

Consolidated Financial Statements of



And Independent Auditor's Report thereon

Year ended March 31, 2025



**KPMG LLP**  
150 Elgin Street, Suite 1800  
Ottawa, ON K2P 2P8  
Canada  
Telephone 613 212 5764  
Fax 613 212 2896

## **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, 2025
- 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, 2025, 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.



Page 3

- 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 19, 2025

## Consolidated Statement of Financial Position

As at March 31, 2025, with comparative information for 2024  
(In thousands of dollars)

	2025	2024
<b>Assets</b>		
Current assets:		
Cash and cash equivalents (note 3)	\$ 136,139	\$ 126,408
Members' contributions receivable	34,293	225
Other amounts receivable	22,679	26,780
Inventory (note 4)	304,867	280,798
Forward currency contracts (note 15)	1,631	–
Prepaid expenses	20,204	12,881
	519,813	447,092
Employee future benefits assets (note 8)	7,052	5,755
Investments, captive insurance operations (note 5)	577,377	542,709
Capital assets (note 6)	291,892	279,836
<b>Total Assets</b>	<b>\$ 1,396,134</b>	<b>\$ 1,275,392</b>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued liabilities (note 7)	\$ 174,455	\$ 129,748
Forward currency contracts (note 15)	269	698
	174,724	130,446
Obligations under capital leases	1,179	1,420
Employee future benefits liabilities (note 8)	34,871	26,812
Deferred contributions (note 10)	487,576	450,186
Provision for future claims (note 16)	299,983	299,759
<b>Total Liabilities</b>	<b>998,333</b>	<b>908,623</b>
Net assets (note 11):		
Invested in capital assets	20,617	20,617
Restricted for fair value of forward currency contracts	1,362	(698)
Restricted for captive insurance purposes	283,725	245,954
Unrestricted net accumulated surplus	92,097	100,896
	397,801	366,769
Guarantees and contingencies (note 17)		
Commitments (note 18)		
Subsequent event (note 25)		
<b>Total Liabilities and Net Assets</b>	<b>\$ 1,396,134</b>	<b>\$ 1,275,392</b>

See accompanying notes to the consolidated financial statements.

On behalf of the Board



Dr. Brian Postl, Director and Chair



Donnie Wing, Director

## Consolidated Statement of Operations

Year ended March 31, 2025, with comparative information for 2024  
(In thousands of dollars)

	2025 (note 13)	2024 (note 13)
<b>Revenue:</b>		
Members' contributions	\$ 1,661,150	\$ 1,488,537
Federal contributions	11,397	23,038
Less amounts deferred	(73,957)	(98,360)
	1,598,590	1,413,215
Amortization of previously deferred contributions:		
Relating to capital assets	26,514	23,113
Relating to operations	17,999	50,364
Total contributions recognized as revenue	1,643,103	1,486,692
Net investment income (note 12)	24,694	15,431
Stem cells revenue	25,865	21,710
Other income	3,223	2,598
<b>Total revenue</b>	<b>1,696,885</b>	<b>1,526,431</b>
<b>Expenses:</b>		
Cost of plasma protein and related products	1,009,304	912,610
Staff costs (note 8)	379,925	345,028
General and administrative	199,720	178,945
Medical supplies	69,392	60,982
Depreciation and amortization	25,554	22,855
Losses and incurred expenses	241	120
Foreign exchange gain	(2,010)	(409)
<b>Total expenses</b>	<b>1,682,126</b>	<b>1,520,131</b>
<b>Excess of revenue over expenses before the undernoted</b>	<b>14,759</b>	<b>6,300</b>
Change in fair value of forward currency contracts	2,060	(698)
Change in fair value of investments measured at fair value	20,181	16,422
<b>Excess of revenue over expenses</b>	<b>\$ 37,000</b>	<b>\$ 22,024</b>

See accompanying notes to the consolidated financial statements.

