

Financial Statements of

**HUNTINGTON SOCIETY
OF CANADA**

And Independent Auditor's Report thereon

Year ended March 31, 2024



KPMG LLP
120 Victoria Street South
Suite 600
Kitchener ON N2G 0E1
Canada
Tel 519 747 8800
Fax 519 747 8811

INDEPENDENT AUDITOR'S REPORT

To the Directors of Huntington Society of Canada

Opinion

We have audited the financial statements of Huntington Society of Canada (the Society), which comprise:

- the statement of financial position as at March 31, 2024
- the statement of operations for the year then ended
- the statement of changes in fund balances for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Society as at March 31, 2024, and its results of operations and changes in fund balances 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 auditor's 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 the 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.



Page 3

- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Kitchener, Canada

July 11, 2024

HUNTINGTON SOCIETY OF CANADA

Statement of Financial Position

March 31, 2024, with comparative information for 2023

| | General Fund | Capital Asset Fund | Endowment Fund | Ralph Walker Research Fund | 2024 Total | 2023 Total |
|---|--------------|--------------------|----------------|----------------------------|--------------|--------------|
| Assets | | | | | | |
| Current assets: | | | | | | |
| Cash (note 2) | \$ 572,499 | \$ - | \$ - | \$ - | \$ 572,499 | \$ 584,986 |
| Investments (note 3) | - | - | 1,841,573 | 593,391 | 2,434,964 | 3,492,867 |
| Accounts receivable (note 4) | 230,775 | - | - | - | 230,775 | 165,611 |
| Interfund receivable (payable) | 188,077 | - | - | (188,077) | - | - |
| Prepaid expenses | 94,267 | - | - | - | 94,267 | 143,143 |
| | 1,085,618 | - | 1,841,573 | 405,314 | 3,332,505 | 4,386,607 |
| Capital assets (note 5) | - | 163,308 | - | - | 163,308 | 55,593 |
| | \$ 1,085,618 | \$ 163,308 | \$ 1,841,573 | \$ 405,314 | \$ 3,495,813 | \$ 4,442,200 |
| Liabilities and Fund Balances | | | | | | |
| Current liabilities: | | | | | | |
| Accounts payable and accrued liabilities (note 6) | \$ 104,802 | \$ - | \$ - | \$ - | \$ 104,802 | \$ 299,887 |
| Deferred revenue (note 7) | 165,839 | - | - | - | 165,839 | 198,802 |
| | 270,641 | - | - | - | 270,641 | 498,689 |
| Deferred lease inducement | 3,054 | - | - | - | 3,054 | 6,715 |
| | 273,695 | - | - | - | 273,695 | 505,404 |
| Fund balances: | | | | | | |
| General Fund | 811,923 | - | - | - | 811,923 | 367,244 |
| Capital Assets Fund | - | 163,308 | - | - | 163,308 | 55,593 |
| Endowment Fund | - | - | 1,841,573 | - | 1,841,573 | 1,790,204 |
| Ralph Walker Research Fund | - | - | - | 405,314 | 405,314 | 1,723,755 |
| | 811,923 | 163,308 | 1,841,573 | 405,314 | 3,222,118 | 3,936,796 |
| Commitments and subsequent event (note 12) | | | | | | |
| | \$ 1,085,618 | \$ 163,308 | \$ 1,841,573 | \$ 405,314 | \$ 3,495,813 | \$ 4,442,200 |

