

Canadian Bible Society La Société biblique canadienne

Financial statements
June 30, 2024



Independent auditor's report

To the Members of
Canadian Bible Society – La Société biblique canadienne

Opinion

We have audited the financial statements of **Canadian Bible Society – La Société biblique canadienne** [the "Society"], which comprise the statement of financial position as at June 30, 2024, and the statement of operations, statement of changes in net assets and statement of 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 Society as at June 30, 2024, and its 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 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 Society 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 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 Society'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 Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society'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 Society'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 Society'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 Society 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.

Toronto, Canada
October 24, 2024

Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants



Canadian Bible Society
La Société biblique canadienne

Statement of financial position

[Expressed in thousands]

As at June 30

	2024	2023
	\$	\$
Assets		
Current		
Cash	2,958	2,247
Receivables <i>[note 3]</i>	1,184	1,458
Inventories <i>[note 4]</i>	2,091	1,538
Prepaid expenses	316	247
Assets held for sale <i>[note 6]</i>	79	79
Total current assets	6,628	5,569
Capital assets, net <i>[note 5]</i>	1,249	1,183
Investments, fair value <i>[note 7]</i>	36,914	35,846
Collections <i>[note 8]</i>	1	1
	44,792	42,599
Liabilities and net assets		
Current		
Payables and accruals	1,610	1,451
Deferred contributions <i>[note 9]</i>	799	296
Total current liabilities	2,409	1,747
Post-retirement benefits <i>[note 10]</i>	2,768	2,878
Total liabilities	5,177	4,625
Commitments <i>[note 14]</i>		
Net assets		
Unrestricted	10,632	8,968
Board-designated reserves <i>[note 11]</i>	26,835	26,858
Endowments	2,148	2,148
Total net assets	39,615	37,974
	44,792	42,599

See accompanying notes

On behalf of the Board:



Director



Director

Canadian Bible Society
La Société biblique canadienne

Statement of operations

[Expressed in thousands]

	Year ended June 30, 2024	Four-month period ended June 30, 2023
	\$	\$
Revenue		
Contributions	9,816	2,471
Legacies	2,076	1,156
Bible sales	2,365	657
Investment income	1,976	545
Rental and other income	39	57
	16,272	4,886
Expenses		
National ministries <i>[notes 4 and 12]</i>	8,569	2,586
World ministries	4,175	826
Fund development <i>[note 12]</i>	1,400	377
Administration <i>[note 12]</i>	1,939	625
Amortization of capital assets	147	37
	16,230	4,451
Excess of revenue over expenses before undernoted items	42	435
Unrealized gain (loss) on investments	1,518	(615)
Excess (deficiency) of revenue over expenses for the period	1,560	(180)

See accompanying notes

Canadian Bible Society
La Société biblique canadienne

Statement of changes in net assets

[Expressed in thousands]

	Year ended June 30, 2024			
	Unrestricted	Board- designated	Endowments	Total
		reserves		
	\$	\$	\$	\$
Net assets, beginning of year	8,968	26,858	2,148	37,974
Excess of revenue over expenses for the year	1,560	—	—	1,560
Transfer from board-designated reserves to unrestricted <i>[note 11]</i>	23	(23)	—	—
Remeasurement of post-retirement benefits obligations and other items	81	—	—	81
Net assets, end of year	10,632	26,835	2,148	39,615
	Four-month period ended June 30, 2023			
	Unrestricted	Board- designated	Endowments	Total
		reserves		
	\$	\$	\$	\$
Net assets, beginning of period	9,030	27,062	1,148	37,240
Deficiency of revenue over expenses for the period	(180)	—	—	(180)
Transfer from board-designated reserves to unrestricted <i>[note 11]</i>	204	(204)	—	—
Addition to endowments	—	—	1,000	1,000
Remeasurement of post-retirement benefits obligations and other items	(86)	—	—	(86)
Net assets, end of period	8,968	26,858	2,148	37,974

See accompanying notes

Canadian Bible Society
La Société biblique canadienne

Statement of cash flows

[Expressed in thousands]

