

Association of Professional Engineers and Geoscientists of Alberta
Financial Statements
Year ended December 31, 2025
(in thousands of dollars)

Association of Professional Engineers and Geoscientists of Alberta
Financial Statements
Year ended December 31, 2025

Contents

Independent Auditor's Report	2
Statement of Financial Position	4
Statement of Changes in Net Assets	5
Statement of Operations	6
Statement of Cash Flow	7
Notes to the Financial Statements	8-15



Tel: 780 461 8000
Fax: 780 461 8800
www.bdo.ca

BDO Canada LLP
Suite 900, 103 Street Centre
10130 103 Street NW
Edmonton AB T5J 3N9 Canada

Independent Auditor's Report

To the Council of
Association of Professional Engineers and Geoscientists of Alberta

Opinion

We have audited the financial statements of Association of Professional Engineers and Geoscientists of Alberta (the "Association"), which comprise the statement of financial position as at December 31, 2025, and statements of operations, 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2025, and its results of operations and its cash flow 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 Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for 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 Association'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 Association or to cease operations, or has no realistic alternative but to do so.

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

Independent Auditor's Report (continued)

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 Association'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 Association'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 Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

BDO Canada LLP

Chartered Professional Accountants

Edmonton, Alberta

March 24, 2026

Association of Professional Engineers and Geoscientists of Alberta
Statement of Financial Position
As at December 31, 2025
(in thousands of dollars)

	2025	2024
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	6,322	4,690
Short-term investments	4,000	-
Accounts receivable, net of allowance	1,715	3,180
Prepays and deposits	1,464	1,246
	<u>13,501</u>	<u>9,116</u>
Tangible capital assets (note 3)	7,510	8,391
Intangible capital assets (note 4)	2,188	3,073
Investments (note 5)	25,783	20,028
Long-term prepaids and deposits	245	223
Defined benefit pension plan surplus (note 7)	-	1,644
	<u>49,227</u>	<u>42,475</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	1,212	1,485
Accrued employee liabilities	785	574
Government remittances payable	134	110
Deferred revenue	19,936	18,540
	<u>22,067</u>	<u>20,709</u>
Deferred lease inducement	4,442	4,583
Straight line rent liability	693	359
Defined benefit pension plan surplus (note 7)	84	-
	<u>27,286</u>	<u>25,651</u>
Net Assets		
Invested in tangible and intangible capital assets	9,698	11,464
Internally restricted – legislative review reserve	1,000	1,000
Internally restricted – regulatory risk management reserve	8,000	8,000
Unrestricted	3,243	(3,640)
	<u>21,941</u>	<u>16,824</u>
	<u>49,227</u>	<u>42,475</u>
Credit facility (note 6)		
Commitments and contingencies (note 8)		

Approved by the Association of Professional Engineers and Geoscientist of Alberta Council:

 _____, Councilor  _____, Councilor

The accompanying notes are an integral part of these financial statements

Association of Professional Engineers and Geoscientists of Alberta
Statement of Changes in Net Assets
For the year ended December 31, 2025
(in thousands of dollars)

For the year ended December 31, 2025

	Internally restricted				
	Invested in tangible and intangible capital assets \$	Legislative review reserve \$	Regulatory risk management reserve \$	Unrestricted \$	Total \$
Balance – Beginning of year	11,464	1,000	8,000	(3,640)	16,824
Excess of revenue over expenses	-	-	-	7,018	7,018
Pension remeasurement	-	-	-	(1,901)	(1,901)
Purchases of tangible and intangible capital assets	870	-	-	(870)	-
Amortization of tangible and intangible capital assets	(2,636)	-	-	2,636	-
Balance – End of year	9,698	1,000	8,000	3,243	21,941

For the year ended December 31, 2024

	Internally restricted				
	Invested in Tangible and intangible capital assets \$	Legislative review reserve \$	Regulatory risk management reserve \$	Unrestricted \$	Total \$
Balance – Beginning of year	8,119	1,000	8,000	(382)	16,737
Excess of revenue over expenses	-	-	-	881	881
Pension remeasurement	-	-	-	(794)	(794)
Loss on disposal of tangible capital assets	(6)	-	-	6	-
Purchases of tangible and intangible capital assets	6,585	-	-	(6,585)	-
Amortization of tangible and intangible capital assets	(3,234)	-	-	3,234	-
Balance – End of year	11,464	1,000	8,000	(3,640)	16,824

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

Association of Professional Engineers and Geoscientists of Alberta
Statement of Operations
For the year ended December 31, 2025
(in thousands of dollars)

