



# **Financial Statements**

**For the year ended April 30, 2026**

# Intellectual Property Institute of Canada

## Financial Statements

For the year ended April 30, 2026

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## **Independent Auditor's Report**

### **To the Members of the Intellectual Property Institute of Canada**

#### *Qualified Opinion*

We have audited the financial statements of the Intellectual Property Institute of Canada (the "Institute") which comprise the balance sheet as at April 30, 2026, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the 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 financial statements present fairly, in all material respects, the financial position of the Institute as at April 30, 2026, and its results of 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*

The information set out in Note 13 to the financial statements regarding the controlled organization is required disclosure under Canadian Accounting Standards for Not-for-Profit Organizations ("ASNPO"), but the information is unaudited. Consequently, we were unable to determine whether any adjustments to the amounts and disclosures were necessary.

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 Institute 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.

#### *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 Institute'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 Institute or to cease operations, or has no realistic alternative but to do so.

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

*Baker Tilly Ottawa LLP*

Chartered Professional Accountants, Licensed Public Accountants  
July 28, 2026  
Ottawa, Ontario

# Intellectual Property Institute of Canada

## Balance Sheet

**April 30** **2026** 2025

### Assets

#### Current

|                                         |            |            |
|-----------------------------------------|------------|------------|
| Cash (Note 1)                           | \$ 311,916 | \$ 268,002 |
| Accounts receivable (Note 2)            | 179,681    | 316,490    |
| Current portion of investments (Note 3) | 447,379    | 554,036    |
| Prepaid expenses                        | 75,738     | 48,558     |

**1,014,714** 1,187,086

**Long-term portion of investments (Note 3)** **678,700** 667,765

**Tangible capital assets (Note 4)** **74,333** 88,337

**\$ 1,767,747** \$ 1,943,188

### Liabilities and Net Assets

#### Current

|                                                          |            |            |
|----------------------------------------------------------|------------|------------|
| Accounts payable and accrued liabilities (Notes 5 and 6) | \$ 151,588 | \$ 312,180 |
| Deferred revenue (Note 7)                                | 762,445    | 610,545    |
| Deferred contributions (Note 8)                          | 10,000     | 11,000     |

**924,033** 933,725

**Deferred lease inducements (Note 9)** **78,634** 98,205

**1,002,667** 1,031,930

#### Net assets

|                                               |         |         |
|-----------------------------------------------|---------|---------|
| Internally restricted                         |         |         |
| Invested in tangible capital assets (Note 10) | 34,641  | 37,820  |
| Unrestricted (Note 11)                        | 730,439 | 873,438 |

**765,080** 911,258

**\$ 1,767,747** \$ 1,943,188

On behalf of the Board:



Jason Hynes, President



Jordana Sanft, Treasurer

## Intellectual Property Institute of Canada Statement of Changes in Net Assets

**For the year ended April 30**

**2026**

|                                                         | Internally<br>Restricted -<br>Invested in<br>Tangible<br>Capital<br>Assets | Unrestricted | Total      |
|---------------------------------------------------------|----------------------------------------------------------------------------|--------------|------------|
| <b>Balance, beginning of year</b>                       | \$ 37,820                                                                  | \$ 873,438   | \$ 911,258 |
| <b>Deficiency of revenue over expenses for the year</b> | (11,538)                                                                   | (134,640)    | (146,178)  |
| <b>Purchases of tangible capital assets</b>             | 8,359                                                                      | (8,359)      | -          |
| <b>Balance, end of year</b>                             | \$ 34,641                                                                  | \$ 730,439   | \$ 765,080 |

**For the year ended April 30**

**2025**

|                                                  | Internally<br>Restricted -<br>Invested in<br>Tangible<br>Capital<br>Assets | Unrestricted | Total      |
|--------------------------------------------------|----------------------------------------------------------------------------|--------------|------------|
| Balance, beginning of year                       | \$ 45,065                                                                  | \$ 908,768   | \$ 953,833 |
| Deficiency of revenue over expenses for the year | (9,761)                                                                    | (32,814)     | (42,575)   |
| Purchases of tangible capital assets             | 2,516                                                                      | (2,516)      | -          |
| Balance, end of year                             | \$ 37,820                                                                  | \$ 873,438   | \$ 911,258 |