## Consolidated Statements of Changes in Net Assets

Year ended March 31, 2025, with comparative information for 2024  
(In thousands of dollars)

March 31, 2025	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	\$ (698)	\$ 245,954	\$ 100,896	\$ 366,769
Excess (deficiency) of revenue over expenses	–	–	37,771	(771)	37,000
Remeasurements and other items related to employee future benefits (note 8)	–	–	–	(5,968)	(5,968)
Change in fair value of forward currency contracts	–	2,060	–	(2,060)	–
Balance, end of year (note 11)	\$ 20,617	\$ 1,362	\$ 283,725	\$ 92,097	\$ 397,801

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 (deficiency) of revenue over expenses	–	–	23,200	(1,176)	22,024
Remeasurements and other items related to employee future benefits (note 8)	–	–	–	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

See accompanying notes to the consolidated financial statements.

## Consolidated Statement of Cash Flows

Year ended March 31, 2025, with comparative information for 2024  
(In thousands of dollars)

	2025	2024
Cash and cash equivalents provided by (used for):		
Operating activities:		
Excess of revenue over expenses	\$ 37,000	\$ 22,024
Items not involving cash and cash equivalents:		
Depreciation and amortization of capital assets	25,554	22,855
Amortization of deferred contributions	(44,513)	(73,477)
Gain on sale of capital assets	599	(94)
Net realized (gain) loss on sales of investments, captive insurance operation	(5,137)	4,455
Change in fair value of equity investments, captive insurance operation	(20,181)	(16,422)
Interest amortization of bonds, captive insurance operations	(1,065)	(855)
Change in provision for future claims	224	(121)
Employee future benefit expenses in excess of cash payments	794	(703)
Change in fair value of forward currency contracts	(2,060)	698
	(8,785)	(41,640)
Change in non-cash operating working capital:		
Members' contributions receivable	(34,068)	10,994
Other amounts receivable	4,101	1,209
Inventory	(24,069)	(16,115)
Prepaid expenses	(7,323)	(1,238)
Accounts payable and accrued liabilities	44,293	21,704
Deferred contributions received for expenses for future periods	43,332	26,443
Total operating activities	17,481	1,357
Investing activities:		
Proceeds on sale of investments, captive insurance operations	432,668	292,047
Purchases of investments, captive insurance operations	(440,953)	(302,023)
Proceeds on sale of capital assets	362	352
Purchase of capital assets	(38,398)	(28,347)
Total investing activities	(46,321)	(37,971)
Financing activities:		
Deferred contributions received related to capital assets	38,571	28,712
Total financing activities	38,571	28,712
Change in cash and cash equivalents	9,731	(7,902)
Cash and cash equivalents, beginning of year	126,408	134,310
Cash and cash equivalents, end of year	\$ 136,139	\$ 126,408
<i>Cash and cash equivalents are comprised of:</i>		
Cash on deposit	\$ 133,852	\$ 126,010
Short-term notes	2,287	398
	\$ 136,139	\$ 126,408

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 patient testing 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, the provision for future insurance claims and the valuation of blood product, plasma protein and related product and cord blood product inventory, which are described in more detail in notes 8, 16, and 4, 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, plasma products and cord blood products includes an estimate of the 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. Expenditures on internally generated intangible assets during the development phase are expensed as they are incurred.

Repairs and maintenance costs are expensed. Betterments, which enhance the service potential of an asset are capitalized.

Year ended March 31, 2025  
(In thousands of dollars)

---

**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. This liability is included in accounts payable and accrued liabilities in the consolidated statement of financial position.

(g) Cloud computing arrangements:

The Corporation has entered into several cloud computing arrangements. The Corporation has elected the simplification approach and treats the expenditures of such arrangements as a supply of services. As a result, the Corporation recognizes the expenditure as an expense when it receives the services.

(h) 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.

(i) Employee future benefits:

The Corporation sponsors two defined benefit plans, one for employees and the other for executives. In addition, the Corporation provides other retirement and post-employment benefits to eligible employees and up until February 23, 2025, provided a defined contribution pension plan. 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.

During the year-ended March 31, 2023, the Corporation announced its intent to wind-up the defined contribution pension plan in February 2025. Starting in October 2023, active defined contribution pension plan members were provided the option to early enroll in the defined benefit pension plan and stop contributing to the defined contribution pension plan. On February 23, 2025, all contributions into the defined contribution pension plan were terminated, and concurrently all active defined contribution pension plan members were enrolled in the defined benefit pension plan. For additional information on the wind-up, see note 25.