	2025 \$	2024 \$
Regulatory revenue		
Member dues	28,713	25,583
Permit dues	4,556	4,155
Examination fees	2,459	2,068
Registration fees	2,327	1,639
	<u>38,055</u>	<u>33,445</u>
Affinity programs	3,413	2,228
Bank interest and investment income (Note 5)	2,441	2,018
General	493	658
Program fees	454	429
	<u>6,801</u>	<u>5,333</u>
	<u>44,856</u>	<u>38,778</u>
Expenses		
Salaries and benefits	24,320	23,530
IT and telecommunications (Note 9)	2,885	2,752
Travel, meals, and volunteers	1,236	946
Consultants and contractors	1,224	1,083
Occupancy costs	1,147	2,253
Bank and finance charges	998	944
National assessment and premiums	987	987
Legal fees	844	1,248
Exam administration	755	663
Printing, supplies, and distribution	471	443
Advertising and promotion	470	178
Administration	297	307
Sponsorships	167	156
	<u>35,801</u>	<u>35,490</u>
Excess of revenue over expenses before the following	<u>9,055</u>	<u>3,288</u>
Amortization	(2,636)	(3,234)
Unrealized investment gain	599	833
Loss on disposal of capital assets	-	(6)
	<u>(2,037)</u>	<u>(2,407)</u>
Excess of revenue over expenses	<u>7,018</u>	<u>881</u>

The accompanying notes are an integral part of these financial statements

Association of Professional Engineers and Geoscientists of Alberta
Statement of Cash Flows
For the year ended December 31, 2025
(in thousands of dollars)

	2025 \$	2024 \$
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenses	7,018	881
Items not affecting cash		
Amortization	2,636	3,234
Unrealized gain on long-term investments	(599)	(833)
Amortization of deferred lease inducement	(141)	(462)
Loss on disposal of capital assets	-	6
Straight line rent expense	333	39
Non-cash portion of defined benefit pension plan expense	173	459
	<u>9,074</u>	<u>3,324</u>
Changes in non-cash working capital		
Accounts receivable	(796)	996
Deferred revenue	1,396	424
Accounts payable and accrued liabilities	(273)	(230)
Accrued employee liabilities	211	72
Government remittances payable	24	(5)
Prepays and deposits	(218)	(148)
	<u>344</u>	<u>1,109</u>
	<u>9,418</u>	<u>4,433</u>
Financing Activities		
Tenant improvement allowance received	<u>2,261</u>	<u>1,678</u>
Investing activities		
Purchases of tangible and intangible capital assets	(870)	(6,585)
Purchases of long-term investments	(5,264)	(1,945)
Proceeds on disposal of long-term investments	109	3,108
Proceeds on disposal of short-term investments	-	1,500
Purchase of short-term investments	(4,000)	-
Long-term prepaids and deposits	(22)	10
	<u>(10,047)</u>	<u>(3,912)</u>
Change in cash and cash equivalents	1,632	2,199
Cash and cash equivalents – beginning of year	4,690	2,491
Cash and cash equivalents – end of year	6,322	4,690

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

Association of Professional Engineers and Geoscientists of Alberta
Notes to the Financial Statements
Year ended December 31, 2025
(in thousands of dollars)

1. NATURE OF THE ORGANIZATION

The Association of Professional Engineers and Geoscientists of Alberta ("APEGA") is incorporated under the provisions of the *Engineering and Geoscience Professions Act of Alberta* with the mandate of serving the public interest by regulating the practices of engineering and geosciences in Alberta, by providing leadership for its professions, and by upholding its members in their professional practices. APEGA is a tax-exempt organization under Section 149(1)(l) of the *Income Tax Act (Canada)* and therefore is not subject to federal or provincial income taxes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements were prepared in accordance with Part III of the Chartered Professional Accountants of Canada (CPA) Handbook – Accounting Standards for Not-for-Profit Organizations. The significant accounting policies are summarized below.

Revenue recognition

Revenue is recognized when evidence of an arrangement exists, the service has been rendered, the price is determinable and ultimate collection is reasonably assured.

Specific revenue recognition policies include the following:

- Member dues and permit dues are set annually by Council and recognized as revenue proportionately over the fiscal year to which they relate.
- Registration fees are recognized when registration occurs and fees are received.
- Examination fees are recognized when the examination is presented.
- Affinity program revenues are recognized when earned.
- Program fees are recognized when programs occur.
- General revenue is recognized when the related services are provided or goods are shipped.
- Investment income includes interest and dividends. Interest is recognized on an accrual basis and dividend income is recognized on the ex-dividend date.

