ELEPHANT THOUGHTS EDUCATIONAL OUTREACH

OPERATING AS "ELEPHANT THOUGHTS"

FINANCIAL STATEMENTS

JUNE 30, 2025

bakertilly

ELEPHANT THOUGHTS EDUCATIONAL OUTREACH
OPERATING AS "ELEPHANT THOUGHTS"
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Elephant Thoughts Educational Outreach:

Qualified opinion

We have audited the financial statements of Elephant Thoughts Educational Outreach ("the Organization"), which comprise the statement of financial position as at June 30, 2025, and the statement of operations and net assets and cash flow statement 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 Elephant Thoughts Educational Outreach as at June 30, 2025 and its results of 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 Organization derives revenue from cash donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Organization and we were not able to determine whether any adjustments might be necessary to revenues, excess of revenue over expenses for the year and cash flow for the years ended June 30, 2025 and June 30, 2024 and asset and net asset balances as at June 30, 2025 and June 30, 2024. Our opinion for both years 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 Organization 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 qualified 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 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 Organization's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

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

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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 Organization'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 Organization'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 Organization 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.

Baker Tilly SGB LLP

Baker Tilly SGB LLP
Chartered Professional Accountants
Licensed Public Accountants
Collingwood, Ontario
February 18, 2026

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ELEPHANT THOUGHTS EDUCATIONAL OUTREACH
OPERATING AS "ELEPHANT THOUGHTS"
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30

	2025 $	2024 $
Assets		
Current		
Accounts receivable (Notes 4 and 5)	**747,987**	1,275,239
Prepaid expenses	**22,294**	47,299
	770,281	1,322,538
Tangible capital assets (Note 2)	**4,540,574**	4,016,353
Vehicles under capital lease (net of accumulated amortization of $486,282; 2024 - $308,103)	**145,456**	323,636
Intangibles - software (net of accumulated amortization of $109,100; 2024 - $104,541)	**18,238**	22,797
	5,474,549	5,685,324
Liabilities		
Current		
Bank indebtedness (Note 3)	**162,324**	213,185
Accounts payable and accruals	**323,324**	435,264
Government remittances payable	**312,649**	248,710
Due to related parties (Note 5)	**100,800**	308,000
Deferred revenue (Note 6)	**217,835**	120,923
Current portion of obligations under capital leases (Note 9)	**129,998**	122,172
Current portion of long-term (Note 8)	**92,291**	98,354
	1,339,221	1,546,608
Obligations under capital leases (Note 9)	**159,322**	298,955
Long-term (Note 8)	**1,668,167**	1,427,290
	1,827,489	1,726,245
	3,166,710	3,272,853
Deferred capital contributions (Note 7)	**175,962**	194,626
	3,342,672	3,467,479
Net assets		
Unrestricted	**2,131,877**	2,217,845
	5,474,549	5,685,324

Approved on behalf of the board:

Mike Ready
_____ Director

Martin Oosterveld
_____ Director

See accompanying notes to the financial statements

ELEPHANT THOUGHTS EDUCATIONAL OUTREACH
OPERATING AS "ELEPHANT THOUGHTS"
STATEMENT OF OPERATIONS AND NET ASSETS
FOR THE YEAR ENDED JUNE 30

	2025 $	2024 $
Revenues		
Contributions and other	**174,475**	88,187
Program fees	**2,935,588**	3,110,758
Federal grants	**1,385,864**	1,863,333
Provincial grants	**162,208**	110,000
Other grants	**1,095,745**	1,572,700
Rental	**41,617**	166,291
	5,795,497	6,911,269
Expenses		
Advertising and promotion	**20,076**	23,113
Bank charges and operating line of credit interest	**46,053**	28,696
Educational programs (Notes 5 and 11)	**4,575,688**	5,722,881
Insurance	**69,706**	60,700
Interest (Notes 8 and 9)	**81,868**	114,914
International	**35,207**	32,837
Local community programs	**160,440**	72,027
Office and other	**100,706**	118,480
Professional fees	**36,867**	51,106
Repairs and maintenance	**154,789**	192,875
Telephone and utilities	**57,332**	32,560
Wages and benefits	**112,594**	106,455
	5,451,326	6,556,644
Excess of revenues over expenses from operations	**344,171**	354,625
Other income (expenses)		
Amortization of deferred capital contributions (Note 7)	**30,445**	181,067
Amortization of tangible capital assets and intangibles	**(509,558)**	(520,034)
Gain on disposal of tangible capital assets	**48,974**	63,257
	(430,139)	(275,710)
(Deficiency) excess of revenues over expenses for the year	**(85,968)**	78,915
Net assets at beginning of year	**2,217,845**	2,138,930
Net assets at end of year	**2,131,877**	2,217,845