## Intellectual Property Institute of Canada

### Statement of Operations

| For the year ended April 30                             | 2026                | 2025               |
|---------------------------------------------------------|---------------------|--------------------|
| <b>Revenue</b>                                          |                     |                    |
| Annual meeting                                          | \$ 333,796          | \$ 318,957         |
| Advertising revenue                                     | 14,412              | 10,254             |
| Intellectual property course at McGill University       | 33,338              | 43,296             |
| Investment income                                       | 33,470              | 43,074             |
| IRAP project - revenue                                  | 738,496             | 1,628,098          |
| Member annual dues (Note 7)                             | 779,266             | 754,409            |
| Other                                                   | 2,198               | 5,368              |
| Patent agent training course                            | 113,133             | 80,100             |
| Trademark agent training course                         | 131,647             | 134,942            |
| Tutorials                                               | 35,709              | 14,192             |
| Webinars and seminars                                   | 273,983             | 294,424            |
|                                                         | <b>2,489,448</b>    | <b>3,327,114</b>   |
| <b>Expenses</b>                                         |                     |                    |
| Advocacy                                                | 42,444              | 42,027             |
| Governance and committees (Schedule)                    | 85,149              | 115,231            |
| IRAP project - expenses                                 | 667,667             | 1,516,417          |
| Marketing (Schedule)                                    | 121,764             | 9,787              |
| Office operations (Schedule)                            | 1,327,745           | 1,313,738          |
| Professional development activities (Schedule)          | 277,793             | 260,403            |
| Professional fees (Schedule)                            | 96,207              | 88,517             |
| Publications (Schedule)                                 | 16,857              | 23,569             |
|                                                         | <b>2,635,626</b>    | <b>3,369,689</b>   |
| <b>Deficiency of revenue over expenses for the year</b> | <b>\$ (146,178)</b> | <b>\$ (42,575)</b> |

## Intellectual Property Institute of Canada

### Statement of Cash Flows

| For the year ended April 30                                                   | 2026              | 2025              |
|-------------------------------------------------------------------------------|-------------------|-------------------|
| <b>Cash flows from (used in) operating activities</b>                         |                   |                   |
| Deficiency of revenue over expenses for the year                              | \$ (146,178)      | \$ (42,575)       |
| Adjustments for                                                               |                   |                   |
| Amortization of tangible capital assets                                       | 20,802            | 20,586            |
| Loss on disposal of tangible capital assets                                   | 1,561             | -                 |
| Amortization of lease inducements related to tangible capital assets (Note 9) | (10,825)          | (10,825)          |
| Amortization of lease inducements related to reduced rent benefits (Note 9)   | (8,746)           | (7,829)           |
| Unrealized gain on investments                                                | -                 | (91,990)          |
| Decrease in balance of accrued interest related to investments                | 6,352             | 10,576            |
|                                                                               | <u>(137,034)</u>  | <u>(122,057)</u>  |
| Changes in non-cash working capital balances                                  |                   |                   |
| Accounts receivable                                                           | 136,809           | (120,109)         |
| Prepaid expenses                                                              | (27,180)          | 129               |
| Accounts payable and accrued liabilities                                      | (160,592)         | 76,687            |
| Deferred revenue                                                              | 151,900           | 82,266            |
| Deferred contributions                                                        | (1,000)           | (1,000)           |
|                                                                               | <u>(37,097)</u>   | <u>(84,084)</u>   |
| <b>Cash flows from (used in) investing activities</b>                         |                   |                   |
| Net purchases of investments - at cost                                        | 89,370            | 217,689           |
| Purchases of tangible capital assets                                          | (8,359)           | (2,516)           |
|                                                                               | <u>81,011</u>     | <u>215,173</u>    |
| <b>Increase in cash during the year</b>                                       | <b>43,914</b>     | <b>131,089</b>    |
| <b>Cash, beginning of year</b>                                                | <b>268,002</b>    | <b>136,913</b>    |
| <b>Cash, end of year</b>                                                      | <b>\$ 311,916</b> | <b>\$ 268,002</b> |



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# Intellectual Property Institute of Canada

## Summary of Significant Accounting Policies

April 30, 2026

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### Nature of Organization

The Intellectual Property Institute of Canada (the "Institute") is a not-for-profit organization incorporated without share capital under the laws of Canada. The Institute continued under the Canada Not-for-profit Corporations Act. The Institute's full legal name is Intellectual Property Institute of Canada Institut de la propriété intellectuelle du Canada. The Institute is also a not-for-profit organization within the meaning of the Income Tax Act of Canada and is exempt from income taxes on its not-for-profit activities.

The Institute serves for the purpose of forming a united and representative group of persons specializing in matters pertaining to Intellectual Property.