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

_____ Director

HUNTINGTON SOCIETY OF CANADA

Statement of Operations

Year ended March 31, 2024, with comparative information for 2023

| | General Fund | Capital Assets Fund | Endowment Fund | Ralph Walker Research Fund | 2024 | 2023 |
|--|------------------|---------------------|----------------|----------------------------|------------------|------------------|
| Revenue: | | | | | | |
| Donations | \$ 3,080,272 | \$ - | \$ - | \$ 342,547 | \$ 3,422,819 | \$ 2,023,613 |
| Chapter and volunteer fundraising revenue (note 8) | 1,170,601 | - | - | 3,132 | 1,173,733 | 1,063,173 |
| Grants | 96,178 | 139,999 | - | 1,732 | 237,909 | 53,770 |
| Investment income | 95,223 | - | - | 90,566 | 185,789 | 140,734 |
| Change in fair value of investments | - | - | 51,369 | 48,856 | 100,225 | (67,510) |
| Other income | 57,650 | - | - | - | 57,650 | 38,149 |
| | <u>4,499,924</u> | <u>139,999</u> | <u>51,369</u> | <u>486,833</u> | <u>5,178,125</u> | <u>3,251,929</u> |
| Expenses: | | | | | | |
| Family services (note 9) | 1,621,879 | - | - | - | 1,621,879 | 1,503,178 |
| Development (note 9) | 627,105 | - | - | - | 627,105 | 414,300 |
| Public awareness and education (note 9) | 624,496 | - | - | - | 624,496 | 281,737 |
| Chapter and volunteer support (note 9) | 464,501 | - | - | - | 464,501 | 377,964 |
| Administration (note 9) | 454,147 | - | - | - | 454,147 | 576,468 |
| Research (notes 9 and 10) | 20,000 | - | - | 305,274 | 325,274 | 382,702 |
| Chapter and volunteer fundraising expenses (note 8) | 230,193 | - | - | - | 230,193 | 204,123 |
| Amortization | - | 45,208 | - | - | 45,208 | 20,889 |
| | <u>4,042,321</u> | <u>45,208</u> | <u>-</u> | <u>305,274</u> | <u>4,392,803</u> | <u>3,761,361</u> |
| Excess (deficiency) of revenue over expenses before funding of Huntington Society of Canada Research Chair | 457,603 | 94,791 | 51,369 | 181,559 | 785,322 | (509,432) |
| Funding of Huntington Society of Canada Research Chair (note 10) | - | - | - | 1,500,000 | 1,500,000 | - |
| Excess (deficiency) of revenue over expenses | \$ 457,603 | \$ 94,791 | \$ 51,369 | \$ (1,318,441) | \$ (714,678) | \$ (509,432) |

See accompanying notes to financial statements.

HUNTINGTON SOCIETY OF CANADA

Statement of Changes in Fund Balances

Year ended March 31, 2024, with comparative information for 2023

| | General Fund | Capital Assets Fund | Endowment Fund | Ralph Walker Research Fund | 2024 | 2023 |
|--|-------------------|---------------------|---------------------|----------------------------|---------------------|---------------------|
| Fund balances, beginning of year | \$ 367,244 | \$ 55,593 | \$ 1,790,204 | \$ 1,723,755 | \$ 3,936,796 | \$ 4,446,228 |
| Excess (deficiency) of revenue over expenses | 457,603 | 94,791 | 51,369 | (1,318,441) | (714,678) | (509,432) |
| Interfund transfers (note 11) | (12,924) | 12,924 | - | - | - | - |
| Fund balances, end of year | \$ 811,923 | \$ 163,308 | \$ 1,841,573 | \$ 405,314 | \$ 3,222,118 | \$ 3,936,796 |

See accompanying notes to financial statements.

HUNTINGTON SOCIETY OF CANADA

Statement of Cash Flows

Year ended March 31, 2024, with comparative information for 2023

| | 2024 | 2023 |
|--|--------------|--------------|
| Cash provided by (used in): | | |
| Operations: | | |
| Deficiency of revenue over expenses | \$ (714,678) | \$ (509,432) |
| Items not involving cash: | | |
| Change in fair value of investments | (100,225) | 67,510 |
| Amortization | 45,208 | 20,889 |
| Deferred lease inducement | (3,661) | (3,662) |
| Changes in non-cash operating working capital: | | |
| Accounts receivable | (65,164) | (87,328) |
| Prepaid expenses | 48,876 | (58,184) |
| Accounts payable and accrued liabilities | (195,085) | 217,153 |
| Deferred revenue | (32,963) | 45,230 |
| | (1,017,692) | (307,824) |
| Investing: | | |
| Purchase of capital assets | (152,923) | (7,786) |
| Sale of investments | 2,031,490 | 937,645 |
| Purchase of investments | (873,362) | (1,086,140) |
| | 1,005,205 | (156,281) |
| Decrease in cash | (12,487) | (464,105) |
| Cash, beginning of year | 584,986 | 1,049,091 |
| Cash, end of year | \$ 572,499 | \$ 584,986 |

See accompanying notes to financial statements.

