	(53,644)	56,113
Insurance premiums received in advance	(175,657)	200,189
Programs under administration	174,378	73,851
	<b>(546,940)</b>	<b>503,738</b>
Cash flows from operating activities	<b>(583,929)</b>	<b>1,022,466</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of tangible capital and intangible assets	(61,726)	(57,743)
Purchase of investments	538,835	(211,590)
Purchase of investment in a company subject to equity accounting	-	(458,397)
Purchase of investment accounted for at cost	(509,966)	-
Cash flows from investing activities	<b>(32,857)</b>	<b>(727,730)</b>
<b>INCREASE (DECREASE) IN CASH</b>	<b>(616,786)</b>	<b>294,736</b>
<b>CASH - BEGINNING OF YEAR</b>	<b>3,590,520</b>	<b>3,295,784</b>
<b>CASH - END OF YEAR</b>	<b>\$ 2,973,734</b>	<b>\$ 3,590,520</b>
<b>REPRESENTED BY:</b>		
General Fund	\$ 2,690,073	\$ 3,185,936
Insurance Fund	283,661	404,584
	<b>\$ 2,973,734</b>	<b>\$ 3,590,520</b>

See notes to financial statements

# ONTARIO PHARMACISTS ASSOCIATION

## Notes to Financial Statements

December 31, 2023

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The Ontario Pharmacists Association (the Association) represents the views and interests of pharmacy professionals across the province. The Association works to advance the pharmacy profession as a vital healthcare provider through advocacy, innovation and support services.

The Ontario Pharmacists Association is incorporated without share capital as a not-for-profit organization under the Income Tax Act.

### 1. SUMMARY OF ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations.

#### Measurement uncertainty

Certain amounts in the financial statements are subject to measurement uncertainty and are based on the Association's best information and judgment. Actual results could differ from these estimates.

Examples of significant estimates include:

- the useful lives of tangible capital and intangible assets; and
- the accrual of liabilities.

#### Fund accounting

These financial statements have been prepared using fund accounting whereby the revenue and expenditures relating to particular activities are grouped together and reflected in a separate fund.

The General Fund records transactions related to the Association's general operating activities.

The Insurance Fund was established to administer the voluntary health, long-term disability and life insurance plans for all pharmacist members of the Association. The cash balance is not available to the Association, as it represents policy holders' premiums which are remitted to the insurance companies in the succeeding accounting period. For administering the insurance plans, the Association receives a fee based on a percentage of the insurance premiums collected. This fee is recorded as revenue in the General Fund and is available for use by the General Fund.

#### Investments

Pooled equity investments are in managed portfolios through an investment firm, operating under approved policies and are measured at fair value.

#### Investment in a company subject to equity accounting

The Association's investment in a company in which the Association has the ability to affect the strategic operating, investing and financing policies, is accounted for by the equity method. Accordingly, the investment is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses and dividends received.

#### Investment in a company using cost method

The Association's investment in a company in which the Association does not have the ability to affect the strategic, operating, investing, and financing policies, is account for by the cost method.

*(continues)*

# ONTARIO PHARMACISTS ASSOCIATION

## Notes to Financial Statements

December 31, 2023

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### 1. SUMMARY OF ACCOUNTING POLICIES *(continued)*

#### Revenue recognition

The Association's membership and subscription year is from January 1 to December 31. Any memberships and subscriptions collected in the year prior to the membership and subscription year are reported as membership fees received in advance.

The program revenues are recognized as services are performed. Funds received in advance are deferred and recognized as revenue when related services are performed.

#### Tangible capital and intangible assets

Tangible capital and intangible assets are recorded at cost less accumulated amortization. Amortization is provided using the following:

	<u>Rate</u>	<u>Method</u>
Computer hardware	30%	declining balance
Computer software	5 years	straight-line
Furniture and equipment	20%	declining balance
Website	5 years	straight-line
Leaseholds	10 years	straight-line

The Association applies a partial year of amortization for tangible capital and intangible assets acquired or disposed of during the year and acquisitions are not amortized until placed into use. The Association regularly reviews its tangible capital and intangible assets to eliminate obsolete items.

#### Impairment of long-lived assets

The Association reviews long-lived assets such as tangible capital and intangible assets whenever events or changes in circumstances indicate that the carrying value of an asset is greater than the net recoverable value calculated as the net future undiscounted cash flows related to that asset. When indicators of impairment exist and the carrying value is greater than the net recoverable value, an impairment is recognized to the extent that the fair value is below carrying value.

#### Deferred occupancy costs

The Association's premises operating lease obligations over the 10 years ending August 2026 include base rent escalations and free rent, which are amortized on a straight-line basis over the term of the lease.

#### Pension

The Association's employees are members of a defined contribution pension plan. Pension expense is recognized in the year in which the employee service occurs.

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# ONTARIO PHARMACISTS ASSOCIATION

## Notes to Financial Statements

December 31, 2023

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### 1. SUMMARY OF ACCOUNTING POLICIES *(continued)*

#### Financial instruments

##### *Measurement*

The Association initially measures its financial assets and financial liabilities at fair value, except for related party financial instruments, which are measured based on the nature of the financial instrument and may, depending on the circumstances, be either at:

- fair value
- the cost of the related party financial instrument
- the cost of the consideration exchanged for the related party financial instrument

The Association subsequently measures its non-related party financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in excess of revenues over expenditures.

