Consolidated Financial Statements of

Canadian Blood Services

BLOOD
PLASMA
STEM CELLS
ORGANS
& TISSUES

And Independent Auditor's Report thereon

Year ended March 31, 2024

This information is being provided in confidence and is only intended for the information of the recipient. It contains financial information of Canadian Blood Services that should be maintained as confidential. Disclosure to any third party could cause harm to Canadian Blood Services, its competitive position and/or negotiating position and is strictly prohibited without the express consent of Canadian Blood Services.

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INDEPENDENT AUDITOR'S REPORT

To the Members of Canadian Blood Services

Opinion

We have audited the consolidated financial statements of the Canadian Blood Services (the Entity), which comprise:

- the consolidated statement of financial position as at March 31, 2024
- the consolidated statement of operations for the year then ended
- the consolidated statement of changes in net assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the 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 consolidated financial position of the Entity as at March 31, 2024, and its consolidated results of operations, its consolidated changes in net assets and its 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 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.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Canada

June 24, 2024

Canadian Blood Services
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Consolidated Statement of Financial Position

As at March 31, 2024, with comparative information for 2023
(In thousands of dollars)

	2024	2023
Assets		
Current assets:		
Cash and cash equivalents (note 3)	$ 126,408	$ 134,310
Members' contributions receivable	225	11,219
Other amounts receivable	26,780	27,989
Inventory (note 4)	280,798	264,683
Prepaid expenses	12,881	11,643
	447,092	449,844
Employee future benefits assets (note 8)	5,755	3,980
Investments, captive insurance operations (note 5)	542,709	519,911
Capital assets (note 6)	279,836	274,237
Total Assets	$ 1,275,392	$ 1,247,972
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 7)	$ 129,748	$ 107,767
Forward currency contracts (note 15)	698	–
	130,446	107,767
Obligations under capital leases	1,420	1,332
Employee future benefits liabilities (note 8)	26,812	25,764
Deferred contributions (note 10)	450,186	468,508
Provision for future claims (note 16)	299,759	299,880
Total Liabilities	908,623	903,251
Net assets (note 11):		
Invested in capital assets	20,617	20,617
Restricted for fair value of forward currency contracts	(698)	–
Restricted for captive insurance purposes	245,954	222,754
Unrestricted net accumulated surplus	100,896	101,350
	366,769	344,721
Guarantees and contingencies (note 17)		
Commitments (note 18)		
Total Liabilities and Net Assets	$ 1,275,392	$ 1,247,972

See accompanying notes to the consolidated financial statements.

On behalf of the Board

Dr. Brian Postl, Director and Chair

Judy Steele, Director

Canadian Blood Services
BLOOD PLASMA STEM CELLS ORGANS & TISSUES

Consolidated Statement of Operations

Year ended March 31, 2024, with comparative information for 2023
(In thousands of dollars)

	2024 (note 13)	2023 (note 13)
Revenue:		
Members' contributions	$ 1,488,537	$ 1,355,076
Federal contributions	23,038	25,214
Less amounts deferred	(98,360)	(84,092)
	1,413,215	1,296,198
Amortization of previously deferred contributions:		
Relating to capital assets	23,113	20,973
Relating to operations	50,364	33,494
Total contributions recognized as revenue	1,486,692	1,350,665
Net investment income (loss) (note 12)	15,431	(805)
Stem cells revenue	21,710	18,688
Other income	2,598	2,236
Total revenue	**1,526,431**	**1,370,784**
Expenses:		
Cost of plasma protein and related products	912,610	833,919
Staff costs	345,028	318,838
General and administrative	178,945	160,835
Medical supplies	60,982	52,128
Depreciation and amortization	22,855	19,769
Losses and incurred expenses	120	213
Foreign exchange gain	(409)	(7,290)
Total expenses	**1,520,131**	**1,378,412**
Excess (deficiency) of revenue over expenses before the undernoted	**6,300**	**(7,628)**
Change in fair value of forward currency contracts	(698)	(277)
Change in fair value of investments measured at fair value	16,422	(7,783)
Excess (deficiency) of revenue over expenses	**$ 22,024**	**$ (15,688)**

See accompanying notes to the consolidated financial statements.

Canadian Blood Services
BLOOD PLASMA STEM CELLS ORGANS & TISSUES

Consolidated Statements of Changes in Net Assets

Year ended March 31, 2024, with comparative information for 2023
(In thousands of dollars)

March 31, 2024	Invested in capital assets	Restricted for fair value of forward currency contracts	Restricted for captive insurance purposes	Unrestricted net accumulated surplus	Total
Balance, beginning of year (note 11)	$ 20,617	$ –	$ 222,754	$ 101,350	$ 344,721
Excess of revenue over expenses	–	–	23,200	(1,176)	22,024
Remeasurements and other items related to employee future benefits	–	–	–	24	24
Change in fair value of forward currency contracts	–	(698)	–	698	–
Balance, end of year (note 11)	$ 20,617	$ (698)	$ 245,954	$ 100,896	$ 366,769

March 31, 2023	Invested in capital assets	Restricted for fair value of forward currency contracts	Restricted for captive insurance purposes	Unrestricted net accumulated surplus	Total
Balance, beginning of year (note 11)	$ 20,920	$ 277	$ 238,165	$ 94,047	$ 353,409
Deficiency of revenue over expenses	–	–	(15,411)	(277)	(15,688)
Remeasurements and other items related to employee future benefits	–	–	–	7,000	7,000
Change in investment in capital assets	(303)	–	–	303	–
Release of net asset restriction for realized gain	–	(7,405)	–	7,405	–
Change in fair value of forward currency contracts	–	7,128	–	(7,128)	–
Balance, end of year (note 11)	$ 20,617	$ –	$ 222,754	$ 101,350	$ 344,721

See accompanying notes to the consolidated financial statements.

