

Financial Statements of

**THE ROYAL ASTRONOMICAL
SOCIETY OF CANADA**

**LA SOCIÉTÉ ROYALE D'ASTRONOMIE
DU CANADA**

December 31, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Members of
**The Royal Astronomical Society of Canada /
La Société Royale D'Astronomie Du Canada**

Qualified Opinion

We have audited the financial statements of The Royal Astronomical Society of Canada / La Société Royale D'Astronomie Du Canada ("the Society") which comprise the balance sheet as at December 31, 2021, and the statements of revenue and expenses, changes in net assets, and cash flows 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 the Society as at December 31, 2021, 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 Qualified Opinion

In common with many charitable organizations, the Society derives revenue from donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Society and we were not able to determine whether any adjustments might be necessary to donation revenue, excess of revenue over expenses, and cash flows from operations for the years ended December 31, 2021 and 2020, current assets as at December 31, 2021 and 2020, and unrestricted net assets as at January 1 and December 31 for both the 2021 and 2020 years. Our audit opinion on the financial statements for the year ended December 31, 2020 was modified accordingly because of the possible effects of this limitation in 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 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 qualified opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

TORONTO, Ontario
June 6, 2022



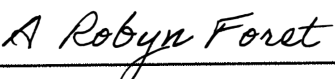
Licensed Public Accountants

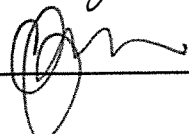
THE ROYAL ASTRONOMICAL SOCIETY OF CANADA
LA SOCIÉTÉ ROYALE D'ASTRONOMIE DU CANADA
 Balance Sheet

As at December 31	2021	2020
Assets		
Current		
Cash	\$ 1,109,748	\$ 275,219
Accounts receivable	96,754	25,977
Accounts receivable SkyNews Inc. (note 5)	34,983	-
Loan receivable from SkyNews Inc.	-	4,500
Inventory	31,759	34,028
Prepaid expenses	22,808	8,010
	1,296,052	347,734
Long term		
Investments (note 4)	602,368	529,319
Investment in SkyNews Inc. (note 5)	238,529	136,990
Capital assets (note 6)	102,739	91,351
Collections (note 7)	55,079	34,646
	998,715	792,306
	\$ 2,294,767	\$ 1,140,040
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 117,019	\$ 34,641
Deferred revenue		
Membership fees for ensuing years	141,809	163,119
Journal subscriptions	14,828	23,550
Unamortized life membership fees (note 8)	10,602	13,252
	284,258	234,562
Loan payable (note 9)	40,000	40,000
	324,258	274,562
Net Assets		
Unrestricted	1,345,902	312,739
Internally restricted (note 12)	624,607	552,739
	1,970,509	865,478
	\$ 2,294,767	\$ 1,140,040

Commitments (note 11)

On behalf of the Board:

 President

 Treasurer

See accompanying notes to financial statements.

THE ROYAL ASTRONOMICAL SOCIETY OF CANADA
LA SOCIÉTÉ ROYALE D'ASTRONOMIE DU CANADA
Statement of Changes in Net Assets

Year ended December 31	Internally Restricted (note 12)	Unrestricted	2021	2020
Balance, beginning of year	\$ 552,739	\$ 312,739	\$ 865,478	\$ 841,019
Excess of revenue over expenses for the year	-	1,105,031	1,105,031	24,459
Transfers (note 12)	71,868	(71,868)	-	-
Balance, end of year	\$ 624,607	\$ 1,345,902	\$ 1,970,509	\$ 865,478

See accompanying notes to financial statements.

THE ROYAL ASTRONOMICAL SOCIETY OF CANADA
LA SOCIÉTÉ ROYALE D'ASTRONOMIE DU CANADA
Statement of Revenue and Expenses

Year ended December 31	2021	2020
Revenue		
Donations (note 10)	\$ 1,111,057	\$ 113,840
Publication sales	276,507	241,459
Membership fees	256,505	243,050
Grants (note 10)	229,692	224,640
SkyNews Inc.	101,539	2,424
Cost recovery SkyNews Inc.	69,315	-
Investment income	65,448	8,921
Miscellaneous	10,010	9,001
	2,120,073	843,335
Expenses		
National operations (note 13)	272,265	246,950
Member services (note 13)	260,312	233,774
Publications	236,120	135,155
Programming		
Centre support / public outreach (note 13)	107,759	109,487
Youth Outreach and education	43,111	46,076
Robotic telescope	32,684	24,152
Telescope museum	24,646	16,460
Light pollution prevention (note 13)	20,488	6,822
General assembly	17,657	-
	1,015,042	818,876
Excess of revenue over expenses for the year	\$ 1,105,031	\$ 24,459

See accompanying notes to financial statements.

