

**CANADIAN MENTAL HEALTH ASSOCIATION -  
SASKATOON BRANCH INC.**

**Financial Statements**

**For the Year Ended March 31, 2026**



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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Canadian Mental Health Association - Saskatoon Branch Inc.

### Qualified Opinion

We have audited the financial statements of Canadian Mental Health Association - Saskatoon Branch Inc. (the "Association"), which comprise the statement of financial position as at March 31, 2026, 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 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, 2026, 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.

### Basis for Qualified Opinion

In common with many not-for-profit organizations, the Association derives revenue from donations and 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 fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended March 31, 2026, current assets and net assets as at March 31, 2026. Our audit opinion on the financial statements for the year ended March 31, 2025 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 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.

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Independent Auditor's Report to the Members of Canadian Mental Health Association - Saskatoon Branch Inc. (*continued*)

### **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.

*Lingard + Dreger*

**Saskatoon, Saskatchewan  
June 17, 2026**

**Chartered Professional Accountants**



## CANADIAN MENTAL HEALTH ASSOCIATION - SASKATOON BRANCH INC.


## Statement of Financial Position

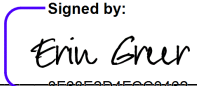
As at March 31, 2026

	2026	2025
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 78,222	\$ 81,291
Short-term investments (Note 4)	337,945	270,389
Accounts receivable (Note 5)	41,707	45,081
Goods and services tax recoverable	3,740	3,877
Prepaid expenses	3,828	17,763
	<b>465,442</b>	418,401
<b>LONG-TERM INVESTMENTS (Note 4)</b>	<b>83,899</b>	188,611
<b>TANGIBLE CAPITAL ASSETS (Note 6)</b>	<b>196,781</b>	224,800
<b>INTANGIBLE ASSETS (Note 7)</b>	<b>4,505</b>	13,515
	<b>\$ 750,627</b>	\$ 845,327
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities (Note 8)	\$ 84,326	\$ 163,330
Deferred contributions related to operations (Note 9)	59,878	15,244
Current portion of deferred capital contributions (Note 10)	13,638	25,102
	<b>157,842</b>	203,676
<b>DEFERRED CAPITAL CONTRIBUTIONS (Note 10)</b>	<b>25,862</b>	39,500
	<b>183,704</b>	243,176
<b>NET ASSETS</b>		
<b>INVESTED IN CAPITAL AND INTANGIBLE ASSETS</b>	<b>161,786</b>	173,713
<b>INTERNALLY RESTRICTED (Note 11)</b>	<b>320,717</b>	313,479
<b>UNRESTRICTED</b>	<b>84,420</b>	114,959
	<b>566,923</b>	602,151
	<b>\$ 750,627</b>	\$ 845,327

LEASE COMMITMENTS (Note 14)

## APPROVED BY THE BOARD

Signed by:  
  
 CEE60682A14E476...  
 Director

Signed by:  
  
 8F68E2D4FCC0462...  
 Director

See notes to the financial statements

**CANADIAN MENTAL HEALTH ASSOCIATION - SASKATOON BRANCH INC.****Statement of Operations****For the Year Ended March 31, 2026**

	2026	2025
<b>REVENUE</b>		
Direct public grants	\$ 43,254	\$ 91,771
Fundraising	321,150	253,063
Interest	17,359	20,361
Membership fees	221	883
Mental health first aid training	19,772	41,142
Miscellaneous	865	3,857
Other grants	55,215	61,899
Provincial grants	687,989	710,833
Saskatchewan Parks and Recreation Association funding	11,122	10,428
	<b>1,156,947</b>	<b>1,194,237</b>
<b>EXPENSES</b>		
Amortization of intangible assets	9,010	9,010
Amortization of tangible assets	31,314	30,453
Client programs	50,662	59,834
Conference	5,191	-
Fees and dues	3,332	2,798
Fundraising, promotion and publicity	40,424	49,504
Goods and services tax	4,783	4,517
Occupancy	37,864	34,380
Office	44,404	48,825
Purchased services	49,422	140,207
Salaries and wages	708,031	685,901
Staff benefits	155,881	145,734
Staff recruitment and training	27,542	5,005
Staff travel	22,042	13,766
Volunteer expense	2,273	2,931
	<b>1,192,175</b>	<b>1,232,865</b>
<b>DEFICIENCY OF REVENUE OVER EXPENSES FROM OPERATIONS</b>	<b>(35,228)</b>	<b>(38,628)</b>
<b>OTHER INCOME</b>		
Gain on disposal of tangible capital assets	-	4,000
<b>DEFICIENCY OF REVENUE OVER EXPENSES FOR THE YEAR</b>	<b>\$ (35,228)</b>	<b>\$ (34,628)</b>