Consolidated Statement of Cash Flows

Year ended March 31, 2024, with comparative information for 2023
(In thousands of dollars)

	2024	2023
Cash and cash equivalents provided by (used for):		
Operating activities:		
Excess (deficiency) of revenue over expenses	$ 22,024	$ (15,688)
Items not involving cash and cash equivalents:		
Depreciation and amortization of capital assets	22,855	19,769
Amortization of deferred contributions	(73,477)	(54,467)
Gain on sale of capital assets	(94)	(931)
Net realized gains on sales of investments, captive insurance operation	4,455	16,611
Change in fair value of equity investments, captive insurance operation	(16,422)	7,783
Interest amortization of bonds, captive insurance operations	(855)	387
Change in provision for future claims	(121)	93
Employee future benefit expenses in excess of cash payments	(703)	914
Change in fair value of forward currency contracts	698	277
	(41,640)	(25,252)
Change in non-cash operating working capital:		
Decrease (increase) in Members' contributions receivable	10,994	(7,061)
Decrease in other amounts receivable	1,209	19,034
(Increase) decrease in inventory	(16,115)	7,155
Increase in prepaid expenses	(1,238)	(2,452)
Increase in accounts payable and accrued liabilities	21,704	10,737
Decrease in deferred contributions received for expenses for future periods	26,443	36,380
Total operating activities	1,357	38,541
Investing activities:		
Proceeds on sale of investments, captive insurance operations	292,047	392,315
Purchases of investments, captive insurance operations	(302,023)	(404,503)
Proceeds on sale of capital assets	352	2,438
Purchase of capital assets	(28,347)	(35,049)
Total investing activities	(37,971)	(44,799)
Financing activities:		
Deferred contributions received related to capital assets	28,712	38,581
Total financing activities	28,712	38,581
(Decrease) increase in cash and cash equivalents	(7,902)	32,323
Cash and cash equivalents, beginning of year	134,310	101,987
Cash and cash equivalents, end of year	$ 126,408	$ 134,310
Cash and cash equivalents are comprised of:		
Cash on deposit	$ 126,010	$ 88,882
Fully redeemable variable rate guaranteed investment certificates	–	42,000
Short-term notes	398	3,428
	$ 126,408	$ 134,310

See accompanying notes to the consolidated financial statements.

1. Nature of the organization and operations:

Canadian Blood Services/Société canadienne du sang (the Corporation) owns and operates the national blood supply system for Canada, except Québec, and is responsible for the collection, testing, processing and distribution of blood and blood products, including red blood cells, platelets, plasma and cord blood, as well as the recruitment and management of donors. In addition, the Corporation provides the following services: (i) contracting of plasma protein manufacturers, and purchasing and distributing of plasma protein and related products, (ii) developing and managing donor registries for stem cells, cord blood stem cells and organs, (iii) providing diagnostic services for patients and hospitals across Western Canada and some parts of Ontario, (iv) supporting policy and leading practice development, professional education and public awareness over transfusion practices and organ and tissue donation and transplantation, and (v) conducting and supporting research in transfusion science, medicine, cellular therapies and organ and tissue transplantations.

The Corporation was incorporated on February 16, 1998, under Part II of the Canada Corporations Act. Effective May 7, 2014, the Corporation transitioned its incorporation to the Canada Not-for-Profit Corporations Act. It is a corporation without share capital and qualifies for tax-exempt status as a registered charity under the Income Tax Act (Canada). The Members of the Corporation are the Ministers of Health of the Provinces and Territories of Canada, except Québec. The Members, as well as the Federal and Québec governments provide contributions to fund the operations of the Corporation. The Corporation operates in a regulated environment, pursuant to the requirements of Health Canada.

The Corporation has established two wholly owned captive insurance corporations; CBS Insurance Company Limited (CBSI) and Canadian Blood Services Captive Insurance Company Limited/Compagnie d’assurance captive de la société canadienne du sang limitée (CBSE). CBSI was incorporated under the laws of Bermuda on September 15, 1998 and is licensed as a Class 3 reinsurer under the Insurance Act, 1978 of Bermuda and related regulations. CBSE was incorporated under the laws of British Columbia on May 4, 2006 and is registered under the Insurance (Captive Company) Act of British Columbia.

2. Basis of presentation and significant accounting policies:

Significant accounting policies:

The consolidated 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 – Accounting.

2. Basis of presentation and significant accounting policies (continued):

Significant accounting policies (continued):

A summary of the significant accounting policies used in these consolidated financial statements are set out below. The accounting policies have been applied consistently to all periods presented.

(a) Consolidation:

The consolidated financial statements include the results of the operations of Canadian Blood Services and the accounts of its wholly owned captive insurance subsidiaries.

(b) Use of estimates:

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses in the consolidated financial statements. Estimates and assumptions may also affect disclosure of contingent assets and liabilities at the date of the consolidated financial statements.

The risk of geopolitical, economic, and market uncertainties result in complexity in determining certain critical judgments. As a result, significantly different amounts could be reported under different conditions or assumptions. The Corporation continues to monitor and assess the impacts of these uncertainties on critical accounting judgments, estimates and assumptions. Significant estimates include assumptions used in measuring pension and other post-employment benefits and the provision for future insurance claims, which are described in more detail in notes 8 and 16, respectively.

(c) Revenue recognition:

The Corporation follows the deferral method of accounting for contributions for not-for-profit organizations.

Members' and Federal contributions are recorded as revenue in the period to which they relate. Amounts approved but not received by the end of an accounting period are accrued. Where a portion of a contribution relates to a future period, it is deferred and recognized in the subsequent period.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets other than land are initially deferred and then amortized to revenue on a straight-line basis, at a rate corresponding with the depreciation rate for the related capital asset.

Contributions restricted for the purchase of land are recognized as direct increases in net assets invested in capital assets.

Unrestricted funding is recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

2. Basis of presentation and significant accounting policies (continued):

Significant accounting policies (continued):

(c) Revenue recognition (continued):

Restricted investment income is recognized as revenue in the year in which the related expenses are recognized. Unrestricted investment income is recognized as revenue when earned.

Revenue from fees and contracts is recognized when the services are provided, or the goods are distributed.

Restricted donations are recognized as revenue in the year in which the related expenses are recognized. Unrestricted donations are recognized as revenue in the year received.

(d) Donated goods and services:

The Corporation does not pay donors for whole blood, plasma, platelets or cord donations. Additionally, a substantial number of volunteers contribute a significant amount of time each year in support of the activities of the Corporation. The value of such contributed goods and services is not quantified in the financial statements. Contributions of materials and services, other than volunteer hours, are recorded when a fair value can be reasonably estimated and when the materials and services are used in the normal course of operations and would otherwise be purchased.

(e) Inventory:

Inventory of the Corporation consists of plasma protein and related products, blood products, cord blood products and supplies related to the collection, manufacturing and testing of blood products.

Inventory is measured at the lower of cost and current replacement cost. Cost for plasma protein and related products and supplies inventories is measured at average cost. Cost for blood products and cord blood products includes an appropriate portion of direct costs and overhead incurred in the collection, manufacturing, testing and distribution processes.

Plasma protein and related products, blood products, cord blood products are charged to the statement of operations upon distribution to hospitals and clinics.

Management regularly performs reviews and when necessary, writes off slow moving or obsolete inventory.

(f) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Assets acquired under capital leases are amortized over the estimated life of the assets or over the lease term, as appropriate. Repairs and maintenance costs are expensed. Betterments, which enhance the service potential of an asset are capitalized.