THE ROYAL ASTRONOMICAL SOCIETY OF CANADA
LA SOCIÉTÉ ROYALE D'ASTRONOMIE DU CANADA
Statements of Cash Flows

Year ended December 31	2021	2020
Cash provided (used) by operating activities		
Excess of revenue over expenses for the year	\$ 1,105,031	\$ 24,459
Charges not requiring a current cash payment or receipt		
Amortization of capital and intangible assets	13,424	19,684
Amortization of life membership fees	(2,650)	(2,650)
SkyNews Inc. income	(101,539)	(2,424)
	1,014,266	39,069
Changes in non-cash working capital components		
Accounts receivable	(70,777)	(6,297)
Accounts receivable from SkyNews Inc.	(34,983)	-
Inventory	2,269	455
Prepaid expenses	(14,798)	12,828
Accounts payable and accrued liabilities	82,378	(9,222)
Deferred revenue	(30,032)	14,951
	948,323	51,784
Cash provided (used) by investing activities		
Investments (net)	(73,049)	64,336
Loan to SkyNews Inc. (net of repayments)	4,500	18,000
Purchase of capital and intangible assets	(24,812)	(46,642)
Purchase of items for collections	(20,433)	(13,864)
	(113,794)	21,830
Cash provided (used) by financing activities		
Proceeds from loan (note 9)	-	60,000
Loan forgiveness (note 9)	-	(20,000)
	-	40,000
Increase in cash during the year	834,529	113,614
Cash, beginning of year	275,219	161,605
Cash, end of year	\$ 1,109,748	\$ 275,219

See accompanying notes to financial statements.

THE ROYAL ASTRONOMICAL SOCIETY OF CANADA

LA SOCIÉTÉ ROYALE D'ASTRONOMIE DU CANADA

Notes to Financial Statements

December 31, 2021

1 Organization

The Royal Astronomical Society of Canada / La Société Royale D'Astronomie Du Canada ("the Society") is a Canadian corporation without share capital and a registered charitable organization, incorporated for the purpose of stimulating interest in and promoting astronomy and related sciences. The Society is not subject to income taxes pursuant to exemptions accorded to registered charities in the income tax legislation.

2 Significant accounting policies

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations.

a) Cash

Cash includes cash on hand and deposits in financial institutions.

b) Investments

The Society has elected to value all investments, with the exception of the investment in SkyNews Inc., at fair value, which is based on quoted market values.

c) Investment in SkyNews Inc.

The Society purchased SkyNews Inc., a private corporation, on June 29, 2015 to further the Society's mission. SkyNews Inc. publishes a highly regarded magazine which provides an excellent source of educational information on astronomy and allied sciences to the public.

The Society owns 100% of the shares of SkyNews Inc., a profit oriented entity, and accordingly controls the corporation. The Society has elected to account for the investment using the equity method.

d) Inventory

Inventory is comprised of publications and promotional items for re-sale and is carried at the lower of cost and net realizable value. Cost is determined on an average cost basis.

e) Collections

Collections are capitalized in the Society's balance sheet but not amortized. Collections consist of a library and the Dorner Telescope Museum. The library is recognized at a nominal value. The museum collection is recognized at cost as items are purchased. Costs incurred to maintain these collections are expensed as incurred.

f) Capital assets

Capital assets are recorded at cost. Cost comprises the purchase price and any directly attributable cost of preparing the asset for its intended use.

When conditions indicate a capital asset no longer contributes to the Society's ability to provide services or that the value of future economic benefits or service potential associated with the capital asset is less than its net carrying amount, its net carrying amount is written down to its fair value or replacement costs. As at December 31, 2021, no such impairment exists.

