

Financial Statements

Perennia Food & Agriculture Corporation

March 31, 2023

Contents

	Page
Management's Responsibility for the Financial Statements	1
Independent auditor's report	2 - 3
Statement of operations	4
Statement of financial position	5
Statement of changes in net financial assets	6
Statement of remeasurement gains	7
Statement of cash flows	8
Notes to the financial statements	9 - 15

Management's Responsibility for the Financial Statements

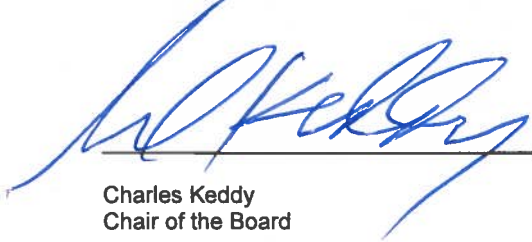
The financial statements have been prepared by management in accordance with Canadian public sector accounting standards and the integrity and objectivity of these financial statements are management's responsibility. Management is also responsible for all of the notes to the financial statements, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

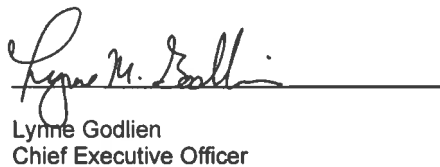
Those charged with governance (the "Board") are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises these responsibilities through the Board. The Board reviews internal financial statements on a quarterly basis and external audited financial statements yearly.

The external auditors, Grant Thornton LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to financial management of Perennia Food & Agriculture Corporation and meet when required.

On behalf of Perennia Food & Agriculture Corporation



Charles Keddy
Chair of the Board



Lynne Godlien
Chief Executive Officer

June 21, 2023

Independent auditor's report

Grant Thornton LLP

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To the Directors of [Perennia Food & Agriculture Corporation](#)

Opinion

We have audited the financial statements of Perennia Food & Agriculture Corporation (the "Company"), which comprise the statement of financial position as at March 31, 2023, the statements of operations, changes in net financial assets, remeasurement gains and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Perennia Food & Agriculture Corporation as at March 31, 2023, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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 Company 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 these financial statements in accordance with Canadian public sector accounting standards, 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company'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 Company'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 Company'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 Company 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.



Truro, Canada
June 21, 2023

Chartered Professional Accountants

Perennia Food & Agriculture Corporation

Statement of Operations

Year ended March 31	Budget (Note 9)	2023	2022
Revenue			
Government operating grants	\$ 2,541,813	\$ 2,631,801	\$ 2,597,459
Federal projects	78,700	4,338,326	1,019,537
Provincial consulting fees and project management	4,784,008	5,268,542	4,922,417
General consulting fees	2,556,567	1,728,174	2,085,312
Investment income	26,000	163,895	51,949
Other revenue	47,444	624,346	346,640
Lease and rental income	40,000	42,548	40,119
Loss on disposal of investments	-	(6,064)	-
	<u>10,074,532</u>	<u>14,791,568</u>	<u>11,063,433</u>
Expenses			
Advertising and promotional expenses	60,100	33,459	37,272
Amortization	466,110	465,271	514,301
Bad debt expense	-	(2,951)	2,002
Donations	-	-	613
Dues and memberships	11,340	16,037	21,661
Insurance	8,982	23,490	8,982
Interest, bank and investment expenses	55,000	75,462	59,027
IT expenses	77,074	74,260	68,902
Lab and field supplies	244,700	268,962	279,331
Maintenance expenses	102,517	143,110	114,346
Meeting expenses	13,000	29,279	28,777
Office supplies	59,100	42,371	63,656
Other project related	1,884,338	6,221,797	2,822,960
Professional development	56,000	53,394	43,036
Professional services	232,000	202,293	272,240
Rent/lease expenses	91,314	106,115	107,734
Salaries and wages	6,739,631	6,852,123	6,578,670
Telecommunications expenses	86,349	107,255	131,067
Travel expenses	109,300	184,281	90,577
	<u>10,296,855</u>	<u>14,896,008</u>	<u>11,245,154</u>
Annual deficit before government capital grants	(222,323)	(104,440)	(181,721)
Government capital grants (Note 14)	52,000	82,939	102,462
Annual deficit	<u>(170,323)</u>	<u>(21,501)</u>	<u>(79,259)</u>
Accumulated annual surplus, beginning of year (Note 10)	<u>2,150,540</u>	<u>2,150,540</u>	<u>2,229,799</u>
Accumulated annual surplus, end of year (Note 10)	<u>\$ 1,980,217</u>	<u>\$ 2,129,039</u>	<u>\$ 2,150,540</u>

