

**Sylvia Fedoruk Canadian
Centre for Nuclear
Innovation Inc.**

Financial Statements
March 31, 2024



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Independent Auditor's Report

To the Board of Directors of Sylvia Fedoruk Canadian Centre for Nuclear Innovation Inc.

Opinion

We have audited the financial statements of Sylvia Fedoruk Canadian Centre for Nuclear Innovation Inc. (the Corporation), which comprise the statement of financial position as at March 31, 2024, and the statement of operations and unrestricted net assets, the schedule of expenditures and the 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 Corporation as at March 31, 2024, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for non-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 Corporation 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 these financial statements in accordance with Canadian accounting standards for non-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 Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

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

BDO Canada LLP

Chartered Professional Accountants

Saskatoon, Saskatchewan

May 27, 2024

Sylvia Fedoruk Canadian Centre for Nuclear Innovation Inc.

Statement of Financial Position

As at March 31, 2024

	2024 \$	2023 \$
Assets		
Current assets		
Accounts receivable	465,066	371,985
Prepaid expenses	132,254	64,951
	<u>597,320</u>	<u>436,936</u>
Decommissioning funds held by University of Saskatchewan (note 3)	215,000	175,000
Tangible capital assets (note 4)	2,099,060	3,359,239
Asset retirement obligation (note 5)	1,424,830	533,738
	<u>4,336,210</u>	<u>4,504,913</u>
Liabilities		
Current liabilities		
Due to University of Saskatchewan (note 8)	1,401,851	900,797
Accounts payable and accrued liabilities	157,611	68,149
	<u>1,559,462</u>	<u>968,946</u>
Accrued decommissioning costs (note 5)	1,704,189	769,961
Deferred contributions - operating (note 6(a))	74,762	1,172,413
Deferred contributions - capital (note 6(b))	782,797	1,418,593
	<u>4,121,210</u>	<u>4,329,913</u>
Net assets		
Internally restricted net assets (note 3)	215,000	175,000
	<u>4,336,210</u>	<u>4,504,913</u>

Economic dependence (note 1)

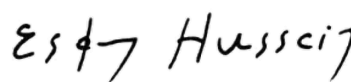
Operating lease (note 7)

Commitments (note 10)

Approved by the Board of Directors



Director



Director

The accompanying notes are an integral part of these financial statements.

Sylvia Fedoruk Canadian Centre for Nuclear Innovation Inc.

Statement of Operations and Unrestricted Net Assets

For the year ended March 31, 2024

	2024 \$	2023 \$
Revenue		
Innovation Saskatchewan operating grant - restricted (notes 6(a) and 9)	3,598,651	3,942,712
Radioisotope product sales	1,273,675	1,139,909
Capital grants - restricted (note 6(b))	635,796	637,437
Fee for services	470,550	289,478
Government of Canada grant	264,871	13,909
Conferences and special events	100,304	-
Consultation (note 8)	46,458	72,037
University of Saskatchewan grant (notes 8 and 10)	25,000	25,000
Other income	12,500	18,170
Recovery of unexpended grants (note 10)	9,623	92,928
	<u>6,437,428</u>	<u>6,231,580</u>
Expenditures (schedule)		
Cyclotron (notes 8 and 10(c))	5,037,799	4,333,922
Core office (note 8)	971,435	1,010,082
Grants (notes 8 and 10)	333,147	837,138
Interest (note 8)	55,047	25,438
	<u>6,397,428</u>	<u>6,206,580</u>
Excess of revenue over expenditures for the year	40,000	25,000
Unrestricted net assets - Beginning of year	-	-
Transfer to internally restricted net assets (note 3)	<u>(40,000)</u>	<u>(25,000)</u>
Unrestricted net assets - End of year	<u>-</u>	<u>-</u>

The accompanying notes are an integral part of these financial statements.

Sylvia Fedoruk Canadian Centre for Nuclear Innovation Inc.

