

**Transportation Association of Canada**  
**Financial Statements**  
**March 31, 2020**

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## Independent Auditor's Report

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To the members of  
Transportation Association of Canada

### Opinion

We have audited the financial statements of Transportation Association of Canada (hereafter "the Association"), which comprise the statement of financial position as at March 31, 2020, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at March 31, 2020, and the results of its operations and its 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 report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of 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 Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

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

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

*Raymond Chabot Grant Thornton LLP*

Chartered Professional Accountants,  
Licensed Public Accountants

Ottawa, Canada  
August 7, 2020

# Transportation Association of Canada Operations

Year ended March 31, 2020

	<u>2020</u>	<u>2019</u>
	\$	\$
<b>Revenues</b>		
General		
Government membership fees	587,302	574,089
Other membership fees	503,059	518,209
Program		
Project contributions (Note 4)	1,151,993	1,345,716
Conference and seminars	1,559,943	1,447,985
Publication sales	242,632	333,989
Services	488,549	485,015
Net investment income	147,466	111,702
	<u>4,680,944</u>	<u>4,816,705</u>
<b>Expenses</b>		
Salaries and employee benefits	1,393,710	1,388,826
Program		
Communications	48,101	49,072
Conference and meetings	772,246	574,686
Consulting	1,015,370	1,271,411
Information dissemination	218,067	191,254
Other program costs	74,807	78,179
Translation	79,944	94,757
Travel	49,423	78,424
Overhead		
Equipment rental	4,101	4,126
Office	255,768	254,288
Professional fees	83,418	76,832
Contribution to Transportation Association of Canada Foundation	6,000	6,000
Amortization of tangible capital assets	63,696	60,036
	<u>4,064,651</u>	<u>4,127,891</u>
<b>Excess of revenues over expenses</b>	<u>616,293</u>	<u>688,814</u>

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

## Transportation Association of Canada

### Changes in Net Assets

Year ended March 31, 2020

					2020	2019
	Unrestricted	Invested in Tangible Capital Assets	Internally Restricted		Total	Total
	\$	\$	Defined Benefit Pension Plan	Projects	\$	\$
Balance, beginning of year	1,611,697	411,588	1,683,655	2,233,513	5,940,453	5,238,540
Excess (deficiency) of revenues over expenses	679,989	(63,696)			616,293	688,814
Remeasurement of defined benefit asset			(426,725)		(426,725)	13,099
Acquisition of tangible capital assets	(34,755)	34,755				
Internal restrictions (Note 14)	(69,166)			69,166		
Use of projects net assets (Note 14)	48,920			(48,920)		
Balance, end of the year	<u>2,236,685</u>	<u>382,647</u>	<u>1,256,930</u>	<u>2,253,759</u>	<u>6,130,021</u>	<u>5,940,453</u>

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

# Transportation Association of Canada

## Cash Flows

Year ended March 31, 2020

	<u>2020</u>	<u>2019</u>
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenses	616,293	688,814
Non-cash items		
Amortization of tangible capital assets	63,696	60,036
Defined benefit pension plan	(143,586)	(113,911)
Amortization of lease inducement	(33,664)	(37,411)
Changes in working capital items and retirement accrual		
Trade and other receivables	(35,441)	(265,534)
Grant receivable	(306,004)	126,129
Prepaid expenses	(147,175)	(472)
Accounts payable and accrued liabilities	155,382	28,594
Deferred revenues	(147,365)	518,762
Retirement accrual	(16,459)	13,833
Deferred contributions	(288,268)	(552,859)
Cash flows from operating activities	<u>(282,591)</u>	<u>465,981</u>
<b>INVESTING ACTIVITIES</b>		
Investments	(3,172,318)	(4,062,108)
Disposal of investments	3,790,358	3,278,973
Acquisition of tangible capital assets	(34,755)	(12,730)
Net changes in due from an organization under common management	79	(1,284)
Net changes in due to an organization under common management	<u>2,819</u>	<u>(797,149)</u>
Cash flows from investing activities	<u>586,183</u>	<u>(797,149)</u>
<b>Net increase (decrease) in cash</b>	<b>303,592</b>	<b>(331,168)</b>
Cash, beginning of year	<u>599</u>	<u>331,767</u>
Cash, end of year	<u><b>304,191</b></u>	<u>599</u>