HUNTINGTON SOCIETY OF CANADA

Notes to Financial Statements

Year ended March 31, 2024

Huntington Society of Canada (the "Society") is a national network of volunteers and professionals united in the fight against Huntington disease ("HD"). As a not-for-profit organization, incorporated under the laws of Canada, the Society seeks to maximize the quality of life of people living with HD by delivering services, increasing awareness of the disease, and supporting research to slow and prevent HD.

The Society is a registered charity under the Income Tax Act (Canada) and is, therefore, exempt from income taxes.

1. Significant accounting policies:

The financial statements have been prepared by management in accordance with the Chartered Professional Accountants of Canada Handbook Part III - Canadian accounting standards for not-for-profit organizations.

(a) Fund accounting:

The financial statements include the operations of the National Office of the Society and its Resource Centres across Canada, and are prepared using the restricted fund method for contributions.

The General Fund is an unrestricted fund used at the discretion of the Board of Directors to fulfill the mission of the Society in all areas, including research, family services, public awareness and education, chapter and volunteer support, development, chapter and volunteer fundraising, and administration. All undesignated donations are recorded in this fund.

The Capital Assets Fund is an internally restricted fund used for the acquisition, amortization, and disposal of capital assets, as well as financing costs.

The Endowment Fund is an externally restricted fund. Revenues received to this fund have been specifically designated for endowment purposes. Annual investment income earned on the Endowment Fund is used to fund operational expenditures.

The Ralph Walker Research Fund is an externally restricted fund established in 1983 to commemorate the 10th anniversary of the Huntington Society of Canada and to pay tribute to the Society's founder, Ralph Walker. Revenues specifically designated by donors to this fund have been restricted for research, along with any related expenses.

HUNTINGTON SOCIETY OF CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2024

1. Significant accounting policies (continued):

(b) Revenue recognition:

The Society follows the restricted fund method of accounting for contributions which include donations and government grants.

Unrestricted donations and grants are recognized as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted donations for which there is no separate fund are recognized as revenue of the General Fund in the year in which the related expenses are incurred. Deferred revenue represents the unspent amount of restricted donations and grants received for the specific services.

Restricted capital donations and grants are recognized as revenue in the Capital Fund when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Donations to the Endowment Fund are recognized as revenue in the Endowment Fund. Investment and interest income earned by the Endowment fund is recognized as revenue in the General Fund.

Chapter and volunteer fundraising revenue is recognized as revenue when received or receivable and when the fundraising event takes place.

(c) Capital assets:

Capital assets are capitalized and stated at cost. Amortization is provided using the following methods and rates:

| Asset | Method | Rate |
|---------------------------------|-------------------|---------|
| Computer equipment and software | Straight-line | 3 years |
| Office furniture and equipment | Declining balance | 12% |

The estimated useful lives of assets are reviewed by management and adjusted if necessary.

(d) Deferred lease inducements:

Lease incentives, such as rent-free periods, are deferred and amortized over the related lease term as a reduction to rent expense.

HUNTINGTON SOCIETY OF CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2024

1. Significant accounting policies (continued):

(e) Donated materials and services:

Donated materials and services, which would otherwise be paid by the Society, are recorded at fair value when determinable. A substantial number of volunteers have made significant contributions of their time to the Society's program and support services. The value of this contributed time is not reflected in these financial statements.

(f) Allocation of expenses:

The Society records a number of its expenses by program. The costs of each program include the costs of personnel, research awards and grants, meetings and conferences, and other expenses that are directly related to providing the program.

The Society allocates certain of its general support expenses by identifying the appropriate basis of allocating each expense.

Personnel expenses are allocated based on staff time spent on various activities. The allocations for general expenses have been allocated on the same basis as personnel expenses.

(g) Financial instruments:

Financial instruments are recorded at fair value on initial recognition and are subsequently recorded at cost or amortized cost. Equity instruments that are quoted in an active market are subsequently measured at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Society determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Society expects to realize by exercising its right to any collateral. If events and circumstances improve in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

HUNTINGTON SOCIETY OF CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2024

1. Significant accounting policies (continued):

(h) Use of estimates:

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported revenues and expenses during the year. Actual results could differ from those estimates.

The assets and liabilities which require management to make significant estimates and assumptions in determining carrying values include accounts receivable, capital assets, and accrued liabilities.

