

Financial Statements of

**ARTHRITIS SOCIETY CANADA/
SOCIÉTÉ D'ARTHRITE DU
CANADA**

And Independent Auditor's Report thereon

Year ended March 31, 2026



KPMG LLP

Vaughan Metropolitan Centre
100 New Park Place, Suite 1400
Vaughan, ON L4K 0J3
Canada
Telephone 905 265 5900
Fax 905 265 6390

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Arthritis Society Canada/Société d'Arthrite du Canada

Qualified Opinion

We have audited the financial statements of Arthritis Society Canada/Société d'Arthrite du Canada (the Entity), which comprise:

- the statement of financial position as at March 31, 2026
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

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

In our opinion, except for the possible effects of the matter described in the **"Basis for Qualified Opinion"** section of our auditor's report, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2026, and its results of 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 Entity derives revenue from contributions through the support from the public, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of this revenue was limited to the amounts recorded in the records of the Entity.

Therefore, we were not able to determine whether any adjustments might be necessary to:

- the current assets reported in the statements of financial position as at March 31, 2026 and March 31, 2025
- the contributions and excess of revenue over expenses reported in the statements of operations for the years ended March 31, 2026 and March 31, 2025



Page 2

- the net assets, at the beginning and end of the year, reported in the statements of changes in net assets for the years ended March 31, 2026 and March 31, 2025
- the excess of revenue over expenses reported in the statements of cash flows for the years ended March 31, 2026 and March 31, 2025.

Our opinion on the financial statements for the year ended March 31, 2025 was qualified 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 auditor's report.

We are independent of the Entity 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.

Other Information

Management is responsible for the other information. Other information comprises:

- the information, other than the financial statements and the auditor's report thereon, included in the Annual Report 2026.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditor's report thereon, included in the Annual Report 2026 as at the date of this auditor's report.

If, based on the work we have performed in this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.



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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



Page 4

- 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 Entity'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 Entity 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.
- 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font. A horizontal line is drawn underneath the signature, starting from the left and extending to the right, ending with a small upward tick.

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

June 19, 2026

ARTHRITIS SOCIETY CANADA/ SOCIÉTÉ D'ARTHRITE DU CANADA

Statement of Financial Position

March 31, 2026, with comparative information for 2025

	2026	2025
Assets		
Current assets:		
Cash	\$ 1,737,863	\$ 344,826
Restricted cash	16,090	6,038
Short-term investments (note 2(a))	3,630,147	554,859
Accounts receivable	347,821	591,347
Prepaid expenses	692,802	1,015,720
	<u>6,424,723</u>	<u>2,512,790</u>
Long-term investments (note 2(b))	4,440,208	4,466,396
Capital assets (note 3)	1,959,024	2,178,663
	<u>\$ 12,823,955</u>	<u>\$ 9,157,849</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,568,725	\$ 1,481,614
Deferred revenue	500,672	570,264
Research awards payable	103,716	689,726
	<u>2,173,113</u>	<u>2,741,604</u>
Deferred capital grants and donations (note 4)	527,174	563,451
Deferred contributions (note 5)	2,817,564	2,491,554
	<u>5,517,851</u>	<u>5,796,609</u>
Net assets:		
Unrestricted	3,484,179	(638,695)
Endowments	2,390,075	2,384,723
Invested in capital assets	1,431,850	1,615,212
	<u>7,306,104</u>	<u>3,361,240</u>

Commitments (notes 9 and 10)

	<u>\$ 12,823,955</u>	<u>\$ 9,157,849</u>
--	----------------------	---------------------

See accompanying notes to financial statements.

On behalf of the Board:

 _____ Director

 _____ Director

ARTHRITIS SOCIETY CANADA/ SOCIÉTÉ D'ARTHRITE DU CANADA

Statement of Operations

Year ended March 31, 2026, with comparative information for 2025

	2026	2025
Revenue:		
Support from the public:		
Campaigns	\$ 15,059,013	\$ 15,469,285
Bequests and other planned giving	10,920,280	4,613,175
	25,979,293	20,082,460
Investment, rental and miscellaneous	1,541,379	1,844,410
Support from government departments and agencies	6,360,404	5,930,795
Total revenue	33,881,076	27,857,665
Expenses (note 13):		
Research and Innovation (note 11)	6,773,182	7,959,788
Programs and services	10,556,461	10,815,991
Building operation	610,181	718,532
Administration	2,652,653	3,139,458
	20,592,477	22,633,769
Cost of raising funds from the public	9,295,049	9,888,114
Total expenses	29,887,526	32,521,883
Excess (deficiency) of revenue over expenses before the undernoted	3,993,550	(4,664,218)
Gain on sale of property (note 15)	—	4,703,302
Unrealized gain (loss) on investments	(48,686)	14,709
	(48,686)	4,718,011
Excess of revenue over expenses	\$ 3,944,864	\$ 53,793

See accompanying notes to financial statements.

ARTHRITIS SOCIETY CANADA/ SOCIÉTÉ D'ARTHRITE DU CANADA

Statement of Changes in Net Assets

Year ended March 31, 2026, with comparative information for 2025

	2026			2025	
	Unrestricted	Endowments	Invested in capital assets	Total	Total
Net assets, beginning of year	\$ (638,695)	\$ 2,384,723	\$ 1,615,212	\$ 3,361,240	\$ 3,301,989
Excess (deficiency) of revenue over expenses	4,289,463	–	(344,599)	3,944,864	53,793
Additions to capital assets	(161,237)	–	161,237	–	–
Endowment contributions and changes	(5,352)	5,352	–	–	5,458
Net assets, end of year	\$ 3,484,179	\$ 2,390,075	\$ 1,431,850	\$ 7,306,104	\$ 3,361,240

See accompanying notes to financial statements.

ARTHRITIS SOCIETY CANADA/ SOCIÉTÉ D'ARTHRITE DU CANADA

Statement of Cash Flows

Year ended March 31, 2026, with comparative information for 2025

	2026	2025
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 3,944,864	\$ 53,793
Items not affecting cash:		
Amortization of deferred capital grants and donations	(36,277)	(46,166)
Amortization of deferred contributions	(1,266,689)	(826,119)
Amortization of capital assets	380,876	311,552
Change in unrealized loss (gain) on investments	48,686	(14,709)
Gain on sale of property	—	(4,703,302)
Change in non-cash operating working capital (note 7)	(2,047)	456,244
	3,069,413	(4,768,707)
Financing activities:		
Deferred contributions received	1,592,699	2,484,003
Net endowment contributions and changes	5,352	5,458
Decrease in bank indebtedness	—	(1,760,000)
	1,598,051	729,461
Investing activities:		
Net purchase of investments	(3,103,138)	(1,066,970)
Net purchases of capital assets	(161,237)	(373,747)
Proceeds on sale of property	—	5,086,358
	(3,264,375)	3,645,641
Increase (decrease) in cash	1,403,089	(393,605)
Cash, beginning of year	350,864	744,469
Cash, end of year	\$ 1,753,953	\$ 350,864
Represented by:		
Cash	\$ 1,737,863	\$ 344,826
Restricted cash	16,090	6,038
	\$ 1,753,953	\$ 350,864

See accompanying notes to financial statements.

ARTHRITIS SOCIETY CANADA/ SOCIÉTÉ D'ARTHRITE DU CANADA

Notes to Financial Statements

Year ended March 31, 2026

Arthritis Society Canada/Société d'Arthrite du Canada (the "Society") is incorporated without share capital under the Canada Corporations Act and was continued under the Canada Not-for-Profit Corporations Act in July 2013. The Society is a charitable organization registered under the Income Tax Act (Canada) and, as such, it is exempt from income taxes and is able to issue donation receipts for income tax purposes.

The mission of the Society is to fight the fire of arthritis with research, advocacy, innovation, information and support.

1. Significant accounting policies:

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

(a) Basis of presentation:

These financial statements include the assets, liabilities, revenue and expenses of the regions and the National Office of the Society.

(b) Revenue recognition:

The Society follows the deferral method of accounting. Under the deferral method, contributions related to expenses of future periods are recorded as deferred contributions and are recognized as revenue in the year in which the related expenses are incurred. 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.

Endowment contributions are recognized as direct increases in the statement of changes in net assets.

Government grants and donations received for the purpose of capital purchases are deferred and amortized over the expected useful life of the asset to which the grants and donations relate.