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

# Transportation Association of Canada

## Financial Position

March 31, 2020

	<u>2020</u>	<u>2019</u>
	\$	\$
<b>ASSETS</b>		
Current		
Cash	304,191	599
Trade and other receivables (Note 5)	386,544	351,103
Grant receivable (Note 6)	344,604	38,600
Prepaid expenses	289,136	141,961
Due from an organization under common management, without interest	<u>1,219</u>	<u>1,298</u>
	<b>1,325,694</b>	533,561
Long-term		
Investments (Note 7)	6,051,860	6,669,900
Tangible capital assets (Note 8)	382,647	411,588
Employee future benefits (Note 9)	<u>2,209,867</u>	<u>2,493,006</u>
	<b>9,970,068</b>	<b>10,108,055</b>
<b>LIABILITIES</b>		
Current		
Accounts payable and accrued liabilities (Note 10)	527,456	372,074
Deferred revenues (Note 11)	788,668	936,033
Due to an organization under common management, without interest	<u>2,819</u>	<u>          </u>
	<b>1,318,943</b>	1,308,107
Long-term		
Lease inducements	262,117	295,781
Retirement accrual (Note 12)	221,368	237,827
Deferred contributions (Note 13)	<u>2,037,619</u>	<u>2,325,887</u>
	<b>3,840,047</b>	<b>4,167,602</b>
<b>NET ASSETS</b>		
Unrestricted	2,236,685	1,611,697
Invested in tangible capital assets	382,647	411,588
Internally restricted		
Defined benefit pension plan	1,256,930	1,683,655
Projects (Note 14)	<u>2,253,759</u>	<u>2,233,513</u>
	<b>6,130,021</b>	<b>5,940,453</b>
	<b>9,970,068</b>	<b>10,108,055</b>

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

On behalf of the Board,

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Director

\_\_\_\_\_  
Director

# Transportation Association of Canada

## Notes to Financial Statements

March 31, 2020

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### **1 - GOVERNING STATUTES AND PURPOSE OF THE ASSOCIATION**

Transportation Association of Canada (hereafter "the Association") is a not-for-profit organization incorporated without share capital under the Canada Not-for-profit Corporations Act. The Association's mission is to work together to share ideas, build knowledge, promote best practices, foster leadership, and encourage bold transportation solutions. The Association is a non-profit organization under the Income Tax Act and, as such, is exempt from income taxes.

### **2 - CHANGE IN ACCOUNTING POLICY**

On April 1, 2019, the Association applied Section 4433, Tangible Capital Assets Held by Not-for-profit Organizations, of Part III of the CPA Canada Handbook – Accounting. This section replaces Section 4431 of the same name. In accordance with this new section, not-for-profit organizations are now required to comply with the guidance in Sections 3061, Property, Plant and Equipment, and 3110, Asset Retirement Obligations, and with the reporting requirements of Section 3063, Impairment of Long-lived Assets, of Part II of the CPA Canada Handbook – Accounting, except of the guidance in Section 4433.

Application of Section 3061 by not-for-profit organizations now requires that they consider the guidance on componentization of the cost of an item of property, plant and equipment made up of significant separable component parts. For its part, Section 4433 presents new tangible capital assets impairment standards.

In accordance with the transitional provisions, this new section, applicable to years beginning on or after January 1, 2019, has been applied prospectively.

Application of this new section did not have any impact on the Association's financial statements.

### **3 - SUMMARY OF ACCOUNTING POLICIES**

#### **Basis of presentation**

The Association's financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations.

#### **Accounting estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts recorded in the financial statements and notes to financial statements. These estimates are based on management's best knowledge of current events and actions that the Association may undertake in the future. Actual results may differ from these estimates.

# Transportation Association of Canada

## Notes to Financial Statements

March 31, 2020

### 3 - SUMMARY OF ACCOUNTING POLICIES (Continued)

#### Financial assets and liabilities

##### *Initial measurement*

Upon initial measurement, the Association's financial assets and liabilities from transactions not concluded with related parties are measured at fair value, which in the case of financial assets or financial liabilities that will be measured subsequently at amortized cost, is increased or decreased by the amount of the related financing fees and transaction costs.

##### *Subsequent measurement*

At each reporting date, the Association measures its financial assets and liabilities at amortized cost (including any impairment in the case of financial assets).

With respect to financial assets measured at amortized cost, the Association assesses whether there are any indications of impairment. When there is an indication of impairment, and if the Association determines that during the year there was a significant adverse change in the expected timing or amount of future cash flows from a financial asset, it will then recognize a reduction as an impairment loss in operations. The reversal of a previously recognized impairment loss on a financial asset measured at amortized cost is recognized in operations in the year the reversal occurs.

