

FINANCIAL STATEMENTS OF
ONTARIO TECH STUDENT UNION
April 30, 2024

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	
FINANCIAL STATEMENTS	
Statement of Financial Position	1
Statement of Operations	2
Statement of Changes In Fund Balances	3
Statement of Cash Flows	4
Notes to the Financial Statements	5 - 14



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INDEPENDENT AUDITOR'S REPORT

To the Members of
Ontario Tech Student Union

Opinion

We have audited the financial statements of Ontario Tech Student Union (the "Student Union"), which comprise the statement of financial position as at April 30, 2024, the statement of operations, statement of changes in fund balances and 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 Student Union as at April 30, 2024, and the results of its 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 Student Union 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 Student Union'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 Student Union or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Student Union'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:

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INDEPENDENT AUDITOR'S REPORT, continued

- ♦ 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 Student Union'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 Student Union'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 Student Union 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.



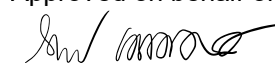
Chartered Professional Accountants
Licensed Public Accountants


Courtice, Ontario
July 31, 2024

ONTARIO TECH STUDENT UNION
STATEMENT OF FINANCIAL POSITION
As at April 30, 2024

	2024	2023
	\$	\$
ASSETS		
Current assets		
Cash	2,327,028	1,772,601
Short term investment (Note 3)	53,095	52,054
Accounts receivable	53,617	27,427
Prepaid expenses	57,779	60,511
Due from Ontario Tech University (Note 4)	234,242	212,257
	<u>2,725,761</u>	<u>2,124,850</u>
Other assets		
Investment (Note 5)	1,500,000	1,500,000
Tangible capital assets (Note 6)	48,565	75,519
Intangible asset (Note 7)	4,895,149	4,980,282
	<u>9,169,475</u>	<u>8,680,651</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	208,132	297,694
Harmonized sales tax payable	4,098	11,286
Deferred revenue (Note 8)	689,417	610,085
Due to student clubs and societies	194,808	138,216
Current portion of loans payable (Note 9)	147,962	144,177
	<u>1,244,417</u>	<u>1,201,458</u>
Loans payable (Note 9)	2,874,799	3,021,914
	<u>4,119,216</u>	<u>4,223,372</u>
NET ASSETS		
Unrestricted	2,140,431	1,972,333
Invested in tangible capital and intangible assets	1,920,953	1,889,709
Building fund - internally restricted	-	(90,000)
Health fund - internally restricted	917,511	637,661
Building Maintenance fund - internally restricted	71,364	47,576
	<u>5,050,259</u>	<u>4,457,279</u>
	<u>9,169,475</u>	<u>8,680,651</u>

Approved on behalf of the board

 Director

 Director

The accompanying notes are an integral part of these financial statements

ONTARIO TECH STUDENT UNION
STATEMENT OF OPERATIONS
For the year ended April 30, 2024

	2024	2023
	\$	\$
Membership and other revenue		
Health fees (Note 10)	3,156,295	2,932,778
Student fees (Note 11)	2,021,491	1,808,725
Legal aid fees (Note 12)	307,399	287,978
Other revenue	207,297	101,618
	5,692,482	5,131,099
Expenses		
Health expense (Note 10)	2,876,445	2,660,101
Wages, salaries and benefits (Note 13)	1,128,682	968,048
Legal aid (Note 12)	268,254	254,861
Occupancy expense	195,274	169,610
Programs (Note 14)	127,413	113,587
Administrative	102,271	87,851
Amortization of intangible assets	85,133	85,133
Interest on loans payable	81,274	84,313
Governance	47,464	24,181
Professional fees	44,889	29,076
Amortization of tangible capital assets	43,348	35,128
E-Sports	39,936	70,853
Ontario Undergraduate Student Alliance fees	32,037	-
Marketing and communication	27,082	25,600
	5,099,502	4,608,342
Excess of revenues over expenditures for the year	592,980	522,757

The accompanying notes are an integral part of these financial statements

ONTARIO TECH STUDENT UNION
STATEMENT OF CHANGES IN FUND BALANCES
For the year ended April 30, 2024