ARTHRITIS SOCIETY CANADA/ SOCIÉTÉ D'ARTHRITE DU CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2026

1. Significant accounting policies (continued):

(c) Allocation of expenses:

Expenses are recorded and reported by programs and services. Certain employees perform a combination of program, fundraising and administrative functions; as a result, salaries and benefits are allocated based on time dedicated to the functional activities. Other costs, including amortization of capital assets and executive office and administrative support, are allocated to the programs and services that benefit from the activities. Such allocations are reviewed regularly by management.

(d) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost unless management has elected to carry the instruments at fair value. The Society has elected to carry fixed income and equity investments at fair value.

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

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

ARTHRITIS SOCIETY CANADA/ SOCIÉTÉ D'ARTHRITE DU CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2026

1. Significant accounting policies (continued):

(e) Net asset balances:

Unrestricted net assets record the general activities of the Society.

Invested in capital assets reflect that portion of the Society's resources that relate to capital assets. These resources will increase for capital asset purchases, reductions in capital lease obligations, amortization of deferred capital grants and donations directly related to capital assets, and will be reduced by amortization charges, the net book value of capital asset disposals, increases in capital lease obligations and increases in deferred capital grants and donations.

Endowment funds are externally restricted donations received by the Society where the endowment principal is required to be maintained intact. The investment income generated from these endowments is to be used in accordance with the various purposes established by the donors. The Society ensures that all funds received with a restricted purpose are expended for the purpose for which they were provided.

(f) Research awards payable:

These financial statements reflect grants made during the year, which became effective at different dates during the year. The balance of these grants remaining payable at year end is included as research awards payable on the statement of financial position.

(g) Capital assets:

Purchased capital assets are recorded at cost. Donated capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized.

ARTHRITIS SOCIETY CANADA/ SOCIÉTÉ D'ARTHRITE DU CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2026

1. Significant accounting policies (continued):

Amortization is provided on a straight-line basis over the estimated useful lives of the assets and is recorded beginning in the month of acquisition as follows:

Buildings	5%
Computer equipment and software	33.33%
Furniture and equipment	20%
Leasehold improvements	Over term of lease

Capital assets are written down to fair value or replacement cost to reflect partial impairments when conditions indicate that the assets no longer contribute to the Society's ability to provide services, or that the value of future economic benefits or service potential associated with the capital assets are less than their net carrying amounts.

(h) Contributed services:

Volunteers contribute countless hours each year to assist the Society in achieving its mission. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

(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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

ARTHRITIS SOCIETY CANADA/ SOCIÉTÉ D'ARTHRITE DU CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2026

2. Investments:

(a) Short-term investments include:

	2026	2025
Fixed income and guaranteed investment certificates	\$ 3,032,000	\$ 492,201
Money market	592,851	60,695
Cash	5,296	—
Equity pooled fund	—	1,963
	<u>\$ 3,630,147</u>	<u>\$ 554,859</u>

Short-term fixed-income funds have maturity dates of less than a year from the statement of financial position dates and bear interest at rates ranging from 2.15% to 3.60% (2025 - 2.09% to 5.80%).

(b) Long-term investments include:

	2026	2025
Fixed income and guaranteed investment certificates	\$ 2,481,292	\$ 3,175,366
Equity pooled funds	1,958,916	386,458
Fixed income pooled fund	—	904,572
	<u>\$ 4,440,208</u>	<u>\$ 4,466,396</u>

Long-term investments consist of fixed income bonds with maturity dates greater than a year from the statement of financial position date and bearing interest at rates ranging from 1.31% to 9.35% (2025 - 0.51% to 7.18%), and Canadian and U.S. equities and investments in unit trusts.