APEGA follows the deferral method of accounting for contributions, which include grants and donations. Grants are recognized in the accounts when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Grants are deferred when initially recorded in the accounts and are recognized as revenue in the year in which the related expenses are recognized. Donations are recorded when received, since pledges are not legally enforceable claims. Unrestricted contributions are recognized as revenue when initially recorded in the accounts. Externally restricted contributions are deferred when initially recorded in the accounts and recognized as revenue in the year in which the related expenses are recognized.

Association of Professional Engineers and Geoscientists of Alberta
Notes to the Financial Statements
Year ended December 31, 2025
(in thousands of dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

Cash and cash equivalents include cash on hand and short-term investments with periods to initial maturity of less than 90 days.

Short-term investments

Short-term investments include guaranteed investment certificates, carried at cost, with maturity dates within the next twelve months.

Financial instruments

Investments are recorded at fair value. Transactions are recorded on a trade date basis and transaction costs are expensed as incurred.

Other financial instruments, including cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities, are initially recorded at fair value and subsequently measured at amortized cost.

Tangible capital assets

Tangible capital assets are recorded at acquisition cost. Amortization is determined using the straight-line method over the estimated useful lives of the assets as follows:

Computer hardware	4 years
Leasehold improvements	lease term
Audio/visual equipment	5 years
Furniture and equipment	10 years

Intangible capital assets

Intangible capital assets are recorded at acquisition cost.

Costs associated with maintaining software programs are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by APEGA are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Association of Professional Engineers and Geoscientists of Alberta
Notes to the Financial Statements
Year ended December 31, 2025
(in thousands of dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible capital assets (continued)

Developed software includes the membership database and the document management system. Intangible assets are amortized from the point at which the asset is ready for use.

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

Computer software	3-5 years
Membership database	6 years

Leases and Subleases

Leases are classified as capital or operating leases. Leases that transfer substantially all the benefits and risks incidental to the ownership of property are classified as capital leases. All other leases are accounted for as operating leases, wherein rental payments are expensed on a straight-line basis over the term of the lease.

APEGA's sublease arrangements are accounted for in accordance with its general lease policies. Rental income from subleases is recognized on a straight-line basis over the term of the sublease, mirroring the approach used for rental expenses under operating leases. Lease inducements related to subleases are similarly recorded as a liability and amortized against rental income on a straight-line basis throughout the duration of the sublease.

Lease inducements

Lease inducements are recorded as a liability and amortized against rent expense on a straight-line basis over the term of the lease.

Defined contribution pension plan

APEGA has established a defined contribution pension plan for its employees under which employees contribute up to 6% of their qualifying earnings which is matched by APEGA, except where special additional enhancement arrangements are in place. Additional employee contributions are allowed but are not matched. Employer contributions to the defined contribution pension plan are recognized on the accrual basis.

Defined benefit pension plan

APEGA closed entry to the defined benefit pension plan at December 31, 2012. APEGA accounts for its defined benefit pension plan using the immediate recognition method. APEGA recognizes the amount of the accrued benefit obligation, net of the fair value of any assets measured at the year-end date, adjusted or any valuation allowance, in the statement of financial position. The accrued benefit obligation for the pension plan is determined based on an actuarial valuation report prepared for funding purposes, which is required to be prepared at least on a triennial basis. During those years where an actuarial valuation is not prepared, APEGA estimates the obligation.

Association of Professional Engineers and Geoscientists of Alberta
Notes to the Financial Statements
Year ended December 31, 2025
(in thousands of dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Defined benefit pension plan (continued)

The annual current service and finance costs of the defined benefit pension plan are recorded as pension benefit costs within salaries and benefits in the statement of operations.

Remeasurements and other items, which include the difference between the actual return on plan assets and the return, calculated using the annual discount rate, actuarial gains and losses, past service costs and gains and losses arising from settlements and curtailments, are recorded as pension remeasurements and other items in the statement of changes in net assets.

Reserves

APEGA Council has established two internally restricted reserves. The legislative review reserve is designated for possible future expenditures for legislative review initiatives or changes. The regulatory risk management reserve is to provide capacity to APEGA to mitigate risk while delivering its mandate to protect the public.

Contributed materials and services

APEGA benefits from donated services in the form of volunteer time for various committees that are integral to fulfilling APEGA's mandate. Due to the uncertainty of measurement, contributed materials and services are not recognized in the financial statements.