#### Tangible capital assets

Tangible capital assets acquired are recorded at cost. When the Association receives contributions of capital assets, their cost is equal to their fair value at the contribution date.

##### *Amortization*

Tangible capital assets are amortized on a straight-line basis over their estimate useful lives at the following annual rates:

	<u>Periods</u>
Computer equipment	3 years
Furniture and fixtures	5 to 10 years
Leasehold improvements	10 years

##### *Write-down*

When conditions indicate that a tangible capital asset is impaired, the net carrying amount of the tangible capital asset is written down to the tangible capital asset's fair value or replacement cost. The write-down is accounted for in the statement of operations and cannot be reversed.

# Transportation Association of Canada

## Notes to Financial Statements

March 31, 2020

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### **3 - SUMMARY OF ACCOUNTING POLICIES (Continued)**

#### **Revenue recognition**

##### *Government and other membership fees*

The Association recognizes government and other membership fees as revenue when services are rendered, when there's evidence of an arrangement with a price fixed or determinable and collection is reasonably assured. Government and other membership fees received are recorded as deferred revenue and amortized over the duration of the membership period.

##### *Project contributions*

The Association follows the deferral method of accounting for contributions. Under this method, contributions restricted for future period expenses are deferred and are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

##### *Conference and seminars revenue*

Conference and seminars revenues are recognized as revenue when the conference or seminars occur, when there's evidence of an arrangement with a price fixed or determinable and collection is reasonably assured.

##### *Publication sales*

The Association recognizes publication sales when delivery has occurred, when there's evidence of an agreement with a price fixed or determinable and collection is reasonably assured.

##### *Services*

The Association recognizes services revenues when services are rendered, in accordance with the agreement between the parties, when received or receivable, if the amount to be received can be reasonably estimated and if collection is reasonably assured.

##### *Net investment income*

Investment transactions are recorded on the transaction date and resulting revenues are recognized using the accrual method of accounting.

Net investment income includes interest income.

Interest income is recognized on a time apportionment basis and includes the straight-line amortization of bond investment premiums and discounts.

Net investment income are all not subject to externally imposed restrictions.

# Transportation Association of Canada

## Notes to Financial Statements

March 31, 2020

### 3 - SUMMARY OF ACCOUNTING POLICIES (Continued)

#### Contributed supplies and services

Members contribute many hours per year to assist the Association in carrying out its activities. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

#### Employee future benefits

The Association is a member of the Transportation Association of Canada (TAC) Pension Plan. The assets and liabilities of the TAC Pension Plan have been allocated by TAC management between the Association and the Canadian Council of Motor Transport Administrators (CCMTA) based on the number of participating employees of each of the respective organizations. The plan comprises both defined benefit and defined contribution components.

The Association recognizes the defined benefit obligation and the cost for employee future benefits as the employees render services necessary to earn the pension benefits. The defined benefit obligation at the date of statement of financial position is determined using the most recent actuarial valuation report prepared for funding purposes. The date of the most recent actuarial valuation prepared for funding purposes is January 1, 2017 which is extrapolated to the Association's year end.

The amount reported in the statement of financial position is the difference between the accrued benefit obligation and the fair value of plan assets adjusted for any valuation allowance. The current service cost and finance cost of the plan is recognized in the statement of operations. Remeasurements are recognized separately on the statement of changes in net assets. Remeasurements are not reclassified to the statement of operations in a subsequent year.

Remeasurements comprise the aggregate of the following: the difference between the actual return on plan assets and interest income deducted from the finance cost; actuarial gains and losses relating to the obligation; the effect of any valuation allowance; past service costs.

The cost of the defined contribution pension plan is recognized based on contributions required to be made during the year.

#### Lease inducements

Lease inducements are amortized according to the straight-line method on the basis of the lease terms of 10 years.

### 4 - PROJECT CONTRIBUTIONS

	<u>2020</u>	<u>2019</u>
	\$	\$
Chief engineer's council	651,140	674,404
Urban transportation council	55,717	133,762
COMT and interjurisdictional programs	434,255	518,837
Other	10,881	18,713
	<u>1,151,993</u>	<u>1,345,716</u>

# Transportation Association of Canada

## Notes to Financial Statements

March 31, 2020

### 5 - TRADE AND OTHER RECEIVABLES

	<u>2020</u>	<u>2019</u>
	\$	\$
Trade accounts receivable	<b>386,433</b>	349,913
Indirect taxes receivable	<b>111</b>	1,190
	<b><u>386,544</u></b>	<b><u>351,103</u></b>

### 6 - GRANT RECEIVABLE

The Association has entered into a five year agreement ending in March 2022 with Transport Canada to deliver specific projects specified within the signed agreement.

