

THE ARCHITECTURAL CONSERVANCY OF ONTARIO INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2025



VLOET & KAN LLP

Chartered Professional Accountants, Licensed Public Accountants

THE ARCHITECTURAL CONSERVANCY OF ONTARIO INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2025

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Chartered Professional Accountants, Licensed Public Accountants



INDEPENDENT AUDITOR'S REPORT

To the Members of:
The Architectural Conservancy of Ontario Inc.

Qualified Opinion

We have audited the financial statements of **The Architectural Conservancy of Ontario Inc.** (the "Organization"), which comprise the statement of financial position as at **December 31, 2025** and the statements of operations, changes in net assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the organization as at **December 31, 2025** 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 Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenue the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Organization and we were not able to determine whether any adjustments might be necessary to revenues, excess of expenditures over revenues, assets, and net assets.

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 Organization 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 qualified opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

(continued...)



INDEPENDENT AUDITOR'S REPORT (continued...)

In preparing the 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.

When individuals responsible for the oversight of the financial reporting process are the same as those responsible for the preparation of the financial statements, no reference to oversight responsibilities is required.

Auditor's Responsibility

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 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 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.

(continued...)



INDEPENDENT AUDITOR'S REPORT (continued...)

- 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.

Vloet & Kan LLP

Chartered Professional Accountants
Licensed Public Accountant
Toronto, Ontario
June 27, 2026

THE ARCHITECTURAL CONSERVANCY OF ONTARIO INC.
STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2025

	<u>2025</u>	<u>2024</u>
ASSETS		
CURRENT		
Cash	\$ 1,113,694	\$ 429,870
Investments (note 3)	780,299	1,098,549
Restricted cash and investments (note 5)	-	10,786
Accounts receivable	14,396	12,772
Prepaid expenses and other assets	15,275	28,938
HST recoverable	<u>81,287</u>	<u>59,838</u>
	2,004,951	1,640,753
LONG TERM		
Property and equipment (note 7)	<u>546,273</u>	<u>588,081</u>
	<u>\$ 2,551,224</u>	<u>\$ 2,228,834</u>

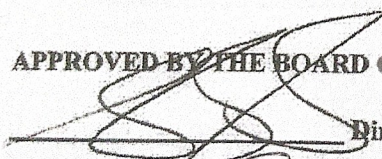
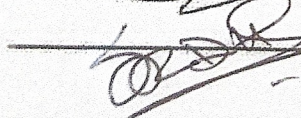
LIABILITIES

CURRENT		
Accounts payable and accrued liabilities	\$ 117,152	\$ 82,527
Deferred revenues (note 8)	4,830	4,830
Restricted cash and short term investments (note 5)	-	10,786
Due to Port Dalhousie Conservancy Inc.	-	6,000
Deferred contributions for capital asset purchases (note 9)	247,280	262,957
Due to agency agreements (note 6)	<u>690,134</u>	<u>28,230</u>
	1,059,396	395,330

NET ASSETS

Per statement - page 3	<u>1,491,828</u>	<u>1,833,504</u>
	<u>\$ 2,551,224</u>	<u>\$ 2,228,834</u>

APPROVED BY THE BOARD OF DIRECTORS:

 Director
 Director

The accompanying notes are an integral part of the financial statements.
To be read in conjunction with our Independent Auditor's Report June 27, 2026.



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THE ARCHITECTURAL CONSERVANCY OF ONTARIO INC.

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2025

	<u>2025</u>	<u>2024</u>
BALANCE - Beginning of year	\$ 1,833,504	\$ 1,913,211
Add: Deficiency of revenues over expenses	<u>(341,676)</u>	<u>(79,707)</u>
BALANCE - End of year	<u>\$ 1,491,828</u>	<u>\$ 1,833,504</u>

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THE ARCHITECTURAL CONSERVANCY OF ONTARIO INC.