Schedule of Expenditures

For the year ended March 31, 2024

	2024 \$	2023 \$
Expenditures		
Cyclotron (note 10(c))		
Salaries and benefits	1,482,524	1,246,155
Supplies and services	1,339,895	1,062,893
Amortization of tangible capital assets	1,291,919	1,294,170
Operating license (note 8)	678,397	561,180
Externally contracted services and consultants	145,648	129,843
Bad debt expense	56,280	-
Accretion of accrued decommissioning costs (note 5)	26,962	19,927
Amortization of asset retirement obligation (note 5)	16,174	19,754
	<u>5,037,799</u>	<u>4,333,922</u>
Grants (notes 8 and 10)		
Program grants	242,724	492,724
Project grants	90,423	344,414
	<u>333,147</u>	<u>837,138</u>
Core office		
Salaries and benefits	642,463	557,076
Supplies and services (note 8)	217,060	238,325
Rent and occupancy (note 7)	50,383	49,990
Travel	41,716	83,588
Externally contracted services and consultants	17,469	77,454
Amortization of tangible capital assets	2,344	3,649
	<u>971,435</u>	<u>1,010,082</u>
Interest (note 8)	<u>55,047</u>	<u>25,438</u>
	<u>6,397,428</u>	<u>6,206,580</u>

The accompanying notes are an integral part of these financial statements.

Sylvia Fedoruk Canadian Centre for Nuclear Innovation Inc.

Statement of Cash Flows

For the year ended March 31, 2024

	2024 \$	2023 \$
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenditures for the year	40,000	25,000
Items not affecting cash		
Amortization of tangible capital assets	1,294,263	1,297,819
Accretion of accrued decommissioning costs (note 5)	26,962	19,927
Amortization of asset retirement obligation (note 5)	16,174	19,754
Recognition of deferred contributions related to capital	(635,796)	(637,437)
	<u>741,603</u>	<u>725,063</u>
Changes in non-cash working capital items		
Cash held by University of Saskatchewan	-	184,170
Accounts receivable	(93,081)	(42,319)
Prepaid expenses	(67,303)	(43,120)
Decommissioning funds held by University of Saskatchewan	(25,000)	(25,000)
Accounts payable and accrued liabilities	89,462	(199,614)
Deferred contributions - operating	(1,097,651)	(1,442,712)
	<u>(1,193,573)</u>	<u>(1,568,595)</u>
	(451,970)	(843,532)
Investing activities		
Purchase of tangible capital assets	(34,084)	(57,265)
Financing activities		
Due to University of Saskatchewan	486,054	900,797
Change in cash during the year	-	-
Cash - Beginning of year	-	-
Cash - End of year	<u>-</u>	<u>-</u>

The accompanying notes are an integral part of these financial statements.

Sylvia Fedoruk Canadian Centre for Nuclear Innovation Inc.

Notes to Financial Statements

March 31, 2024

1 Nature of business

Sylvia Fedoruk Canadian Centre for Nuclear Innovation Inc. (the Corporation or Fedoruk Centre) was originally incorporated as a non-profit organization under the Canadian Not-for-Profit Corporations Act on December 20, 2011, as the Canadian Centre for Nuclear Innovation Inc., with its parent company and sole member being the University of Saskatchewan (U of S). On October 5, 2012, the Corporation was registered with Corporations Canada as Sylvia Fedoruk Canadian Centre for Nuclear Innovation Inc. The Corporation qualifies as a tax- exempt organization under the Income Tax Act (Canada).

The mandate of the Fedoruk Centre is to place Saskatchewan among global leaders in nuclear research, development and training through investments in partnerships with academia and industry, for maximum societal and economic benefit. This purpose is accomplished through investment in projects and programs of Saskatchewan-based, publicly funded institutions and their partners and through operating the Saskatchewan Centre for Cyclotron Sciences (SCCS), which is owned by the U of S, for research and clinical applications. The Fedoruk Centre began the regulatory commissioning of the cyclotron and radioisotope production facility in October of 2014 and achieved operational status in May of 2016.

The operation of the Corporation is economically dependent on the funding from Innovation Saskatchewan (note 9).

2 Summary of significant accounting policies

Basis of presentation

These financial statements include the accounts of the Corporation and are presented in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Use of estimates

The preparation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenditures during the reporting period. Actual results could differ from these estimates. Significant financial statement items that require estimates include the asset retirement obligation and accrued decommissioning costs.

Tangible capital assets

Tangible capital assets are recorded at cost and amortized over their expected useful lives. Computer equipment and software is amortized using the declining balance method at a rate of 30%. Furnishings and equipment are amortized using the straight-line method at a rate of 20%. SCCS leasehold improvements are amortized over a 20-year period based on the term of the operating agreement (note 10(c)).

Sylvia Fedoruk Canadian Centre for Nuclear Innovation Inc.