### 7 - INVESTMENTS

	<u>2020</u>	<u>2019</u>
	\$	\$
Cash	<b>16,790</b>	920
Corporate bonds of financial institutions, bearing interest at fixed rates of 1.58% to 3.27% (1.69% to 3.27% in 2019), and mature between April 2020 and September 2021	<b>5,541,646</b>	6,668,980
Guaranteed investment certificates, bearing interest at rates of 2.12% to 2.28%, maturing between November 2021 and January 2022	<b>493,424</b>	
	<b><u>6,051,860</u></b>	<b><u>6,669,900</u></b>

The fair value of the investments at March 31, 2020 was \$6,006,505 (\$6,627,258 in 2019).

### 8 - TANGIBLE CAPITAL ASSETS

	<u>2020</u>			<u>2019</u>
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net carrying amount</u>	<u>Net carrying amount</u>
	\$	\$	\$	\$
Computer equipment	<b>134,561</b>	<b>101,649</b>	<b>32,912</b>	7,847
Furniture and fixtures	<b>163,265</b>	<b>145,899</b>	<b>17,366</b>	23,319
Leasehold improvements	<b>480,533</b>	<b>148,164</b>	<b>332,369</b>	380,422
	<b><u>778,359</u></b>	<b><u>395,712</u></b>	<b><u>382,647</u></b>	<b><u>411,588</u></b>

### 9 - EMPLOYEE FUTURE BENEFITS

The Association has a defined contribution plan providing pension benefits to employees hired after December 31, 2000 and employees hired prior to January 1, 2001 that have switched to this plan. The plan is based on the contributions made by employees which are matched by the employer. The pension expense for the year was \$56,660 (\$54,327 in 2019).

The Association has a defined benefit plan providing pension benefits to employees hired prior to January 1, 2001. The benefits are based on the highest annual average of any five-year period.

# Transportation Association of Canada

## Notes to Financial Statements

March 31, 2020

### 9 - EMPLOYEE FUTURE BENEFITS (Continued)

The most recent actuarial valuation of the pension plans for funding purposes was as of January 1, 2017.

The funded status of the pension is as follows:

	<u>2020</u>	<u>2019</u>
	\$	\$
Fair value of plan assets	6,075,609	7,217,053
Defined benefit obligation	<u>(3,865,742)</u>	<u>(4,697,489)</u>
Funded status - surplus	2,209,867	2,519,564
Valuation allowance		<u>(26,558)</u>
Defined benefit asset	<u><u>2,209,867</u></u>	<u><u>2,493,006</u></u>

The amount of pension income recognized in earnings is a net gain amounting to \$143,586 (net gain of \$113,911 in 2019).

### 10 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2020</u>	<u>2019</u>
	\$	\$
Accounts payable	291,473	172,852
Accrued liabilities	<u>235,983</u>	<u>199,222</u>
	<u><u>527,456</u></u>	<u><u>372,074</u></u>

### 11 - DEFERRED REVENUES

	<u>2020</u>	<u>2019</u>
	\$	\$
Membership fees	475,208	374,860
Conference and seminars	<u>313,460</u>	<u>561,173</u>
	<u><u>788,668</u></u>	<u><u>936,033</u></u>

### 12 - RETIREMENT ACCRUAL

The retirement accrual is a benefit paid to employees upon retirement. To be eligible for the benefit, the employee must be at least 55 and hired prior to August 2017, and the benefit is equal to one week for each year of employment, up to a maximum of 25 weeks multiplied by the current salary at retirement. The present value of the retirement accrual is based on the likelihood of the employee reaching eligibility, the estimated retirement date and the salary at time of retirement. If the likelihood of eligibility is not readily determinable, the employee retirement benefit was not included in the accrual.

# Transportation Association of Canada

## Notes to Financial Statements

March 31, 2020

### 13 - DEFERRED CONTRIBUTIONS

Deferred contributions consist of unspent project grants received for expenses in a future year. The Association receives the contributions from governments and other funding agencies and they are externally restricted to specific projects.