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

### *Significant accounting policies (continued):*

#### (i) Employee future benefits: (continued):

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, 2023 and January 1, 2023, respectively. The next required valuation for the employees and executive pension plan will be as of December 31, 2026 and January 1, 2026, respectively. The most recent actuarial valuation of the other retirement and post-employment benefits was as of April 1, 2024 and the next valuation will be as of April 1, 2027.

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 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.

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.

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

### *Significant accounting policies (continued):*

#### (j) 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.

Forward currency contracts are measured at fair value with changes in fair value recorded directly in the consolidated statement of operations.

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.

Year ended March 31, 2025  
(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.

Cash and cash equivalents include \$3,592 (2024 - \$2,168) that is restricted for captive insurance operations.

**4. Inventory:**

Inventory comprises:

	2025	2024
Raw materials	\$ 7,878	\$ 7,476
Work-in-process	82,450	61,699
Finished goods	214,539	211,623
	<b>\$ 304,867</b>	<b>\$ 280,798</b>

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:

	2025	2024
<i>Measured at amortized cost:</i>		
Fixed income securities	\$ 366,525	\$ 351,909
<i>Measured at fair value:</i>		
Pooled funds	173,641	157,975
Equity securities	37,211	32,825
	<b>\$ 577,377</b>	<b>\$ 542,709</b>

Notes to the Consolidated Financial Statements, page 9

Year ended March 31, 2025  
(In thousands of dollars)

**5. Investments, captive insurance operations (continued):**

At March 31, 2025, equity securities include equity futures equal to minus \$3 (2024 - \$10) for which the notional value and fair value of the underlying equities are \$613 (2024 - \$423) and \$610 (2024 - \$433), respectively.

**6. Capital assets:**

	Cost	Accumulated amortization	2025 Net book value	2024 Net book value
Land, building, software and equipment:				
Buildings and building components	\$ 212,695	\$ 75,220	\$ 137,475	\$ 142,334
Machinery and equipment	136,002	101,646	34,356	34,748
Land	20,617	–	20,617	20,617
Land improvements	3,333	622	2,711	2,844
Furniture and office equipment	34,864	25,904	8,960	9,591
Leasehold improvements	64,673	31,522	33,151	29,451
Computer equipment	82,591	67,928	14,663	7,116
Motor vehicles	24,039	12,345	11,694	9,279
Computer software	41,180	40,785	395	571
Equipment under capital leases	6,511	5,361	1,150	1,352
Assets under construction	14,839	–	14,839	9,171
	641,344	361,333	280,011	267,074
Intangible asset:				
Right to the blood supply system	35,203	23,322	11,881	12,762
	\$ 676,547	\$ 384,655	\$ 291,892	\$ 279,836

During the current year, cash payments of \$38,398 (2024 - \$28,347) were made to acquire capital assets. Capital assets no longer in use with cost of \$5,071 (2024 - \$6,731) and accumulated amortization of \$4,111 (2024 - \$6,473) were sold or written off.

Cost and accumulated amortization of capital assets at March 31, 2024 amounted to \$643,047 and \$363,211, respectively.

**7. Accounts payable and accrued liabilities:**

Included in accounts payable and accrued liabilities are government remittances payable of \$4,376 (2024 - \$4,216) which include amounts payable for sales and payroll taxes.

Year ended March 31, 2025  
(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 provides other retirement and post-employment benefits to eligible employees and up until February 23, 2025, the Corporation also provided a defined contribution pension plan.

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

	2025	2024
<b>Benefit assets:</b>		
Employee future benefit assets – defined benefit pension plan	\$ 7,052	\$ 5,755
<b>Benefit liabilities:</b>		
Defined benefit pension plans liability	\$ 9,638	\$ 2,501
Other retirement and post-employment benefit plans liability	25,233	24,311
<b>Employee future benefit liabilities</b>	<b>\$ 34,871</b>	<b>\$ 26,812</b>
<b>Net employee future benefit liabilities</b>	<b>\$ 27,819</b>	<b>\$ 21,057</b>

### (a) Defined benefit pension plans:

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

	2025	2024
Fair value of plan assets	\$ 655,955	\$ 591,434
Defined benefit obligation	668,179	590,681
Defined benefit (liability) asset before adjustment for risk sharing provisions	(12,224)	753
Adjustment for risk sharing provisions	9,638	2,501
<b>Defined benefit (liability) asset</b>	<b>\$ (2,586)</b>	<b>\$ 3,254</b>