2. Basis of presentation and significant accounting policies (continued):

Significant accounting policies (continued):

(f) Capital assets (continued):

When capital assets can be segregated into major components that have different useful lives, these components are separately identified and amortized over their respective estimated useful lives.

Capital assets are reviewed for impairment whenever events or changes in circumstances indicate that the asset no longer contributes to the Corporation's ability to provide goods or services, or that the value of future economic benefits or service potential associated with the asset is less than its net carrying amount. In this event, the recoverability of assets held and used is measured by reviewing the estimated fair value or replacement cost of the asset. If the carrying amount of an asset exceeds its estimated fair value or replacement cost, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value or replacement cost of the asset. In instances where a tangible capital asset is integrated with other assets such that it may be necessary to consider the value of the tangible capital asset's future economic benefits or service potential for the group of integrated assets as a whole; a write-down may be recognized and measured for the group of assets rather than for an individual tangible capital asset. Any write-down is allocated to the assets of the group on a pro rata basis using the relative carrying amounts of those assets. When a capital asset is written down, the corresponding amount of any unamortized deferred contributions related to the capital asset is recognized as revenue. Write-downs are not reversed.

Amortization is recorded on a straight-line basis over the estimated useful lives of the assets at the rates indicated below:

Asset	Useful life
Buildings and building components	25 to 65 years
Machinery and equipment	8 to 25 years
Furniture and office equipment	5 to 10 years
Computer equipment	3 years
Motor vehicles	8 years
Computer software	2 to 5 years

Leasehold improvements are depreciated on a straight-line basis over the shorter of the lease term or their estimated useful lives. Assets under construction are not depreciated until they are available for use by the Corporation.

The right to the blood supply system represents the excess of the purchase price of the system over the fair value of the tangible net assets acquired in 1998 and is being amortized on a straight-line basis over 40 years.

2. Basis of presentation and significant accounting policies (continued):

Significant accounting policies (continued):

(f) Capital assets (continued):

The Corporation has future obligations associated with the disposal of certain equipment in an environmentally responsible manner, and the restoration of leased premises to an agreed upon standard at the end of the lease. Where there is a legal obligation associated with the retirement of equipment or restoration of leases premises, the Corporation recognizes a liability and the costs are capitalized as part of the carrying amount of the related asset and depreciated over the asset's estimated useful life.

(g) Foreign currency transactions:

Foreign currency transactions of the Corporation are translated using the temporal method. Under this method, transactions are initially recorded at the rate of exchange prevailing at the date of the transaction. Thereafter, monetary assets and liabilities are adjusted to reflect the exchange rates in effect at the consolidated statement of financial position date. Gains and losses resulting from the adjustment are included in the consolidated statement of operations.

(h) Employee future benefits:

The Corporation sponsors two defined benefit plans, one for employees and the other for executives. In addition, the Corporation sponsors a defined contribution pension plan and provides other retirement and post-employment benefits to eligible employees. Benefits provided under the defined benefit pension plans are based on a member's term of service and average earnings over a member's five highest consecutive annualized earnings.

The Corporation accrues its obligations under employee benefit plans as the employees render the services necessary to earn pension and other retirement and post-employment benefits.

The defined benefit obligation for pensions and other retirement and post-employment benefits earned by employees is measured using an actuarial valuation prepared for accounting purposes. The obligation is actuarially determined using the projected benefit method pro-rated on service and management's best estimate assumptions including discount rate, inflation rate, salary escalation, retirement ages and expected health care costs. Plan assets are measured at their fair value. The measurement date of the plan assets and defined benefit obligation coincides with the Corporation's fiscal year. The most recent actuarial valuations for the employees and executive benefit pension plans for funding purposes were as of December 31, 2022 and January 1, 2023, respectively. The next required valuation for the employees and executive pension plan will be as of December 31, 2025 and January 1, 2026, respectively. The most recent actuarial valuation of the other retirement and post-employment benefits was as of April 1, 2021 and the next valuation will be as of April 1, 2024.

2. Basis of presentation and significant accounting policies (continued):

Significant accounting policies (continued):

(h) Employee future benefits: (continued):

The defined benefit pension plan for employees is jointly sponsored by the employer and participating unions. To reflect the risk-sharing provisions of this plan, the Corporation recognizes the 50 percent of the defined benefit liability or asset that accrues to the employer.

The cost of the defined contribution plan is recognized based on the contributions required to be made during each period. With the wind-up of the defined contribution plan in 2025, contributions into the defined contribution plan will terminate by February 2025. All active defined contribution members will be automatically enrolled in the defined benefit pension plan for employees for future service. Since October 2023, eligible active plan members have had the option to early enroll in the defined pension plan. After early enrolling in the defined benefit pension plan, these former active plan members will continue to maintain their investments in the defined contribution until the pension regulator approves the defined contribution wind-up. Subsequently, upon regulatory approval, all remaining defined contribution plan members will be required to transfer their investments from the defined contribution plan.

Termination benefits result from either the Corporation's decision to terminate employment or an employee's decision to accept the Corporation's offer of benefits in exchange for termination of employment. The Corporation recognizes contractual termination benefits when it is probable that employees will be entitled to benefits and the amount can be reasonably estimated. Special termination benefits for voluntary terminations are recognized when employees accept the offer and the amount is reasonably estimated. Special termination benefits for involuntary terminations are recognized when management commits to a detailed plan that establishes the termination benefits, it is communicated in sufficient detail to employees, and the plan will be executed in a reasonable time such that significant changes are not likely.

(i) Financial Instruments:

Upon initial recognition, financial instruments are measured at their fair value. Financial assets and financial liabilities are recognized initially on the trade date, which is the date that the Corporation becomes a party to the contractual provisions of the instrument.

Fixed income securities are measured on the consolidated statement of financial position at amortized cost. Interest income is recognized on the accrual basis and includes the amortization of premiums or discounts on fixed interest securities purchased at amounts different from their par value. Pooled funds, equity securities and equity futures are measured at fair value with changes in fair value recorded directly in the consolidated statement of operations. Dividends and distributions are recorded as income when declared.

2. Basis of presentation and significant accounting policies (continued):

Significant accounting policies (continued):

(i) Financial Instruments (continued):

Forward currency contracts not in a qualifying hedging relationship are measured at fair value with changes in fair value recorded directly in the consolidated statement of operations. A forward currency contract designated in a hedging relationship is not recognized until the earlier of the date it matures and the date of the anticipated transaction (the hedged item).