See accompanying notes to the financial statements

Perennia Food & Agriculture Corporation

Statement of Financial Position

March 31

2023

2022

Financial assets

Cash and cash equivalents	\$	5,992,464	\$	1,946,499
Receivables (Note 4)		6,368,902		6,717,173
Portfolio investments (Note 5)		6,083,325		5,979,838
Restricted investments (Note 5)		600,000		600,000
		<u>19,044,691</u>		<u>15,243,510</u>

Financial liabilities

Accounts payable and accrued liabilities		1,671,527		648,805
Deferred revenue		15,628,133		13,370,440
Deposits held in trust		764		5,163
		<u>17,300,424</u>		<u>14,024,408</u>

Net financial assets (page 6)

	<u>1,744,267</u>	<u>1,219,102</u>
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Non-financial assets


Tangible capital assets (Note 6)		1,636,785		1,916,802
Prepaid expenses		67,862		350,103
		<u>1,704,647</u>		<u>2,266,905</u>

Accumulated surplus (Note 10)

	\$	<u>3,448,914</u>	\$	<u>3,486,007</u>
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Commitments and contingency (Notes 7 and 12)

On behalf of the Board

 Director

 Director

See accompanying notes to the financial statements

Perennia Food & Agriculture Corporation

Statement of Changes in Net Financial Assets

Year ended March 31

2023

2022

Annual deficit	\$ <u>(21,501)</u>	\$ <u>(79,259)</u>
Net remeasurement (losses) gains	(15,592)	50,459
Additions to tangible capital assets	(185,254)	(360,572)
Amortization	<u>465,271</u>	<u>514,301</u>
	264,425	204,188
Acquisition of prepaid expense	(303,962)	(563,423)
Consumption of prepaid expense	<u>586,203</u>	<u>307,876</u>
	546,666	(51,359)
Increase (decrease) in net financial assets	525,165	(130,618)
Net financial assets, beginning of year	<u>1,219,102</u>	<u>1,349,720</u>
Net financial assets, end of year	\$ <u>1,744,267</u>	\$ <u>1,219,102</u>

See accompanying notes to the financial statements

Perennia Food & Agriculture Corporation

Statement of Remeasurement Gains

Year ended March 31	2023	2022
Accumulated remeasurement gains, beginning of year	\$ 735,467	\$ 685,008
Unrealized (losses) gains attributable to portfolio investments	<u>(15,592)</u>	<u>50,459</u>
Accumulated remeasurement gains, end of year (Note 10)	<u>\$ 719,875</u>	<u>\$ 735,467</u>

See accompanying notes to the financial statements

Perennia Food & Agriculture Corporation

Statement of Cash Flows

Year ended March 31

2023

2022

Increase (decrease) in cash and cash equivalents

Operating

Annual deficit	\$	(21,501)	\$	(79,259)
Non-cash items				
Amortization		465,271		514,301
Loss on disposal of investments		-		-
		443,770		435,042
Change in non-cash working capital				
Receivables		348,271		(1,504,593)
Account payable and accrued liabilities		1,022,722		(326,215)
Prepaid expenses		282,241		(255,547)
Deferred revenue		2,257,693		2,650,698
Deposits held in trust		(4,399)		-
		4,350,298		999,385

Investing

Net change in portfolio investments and restricted investments		(119,079)		(1,036,475)
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Capital

Acquisition of tangible capital assets		(185,254)		(360,572)
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Net change in cash and cash equivalents during the year		4,045,965		(397,662)
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Cash and cash equivalents, beginning of year		1,946,499		2,344,161
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Cash and cash equivalents, end of year	\$	5,992,464	\$	1,946,499
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See accompanying notes to the financial statements

Perennia Food & Agriculture Corporation

Notes to the Financial Statements

March 31, 2023

1. Nature of operations

Perennia Food & Agriculture Corporation (the "Company") is a provincial Crown corporation.