Cloud computing

APEGA applies the simplification approach to account for expenditures in cloud computing arrangements. The expenditures in the arrangements are treated as supply of services and recognized as an expense as incurred.

Foreign currency translation

Revenues and expenses have been translated at the monthly average rates of exchange during the year. Foreign exchange gains and losses are included in the statement of operations.

Use of estimates and key judgments

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, related amounts of revenues and expenses, and disclosure of contingent assets and liabilities. The most significant estimates made by management include the allowance for doubtful accounts, the

Association of Professional Engineers and Geoscientists of Alberta
Notes to the Financial Statements
Year ended December 31, 2025
(in thousands of dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of estimates and key judgments (continued)

estimated useful lives of tangible and intangible capital assets and assumptions used in the valuation of pension benefit obligations. Actual results could differ materially from those estimates.

Managing capital

APEGA defines its capital as the amount included in its net asset balances. APEGA's objective when managing its capital is to safeguard its ability to continue as a going concern so that it can continue to fulfill its mandate as described in Note 1. While there are no external restrictions on any of the net assets,

Council has appropriated certain of the funds in reserves for specific purposes. Management continues to have a reasonable expectation that APEGA has sufficient resources to achieve its mandate.

3. TANGIBLE CAPITAL ASSETS

	2025		2024	
	Cost	Accumulated amortization	Net	Net
	\$	\$	\$	\$
Computer hardware	1,625	798	827	649
Leasehold improvements	5,446	727	4,719	5,132
Audio/visual equipment	858	309	549	747
Furniture and equipment	1,594	179	1,415	1,863
	9,523	2,013	7,510	8,391

Leasehold improvements include an unamortized amount of \$5 (2024 - \$88).

Included in tangible capital assets are assets held for leasing purposes with a cost of \$1,568 and accumulated depreciation of \$613.

4. INTANGIBLE CAPITAL ASSETS

	2025		2024	
	Cost	Accumulated amortization	Net	Net
	\$	\$	\$	\$
Computer software	4,297	3,682	615	616
Membership database	5,964	4,396	1,568	2,432
Learning Management	60	55	5	25
	10,321	8,133	2,188	3,073

Computer software includes amounts incurred as work-in-progress of \$303 (2024 - \$104).

Association of Professional Engineers and Geoscientists of Alberta
Notes to the Financial Statements
Year ended December 31, 2025
(in thousands of dollars)

5. INVESTMENTS

Investments consists of funds comprised of fixed income and equity-based instruments. The investment portfolio, managed by a third-party investment manager, is subject to an investment policy set by Council. Fixed income investment funds, consisting of federal, provincial, and corporate bonds, are capable of prompt liquidation. The equity-based investment funds are comprised of equities that are widely held, diversified, and are traded on a regular basis at the discretion of the investment manager.

	2025 \$	2024 \$
Fixed income funds	8,374	5,642
Mortgage funds	4,287	2,967
Canadian equity funds	2,822	2,791
International equity funds	10,300	8,628
	<u>25,783</u>	<u>20,028</u>

Fixed income securities include mortgage funds which comprise a weighted average term of 1.81 years (2024 – 1.97 years) to maturity with a yield of 4.03% (2024 – yield of 4.79%).

The Statement of Operations reports realized investment gain of \$1,481 (2024 - \$460) as part of bank interest and investment income

6. CREDIT FACILITY

APEGA has available a revolving line of credit with Royal Bank of Canada (RBC). The total credit limit available is \$2,000 and amounts are repayable on demand. The facility is secured by APEGA assets and bears interest at Prime + 0.5%. There was no balance outstanding as at December 31, 2025 (2024 – \$nil).

7. PENSION PLAN

a) Defined benefit pension plan

	2025 \$	2024 \$
Defined benefit pension plan surplus		
Plan assets at fair value	7,870	9,058
Accrued benefit obligations	(7,954)	(7,414)
	<u>(84)</u>	<u>1,644</u>

Contributions to the plan during the year by APEGA were \$77 (2024 – \$301) and by employees were \$24 (2024 – \$101). Benefit/termination payments from the plan during the year were \$1,158 (2024 – \$827).

The significant actuarial assumptions adopted in measuring APEGA's accrued benefit obligation and pension benefit costs include an annual discount rate of 5.95% (2024 – 5.95%), an annual rate of return on plan assets of 5.95% (2024 – 5.95%), an annual rate of salary increase of 3.5% (2024 – 3.5%) and an annual inflation rate of 2.5% (2024 – 2.5%).