Amortization is provided over the estimated useful lives of the assets using the straight-line basis as follows:

Tangible assets:	Telescope	7 years
	Computer hardware	3 years
	Office furniture	10 years
	Leasehold improvements	15 months
Intangible assets:	Software	5 - 10 years
	Website development	3 years, 1/2 in year of acquisition

2 Significant accounting policies continued

g) Revenue recognition

i) Membership fees

Membership fees received in the first half of the year are recognized during the current year. Those received in the second half of the year are recorded as deferred revenue and recognized in the following year. The Society previously offered life memberships to members. Life memberships received in prior years were credited to unamortized life membership fees liability account, as described in note 8. The unamortized life membership fees are being recognized as revenue evenly over 10 years to 2025.

ii) Contributions

The Society follows the deferral method of accounting for contributions. 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.

iii) Investment income

Investment income is recognized on an accrual basis. Changes in the unrealized gain or loss on investments, being the difference between cost and fair value, is recognized in investment income for the year.

iv) Subscriptions and publications

Journal subscription revenues are amortized into income over the subscription period. Publications are recognized as revenue when shipped.

h) Contributed services

The Society is dependant on the voluntary services of many individuals. The value of donated services is not recognized in these financial statements.

i) Allocation of common expenses

The Society allocates a number of its expenses by function: national operations, member services and certain programming. The costs of each function include an allocation of the costs of personnel, fundraising and computer and IT costs.

Personnel costs are allocated based on the number of hours spent on each function; fundraising expenses are allocated primarily to national operations as the majority of cost relates to general fundraising activities. Smaller portions are allocated to member services and public outreach for expenses related to fundraising for Centres and communications with members. Computer and IT costs are allocated based on the estimated usage of technology by each function.

j) Management estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates that affect the reported amounts 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 reporting period. Significant estimates include the impairment of financial assets and the useful lives of capital assets. All estimates are reviewed periodically and adjustments are made to the statement of revenue and expenses as appropriate in the year they become known.

2 Significant accounting policies continued

k) Financial instruments

i) Measurement

The Society initially measures its financial assets and financial liabilities at fair value. The Society subsequently measures all its financial assets and financial liabilities at amortized cost except for its investments which are measured at fair value. Changes in fair value are recognized in the statement of revenue over expenses for the year.

ii) Impairment

At the end of each reporting period, the Society assesses whether there are any indications that a financial asset measured at amortized cost may be impaired.

Objective evidence of impairment includes observable data that comes to the attention of the Society. When there is an indication of impairment, the Society determines whether an adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset. There are no indications of impairment of financial assets as at December 31, 2021.

iii) Transaction costs

Transaction costs are recognized in the statements of revenue and expenses in the period incurred, except for financial instruments that will be subsequently measured at amortized cost. Investment management fees associated with the ScotiaMcLeod managed portfolio are expensed as incurred.

3 Helm Fund

The Society is trustee of an endowment fund created by Mr. Walter J. Helm (a former Royal Astronomical Society of Canada member) who passed away June 5, 1960. In his will he provided a bequest to the Society that was to be used to support the general purposes of the David Dunlap Observatory (DDO) in Richmond Hill, Ontario. Under the terms of a 2010 court interpretation, the income of the Helm Fund is presently being applied in support of on-going public education programs at the DDO site.

The fair value of the total assets of the Helm Fund under administration by the Society at December 31, 2021 is \$820,874 (2020 - \$724,199) and is excluded from the Society's financial statements as the Society is not the legal owner or beneficiary of the Fund.

THE ROYAL ASTRONOMICAL SOCIETY OF CANADA
LA SOCIÉTÉ ROYALE D'ASTRONOMIE DU CANADA
Notes to Financial Statements
December 31, 2021

4 Investments

As at December 31	2021	2020
Managed portfolio at ScotiaMcLeod		
Fixed income investments	\$ 256,546	\$ 239,314
Canadian equity investments	205,752	180,102
U.S. equity investments	125,636	100,262
Cash	6,434	9,641
Guaranteed investments certificate		
RBC, matures April 8, 2022, 0.04% interest	8,000	-
	\$ 602,368	\$ 529,319

The fixed income portfolio is comprised of government and corporate bonds with stated interest rates ranging from 1.75% to 3.55% (2020 - 1.75% to 3.55%), maturing on dates ranging from June 15, 2022 to March 2, 2026 (2020 - March 5, 2021 to September 1, 2025).

The Canadian equity investments is comprised of share and trust units of 38 Canadian entities of which the single largest holding is 88 shares of Royal Bank with a market value of \$11,814 (2020 - 98 shares of Royal Bank with a market value of \$10,250).

The U.S. equity investments is comprised of share and trust units of which the single largest holding is 36 shares of Apple Inc. with a market value of \$6,363 US\$ (2020 - 23 shares of Microsoft Corp. with a market value of \$5,116 US\$).