The Company's objective is to support growth, transformation and economic development in Nova Scotia's agriculture, seafood, and food and beverage sectors.

2. Summary of significant accounting policies

Basis of presentation

These financial statements have been prepared by management in accordance with Canadian public sector accounting standards for provincial reporting entities established by the Canadian Public Sector Accounting Board.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and short-term highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value. These short-term investments are held for the purpose of meeting short-term cash commitments rather than for investment.

Portfolio investments

The Company invests in fixed income bonds, equities and guaranteed investment certificates. The Company measures their investments at fair value. The change in the fair value of the portfolio investments is recognized in the statement of remeasurement gains. At the time when the portfolio investment is derecognized, the accumulated measurement gain or loss associated with the derecognized item is reversed and reclassified to the statement of operations.

Tangible capital assets

Tangible capital assets are stated at cost. Amortization is provided by the diminishing balance method at the following annual rates:

Buildings	10%
Computer hardware	55%
Computer software	100%
Equipment and office equipment	20%
Freight trucks and trailers	30%

Leaseholds are being amortized by the straight-line method over the lease term.

Amortization of tangible capital assets commences when they are put in use. Amortization is calculated at one-half of the normal annual rate in the year of acquisition; no amortization is recorded in the year of disposal.

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Company's ability to provide services, or when the value of future economic benefits associated with the tangible capital assets is less than the net book value.

Perennia Food & Agriculture Corporation

Notes to the Financial Statements

March 31, 2023

2. Summary of significant accounting policies (continued)

Revenue recognition

The Company uses the deferral method of accounting for revenue. Revenue related to the Province of Nova Scotia's annual contribution is recognized equally over the year in which it is received.

Investment income is recognized as revenue when earned.

Consulting and fee income is recognized as revenue when earned.

Contribution and project revenue is recognized as revenue when the related expenses are incurred.

Capital revenue is recognized when all the eligibility criteria and/or stipulations have been met and the amounts are authorized.

Interest revenue on loans receivable is recognized when earned. Interest revenue ceases to be accrued on a loan when the collectability of either the principal or interest is not reasonably assured.

Lease and rental income is recognized when earned and when collection is reasonably assured.

Income taxes

The Company and its property are exempt from taxation under Section 149(1)(d) of the *Income Tax Act*.

Employee future benefits

The Company participates in a defined contribution group RRSP matching plan for its full-time, permanent employees who have been employed with the Company for at least three months. The plan is not mandatory for the employees. Contributions are expensed in the period incurred.

Funds and reserves

Certain amounts, as approved by the Board of Directors, have been set aside in accumulated surplus for general contingencies. Transfers to/from funds and reserves are an adjustment to the respective fund when approved.

Measurement uncertainty

The preparation of the financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant estimates include the useful life of capital assets, rates for amortization and allowance for doubtful accounts.

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Actual results could differ from the estimates.

Financial instruments

All financial instruments are recorded at their cost or amortized cost except for portfolio investments in equity instruments quoted in an active market and derivatives which are recorded at their fair value with unrealized remeasurement gains and losses recorded in the statement of remeasurement gains and losses. Once realized, remeasurement gains and losses are transferred to the statement of operations. Changes in the fair value on restricted assets are recognized as a liability until the criterion attached to the restrictions has been met, upon which the gain or loss is recognized in the statement of operations.

Perennia Food & Agriculture Corporation

Notes to the Financial Statements

March 31, 2023

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

Transaction costs related to financial instruments measured at cost or amortized cost are added to the carrying value of the financial instrument. Transaction costs related to financial instruments recorded at their fair values are expensed as incurred.

Financial liabilities (or part of a financial liability) are removed from the statement of financial position when, and only when, they are discharged or cancelled or expire.

Financial instruments classification

The following table provides the carrying amount information of the Company's financial instruments by category. The maximum exposure to credit risk for the financial assets would be the carrying values shown below.

