

Non-Consolidated Financial Statements of

**BRITISH COLUMBIA USED OIL  
MANAGEMENT ASSOCIATION**

(Operating as Interchange Recycling)

And Independent Auditor's Report thereon

Year ended December 31, 2024



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## **INDEPENDENT AUDITOR'S REPORT**

To the Members of British Columbia Used Oil Management Association

### ***Opinion***

We have audited the non-consolidated financial statements of British Columbia Used Oil Management Association (the Entity), which comprise:

- the non-consolidated statement of financial position as at December 31, 2024
- the non-consolidated statement of operations for the year then ended
- the non-consolidated statement of changes in net assets for the year then ended
- the non-consolidated statement of cash flows for the year then ended
- and notes to the non-consolidated financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the non-consolidated financial position of the Entity as at December 31, 2024 and its non-consolidated results of operations and its non-consolidated cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### ***Basis for Opinion***

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the ***"Auditor's Responsibilities for the Audit of the Financial Statements"*** section of our 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 opinion.

### ***Responsibilities of Management 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.

### ***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.
- 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.



Page 3

- 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.

***Report on Other Legal and Regulatory Requirements***

As required by Societies Act (British Columbia), we report that, in our opinion, the accounting policies applied in preparing and presenting the financial statements have been applied on a basis consistent with that of the preceding period.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font. Below the signature is a long, horizontal, slightly wavy line.

Chartered Professional Accountants

Victoria, Canada

April 25, 2025

# BRITISH COLUMBIA USED OIL MANAGEMENT ASSOCIATION

(Operating as Interchange Recycling)

Non-Consolidated Statement of Financial Position

December 31, 2024, with comparative information for 2023

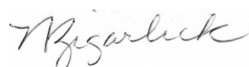
	2024	2023
<b>Assets</b>		
Current assets:		
Cash	\$ 1,141,755	\$ 412,074
Accounts receivable (note 2)	6,426,923	4,716,965
Short-term investments (note 3)	9,525,103	9,717,213
Prepaid expenses	38,799	17,366
	17,132,580	14,863,618
Property and equipment (note 4)	31,304	63,300
Intangible assets (note 5)	488,661	-
	\$ 17,652,545	\$ 14,926,918

## Liabilities and Net Assets

Current liabilities:		
Return incentives and		
return collection facilities incentives payable	\$ 1,907,681	\$ 2,220,181
Accounts payable and accrued liabilities (note 6)	1,351,964	502,176
	3,259,645	2,722,357
Net assets:		
Unrestricted	4,331,885	2,372,965
Internally restricted	9,541,050	9,768,296
Invested in capital assets	519,965	63,300
	14,392,900	12,204,561
Commitments (note 7)		
	\$ 17,652,545	\$ 14,926,918

See accompanying notes to non-consolidated financial statements.

On behalf of the Board:





# BRITISH COLUMBIA USED OIL MANAGEMENT ASSOCIATION

(Operating as Interchange Recycling)

## Non-Consolidated Statement of Operations

Year ended December 31, 2024, with comparative information for 2023

	2024	2023
Revenue:		
Environmental handling charges	\$ 18,095,410	\$ 15,431,977
Compliance reviews	653,819	209,827
Other income	69,030	88,561
	18,818,259	15,730,365
Expenses:		
Program costs - return collection facilities incentives and communications:		
Return collection facilities incentives	1,035,544	878,573
Communications	745,845	778,503
Depot infrastructure	406,056	478,997
Return collection facilities coordinator	166,665	164,055
	2,354,110	2,300,128
Program costs - return incentives and other:		
Return incentives	12,857,283	13,154,949
Technology and support (note 5)	857,990	147,676
Management and administration contracts (note 10)	360,361	203,721
Legal fees (note 10)	202,744	371,206
Travel	103,629	15,578
Consulting	95,796	177,247
Compliance reviews	39,862	64,146
Sponsorships	31,322	24,466
	14,548,987	14,158,989
Administrative costs:		
Management and administration contracts (note 10)	1,101,880	743,734
Legal fees (note 10)	232,422	199,647
Office and general	134,139	187,307
Board	92,888	168,782
Audit	64,074	51,809
Rent	63,588	82,660
Amortization	45,237	44,977
	1,734,228	1,478,916
Recovery of costs	(600,809)	-
	1,133,419	1,478,916
	18,036,516	17,938,033
Surplus (deficiency) from operations	781,743	(2,207,668)
Investment income (note 3)	1,406,596	878,196
Surplus (deficiency) for the year	\$ 2,188,339	\$ (1,329,472)

See accompanying notes to non-consolidated financial statements.