In accordance with the Institute's Articles of Continuance ("Articles") under the Canada Not-for-profit Corporations Act, the purpose of the Institute is to:

- Represent the interests of Canadian intellectual property practitioners;
- Influence the development of intellectual property laws to the extent they impact intellectual property matters in Canada;
- Be the recognized and visible authority on Canadian intellectual property law and practice;
- Ensure high levels of knowledge, training, and ethics in Canadian intellectual property practitioners; and
- Increase the level of intellectual property business in the Canadian economy.

The Articles also require that any property remaining on the liquidation of the Institute, after the discharge of its liabilities, shall be distributed to one or more qualified donees within the meaning of subsection 248(1) of the Income Tax Act of Canada.

### Basis of Presentation

These financial statements are prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations ("ASNPO"). ASNPO is part of Canadian generally accepted accounting principles. These financial statements include the following significant accounting policies. As a permitted option under ASNPO, these financial statements are prepared on a non-consolidated basis with the alternative financial statement note disclosure option (see Note 13 to these financial statements).

### Use of Estimates

The preparation of financial statements in accordance 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 revenue and expenses during the reporting

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## Intellectual Property Institute of Canada

### Summary of Significant Accounting Policies

April 30, 2026

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#### Use of Estimates (continued)

period. Actual results could differ from management's best estimates and assumptions as additional information becomes available in the future. These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in operations in the fiscal period in which they become known. Significant estimates include assumptions used in estimating: the initial fair value of financial instruments; the amounts and collectibility of accounts receivable; the useful life, amortization and long-term potential of tangible capital assets and related lease inducements; provisions for accrued liabilities; and estimating the amount of revenue earned or deferred, if any.

#### Financial Instruments

The Institute's financial instruments are financial assets or financial liabilities where, in general, the Institute has the right to receive cash or another financial asset from another party or the Institute has the obligation to pay another party cash or other financial assets.

##### Measurement of arm's length financial instruments

The Institute initially measures its arm's length financial assets and financial liabilities at fair value.

The Institute subsequently measures all its arm's length financial assets and financial liabilities at amortized cost which for investments is cost plus accrued interest which approximates fair value. In addition, equity and other instruments, if any, that are quoted in an active market, are measured at fair value. Changes in fair value are recognized in operations.

Arm's length financial assets and financial liabilities measured at amortized cost include cash, investments, accounts receivable, accounts payable and accrued liabilities, and government remittance payable. Financial assets and financial liabilities measured at fair value include only the principal protected note set out in Note 3 to these financial statements.

##### Measurement of related party financial instruments

The Institute initially measures its related party financial assets and liabilities at fair value, cost or the exchange amount.

The Institute subsequently measures related party financial assets and liabilities at cost or the exchange amount.

When the related party financial instrument has repayment terms, cost is determined using the undiscounted cash flows of the instrument, excluding interest and dividend payments, less any impairment losses previously recognized. If the related party financial instrument does not have repayment terms, cost is determined using the exchange amount.

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## Intellectual Property Institute of Canada

### Summary of Significant Accounting Policies

April 30, 2026

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#### Financial Instruments (continued)

##### Measurement of related party financial instruments (continued)

The exchange amount is the amount of consideration paid or received as established and agreed to by the related parties.

There are no related party financial assets and liabilities held at year-end.

##### Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in operations.

##### Transaction costs

The Institute recognizes its transaction costs in operations in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

#### Tangible Capital Assets

Tangible capital assets are recorded at cost. Amortization rates and methods used are as follows:

|                                |            |                           |
|--------------------------------|------------|---------------------------|
| Office furniture and equipment | 20% to 30% | diminishing balance basis |
| Computer equipment             | 30%        | diminishing balance basis |

Leasehold improvements are amortized on a straight-line basis over the term of the related lease agreement.

When conditions indicate that a capital asset is impaired, the net carrying amount of the capital asset is written down to the asset's fair value or replacement cost, and is recognized in operations as an expense at that time. A write-down is not reversed in subsequent years.

#### Intangible Capital Assets

Website costs and computer software are charged to operations as an expense in the fiscal period of acquisition.

#### Deferred Lease Inducements

Lease inducements which consist of periods of free or reduced rental costs and other allowances during the lease term, are aggregated and amortized on a systematic basis to rent and related expenses over the term of the lease. This results in the accrual or possibly the deferral of rental amounts to yield a consistent annual expense over the term of the lease before additional related expenses.