Financial Instrument	2023		2022	
	Amortized cost / cost	Fair value	Amortized cost / cost	Fair value
Cash	\$ 5,992,464	\$ -	\$ 1,946,499	\$ -
Receivables	6,368,902	-	6,717,173	-
Investments	4,694,325	1,989,000	4,531,421	2,048,417
Accounts payable	1,671,527	-	648,805	-

The following table provides an analysis of financial instruments that are subsequently measured at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities using the last bid price;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial Instrument	2023			Total
	Level 1	Level 2	Level 3	
Investments				
Pooled Funds	\$ 1,989,000	\$ -	\$ -	\$1,989,000

Perennia Food & Agriculture Corporation

Notes to the Financial Statements

March 31, 2023

3. Adoption of accounting policies

PS 3450 – Financial Instruments and PS 2601 – Foreign Currency Translation

On April 1, 2022, the Company adopted Public Accounting Standards PS 3450 – Financial Instruments and PS 2601 – Foreign Currency Translation. The standards were adopted prospectively from the date of adoption. The new standards provide comprehensive requirements for the recognition, measurement, presentation and disclosure of financial instruments and foreign currency transactions. Under PS 3450, all financial instruments, including derivatives, are included on the statement of financial position and are measured either at fair value or amortized cost based on the characteristics of the instrument and the Company's accounting policy choices. In accordance with the provisions of this new standard, the Company has no changes.

PS 3280 - Asset retirement obligations

On April 1, 2022, the Company also adopted Public Accounting Standard PS 3280 – Asset Retirement Obligations. The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in retired buildings by public sector entities. The new accounting standard has resulted in a withdrawal of the existing Section PS 3270 – Solid Waste Landfill Closure and Post-Closure Liability. The standard was adopted on the prospective basis at the date of adoption. Under the prospective method, the discount rate and assumptions used on initial recognition are those as of the date of adoption of the standard. As at March 31, 2023 the Company has no asset retirement obligations.

4. Receivables	2023	2022
Province of Nova Scotia	\$ 5,438,930	\$ 6,372,217
Province of New Brunswick	4,108	-
Government of Canada	607,790	102,686
Other	295,886	228,570
HST receivable	<u>23,516</u>	<u>25,101</u>
	6,370,230	6,728,574
Allowance for doubtful accounts	<u>(1,328)</u>	<u>(11,401)</u>
	\$ <u>6,368,902</u>	\$ <u>6,717,173</u>

5. Portfolio investments	2023	2022
Investments in bond pooled funds, Canadian equities pooled funds, US equities pooled funds and international equities pooled funds. The cost of these investments is \$2,370,614 (2022 - \$2,229,934)	\$ 1,989,000	\$ 2,048,417
Investment in GIC's maturing May 2023 and carrying a 3.50% interest rate	549,984	4,531,421
Investment in GIC's maturing April 2023 and carrying a 3.50% interest rate	<u>4,144,341</u>	<u>-</u>
	6,683,325	6,579,838
Less: Restricted investments	<u>600,000</u>	<u>600,000</u>
	\$ <u>6,083,325</u>	\$ <u>5,979,838</u>

The Board of Directors approved that \$600,000 of the long-term investments be internally restricted for the purposes of covering emergency cash flow requirements and general contingencies.

Perennia Food & Agriculture Corporation

Notes to the Financial Statements

March 31, 2023

6. Tangible capital assets

	Computer hardware	Computer software	Office equipment	Equipment / freight trucks/ trailers	Buildings	Leasehold improvements	Total 2023	Total 2022
Cost as of April 1	\$ 291,943	\$ 8,856	\$ 156,457	\$ 3,445,250	\$ 12,989	\$ 498,210	\$ 4,413,705	\$ 4,053,133
Additions	25,169	-	-	160,085	-	-	185,254	360,572
Disposals	-	-	-	-	-	-	-	-
Total cost as of March 31	317,112	8,856	156,457	3,605,335	12,989	498,210	4,598,959	4,413,705
Accumulated amortization as of April 1	241,942	8,856	102,079	1,751,684	6,432	385,910	2,496,903	1,982,602
Amortization	31,859	-	10,876	366,129	656	55,751	465,271	514,301
Disposals	-	-	-	-	-	-	-	-
Total accumulated amortization as of March 31	273,801	8,856	112,955	2,117,813	7,088	441,661	2,962,174	2,496,903
Total net book value as of March 31	\$ 43,311	\$ -	\$ 43,502	\$ 1,487,522	\$ 5,901	\$ 56,549	\$ 1,636,785	\$ 1,916,802

Perennia Food & Agriculture Corporation

Notes to the Financial Statements

March 31, 2023

7. Commitments

The Company has entered into lease agreements for office and lab space with the following commitments:

- Office space in Kentville, NS for five years beginning May 2021 with annual rent of \$60,495;
- Lab space in Wolfville, NS for two years beginning September 2021 with annual rent of \$15,400;
and
- Building and land lease in Kentville, NS for five years beginning April 2021 with annual rent of \$8,000.