The hedged item is recognized initially at the amount of consideration payable based on the prevailing foreign exchange rate on the date of goods or service receipts. At this time, any gain or loss on the forward currency contract is recognized as an adjustment of the carrying value amount of the hedged item when the anticipated transaction results in the recognition of an asset or a liability. When the hedged items are recognized directly in the consolidated statement of operations, the gain or loss on the forward currency contract is included in the same expense or revenue category.

All other financial instruments are subsequently measured at cost or amortized cost.

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 cost, which are amortized using the effective interest rate method. Transaction costs are comprised primarily of legal, accounting, underwriters' fees and other costs directly attributable to the acquisition, issuance or disposal of a financial asset or financial liability.

Financial assets measured at cost or amortized cost are assessed for indicators of impairment on an annual basis at the end of the fiscal year. If there is an indicator of impairment, the Corporation 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 higher of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Corporation 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 amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal shall be recognized in the consolidated statement of operations in the period the reversal occurs.

(In thousands of dollars)

3. Cash and cash equivalents:

Cash and cash equivalents include deposits with financial institutions that can be withdrawn without prior notice or penalty, short-term notes, broker deposits. At March 31, 2023, cash and cash equivalents included fully redeemable variable rate guaranteed investment certificates.

Cash and cash equivalents include $5,994 (2023 - $4,377) that is restricted for captive insurance operations.

4. Inventory:

Inventory comprises:

	2024	2023
Raw materials	$ 7,476	$ 6,000
Work-in-process	47,335	45,747
Finished goods	225,987	212,936
	$ 280,798	$ 264,683

Raw materials include supplies available for use in the collection, manufacturing and testing of blood products. Work in process consists of plasma for fractionation and blood products. Finished goods include plasma protein and related products, red blood cells, platelets and plasma for transfusion and cord blood products that are available for distribution to hospitals. Work in process and finished goods inventories include direct costs and overhead incurred in the collection, manufacturing, testing and distribution process.

5. Investments, captive insurance operations:

All investments are restricted for captive insurance operations. The amortized cost and fair value of investments are as follows:

	2024	2023
Measured at amortized cost:		
Fixed income securities	$ 351,909	$ 339,947
Measured at fair value:		
Pooled funds	157,975	146,963
Equity securities	32,825	33,001
	$ 542,709	$ 519,911

(In thousands of dollars)

5. Investments, captive insurance operations (continued):

At March 31, 2024, equity securities include equity futures equal to $10 (2023 - $4) for which the notional value and fair value of the underlying equities are $423 (2023 - $254) and $433 (2023 - $259), respectively.

6. Capital assets:

	Cost	Accumulated amortization	2024 Net book value	2023 Net book value
Land, building, software and equipment:				
Buildings and building components	$ 212,401	$ 70,067	$ 142,334	$ 145,347
Machinery and equipment	130,084	95,336	34,748	33,413
Land	20,617	–	20,617	20,617
Land improvements	3,333	489	2,844	2,977
Furniture and office equipment	34,402	24,811	9,591	9,253
Leasehold improvements	57,328	27,877	29,451	18,282
Computer equipment	71,262	64,146	7,116	5,012
Motor vehicles	21,695	12,416	9,279	6,011
Computer software	41,040	40,469	571	1,002
Equipment under capital leases	6,510	5,158	1,352	1,332
Assets under construction	9,171	–	9,171	17,350
	607,843	340,769	267,074	260,596
Intangible asset:				
Right to the blood supply system	35,204	22,442	12,762	13,641
	$ 643,047	$ 363,211	$ 279,836	$ 274,237

During the current year, cash payments of $28,347 (2023 - $35,049) were made to acquire capital assets. Capital assets no longer in use with cost of $6,731 (2023 - $6,521) and accumulated amortization of $6,473 (2023 - $4,979) were sold or written off.

Cost and accumulated amortization of capital assets at March 31, 2023 amounted to $621,066 and $346,829, respectively.

7. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of $4,216 (2023 - $3,695) which include amounts payable for sales and payroll taxes.

(In thousands of dollars)

8. Employee future benefits:

The Corporation sponsors two defined benefit pension plans, one for employees and the other for executives. In addition, the Corporation sponsors a defined contribution pension plan and provides other retirement and post-employment benefits to eligible employees.

The Corporation's defined benefit assets/liabilities included in the consolidated statement of financial position are comprised of the following:

	2024	2023
Benefit assets:		
Employee future benefit assets – defined benefit pension plan	$ 5,755	$ 3,980
Benefit liabilities:		
Defined benefit pension plans liability	$ 2,501	$ 452
Other retirement and post-employment benefit plans liability	24,311	25,312
Employee future benefit liabilities	$ 26,812	$ 25,764
Net employee future benefit liabilities	$ 21,057	$ 21,784

(a) Defined benefit pension plans:

Information about the Corporation's defined benefit plans are combined and summarized as follows:

	2024	2023
Fair value of plan assets	$ 591,434	$ 535,565
Defined benefit obligation	590,681	532,489
Defined benefit asset before adjustment for risk sharing provisions	753	3,076
Adjustment for risk sharing provisions	2,501	452
Defined benefit asset	$ 3,254	$ 3,528

(In thousands of dollars)

8. Employee future benefits (continued):

(a) Defined benefit pension plans (continued):

The significant actuarial assumptions adopted in measuring the Corporation's defined benefit plans, defined benefit obligation and benefit cost are summarized as follows:

	2024	2023
Defined benefit obligation:		
Discount rate	4.90%	5.00%
Inflation rate	2.00%	2.00%
Rate of compensation increases	2.50% - 3.31%	2.50% - 3.10%
Mortality Table	105% CPM 2014-B CPM 2014Publ-B	110% CPM 2014-B CPM 2014Publ-B
Benefit cost:		
Discount rate	5.00%	4.30%
Rate of compensation increases	2.50% - 3.10%	2.50% - 3.10%

Other information about the Corporation's defined benefit plans is combined and summarized as follows:

	2024	2023
Employer contributions	$ 18,122	$ 16,192
Employee contributions	12,725	11,628
Benefits paid	22,615	22,002
Net expense	16,489	16,140
Remeasurement loss (gain)	1,907	(3,439)

(b) Defined contribution pension plan:

The expense for the Corporation's defined contribution pension plan was $3,190 (2023 - $3,655).