	2024	2023
	\$	\$
Unrestricted fund		
Balance, beginning of year	1,972,333	1,812,265
Excess of revenues over expenses	592,980	522,757
Transfer to tangible capital and intangible assets fund	(31,244)	(66,224)
Excess of revenues over expenses of the health fund	(279,850)	(272,677)
Transfer to Building fund - internally restricted	(90,000)	-
Transfer to Building maintenance fund- internally restricted	(23,788)	(23,788)
Balance, end of year	2,140,431	1,972,333
Invested in tangible capital and intangible assets		
Balance, beginning of year	1,889,709	1,323,485
Purchase of tangible capital assets	16,394	46,194
Amortization of tangible capital assets and intangible assets	(128,481)	(120,261)
Loan repayments for Student Centre License	143,331	140,291
Repayment to Ontario Tech University	-	500,000
Balance, end of year	1,920,953	1,889,709
Building fund - internally restricted		
Balance, beginning of year	(90,000)	410,000
Transfer from Unrestricted fund	90,000	-
Transfer from investment in tangible capital and intangible assets	-	(500,000)
Balance, end of year	-	(90,000)
Health fund		
Balance, beginning of year	637,661	364,984
Excess of revenue over expenses of the health fund (Note 10)	279,850	272,677
Balance, end of year	917,511	637,661
Building Maintenance fund - internally restricted		
Balance, beginning of year	47,576	23,788
Transfers from Unrestricted fund (Note 4)	23,788	23,788
Balance, end of year	71,364	47,576

The accompanying notes are an integral part of these financial statements

ONTARIO TECH STUDENT UNION
STATEMENT OF CASH FLOWS
For the year ended April 30, 2024

	2024	2023
	\$	\$
CASH PROVIDED FROM (USED FOR)		
Operating activities		
Excess of revenue over expenditures	592,980	522,757
Adjustments for		
Amortization of intangible assets	85,133	85,133
Amortization of tangible capital assets	43,348	35,128
	<u>721,461</u>	<u>643,018</u>
Change in non-cash working capital items		
Short term investment	(1,041)	(156)
Accounts receivable	(26,190)	(6,484)
Due from Ontario Tech University	(21,985)	92,095
Harmonized sales tax payable	(7,188)	9,823
Prepaid expenses	2,732	40,667
Accounts payable and accrued liabilities	(89,560)	168,688
Due to Ontario Tech University	-	(500,000)
Deferred revenue	79,332	(110,042)
Due to student clubs and societies	56,591	(84,243)
	<u>714,152</u>	<u>253,366</u>
Investing activities		
Purchase of investment	-	(1,500,000)
Purchase of tangible capital assets	(16,394)	(46,194)
	<u>(16,394)</u>	<u>(1,546,194)</u>
Financing activities		
Repayment of loans payable	(143,331)	(140,291)
Increase (decrease) in cash	554,427	(1,433,119)
Cash, beginning of year	1,772,601	3,205,720
Cash, end of year	2,327,028	1,772,601

The accompanying notes are an integral part of these financial statements

ONTARIO TECH STUDENT UNION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended April 30, 2024

1. NATURE OF OPERATIONS

Ontario Tech Student Union (the "Student Union") was incorporated on June 6, 2017 without share capital and operates as a not-for-profit organization that is tax exempt under the Income Tax Act. The Student Union exists to enhance student experience, as well as encourage equality and equity while providing essential services for the students of Ontario Tech University.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) *Basis of presentation*

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

(b) *Financial instruments*

The Student Union initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions. The Student Union subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in excess of revenue over expenditures.

Financial assets measured at amortized cost include cash, short-term investment, accounts receivable, amounts due from Ontario Tech University and investment.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, amounts due to student clubs and societies and loans payable.

Financial assets measured at cost are tested for impairment when there are indicators of impairment.

The amount of the write-down is recognized in excess of revenue over expenditures. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in excess of revenue over expenditures.

The Student Union recognizes its transaction costs in excess of revenue over expenditure in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

ONTARIO TECH STUDENT UNION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended April 30, 2024

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(c) Tangible capital assets

Tangible capital assets are recorded at cost and are being amortized over their estimated useful lives on a straight-line method. The annual amortization rates are as follows:

Furniture & fixtures	Straight-line	3 years
Computer equipment	Straight-line	3 years
Mobile telephone application	Straight-line	3 years

Tangible capital assets are reviewed for impairment whenever events or changes in the circumstances indicate that the carrying value may not be recoverable. If the total of the estimated undiscounted future cash flows is less than the carrying value of the asset, an impairment loss is recognized for the excess of the carrying value over the fair value of the asset during the year the impairment occurs.

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

Tangible capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

(d) Intangible asset

Intangible asset consisting of a building license is recorded at cost including a one-time license fee, professional fees and interest on loans prior to the asset being ready for use, which are directly attributable to the acquisition of the license. The Student Union provides for amortization using the straight-line method at rates designed to amortize the cost of the intangible asset over its estimated useful life. The annual amortization rate is as follows:

Building license	60 years
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The building license is non-transferable and grants the Student Union unlimited and unrestricted access to a proportionate share of the exclusive use areas of the building constructed by Ontario Tech University. The license term is 30 years plus renewal option of an additional 30 years. The Student Union has the right of first refusal to obtain a freehold or leasehold title to the exclusive use areas for a purchase price equal to the then unpaid portion of the license fee, which was repaid in full as of April 30, 2023.