# BRITISH COLUMBIA USED OIL MANAGEMENT ASSOCIATION

(Operating as Interchange Recycling)

## Non-Consolidated Statement of Changes in Net Assets

Year ended December 31, 2024, with comparative information for 2023

	Unrestricted	Internally restricted	Invested in capital assets	Total 2024	Total 2023
Balance, beginning of year	\$ 2,372,965	\$ 9,768,296	\$ 63,300	\$ 12,204,561	\$ 13,534,033
Surplus (deficiency) for the year	2,233,576	-	(45,237)	2,188,339	(1,329,472)
Purchase of assets	(501,902)	-	501,902	-	-
Proceeds from investments, net	227,246	(227,246)	-	-	-
Balance, end of year	\$ 4,331,885	\$ 9,541,050	\$ 519,965	\$ 14,392,900	\$ 12,204,561

See accompanying notes to non-consolidated financial statements.

# BRITISH COLUMBIA USED OIL MANAGEMENT ASSOCIATION

(Operating as Interchange Recycling)

## Non-Consolidated Statement of Cash Flows

Year ended December 31, 2024, with comparative information for 2023

	2024	2023
Cash provided by (used in):		
Operations:		
Surplus (deficiency) for the year	\$ 2,188,339	\$ (1,329,472)
Items not involving cash:		
Amortization	45,237	44,977
Unrealized gain on investments	(1,408,294)	(809,127)
	825,282	(2,093,622)
Changes in non-cash operating working capital:		
Increase in accounts receivable	(1,709,958)	(3,873)
Increase in prepaid expenses	(21,433)	(2,518)
Increase (decrease) in return incentives and return collection facilities incentives payable	(312,500)	561,333
Increase in accounts payable and accrued liabilities	849,788	232,428
	(368,821)	(1,306,252)
Investing:		
Purchase of investments	(1,920,000)	(1,300,000)
Disposal of investments	3,520,404	2,277,541
Purchase of property and equipment	(13,241)	-
Costs incurred on development of intangible assets	(488,661)	-
	1,098,502	977,541
Increase (decrease) in cash	729,681	(328,711)
Cash, beginning of year	412,074	740,785
Cash, end of year	\$ 1,141,755	\$ 412,074

See accompanying notes to non-consolidated financial statements.



# BRITISH COLUMBIA USED OIL MANAGEMENT ASSOCIATION

(Operating as Interchange Recycling)

Notes to Non-Consolidated Financial Statements

Year ended December 31, 2024

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## **Nature of operations:**

British Columbia Used Oil Management Association("the Association") was incorporated under the Society Act of the Province of British Columbia on March 18, 2003 and commenced active operations effective July 1, 2003. It was formed to establish and administer a waste minimization and recycling program under the Post-Consumer Residual Stewardship Program Regulation, B.C. Reg. 111/97. In 2004, the Post-Consumer Residual Stewardship Program Regulation, B.C. Reg. 111/97 was repealed and replaced by the Recycling Regulation, B.C. Reg. 449/2004. As a not-for-profit organization, the Association is exempt from income taxes, provided the requirements of Section 149(1)(l) of the Income Tax Act (Canada) continue to be met.

## **1. Significant accounting policies:**

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook. The Association's significant accounting policies are as follows:

### **(a) Principles of consolidation:**

The Association accounts for its subsidiary using the cost method and instead provides relevant disclosures in the notes to the financial statements.

### **(b) Revenue recognition:**

The Association follows the deferral method of accounting for contributions. The Association recognizes environmental handling charges ("EHC") when the lubricating oil, oil filters and oil containers are first sold by a registrant and when there is reasonable assurance of collection. Included in EHC revenue are amounts owed to the Association for unremitted EHC fees identified by the Association's compliance review process. Amounts identified by the compliance review are recognized as revenue in the year in which the compliance review is completed.