See notes to the financial statements

**CANADIAN MENTAL HEALTH ASSOCIATION - SASKATOON BRANCH INC.****Statement of Changes in Net Assets****For the Year Ended March 31, 2026**

	Invested in capital and intangible assets	Internally restricted	Unrestricted	<b>2026</b>	2025
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 173,713	\$ 313,479	\$ 114,959	<b>\$ 602,151</b>	\$ 636,779
Deficiency of revenue over expenses	-	-	(35,228)	<b>(35,228)</b>	(34,628)
Amortization	(40,324)	-	40,324	-	-
Capital asset additions	3,295	-	(3,295)	-	-
Recognition of deferred capital contributions	25,102	-	(25,102)	-	-
Internal restriction	-	7,238	(7,238)	-	-
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 161,786</b>	<b>\$ 320,717</b>	<b>\$ 84,420</b>	<b>\$ 566,923</b>	<b>\$ 602,151</b>

See notes to the financial statements

**CANADIAN MENTAL HEALTH ASSOCIATION - SASKATOON BRANCH INC.****Statement of Cash Flows****For the Year Ended March 31, 2026**

	2026	2025
<b>OPERATING ACTIVITIES</b>		
Deficiency of revenue over expenses for the year	\$ (35,228)	\$ (34,628)
Items not affecting cash:		
Amortization of tangible capital assets	31,314	30,453
Amortization of intangible assets	9,010	9,010
Gain on disposal of tangible capital assets	-	(4,000)
Amortization of deferred capital contributions	(25,102)	(25,102)
Accrued interest	(7,581)	(10,967)
	<b>(27,587)</b>	<b>(35,234)</b>
Changes in non-cash working capital:		
Accounts receivable	3,374	(9,544)
Goods and services tax recoverable	137	(1,660)
Prepaid expenses	13,935	(8,012)
Accounts payable and accrued liabilities	(79,004)	33,663
Deferred contributions related to operations	44,634	(78,185)
	<b>(16,924)</b>	<b>(63,738)</b>
Cash flow used by operating activities	<b>(44,511)</b>	<b>(98,972)</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of tangible capital assets	(3,295)	(11,402)
Proceeds on disposal of tangible capital assets	-	8,500
Proceeds from disposal of investments	273,861	262,885
Reinvested interest	(9,778)	(9,394)
Purchase of investments	(219,346)	(262,885)
Cash flow from (used by) investing activities	<b>41,442</b>	<b>(12,296)</b>
<b>DECREASE IN CASH</b>	<b>(3,069)</b>	<b>(111,268)</b>
<b>CASH - BEGINNING OF YEAR</b>	<b>81,291</b>	<b>192,559</b>
<b>CASH - END OF YEAR</b>	<b>\$ 78,222</b>	<b>\$ 81,291</b>
<b>CASH CONSISTS OF:</b>		
Cash	<b>\$ 78,222</b>	<b>\$ 81,291</b>

See notes to the financial statements

**CANADIAN MENTAL HEALTH ASSOCIATION - SASKATOON BRANCH INC.****Notes to the Financial Statements  
For the Year Ended March 31, 2026**

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**1. PURPOSE OF THE ASSOCIATION**

The Canadian Mental Health Association - Saskatoon Branch Inc. (the "Association") was incorporated on September 24, 1997 under the *Saskatchewan Non-Profit Corporations Act*. It is a branch of Canadian Mental Health Association - Saskatchewan Division, which in turn is a member of Canadian Mental Health Association - National. The Association is an organization that assists and supports people with mental illness to maximize their potential and to achieve positive mental health in their lives as community members. The enhancement of mental health in the community is achieved through programs and services, public education and advocacy.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the *CPA Canada Handbook* and include the following significant accounting policies:

**Cash and cash equivalents**

Cash and cash equivalents include amounts on deposit with financial institutions and term deposits that mature within three months or less from the date of acquisition.