ONTARIO TECH STUDENT UNION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended April 30, 2024

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(e) Revenue recognition

The Student Union follows a deferral method of accounting for contributions.

Student fees consist of Student Association fees and USU Building Fees. Student Association fees include; Community and Social Programming, Wellness and Support Services, Student Representation and Leadership, Campus Clubs, Student Societies, Campus Life and Events and Benefit Plan Coordination. USU Building fees are specifically collected to fund the administration and operation of the Student Union space that houses programs and services for students. This fee is used for mortgage payment, maintenance, repairs, capital refresh, operating and administrative costs.

Unrestricted contributions to student fees are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions for student clubs and societies are recorded as deferred revenue and recognized as revenue when earned.

Unrestricted contributions for health and legal aid fees are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Student health insurance and legal aid premiums provide coverage for students on an annual basis ending August 31. Deferred revenue includes the portion of fall and winter student health fees revenue for the period coverage May to August the following year.

All other revenue is recognized as revenue when received or receivable, if the amount can be reasonably estimated and collection is reasonably assured.

(f) Building fund

The Building fund accounts for board allocated funds to be used towards the purchase of space for the Student Union as agreed upon with Ontario Tech University.

(g) Health fund

The Health fund is funded by the excess of health fund revenues over expenditures from student health insurance plan and supports the Student Union's initiatives that relate to the health and well being of students.

(h) Building maintenance fund

The Building Maintenance fund accounts for board allocated funds to be used towards the space for the Student Union, as agreed upon with Ontario Tech University, and of its proportionate share of the building structural and systems repair and maintenance costs.

ONTARIO TECH STUDENT UNION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended April 30, 2024

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(i) Contributed services

The operations of the Student Union depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

(j) Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Estimates are used when accounting for items and matters such as allowance for uncollectible accounts receivable, amortization, estimated useful life of tangible and intangible capital assets, deferred revenue and provisions for liabilities of uncertain timing. Actual results could differ from these estimates.

3. SHORT TERM INVESTMENT

Short term investment consists of a non-redeemable guaranteed investment certificate ("GIC") that has an annual interest rate of 4.05%. The GIC matures on October 12, 2024.

4. RELATED PARTY TRANSACTIONS

The Student Union is governed by a board of directors consisting of student representatives from Ontario Tech University.

In 2017, the Student Union entered into an operating agreement with Ontario Tech University. Under this agreement, Ontario Tech University is responsible to collect certain ancillary fees from the students, which include a Student Association fee, USU Building fee, Student Health fees and Student Legal fees which are then remitted to the Student Union. No further ancillary student fees collected by Ontario Tech University are remitted to the Student Union. The agreement is effective until April 30, 2025. The amount due from Ontario Tech University includes student fees collected on behalf of the Student Union at April 30, 2024.

On September 30, 2022 the Student Union entered into a rental agreement with Ontario Tech University for space in the downtown location at an annual rate of \$18,278. This agreement is effective until April 30, 2025.

ONTARIO TECH STUDENT UNION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended April 30, 2024

4. RELATED PARTY TRANSACTIONS, continued

On September 24, 2017, the Student Union entered into an agreement with Ontario Tech University and Durham College in the construction of a new Student Centre for the Student Union. Ontario Tech Student Union provided \$5,000,000 in licensing fees to utilize a 10% portion of the new building (Note 7), using \$1,500,000 from the Building fund and \$3,500,000 from financing (Note 9). The licensing agreement is effective until November 3, 2050. The Student Union obtained occupancy of the new Student Centre in September 2021.

As at April 30, 2024, all required payments under the agreement towards the one-time license fee have been made. Additionally, under the agreement, the Student Union is responsible for its proportionate share of all operating costs, building structural, system repair and maintenance costs. The Building Maintenance fund was established by the board for the purpose of allocating funds annually to be used towards the future building structural and systems repair of the new Student Union space.

The operations of the Student Union depend on the contribution of student fee collection services from Ontario Tech University. The fair value of the services cannot be reasonably determined and are therefore not reflected in these financial statements.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. The amount due from Ontario Tech University represents the final payment for the fall and winter terms, is non-interest bearing and is due by May 31st annually.

5. LONG TERM INVESTMENT

Long term investment consists of a non-redeemable guaranteed investment certificate ("GIC") that has an annual interest rate of 4.50%. The GIC matures on March 30, 2028.