	Year ended June 30, 2024 \$	Four-month period ended June 30, 2023 \$
Operating activities		
Excess (deficiency) of revenue over expenses for the period	1,560	(180)
Add (deduct) items not affecting cash		
Amortization of capital assets	147	37
Unrealized loss (gain) on investments	(1,518)	615
Post-retirement benefits expenses	161	54
	<u>350</u>	<u>526</u>
Changes in non-cash working capital balances related to operations		
Receivables	274	(1,007)
Inventories	(553)	181
Prepaid expenses	(69)	(81)
Payables and accruals	159	420
Deferred contributions	503	(55)
Post-retirement benefits payments	(190)	(68)
Cash provided by (used in) operating activities	<u>474</u>	<u>(84)</u>
Investing activities		
Purchase of capital assets	(214)	(248)
Proceeds from sale of assets	1	—
Net change in investments	450	(1,358)
Cash provided by (used in) investing activities	<u>237</u>	<u>(1,606)</u>
Financing activities		
Endowment contributions	—	1,000
Cash provided by financing activities	<u>—</u>	<u>1,000</u>
Net increase (decrease) in cash during the period	711	(690)
Cash, beginning of period	2,247	2,937
Cash, end of period	<u>2,958</u>	<u>2,247</u>

See accompanying notes

Canadian Bible Society
La Société biblique canadienne

Notes to financial statements

[Expressed in thousands]

June 30, 2024

1. Purpose of organization

The Canadian Bible Society – La Société biblique canadienne [the “Society”] is incorporated and has continued under the *Canada Not-for-profit Corporations Act* as a corporation without share capital. The Society is registered as a charitable organization under the *Income Tax Act* (Canada) and, as such, is exempt from income taxes and is able to issue donation receipts for income tax purposes.

As a national religious charitable organization, the purposes of the Society are to translate without doctrinal note, publish and distribute the Christian Scriptures. The Society seeks to promote and encourage the use of the Bible, both within Canada and worldwide, in cooperation with members of the United Bible Societies [“UBS”] and other organizations.

During the period ended June 30, 2023, the Society changed its year-end from February 28 to June 30. The information presented in these financial statements includes 12 months of the current fiscal period as compared to the four-month fiscal period ended June 30, 2023. As a result of the change in year-end in the prior period, the audited information contained in the June 30, 2024 financial statements is not comparable to the previously reported period.

2. Summary of significant accounting policies

These financial statements are prepared in accordance with Part III of the *CPA Canada Handbook – Accounting*, “Accounting Standards for Not-for-Profit Organizations”, which sets out generally accepted accounting principles for not-for-profit organizations in Canada and includes the significant accounting policies set out below.

Revenue recognition

Contributions and legacies

The Society follows the deferral method of accounting for contributions, which include bequests and other donations. Bequests are recorded in the accounts when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Other donations are recorded when received, since pledges are not legally enforceable claims. Unrestricted contributions are recognized as revenue when initially recorded in the accounts. Externally restricted contributions, except endowment contributions, are deferred when initially recorded in the accounts and recognized as revenue in the period in which the related expenses are recognized. Externally restricted endowment contributions are recognized as direct increases in net assets in the period in which they are received or receivable.

Bible sales

Bible sales are recognized at point of sale when the customer receives and pays for the goods, or when goods are delivered to the customer. Revenue is stated net of discounts and returns and includes freight charges.

Canadian Bible Society
La Société biblique canadienne

Notes to financial statements

[Expressed in thousands]

June 30, 2024

Investment income

Investment income (loss), which consists of interest, dividends, income distributions from pooled funds and realized and unrealized gains and losses, is recognized in the statement of operations, except to the extent that it is externally restricted, in which case it is added to or deducted from endowment net assets or other restricted balances.

Rental and other income

Rental and other income are recorded at point of sale for goods or when services have been provided.

Financial instruments

Investments reported at fair value consist of equity instruments that are quoted in an active market, as well as investments in pooled funds and any investments in fixed income securities that the Society designates upon purchase to be measured at fair value. Transaction costs are recognized in the statement of operations in the period during which they are incurred.

Investments in fixed income securities not designated to be measured at fair value are initially recorded at fair value net of transaction costs and are subsequently measured at amortized cost using the straight-line method, less any provision for impairment.

All transactions are recorded on a trade date basis.

Other financial instruments, including receivables and payables and accruals, are initially recorded at their fair value and are subsequently measured at cost, net of any provisions for impairment.

Inventories

Inventories for sale are measured at the lower of cost and net realizable value, with cost being determined using the first-in, first-out method. Net realizable value is the estimated selling price in the ordinary course of operations less the estimated costs necessary to make the sale.

Inventories for distribution at no charge are measured at the lower of cost and replacement cost, with cost being determined using the first-in, first-out method.

The cost of inventory for sale comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. The costs of purchase comprise the purchase price, import duties, non-recoverable taxes, transport, handling and other costs directly attributable to the acquisition of inventory.

Collections

The Society records its collection of 389 rare Bibles and Scripture portions at a nominal amount on the statement of financial position. Purchased collections are expensed in the period they are acquired. For items donated to the Society, collections, revenue and the corresponding expense are recorded in the period received at fair value based on independent appraisals received.