Year ended March 31, 2025  
(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:

	2025	2024
<i>Defined benefit obligation:</i>		
Discount rate	4.80%	4.90%
Inflation rate	2.00%	2.00%
Rate of compensation increases	2.50% - 3.31%	2.50% - 3.31%
Mortality Table	105 % CPM 2014-B CPM 2014Publ-B	105% CPM 2014-B CPM 2014Publ-B
<i>Benefit cost:</i>		
Discount rate	4.90%	5.00%
Rate of compensation increases	2.50% - 3.31%	2.50% - 3.10%

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

	2025	2024
Employer contributions	\$ 18,981	\$ 18,122
Employee contributions	13,048	12,725
Benefits paid	24,074	22,615
Net expense	18,912	16,489
Remeasurement loss	5,909	1,907

(b) Defined contribution pension plan:

The expense for the Corporation's defined contribution pension plan was \$1,885 (2024 - \$3,190).

Year ended March 31, 2025  
(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:

	2025	2024
Benefits paid	\$ 1,448	\$ 1,541
Net expense	2,311	2,471
Remeasurement loss (gain)	59	(1,931)
Defined benefit liability	25,233	24,311

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

	2025	2024
<i>Defined benefit obligation:</i>		
Discount rate	4.40% - 4.70%	4.80% - 4.90%
Rate of compensation increases	2.50% - 3.10%	2.50% - 3.10%
Mortality Table	CPM 2014-B CPM 2014Publ-B	CPM 2014-B CPM 2014Publ-B
<i>Benefit cost:</i>		
Discount rate	4.80% - 4.90%	4.90% - 5.00%
Rate of compensation increases	2.50% - 3.10%	2.50% - 3.10%

Hospital costs – 4.00% (2024 - 4.00%) per annum;

Drug costs – 5.82% (2024 - 5.93%) per annum, grading remains at 4.00% (2024 - 4.00%) per annum in and after 2040 (2024 - 2040);

Other health costs – 4.00% (2024 - 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, 2025, \$1,586 (2024 - \$3,007) is accrued for termination benefits on the consolidated statement of financial position. During the year ended March 31, 2025, movements relating to the accrual included payments of \$2,432 (2024 - \$2,669), a reversal to opening accrual of \$318 (2024 - \$367) and the establishment of new termination benefits of \$1,329 (2024 - \$2,035).

Year ended March 31, 2025  
(In thousands of dollars)

## 9. Credit facilities:

### (a) Demand operating credit:

This facility has been arranged as an operating line of credit in the amount of \$125,000 (2024 - \$125,000). At March 31, 2025, \$Nil (2024 - \$Nil) was outstanding under the facility.

### (b) Standby letters of credit:

Standby letters of credit in the amount of \$2,000 (2024 - \$2,000) were arranged to cover municipal requirements with regard to the redevelopment of the Corporation's facilities. At March 31, 2025, \$82 (2024 - \$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.

## 10. Deferred contributions:

	2025	2024
Expenses of future periods:		
Balance, beginning of year	\$ 190,968	\$ 214,889
Increase in amounts received related to future periods	56,430	33,290
Less amounts recognized as revenue in the year	(17,999)	(50,364)
Less capital assets purchased from deferred contributions	(15,877)	(9,704)
Add income earned on resources restricted for contingency	1,146	1,292
Add income earned on other restricted resources	1,633	1,565
	216,301	190,968
Capital assets:		
Balance, beginning of year	259,218	253,619
Deferred contributions received	38,571	28,712
Less capital assets sold or written off	(960)	(258)
Less amounts amortized to revenue	(25,554)	(22,855)
	271,275	259,218
	\$ 487,576	\$ 450,186

### (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, 2024, as well as contributions received and deferred in the year ending March 31, 2025.