**Net assets**

The Association reports its net assets in three categories: Invested in capital and intangible assets, internally restricted net assets, and unrestricted net assets.

- a) Invested in capital and intangible assets represents the Association's equity in capital and intangible assets after taking into consideration deferred capital contributions.
- b) Internally restricted net assets are funds which have been designated for future projects by the Association's Board of Directors as per *Note 11*.
- c) Unrestricted net assets comprise the excess of revenue over expenses accumulated by the Association each year, net of transfers, and are available for general purposes.

**Revenue recognition**

The Association follows the deferral method of accounting for contributions. The Association receives certain amounts during the year from corporations, charities, and individuals, the proceeds of which may only be used in the conduct of certain programs or completion of specific work. These amounts are recognized as revenue in the fiscal year that the related expenses are incurred or services performed.

Operational grants and funding are recognized as revenue proportionately over the time period to which they relate.

Mental health first aid training seminar fees are recognized as revenue when the seminars are held.

Fundraising, donations and interest are recognized as revenue when received or when it is earned and collection is reasonably assured.

Membership fees are recognized as revenue in the fiscal year to which they relate.

Other income is recognized as revenue when it is earned and collection is reasonably assured.

**Income taxes**

The Association is a registered charity and is exempt from income tax under section 149(1)(f) of the *Income Tax Act* and is able to issue donation receipts for income tax purposes.

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**CANADIAN MENTAL HEALTH ASSOCIATION - SASKATOON BRANCH INC.****Notes to the Financial Statements  
For the Year Ended March 31, 2026****2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****Measurement uncertainty**

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as reported amounts of revenues and expenses during the period.

Significant estimates used in the preparation of the financial statements include the collectability and allowance for doubtful accounts, amortization of capital and intangible assets, and the estimated useful lives of capital and intangible assets related to deferred capital contributions. Actual results could differ from these estimates.

**Tangible capital assets**

Purchased tangible capital assets are recorded at cost. Contributed tangible capital assets are recorded at fair value at the date of contribution if the fair value can be reasonably determined.

Amortization is recorded using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives. Additions during the current year are amortized at one-half their normal rates, and no amortization is taken in the year of disposition.

Building	4%
Computer hardware	20%
Furniture and equipment	10%

**Intangible assets**

Intangible assets consist of website development costs. They are recorded at cost and amortized using the straight-line method at a rate of 20%.

**Long-lived assets**

Long-lived assets consist of tangible capital and intangible assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policy.

Long-lived assets are tested for recoverability whenever events or change in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized when the carrying value of long-lived assets exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of the impairment loss is determined as the excess of the carrying value and the asset over its fair value or replacement cost at the date of impairment.

**Contributed materials and services**

Contributed materials and services are recognized only when a fair value can be reasonably estimated and when the material and services are used in the normal course of the Association's operations and would otherwise have been purchased.

The Association receives a significant amount of contributed services from its directors and volunteers. Because of the difficulty in determining the fair value of these services, they are not recognized in the financial statements.

**Financial instruments**

Financial assets and financial liabilities are initially recognized at fair value when the Association becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at amortized cost.

With respect to financial assets measured at cost or amortized cost, the Association recognizes in the statement of operations an impairment loss, if any, when it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss shall be reversed in the statement of operations in the period the reversal occurs.

**CANADIAN MENTAL HEALTH ASSOCIATION - SASKATOON BRANCH INC.****Notes to the Financial Statements  
For the Year Ended March 31, 2026****3. ECONOMIC DEPENDENCE**

The Association receives a significant amount of its revenue from the Government of Saskatchewan (2026 - 59.5%; 2025 - 59.7%) and is therefore dependent on continued funding from governments to fund its ongoing operations.