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## Intellectual Property Institute of Canada

### Summary of Significant Accounting Policies

April 30, 2026

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#### **Foreign Currency Translation**

Transactions during the year denominated in a foreign currency have been converted to Canadian dollars at the exchange rate effective on the transaction date. All monetary assets and liabilities denominated in a foreign currency have been converted to Canadian dollars at the exchange rates in effect at the respective year-end date. Gains or losses resulting therefrom are included in the determination of the excess (deficiency) of revenue over expenses for the respective year.

#### **Revenue Recognition**

The Institute follows the deferral method of accounting for contributions. Under this method, contributions restricted for future fiscal year expenses are deferred and are recognized as revenue in the fiscal 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.

Investment income is unrestricted and is recognized as revenue as it is earned.

The Institute sets its member dues on an annual basis, which are recognized as revenue in the fiscal year to which they relate. Annual general meeting, forums, seminars, courses and tutorials revenue is recognized when the respective annual general meeting, forum, seminar, course and tutorial occurs. When an event occurs over a period of time, revenue is recognized proportionately over the period of the event. The liability for the portion of the respective revenue invoiced that has not yet been completed is recorded in deferred revenue.

The Institute derives revenue from commissions related to insurance products. This revenue is recognized when the funds are received or the Institute is advised of amounts receivable since the Institute is not in a position to obtain sufficient information from the insurer to reasonably estimate commissions earned. Commissions revenue is received or receivable based on policy premiums issued to members by Lloyds of London less expenditures including reserves for future claims.

Other types of revenue are recognized when the goods and/or services are rendered and/or the related expenses are incurred, as applicable.

#### **Allocation of Expenses**

The Institute's expenses are presented in the statement of operations on both an object and functional basis. Certain expenses incurred are applicable to more than one function, are directly related to the output of that applicable function, and are therefore considered direct expenses and not indirect expenses. Indirect expenses, including expenses presented on an object basis, represent total expenses since no allocation has been made to the functions presented.

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## Intellectual Property Institute of Canada

### Summary of Significant Accounting Policies

**April 30, 2026**

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**Contributed Services**

A portion of the Institute's work is dependent upon the contributions of volunteers. Volunteers contribute many hours per year to assist the Institute in carrying out its service delivery activities. These services are not normally purchased and due to the difficulty in determining their fair value, they are not recognized in these financial statements.

**Cash**

For purposes of the Institute's statement of cash flows, cash held in the Institute's investment portfolio as well as the other investments set out in Note 3 to these financial statements are excluded from operating activities cash and forms part of the investing activities of the Institute.

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# Intellectual Property Institute of Canada

## Notes to Financial Statements

**April 30, 2026**

### 1. Cash

Substantially all of the Institute's cash accounts are held at a Canadian chartered bank and are non-interest bearing.

### 2. Accounts Receivable

Accounts receivable include the following:

|                                    | 2026              | 2025              |
|------------------------------------|-------------------|-------------------|
| Trade accounts receivable          | \$ 131,747        | \$ 94,081         |
| Government remittances receivables | 34,451            | 23,236            |
| Government funding receivable      | 13,483            | 199,173           |
|                                    | <b>\$ 179,681</b> | <b>\$ 316,490</b> |

### 3. Investments

Investments are carried at amortized cost using the effective interest method, include accrued interest, and as at April 30, 2026 and April 30, 2025 are comprised of guaranteed investment certificates ("GICs"), term deposits, principal protected notes and funds held in money market and investment savings accounts. The investments are held in Canadian financial institutions. Investments include the following:

|                                                                                  | 2026              | 2025              |
|----------------------------------------------------------------------------------|-------------------|-------------------|
| Money market account                                                             | \$ 322,393        | \$ 436,589        |
| Guaranteed investment certificates and term deposits                             | 803,686           | 785,212           |
|                                                                                  | <b>1,126,079</b>  | <b>1,221,801</b>  |
| Less: Current portion of investments presented in the balance sheet (from below) | <b>(447,379)</b>  | <b>(554,036)</b>  |
| Long-term portion of investments presented in the balance sheet                  | <b>\$ 678,700</b> | <b>\$ 667,765</b> |

The money market account bears interest at the TD Money Market variable rate.