(In thousands of dollars)

8. Employee future benefits (continued):

(c) Other retirement and post-employment benefits:

Information about the Corporation's other retirement and post-employment benefits is as follows:

	2024	2023
Benefits paid	$ 1,541	$ 1,545
Net expense	2,471	2,511
Remeasurement gain	(1,931)	(3,561)
Defined benefit liability	24,311	25,312

The significant actuarial assumptions adopted in measuring the Corporation's other retirement and post-employment defined benefit obligation and benefit cost are as follows:

	2024	2023
Defined benefit obligation:		
Discount rate	4.80% - 4.90%	4.90% - 5.00%
Rate of compensation increases	2.50% - 3.10%	2.50% - 3.10%
Mortality Table	CPM 2014-B	CPM 2014-B
	CPM 2014Publ-B	CPM 2014Publ-B
Benefit cost:		
Discount rate	4.90% - 5.00%	4.00% - 4.30%
Rate of compensation increases	2.50% - 3.10%	2.50% - 3.10%

Hospital costs – 4.00% (2023 - 4.00%) per annum;

Drug costs – 5.93% (2023 - 6.05%) per annum, grading remains at 4.00% (2023 - 4.00%) per annum in and after 2040 (2023 - 2040);

Other health costs – 4.00% (2023 - 4.00%) per annum.

Termination benefits have been recognized in accounts payable and accrued liabilities on the consolidated statement of financial position and in staff costs in the consolidated statement of operations. At March 31, 2024, $3,007 (2023 - $4,008) is accrued for termination benefits on the consolidated statement of financial position. During the year ended March 31, 2024, movements relating to the accrual included payments of $2,669 (2023 - $2,324), a reversal to opening accrual of $367 (2023 - $1,115) and the establishment of new termination benefits of $2,035 (2023 - $2,836).

9. Credit facilities:

(a) Demand operating credit:

This facility has been arranged as an operating line of credit in the amount of $125,000 (2023 - $125,000). At March 31, 2024, $Nil (2023 - $Nil) was outstanding under the facility.

(b) Standby letters of credit:

Standby letters of credit in the amount of $2,000 (2023 - $2,000) were arranged to cover municipal requirements with regard to the redevelopment of the Corporation's facilities. At March 31, 2024, $82 (2023 - $82) had been issued under the facility.

Pursuant to the arrangements included in (a) and (b) above, the Corporation has provided a general security agreement in favour of the bank over receivables, inventory, equipment and machinery and a floating charge debenture over all present and future assets, property and undertaking of the Corporation. Amounts deferred for contingency purposes are excluded from the general security agreement and debenture.

(c) Operating loan:

The Corporation maintained a credit facility which was established to finance a portion of the National Facilities Redevelopment Program phase IIa (NFRP IIa) focused in western Canada. The facility, which consisted of a $14,000 term loan, is scheduled to reduce to $8,000 and $Nil on March 31, 2024 and 2025, respectively. This credit facility was secured by a first ranking on the NFRP IIa assets and any member funding received under the NFRP IIa program. The facility was terminated in March 2024.

(In thousands of dollars)

10. Deferred contributions:

	2024	2023
Expenses of future periods:		
Balance, beginning of year	$ 214,889	$ 212,003
Increase in amounts received related to future periods	33,290	45,938
Less amounts recognized as revenue in the year	(50,364)	(33,494)
Less capital assets purchased from deferred contributions	(9,704)	(12,495)
Proceeds on sale of Regina transferred to NFRP	–	920
Add income earned on resources restricted for contingency	1,292	787
Add income earned on other restricted resources	1,565	1,230
	190,968	214,889
Capital assets:		
Balance, beginning of year	253,619	236,046
Deferred contributions received	28,712	38,581
Less capital assets sold or written off	(258)	(1,239)
Less amounts amortized to revenue	(22,855)	(19,769)
	259,218	253,619
	$ 450,186	$ 468,508

(a) Expenses of future periods:

Deferred contributions represent externally restricted contributions to fund expenses of future periods.

The capital assets purchased represent purchases from contributions that were deferred at March 31, 2023, as well as contributions received and deferred in the year ending March 31, 2024.

At March 31, deferred contributions comprise:

	2024	2023
Members' funding received in advance	$ 22,249	$ 60,758
Blood and plasma inventory	67,236	50,459
Plasma protein and related products inventory	47,653	47,653
Contingency	24,099	22,807
National facilities redevelopment program	15,778	12,836
Research and development	8,741	10,512
Fundraising	2,598	2,876
Digitalization	–	4,438
Other	2,614	2,550
	$ 190,968	$ 214,889

(In thousands of dollars)

10. Deferred contributions (continued):

(b) Capital assets:

Funds received to acquire capital assets are recorded as deferred contributions on the consolidated statement of financial position. They are amortized to revenue in the consolidated statement of operations at the same rate as capital assets are depreciated to expenses.

11. Net assets:

Net assets restricted for captive insurance purposes are subject to externally imposed restrictions stipulating that they be used to provide insurance coverage with respect to risks associated with the operations of the Corporation.

Net assets restricted for forward contracts are subject to internally imposed restrictions on the unrealized fair value of the forward currency contracts not in a qualifying hedge relationship. This restriction will be released once the forward currency contracts mature.

Unrestricted net assets comprise of the following:

	2024	2023
Accumulated pension remeasurement gains	$ 63,248	$ 63,224
Unrestricted accumulated surplus	37,648	38,126
	$ 100,896	$ 101,350

12. Net investment income:

	2024	2023
Net investment income earned on investments restricted for captive insurance	$ 8,753	$ (5,503)
Interest income	8,787	6,058
	17,540	555
Less restricted interest income deferred	(2,109)	(1,360)
	$ 15,431	$ (805)

Included in net investment income earned on investments restricted for captive insurance is $13,208 (2023 - $11,108) of investment income and $4,455 of realized losses on sales of investments (2023 - $16,611).

(In thousands of dollars)

