

Consolidated Financial Statements

Breakthrough T1D Canada
(Formerly Juvenile Diabetes Research
Foundation Canada) (Note 1)

December 31, 2025

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Independent auditor's report

To the Members of
Breakthrough T1D Canada

Doane Grant Thornton LLP
11th Floor
200 King Street West, Box 11
Toronto, ON
M5H 3T4
T +1 416 366 0100
F +1 416 360 4949

Qualified Opinion

We have audited the consolidated financial statements of Breakthrough T1D Canada (“the Organization”), which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statements of operations, changes in net assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Organization as at December 31, 2025, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many charities, the Organization derives revenue from fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to campaigns and other income, excess of revenues over expenses, and cash flows from operations for the years ended December 31, 2025 and 2024, current assets as at December 31, 2025 and 2024, and net assets as at January 1 and December 31 for both the 2025 and 2024 years. Our audit opinion on the consolidated financial statements for the year ended December 31, 2024 was modified accordingly because of the possible effects of this limitation in scope.

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 Consolidated Financial Statements* section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the consolidated 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 qualified opinion.

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

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

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

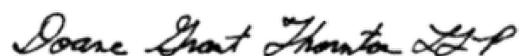
Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Organization'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 Organization'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 consolidated 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 Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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.



Toronto, Canada
May 5, 2026

Chartered Professional Accountants
Licensed Public Accountants

Breakthrough T1D Canada

Consolidated Statement of Operations

Year ended December 31

2025

2024

Revenue		
Campaigns and other income	\$ 22,294,111	\$ 22,352,716
Grants	486,936	225,000
	<u>22,781,047</u>	<u>22,577,716</u>
Expenses (Note 10)		
Program costs		
Research support grants	9,881,708	10,671,136
Public education and advocacy	2,042,431	2,419,114
	<u>11,924,139</u>	<u>13,090,250</u>
Support costs		
Fundraising	7,141,148	7,422,336
Management and administration	2,809,983	3,047,561
	<u>9,951,131</u>	<u>10,469,897</u>
	<u>21,875,270</u>	<u>23,560,147</u>
Excess (deficiency) of revenue over expenses	\$ 905,777	\$ (982,431)
Net assets, beginning of the year	\$ 3,105,389	\$ 4,087,820
Excess (deficiency) of revenue over expenses	905,777	(982,431)
Net assets, end of year	\$ 4,011,166	\$ 3,105,389

See accompanying notes to the consolidated financial statements

Breakthrough T1D Canada

Consolidated Statement of Financial Position

December 31

2025

2024

Assets

Current

Cash and cash equivalents	\$ 3,624,035	\$ 2,241,950
Restricted cash - contributions payable (Note 4)	20,021	75,784
Restricted cash and cash equivalents (Note 3)	1,130,933	2,595,956
Restricted investments (Note 3)	-	1,612,383
Accounts receivable (Note 12)	702,515	936,186
Prepaid expenses and other assets	<u>257,553</u>	<u>275,284</u>
	5,735,057	7,737,543
Investments held for endowments	85,500	85,500
Capital assets (Note 5)	80,397	124,794
Intangible assets (Note 6)	<u>71,601</u>	<u>102,409</u>
	<u>\$ 5,972,555</u>	<u>\$ 8,050,246</u>

Liabilities

Current liabilities

Accounts payable and accrued liabilities	\$ 800,926	\$ 639,815
Deferred contributions (Note 7)	1,130,933	4,208,339
Contributions payable (Note 4)	20,021	75,784
Deferred lease inducements	<u>9,509</u>	<u>20,919</u>
	1,961,389	4,944,857

Net assets

Unrestricted	3,925,666	3,019,889
Endowments	<u>85,500</u>	<u>85,500</u>
	<u>4,011,166</u>	<u>3,105,389</u>
	<u>\$ 5,972,555</u>	<u>\$ 8,050,246</u>

Commitments (Note 1 and Note 8)