The Association has internally restricted funds in investments to maintain sufficient cash resources for operational needs. Investment income earned on these funds is recognized as revenue in the year it is earned.

# BRITISH COLUMBIA USED OIL MANAGEMENT ASSOCIATION

(Operating as Interchange Recycling)

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2024

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## 1. Significant accounting policies (continued):

### (c) Return incentives and return collection facilities incentives:

Return incentives ("RI") and return collection facilities incentives ("RCF") are recognized as incurred in the year when the lubricating oil and antifreeze materials are delivered to a registered processor's facility by a registered collector and completed claim forms are received and accepted by the Association.

### (d) Cash and cash equivalents:

Cash and cash equivalents include cash on hand and short-term deposits, which are highly liquid with original maturities of less than three months from the date of acquisition.

### (e) Property and equipment:

Property and equipment are stated at cost, less accumulated amortization. Amortization is provided using the following methods and annual rates:

Asset	Basis	Rate
Computer software	Straight-line	5 years
Furniture and fixtures	Straight-line	5 years
Leasehold improvements	Straight-line	5 years

Assets are not amortized until available for use. The carrying amount of an item of property and equipment is tested for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized when the asset's carrying amount is not recoverable and exceeds its fair value.

### (f) Intangible assets:

Research activities are expensed as incurred. Development activities are recognized as an asset provided they meet the capitalization criteria, which include the Association's ability to demonstrate: technical feasibility of completing the intangible asset so that it will be available for use or sale; the Association's intention to complete the asset for use or for sale; the Association's ability to use or sell the asset; the adequacy of the Association's resources to complete the development and to use or sell the asset; the Association's ability to measure reliably the expenditures during the development; and the Association's ability to demonstrate that the asset will generate future economic benefits. The assets are amortized on a straight-line over their estimated useful lives of 5 years, unless the life is determined to be indefinite.

# BRITISH COLUMBIA USED OIL MANAGEMENT ASSOCIATION

(Operating as Interchange Recycling)

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2024

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## 1. Significant accounting policies (continued):

### (g) Financial instruments:

The fair value of a financial instrument on initial recognition is normally the transaction price, which is the fair value of the consideration given or received. Subsequent to initial recognition, the fair values of financial instruments that are quoted in active markets are based on bid prices for financial assets. Transaction costs on financial instruments are recognized at fair value when incurred.

The Association's financial assets include cash, accounts receivable and investments. Cash and accounts receivable are initially recorded at fair value and subsequently accounted for at amortized cost using the effective interest rate method. Investments in guaranteed investment certificates are recorded at amortized cost and other investments are recorded at fair value. Unrealized gains and losses, dividends and interest income are included as investment income in the statement of operations. The Association's financial liabilities include RI and RCF incentives payable and accounts payable and accrued liabilities. All financial liabilities are initially measured at fair value, and subsequently accounted for at amortized cost using the effective interest rate method.

All derivative instruments, including embedded derivatives, are recorded at fair value unless exempted from derivative treatment as a normal purchase and sale. The Association has determined that it does not have any derivatives and has not entered into any hedge transactions.

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 Association 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 carrying value.

# BRITISH COLUMBIA USED OIL MANAGEMENT ASSOCIATION

(Operating as Interchange Recycling)

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2024

## 1. Significant accounting policies (continued):

### (h) 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 the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the year. Items subject to estimates and assumptions include the estimated useful lives of property and equipment, collectability of accounts receivable, estimates of return incentives and return collection facilities incentives paid for ineligible containers, and accruals for EHC fees not submitted to the Association by the registrant until the following year. Actual results could differ from these estimates.

### (i) Allocated expenses:

Unless specifically related to a program or administrative activity, the Association allocates certain expenses by determining management's best estimate of resources spent on program activities and administration activities each year.