Year ended March 31, 2025  
(In thousands of dollars)

**10. Deferred contributions (continued):**

(a) Expenses of future periods (continued):

At March 31, deferred contributions comprise:

	2025	2024
Members' funding received in advance	\$ 25,710	\$ 22,249
National facilities redevelopment program additional funding advance	6,637	–
Total Members' advance	32,347	22,249
Blood and plasma inventory	76,027	67,236
Plasma protein and related products inventory	47,653	47,653
Contingency	25,245	24,099
National facilities redevelopment program	23,107	15,778
Research and development	7,670	8,741
Fundraising	2,362	2,598
Other	1,890	2,614
	\$ 216,301	\$ 190,968

(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:

	2025	2024
Accumulated pension remeasurement gains	\$ 57,280	\$ 63,248
Unrestricted accumulated surplus	34,817	37,648
	\$ 92,097	\$ 100,896

Notes to the Consolidated Financial Statements, page 15

Year ended March 31, 2025  
(In thousands of dollars)

**12. Net investment income:**

	2025	2024
Net investment income earned on investments restricted for captive insurance	\$ 19,836	\$ 8,753
Interest income	6,390	8,787
	26,226	17,540
Less restricted interest income deferred	(1,532)	(2,109)
	\$ 24,694	\$ 15,431

Included in net investment income earned on investments restricted for captive insurance is \$14,699 (2024 - \$13,208) of investment income and \$5,137 of realized gains on sales of investments (2024 – realized losses of \$4,455).

Notes to the Consolidated Financial Statements, page 16

Year ended March 31, 2025  
(In thousands of dollars)

**13. Canadian Blood Services revenue and expenses detail:**

	Blood and NFRP(1)		Plasma Operations		Plasma Protein and Related Products		Patient Testing		Stem Cells		Organs and Tissues		Total Canadian Blood Service		Captive Insurance Operations		Intercompany Transactions		Total Consolidated		
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	
<b>Revenue:</b>																					
Members' contributions	\$ 527,758	\$ 462,269	\$ 42,583	\$ 35,441	\$ 1,053,857	\$ 952,244	\$ 16,928	\$ 19,366	\$ 15,229	\$ 14,700	\$ 4,795	\$ 4,517	\$ 1,661,150	\$ 1,488,537	\$ –	\$ –	\$ –	\$ –	\$ 1,661,150	\$ 1,488,537	
Federal contributions	7,675	10,275	–	9,183	–	–	–	–	–	–	3,722	3,580	11,397	23,038	–	–	–	–	11,397	23,038	
Less amounts deferred	(57,082)	(48,815)	(9,750)	(44,624)	(1,125)	–	(24)	(113)	(235)	(291)	(5,741)	(4,517)	(73,957)	(98,360)	–	–	–	–	(73,957)	(98,360)	
	478,351	423,729	32,833	–	1,052,732	952,244	16,904	19,253	14,994	14,409	2,776	3,580	1,598,590	1,413,215	–	–	–	–	1,598,590	1,413,215	
Amortization of previously deferred contributions:																					
Relating to capital assets	26,514	23,113	–	–	–	–	–	–	–	–	–	–	26,514	23,113	–	–	–	–	26,514	23,113	
Relating to operations	10,970	15,860	651	29,454	–	–	65	58	572	475	5,741	4,517	17,999	50,364	–	–	–	–	17,999	50,364	
Total contributions recognized as revenue	515,835	462,702	33,484	29,454	1,052,732	952,244	16,969	19,311	15,566	14,884	8,517	8,097	1,643,103	1,486,692	–	–	–	–	1,643,103	1,486,692	
Less:																					
Cost of plasma protein and related products	–	–	–	–	1,009,304	912,610	–	–	–	–	–	–	1,009,304	912,610	–	–	–	–	1,009,304	912,610	
Staff costs	322,592	291,809	21,096	17,502	5,319	4,699	13,929	14,489	10,461	10,315	6,528	6,214	379,925	345,028	–	–	–	–	379,925	345,028	
General and administrative	150,778	135,931	8,628	8,759	2,734	2,220	1,957	1,828	30,404	25,200	3,214	3,152	197,715	177,090	2,515	2,425	(510)	(570)	199,720	178,945	
Medical supplies	60,061	52,411	3,760	3,193	757	764	3,353	2,994	1,461	1,620	–	–	69,392	60,982	–	–	–	–	69,392	60,982	
Depreciation and amortization	25,554	22,855	–	–	–	–	–	–	–	–	–	–	25,554	22,855	–	–	–	–	25,554	22,855	
Losses and loss expenses incurred	–	–	–	–	–	–	–	–	–	–	–	–	–	–	241	120	–	–	241	120	
Foreign exchange gain	(73)	(328)	–	–	(1,874)	–	–	–	(63)	(81)	–	–	(2,010)	(409)	–	–	–	–	(2,010)	(409)	
Transfer of recovered plasma costs	(37,250)	(32,450)	–	–	37,250	32,450	–	–	–	–	–	–	–	–	–	–	–	–	–	–	
Total expenses	521,662	470,228	33,484	29,454	1,053,490	952,743	19,239	19,311	42,263	37,054	9,742	9,366	1,679,880	1,518,156	2,756	2,545	(510)	(570)	1,682,126	1,520,131	
<b>Excess (deficiency) of revenue over expenses before the undernoted</b>	–	(61)	–	–	–	–	(2,270)	–	(561)	(378)	–	(39)	(2,831)	(478)	17,590	6,778	–	–	14,759	6,300	
Change in fair value of forward currency contracts	–	–	–	–	2,060	(698)	–	–	–	–	–	–	2,060	(698)	–	–	–	–	2,060	(698)	
Change in fair value of investments measured at fair value	–	–	–	–	–	–	–	–	–	–	–	–	–	–	20,181	16,422	–	–	20,181	16,422	
<b>Excess (deficiency) of revenue over expenses</b>	\$ –	\$ (61)	\$ –	\$ –	\$ 2,060	\$ (698)	\$ (2,270)	\$ –	\$ (561)	\$ (378)	\$ –	\$ (39)	\$ (771)	\$ (1,176)	\$ 37,771	\$ 23,200	\$ –	\$ –	\$ 37,000	\$ 22,024	