Financial assets measured at amortized cost include cash and miscellaneous receivables.

Financial liabilities measured at amortized cost includes accounts payable and accrued liabilities.

The Association's financial assets measured at fair value include investments.

Except for any related party financial liabilities indexed to a measure of the Association's financial performance or to changes in the value of the Association's equity, the subsequent measurement of a related party financial instrument is based on how the financial instrument was initially measured. If the Association initially measured the financial instrument at cost, it is subsequently measured using the cost method.

##### *Impairment*

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

##### *Transaction costs*

The Association recognizes its transaction costs in excess of revenues over expenditures in the year incurred. However, financial instruments that will not be subsequently measured at fair values are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

### 2. INTER-FUND RECEIVABLES

Inter-fund receivables represent the outstanding cash balance which is not available to the Association, as it represents policy holders' premiums that are to be remitted to the insurance companies in the succeeding accounting period. The amount outstanding at the reporting date is \$709,975 (2022 - \$770,207).

# ONTARIO PHARMACISTS ASSOCIATION

## Notes to Financial Statements

December 31, 2023

### 3. INVESTMENTS

The Association had invested an initial \$6,000,000 with Connor Clark and Lunn into managed portfolios of pooled funds in March 2011. The funds invested are done so in accordance with structured and Board approved investment policies. These policies look to provide a conservative approach and the results are reported throughout the year to the Audit and Finance Committee and to the Board.

Long-term investments comprise the following:

	2023	2022
<u>Pooled funds</u>		
Fixed income	\$ 1,698,512	\$ 2,751,805
Canadian equity	1,628,135	1,658,449
Global equity	1,153,000	1,191,282
Hedge strategies	829,661	-
	<b>\$ 5,309,308</b>	<b>\$ 5,601,536</b>

As at December 31, 2023 the investment accounts included \$1,002,018 (2022 - \$755,411) of unrealized fair market gains in the General Fund balance. Since inception, \$3,350,000 has been withdrawn from the initial capital and previously undistributed income as needed for working capital, specific projects or capital items such as leasehold improvements for new premises. Throughout the year \$500,000 (2022 - \$Nil) was withdrawn from the investments for working capital requirements. Investment portfolios were rebalanced in 2023 to add hedge strategies.

Any funds not required for working capital may be recommended by the Audit and Finance committee for Board approval to be directed to investments.

### 4. INVESTMENT IN A COMPANY SUBJECT TO EQUITY ACCOUNTING

On December 1, 2022, the Association purchased 175 common shares of Mapflow Inc., which represents 17.5% of total outstanding shares in Mapflow Inc. Mapflow Inc. is a for profit organization which provides support to pharmacists in their professional practices to enhance their operational efficiencies. The Association has the ability to affect the strategic operating, investing and financing policies of Mapflow Inc. through voting rights of its shares and through its position on Mapflow Inc.'s Board of Directors. This investment is accounted for using the equity method.

	2023	2022
Investment, original cost	\$ 458,397	\$ 458,397
Share of income	9,277	-
Investment, end of year	<b>\$ 467,674</b>	<b>\$ 458,397</b>

### 5. INVESTMENT AT COST

On February 16, 2023, the Association purchased 243,750 Class A voting shares of Box Lab Inc., which represents 5.88% of total outstanding shares in Box Lab Inc. As part of above share purchase, the Association was granted 121,875 warrants, which are valid for two years, and entitle the Association to purchase 121,875 of Class A shares at a price \$2.05128 per share. Box Labs Inc. is a for profit organization which provides cloud-based pharmacy management software to pharmacists. This investment is accounted for using the cost method.

# ONTARIO PHARMACISTS ASSOCIATION

## Notes to Financial Statements

December 31, 2023

### 6. TANGIBLE CAPITAL AND INTANGIBLE ASSETS

		Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Computer hardware	\$	823,764	\$ 776,823	\$ 46,941	\$ 51,090
Computer software		919,856	860,562	59,294	78,527
Furniture and equipment		296,548	262,654	33,894	42,367
Website		351,244	263,968	87,276	76,354
Leaseholds		532,297	390,353	141,944	195,174
	\$	2,923,709	\$ 2,554,360	\$ 369,349	\$ 443,512

### 7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The balance of the Association's accounts payable and accrued liabilities include general payables and government remittances payable. These include amounts owing for payroll, employee health and sales taxes:

		2023		2022
General payables	\$	645,431	\$	658,692
Government remittances payable		311,786		322,793
	\$	957,217	\$	981,485

General payables includes an amount payable to a related party, Mapflow Inc. of \$60,060 (2022 - \$53,841) for revenue collected on Mapflow Inc.'s behalf relating to subscription services offered to members.