The following costs are split 80/20 to Administrative costs and Program costs, respectively:

- Executive Director contract
- Other contract staff
- Legal fees

## 2. Accounts receivable:

	2024	2023
EHC receivable	\$ 826,468	\$ 3,501,972
EHC accrual	5,227,951	801,131
Other accounts receivable	230,362	125,073
Due from U.S. partners	142,142	288,789
	<u>\$ 6,426,923</u>	<u>\$ 4,716,965</u>

# BRITISH COLUMBIA USED OIL MANAGEMENT ASSOCIATION

(Operating as Interchange Recycling)

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2024

## 3. Short-term investments:

Investment income is comprised of the following:

	2024	2023
Interest income	\$ 21,416	\$ 14,414
Dividend income	48,596	127,170
Gain on equity investments	1,408,294	809,127
Investment fees paid	(71,710)	(72,515)
	<b>\$ 1,406,596</b>	<b>\$ 878,196</b>

The Association has funds invested in Canadian and International equities and guaranteed short-term investment certificates with fixed interest rates maturing as follows:.

	2024 Original cost	2024 Fair value	2023 Original cost	2023 Fair value
Fidelity Asset Allocation Private Pool	\$ 1,365,742	\$ 1,798,049	\$ 1,352,324	\$ 1,570,363
Fidelity Global Asset Allocation Fund	1,538,390	1,996,128	2,044,781	2,255,936
Fidelity Global Growth & Value Fund	771,474	1,614,145	763,767	1,236,674
Fidelity Global Innovators	325,716	518,425	323,824	322,094
Fidelity Canadian Large Cap Fund	1,032,638	1,200,934	913,394	1,031,637
Fidelity Multisector Bond Fund	349,370	331,167	1,322,286	1,296,525
Harvest Healthcare	64,155	76,600	67,020	80,300
PH&N High Yield Bond	-	-	327,306	305,967
RBC Core Plus Bond Pool Fund	-	-	1,772,261	1,617,717
Fidelity Tactical Credit Fund	1,991,288	1,989,655	-	-
	<b>\$ 7,438,773</b>	<b>\$ 9,525,103</b>	<b>\$ 8,886,963</b>	<b>\$ 9,717,213</b>

# BRITISH COLUMBIA USED OIL MANAGEMENT ASSOCIATION

(Operating as Interchange Recycling)

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2024

## 4. Property and equipment:

				2024	2023
	Cost	Accumulated amortization		Net book value	Net book value
Computer software	\$ 210,992	\$ 181,657	\$	29,335	\$ 57,220
Furniture and fixtures	19,748	19,748		-	2,633
Leasehold improvements	7,386	5,417		1,969	3,447
	\$ 238,126	\$ 206,822	\$	31,304	\$ 63,300

## 5. Intangible assets:

		2024	2023
Used Oil Portal	\$	488,661	\$ -

During the year the Association initiated a project to develop a Used Oil Portal that will support its members with registration and revenue reporting, and support Processors with claims reporting. The new site will also include other functionality such as: financial integration, compliance oversight, end user support, system-driven communications and interest calculations on Supplier / Remitter reports. As at December 31, 2024, the Association has spent \$1,193,426 on the project, of which \$488,661 has been capitalized and \$704,765 has been expensed in technology and support costs.

## 6. Accounts payable and accrued liabilities:

Included in accounts payable are government payroll remittances payable of \$nil (2023 - \$1,076) related to payroll remittances on Directors' fees and Staff salaries.

# BRITISH COLUMBIA USED OIL MANAGEMENT ASSOCIATION

(Operating as Interchange Recycling)

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2024

## 7. Commitments:

The Association office lease agreement expires April 30, 2026. The Association currently subleases part of the office space to offset its net cost. The commitment noted below is before the sublease amounts.

The estimated minimum annual payments required under the lease agreement until expiry are as follows:

2025	\$	147,564
2026		49,188
	\$	196,752

## 8. Ineligible containers:

The RI paid for used oil containers may include payments for ineligible containers from related products such as windshield washer fluid and fuel or oil additives. Containers for these products are currently excluded from the Association's program.

Since the containers are generally made of the same plastic as used oil containers, there is limited economic or environmental benefit in separating these containers from the used oil containers waste stream. There are also additional costs related to segregating these materials. On account of these factors, the Association has elected not to strictly enforce the removal of these containers in RI payments.