The fixed income and equity investments have been recorded at market values based on pricing information provided by ScotiaMcLeod.

5 Investment in SkyNews Inc.

The Society purchased 100% of the common shares of SkyNews Inc. on June 26, 2015. The fiscal year end of SkyNews Inc. is March 31, accordingly, the net income for the year ended March 31, 2021 has been recognized in the financial statements of the Society in 2021. The following summary is taken from the unaudited financial statements of SkyNews Inc.

As at March 31	2021	2020
Total assets	\$ 159,871	\$ 90,289
Total liabilities	231,232	263,189
Total deficit	(71,361)	(172,900)
Year ended March 31	2021	2020
Total revenue	\$ 545,268	\$ 557,884
Total cost of sales	362,622	420,664
Total expenses	81,107	134,796
Net income for the year	\$ 101,539	\$ 2,424

There is significant uncertainty as to whether the investment in SkyNews Inc. is impaired. Management estimates that no impairment exists at December 31, 2021 due to changes implemented at SkyNews Inc. The investment is recognized on the balance sheet at \$238,529 however it is possible that the investment may be unrecoverable in future years.

Pursuant to an agreement dated January 1, 2021, the Society has allocated salaries to SkyNews in the amount of \$69,315 of which \$34,983 is receivable at December 31, 2021 (2020 - \$nil).

Included in membership services expense is \$46,149 (2020 - \$48,342) for purchases of SkyNews Magazine in the year which is distributed to Society members as part of their membership subscription. The Society also expensed \$1,495 (2020 - \$6,236) in advertising and marketing for advertisements in SkyNews Magazine.

THE ROYAL ASTRONOMICAL SOCIETY OF CANADA
LA SOCIÉTÉ ROYALE D'ASTRONOMIE DU CANADA
Notes to Financial Statements
December 31, 2021

5 Investment in SkyNews Inc. (continued)

These transactions were made in the normal course of operations and have been measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

6 Capital assets

As at December 31	2021		2020	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Tangible assets				
Telescope	\$ 51,947	\$ 27,829	\$ 51,947	\$ 20,408
Computer hardware	22,950	22,457	22,950	20,978
Office furniture	6,664	4,015	6,664	3,614
Leasehold improvements	2,147	143	4,989	4,989
Intangible assets				
Software	106,300	32,825	150,669	96,204
Website development	13,715	13,715	13,715	13,390
	\$ 203,723	\$ 100,984	\$ 250,934	\$ 159,583
Net book value		\$ 102,739		\$ 91,351

7 Collections

As at December 31	2021	2020
Dorner Telescope Museum	\$ 55,078	\$ 34,645
Library	1	1
	\$ 55,079	\$ 34,646

8 Unamortized life membership fees

	2021	2020
Life membership fees as of January 1	\$ 13,252	\$ 15,902
Deduct: Amortization to income	(2,650)	(2,650)
Balance, December 31	\$ 10,602	\$ 13,252

9 Canada Emergency Business Account (CEBA) loan

The Society received a \$60,000 loan under the federal government's Canada Emergency Business Account (CEBA) program which provides assistance to small businesses and not-for-profit organizations in paying non-deferrable operating expenses.

The loan is interest free and no payments are required until December 31, 2023. Any portion of the loan can be repaid at any time without penalty. Provided \$40,000 of the CEBA loan is repaid on or before December 31, 2023, the remaining \$20,000 will be forgiven. The Society recognized the forgivable portion as government assistance included in grants in the statement of revenue and expenses at December 31, 2020 as there is reasonable assurance that the Society will be entitled to the grant.

If the loan is not repaid in full by December 31, 2023, the government assistance will be reversed and the full \$60,000 loan would become payable. Interest would be payable monthly, charged at 5% and the balance of the loan would be due in full December 31, 2025.

THE ROYAL ASTRONOMICAL SOCIETY OF CANADA**LA SOCIÉTÉ ROYALE D'ASTRONOMIE DU CANADA**

Notes to Financial Statements

December 31, 2021

10 Donations and grants

Included in donations is a single bequest in the amount of \$1,000,000 received in December 2021.

Included in grants is government assistance totaling \$6,350 (2021 - \$44,435, which includes the CEBA loan forgiveness referred in note 9).

11 Commitments

The Society leases space for offices and a museum which expires on December 31, 2031.