ARTHRITIS SOCIETY CANADA/ SOCIÉTÉ D'ARTHRITE DU CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2026

3. Capital assets:

			2026	2025
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 122,756	\$ –	\$ 122,756	\$ 122,756
Buildings	5,788,124	4,635,806	1,152,318	1,228,848
Computer equipment and software	1,370,262	1,054,986	315,276	390,732
Furniture and equipment	198,694	127,567	71,127	100,151
Leasehold improvements	390,302	92,755	297,547	336,176
	\$ 7,870,138	\$ 5,911,114	\$ 1,959,024	\$ 2,178,663

4. Deferred capital grants and donations:

Deferred capital grants and donations represent restricted capital funding received to purchase capital assets. Grants and donations are amortized on the same basis as the capital asset to which they relate. Changes in the deferred capital grants and donations balances during the year are as follows:

	2026	2025
Balance, beginning of year	\$ 563,451	\$ 609,617
Less amortization	36,277	46,166
Balance, end of year	\$ 527,174	\$ 563,451

ARTHRITIS SOCIETY CANADA/ SOCIÉTÉ D'ARTHRITE DU CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2026

5. Deferred contributions:

Deferred contributions represent unspent resources, externally restricted, for education, volunteer/community development, patient care, research purposes and restricted operating funds received in the current year or prior years that are related to subsequent periods. Changes in the deferred contribution balances during the year are as follows:

	2026			2025	
	Education	Patient care	Research	Total	Total
Balance, beginning of year	\$ 232,477	\$ 55	\$ 2,259,022	\$ 2,491,554	\$ 833,670
Funds received	558,451	52,028	982,220	1,592,699	2,484,003
Amount recognized as revenue	(580,016)	(55)	(686,618)	(1,266,689)	(826,119)
Balance, end of year	\$ 210,912	\$ 52,028	\$ 2,554,624	\$ 2,817,564	\$ 2,491,554

6. Annuity, life insurance and charitable remainder trust revenue:

As at March 31, 2026, the Society is the beneficiary of several annuities purchased by donors with original annuity contract amounts of \$65,000 (2025 - \$65,000). An annuity is established through an original donation of cash and the remaining donations being continuously invested. The cash donation and any realized beneficiary amounts are recorded as revenue when received. During 2026, nil (2025 - nil) was received in cash.

The Society is also the beneficiary of several life insurance policies purchased by donors. Revenue relating to these policies is recorded on a cash basis. The total death benefit relating to these policies outstanding as at March 31, 2026 amounted to \$431,977 (2025 - \$432,034).

The Society is also the beneficiary of several charitable remainder trusts. The donations are recorded as revenue when the cash is received. The trust amounts outstanding as at March 31, 2026 amounted to nil (2025 - nil). During 2026, \$6,495 (2025 - \$4,400) was received in cash and included in bequests and other planned giving.

ARTHRITIS SOCIETY CANADA/ SOCIÉTÉ D'ARTHRITE DU CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2026

7. Change in non-cash operating working capital:

	2026	2025
Accounts receivable	\$ 243,526	\$ 225,364
Prepaid expenses	322,918	104,070
Accounts payable and accrued liabilities	87,111	480,389
Deferred revenue	(69,592)	119,002
Research awards payable	(586,010)	(472,581)
	<u>\$ (2,047)</u>	<u>\$ 456,244</u>

8. Pension plan:

Certain of the employees of the Society are members of Arthritis Society Canada Pension Plan (the "Plan"), which is a defined contribution plan. Employer contributions made to the Plan during the fiscal year by the Society are reflected in the statement of operations and amounted to \$455,913 (2025 - \$453,354).

9. Research commitments:

The Society has approved research commitments for future years for which the recipients must meet certain milestone reporting requirements in order to achieve funds release, as follows:

2027	\$ 4,643,290
2028	2,833,726
2029	1,409,719
	<u>\$ 8,886,735</u>

ARTHRITIS SOCIETY CANADA/ SOCIÉTÉ D'ARTHRITE DU CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2026

10. Commitments:

The Society has entered into several operating lease commitments for office premises and office equipment. The minimum annual lease payments are as follows:

2027	\$ 701,092
2028	647,349
2029	588,137
2030	622,109
2031	562,988
Thereafter	1,987,299
	\$ 5,108,974

11. Related party transactions:

During the year, \$150,000 (2025 - \$265,047) was awarded to universities for the research of one member (2025 - three members) of the Society's National Board or the Integrated Scientific Advisory Committee and Medical Advisory Committee ("iSMAC"). The Society adheres to a rigorous peer-review and evaluation process for its grant competitions. This process follows a strict confidentiality and conflict of interest policy founded on transparency, fairness and accountability. Payments for awarded research grants are made to the university that the investigator is associated with and the disbursement of the funds is administered by the university.