## Intellectual Property Institute of Canada

### Notes to Financial Statements

**April 30, 2026**

#### 3. Investments (continued)

The GICs and term deposits bear an average fixed interest rate of 3.72% (2025 - 3.42%). The scheduled maturity dates of the GICs and term deposits by fiscal year are as follows:

|      | 2026              | 2025              |
|------|-------------------|-------------------|
| 2030 | \$ 152,996        | \$ -              |
| 2029 | 433,845           | 379,303           |
| 2028 | 91,859            | 173,089           |
| 2027 | 124,986           | 115,373           |
| 2026 | -                 | 117,447           |
|      | <b>\$ 803,686</b> | <b>\$ 785,212</b> |

The current portion of investments presented in the balance sheet is comprised of:

|                                                               | 2026              | 2025              |
|---------------------------------------------------------------|-------------------|-------------------|
| Money market account (as previously described)                | \$ 322,393        | \$ 436,589        |
| Current portion of GICs and term deposits (from above)        | 124,986           | 117,447           |
| Current portion of investments presented in the balance sheet | <b>\$ 447,379</b> | <b>\$ 554,036</b> |

#### 4. Tangible Capital Assets

|                                | 2026              |                          |                  | 2025              |                          |                  |
|--------------------------------|-------------------|--------------------------|------------------|-------------------|--------------------------|------------------|
|                                | Cost              | Accumulated Amortization | Net Book Value   | Cost              | Accumulated Amortization | Net Book Value   |
| Office furniture and equipment | \$ 58,242         | \$ 50,376                | \$ 7,866         | \$ 58,242         | \$ 48,303                | \$ 9,939         |
| Computer equipment             | 18,910            | 7,848                    | 11,062           | 21,154            | 13,271                   | 7,883            |
| Leasehold improvements         | 190,140           | 134,735                  | 55,405           | 190,140           | 119,625                  | 70,515           |
|                                | <b>\$ 267,292</b> | <b>\$ 192,959</b>        | <b>\$ 74,333</b> | <b>\$ 269,536</b> | <b>\$ 181,199</b>        | <b>\$ 88,337</b> |

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## Intellectual Property Institute of Canada

### Notes to Financial Statements

**April 30, 2026**

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**5. Credit Facilities**

The Institute holds corporate credit cards with a combined authorized credit limit of \$101,000 (2025 - \$101,000). As at April 30, 2026, there was \$15,281 (2025 - \$12,347) outstanding on these cards, which is included in accounts payable and accrued liabilities set out in the balance sheet.

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**6. Accounts Payable and Accrued Liabilities**

Accounts payable and accrued liabilities include government remittances payable of \$2,740 (2025 - \$2,011).

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**7. Deferred Revenue**

|                                                         | 2026       | 2025       |
|---------------------------------------------------------|------------|------------|
| Member annual dues                                      |            |            |
| Balance, beginning of year                              | \$ 481,282 | \$ 485,028 |
| Recognized as revenue for the year                      | (779,266)  | (754,409)  |
| Received during the year                                | 821,484    | 750,663    |
| Balance, end of year                                    | 523,500    | 481,282    |
| Annual meeting and member education programs            |            |            |
| Balance, beginning of year                              | 129,263    | 43,251     |
| Included in recognized revenue for the year             | (129,263)  | (43,251)   |
| Received during the year relating to the following year | 238,945    | 129,263    |
| Balance, end of year                                    | 238,945    | 129,263    |
|                                                         | \$ 762,445 | \$ 610,545 |

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# Intellectual Property Institute of Canada

## Notes to Financial Statements

**April 30, 2026**

### 8. Deferred Contributions

Deferred contributions represent unused resources which, as a result of external restrictions, are to fund the related expenses that will be incurred in a subsequent fiscal year. The continuity of deferred contributions are as follows:

|                                    | 2026      | 2025      |
|------------------------------------|-----------|-----------|
| Awards and other programs          |           |           |
| Balance, beginning of year         | \$ 11,000 | \$ 12,000 |
| Received during the year           | -         | -         |
| Recognized as revenue for the year | (1,000)   | (1,000)   |
| Balance, end of year               | \$ 10,000 | \$ 11,000 |

### 9. Deferred Lease Inducements

The Institute has entered into a lease agreement for its premises. No rent was payable from the occupancy date of the lease of June 1, 2017 to December 31, 2017. In addition, the Institute was entitled to receive an allowance based on the rentable area of the premises, of which the Institute received \$15,000 in its 2019 fiscal year. The \$15,000 additional allowance received by the Institute during the 2019 fiscal year was in the form of reduced rent benefits for the year. These inducements are being amortized over the term of the lease.