Notes to Financial Statements

March 31, 2024

Revenue recognition and grant expenditures

The Corporation follows the deferral method of accounting for contributions, which includes funding from Innovation Saskatchewan and other funding sources. Deferred contributions related to expenses of future periods represent unspent externally restricted funding and any related investment income, which are for the purposes of providing funding to eligible recipients and the payment of operating and capital expenditures in future periods. Restricted contributions related to tangible capital assets are recognized as revenue on the same basis as the tangible capital assets are amortized. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenue from the sale of radioisotope products of the cyclotron is recognized when significant risks and rewards of ownership have been transferred to the purchaser and reasonable assurance exists regarding the measurement of the consideration that will be derived from the sale of the product.

Investment income earned on the cash held by University of Saskatchewan is recognized as revenue when the U of S can measure and transfer the income to the Corporation.

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

Grants are recognized as expenditures when the current year grant commitment to the recipient is due under the terms of the grant agreement.

Financial instruments

Financial assets and financial liabilities consisting of cash held by University of Saskatchewan, accounts receivable, accounts payable and accrued liabilities, and due to University of Saskatchewan are initially recognized at fair value and subsequent measurement is at amortized cost. Financial assets are tested for impairment at the end of each reporting period when there are indications that an asset may be impaired.

Decommissioning and asset retirement obligation

During the year ended March 31, 2017, the cyclotron received its Canadian Nuclear Safety Commission (CNSC) operating license. The Corporation is required to decommission the currently licensed prescribed equipment, facility and nuclear substances when operations cease and has accounted for the estimated costs associated with this requirement.

3 Internally restricted net assets

As provided for under the Corporation's policy for funding the cyclotron decommissioning liability, the Corporation allocates \$40,000 annually from unrestricted net assets to internally restricted net assets to fund future decommissioning costs. This policy was updated during the year ended March 31, 2024, from the previous policy of \$25,000 annually.

Sylvia Fedoruk Canadian Centre for Nuclear Innovation Inc.

Notes to Financial Statements

March 31, 2024

4 Tangible capital assets

			2024	2023
	Cost \$	Accumulated amortization \$	Net book value \$	Net book value \$
Equipment	5,859,678	5,356,775	502,903	1,654,976
SCCS leasehold improvements	1,937,105	414,086	1,523,019	1,614,775
Computer equipment and software	347,176	280,945	66,231	78,930
Furnishings	42,846	35,939	6,907	10,558
	<u>8,186,805</u>	<u>6,087,745</u>	<u>2,099,060</u>	<u>3,359,239</u>

5 Asset retirement obligation and accrued decommissioning costs

As a component of its Class II Nuclear Facilities and Prescribed Equipment License from the CNSC, the Corporation recognizes the asset retirement obligation related to the expected future cost of decommissioning the currently licensed prescribed equipment, facility and nuclear substances. The asset retirement obligation will be amortized on a straight-line basis over the expected remaining useful life. At the time of the initial estimate, the Corporation expected the facility to operate for a 40-year period, which commenced during the year ended March 31, 2017. During the year ended March 31, 2024, this estimated operating life of the facility was updated for a 60-year period.

The estimated undiscounted future cash flows required to decommission the facility are expected to be approximately \$2,341,415 (2023 - \$1,132,000). Accretion of \$26,962 (2023 - \$19,927) and amortization of \$16,174 (2023 - \$19,754) are included in decommissioning expense for the year ended March 31, 2024. The present value of the asset retirement obligation and the liability for accrued decommissioning costs has been calculated using a credit adjusted risk-free interest rate of 3.83% (2023 - 3.50%) and an inflation rate estimate of 3.20% (2023 - 2.30%).

			2024	2023
	Cost \$	Accumulated amortization \$	Net book value \$	Net book value \$
Asset retirement obligation	1,563,620	138,790	1,424,830	533,738

Sylvia Fedoruk Canadian Centre for Nuclear Innovation Inc.

Notes to Financial Statements

March 31, 2024

A reconciliation of the accrued decommissioning costs is as follows:

	2024 \$	2023 \$
Opening accrued decommissioning costs	769,961	868,185
Estimate of decommissioning costs	907,266	(118,151)
Accretion expense	26,962	19,927
Closing accrued decommissioning costs	<u>1,704,189</u>	<u>769,961</u>

6 Deferred contributions

- a) The Corporation receives funding from Innovation Saskatchewan to be held, administered and distributed in accordance with the funding agreement. Deferred contributions related to expenses of future periods represent the unspent externally restricted funding, which is for the purpose of providing funding to eligible recipients and the payment of operating and capital expenditures in future periods. The changes in the deferred contributions balance are as follows:

	2024 \$	2023 \$
Opening deferred contributions - operating	1,172,413	2,615,125
Contributions during the year Innovation Saskatchewan (note 9)	<u>2,500,000</u>	<u>2,500,000</u>
Total contributions available	3,672,413	5,115,125
Less: Amount recognized as revenue	<u>3,597,651</u>	<u>3,942,712</u>
Closing deferred contributions - operating	<u>74,762</u>	<u>1,172,413</u>

- b) The Corporation receives funding from Western Economic Diversification Canada and Innovation Saskatchewan for capital expenditures, including those related to establishing the Innovation Wing at the cyclotron facility. This funding will be recognized as revenue in the year that the related amortization of the equipment is recorded. The changes in the deferred contributions balance are as follows:

	2024 \$	2023 \$
Opening deferred contributions - capital	1,418,593	2,056,030
Contributions during the year	<u>-</u>	<u>-</u>
Total contributions available	1,418,593	2,056,030
Less: Amount recognized as revenue	<u>635,796</u>	<u>637,437</u>
Closing deferred contributions - capital	<u>782,797</u>	<u>1,418,593</u>

Sylvia Fedoruk Canadian Centre for Nuclear Innovation Inc.

Notes to Financial Statements

March 31, 2024

7 Operating lease

On March 21, 2024, the Corporation renewed their lease agreement for office space. The term of the lease agreement is five years. The future minimum annual lease payments are \$24,632 per year from April 1, 2024 until the expiry of the lease agreement on March 31, 2027.

8 Related party transactions

During the year, the Corporation entered into transactions with its parent company and sole member, the U of S. The Corporation purchased goods and services from the U of S in the amount of \$165,459 (2023 - \$101,098) and incurred operating license costs for the cyclotron of \$678,397 (2023 - \$561,180).

During the year ended March 31, 2024, interest of \$55,047 (2023 - \$25,438) was charged by the U of S based on the Corporation's overdraft of funds held in bank accounts administered by the U of S.

During the year ended March 31, 2024, the Corporation received \$25,000 (2023 - \$25,000) in grants during the year from the U of S. Of the grants made during the year by the Corporation, \$165,622 (2023 - \$274,235) were made to the U of S, including individuals or entities related to or employed by the U of S.

During the year ended March 31, 2024, the Corporation received fees from Neutrons Canada of \$46,458 (2023 - \$15,100) for management services provided. Neutrons Canada is related to the Corporation by virtue of common ownership and management.

The related party transactions described above are measured at carrying amounts. All funds received by the Corporation are held in, and payments to vendors of the Corporation are made from, bank accounts administered by the U of S, which are included on the statement of financial position as cash held by University of Saskatchewan.

9 Innovation Saskatchewan grant

New funding agreement (2019)

The Fedoruk Centre signed a funding agreement with Innovation Saskatchewan effective April 1, 2019 for a total of \$11.6 million, with a subsequent amendment to add \$900,000 to the total contribution of funds during the year ended March 31, 2020. The funds are to be disbursed beginning July 31, 2019 and concluding January 31, 2024, with the agreement then expiring on March 31, 2024. The agreement stipulates that any unused funds must be returned to the funder within 60 days of the completion of the project. The agreement further stipulates that in the event that the Fedoruk Centre does not comply with its obligations under the agreement or the agreement is terminated, all funds paid under the agreement shall be returned within 30 days of demand. The funder may waive repayment in an amount not exceeding actual and reasonable project expenses paid.

Sylvia Fedoruk Canadian Centre for Nuclear Innovation Inc.

Notes to Financial Statements

March 31, 2024

Original funding agreement (2012)

The Fedoruk Centre signed a funding agreement with Innovation Saskatchewan on March 2, 2012 for a total of \$30 million to be disbursed over seven years, from January 2, 2012 to March 31, 2019. Funds were to be used solely for the purposes of the project as defined in the agreement. The agreement defined that all funds must be returned to the funder if there is non-compliance or the agreement is terminated by the funder, and at the application of the Fedoruk Centre the funder may elect to limit repayment in amount not exceeding actual and reasonable project expenses paid by the Fedoruk Centre.

The funding agreement with Innovation Saskatchewan was subsequently amended to allow the Fedoruk Centre to redirect up to \$6.3 million of the original \$30 million to assist the U of S with cash flow for the cyclotron capital project. If capital costs for the cyclotron were less than \$6.3 million, any remaining amount would be returned to the Fedoruk Centre's operating budget. The amendment also provided for \$1 million per year for three years, in addition to the original \$30 million, for cyclotron facility operating costs and \$800,000 for the purchase of scientific equipment and renovations to research facilities.