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2025

	<u>2025</u>	<u>2024</u>
REVENUE		
Donations (note 12)	\$ 184,832	\$ 183,672
Government grants (note 10)	20,277	113,788
Amortization of deferred contributions for capital asset purchases (note 9)	15,677	15,677
Sales of tickets and goods (net)	95,309	70,352
Receipted gifts in kind	39,100	47,278
Memberships (note 13)	32,650	33,480
Fundraising events	26,580	32,109
Rentals	22,298	22,207
Other sundry revenue	7,384	5,244
Amortization of restricted contributions (note 5)	<u>10,786</u>	<u>59,960</u>
	<u>\$ 454,893</u>	<u>\$ 583,767</u>
EXPENSES		
Wages and benefits	\$ 219,376	\$ 204,679
Grants and awards (note 14)	166,639	73,980
Outside services and subcontractors	102,409	88,943
Professional fees	108,681	48,895
Projects and events (note 11)	60,227	28,508
Fundraising costs	43,583	53,562
General and administrative	35,479	35,883
Insurance	23,523	23,875
Repairs and maintenance	23,177	42,253
Utilities	18,932	21,159
Occupancy costs	17,875	55,884
Marketing, outreach and advocacy	13,694	9,108
Memberships paid to external organizations	7,720	365
Bank charges	5,952	5,990
Travel and meetings	4,841	11,905
Other sundry expenses	-	80
Amortization	<u>34,241</u>	<u>13,973</u>
	<u>886,349</u>	<u>719,042</u>
EXCESS OF OPERATING REVENUE OVER EXPENSES	(431,456)	\$ (135,275)
OTHER INCOME		
Income from investments	73,208	55,568
Gain on disposal of assets (note 15)	<u>16,572</u>	<u>-</u>
	<u>89,780</u>	<u>55,568</u>
DEFICIENCY OF REVENUES OVER EXPENSES	<u>\$ (341,676)</u>	<u>\$ (79,707)</u>

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To be read in conjunction with our Independent Auditor's Report June 27, 2026.

THE ARCHITECTURAL CONSERVANCY OF ONTARIO INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2025

	<u>2025</u>	<u>2024</u>
OPERATING ACTIVITIES		
Deficiency of revenues over expenses	\$ (341,676)	\$ (79,707)
Items not involving cash:		
Amortization	34,241	13,973
Gain on disposal of tangible assets	<u>(16,572)</u>	<u>-</u>
	<u>(324,007)</u>	<u>(65,734)</u>
 Decrease in investments	 318,251	 89,325
(Increase) in accounts receivable	(1,624)	(906)
Decrease in restricted cash and investments	10,786	59,960
Decrease (Increase) in prepaid expenses	13,664	(6,416)
(Increase) decrease in HST recoverable	(21,449)	26,958
Increase (decrease) in accounts payable and accrued liabilities	34,625	(31,952)
Decrease in deferred revenue	-	(7,360)
Decrease in restricted deferred revenue	(10,786)	(59,960)
Decrease in amount due to Port Dalhousie Conservancy	(6,000)	-
Decrease in deferred contributions for capital asset purchases	(15,677)	(15,677)
Decrease in due to agency agreements	<u>661,904</u>	<u>(21,454)</u>
CASH PROVIDED BY (USED IN) OPERATIONS	<u>659,687</u>	<u>(33,216)</u>
 INVESTING ACTIVITIES		
Purchases of property and equipment	<u>24,137</u>	<u>(16,404)</u>
 INCREASE (DECREASE) IN CASH	 683,824	 (49,620)
 CASH - Beginning of Year	 <u>429,870</u>	 <u>479,490</u>
 CASH - End of Year	 <u>\$ 1,113,694</u>	 <u>\$ 429,870</u>

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THE ARCHITECTURAL CONSERVANCY OF ONTARIO INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2025

1. NATURE AND PURPOSE OF THE ORGANIZATION

The Architectural Conservancy of Ontario Inc. ("ACO") was incorporated without share capital by Letters Patent dated February 2, 1933 under the *Corporations Act (Ontario)*, then continued on December 21, 1982 and subsequently amended on June 21, 1989. Its mandate is to preserve buildings and structures of architectural merit and places of natural beauty and interest in Ontario. ACO carries out this mandate in a number of ways. It increases public awareness through the publication of its journal, the ACORN, and through activities such as walking tours, open houses and conference partnerships. It also carries out this mandate by, on occasion, acquiring at-risk heritage properties to restore and operate and, more commonly, by assisting communities in efforts to protect their heritage buildings, structures and sites. The activities of ACO are carried out through the head office situated in Toronto and branches situated throughout Southern Ontario. ACO is registered as a charitable organization under the *Income Tax Act (Canada)*, and is therefore exempt from income taxes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations as set out in Part III of the *CPA Canada Handbook - Accounting* and include the following significant accounting policies.

a) Basis of presentation

These financial statements represent the results and financial position of the ACO, which consists of the provincial office and twenty one branches of which 16 are active and 5 are inactive in both 2025 and 2024.

b) Revenue recognition

ACO follows the deferral method of accounting for contributions, including donations and government grants. Unrestricted contributions are recognized as revenues in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Contributions explicitly and implicitly restricted by the donor are deferred when received and recognized as revenues in the year in which the related activity takes place and expenses are incurred.