Under certain circumstances, should the lease be terminated early by the Institute, the Institute would be required to repay the unamortized portion of the allowances received. For such purpose, the allowances are being amortized over the lease term on a straight-line basis using a 10% rate of interest. As at April 30, 2026, the unamortized balance of the allowances received to date of \$151,215 is approximately \$66,133.

As explained in Note 12 to these financial statements, the Institute has recognized rent and related expenses with respect to the lease inducements received during the 2019, 2018 and 2017 fiscal years for its premises as follows:

|                            | 2026                                                             |                             |           | 2025                                                             |                             |            |
|----------------------------|------------------------------------------------------------------|-----------------------------|-----------|------------------------------------------------------------------|-----------------------------|------------|
|                            | Lease<br>Inducements<br>Related to<br>Tangible<br>Capital Assets | Reduced<br>Rent<br>Benefits | Total     | Lease<br>Inducements<br>Related to<br>Tangible<br>Capital Assets | Reduced<br>Rent<br>Benefits | Total      |
| Balance, beginning of year | \$ 50,517                                                        | \$ 47,688                   | \$ 98,205 | \$ 61,342                                                        | \$ 55,517                   | \$ 116,859 |
| Amortization for the year  | (10,825)                                                         | (8,746)                     | (19,571)  | (10,825)                                                         | (7,829)                     | (18,654)   |
| Balance, end of year       | \$ 39,692                                                        | \$ 38,942                   | \$ 78,634 | \$ 50,517                                                        | \$ 47,688                   | \$ 98,205  |

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## Intellectual Property Institute of Canada

### Notes to Financial Statements

April 30, 2026

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#### 10. Internally Restricted Net Assets

##### Invested in tangible capital assets

Amounts invested in tangible capital assets equals the net book value of the Institute's tangible capital assets less directly related lease inducements.

|                                                                     | 2026             | 2025             |
|---------------------------------------------------------------------|------------------|------------------|
| Tangible capital assets - net book value (Note 4)                   | \$ 74,333        | \$ 88,337        |
| Less: Lease inducements related to tangible capital assets (Note 9) | (39,692)         | (50,517)         |
|                                                                     | <u>\$ 34,641</u> | <u>\$ 37,820</u> |

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#### 11. Unrestricted Net Assets and General Reserve

The Institute is not subject to externally imposed restrictions on its net assets.

The Institute's objectives when managing its unrestricted net assets and its General Reserve are to maintain flexibility and its ability to:

- Sustain financial operations, in the case of temporary changes in environment or circumstances or in the unanticipated event of significant unbudgeted increases in operating expenses and/or losses in operating revenue. The amount of accumulated net assets is increased or decreased as the result of annual excesses or deficiencies of revenue over expenses; and
- Allow the Institute to seize opportunities to enhance its offerings, to respond to increased demand for services, among other purposes as approved by the Board of Directors.

The Institute's target balance for all reserves, which include the internally restricted net assets set out in Note 10 to these financial statements is 50% to 150% of the annual budgeted operating expenses for that year. The minimum amount to be maintained in the General Reserve (which is comprised of the Institute's unrestricted net assets and the amounts invested in tangible capital assets set out in Note 10 to these financial statements) is 50% of the annual budgeted operating expenses for that year. If the reserve is, and it has been, less than 50% of the targeted reserve level for two consecutive years, the Board of Directors, in the absence of any extraordinary circumstances, should adopt an operating budget and propose to members an accompanying dues structure that includes a projected excess of revenue over expenses sufficient to rebuild the General Reserve over the following two to four years back to its targeted level.

Further, the Institute's financial risk management policies have been established to assist the Institute in meeting these objectives and specifically to ensure that the Institute's investments, which substantially finance its unrestricted net assets and reserves, are not subject to significant risks, and there is sufficient liquidity.

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# Intellectual Property Institute of Canada

## Notes to Financial Statements

**April 30, 2026**

### 12. Commitments

#### Premises

The Institute entered into a lease agreement for office premises which commenced January 1, 2018 and expires December 31, 2029. As permitted under the lease agreement, the Institute began occupying the premises effective June 1, 2017 on a no-charge basis for base rent, building operating costs and realty taxes. This provision in the lease extended the no-charge period to December 31, 2017.

The Institute is committed to the following minimum rent payments, on a fiscal year basis, for the next four years and in aggregate over the balance of the lease term which ends December 31, 2029.

|      |            |
|------|------------|
| 2027 | \$ 67,833  |
| 2028 | 69,209     |
| 2029 | 70,125     |
| 2030 | 46,750     |
|      | <hr/>      |
|      | \$ 253,917 |

The office premises lease agreement also requires the Institute to pay additional rent, being the Institute's share of the building operating costs and realty taxes which is approximately \$69,000 on an annual basis.