Canadian Bible Society
La Société biblique canadienne

Notes to financial statements

[Expressed in thousands]

June 30, 2024

When collections are deaccessioned and then sold, proceeds from the sale are used either to acquire new items for the collection or for the direct care of the collection, including the cost of insurance, cleaning, restoration and conservation of works in the collection. Proceeds from the sale of collection items that are subject to external restrictions are deferred when initially recorded in the account and recognized as revenue in the period in which the related expenses are recognized.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Building and improvements	10–40 years
Computer hardware and software	3 years
Equipment	10 years

When a capital asset no longer has any long-term service potential to the Society, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Any write-downs recognized are not reversed. On disposition of these assets, the resulting gain or loss is recorded in the statement of operations.

Assets held for sale

Long-lived assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than continuing use. A long-lived asset is classified as held for sale at the point in time when it is available for immediate sale, management has committed to a plan to sell and is actively locating a purchaser at a sales price that is reasonable in relation to its current estimated fair value, and the sale is expected to be completed within a one-year period. Long-lived assets held for sale are carried at the lower of their carrying amounts and estimated fair value less costs to sell. Assets classified as held for sale are not amortized.

Post-retirement benefits

The cost of post-retirement benefits earned by employees is actuarially determined using the projected benefit method prorated on service and management's best estimate of salary escalation and retirement ages of employees.

The Society accounts for current service costs and finance costs under the post-retirement benefit plan through the statement of operations. Remeasurements and other items are accounted for through the statement of changes in net assets and include actuarial gains and losses, past service costs and gains and losses arising from settlements.

Contributed materials and services

Contributed materials and services are recognized at their fair value in the financial statements when the amount can be reasonably estimated and when the materials and services are used in the normal course of the Society's operations and would otherwise have been purchased.

Canadian Bible Society
La Société biblique canadienne

Notes to financial statements

[Expressed in thousands]

June 30, 2024

Many volunteers are actively involved in assisting the Society in carrying out its mission. Because of the difficulty of determining the hours involved and their fair value, contributed materials and services are not recognized in the financial statements.

World ministries

Disbursements made to UBS are recognized in the statement of operations when funds are remitted. To the extent UBS reporting indicates unspent funds at the end of the fiscal period, the Society records these funds as prepaid expenses and applies them against the following period's commitment.

Foreign currency translation

Transactions denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate in effect as at the statement of financial position date. Non-monetary assets and liabilities are translated at the historic rate. Revenue and expenses are translated at the exchange rate in effect at the transaction date. Exchange gains and losses are included in the statement of operations.

Use of estimates

Management reviews the carrying amounts of items in the financial statements at each period-end date to assess the need for revision or any possibility of impairment. Many items in the preparation of these financial statements require management's best estimate. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action. These estimates are reviewed periodically, and adjustments are made in the statement of operations as appropriate in the period they become known.

Items subject to significant management estimates include the allowance for doubtful accounts, inventory obsolescence, amortization of capital assets and post-retirement benefits liability.

Allocation of expenses

The Society classifies its expenditures by function. The cost of each function includes the cost of personnel, premises and other expenses that are directly related to that particular function. The Society allocates the costs of its direct mail fundraising campaigns to fund development, national ministries or administration based on whether the nature of the materials distributed furthers the objectives of the Society or provides direction on how to contribute to the Society, respectively. Further, the Society allocates the cost of its premises based on the payroll expenses incurred within a function. Corporate governance, general management and support service expenses [accounting, human resources and information technology] are not allocated.

3. Receivables

As at June 30, 2024, receivables include \$471 [2023 – \$947] representing payments with respect to bequests that were receivable or received subsequent to year-end.

Canadian Bible Society
La Société biblique canadienne

Notes to financial statements

[Expressed in thousands]

June 30, 2024

4. Inventories

Inventories consist of the following:

	2024	2023
	\$	\$
Finished goods for sale	1,649	1,379
Finished goods for distribution at no charge	442	159
	2,091	1,538

Inventories of \$2,091 [2023 – \$1,538] are net of a provision for inventory obsolescence of \$512 [2023 – \$548]. The cost of inventory recognized in cost of goods sold for the year ended June 30, 2024 amounts to \$1,514 [four-month period ended June 30, 2023 – \$379] and is recorded in national ministries in the statement of operations. Included in this amount is a decrease in the provision for inventory obsolescence of \$36 [2023 – \$42].