Based on studies performed by independent consultants, the Association has determined that the percentage of ineligible containers is approximately 10% (2023 - 10%) by weight. This percentage is used to estimate the amount spent on ineligible plastics. The estimated amount for the year ended December 31, 2024 is \$308,000 (2023 - \$328,000).

# BRITISH COLUMBIA USED OIL MANAGEMENT ASSOCIATION

(Operating as Interchange Recycling)

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2024

## 9. Controlled subsidiary:

During the year, the Association incorporated a new subsidiary, Interchange Recycling Yukon (the "subsidiary") under the Canada Not-for-Profit Corporations Act. The purpose of the subsidiary is to establish and administer a waste minimization and recycling program in the Yukon. The subsidiary is a not-for-profit under the Income Tax Act and therefore is not subject to income taxes on any surplus.

The subsidiary accounts for transactions using Canadian Accounting Standards for Not-for-Profit Organizations using substantially similar policies to the Association.

Information of the resources controlled by the Association as at December 31, 2024 were as follows:

Revenue	\$	33,078
Program costs		(112,918)
Administrative costs		(17,631)
Deficit	\$	(97,471)

The following table provides additional information with respect to the subsidiary's financial position and cash flows for the period ended December 31, 2024:

Total assets	\$	32,495
Total liabilities	\$	129,966
Accumulated deficit		(97,471)
	\$	32,495
Cash provided by (used for) were as follows:		
Operating activities	\$	(129,402)
Investing activities		130,539
Change in cash resources	\$	1,137



# BRITISH COLUMBIA USED OIL MANAGEMENT ASSOCIATION

(Operating as Interchange Recycling)

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2024

## 10. Allocated expenses:

Total expenses allocated between program costs and administrative costs were as follows:

December 31, 2024	Program costs	Administrative costs	Total
Management and administrative contracts	\$ 360,361	\$ 1,101,880	\$ 1,462,241
Legal fees	202,744	232,422	435,166
	\$ 563,105	\$ 1,334,302	\$ 1,897,407

December 31, 2023	Program costs	Administrative costs	Total
Management and administrative contracts	\$ 203,721	\$ 743,734	\$ 947,455
Legal fees	371,206	199,647	570,853
	\$ 574,927	\$ 943,381	\$ 1,518,308

## 11. Financial risk management:

### (a) Market risk:

Market risk refers to the risk that the fair value or future cash flow of the Association's financial instruments will fluctuate because of changes in market prices. The Association is exposed to market risk with respect to its investments. Accordingly, the value of these financial instruments will fluctuate as a result of changes in market prices, market conditions, or factors affecting the net asset values of the underlying investments. Should the value of the financial instruments decrease significantly, the Association could incur material losses upon disposal of the instruments. Short-term investments represent 54% (2023 - 65%) of total assets and a change in value of 10% would have an impact on surplus (deficiency) of \$952,510 (2023 - \$971,721). This risk is mitigated by diversification of portfolio holdings amongst different asset classes and by holding investments with varying maturity dates and a variety of issuers.

# BRITISH COLUMBIA USED OIL MANAGEMENT ASSOCIATION

(Operating as Interchange Recycling)

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2024

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## 11. Financial risk management (continued):

### (b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations, resulting in a financial loss. The Association is exposed to credit risk with respect to accounts receivable and investments. However, the Association is not exposed to any significant concentration of credit risk due to its large registrant base. Management monitors its accounts receivable regularly and provides for any amounts that are not collectible in the allowance for doubtful accounts (note 2). The Association manages credit risk for its investments by maintaining them with Chartered Schedule I banking institutions and ensuring they are invested in accordance with the Association's Statement of Investment Policies and Procedures.

### (c) Liquidity risk:

Liquidity risk is the risk an entity will encounter difficulty in meeting its obligations. The Association manages its liquidity by monitoring its expenses, working capital and capital expenditures. The Association primarily meets its liquidity requirements through the EHCs and registration fees it earns. Operating shortfalls in cash flows occasionally arise due to unforeseen events. Investments and investment income are internally restricted to cover the cost of unforeseen claims and events. The Association prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. The Association expects to continue to meet future requirements through these sources.

There are no changes in risk exposure from the prior year.