ARTHRITIS SOCIETY CANADA/ SOCIÉTÉ D'ARTHRITE DU CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2026

12. Bank indebtedness:

The Society has demand revolving credit facilities available to a maximum of \$4,000,00 (2025 - \$4,000,000) by way of Risk Based Pricing ("RBP") based on loans and letters of credit. The facility is due on demand and incurs interest calculated at the RBP rate plus 0.75% per annum. The amount outstanding under this facility at year end is nil (2025 - nil). The facility is secured by a first ranking security interest in all personal property, and a collateral mortgage in the amount of up to \$4,500,000 (2025 - \$4,000,000) constituting a first fixed charge on the land and improvements located in Vancouver, British Columbia. The Society is required to comply with non-financial covenants.

Total interest expense incurred by the Society during the year in relation to the revolving line demand facility was \$70,944 (2025 - \$117,648) and is included within administration expense.

13. Allocation of expenses:

The Society has allocated its common expenses consisting of certain salaries, benefits and other expenditures of the offices of the Chief Executive, Chief Scientific, Chief Development, and amortization of capital assets, to functional activities as follows:

	2026	2025
Research and Innovation	\$ 717,914	\$ 642,221
Program and services	685,088	639,830
Building operation	94,003	93,042
Administration	176,482	139,563
Cost of raising funds from the public	447,655	407,349
	<u>\$ 2,121,142</u>	<u>\$ 1,922,005</u>

ARTHRITIS SOCIETY CANADA/ SOCIÉTÉ D'ARTHRITE DU CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2026

14. Risk management:

Risk management relates to the understanding and active management of risks associated with all areas of the business and the associated operating environment. The Society has not observed any material changes in credit, interest rate, liquidity, market or foreign exchange risk as compared to the prior year.

(a) Credit risk:

The Society's financial assets are cash and accounts receivable, both of which are subject to credit risk. The carrying amounts of financial assets on the statement of financial position represent the Society's maximum credit exposure at the statement of financial position date.

(b) 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. Changes in the prime interest rate will have a positive or negative impact on the Society's interest income and expense. Such exposure will increase accordingly, should the Society maintain higher levels of investments in the future.

(c) Liquidity risk:

Liquidity risk is the risk that the Society will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Society manages its liquidity risk by monitoring its operating requirements. The Society prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. During 2021, the Board approved a policy requiring regular calculations of liquidity with a view to having six months of available operating expenses.

(d) Market risk:

Market risk arises as a result of trading in equity securities and fixed income securities. Fluctuations in the market expose the Society to a risk of loss. The Society mitigates this risk through controls to monitor and limit concentration levels.

ARTHRITIS SOCIETY CANADA/ SOCIÉTÉ D'ARTHRITE DU CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2026

14. Risk management (continued):

(e) Foreign currency risk:

Foreign currency risk arises from gains and losses due to fluctuations in foreign currency exchange rates on the Society's foreign-denominated equity investments. The Society does not have significant transactions in foreign currencies or hold foreign currencies for a long period of time and, therefore, considers the exposure to foreign currency risk to be not significant.

15. Gain on sale of property:

During 2025, the Society sold its property in Victoria, British Columbia for net cash proceeds after sale costs of \$5,086,358. Accordingly, a gain on sale of property of \$4,703,302 has been recorded in the statement of operations.

16. Alberta Charitable Fund-raising Act and Regulation:

Additional information to comply with the Disclosure Requirement of the Alberta Charitable Fund-raising Act and Regulation:

Disposition of contributions that is equal to or exceeds 10% of the gross contributions received were as follows:

Direct response	\$ 7,774,728
Rest of campaigns	7,284,285
Bequests	10,920,280
Investment and miscellaneous income	1,541,379
Support from government departments and agencies	6,360,404
	\$ 33,881,076

ARTHRITIS SOCIETY CANADA/ SOCIÉTÉ D'ARTHRITE DU CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2026

16. Alberta Charitable Fund-raising Act and Regulation (continued):

\$2,903,711 was paid as remuneration to employees whose principal duties involve fund-raising.

\$775,200 was paid as remuneration to the fund-raising business, including any expenses or fees paid by the charitable organization on behalf of the fund-raising business or as reimbursements to the fund-raising business.

17. Comparative information:

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year.