(1) National facilities redevelopment program

Year ended March 31, 2025  
(In thousands of dollars)

**14. Blood products and national facilities redevelopment program details:**

	Blood		National Facilities Redevelopment Program		Total	
	2025	2024	2025	2024	2025	2024
<b>Revenue:</b>						
Members' contributions	\$ 505,804	\$ 456,177	\$ 21,954	\$ 6,092	\$ 527,758	\$ 462,269
Federal contributions	7,675	10,275	-	-	7,675	10,275
Less amounts deferred	(35,128)	(42,723)	(21,954)	(6,092)	(57,082)	(48,815)
	478,351	423,729	-	-	478,351	423,729
Amortization of previously deferred contributions:						
Relating to capital assets	26,514	23,113	-	-	26,514	23,113
Relating to operations	8,944	13,352	2,026	2,508	10,970	15,860
Total contributions recognized as revenue	513,809	460,194	2,026	2,508	515,835	462,702
Net investment income	3,610	5,931	1,248	748	4,858	6,679
Other income	969	786	-	-	969	786
Total revenue	518,388	466,911	3,274	3,256	521,662	470,167
<b>Expenses:</b>						
Staff costs	321,247	291,159	1,345	650	322,592	291,809
General and administrative	148,874	133,325	1,904	2,606	150,778	135,931
Medical supplies	60,036	52,411	25	-	60,061	52,411
Depreciation and amortization	25,554	22,855	-	-	25,554	22,855
Foreign exchange gain	(73)	(328)	-	-	(73)	(328)
Transfer of recovered plasma costs	(37,250)	(32,450)	-	-	(37,250)	(32,450)
Total expenses	518,388	466,972	3,274	3,256	521,662	470,228
<b>Deficiency of revenue over expenses</b>	\$ -	\$ (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 Corporation does not enter into transactions involving financial instruments, including derivative financial instruments such as forward currency contracts, for speculative purposes. The following is a description of those risks and how they are managed.

Year ended March 31, 2025  
(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 investments that have a fixed interest rate.

*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-four 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):

	2025 CAD		2024 CAD	
	Carrying value	Fair value	Carrying value	Fair value
<b>Financial assets:</b>				
Cash	\$ 8,875	\$ 8,875	\$ 339	\$ 339
Accounts receivable	103	103	47	47
<b>Financial liabilities:</b>				
Accounts payable and accrued liabilities	(6,215)	(6,215)	(5,645)	(5,645)
<b>Forward currency contract not designated as hedges:</b>				
Assets	1,631	1,631	—	—
Liabilities	(269)	(269)	(698)	(698)

Year ended March 31, 2025  
(In thousands of dollars)

---

## 15. Financial instruments (continued):

Risk management (continued):

(i) *Market risk (continued):*

*Foreign currency risk (continued):*

During the years ended March 31, 2025 and 2024, 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.