**4. INVESTMENTS**

	<b>Maturity</b>	<b>2026</b>	<b>Yield</b>	<b>2025</b>
<b>Short-term</b>				
Term deposits	<b>&lt; 1 year</b>	<b>\$ 337,945</b>	<b>2.80% - 5.25%</b>	<b>\$ 270,389</b>
<b>Long-term</b>				
Term deposits	<b>3 years</b>	<b>83,899</b>	<b>4.70%</b>	<b>188,611</b>
		<b>\$ 421,844</b>		<b>\$ 459,000</b>

**5. ACCOUNTS RECEIVABLE**

	<b>2026</b>	<b>2025</b>
Grants receivable	<b>\$ -</b>	<b>\$ 12,490</b>
Other receivables	<b>41,707</b>	<b>32,591</b>
	<b>\$ 41,707</b>	<b>\$ 45,081</b>

**6. TANGIBLE CAPITAL ASSETS**

	<b>Cost</b>	<b>Accumulated amortization</b>	<b>2026 Net book value</b>	<b>2025 Net book value</b>
Land	<b>\$ 37,974</b>	<b>\$ -</b>	<b>\$ 37,974</b>	<b>\$ 37,974</b>
Computer hardware	<b>100,383</b>	<b>87,284</b>	<b>13,099</b>	<b>23,879</b>
Furniture and equipment	<b>61,054</b>	<b>42,964</b>	<b>18,090</b>	<b>23,430</b>
Building	<b>297,493</b>	<b>169,875</b>	<b>127,618</b>	<b>139,517</b>
	<b>\$ 496,904</b>	<b>\$ 300,123</b>	<b>\$ 196,781</b>	<b>\$ 224,800</b>

Amortization expense included in the statement of operations is \$31,314 (2025 - \$30,453).

**7. INTANGIBLE ASSETS**

	<b>Cost</b>	<b>Accumulated amortization</b>	<b>2026 Net book value</b>	<b>2025 Net book value</b>
Website	<b>\$ 45,050</b>	<b>\$ 40,545</b>	<b>\$ 4,505</b>	<b>\$ 13,515</b>

Amortization expense included in the statement of operations is \$9,010 (2025 - \$9,010).

## CANADIAN MENTAL HEALTH ASSOCIATION - SASKATOON BRANCH INC.

Notes to the Financial Statements  
For the Year Ended March 31, 2026**8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	2026	2025
Accrued payables	\$ 2,768	\$ 2,515
Government remittances payable	17,635	14,796
Trade payables	25,575	28,888
Vacation and time in lieu payable	38,348	76,078
Retroactive pay payable	-	41,053
	<b>\$ 84,326</b>	<b>\$ 163,330</b>

**9. DEFERRED CONTRIBUTIONS RELATED TO OPERATIONS**

Deferred contributions represent unspent resources received in the current period that are related to the subsequent period. Changes in the deferred contributions balance are as follows:

	2026	2025
<b>Balance, beginning of year</b>	<b>\$ 15,244</b>	<b>\$ 93,429</b>
Amount received during the year	842,752	765,013
Transfer to deferred capital contributions	-	-
Less: Amount recognized as revenue in the year	(798,118)	(843,198)
<b>Balance, end of year</b>	<b>\$ 59,878</b>	<b>\$ 15,244</b>

**The deferred contributions are from the following sources:**

Depression Support Group	\$ 481	\$ 481
Government of Saskatchewan	10,000	-
Memberships	-	95
Saskatchewan Health Authority	30,918	-
Saskatoon Community Foundation	2,214	-
Sean's Fund	16,056	13,463
Other	209	1,205
	<b>\$ 59,878</b>	<b>\$ 15,244</b>

**10. DEFERRED CAPITAL CONTRIBUTIONS**

Deferred contributions related to capital assets consists of restricted contributions received by the Association for use in the acquisition of equipment and building improvements.