A final payment of \$1,090,000 was received during the year ended March 31, 2019.

10 Commitments

a) Project grants

The Fedoruk Centre provides grants to eligible individuals and their institutions for the purpose of nuclear research, development and training. Project grant awards are funded over multiple years. The total maximum commitment made during the year ended March 31, 2024 was \$390,661 (2023 - \$nil). Project grants disbursed during the year ended March 31, 2024 were \$90,423 (2023 - \$344,414). Reimbursements of \$9,623 were received during the year ended March 31, 2024 (2023 - nil) related to unexpended project grants.

The remaining maximum commitment on all projects as of March 31, 2024 is \$445,664 (2023 - \$139,561).

	\$
2025	282,318
2026	93,138
2027	56,612
2028	13,596

b) Program grants

During the year ended March 31, 2021, a program grant agreement was signed between the Fedoruk Centre and the U of S under which the Fedoruk Centre will share the costs associated with bridging the current position of Fedoruk Chair in Radiopharmacy into a faculty position at the U of S. The Fedoruk Centre's total maximum commitment is \$370,896, payable in equal annual instalments beginning in

Sylvia Fedoruk Canadian Centre for Nuclear Innovation Inc.

Notes to Financial Statements

March 31, 2024

2020 and ending June 30, 2024, of which \$370,896 of grant expenditures had been incurred as of March 31, 2024 (2023 - \$278,172).

During the year ended March 31, 2023, a program grant agreement was signed between the Fedoruk Centre and the University of Regina under which the Fedoruk Centre will fund one research chair for five years beginning on or about July 1, 2022. The Fedoruk Centre's total maximum commitment is \$1,000,000, payable in equal annual instalments beginning in 2022 of \$150,000 and ending in the fiscal year ending March 31, 2027, with an additional research funding amount of \$250,000 to be paid on the start date of the Fedoruk Chair. Program grants disbursed during the year ended March 31, 2024 were \$150,000.

Total program grants disbursed during the year ended March 31, 2024 were \$242,724 (2023 - \$492,724). Reimbursements of nil were received during the year ended March 31, 2024 (2023 - \$92,928) related to unexpended program grants.

The total remaining maximum commitment for program grants is as follows:

	\$
2025	150,000
2026	150,000
2027	150,000

c) Cyclotron

The Fedoruk Centre has an operating license agreement with the U of S for the cyclotron facility. The term of the agreement extends to the date that is the earlier of: a) six months following the date that the license to operate granted to the Fedoruk Centre by the CNSC, including renewal terms, expires; or b) 20 years from June 2015; or c) the date that substantial destruction of the cyclotron facility occurs and rebuilding has not commenced within six months of such date and diligently prosecuted to completion.

Notwithstanding the defined term, the operating license agreement will expire upon the expiration of the useful life of the cyclotron (60 years). The agreement calls for the Fedoruk Centre to be responsible for the operation, maintenance and eventual decommissioning of the cyclotron facility. During the term of the license agreement, an annual license fee of \$520,000 will be paid to the U of S by the Fedoruk Centre. This annual license fee is adjusted to the actual services provided annually and the actual amount of the operating license for the year ended March 31, 2024 was \$678,397 (2023 - \$561,180).

During the year ended March 31, 2023, the Fedoruk Centre amended its agreement for the provision of cyclotron maintenance services. The term of the agreement is from February 1, 2023 to January 31, 2025 and the cost is \$125,000 per year.

Sylvia Fedoruk Canadian Centre for Nuclear Innovation Inc.

Notes to Financial Statements

March 31, 2024

11 Financial risks

The Corporation's exposure to credit risk is based on the carrying amount of its financial assets.

The Corporation's exposure to interest rate risk pertains to cash balances held by the U of S and the amount due to the U of S, which are subject to future changes in interest rates.

Liquidity risk is the risk the Corporation will not be able to meet its financial obligations as they come due. The Corporation's approach to managing liquidity is to ensure it has sufficient cash flows to fund its operations and meet its obligations when they come due, under normal and stressed conditions. The Corporation manages any cash shortfall through the support of its parent company and sole member the U of S.

The Corporation's ability to obtain funding from external sources may be restricted if the Corporation's financial performance and condition deteriorate. The Corporation mitigates this risk by actively monitoring market conditions and diversifying its sources of funding.