In accordance with Canadian Accounting Standards for Not-for-Profit Organizations, the total amounts payable under the lease less allowances received are being amortized over the entire lease term, including the rent-free period, and a pro rata share is charged to operations resulting in an equal annualized expense for each fiscal year which for the year ended April 30, 2026 was \$120,952 (2025 - \$117,256). This amount includes building operating costs and realty taxes.

The Institute's office operations - rent and related expenses are comprised of:

|                                                           | <u>2026</u> | <u>2025</u> |
|-----------------------------------------------------------|-------------|-------------|
| Rent payments                                             | \$ 67,375   | \$ 66,458   |
| Total amortization of deferred lease inducements (Note 9) | (19,571)    | (18,654)    |
| Other operating costs incurred                            | 73,148      | 69,452      |
|                                                           | <hr/>       |             |
|                                                           | \$ 120,952  | \$ 117,256  |

#### Annual meetings

The Institute has entered into several contracts for facilities for future annual meetings. As at April 30, 2026, if all contracts were terminated, the Institute would be responsible for cancellation fees, determined by the amount of advance notice given to the facility to compensate for its estimated losses.

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## Intellectual Property Institute of Canada

### Notes to Financial Statements

**April 30, 2026**

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#### 12. Commitments (continued)

##### Annual meetings (continued)

The total commitment under the agreements is approximately \$290,000 before applicable taxes, commissions and variable service charges. Should these contracts be cancelled at year-end the total maximum guaranteed payments required are \$289,656 before applicable taxes. As at April 30, 2026, deposits against the above mentioned commitments total \$50,000 which are included in prepaid expenses in the balance sheet.

##### Applicable taxes

The previously noted commitments are subject to applicable taxes at the time of payment, which are substantially all recoverable by the Institute.

##### Other

In connection with its operations, the Institute regularly enters into relatively short-term agreements for the purchase of various supplies and services. Certain of these agreements extend beyond the end of the 2026 fiscal year. In the opinion of management, these agreements are in the normal course of the Institute's operations, are not abnormal in amount or nature and do not include a high degree of speculative risk.

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#### 13. Controlled Organization

The Institute controls the Patent & Trademark Institute of Canada Educational Foundation (the "Foundation"). The Foundation provides awards to students who excel in the Patent and Trademark fields. The Foundation was incorporated in Canada by Letters Patent in 1969 and is a registered charity under the Income Tax Act of Canada. The Institute has the right to appoint the Board of Trustees of the Foundation, which is comprised on an annual basis of the Executive Committee of the Institute.

The Foundation has not been consolidated in the financial statements of the Institute. For the Foundation's last completed fiscal year before April 30, 2026 which is the year ended June 30, 2025, the Foundation reported total assets of \$408,566 (2024 - \$346,055), net assets of \$408,566 (2024 - \$346,055), revenue of \$75,739 (2024 - \$114,922) and expenses of \$13,228 (2024 - \$18,269).

The accounting policy followed by the Foundation are comparable to the policy followed by the Institute.

Management of the Institute is not aware of any significant changes in the Foundation's assets since June 30, 2025.

The previously noted amounts for the Foundation are unaudited.

There have been no transactions between the Institute and the Foundation other than that the Institute provides certain general and administrative services to the Foundation on a no-charge basis.

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## Intellectual Property Institute of Canada

### Notes to Financial Statements

April 30, 2026

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#### 14. Financial Instruments Risks and Concentrations

The Institute is exposed to various risks through its financial instruments. The following analysis provides a measure of the Institute's risk exposures and concentrations as at April 30, 2026.

The Institute is not involved in any hedging relationships through its operations and does not hold or use any derivative financial instruments.

##### 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 Institute is exposed to credit risk on its accounts receivable set out in Note 2 to these financial statements in the event of non-payment. Although not considered a significant credit risk, credit risk also exists in relation to the Institute's cash and investments balances set out in Notes 1 and 3 to these financial statements.

##### Liquidity risk

Liquidity risk relates to the risk that the Institute will encounter difficulty in meeting its obligations associated with its financial liabilities and commitments. The Institute is exposed to this risk mainly in respect of its accounts payable and accrued liabilities, the provision of services related to its deferred revenue and deferred contributions balances set out in Notes 7 and 8 to these financial statements, its credit facilities set out in Note 5 to these financial statements and the commitments set out in Note 12 to these financial statements.