See accompanying notes to the financial statements

ELEPHANT THOUGHTS EDUCATIONAL OUTREACH
OPERATING AS "ELEPHANT THOUGHTS"
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30

	2025 $	2024 $
Cash flows from (for):		
Operating activities		
Excess of revenues over expenses for the year	**(85,968)**	78,915
Items not involving cash		
Amortization of tangible capital assets and intangibles	**509,558**	520,034
Amortization of deferred capital contributions	**(30,445)**	(181,067)
Gain on disposal of tangible capital assets	**(48,974)**	(63,257)
	344,171	354,625
Changes in		
Accounts receivable	**527,252**	(916,154)
Prepaid expenses	**25,005**	(47,299)
Accounts payable and accruals	**(111,940)**	47,924
Government remittances payable	**63,939**	163,098
Deferred revenue	**96,912**	36,423
	945,339	(361,383)
Financing activities		
Repayment of Canada Emergency Business Account loan	**-**	(36,000)
Deferred capital contributions received	**11,780**	96,100
Due to related parties	**(207,200)**	308,000
Repayment of long-term liabilities	**(162,720)**	(98,445)
Repayment of obligations under capital leases	**(131,807)**	(96,929)
Repayment from construction credit facilities	**-**	(922,170)
Advance from Blue Mountain Wild School	**-**	(150,000)
	(489,947)	(899,444)
Investing activities		
Purchase of tangible capital assets (Note 2)	**(482,843)**	(721,644)
Proceeds on sale of tangible capital assets	**78,312**	2,000,000
	(404,531)	1,278,356
Change in cash and cash equivalents	**50,861**	17,529
Cash and cash equivalents at beginning of year	**(213,185)**	(230,714)
Cash and cash equivalents at end of year	**(162,324)**	(213,185)
Comprised of:		
Unrestricted	**(380,159)**	(334,108)
Externally restricted (Note 6)	**217,835**	120,923
	(162,324)	(213,185)

See accompanying notes to the financial statements

Nature of the Organization

Elephant Thoughts Educational Outreach is a registered charity incorporated under the Canada Corporations Act on April 26, 2002. The Organization's mandate is to help promote high standards of education worldwide despite economic or geographic barriers while supporting initiatives which propagate cultural understanding and sharing among school aged children. The Organization is exempt from income taxes pursuant to Section 149(1)(l) of the Income Tax Act.

1. Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (referred to as ASNFPO) and are in accordance with Canadian generally accepted accounting principles (GAAP).

The following is a summary of significant accounting policies followed in the preparation of the financial statements:

(a) Revenue recognition

The Organization derives its operating revenue from contributions, program fees, grants and rentals which are accounted for under the deferral method of accounting.

Unrestricted contributions are recognized as revenue when earned and collection is reasonably assured. Restricted contributions for operating expenditures are deferred and recognized as revenue in the year in which the related expenses are incurred. Contributions relating to depreciable tangible capital assets are deferred and amortized over the useful life of the depreciable tangible capital assets acquired. In-kind contributions are recognized at fair market value.

Program fees include contracted services performed by the Organization and are recognized as revenue when earned and collection is reasonably assured.

Grants are recognized as revenue when receivable and performance of any external restrictions has occurred.

Rentals include contracted services performed by the Organization and are recognized as revenue when earned and collection is reasonably assured.

(b) Cash and cash equivalents

Cash and cash equivalents consist of cash held at year end and investments (if any) with maturity dates less than three months from the date of purchase.

1. Summary of significant accounting policies (continued)

(c) Tangible capital assets

Tangible capital assets are recorded at cost. Cost includes the purchase price and other acquisition costs such as wages directly related to construction, installation costs, legal fees, survey costs, freight charges, transportation, insurance costs, and duties. The cost incurred to enhance the service potential of an item of tangible capital assets (betterment) is also included in the cost of an asset.