	<u>2020</u>	<u>2019</u>
	\$	\$
Balance, beginning of year	2,325,887	2,991,097
Amount received during the year	863,725	680,506
Amount recognized in statement of operations during the year	<u>(1,151,993)</u>	<u>(1,345,716)</u>
Balance, end of year	<u>2,037,619</u>	<u>2,325,887</u>

### 14 - PROJECTS

	<u>2020</u>			<u>2019</u>
	Balance, beginning of year	Internal restrictions by the Board of Directors	Use of internally restricted net assets	Total
	\$	\$	\$	\$
Geometric Design Guide	489,118	45,660	(4,003)	530,775
Guide for the Design of				
Roadway Lighting	41,700	1,700		43,400
Foundational Guidelines	51,803	21,806		73,609
CAV Task Force	88,249		(30,000)	58,249
TAC Library	20,055		(14,917)	5,138
Professional Editing of				
Publication	42,588			42,588
Provision for Emergency				
Reserve	1,500,000			1,500,000
	<u>2,233,513</u>	<u>69,166</u>	<u>(48,920)</u>	<u>2,253,759</u>
				<u>2,233,513</u>

Internally restricted amounts are not available for other purposes without approval of the Board of Directors.

### 15 - CONTINGENCY

During the year, the Association was informed that its GST/HST returns from April 1, 2016 to December 31, 2018 were reassessed due to some input tax credits claimed by the Association that were disallowed by the Canada Revenue Agency. Following this decision, management has filed a notice of appeal to contest this reassessment. In the meantime, the Association paid the amount due of \$155,125 on the notice of reassessment to avoid additional arrears interest. Since the matter is still on going, the amount paid is currently recorded in prepaid expenses.

# Transportation Association of Canada

## Notes to Financial Statements

March 31, 2020

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### **16 - RELATED PARTY TRANSACTIONS**

The Association entered into the following related party transactions during the year:

The Association received \$386,833 (\$379,711 in 2019) from Canadian Council of Motor Transport Administration (CCMTA) for reimbursed expenses and administrative services provided.

The Association provided administrative services to Transportation Association of Canada Foundation for which, it received \$12,000 (\$11,100 in 2019) which is included in services. The Association also donated \$6,000 (\$6,000 in 2019) to the Foundation. The Association and the Foundation are organizations under common management.

These transactions were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

### **17 - COMMITMENTS**

The Association leases its premises under a lease expiring February 2027. The future minimum lease payments total \$1,737,879 and include the following payments over the next five years: \$240,684 in 2021, \$241,920 in 2022, \$255,514 in 2023, \$255,514 in 2024 and \$255,514 in 2025.

The Association has entered into rental and catering agreements for their future events occurring from 2021 to 2025. Future minimum payments total \$992,313 and include the following payments over the next five years: \$719,716 in 2021, \$134,938 in 2022, \$64,498 in 2023, \$64,491 in 2024 and \$8,670 in 2025.

### **18 - FINANCIAL INSTRUMENTS**

#### **Credit risk**

The Association is exposed to credit risk regarding the financial assets recognized in the statement of financial position. The Association has determined that the financial assets with more credit risk exposure are trade and other receivables, grant receivable, investments in corporate bonds from financial institutions and guaranteed investment certificates since failure of any of these parties to fulfil their obligations could result in significant financial losses for the Association.

#### **Market risk**

The Association's financial instruments expose it to market risk, in particular, interest rate risk, resulting from its investing activities:

##### *Interest rate risk*

The Association is exposed to interest rate risk on financial instruments at fixed rates such as corporate bonds in financial institutions and guaranteed investment certificates. Fixed rate instruments subject the Association to fair value risk since fair value fluctuates inversely to changes in market interest rates.

# Transportation Association of Canada

## Notes to Financial Statements

March 31, 2020

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### **18 - FINANCIAL INSTRUMENTS (Continued)**

#### **Liquidity risk**

The Association's liquidity risk represents the risk that the Association could encounter difficulty in meeting obligations associated with its financial liabilities. The Association is, therefore, exposed to liquidity risk with respect to all of the financial liabilities recognized in the statement of financial position.

### **19 - COVID-19**

In March 2020, an outbreak of a new strain of coronavirus (COVID-19) resulted in a major global health crisis which continues to have impacts on the global economy and the financial markets at the date of completion of the financial statements.

These events are likely to cause significant changes to the assets or liabilities in the coming year or to have a significant impact on future operations. Following these events, the Association has taken and will continue to take action to minimize the impact. However, it is impossible to determine the financial implications of these events for the moment.