13. Canadian Blood Services revenue and expenses detail:

	Blood and NFRP(1)		Plasma Protein and Related Products		Plasma Operations		Diagnostic Services		Stem Cells		Organs and Tissues		Total Canadian Blood Service		Captive Insurance Operations		Intercompany Transactions		Total Consolidated	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Revenue:																				
Members' contributions	$ 462,269	$ 432,469	$ 952,244	$ 865,317	$ 35,441	$ 21,109	$ 19,366	$ 17,241	$ 14,700	$ 14,700	$ 4,517	$ 4,240	$ 1,488,537	$ 1,355,076	$ –	$ –	$ –	$ –	$ 1,488,537	$ 1,355,076
Federal contributions	10,275	10,922	–	–	9,183	10,817	–	–	–	–	3,580	3,475	23,038	25,214	–	–	–	–	23,038	25,214
Less amounts deferred	(48,815)	(45,631)	–	–	(44,624)	(31,926)	(113)	(422)	(291)	(1,219)	(4,517)	(4,894)	(98,360)	(84,092)	–	–	–	–	(98,360)	(84,092)
	423,729	397,760	952,244	865,317	–	–	19,253	16,819	14,409	13,481	3,580	2,821	1,413,215	1,296,198	–	–	–	–	1,413,215	1,296,198
Amortization of previously deferred contributions:																				
Relating to capital assets	23,113	20,973	–	–	–	–	–	–	–	–	–	–	23,113	20,973	–	–	–	–	23,113	20,973
Relating to operations	15,860	10,275	–	–	29,454	19,021	58	–	475	(42)	4,517	4,240	50,364	33,494	–	–	–	–	50,364	33,494
Total contributions recognized as revenue	462,702	429,008	952,244	865,317	29,454	19,021	19,311	16,819	14,884	13,439	8,097	7,061	1,486,692	1,350,665	–	–	–	–	1,486,692	1,350,665
Gross premiums written and earned	–	–	–	–	–	–	–	–	–	–	–	–	–	–	570	500	(570)	(500)	–	–
Net investment income	6,678	4,698	–	–	–	–	–	–	–	–	–	–	6,678	4,698	8,753	(5,503)	–	–	15,431	(805)
Stem cells revenue	–	–	–	–	–	–	–	–	21,710	18,688	–	–	21,710	18,688	–	–	–	–	21,710	18,688
Other income	787	1,122	499	48	–	–	–	–	82	164	1,230	902	2,598	2,236	–	–	–	–	2,598	2,236
Total revenue	470,167	434,828	952,743	865,365	29,454	19,021	19,311	16,819	36,676	32,291	9,327	7,963	1,517,678	1,376,287	9,323	(5,003)	(570)	(500)	1,526,431	1,370,784
Expenses:																				
Cost of plasma protein and related products	–	–	912,610	833,919	–	–	–	–	–	–	–	–	912,610	833,919	–	–	–	–	912,610	833,919
Staff costs	291,809	275,298	4,699	4,178	17,502	11,507	14,489	12,287	10,315	9,379	6,214	6,189	345,028	318,838	–	–	–	–	345,028	318,838
General and administrative	135,931	126,516	2,220	2071	8,759	5,520	1,828	1,590	25,200	21,452	3,152	1,774	177,090	158,923	2,425	2,412	(570)	(500)	178,945	160,835
Medical supplies	52,411	44,943	764	729	3,193	1,994	2,994	2,942	1,620	1,520	–	–	60,982	52,128	–	–	–	–	60,982	52,128
Depreciation and amortization	22,855	19,769	–	–	–	–	–	–	–	–	–	–	22,855	19,769	–	–	–	–	22,855	19,769
Losses and loss expenses incurred	–	–	–	–	–	–	–	–	–	–	–	–	–	–	120	213	–	–	120	213
Foreign exchange gain	(328)	(48)	–	(7,182)	–	–	–	–	(81)	(60)	–	–	(409)	(7,290)	–	–	–	–	(409)	(7,290)
Transfer of recovered plasma costs	(32,450)	(31,650)	32,450	31,650	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total expenses	470,228	434,828	952,743	865,365	29,454	19,021	19,311	16,819	37,054	32,291	9,366	7,963	1,518,156	1,376,287	2,545	2,625	(570)	(500)	1,520,131	1,378,412
Excess (deficiency) of revenue over expenses before the undernoted	**(61)**	**–**	–	–	–	**–**	–	**–**	**(378)**	**–**	**(39)**	**–**	(478)	**–**	**6,778**	**(7,628)**	**–**	**–**	**6,300**	**(7,628)**
Change in fair value of forward currency contracts	–	–	(698)	(277)	–	–	–	–	–	–	–	–	(698)	(277)	–	–	–	–	(698)	(277)
Change in fair value of investments measured at fair value	–	–	–	–	–	–	–	–	–	–	–	–	–	–	16,422	(7,783)	–	–	16,422	(7,783)
Excess (deficiency) of revenue over expenses	$ (61)	$ –	$ (698)	$ (277)	$ –	$ –	$ –	$ –	$ (378)	$ –	$ (39)	$ –	$ (1,176)	$ (277)	$ 23,200	$ (15,411)	$ –	$ –	$ 22,024	$ (15,688)

(1) National facilities redevelopment program

(In thousands of dollars)

14. Blood products and national facilities redevelopment program details:

	Blood		National Facilities Redevelopment Program		Total	
	2024	2023	2024	2023	2024	2023
Revenue:						
Members' contributions	$ 456,177	$ 426,377	$ 6,092	$ 6,092	$ 462,269	$ 432,469
Federal contributions	10,275	10,922	–	–	10,275	10,922
Less amounts deferred	(42,723)	(39,539)	(6,092)	(6,092)	(48,815)	(45,631)
	423,729	397,760	–	–	423,729	397,760
Amortization of previously deferred contributions:						
Relating to capital assets	23,113	19,996	–	977	23,113	20,973
Relating to operations	13,352	9,945	2,508	330	15,860	10,275
Total contributions recognized as revenue	460,194	427,701	2,508	1,307	462,702	429,008
Net investment income	5,931	4,362	748	336	6,679	4,698
Other income	786	952	–	170	786	1,122
Total revenue	466,911	433,015	3,256	1,813	470,167	434,828
Expenses:						
Staff costs	291,159	274,939	650	359	291,809	275,298
General and administrative	133,325	125,059	2,606	1,457	135,931	126,516
Medical supplies	52,411	44,946	–	(3)	52,411	44,943
Depreciation and amortization	22,855	19,769	–	–	22,855	19,769
Foreign exchange gain	(328)	(48)	–	–	(328)	(48)
Transfer of recovered plasma costs	(32,450)	(31,650)	–	–	(32,450)	(31,650)
Total expenses	466,972	433,015	3,256	1,813	470,228	434,828
Deficiency of revenue over expenses	**$ (61)**	**$ –**	**$ –**	**$ –**	**$ (61)**	**$ –**

15. Financial instruments:

Risk management:

The Board of Directors has responsibility for the review and oversight of the Corporation's risk management framework and general corporate risk profile. Through its committees, the Board oversees analysis of various risks facing the organization that evolve in response to economic conditions and industry circumstances.

The Corporation's financial instruments consist of cash and cash equivalents, members' contributions receivable, other amounts receivable, investments, accounts payable and accrued liabilities, and forward currency contracts.

The Corporation is exposed to risks as a result of holding financial instruments. The following is a description of those risks and how they are managed.

(In thousands of dollars)

15. Financial instruments (continued):

Risk management (continued):

(i) Market risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk. These risks are discussed below:

Interest rate risk:

Interest rate risk pertains to the effect of changes in market interest rates on the future cash flows related to the Corporation's existing financial assets and liabilities.

The Corporation is exposed to interest rate risk on its cash and cash equivalents and fixed income investments because these instruments are subject to variable interest rates.