Facilities rentals, concerts and other performance-related revenues are recognized when received or receivable upon substantial completion of performance or program, provided that the amount to be received can be reasonably estimated and collection is reasonably assured.

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THE ARCHITECTURAL CONSERVANCY OF ONTARIO INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2025

CONTINUED.....

c) Financial instruments

ACO initially measures its financial assets and financial liabilities at fair value. It subsequently measures all its financial assets, except for investments, and financial liabilities at amortized cost.

The financial assets subsequently measured at amortized cost include cash and short-term investments and accounts receivable. The financial liabilities measured at amortized cost include accounts payable.

Investments are subsequently measured at fair value. Investment income includes interest, dividends and unit trust distributions received during the year and changes in fair value of the investments during the year.

d) Property and equipment

Property and equipment is recorded at cost less accumulated amortization. Amortization of office equipment is provided on a straight line basis over three years. Amortization of building improvements is provided on a straight line basis over 20 or 40 years. Capital assets acquired during the year are amortized at one-half of the normal rate.

Contributions received for the purchase of property and equipment are initially deferred and then amortized on the same basis as the related capital asset costs are amortized.

e) Donated services

Much of the work of ACO is dependent on the voluntary services of members. Since these services are not normally purchased by ACO and its branches, such donated services are not recognized in the accounts.

f) Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. These estimates are reviewed periodically and adjustments are made to revenues and expenses as appropriate in the period they become known.

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THE ARCHITECTURAL CONSERVANCY OF ONTARIO INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2025

CONTINUED.....

g) Donations in kind and inventory held on consignment.

Individuals and organizations donate tangible items, typically antiques to ACO to be auctioned off at auctions held as fundraisers. The items donated, (Donations In Kind) has the option to be taken back at the discretion of the donor.

Therefore, the items held by ACO are held on consignment and are not owned by ACO. If the items are not sold at an auction the donor has the right to take back the inventory held on consignment.

Since the donor has the right to take back the consignment inventory, charitable receipts are provided only after the item has been sold at an auction. The value of the charitable tax receipt is the fair market value of the item determined by a valuator consistent with the requirements of the Canada Revenue Agency.

3. INVESTMENTS

Total investments amount to \$780,299, consisting of:

Guaranteed Investment Securities of \$335,558 (2024 was \$452,467), which bear a fixed rate of return. For these securities, carrying value approximates fair value.

Marketable Securities of \$444,741 (2024 was 646,082) , measured at fair value.

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THE ARCHITECTURAL CONSERVANCY OF ONTARIO INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2025

4. FINANCIAL INSTRUMENTS

Cash consists of cash on hand and bank deposits residing in accounts at Canadian financial institutions. Cash balances are sufficient to cover accounts payable as they come due. Short-term investments consist of certificates of deposit residing in accounts at Canadian financial institutions.

The fair value of ACO's cash and short-term investments, accounts receivable and accounts payable approximates their carrying value due to the relatively short term to maturity of those instruments. It is management's opinion that ACO is not exposed to significant currency or credit risk arising from these financial instruments.

5. RESTRICTED CASH AND SHORT-TERM INVESTMENTS (see note 2(b))

Restricted cash and short-term investments consist of funds segregated from general operating funds to support restricted donations and contributions. During 2025, the Sheave Tower and related land, with a carrying amount of \$26,147 and an appraised value of \$50,000, were donated to the City of Cambridge in accordance with these restrictions.

	<u>2025</u>	<u>2024</u>
Sheave Tower Endowment Fund - Opening balance	\$ 10,786	\$ 70,746
Amortization to revenues during the year	\$ <u>10,786</u>	\$ <u>59,960</u>
	\$ <u>-</u>	\$ <u>10,786</u>

To be read in conjunction with our Independent Auditor's Report dated June 27, 2026.



THE ARCHITECTURAL CONSERVANCY OF ONTARIO INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2025

6. DUE TO AGENCY AGREEMENTS

Agency agreements are contracts between a community group or not-for-profit corporation and ACO. ACO accepts donations and makes payments on behalf of a project that meets its charitable objectives. This liability relates to the agency agreement between ACO and Friends of Mindemoya Old School. The increase in the balance is due to a large donation received in December 2025 of \$751,400.