On behalf of the Board of Directors of Breakthrough T1D Canada

 Director

 Director

Breakthrough T1D Canada

Consolidated Statement of Changes in Net Assets

Year ended December 31

	<u>Unrestricted</u>	<u>Endowments</u>	<u>Total 2025</u>	<u>Total 2024</u>
Net assets, beginning of year	\$ 3,019,889	\$ 85,500	\$ 3,105,389	\$ 4,087,820
Excess (deficiency) of revenue over expenses	<u>905,777</u>	<u>-</u>	<u>905,777</u>	<u>(982,431)</u>
Net assets, end of year	<u>\$ 3,925,666</u>	<u>\$ 85,500</u>	<u>\$ 4,011,166</u>	<u>\$ 3,105,389</u>

See accompanying notes to the consolidated financial statements

Breakthrough T1D Canada

Consolidated Statement of Cash Flows

Year ended December 31

2025

2024

Increase (decrease) in cash and cash equivalents

Operating

Excess (deficiency) of revenue over expenses **\$ 905,777** \$ (982,431)

Items not affecting cash

Recognition of deferred contributions (Note 7) **(9,779,546)** (10,315,651)

Amortization and loss on disposal of capital assets **44,397** 55,526

Amortization of intangible assets **30,808** 51,909

Amortization of deferred lease inducements **(11,410)** (11,410)

Unrealized gain on investment - (43,050)

(8,809,974) (11,245,107)

Changes in non-cash working capital items

Accounts receivable **233,671** (66,091)

Prepaid expenses and other assets **17,731** (66,679)

Accounts payable and accrued liabilities **161,111** (741,538)

Deferred contributions (Note 7) **6,702,140** 9,946,446

Contributions payable (55,763) -

(1,751,084) (2,172,969)

Investing

Purchase of capital assets - -

Purchase of intangible assets - (52,662)

Redemption of restricted investments (net) **1,612,383** 374,603

1,612,383 321,941

Decrease in cash and cash equivalents **(138,701)** (1,851,028)

Cash

Beginning of year 4,913,690 6,764,718

End of year **\$ 4,774,989** **\$ 4,913,690**

Cash and cash equivalents consists of:

Cash and cash equivalents **\$ 3,624,035** \$ 2,241,950

Restricted cash and cash equivalents (Note 3) **1,130,933** 2,595,956

Restricted cash – contributions payable 20,021 75,784

\$ 4,774,989 **\$ 4,913,690**

See accompanying notes to the consolidated financial statements

Breakthrough T1D Canada

Notes to the Consolidated Financial Statements

December 31, 2025

1. Purpose of the organization

Effective October 15, 2024, Breakthrough T1D Canada changed its name from Juvenile Diabetes Research Foundation Canada to Breakthrough T1D Canada.

Breakthrough T1D Canada (the “Organization”) is a national charitable organization with regions across Canada that are involved in various local and national activities. The Organization’s mission is to find a cure for diabetes and its complications through the support of research, focusing on Type 1 diabetes. The Organization collaborates with Canadian universities and research institutions to create a world-class clinical research platform focused on:

- speeding advances in cures and therapies for diabetes and its complications;
- conducting and executing clinical trials in Canada;
- positioning Canada as an international hub for translational research; and
- attracting the best international scientists and institutions to Canada.

In addition, the Organization engages in public education and advocacy activities.

In 2017, the Organization entered into a partnership with the Government of Canada’s health research investment agency, the Canadian Institutes of Health Research (CIHR) to fund Type 1 diabetes research. The Organization and CIHR each committed to contribute \$15.0 million for a combined total of \$30.0 million.

As at 31st December 2025, the Organization had funded \$11.4 million with an additional \$0.8 million scheduled to be funded in 2026 upon achievement of research project milestones. The remaining funding to be provided by the Organization is scheduled to be made prior to December 2033.

In 2022, the Organization renewed the partnership with CIHR for an additional \$30.0 million to fund Type 1 diabetes research. The Organization and CIHR each committed to \$15.0 million. As at 31st December 2025, \$9.2 million has been paid with an additional \$2.9 million scheduled to be funded in 2026 upon achievement of research project milestones. The remaining funding to be provided by the Organization is scheduled to be made prior to December 2029.

During 2025, the Organization received major gifts totalling \$9.2 million (2024 - \$13.4 million). In 2025, the Organization secured commitments of \$14.2 million (2024 - \$11.6 million) of which \$7.1 million was received in 2025. The remaining amount of \$7.1 million is to be received and recognized in future years.