Amortization is provided to allocate the cost of assets over their estimated useful lives, beginning with half the amortization amount being taken in the first year of service. Capital work in progress is not amortized until in use. Provision is made for amortization as follows:

Buildings	5%	declining balance
Computers	50%	declining balance
Equipment	20%	declining balance
Leasehold improvements	5%	declining balance
Signs	20%	declining balance
Trailers	20%	declining balance
Vehicles	30%	declining balance

Tangible capital assets are tested for impairment when events or changes in circumstances indicate that an asset might be impaired.

(d) Intangibles

Intangibles consists of software programs and are stated at cost. Amortization is provided on a declining balance basis of 20%. These assets are tested for impairment when events or changes in circumstances indicate that an asset might be impaired.

(e) Vehicles under capital lease

Vehicle leases that effectively transfer all of the risks and rewards of ownership to the Organization as lessee are capitalized at the present value of the minimum lease payments under the lease with a corresponding liability for the related lease obligations. Charges to expenses are made for interest on the lease obligations and amortization (at a rate of 30% declining balance).

(f) Deferred capital contributions

Deferred capital contributions reported on the statement of financial position include the estimated fair value of the contributed tangible capital assets at the time they were donated. Deferred capital contributions are amortized on the same basis as the donated asset.

1. Summary of significant accounting policies (continued)

(g) Contributed services

The Organization receives volunteer services from many individuals. Since these services are not normally purchased by the Organization and because of the difficulty in estimating their fair market value, these services are not recorded in these financial statements.

(h) Financial instruments

The Organization initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions. The Organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost includes accounts receivable.

Financial liabilities measured at amortized cost include bank indebtedness, accounts payable, due from related parties and long-term debt.

The Organization has no financial assets measured at fair value and has not elected to carry any financial asset or liability at fair value.

Transaction costs

The Organization recognizes its transactions costs in excess of revenue over expenses in the period incurred except for financial instruments that will not be subsequently measured at fair value. The carrying amounts of these instruments are adjusted by the transaction costs that are directly attributable to their issuance.

(i) Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in the period in which they become known. Significant estimates include the useful lives of tangible capital assets, vehicles under capital lease, intangible assets and deferred capital contributions. Actual results could differ from those estimates.

(j) Related party transactions

Related party transactions in the normal course of business are recorded at the exchange amount which is the amount of consideration exchanged in the transaction.

Related party transactions outside the normal course of business are recorded at the exchange amount or the carrying amount depending on the substance of the transaction.

Carrying amount is defined as the recorded amount of the item transferred.

For transactions with related parties involving financial instruments, they are recorded at cost unless the financial instrument is an equity instrument quoted in an active market or a derivative.

Cost is defined depending on the existence or absence of repayment terms then cost is determined to be either the exchange amount or the carrying amount depending on the substance of the transaction.

2. Tangible capital assets

Tangible capital assets are comprised of:

	2025 $	2024 $
Cost		
Land	**1,006,791**	949,041
Buildings	**3,106,206**	2,615,983
Computers	**102,472**	100,181
Equipment	**1,493,900**	1,339,869
Leasehold improvements	**118,997**	36,808
Signs	**35,605**	35,605
Trailers	**176,609**	176,609
Vehicles	**463,460**	470,193
	6,504,040	5,724,289
Accumulated amortization		
Buildings	**510,445**	386,727
Computers	**94,400**	87,473
Equipment	**958,781**	844,254
Leasehold improvements	**5,642**	1,839
Signs	**10,459**	4,172
Trailers	**74,820**	49,373
Vehicles	**308,919**	334,098
	1,963,466	1,707,936
	4,540,574	4,016,353

During the year, tangible capital assets were acquired at an aggregate of $880,380 (2024 - $721,644) of which $397,537 (2024 - $NIL) were acquired by means of long-term debt and $482,843 (2024 - $721,644) were acquired with cash.

3. Bank indebtedness

The Organization has an operating line of credit available in the amount of $200,000 with an interest rate of Prime plus 1%. At year end there were drawings of $162,324 (2024 - $213,185) against the line of credit. The line of credit is overdrawn at year end by $NIL (2024 - $13,185) due to outstanding cheques.

4. Accounts receivable

Included in accounts receivable is $231,921 (2024 - $18,000) related to government grants that are receivable at year end. Accounts receivable are net of allowance for doubtful accounts of $NIL (2024 - $NIL).

5. Related party transactions

During the year, a director made loans to the Organization. $100,000 (2024 -$210,000) was outstanding on the loan at year end and is included in the due to related parties balance.