The minimum annual payments, excluding HST, over the term of the lease are as follows:

2022	\$	55,728
2023		57,672
2024		59,616
2025		61,560
2026		<u>63,504</u>
Total	\$	<u>298,080</u>

In addition the lease requires additional rent estimated to be \$40,980 per annum.

The Society also has an ongoing commitment for the remote observatory and telescope hosting which extends to May 1, 2022. Annual payments totaling \$6,600 for 2022 are required under this agreement.

12 Internally restricted net assets

The Society has internally restricted certain funds. The Ruth Northcott Education Fund was established in 1969 and funds are used for a variety of specified purposes related to public education and outreach. The RASC Legacy Fund was established in 1990 for the purpose of providing for the long-term growth of the Society. The Dornier Telescope Museum Fund was established in the current year.

An amount equal to the investment income for the year is transferred to all funds annually on a proportionate basis. All disbursements from these funds must be approved by the Board of Directors.

				2021	2020
	Dornier Telescope Museum Fund	Ruth Northcott Education Fund	RASC Legacy Fund	Total	Total
Balance, January 1	\$ -	\$ 234,312	\$ 318,427	\$ 552,739	\$ 545,434
Transferred from (to) unrestricted net assets:					
Investment income	-	17,966	24,609	42,575	3,652
Donations	25,000	4,198	845	30,043	5,063
Expenses	-	-	(750)	(750)	(1,410)
	25,000	22,164	24,704	71,868	7,305
Balance, December 31	\$ 25,000	\$ 256,476	\$ 343,131	\$ 624,607	\$ 552,739

THE ROYAL ASTRONOMICAL SOCIETY OF CANADA**LA SOCIÉTÉ ROYALE D'ASTRONOMIE DU CANADA**

Notes to Financial Statements

December 31, 2021

13 Expense allocations

Personnel, fundraising and computer and IT costs were allocated as follows:

Year ended December 31	2021			2020		
	Personnel costs	Fundraising expenses	Computer & IT costs	Personnel costs	Fundraising expenses	Computer & IT costs
National operations	\$ 65,078	\$ 46,897	\$ 8,139	\$ 67,047	\$ 44,927	\$ 8,424
Member services	144,967	5,862	16,279	117,245	5,616	16,848
Public outreach	87,162	5,862	8,139	90,501	5,616	8,424
Light pollution prevention	20,384	-	-	6,822	-	-
	\$ 317,591	\$ 58,621	\$ 32,557	\$ 281,615	\$ 56,159	\$ 33,696

14 Financial instruments

The Society is exposed to various risks through its financial instruments. The following analysis provides a measure of the Society's risk exposure and concentrations.

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 Society is exposed to credit risk through its cash, accounts receivable, loan receivable and investments. Credit risk related to cash is minimal as funds are fully insured and held by credit-worthy parties. Accounts receivable are generally unsecured. The investment policy requires diversification of investments within categories, and sets limits on exposure to individual investments.

Liquidity risk

Liquidity risk is the risk that the Society will not be able to meet a demand for cash or fund its obligations as they come due. The Society meets its liquidity requirements by ensuring adequate cash is maintained and investments are available to be converted to cash if and when required.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest rate risk and other price risk.

Currency risk

Currency risk reflects the risk that the Society's earnings will decline due to the fluctuations in foreign exchange rates. The Society has cash, investments and accounts receivable denominated in U.S.\$ totaling \$129,044 US\$ at December 31, 2021 (2020 - \$145,758). The exchange rate used to convert US\$ assets at December 31, 2021 is \$1 US = \$1.2678 Cdn (2020 - \$1.2732 Cdn).

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Society is subject to interest rate risk to the extent of its fixed income investments and cash on deposit with financial institutions that earn interest at market rates. The Society manages its exposure to the interest rate risk of its cash by maximizing the interest income earned on excess funds while maintaining the liquidity necessary to conduct operations on a day-to-day basis. Fluctuations in market rates of interest on cash do not have a significant impact on the Society's results of operations.

The primary objective of the Society with respect to its fixed income investments is to ensure the security of principal amounts invested, provide for a high degree of liquidity, and achieve a satisfactory investment return.

14 Financial instruments continued

Market risk continued

Other price risk

Other price risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all similar instruments in the market.

The Society is exposed to other price risk because of its equity investments.

Changes in risk

There have been no significant changes in the Society's risk exposures from the prior year.