2. Operating line:

The Society has a revolving credit facility available up to a maximum of \$150,000 pursuant to an agreement with its lender. The facility is a demand operating line whereby \$10,000 increments can be drawn up to the \$150,000 limit. Each advance under the credit facility bears interest at the prime rate plus 1%. As at March 31, 2024, the Society has no outstanding balance on the operating line (2023 - \$nil).

3. Investments:

Investments consist of the following:

| | 2024 | 2023 |
|---|---------------------|---------------------|
| Global Balanced Fund | \$ 2,434,964 | \$ 3,192,867 |
| Guaranteed Investment Certificates - interest of 2.09% and matured June 26, 2023 | - | 300,000 |
| | <u>\$ 2,434,964</u> | <u>\$ 3,492,867</u> |

HUNTINGTON SOCIETY OF CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2024

4. Accounts receivable:

| | 2024 | | 2023 | |
|-----------------------------|------|---------|------|---------|
| Accounts receivable | \$ | 29,811 | \$ | 76,867 |
| GST/HST receivable | | 200,964 | | 83,933 |
| Accrued interest receivable | | - | | 4,811 |
| | \$ | 230,775 | \$ | 165,611 |

No allowance for impairment of accounts receivable has been recorded at March 31, 2024 (2023 - \$nil).

5. Capital assets:

| | 2024 | | 2023 | |
|---------------------------------|------------|--------------------------|----------------|----------------|
| | Cost | Accumulated amortization | Net book value | Net book value |
| Computer equipment and software | \$ 216,516 | \$ 80,556 | \$ 135,960 | \$ 18,305 |
| Office furniture and equipment | 68,487 | 45,692 | 22,795 | 25,905 |
| Leasehold improvements | 36,426 | 31,873 | 4,553 | 11,383 |
| | \$ 321,429 | \$ 158,121 | \$ 163,308 | \$ 55,593 |

Amortization for the year was \$45,208 (2023 - \$20,889).

6. Accounts payable and accrued liabilities:

Government remittances payable included in accounts payable and accrued liabilities was \$nil (2023 - \$nil).

HUNTINGTON SOCIETY OF CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2024

7. Deferred revenue:

| | 2024 | | 2023 | |
|---|------|-----------|------|-----------|
| Balance, beginning of year | \$ | 198,802 | \$ | 153,572 |
| Add: contributions received | | 181,776 | | 169,755 |
| Less: contributions recognized as revenue | | (214,739) | | (124,525) |
| Balance, end of year | \$ | 165,839 | \$ | 198,802 |

8. Chapter and volunteer fundraising activities:

Chapter and volunteer fundraising consists of the following:

| | Events | | Gaming | | 2024 | | 2023 | |
|---------------------------------|--------|-----------|--------|---------|------|-----------|------|-----------|
| Revenue | \$ | 996,206 | \$ | 177,527 | \$ | 1,173,733 | \$ | 1,063,173 |
| Expenses | | (230,193) | | - | | (230,193) | | (204,123) |
| Excess of revenue over expenses | \$ | 766,013 | \$ | 177,527 | \$ | 943,540 | \$ | 859,050 |

Chapter and volunteer fundraising revenue and expenses include fair values for donated materials during the year totaling \$nil (2023 - \$2,498).

9. Allocation of expenses:

| | 2024 | | 2023 | |
|------------------------------|------|-----------|------|-----------|
| Family services: | | | | |
| Salaries, wages and benefits | \$ | 1,360,100 | \$ | 1,351,858 |
| Meetings and conferences | | 177,959 | | 131,738 |
| Administration | | 83,820 | | 19,582 |
| | \$ | 1,621,879 | \$ | 1,503,178 |

HUNTINGTON SOCIETY OF CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2024

9. Allocation of expenses (continued):

| | 2024 | 2023 |
|---------------------------------|------------|------------|
| Development: | | |
| Salaries, wages and benefits | \$ 307,880 | \$ 228,153 |
| Meetings and conferences | 121,661 | 394 |
| Administration | 197,564 | 185,753 |
| | \$ 627,105 | \$ 414,300 |
| | 2024 | 2023 |
| Public awareness and education: | | |
| Salaries, wages and benefits | \$ 194,160 | \$ 179,492 |
| Meetings and conferences | 162,635 | 1,012 |
| Administration | 267,701 | 101,233 |
| | \$ 624,496 | \$ 281,737 |
| | 2024 | 2023 |
| Chapter and volunteer support: | | |
| Salaries, wages and benefits | \$ 330,856 | \$ 271,643 |
| Meetings and conferences | 650 | 15,482 |
| Administration | 132,995 | 90,839 |
| | \$ 464,501 | \$ 377,964 |
| | 2024 | 2023 |
| Administration: | | |
| Salaries, wages and benefits | \$ 213,281 | \$ 180,296 |
| Meetings and conferences | 8,728 | 9,417 |
| Administration | 232,138 | 386,755 |
| | \$ 454,147 | \$ 576,468 |