Foreign currency risk:

Foreign currency risk is the risk that the value or future cash flows of financial instruments will fluctuate as a result of changes in foreign exchange rates. The Corporation is exposed to foreign currency risk on purchases that are denominated in currencies other than the functional currency of the Corporation. To mitigate this risk, the Corporation has a formal foreign currency policy in place. The objective of this policy is to monitor the marketplace and, when considered appropriate, fix exchange rates using forward contracts to reduce the risk exposures related to purchases made in foreign currencies. Generally, forward currency contracts are for periods not in excess of twenty months.

Excluding the investments held by the CBS Insurance Company Limited, at March 31, the Corporation had the following instruments denominated in U.S. dollar (USD):

	2024 CAD		2023 CAD	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets:				
Cash	$ 339	$ 339	$ 338	$ 338
Accounts receivable	47	47	27	27
Financial liabilities:				
Accounts payable and accrued liabilities	(5,645)	(5,645)	(16,301)	(16,301)
Forward currency contract assets:				
Designated as hedges	–	–	–	4,325
Not designated as hedges	(698)	(698)	–	–

15. Financial instruments (continued):

Risk management (continued):

(i) Market risk (continued):

Foreign currency risk (continued):

During the years ended March 31, 2024 and 2023, the Corporation entered into forward currency contracts to hedge its foreign currency exposure on a substantial portion of its USD product and service purchases. The contracts are intended to match the timing of the purchase of USD and the anticipated USD product and services purchases resulting in establishing a fixed foreign exchange rate. The Corporation does not enter into transactions involving forward currency contracts for speculative purposes.

As at March 31, 2024, the outstanding forward currency contracts are not designated to be in a hedging relationship and hedge accounting will not be applied. These contracts consist of the following:

- USD $72,000 with USD $6,000 maturing monthly from April 2024 through March 2025, at an average rate of 1.36.
- USD $30,000 with USD $2,500 maturing monthly from April 2025 through March 2026 at an average daily strike rate to be established from April 2024 to March 31, 2025.

As at March 31, 2023, the forward currency contracts were designated as being in a hedging relationship with the equivalent amount of the 2023-2024 forecasted USD payments and are disclosed in the previous table. Hedge accounting was applied in accordance with CPA Canada Handbook - Accounting, Section 3856, as these hedges were considered to be effective. The contracts fixed the currency rate at 1.29 on USD $69,828 notional amount and one twelfth of the designated forward currency contracts matured monthly from April 2023 through March 2024.

In addition to operational foreign currency risk, investments held by CBS Insurance Company Limited denominated in currencies other than the Canadian dollar expose the Corporation to fluctuations in foreign exchange rates. Fluctuations in the relative value of foreign currencies against the Canadian dollar can result in a significant impact on the fair value of investments. The Corporation's exposure to foreign currency arises from its investment in pooled funds of $157,975 (2023 - $146,963) and equity securities of $32,825 (2023 - $33,001). The pooled funds hold international equities and global fixed income of which $53,799 (2023 - $48,847) and $44,761 (2023 - $45,807), respectively, are denominated in foreign currencies. The equity securities include $31,735 (2023 - $31,559) which are denominated in foreign currency.

15. Financial instruments (continued):

Risk management (continued):

(i) Market risk (continued):

Other price risk:

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual financial instrument or its issues, or factors affecting similar financial instruments traded in the market.

The Corporation is exposed to other price risk on its pooled funds and equity securities and equity futures due to changes in general economic or stock market conditions, and specific price risk which refers to equity price volatility that is determined by entity specific characteristics. These risks affect the carrying value of these securities and the level and timing of recognition of gains and losses on securities held, causing changes in realized and unrealized gains and losses.

The Corporation mitigates price risk by holding a diversified portfolio. The portfolio is managed through the use of a third-party investment advisor and third-party investment managers and their performance is monitored by the Board of Directors of the captive insurance operations.

(ii) Credit risk:

The Corporation is exposed to the risk of financial loss resulting from the potential inability of a counterparty to a financial instrument to meet its contractual obligations. The carrying amount of cash and cash equivalents, Members' contributions receivable and other amounts receivable, forward currency contracts, and investments, captive insurance operations represent the maximum exposure of the Corporation to credit risk.

Cash and cash equivalents and forward currency contracts are mainly held with Canadian financial institutions rated by Standard & Poor's credit rating as A+ with a stable outlook and short-term notes consisting of Canadian treasury bills. All forward currency contracts must be transacted with Schedule I banks and/or a wholly owned subsidiary of a Schedule I bank as per the Corporation's foreign currency policy.

The Corporation is also exposed to credit risk on fixed income securities investments, equity securities and equity futures. The investment policy requires an average credit rating of 'A' on the credit quality of its fixed income portfolio, related to captive insurance operations. In addition, equity futures are exchange-traded and as such, are subject to a number of safeguards to ensure that obligations are met. These include the use of clearing houses (thus reducing counterparty credit risk), the posting of margins and the daily settlement of unrealized gains and losses. The amount of credit risk is therefore considered low.

15. Financial instruments (continued):

Risk management (continued):

(ii) Credit risk (continued):

Members' contributions receivable are current in nature and management considers there to be minimal exposure to credit risk from Members due to funding agreements in place and third-party Member credit ratings. Standard & Poor's available credit ratings for Members range from A (stable) to AA (negative).

Other amounts receivable consists primarily of amounts due from federal and provincial agencies and is considered to have low credit risk. The carrying amount of amounts receivable for these parties represents the Corporation's maximum exposure to credit risk.

(iii) Liquidity risk:

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation's approach to managing liquidity is to evaluate current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and cash equivalents. In addition, the Corporation has credit facilities described in note 9 that it can draw on as required.

The provision for future claims has no contractual maturity and the timing of settlement will depend on actual claims experience in the future.

The liabilities for employee future benefits are generally long-term in nature and fall due as eligible employees in the Corporation's defined benefit pension plans retire or terminate employment with the Corporation.

Management believes the Corporation has sufficient funds to meet its liabilities.

16. Captive insurance operations:

The Corporation has established two wholly owned captive insurance subsidiaries, CBS Insurance Company Limited (CBSI) and Canadian Blood Services Captive Insurance Company Limited/ Compagnie d'assurance captive de la société canadienne du sang limitée (CBSE). CBSI provides insurance coverage up to $300,000 with respect to risks associated with the operation of the blood system. CBSE has entered into an arrangement whereby the Members have agreed to indemnify CBSE for all amounts payable by CBSE under the terms of the excess policy up to $700,000, which is in excess of the $300,000 provided by CBSI. No payment shall be made under CBSE until the limit of the liability under the primary policy in CBSI, in the amount of $300,000, has been exhausted. As a result, the Corporation has $1,000,000 total in coverage.