7. PROPERTY AND EQUIPMENT (see note 2(d))

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2025 Net</u>	<u>2024 Net</u>
Land				
Cambridge	\$ -	\$ -	\$ -	\$ 22,400
South Bruce-Grey	1	-	1	\$ 1
Buildings				
Cambridge	-	-	-	3,747
South Bruce-Grey	779,046	354,932	424,114	413,536
Port Hope	157,887	44,701	113,186	122,270
St. Catharines	-	-	-	13,495
Equipment				
Computer	18,817	17,375	1,442	3,310
Furniture and fixtures	<u>14,848</u>	<u>7,318</u>	<u>7,530</u>	<u>9,322</u>
	<u>\$ 970,599</u>	<u>\$ 424,326</u>	<u>\$ 546,273</u>	<u>\$ 588,081</u>

8. DEFERRED REVENUE

Deferred revenue consists of grants that are subject to restrictions on their use, and are recognized as revenue when the related expenses are incurred, the deposits received for next year performances.

	<u>2025</u>	<u>2024</u>
Park People (Support for Oculus project)	\$ 1,830	\$ 1,830
Ontario Association of Architects (OAA)	<u>3,000</u>	<u>3,000</u>
	<u>\$ 4,830</u>	<u>\$ 4,830</u>

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THE ARCHITECTURAL CONSERVANCY OF ONTARIO INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2025

9. DEFERRED CONTRIBUTIONS FOR CAPITAL ASSET PURCHASES

The deferred contributions for capital asset purchased relates to a Victoria Jubilee Hall building located in the South Bruce Grey Branch. (see note 2(b) and 2(d))

	<u>2025</u>	<u>2024</u>
Balance, beginning of year	\$ 262,957	\$ 278,634
Amortization to revenues during the year	<u>15,677</u>	<u>15,677</u>
	<u>\$ 247,280</u>	<u>\$ 262,957</u>

10. GOVERNMENT GRANTS

	<u>2025</u>	<u>2024</u>
Federal government grants	\$ 277	\$ 50,788
Ontario government grants	-	43,000
Municipal government grants	<u>20,000</u>	<u>20,000</u>
	<u>\$ 20,277</u>	<u>\$ 113,788</u>

To be read in conjunction with our Independent Auditor's Report dated June 27, 2026.



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THE ARCHITECTURAL CONSERVANCY OF ONTARIO INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2025

11. PROJECTS AND EVENTS

ACO supports various projects and events to help promote the preservation of architectural buildings.

TORONTO SYMPOSIUM:

Every year, the Architectural Conservancy of Ontario's Toronto Branch hosts a symposium exploring current heritage ideas.

SOUTH BRUCE GREY / VICTORIA JUBILEE HALL:

The theatre, Victoria Jubilee Hall in South Bruce Grey holds theatrical and musical performances. These performances bring audiences to help support the maintenance and preservation of the theatre, while allowing audiences an opportunity to enjoy the architectural beauty of the theatre.

	<u>2025</u>	<u>2024</u>
South Bruce Grey / Victoria Jubilee Hall	59,917	27,196
London Doorways Book (recovery)	-	(218)
Toronto Symposium	<u>310</u>	<u>1,530</u>
	<u>\$ 60,227</u>	<u>\$ 28,508</u>

HERITAGE AWARDS:

Annually ACO hosts the Heritage Awards event celebrating people and projects safeguarding historic places that shape local identity, support local economic activity and strengthen community well-being. The 2025 Heritage Awards were held at the Old Mill in Toronto.

12. DONATIONS

Donations include tax receipted donations, non-receipted donations, less amounts disbursed as per agency agreements.

Tax receipts are generally issued for donations. Some donations are received through CanadaHelps, and various foundations and charitable tax receipts are not provided for these donations.

ACO enters into agreements with community organizations where ACO will receive donations for purposes that align with ACO's mandate and objectives and then ACO will pay the bills related to the restoration and preservation of heritage buildings as outlined in the agency agreements.

To be read in conjunction with our Independent Auditor's Report dated June 27, 2026.



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THE ARCHITECTURAL CONSERVANCY OF ONTARIO INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2025

CONTINUED.....

	<u>2025</u>	<u>2024</u>
Donations - Tax receipted	813,252	134,313
Donations - non-receipted	<u>80,909</u>	<u>110,691</u>
Total Donations	894,161	245,004
Less: Agency Agreement Fees	<u>(709,329)</u>	<u>(61,332)</u>
Donations (Net Donations)	<u><u>184,832</u></u>	<u><u>183,672</u></u>

13. MEMBERSHIPS

Memberships include both tax receipted and non-tax receipted memberships. Memberships are generally tax receipted.