##### 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.

##### Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Certain of the Institute's revenue and expenses are in foreign currencies. Consequently, the Institute, although not considered a significant risk due to limited activity, is exposed to foreign exchange fluctuations on certain future revenue and expenses.

##### Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Certain of the investments set out in Note 3 to these financial statements bear interest at fixed rates and as such are subject to interest rate price risk resulting from changes in fair value from market fluctuations in interest rates. Certain of the investments set out in Note 3 to these financial statements bear interest at floating or variable rates and as such are subject to a cash flow risk. The cash accounts set out in Note 1 to these financial statements are non-interest bearing.

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## Intellectual Property Institute of Canada

### Notes to Financial Statements

**April 30, 2026**

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**14. Financial Instruments Risks and Concentrations (continued)**

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate 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 Foundation, as set out in Note 13 to these financial statements, would also be subject to other price risk on its marketable securities.

Changes in risk

There have been no significant changes in the Institute's financial instruments risk exposures during the year ended April 30, 2026.

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## Intellectual Property Institute of Canada Schedules of Expenses

| For the year ended April 30                          | 2026                | 2025                |
|------------------------------------------------------|---------------------|---------------------|
| <b>Governance and Committees</b>                     |                     |                     |
| Committees                                           | \$ 3,030            | \$ 2,064            |
| Council meetings                                     | 28,887              | 30,463              |
| Council (reimbursement of expenses)                  | 27,155              | 31,305              |
| Travel to international meetings                     | 26,077              | 51,399              |
|                                                      | <u>\$ 85,149</u>    | <u>\$ 115,231</u>   |
| <b>Marketing</b>                                     |                     |                     |
| Awards                                               | \$ -                | \$ 1,000            |
| Centennial Asset Development                         | 108,876             | -                   |
| Membership                                           | 4,784               | 6,039               |
| Public relations                                     | 8,104               | 2,748               |
|                                                      | <u>\$ 121,764</u>   | <u>\$ 9,787</u>     |
| <b>Office Operations</b>                             |                     |                     |
| Amortization of tangible capital assets              | \$ 20,802           | \$ 20,586           |
| Human resource management                            | 2,816               | 6,104               |
| Insurance and service and equipment contracts        | 14,434              | 16,582              |
| Loss on disposal of tangible capital assets          | 1,561               | -                   |
| Other                                                | 19,033              | 19,005              |
| Printing and stationery                              | 5,446               | 5,085               |
| Rent and related expenses (Notes 9 and 12)           | 120,952             | 117,256             |
| Salaries, fees and benefits                          | 1,121,441           | 1,108,316           |
| Telecommunications                                   | 5,514               | 5,642               |
| Training, subscriptions and professional memberships | 15,746              | 15,162              |
|                                                      | <u>\$ 1,327,745</u> | <u>\$ 1,313,738</u> |
| <b>Professional Development Activities</b>           |                     |                     |
| Annual meeting                                       | \$ 217,856          | \$ 196,846          |
| Credit card fees                                     | 43,464              | 39,998              |
| Forums and seminars                                  | 2,480               | 4,559               |
| Patent agent training course                         | 7,996               | 13,300              |
| Trademark agent training course                      | 5,997               | 5,700               |
|                                                      | <u>\$ 277,793</u>   | <u>\$ 260,403</u>   |

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## Intellectual Property Institute of Canada

### Schedules of Expenses (continued)

| For the year ended April 30                      | 2026      | 2025      |
|--------------------------------------------------|-----------|-----------|
| <b>Professional Fees</b>                         |           |           |
| Accounting services                              | \$ 50,635 | \$ 50,003 |
| Audit services                                   | 23,700    | 23,450    |
| Computer consultants                             | 18,202    | 4,431     |
| Legal services                                   | 3,670     | 2,931     |
| Trademark registration                           | -         | 7,702     |
|                                                  | <hr/>     | <hr/>     |
|                                                  | \$ 96,207 | \$ 88,517 |
| <hr/>                                            |           |           |
| <b>Publications</b>                              |           |           |
| C.I.P.R. (Canadian Intellectual Property Review) | \$ 204    | \$ 399    |
| Translation                                      | 4,171     | 7,329     |
| Video                                            | 7,766     | 8,743     |
| Website                                          | 4,716     | 7,098     |
|                                                  | <hr/>     | <hr/>     |
|                                                  | \$ 16,857 | \$ 23,569 |
| <hr/>                                            |           |           |