The Organization is an affiliate of Breakthrough T1D located in the USA which establishes a global research strategy and decisions are made to fund the best research in Canada and internationally.

The consolidated financial statements include the financial activities and financial position of the Organization and its fully-controlled subsidiary organization, JDRF-Canadian Clinical Trial Network (CCTN). CCTN was created on April 13, 2010 to establish a clinical trial network for Type 1 diabetes research on a Canada-wide platform through the assistance of Southern Ontario Development Program (SODP).

The Organization and CCTN were incorporated under the Canada Not-for-profit Corporations Act in October 2014. The Organization and CCTN are registered charities with the Canada Revenue Agency (CRA) under Section 149 of the Income Tax Act (Canada) and are exempt from income taxes, with CRA registration numbers 118976604RR0001 and 812584068RR0001, respectively.

Breakthrough T1D Canada

Notes to the Consolidated Financial Statements

December 31, 2025

2. Summary of significant accounting policies

The consolidated financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO), the more significant of which are outlined below.

Revenue recognition

The Organization uses the deferral method of recognizing contributions. Under the deferral method, externally restricted contributions, other than endowments, are initially deferred and are recognized as revenue in the year in which the related expenses are incurred. Endowments are recognized as a direct increase to net assets. The income from endowments is unrestricted, unless specified by the donor. Unrestricted contributions are recognized as revenue when received, or when receivable, if the amount to be received can be reasonably estimated, there is a signed agreement and collection is reasonably assured within the next calendar year. Investment income is recognized as revenue when earned.

Contributed services

The work of the Organization benefits from a substantial number of volunteers who have made significant contributions of their time to the Organization and its purpose. Since these services are not normally purchased by the Organization and because of the difficulty of determining their fair value, the value of this contributed time is not reflected in these consolidated financial statements.

Allocation of expenses

The Organization allocates salaries and benefits, rent, and office and other expenses to research support grants, public education and advocacy, fundraising and management and administration. Allocations are based on the time spent by the employees on each function. The details of the allocation are disclosed in Note 10.

Financial assets and liabilities

The Organization considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in certain limited circumstances.

At each reporting date, the Organization measures its financial assets and liabilities at cost or amortized cost other than investments which are recorded at fair value. The financial instruments measured at amortized cost are cash and cash equivalents, restricted cash and cash equivalents, restricted cash – contributions payable, accounts receivable, accounts payable, and contributions payable.

Financial assets are tested for impairment at the end of each reporting period when there are indicators the assets may be impaired. If an impairment exists, the asset is written down. If previously recognized, an impairment loss would be reversed to the extent of the improvement provided the asset is not carried at an amount, at the date of reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The Organization removes financial liabilities, or a portion of, when the obligation is discharged, cancelled or expires. The amounts of any write-downs or reversals would be recognized in the consolidated statement of operations.

Breakthrough T1D Canada

Notes to the Consolidated Financial Statements

December 31, 2025

2. Summary of significant accounting policies (continued)

Research support grants

Research support grants are made by the Organization and CCTN to research applicants as approved by both the Organization and Breakthrough T1D based in the USA. These grants are recorded as an expense when funds are advanced.

Cash and cash equivalents

The Organization's policy is to present bank balances including term deposits with a maturity period of three months or less at the date of acquisition under cash and cash equivalents.

Capital assets

Capital assets are recorded at cost if purchased or recorded at their fair value if donated. Amortization is provided at the following rates:

Leasehold improvements	straight-line over the lease term
Computer hardware	3-5 years straight line
Office equipment, furniture and fixtures	3-5 years straight line

Intangible assets

Intangible assets acquired individually or as a part of a group of other assets are initially recognized and measured at cost. Amortization commences in the year the asset is ready for its intended use. The amortization method and estimated useful lives of intangible assets are reviewed annually. The Organization's intangible assets consist of computer software and website development and are amortized on a five-year straight-line basis.

Contributions payable

Occasionally research grants made from the Organization are returned. When returned, these amounts are reflected as restricted cash - contributions payable and contributions payable in the consolidated statement of financial position. When redistributed, the related restricted cash and contributions payable are reduced.