8. Employee future benefits

The Company participates in a defined contribution group RRSP matching plan for its full-time, permanent employees who have been employed with the Company for at least three months. The plan is not mandatory for the employees. Contributions are expensed in the period incurred. The Company contributed \$180,797 (2022 - \$205,190) to the plan during the year.

9. Budgeted figures

Budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by the board in its original fiscal plan.

10. Accumulated surplus	<u>2023</u>	<u>2022</u>
Annual deficit	\$ (21,501)	\$ (79,259)
Remeasurement (losses) gains	<u>(15,592)</u>	<u>50,459</u>
	\$ <u>(37,093)</u>	\$ <u>(28,800)</u>
Accumulated annual surplus	\$ 2,129,039	\$ 2,150,540
Accumulated remeasurement gains	719,875	735,467
Fund for general contingencies	<u>600,000</u>	<u>600,000</u>
	<u>\$ 3,448,914</u>	<u>\$ 3,486,007</u>

Perennia Food & Agriculture Corporation

Notes to the Financial Statements

March 31, 2023

11. Compensation disclosure required pursuant to the Public Sector Compensation Disclosure Act

Section 3 of the Public Sector Compensation Disclosure Act of the Province of Nova Scotia requires public sector bodies to publicly disclose the amount of compensation it pays or provides, directly or indirectly, to any person in the fiscal year if the compensation to that person is one hundred thousand dollars or more including compensation paid to, or for the benefit of, each of its board members, officers, employees, contractors and consultants.

Section 4 of the Act requires that the information reported be disclosed in the body of the audited financial statements of the Company or in a statement prepared for the purposes of the Act and certified by its auditors. The Company has chosen to disclose this required information as part of its audited financial statements.

For the year ended March 31, 2023, the following employees received compensation of \$100,000 or more:

Lynne Godlien	\$	130,303
Gregor Reid		102,456

Compensation as reported above include salaries and the employer portion of benefits.

12. Contingency

There is a legal claim against the Company related to a customer's losses resulting from the handling of strawberry virus for 2012-14. The likelihood of loss or estimate of loss is undeterminable at time of issue of these financial statements.

13. Related party transactions

On December 18, 2015, the Company entered into an agreement to lease the facilities in Bible Hill, Nova Scotia where its Food and Beverage Innovation Centre is located from the Province of Nova Scotia at an annual cost of \$1.00. This lease agreement expires August 30, 2023.

Perennia Food & Agriculture Corporation

Notes to the Financial Statements

March 31, 2023

14. Government capital grants

During the year, the Company received contributions from the Province of Nova Scotia and the Government of Canada to fund the acquisition of tangible capital assets related to:

	<u>2023</u>		<u>2022</u>
Centre for Marine Applied Research Equipment	\$ 70,453	\$	58,000
Nematode VWR	12,486		9,952
Nematode Trimble	-		4,249
Nematode - Centrifuge	-		10,461
Nematode GeoGel imaging system	-		15,109
Plant Health Lab	-		4,691
	<u>\$ 82,939</u>	\$	<u>102,462</u>

15. Financial instruments

The Company is exposed to various risks through its financial instruments. The following analysis provides a measure of the Company's risk exposure and concentrations at the statement of financial position date.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's main credit risks relate to its accounts receivable. The Company provides credit to its clients in the normal course of its operations. During the year, the Company has recorded an allowance for bad debts of \$1,328 (2022 - \$11,401) and recovered bad debts of \$2,951 (2022 - \$nil).

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 Company is mainly exposed to interest rate risk.

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 Company is exposed to interest rate risk on its fixed and floating interest rate financial instruments. The fixed-rate instruments subject the Company to a fair value risk while the floating-rate instruments subject it to a cash flow risk.