### 8. DEFERRED OCCUPANCY COSTS

The head offices of the Association moved location on August 26, 2016 to 155 University Avenue in downtown Toronto. The Association had entered into a combined 10-year sublease and then lease with landlord Great West Life at this location, which includes base rent escalations and leasehold inducements and/or free rent. Leasehold inducement payment or free rent to the Association in the amount of \$155,910 was received in 2022. These amounts were deferred and are being amortized to occupancy costs on a straight-line basis over the term of the lease. At December 31, 2023, deferred occupancy costs totaled \$109,253 (2022 - \$137,230).

### 9. PROGRAMS UNDER ADMINISTRATION

The Ontario Pharmacists Association has partnered with Ontario Health and other parties to administer various programs. In the year 2023, a total of \$644,773 (2022 - \$557,942) was advanced to administer the following programs, in addition to funds held at December 31, 2023:

- Mental Health & Addiction Program
- Minor Ailments
- Education
- Injections & Immunization

At December 31, 2023, the General Fund has deferred \$475,699 (2022 - \$301,321) to continue administering these programs in 2024. During the year, the Mental Health & Addiction, The Right Dose and Minor Ailments programs were completed based on the initial funding and proposal. A report for the program is provided to Ontario Health in accordance with their reporting requirements.

# ONTARIO PHARMACISTS ASSOCIATION

## Notes to Financial Statements

December 31, 2023

### 10. INSURANCE ADMINISTRATION FEE

	2023	2022
Insurance premiums received	\$ 4,085,672	\$ 3,896,807
Less: paid to insurance companies	(3,874,665)	(3,700,397)
Recoverable from insurance companies	621	1,880
Insurance administration fee - Insurance Fund	211,628	198,290
- other	403,708	370,960
	<b>\$ 615,336</b>	<b>\$ 569,250</b>

The insurance administration fee - Insurance Fund, is determined as a percentage of the total insurance premiums collected by the Association on behalf of the Insurance Fund during the year. Insurance administration fee - other is determined as a percentage of the total insurance premiums received directly by the insurance company during the year. The premiums related to the insurance administration fee - other were approximately \$11,080,167 (2022 - \$9,695,182).

### 11. PURCHASE OF TANGIBLE CAPITAL AND INTANGIBLE ASSETS

	2023	2022
Computer hardware	\$ 13,149	\$ 18,049
Computer software	48,577	10,725
Website	-	28,969
	<b>\$ 61,726</b>	<b>\$ 57,743</b>

### 12. COMMITMENTS

The Ontario Pharmacists Association was committed to sublease office space located in downtown Toronto, commencing September 1, 2016 and expiring October 31, 2021. In addition, The Ontario Pharmacists Association is committed to lease the same office space for a period commenced November 1, 2021 and expiring August 31, 2026.

The Ontario Pharmacists Association is committed under the terms of leases for its premises to the following minimum amounts i.e. base rent:

2024	\$ 234,471
2025	234,471
2026	<u>156,314</u>
	<u>\$ 625,256</u>

In addition to the above base rent, the Association is obligated under the terms of the lease to pay additional rent representing its proportional share of the premises' costs and expenses which include taxes, dues and levies, operating costs, and utility costs. Additional rent is paid in instalments on a monthly basis and is adjusted with reference to a calendar year of 12 months. Total additional rent expected for 2024 amounts to approximately \$286,000 (2023 - \$270,000).

# ONTARIO PHARMACISTS ASSOCIATION

## Notes to Financial Statements

December 31, 2023

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### 13. CAPITAL MANAGEMENT

The Association's capital comprises its net asset balances in the General Fund and the Insurance Fund. The Association's objectives in managing its capital are to safeguard its net assets and to maintain a sufficient level of funds to ensure that members' and other stakeholders' requirements are met.

The Association manages its capital structure based on the level of funds received through membership fees, insurance administration and investment returns. Prudent investment policies are in place to ensure that the Association's investments are safeguarded against loss. The Association reviews its capital management approach on an ongoing basis.

In December 2022 and February 2023, the Association adjusted their capital management approach and purchased private equity as part of its new strategic positioning to provide support to their members professional practices and to enhance their operational efficiencies. Any funds not required for working capital may be recommended by the Audit and Finance committee for Board approval to be directed to investments.

### 14. FINANCIAL INSTRUMENTS

The Association is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Association's risk exposure and concentration as of December 31, 2023.

#### *(a) Other price risk*

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Association is exposed to other price risk through its investment in Canadian and Global equities and investments in shares of a private company for which the fair value varies based on factors specific to this company.

#### *(b) Credit risk*

The Association is exposed to credit risk on the accounts receivable from sponsors, government and members. Based on past history and knowledge of the current accounts, the Association does not have any significant credit exposure with respect to any individual sponsors, government or member.

#### *(c) Currency risk*

The Association is not exposed to significant currency risk arising from its financial instruments, except as it relates foreign exchange impact to the fair value of the global equity component of its investments.

#### *(d) Interest rate risk*

The Association is exposed to interest rate risk primarily on its fixed interest rate financial instruments. The extent of the Association's exposure to risk did not change significantly from the prior year.

#### *(e) Liquidity risk*

Liquidity risk is the risk that the Association will have difficulty in paying its financial liabilities. The Association meets its obligations as they come due, primarily from cash flows from operations and the drawdown of investments if necessary.