As at March 31, 2025, 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 \$30,000 with USD \$2,500 maturing monthly from April 2025 through March 2026, at an average rate of 1.39.
- USD \$24,000 with USD \$2,000 maturing monthly from April 2025 through March 2026, at an average rate of 1.40.
- USD \$30,000 with USD \$2,500 maturing monthly from April 2026 through March 2027 at an average daily strike rate to be established from April 2025 to March 31, 2026.

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 \$173,641 (2024 - \$157,975) and equity securities of \$37,211 (2024 - \$32,825). The pooled funds hold international equities and global fixed income of which \$60,523 (2024 - \$53,799) and \$48,504 (2024 - \$44,761), respectively, are denominated in foreign currencies. The equity securities include \$36,374 (2024 - \$31,735) 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 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. 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.

## 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 provincial agencies and other external parties and is considered to have low 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.

At March 31, 2025, the Corporation's accounts payable and accrued liabilities are due within one year.

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:

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.

Year ended March 31, 2025  
(In thousands of dollars)

---

**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, 2025 and 2024, 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, 2025, of \$299,983 (2024 - \$299,759) 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.

Year ended March 31, 2025  
(In thousands of dollars)

**18. Commitments:**

At March 31, 2025, the Corporation had the following contractual commitments:

	Vendor commitments	Research and development grants	Operating leases	Total
2025-2026	\$ 129,111	\$ 1,670	\$ 12,723	\$ 143,504
2026-2027	2,412	935	11,223	14,570
2027-2028	1,786	585	10,137	12,508
2028-2029	249	80	8,868	9,197
2029-2030	166	—	7,783	7,949
Thereafter	—	—	23,865	23,865
<b>Total</b>	<b>\$ 133,724</b>	<b>\$ 3,270</b>	<b>\$ 74,599</b>	<b>\$ 211,593</b>

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 \$158 (2024 - \$174) 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, 2025, the Corporation incurred \$14,838 (2024 - \$13,591) 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.

Year ended March 31, 2025  
(In thousands of dollars)

---

## **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, 2025, 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, 2025, 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 \$351 (2024 - \$225). At March 31, 2025, the net amount due from the Corporation's pension plans is \$887 (2024 - \$372).

## **22. Cloud computing arrangements:**

The total expenditures in the period for cloud computing arrangements is \$7,025 (2024 - \$4,934). These costs are reported in note 12 and 13 under Blood and National Facilities Redevelopment Program and is included in general and administration expenses in the statement of income.

## **23. 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, patient testing in certain parts of Canada, and research and development;

Year ended March 31, 2025  
(In thousands of dollars)

---

**23. Capital disclosures (continued):**

- (b) to ensure the Corporation's physical infrastructure and information technology systems are in appropriate condition to ensure operational resiliency, and system continuity and effectiveness.
- (c) to support the Corporation's ability to continue as a going concern;
- (d) to meet regulatory and statutory capital requirements related to captive insurance operations; and
- (e) to ensure the funding of working capital requirements.

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, 2025, the Corporation's captive insurance operations were required to maintain a minimum statutory capital and surplus of \$44,997 (2024 - \$44,964). The actual statutory capital and surplus was \$283,970 (2024 - \$232,381) 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, 2025, the Corporation's captive insurance operations were required to maintain regulatory assets of at least \$225,355 (2024 - \$226,398). At that date, relevant assets were \$584,443 (2024 - \$534,245) 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.

**24. Statutory disclosures:**

As required under the Charitable Fundraising Act of Alberta, included in staff costs are \$939 (2024 - \$819) paid as remuneration to employees whose principal duties involve fundraising.

**25. Subsequent event:**

The defined contribution pension plan wind-up report is expected to be filed with the regulators in the summer of 2025. Upon receipt of regulatory approval of the wind-up report, all defined contribution pension plan members will be required to transfer their investments out of the defined contribution pension plan, which will include, amongst other options, the choice to buyback services in the defined benefit pension plan for eligible members.