The Defined Benefit Pension plan was terminated effective March 31, 2025, with no further service cost accrued by its participants. All active participants are accruing benefits under the defined contribution

Association of Professional Engineers and Geoscientists of Alberta
Notes to the Financial Statements
Year ended December 31, 2025
(in thousands of dollars)

7. PENSION PLAN (continued)

a) Defined benefit pension plan (continued)

portion of the plan effective April 1, 2025. Deferred participants were given options for a buy out or purchase of annuities. As part of the wind up, a settlement transaction occurred on December 18, 2024, fully transferring the risks and obligations of the current pensioners to a third party for a settlement price of \$10,032. The value of the pension obligation settled was \$8,443 which resulted in a loss of \$1,589 on the settlement transaction.

An actuarial valuation was completed at the end of March 31, 2025, as part of the plan wind up. 7.

b) Defined contribution pension plan

Total defined contribution plan expense for the year was \$1,100 (2024 - \$920).

8. COMMITMENTS AND CONTINGENCIES

a) Commitments

APEGA is committed to lease agreements relating to its office premises, parking and equipment in Edmonton and Calgary. Minimum future lease payments under the agreements, are as follows:

	\$
2026	1,704
2027	1,850
2028	1,842
2029	1,827
2030	1,885
Thereafter	14,305
	<u>23,413</u>

b) Contingencies

From time to time, legal claims may be pending against APEGA in the normal course of operations. Management is of the opinion that any pending litigation will not have a material adverse impact on APEGA's financial position or the results of its operations.

9. CLOUD COMPUTING

Included in IT and Telecommunication costs are \$1,847 (2024 - \$1,971) related to cloud computing arrangements.

10. FINANCIAL INSTRUMENTS

APEGA is exposed to various financial risks through transactions in financial instruments. The fair value of financial instruments carried at amortized cost approximates their carrying amounts due to the short-term maturity of these instruments.

Association of Professional Engineers and Geoscientists of Alberta
Notes to the Financial Statements
Year ended December 31, 2025
(in thousands of dollars)

10. FINANCIAL INSTRUMENTS (CONTINUED)

Credit risk

Credit risk arises from the potential that a counterparty will fail to perform its obligations. APEGA is exposed to credit risk from accounts receivable. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends, and other information. As at December 31, 2025, Management has established an allowance for doubtful accounts of \$1,217 (2024 - \$1,110). APEGA has a significant number of members, which minimizes concentration of credit risk.

APEGA's investment in funds consisting of bonds and interest accrued thereon is primarily with federal and provincial governments, with a portion allocated to investment-grade corporate bonds concentrated in Canada.

A portion of the assets held in the pension plan is exposed to credit risk, similar to the risks on APEGA's bond portfolio. In the event of loss in the pension plan, APEGA would be obligated to fund any deficiency that may arise. The pension fund invests in a mix of government and investment-grade corporate bonds.

Cash and cash equivalents are maintained with a Schedule I financial institution. There has been no change to credit risk from the prior year.

Market and other price risk

APEGA's investment in funds consisting of equity interests are diversified across global markets and are subject to fluctuations due to changes in market prices of individual securities, general market and industry trends, changes in interest rates, creditworthiness, and foreign exchange rates. APEGA is also exposed to interest rate risk through its holdings funds containing bonds. Market and other price risk is directly influenced by the volatility and liquidity in the markets in which the related underlying assets are traded.

A portion of the assets held in the pension plan is exposed to market and other price risk, similar to the risks on APEGA's investment portfolio. In the event of loss in the pension plan, APEGA would be obligated to fund any deficiency that may arise. The pension fund invests in a mix of large market entities or funds regularly traded on the exchanges.

There has been no material change to these risks from the prior year.

Liquidity risk

APEGA is exposed to the risk that it will encounter difficulty in meeting obligations associated with its financial liabilities. The investments may create liquidity risk if APEGA is required to sell at a time when the market for the investments is unfavourable. If there are short-term cash flow deficiencies, APEGA will access its short term and long terms investments and line of credit to fund those shortages (Note 6).

Currency risk

Currency risk is the risk to APEGA's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of those rates. APEGA is exposed to foreign currency exchange risk on cash and investments held in US dollars. APEGA does not use derivative instruments to reduce its exposure to foreign currency risk. Based on the volume and amount of the transaction in US dollars during 2025, the currency risk exposure for APEGA is assessed as low.

11. COMPARATIVE

The presentation of the prior year figures has been updated to align with the current year's disclosures.