HUNTINGTON SOCIETY OF CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2024

9. Allocation of expenses (continued):

| | 2024 | 2023 |
|------------------------------|------------------|------------------|
| Research: | | |
| Salaries, wages and benefits | \$ 107,716 | \$ 84,969 |
| Research awards and grants | 195,000 | 280,000 |
| Meetings and conferences | 11,821 | 5,898 |
| Administration | 10,737 | 11,835 |
| | <hr/> \$ 325,274 | <hr/> \$ 382,702 |

10. Research:

On September 6, 2022, the Society entered into an agreement with The University of Western Ontario ("University") to make a gift of \$1,500,000 to the University from funds raised in the Ralph Walker Fund to establish a perpetual endowed fund named the "Huntington Society of Canada Research Chair" to support research and other academic activities focusing primarily on the prevention, identification and treatment of Huntington Disease and secondarily on other neurodegenerative diseases.

As part of the agreement, the University agreed to match payments received on a dollar-for-dollar basis. The agreement enables the Society to contribute up to an additional \$1,000,000 over a period of two years from the date of the original agreement that the University has also agreed to match on a dollar-for-dollar basis. The total maximum combined contribution under this agreement is \$5,000,000. During the year the Society contributed \$1,500,000 (2023 - \$nil).

11. Interfund transfers:

During the year, a transfer of \$12,924 was made from the General Fund to the Capital Assets Fund in order to fund the cash outlays for acquisitions of capital assets.

HUNTINGTON SOCIETY OF CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2024

12. Commitments and subsequent event:

Subsequent to year end, the Society entered into a ten year lease agreement for the new premises beginning February 1, 2025.

The Society is committed to the following operating lease payments over the next five years:

| | | |
|------|----|---------|
| 2025 | \$ | 135,836 |
| 2026 | | 84,842 |
| 2027 | | 84,842 |
| 2028 | | 79,528 |
| 2029 | | 79,528 |
| | | <hr/> |
| | | 464,576 |

13. Financial risks:

(a) Currency risk:

Currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Some of the Society's funds are invested in financial instruments and denominated in foreign currencies, which differ from the Society's measurement currency, the Canadian dollar. Consequently, the Society is exposed to risks that the exchange rate of the Canadian dollar will change in a manner that has an adverse effect on the value of the portion of the Society's assets and liabilities denominated in foreign currencies. The Society's overall currency positions and exposures are monitored by the Portfolio manager.

(b) Market risk:

Market risk is the risk that a value of an instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual instrument, its issuer, or all factors affecting all instruments traded in the market. To manage this risk, the Society has established a target mix by investment types designed to achieve optimal return with reasonable risk tolerance.

(c) Credit risk:

Credit risk is the risk that counterparties fail to perform as contracted. The Society is not exposed to a concentration of credit risk relating to receivables.

HUNTINGTON SOCIETY OF CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2024

13. Financial risks: (continued):

(d) Liquidity risk:

Liquidity risk is the risk that the Society will encounter difficulty in meeting obligations associated with financial liabilities. The Society believes that it is not exposed to significant liquidity risk as they have investments that are held in term deposits and guaranteed investment certificates that are highly liquid and can be disposed of to settle commitments.

(e) Interest rate:

Interest rate risk refers to the adverse consequences of interest rate changes on the Society's cash flows, financial position, and operations. Interest rate changes have a direct impact on the market valuation of the Society's fixed income securities. To manage this risk, the Society has established a target mix by investment types designed to achieve optimal return with reasonable risk tolerances.

There has been no change to the risk exposures from prior year.

14. Comparative information:

Certain comparative information has been reclassified in the statement operations and statement of cash flows from those previously presented to conform to the presentation of the March 31, 2024 financial statements.