14. GRANTS AND AWARDS

GRANTS TO OWNERS OF HERITAGE BUILDINGS

ACO provides grants to owners of heritage buildings to offset the costs associated with maintaining the architectural integrity of the building.

In 2025, ACO Port Hope provided the following grants: \$50,000 to the owner of 99-101 Walton Street and \$40,000 to the owners of 94-96 Walton St.

In 2024, ACO Port Hope provided the following grants: \$50,000 to the owner of 79-81 Walton Street and \$14,700 to the owner of 54A Walton St. The balance relates to smaller grants that were provided by ACO Clarington, ACO Prince Edward County and ACO Stratford.

GRANTS AND DONATIONS TO OTHER ORGANIZATIONS:

In 2025, ACO Cambridge donated the Sheave Tower and related land, with a carrying amount of \$26,147 and an appraised value of \$50,000 to the city of Cambridge and \$10,000 to Waterloo Regional Heritage Foundation.

The balance relates to smaller grants that were provided by ACO Cobourg, ACO London, ACO Prince Edward County and ACO Windsor.

To be read in conjunction with our Independent Auditor's Report dated June 27, 2026.



THE ARCHITECTURAL CONSERVANCY OF ONTARIO INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2025

15. GAIN ON DISPOSAL OF ASSET

Gain and loss on disposal of assets relate to the Sheave tower and land by ACO Cambridge branch (note 5) and the Barnsdale streetcar by the ACO St. Catharines branch.

16. COMMITMENTS

ACO Provincial office lease was terminated January 2025 and there is no immediate plan to lease other office space. ACO Provincial continues to operate remotely.

The Port Hope branch had entered into leases for two properties for \$1.00/year which expired in 2024. The branch is responsible for all operating costs related to these two properties. ACO is in the process of extending the lease for both premises for an additional 20 years at the same rate of \$1/year, however the lease was not finalized in 2025.

17. CAPITAL MANAGEMENT

ACO's capital position consists of its unrestricted net assets. In managing capital, ACO focuses on liquid resources available for operations. ACO's objective is to have sufficient liquid resources to continue operating despite adverse financial events and to provide it with the flexibility to take advantage of opportunities to advance its purposes. The need for sufficient liquid resources is considered in the preparation of an annual budget and in the monitoring of cash flows and actual operating results compared to budget.

ACO and the branches have financed the cost of capital assets using contributions for capital asset purchases (see Note 7) and internally generated surpluses.

As at December 31, 2025, ACO has met its objective of having sufficient liquid resources to meet its current obligations.

To be read in conjunction with our Independent Auditor's Report dated June 27, 2026.



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THE ARCHITECTURAL CONSERVANCY OF ONTARIO INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2025

18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

ACO is exposed to various risks through its financial instruments. The following analysis provides a measure of ACO's risk exposure and concentrations at the balance sheet date. No change in risks from previous year.

a) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to meet its obligations. The Organization manages its credit risk associated with cash by keeping its cash with a credit worthy financial institution. This risk is mitigated by ACO by ensuring that revenue is derived from qualified sources.

b) Liquidity Risk

Liquidity risk is the risk that ACO will encounter difficulty in meeting obligations from financial liabilities, mainly from accounts payable and accrued liabilities. The Organization manages its liquidity risk by forecasting its cash needs and adjusting its operating activities accordingly, and expects to meet these obligations as they come due by generating sufficient cash flow from operations. ACO expects to meet these obligations as they come due by generating sufficient cash flows from donations, other revenues and unrestricted cash reserves.

To be read in conjunction with our Independent Auditor's Report dated June 27, 2026.



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THE ARCHITECTURAL CONSERVANCY OF ONTARIO INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2025

CONTINUED

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

c) **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: currency risk, interest rate risk, and other price risk. The Organization's exposures to these risks is insignificant.

Currency risk

Currency risk is the risk that the future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. ACO is not exposed to this risk as it neither conducts transactions nor carries balances in foreign currencies.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Organization is not exposed to this risk as it does not own any variable interest-bearing deposits or investments, nor any variable interest-bearing liabilities.

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 currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Organization's exposure to market risk is mitigated by holding investments with fixed rates of return and investments which are subject to market fluctuations.

To be read in conjunction with our Independent Auditor's Report dated June 27, 2026.



VLOET & KAN LLP
Chartered Professional Accountants, Licensed Public Accountants