Foreign currency translation

Transactions denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing at the transaction date. Monetary assets and liabilities are translated into Canadian dollars at exchange rates in effect at the date of the consolidated statement of financial position. Non-monetary assets and liabilities are translated at the historic rate. Exchange gains and losses are included in the consolidated statement of operations.

Use of estimates

The preparation of consolidated financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. The most significant estimates relate to the collectability of accounts receivable, the estimated useful lives of capital and intangible assets, and the allocation of expenses. Actual results could differ from those estimates.

Breakthrough T1D Canada

Notes to the Consolidated Financial Statements

December 31, 2025

3. Restricted cash and cash equivalents, restricted investments and deferred contributions

	<u>2025</u>	<u>2024</u>
Restricted cash and cash equivalent	\$ 1,130,933	\$ 2,595,956
Restricted investments	<u>-</u>	<u>1,612,383</u>
Total restricted cash and investments and deferred contributions (Note 7)	<u>\$ 1,130,933</u>	<u>\$ 4,208,339</u>

4. Contributions payable and restricted cash

	<u>2025</u>	<u>2024</u>
Balance, beginning of year	\$ 75,784	\$ 75,784
Amounts disbursed during the year	<u>(55,763)</u>	<u>-</u>
Balance, end of year	<u>\$ 20,021</u>	<u>\$ 75,784</u>

5. Capital assets

	<u>2025</u>	<u>2024</u>		
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Leasehold improvements	\$ 204,435	\$ 136,889	\$ 67,546	\$ 95,470
Computer hardware	191,228	178,858	12,370	28,122
Office equipment, furniture and fixtures	<u>149,008</u>	<u>148,527</u>	<u>481</u>	<u>1,202</u>
	<u>\$ 544,671</u>	<u>\$ 464,274</u>	<u>\$ 80,397</u>	<u>\$ 124,794</u>

6. Intangible assets

	<u>2025</u>	<u>2024</u>		
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Computer software	\$ 1,047,377	\$ 1,006,469	\$ 40,908	\$ 54,974
Website development	<u>50,225</u>	<u>19,532</u>	<u>30,693</u>	<u>47,435</u>
	<u>\$ 1,097,602</u>	<u>\$ 1,026,001</u>	<u>\$ 71,601</u>	<u>\$ 102,409</u>

Breakthrough T1D Canada

Notes to the Consolidated Financial Statements

December 31, 2025

7. Deferred contributions

	<u>2025</u>	<u>2024</u>
Balance, beginning of year	\$ 4,208,339	\$ 4,577,544
Amounts received during the year	6,702,140	9,946,446
Amounts recognized as revenue during the year	<u>(9,779,546)</u>	<u>(10,315,651)</u>
Balance, end of year	<u>\$ 1,130,933</u>	<u>\$ 4,208,339</u>

8. Commitments

The minimum annual lease payments for the rental of premises and equipment, for the next five years and thereafter, are as follows:

2026	\$ 349,983
2027	204,393
2028	199,716
2029	103,993
2030	3,384
Thereafter	<u>-</u>
	<u>\$ 861,469</u>

In 2017, the Organization entered into a partnership with the Government of Canada's health research investment agency, the Canadian Institutes of Health Research (CIHR) to fund Type 1 diabetes research. The Organization and CIHR each committed to contribute \$15.0 million for a combined total of \$30.0 million.

As at 31st December 2025, the Organization had funded \$11.4 million with an additional \$0.8 million scheduled to be funded in 2026 upon achievement of research project milestones. The remaining funding to be provided by the Organization is scheduled to be made prior to December 2033.

In 2022, the Organization renewed the partnership with CIHR for an additional \$30.0 million to fund Type 1 diabetes research. The Organization and CIHR each committed to contribute \$15.0 million. As at 31st December 2025, \$9.2 million has been paid with an additional \$2.9 million scheduled to be funded in 2026 upon achievement of research project milestones. The remaining funding to be provided by the Organization is scheduled to be made prior to December 2029.