During the year, employees made loans to the Organization. $800 (2024 - $98,000) was outstanding on the loan at year end and is included in the due to related parties balance.

Last year, there was an amount receivable from a subcontractor of the Organization in the amount of $51,475 at year end and was included in the accounts receivable balance. No such balance exists at the end of fiscal 2025.

During the year $5,894 (2024 - $6,239) was paid to a director's business for program materials and $21,957 (2024 - $NIL) was paid to employees for staff rental housing. The purchases occurred in the normal course of operations and at rates competitive with arm's length suppliers.

All related party transactions are recorded at the exchange amount. The loans are unsecured and do not have any specific terms of repayment.

6. Deferred revenue

Deferred revenue consists of the following:

	2025	2024
	$	$
Local summer camps	**71,585**	-
Property rental and wedding deposits	**3,710**	1,000
Apitipi Anicinapek Nation grant	**-**	9,019
Cancode grant	**37,991**	-
TD Friends of the Environment Foundation grant	**-**	4,776
Generation Chos3n grant	**-**	37,502
Electricity Human Resources Canada grant	**-**	11,000
Government of Canada grant	**19,549**	57,626
Ontario Power Generation	**85,000**	-
	217,835	120,923

7. Deferred capital contributions

Deferred capital contributions represent contributions restricted by the donors for the purchase of tangible capital assets. The changes in deferred capital contributions for the year are as follows:

	2025	2024
	$	$
Balance at beginning of year	**194,626**	279,593
Capital contributions - Electricity Human Resources Canada	**-**	96,100
Capital contributions - Generation Cho3en	**11,780**	-
Amortization of deferred capital contributions	**(30,444)**	(36,973)
Recognition of capital contributions related to Kimbercote property	**-**	(144,094)
Balance at end of year	**175,962**	194,626

8. Long-term liabilities

Long-term liabilities consists of the following:

		2025 $	2024 $
(a)	3.99% loan payable to Chrysler Capital. Repayable in blended bi-weekly payments of $374, due October 2029. Secured by a vehicle with a net book value of $19,388 (2024 - $27,697).	**38,611**	46,635
(b)	6.25% loan payable to Kubota Canada. Repayable in blended monthly payments of $282, due October 2024.	**-**	1,592
(c)	0.00% loan payable to executive director for the purchase of a 2018 Kubota mower. The mower is being repaid in bi-weekly payments of $43.	**-**	232
(d)	2.00% mortgage payable to Ernie Martin, calculated semi-annually, for a fixed term of 10 years and an amortization period of 25 years. Repayable in monthly blended payments of principal and interest in the amount of $6,775, due January 2030. Secured by the land and buildings referred to as Riverstone Retreat with a net book value of $3,204,205 (2024 - $3,178,297).	**1,317,495**	1,371,968
(e)	3.99% loan payable to Chrysler Capital. Repayable in blended bi-weekly payments of $428, due August 2026. Secured by a vehicle with a net book value of $9,146 (2024 - $13,065).	**9,538**	19,938
(f)	6.48% loan payable to Chrysler Capital. Repayable in blended monthly payments of $379, due January 2026.	**-**	10,859
(g)	5.90% loan payable to Chrysler Capital. Repayable in blended monthly payments of $602, due May 2025.	**-**	6,634
(h)	5.90% loan payable to Chrysler Capital. Repayable in blended monthly payments of $626, due May 2025.	**-**	5,991
(i)	7.98% loan payable to Chrysler Capital. Repayable in blended monthly payments of $502, due October 2029.	**-**	61,795
(j)	5.00% mortgage payable to 700042 NB Inc. Repayable in blended monthly payments of $1,873, due February 2045. Secured by land and building that serves as a culinary training centre with a net book value of $398,347.	**283,602**	-
(k)	7.98% loan payable to Chrysler Capital. Repayable in blended bi-weekly payments of $657 due April 2033. Secured by vehicle with a net book value of $68,762.	**111,212**	-
		1,760,458	1,525,644
	Less: current portion	**(92,291)**	(98,354)
		1,668,167	1,427,290

8. Long-term liabilities (continued)

Included in interest expense is $44,010 (2024 - $40,875) of interest related to long-term liabilities.
Payment requirements for subsequent years are:

	Principal $	Interest $	Total $
2026	92,291	46,342	138,633
2027	89,061	43,545	132,606
2028	90,107	41,123	131,230
2029	92,334	38,240	130,574
2030	1,116,486	26,891	1,143,377
Thereafter	280,179	97,996	378,175
	1,760,458	294,137	2,054,595

9. Obligations under capital leases

Obligations under capital leases consist of the following:

		2025 $	2024 $
(a)	0.00% capital lease payable to Kubota Canada LTD. Repayable in monthly principal payments of $630, due August 2026.	**8,824**	16,384
(b)	6.99% capital lease payable to Chrysler Financial. Repayable in blended monthly payments of $959, due April 2027.	**18,134**	28,601
(c)	6.99% capital lease payable to Chrysler Financial. Repayable in blended monthly payments of $1,116, due June 2026.	**10,947**	23,760
(d)	6.99% capital lease payable to Chrysler Financial. Repayable in blended monthly payments of $1,116, due June 2026.	**11,399**	24,212
(e)	6.99% capital lease payable to Chrysler Financial. Repayable in blended monthly payments of $1,405, due June 2026.	**14,362**	29,094
(f)	4.53% capital lease payable to Kubota Canada LTD. Repayable in blended monthly payments of $742, due August 2026.	**8,262**	17,259
(g)	6.99% capital lease payable to Chrysler Financial. Repayable in blended monthly payments of $1,033, due March 2028.	**29,816**	39,462
(h)	6.99% capital lease payable to Chrysler Financial. Repayable in blended monthly payments of $1,194, due March 2028.	**30,446**	39,475
(i)	6.99% capital lease payable to Chrysler Financial. Repayable in blended monthly payments of $1,096, due March 2028.	**28,689**	43,608
(j)	6.99% capital lease payable to Chrysler Financial. Repayable in blended monthly payments of $1,243, due March 2028.	**33,099**	44,256
(k)	6.49% capital lease payable to Chrysler Financial. Repayable in blended monthly payments of $1,070, due June 2030.	**51,941**	62,177
(l)	6.49% capital lease payable to Chrysler Financial. Repayable in blended monthly payments of $909, due June 2030.	**43,401**	52,839
		289,320	421,127
	Less: current portion	**(129,998)**	(122,172)
		159,322	298,955

9. Obligations under capital leases (continued)

The capital leases are secured by the underlying vehicles, which have a net book value of $145,456 (2024 - $323,636).

Included in interest expense is $24,686 (2024 - $24,595) of interest related to capital leases.

Payment requirements for subsequent years are:

	Principal	Interest	Total
	$	$	$
2026	129,998	20,168	150,166
2027	80,361	11,835	92,196
2028	56,332	5,895	62,227
2029	21,057	2,694	23,751
2030	1,572	1,149	2,721
	289,320	41,741	331,061

10. Financial instruments

The Organization's financial instruments consist of accounts receivable, bank indebtedness, accounts payable, due to related parties and long-term liabilities.

The Organization is not exposed to significant market risk, currency risk nor other price risk. There has been no significant changes in the risk exposures from the prior period.

Financial risks

(a) Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognized at the statement of financial position date whereby a future change in interest rates will affect future cash flows or the fair value of fixed financial instruments.

At June 30, 2025, the Organization has several vehicle loans and leases with fixed interest rates and an operating line of credit with a floating rate. Management uses a mix of floating and fixed rates in order to mitigate interest rate risk.

(b) Liquidity risk

Liquidity risk is the risk that the Organization will not be able to meet its obligations associated with financial liabilities. Cash flow from operations provides a substantial portion of the Organization's cash requirements. Additional cash requirements are met with the use of the available overdraft function of the bank. The available operating line of credit provides flexibility in the short-term to meet operational needs.

(c) 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 Organization's main credit risk relates to accounts receivable. The Organization provides credit to its clients and funders in the normal course of operations and mitigates credit risk by restricting access to programs and/or future programs in cases where accounts receivable remain outstanding. The Organization has significant concentration of credit risk with one client who accounts for 44.6% (2024 - 40.3%) of overall revenue.

11. Commitment

On January 1, 2024, the Organization entered into a lease agreement for a property in New Brunswick. The lease calls for monthly payments of $10,200 per month plus HST and ends September 30, 2028.

12. Comparative figures

Certain comparative figures on the statement of operations have been reclassified to conform to the current year's financial statement presentation.