5. Capital assets

Capital assets consist of the following:

	2024		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Land	302	—	302
Building and improvements	3,332	2,558	774
Computer hardware and software	198	134	64
Equipment	276	167	109
	4,108	2,859	1,249

	2023		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Land	302	—	302
Building and improvements	3,223	2,472	751
Computer hardware and software	339	254	85
Equipment	202	157	45
	4,066	2,883	1,183

Canadian Bible Society
La Société biblique canadienne

Notes to financial statements

[Expressed in thousands]

June 30, 2024

During the year ended June 30, 2024, capital assets were sold and resulted in a gain of \$1. No assets were sold during the four-month period ended June 30, 2023. During the year ended June 30, 2024, assets of \$172 [four-month period ended June 30, 2023 – \$12] and related amortization of \$171 [four-month period ended June 30, 2023 – \$12] were written off.

6. Assets held for sale

Assets held for sale consist of the following:

	2024	2023
	\$	\$
Land, building and improvements – Winnipeg property	79	79

The Board of Governors approved the sale of the Bible store property in Winnipeg during their October 2022 meeting.

7. Investments

The Society's portfolio of investments consists of the following:

	2024	2023
	\$	\$
Unrestricted		
Cash and money market funds	2,048	1,695
Term deposits, with interest rates of 4.25% to 5.68%, maturing between September 18, 2024 and October 25, 2027 [2023 – interest rates of 4.25% to 5.18%, maturing between September 19, 2023 and January 25, 2027]	11,690	12,092
Corporate bonds, with interest rates of 1.2% to 5.55%, maturing between September 14, 2024 and March 16, 2028 [2023 – 1.25% to 4.78%, maturing between September 23, 2024 and January 27, 2026]	4,399	2,562
Preferred shares, with interest rates of 3.72% to 10.97% [2023 – 5.29% to 10.91%]	5,155	5,680
Canadian equities	8,087	8,506
US/international equity pooled funds	3,387	3,163
	34,766	33,698

Canadian Bible Society
La Société biblique canadienne

Notes to financial statements

[Expressed in thousands]

June 30, 2024

	2024	2023
	\$	\$
Endowments		
Cash and money market funds	84	486
Term deposits, with interest rates of 5% to 5.58%, maturing between September 18, 2024 and September 20, 2027 [2023 – interest rates of 4.7%, maturing on July 26, 2023]	1,240	746
Corporate bonds, with interest rates of 2.5% to 5.55%, maturing between September 23, 2024 and March 16, 2028 [2023 – interest rates of 2.59% to 4.46%, maturing between September 23, 2024 and March 8, 2028]	660	400
Preferred shares, with interest rates of 6.89% to 7.38% [2023 – interest rates of 5.29% to 6.97%]	164	516
	2,148	2,148
	36,914	35,846

8. Collection of rare Bibles

The Society has a collection of 389 rare Bibles and Scripture portions, which were donated to the Society. No collections were purchased by or donated to the Society during the year [four-month period ended June 30, 2023 – nil] and there were no disposals of collection items during the year [four-month period ended June 30, 2023 – nil]. As at June 30, 2024, there are no amounts of proceeds received and not yet spent from disposals of collection items [2023 – nil].

9. Deferred contributions

Deferred contributions consist of the following:

	2024	2023
	\$	\$
Balance, beginning of period	296	351
Amounts received in the period	5,877	1,330
Amounts recognized as revenue in the period	(5,374)	(1,385)
Balance, end of period	799	296

10. Post-retirement benefits

The Society has a pension plan covering substantially all its employees and provides employees who qualify with other retirement benefits.

Pension plan

The pension plan is a defined contribution pension plan, which provides for pensions based on the accumulated contributions by both the employee and the Society. Pension costs related to current service are expensed in the current period.

Canadian Bible Society
La Société biblique canadienne

Notes to financial statements

[Expressed in thousands]

June 30, 2024

Liabilities related to the pension plan are limited to the net assets in the plan. The pension expense for the year ended June 30, 2024 was \$25 [four-month period ended June 30, 2023 – \$8].

Other retirement benefits

The Society provides employees who started before June 1, 2018 and retire with at least 10 years of service with defined health, life insurance and retirement allowance benefits. The cost of these benefits is unfunded and requires partial contributions from qualified retirees.

The Society's liabilities for the post-retirement benefit plan equal the defined benefit obligation of \$2,768 [2023 – \$2,878] as per the most recent full actuarial valuation as at February 28, 2023, with results extrapolated to June 30, 2024.

The total benefit cost recognized for the year is as follows:

	Year ended June 30, 2024 \$	Four-month period ended June 30, 2023 \$
Current period benefit cost	25	8
Interest on accrued benefit obligation	136	46
Employee future benefits expense	161	54

The amount of benefits paid by the Society during the year ended June 30, 2024 was \$190 [four-month period ended June 30, 2023 – \$68].