9. Banking arrangements

The Organization has a line of credit of \$1,000,000 with its principal bank available for its use. The facility bears interest at the bank's prime rate and is secured by an assignment of amounts on deposit with the bank. No amounts were drawn against this facility in 2025 or 2024

Breakthrough T1D Canada

Notes to the Consolidated Financial Statements

December 31, 2025

10. Allocation of expenses in the organization

The following details the allocation of expenses to the activities of the Organization. Allocations are based on the time spent by the employees on each function.

	Research support grants	Public education and advocacy	Fundraising	Management and administration	Total 2025
Salaries and benefits	\$ 435,619	\$ 197,886	\$ 707,868	\$ 394,175	\$ 1,735,548
Rent	3,091	1,315	4,644	2,996	12,046
Office and other expenses	<u>16,779</u>	<u>5,994</u>	<u>20,394</u>	<u>18,788</u>	<u>61,955</u>
	455,489	205,195	732,906	415,959	1,809,549
Direct expenses	<u>9,426,219</u>	<u>1,837,236</u>	<u>6,408,242</u>	<u>2,394,024</u>	<u>20,065,721</u>
Sub-total	<u>\$ 9,881,708</u>	<u>\$ 2,042,431</u>	<u>\$ 7,141,148</u>	<u>\$ 2,809,983</u>	<u>\$ 21,875,270</u>
	Research support grants	Public education and advocacy	Fundraising	Management and administration	Total 2024
Salaries and benefits	\$ 337,235	\$ 286,064	\$ 682,746	\$ 410,496	\$ 1,716,541
Rent	2,508	2,010	4,831	3,100	12,449
Office and other expenses	<u>20,543</u>	<u>13,026</u>	<u>32,369</u>	<u>26,763</u>	<u>92,701</u>
	360,286	301,100	719,946	440,359	1,821,691
Direct expenses	<u>10,310,850</u>	<u>2,118,014</u>	<u>6,702,390</u>	<u>2,607,202</u>	<u>21,738,456</u>
Sub-total	<u>\$ 10,671,136</u>	<u>\$ 2,419,114</u>	<u>\$ 7,422,336</u>	<u>\$ 3,047,561</u>	<u>\$ 23,560,147</u>

11. Support to CCTN from the Organization

The Organization agreed to support the operations of CCTN as an independent entity on a year over year basis as required.

During the year, the Organization transferred \$65,769 (2024 - \$37,867) to CCTN to cover its administrative expenses.

As CCTN's on-going clinical trials will be completed in 2026 and intend to proceed with a plan to cease operations and dissolve CCTN by the end of 2026 as the entity will have served its intended purpose. Breakthrough T1D Canada continues to fund research and clinical trials.

Breakthrough T1D Canada

Notes to the Consolidated Financial Statements

December 31, 2025

12. Financial instruments

The main risks to which the Organization's financial instruments are exposed are credit risk, liquidity risk, and foreign currency exchange risk.

Credit risk

Credit risk is the risk of an unexpected loss if a counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Organization to credit risk consist principally of cash and cash equivalents, restricted cash and cash equivalents, restricted investments, and accounts receivable. The Organization manages credit risk related to its accounts receivable through regular monitoring of balances and communication with debtors. Of the \$702,515 (2024 - \$936,186) in accounts receivable outstanding at year end, the majority has been received subsequent to year end. As at December 31, 2025 the allowance for doubtful accounts within accounts receivable was \$Nil (2024 - \$Nil).

Liquidity risk

Liquidity risk is the risk the Organization will not be able to meet its financial obligations as they fall due. The Organization manages its liquidity risk by forecasting cash flows from operations and anticipating activities and budgets to have sufficient available funds to meet current and foreseeable financial requirements.

Foreign currency risk

Currency risk is the risk that arises from fluctuations in foreign exchange rates and the degree of volatility of these rates. Cash balances held in US dollars to fund research support grants and salaries and benefits are exposed to these fluctuations. The Organization does not use derivative instruments to reduce its exposure to such foreign currency risk.

Other price risk

The Organization is exposed to other price risk through changes in market prices (other than changes arising from interest rate or currency risks) in connection with its investment in fixed income securities. The Organization manages its exposure to this risk by monitoring compliance with the investment policy approved by the board of directors.