6. TANGIBLE CAPITAL ASSETS

	Cost \$	Accumulated Amortization \$	2024 Net Book Value \$	2023 Net Book Value \$
Furniture & fixtures	33,983	20,110	13,873	13,497
Computer equipment	123,636	88,944	34,692	62,022
Mobile telephone application	22,000	22,000	-	-
	179,619	131,054	48,565	75,519

ONTARIO TECH STUDENT UNION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended April 30, 2024

7. **INTANGIBLE ASSET**

	Cost \$	Accumulated Amortization \$	2024 Net Book Value \$	2023 Net Book Value \$
Building license	5,107,982	(212,833)	4,895,149	4,980,282

8. **DEFERRED REVENUE**

	2024 \$	2023 \$
Balance, beginning of year	610,085	720,127
Funds received	3,536,710	2,937,219
Funds earned in the year	(3,457,378)	(3,047,261)
Balance, end of year	689,417	610,085

9. **LOANS PAYABLE**

	2024 \$	2023 \$
Bank loan bearing interest at 2.60% per annum, repayable in monthly blended payments of interest and principal of \$10,695. The loan matures in November 2030.	1,727,758	1,809,649
Bank loan bearing interest at 2.60% per annum, repayable in monthly blended payments of interest and principal of \$8,022. The loan matures in November 2030.	1,295,003	1,356,442
	3,022,761	3,166,091
Current portion of loans payable	(147,962)	(144,177)
	2,874,799	3,021,914

ONTARIO TECH STUDENT UNION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended April 30, 2024

9. **LOANS PAYABLE, continued**

Estimated principal repayments are as follows:

2025	147,962
2026	151,846
2027	155,832
2028	159,923
2029	164,120
Subsequent years	2,243,077

3,022,760

The Student Union has two demand non-revolving loans with authorization limits of \$1,500,000 and \$2,000,000. The non-revolving loans are secured by a general security agreement covering all assets of the Student Union and a guarantee and postponement of claim in the amount of \$3,500,000 signed by Ontario Tech University.

10. **HEALTH FUND AND RELATED DISBURSEMENTS**

	2024	2023
	\$	\$
Revenue		
Student health levy	2,876,445	2,660,100
Surcharge	274,335	261,675
Other health revenue	5,515	11,003
	3,156,295	2,932,778
Expenses		
Student health insurance	(2,876,445)	(2,660,101)
Excess of revenue over expenses of the health fund	279,850	272,677

11. **STUDENT FEES**

	2024	2023
	\$	\$
Student Association	868,133	791,957
Student Centre	1,153,358	1,016,768
	2,021,491	1,808,725

ONTARIO TECH STUDENT UNION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended April 30, 2024

12. **LEGAL AID**

	2024	2023
	\$	\$
Revenue		
Legal aid levy	268,254	244,540
Surcharge	39,145	43,438
	307,399	287,978
Expense		
Legal aid premium	(268,254)	(254,861)
	39,145	33,117

13. **WAGES, SALARIES AND BENEFITS**

	2024	2023
	\$	\$
Management	445,819	397,635
Administrative	449,909	393,910
Clubs and societies	119,015	116,268
Community and campus life	113,939	60,235
	1,128,682	968,048

14. **PROGRAMS**

	2024	2023
	\$	\$
Expenses		
Campus life	57,897	35,589
Clubs and societies	50,871	61,513
Downtown services	18,645	16,485
	127,413	113,587

ONTARIO TECH STUDENT UNION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended April 30, 2024

15. **COMMITMENTS**

In connection with the May 30, 2022 amendment to Building License Agreement, the Student Union is responsible for its proportionate share of all operating costs and building structural and system repair and maintenance costs to September 2031. Additionally, the Student Union is responsible for rent at the Downtown location to April 2025 (Note 4).

Estimated rent and operating costs under these agreements are as follows:

	\$
2025	217,839
2026	210,736
2027	206,710
2028	210,844
2029	215,061
Thereafter	537,108
	1,598,298

16. **FINANCIAL INSTRUMENTS**

The Student Union is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Student Union's risk exposure and concentration as of April 30, 2024.

(a) *Credit risk*

Credit risk arises from the potential that a counter party will fail to perform its obligations. As the cash balance and short-term investments are held with a major Canadian financial institution there is a concentration of credit risk with one bank in Canada. The risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies. The carrying amount of cash and short-term investments included on the statement of financial position represent the maximum credit exposure. The Student Union is not exposed to significant credit risk related to accounts receivable as these are primarily due from Ontario Tech University and are expected to be collected in full.

(b) *Liquidity risk*

Liquidity risk is the risk the Student Union may not be able to meet its obligations. The Student Union has a plan in place to meet their obligations as they come due which is primarily from cash flow from operations and unrestricted operating reserves.

ONTARIO TECH STUDENT UNION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended April 30, 2024

16. **FINANCIAL INSTRUMENTS, continued**

(c) *Interest rate risk*

The loans payable and guaranteed investment certificate included in investments bear interest at fixed rates and as such are subject to interest rate price risk resulting from changes in fair value from market fluctuations in interest rates.