The economic assumptions used in this actuarial valuation represent the Society's best estimates of expected rates for:

	2024	2023
Discount rate – obligation	5.0% per annum	4.9% per annum
Discount rate – cost	4.9% per annum	4.9% per annum
Salary increase rate	3.5% per annum	3.5% per annum
Health care cost trends		
Prescription drug	6.2% per annum	6.2% per annum
Vision care	4.0% per annum	4.0% per annum
Other	4.0% per annum	4.0% per annum
Dental	4.0% per annum	4.0% per annum
Retirement rates	100.0% at age 63	100.0% at age 63
Administrative expenses	16.0% health and dental, 5% for life	16.0% health and dental, 5% for life
Participation	100.0% of members assumed to participate	100.0% of members assumed to participate

Canadian Bible Society
La Société biblique canadienne

Notes to financial statements

[Expressed in thousands]

June 30, 2024

11. Board-designated reserves

Board-designated reserves are amounts that have been internally restricted by the Board of Governors. These reserves are not available for use without prior approval of the Board.

The Board-designated reserves consist of the following:

	2024	2023
	\$	\$
Capital	2,500	2,500
Real estate	5,335	5,358
General contingency	19,000	19,000
	26,835	26,858

The capital reserve represents funds available for large capital improvement projects. The real estate reserve represents funds available for future property purchases and improvements. The general contingency reserve represents funds for approximately 18 months of operations to provide a financial fallback for the Society during unforeseen circumstances.

For the year ended June 30, 2024, the Board of Governors approved an interfund transfer to unrestricted net asset from Board-designated reserves of \$23 [four-month period ended June 30, 2023 – \$204].

12. Allocation of costs

Certain premises and direct mail campaign costs are allocated to functions reported in the statement of operations as follows:

	Year ended June 30, 2024	Four-month period ended June 30, 2023
	\$	\$
National ministries	1,343	285
Fund development	30	8
Administration	249	51
	1,622	344

13. Additional information

For the year ended June 30, 2024, \$1,584 [four-month period ended June 30, 2023 – \$470] was paid as remuneration to employees whose principal duties involve fundraising. This additional information is presented for compliance with the disclosure requirements of the *Charitable Fund-raising Act* of the Province of Alberta. Information disclosed relates to operations Canada-wide.

Canadian Bible Society
La Société biblique canadienne

Notes to financial statements

[Expressed in thousands]

June 30, 2024

14. Commitments

The Society entered into an operating lease in Winnipeg, Manitoba. Total future base rent payments over the remaining years are as follows:

	\$
2025	39
2026	41
2027	41
2028 and thereafter	41
	<u>162</u>

The Society has \$2,398 of outstanding grants committed in support of world ministries through UBS.

15. Financial instruments and risk management

The Society is exposed to various financial risks through transactions in financial instruments. The Society is not expected to be significantly impacted by these financial risks.

Credit risk

The Society is exposed to credit risk in connection with its receivables and its short-term and fixed income investments because of the risk that one party to the financial instrument may cause a financial loss for the other party by failing to discharge an obligation. The Society has low-risk debt holdings in its investments, and its accounts receivable are short-term in nature, thereby mitigating any material credit risk.

Liquidity risk

The Society is exposed to the risk that it will encounter difficulty in meeting obligations associated with its liabilities. Liquidity risk is managed by ensuring the Society invests in high-quality investments, easily disposed of in an active market. The Society monitors cash activities and expected outflows. The Society does not have material liabilities that can be called at the demand of a lender, nor does it have material commitments for capital expenditures.

Foreign currency risk

The Society is exposed to foreign currency risk with respect to receivables, investments [including underlying investments of its pooled funds] and payables and accruals denominated in foreign currencies because the fair value and future cash flows will fluctuate due to changes in the relative value of foreign currencies against the Canadian dollar. The Society's foreign currency risk relates mainly to its future commitments to UBS [denoted in US dollars]. The Canadian dollar price of these future commitments are fixed annually by UBS in advance of the commitments coming due.

Notes to financial statements

[Expressed in thousands]

June 30, 2024

Interest rate risk

The Society is exposed to interest rate risk with respect to its investments in fixed income investments and pooled funds that hold fixed income securities, because the fair value will fluctuate due to changes in market interest rates. Fluctuations in market rates of interest do not have a significant impact on the Society's results of operations.

Other price risk

The Society is exposed to other price risk through changes in market prices [other than changes arising from interest rate or foreign currency risks] in connection with its investments in equity securities and pooled funds. The Society manages this risk by monitoring its investment holdings against its benchmark asset mix, which reflects the Society's low risk appetite.