16. Captive insurance operations (continued):

The provision for future claims is an actuarially based estimate of the cost to the Corporation of settling claims relating to insured events (both reported and unreported) that have occurred to March 31, 2024 and 2023, respectively.

A significant proportion of both the future claims expense for the period and the related cumulative estimated liability of the Corporation for these future claims at March 31, 2024, of $299,759 (2023 - $299,880) covers the manifestation of blood diseases, which is inherently difficult to assess and quantify. There is a variance between these recorded amounts and other reasonably possible estimates.

17. Guarantees and contingencies:

(a) Guarantees:

In the normal course of business, the Corporation enters into lease agreements for facilities and assets acquired under capital leases. In the Corporation's standard commercial lease for facilities, the Corporation, as the lessee, agrees to indemnify the lessor and other related third parties for liabilities that may arise from the use of the leased premises where the event triggering liability results from a breach of a covenant, any wrongful act, neglect or default on the part of the tenant or related third parties. However, this clause may be altered through negotiation. In the Corporation’s assets acquired under capital leases, both the lessee and the lessor agree to indemnify each other for death or injury to the employees or agents of either party, where the event triggering liability results from negligent acts, omissions or willful misconduct.

The maximum amount potentially payable under any such indemnities cannot be reasonably estimated. The Corporation has liability insurance that relates to the indemnifications described above. Historically, the Corporation has not made significant payments related to the above-noted indemnities and, accordingly, no liabilities have been accrued in the consolidated financial statements.

(b) Contingencies:

The Corporation is party to legal proceedings in the ordinary course of its operations. In the opinion of management, the outcome of such proceedings will not have a material adverse effect on the Corporation’s financial statements or its activities. Claims and obligations related to the operation of the blood supply system prior to September 28, 1998, and the Canadian Council for Donation and Transplantation prior to April 1, 2008, are not the responsibility of the Corporation.

(In thousands of dollars)

18. Commitments:

At March 31, 2024, the Corporation had the following contractual commitments:

	Vendor commitments	Research and development grants	Operating leases	Total
2024-2025	$ 133,308	$ 2,296	$ 10,767	$ 146,371
2025-2026	944	1,221	8,999	11,164
2026-2027	944	766	7,439	9,149
2027-2028	249	45	6,712	7,006
2028-2029	249	–	5,426	5,675
Thereafter	166	–	15,286	15,452
Total	$ 135,860	$ 4,328	$ 54,629	$ 194,817

The research and development grants are funded by contributions included in deferred contributions for future expenses.

19. Donated goods and services:

The Corporation received donated personal protective equipment, leased space and marketing services and recorded an amount of $174 (2023 - $105) relating to these donations in other income and general and administrative expenses in the consolidated statement of operations.

20. Research and development:

For the year ended March 31, 2024, the Corporation incurred $13,591 (2023 - $13,339) of expenses related to research and development. These costs are reported in notes 13 and 14 under Blood and National Facilities Redevelopment Program and are included in general and administrative and staff costs.

21. Related party transactions:

(a) The Members provide funding for the operating budgets of the Corporation. The Corporation enters into other transactions with these related parties in the normal course of business.

University Health Network (UHN) is an entity controlled by our Ontario Member and as a result, UHN and Canadian Blood Services are related parties. UHN provides Canadian Blood Services rental space for a nominal consideration for a period of 10 years, with an option to renew for up to 10 additional years. During the year-ended March 31, 2024, Canadian Blood Services recorded rent expense at the notional value paid to UHN.

Alberta Infrastructure and our Alberta Member are entities under common control and as a result, Alberta Infrastructure and Canadian Blood Services are related parties. Alberta Infrastructure provides Canadian Blood Services rental space for a nominal consideration. The current lease was originally effective from April 1, 2015 to March 31, 2020, and subsequently extended to March 31, 2025. During the year-ended March 31, 2024, Canadian Blood Services recorded rent expense at the notional value paid to Alberta Infrastructure.

(b) Transactions with the defined contribution pension plan, the two defined benefit pension plans, and the other defined retirement and post-employment benefits plan are conducted in the normal course of business. The transactions with these plans consist of contributions as disclosed in note 8, as well as administrative expenses charged by the Corporation to the pension plans totaling $225 (2023 - $211). At March 31, 2024, the net amount due from the Corporation's pension plans is $372 (2023 - $281).

22. Capital disclosures:

The Corporation is a non-share capital corporation and plans its operations to essentially result in an annual financial breakeven position. The Corporation considers its capital to be the sum of its net assets.

This definition is used by management and may not be comparable to measures presented by other entities. The Corporation manages capital through a formal and approved budgetary process where funds are allocated following the underlying objectives below:

(a) to provide a safe, secure, cost-effective and accessible supply of blood and blood products, including red blood cells, platelets, cord blood, and plasma protein and related products, to all Canadians. The Corporation also provides the management of donor registries for stem cells, cord blood stem cells and organs, diagnostic services in certain parts of Canada, and research and development;

(b) to support the Corporation's ability to continue as a going concern;

(c) to meet regulatory and statutory capital requirements related to captive insurance operations; and

(d) to ensure the funding of working capital requirements.

22. Capital disclosures (continued):

The Corporation evaluates its accomplishment against its objectives annually. The Corporation has complied with all externally imposed capital requirements and there were no changes in the approach to capital management during the period.

The Corporation’s captive insurance operations are required to maintain statutory capital and surplus greater than a minimum amount determined as the greater of a percentage of outstanding losses or a given fraction of net written premiums. At March 31, 2024, the Corporation’s captive insurance operations were required to maintain a minimum statutory capital and surplus of $44,964 (2023 - $44,982). The actual statutory capital and surplus was $232,381 (2023 - $202,906) and the minimum margin of solvency was therefore met.

The Corporation’s captive insurance operations were also required to maintain a minimum liquidity ratio whereby the value of its relevant assets is not less than 75% of the amount of its relevant liabilities. At March 31, 2024, the Corporation’s captive insurance operations were required to maintain regulatory assets of at least $226,398 (2023 - $228,929). At that date, relevant assets were $534,245 (2023 - $508,144) and the minimum liquidity ratio was therefore met. The value of regulatory assets differs from that reported on the consolidated statement of financial position as it is determined under a different accounting framework, International Financial Reporting Standards.

23. Statutory disclosures:

As required under the Charitable Fundraising Act of Alberta, included in staff costs are $819 (2023 - $821) paid as remuneration to employees whose principal duties involve fundraising.

24. Reclassification:

Certain 2023 comparative information has been reclassified to conform with the consolidated financial statements presentation adopted in the current year.