In accordance with *Section 4410 Contributions - revenue recognition* the deferred contributions for the purchase of tangible and intangible assets are being recognized on the same basis as the amortization expense on the assets purchased.

The changes in the deferred capital contributions balance for the year are as follows:

	2026	2025
<b>Balance, beginning of year</b>	<b>\$ 64,602</b>	<b>\$ 89,704</b>
Recognized as revenue during the year	(25,102)	(25,102)
<b>Balance, end of year</b>	<b>39,500</b>	<b>64,602</b>
Less: current portion	(13,638)	(25,102)
Non-current portion	<b>\$ 25,862</b>	<b>\$ 39,500</b>

**CANADIAN MENTAL HEALTH ASSOCIATION - SASKATOON BRANCH INC.****Notes to the Financial Statements  
For the Year Ended March 31, 2026****11. INTERNALLY RESTRICTED NET ASSETS**

The Association uses reserves as a means of stabilizing operations. The amounts allocated from operations are recorded as reserves for future costs. When actual expenditures occur, they are deducted from the respective reserve accounts. The total reserves for future costs on the statement of financial position represent the cumulative unexpended amounts of allocations from operations and appropriations by the Board of Directors to the following reserves:

	2026	2025
Building maintenance reserve	\$ 85,431	\$ 78,193
Cash flow reserve	80,000	80,000
General reserve	146,097	146,097
Sick time/staffing time	9,189	9,189
	<b>\$ 320,717</b>	<b>\$ 313,479</b>

**12. CREDIT FACILITY**

The Association has a line of credit up to a maximum of \$297,000. The line of credit bears interest at prime plus 0.5%. The credit facility is secured by the assets of the Association held with the lender. As at March 31, 2026 no amount of the facilities were utilized.

**13. DEFINED CONTRIBUTION PENSION PLAN**

The Association's employees are enrolled in a compulsory defined contribution plan once they have completed probation. The Association contributes either 7% or 8% of the employee's salary plus administration fees into the plan depending on the level of employee contributions. Annual contributions by the Association to the plan are reported in staff benefits on the statement of operations and were \$45,656 (2025 - \$52,214).

**14. LEASE COMMITMENTS**

The Association has entered into a lease agreement for an all-in-one printer with quarterly payments of \$899 plus taxes expiring in September 2028. Minimum lease payments over the term of the lease are as follows:

2027	\$ 3,992
2028	3,992
2029	1,996
	<u>9,980</u>
	<b>\$ 9,980</b>

**15. CONTINGENT LIABILITY**

The Association has a contingent liability for accrued sick time of approximately \$121,583 to March 31, 2026 (2025 - \$179,732). Unionized and out of scope employees are allowed to accumulate up to 140 sick days. The sick leave contingent liability represents sick days which have accrued to employees who, if on sick leave, would require a replacement worker to perform their daily duties. In the event that employees were to fully utilize their accumulated sick days the sick leave liability would be significant.

**CANADIAN MENTAL HEALTH ASSOCIATION - SASKATOON BRANCH INC.**

**Notes to the Financial Statements  
For the Year Ended March 31, 2026**

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**16. FINANCIAL INSTRUMENTS**

The Association, as part of its operations, carries a number of financial instruments. It is management's opinion that the Association is not exposed to significant credit, currency, interest, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

**Credit risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Association's credit risk consists principally of cash and cash equivalents and accounts receivable. Credit risk associated with cash is minimized substantially by ensuring that reputable and major financial institutions are used. The Association performs regular credit assessments and provides allowance for potentially uncollectible accounts. The Association has not incurred any bad debts during the year and has a \$NIL allowance for bad debts (2025 - \$NIL).

**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. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Association is exposed to interest rate risk due to fluctuations in the market interest rates it earns on cash held in its bank accounts and investments. The Association does not use financial instruments to reduce its interest rate risk exposure.

**Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Association enters into transactions to purchase goods and services on credit for which repayment is required at various maturity dates. Liquidity is measured by reviewing the Association's future net cash flows for the possibility of a negative cash flow. The Association is exposed to this risk mainly from its accounts payable.

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