

FINANCIAL STATEMENTS

For

**STORYBOOK OTTAWA INC./
LIVRE DE CONTES OTTAWA INC.**

For year ended

JULY 31, 2023

3. FINANCIAL INSTRUMENTS

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

Credit risk

The Organization is exposed to credit risk resulting from the possibility that parties may default on their financial obligations. The Organization's maximum exposure to credit risk represents the carrying value of its cash.

The Organization's cash is deposited with a Canadian chartered bank and as a result management believes the risk of loss on these items to be remote.

Liquidity risk

Liquidity risk is the risk that the Organization cannot meet a demand for cash or fund its obligations as they become due. The Organization meets its liquidity risk requirements by establishing budgets and cash estimates to ensure it has funds necessary to fulfill its obligations.

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 is comprised of currency risk, interest rate risk and other price risk.

i) *Currency risk*

Currency risk refers to the risk that the fair value of instruments or future cash flows associated with the instruments will fluctuate relative to the Canadian dollar due to changes in foreign exchange rates.

The Organization's financial instruments are all denominated in Canadian dollars and it transacts solely in Canadian dollars. As a result, management represents that the Organization is not exposed to significant currency risk.

ii) *Interest rate risk*

Interest rate risk refers to the risk that the fair value of a financial instrument or future cash flows associated with the financial instruments will fluctuate due to changes in market interest rates.

The Organization is not exposed to interest rate risk.

iii) *Other price risk*

Other price risk refers to the risk that the fair value of a financial instrument or future cash flows associated with a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk).

The Organization is not exposed to other price risk.

Changes in risk

There have been no significant changes in the Organization's risk exposures from the prior period.

4. SUPPLIES

The expenditures incurred for supplies consist of stickers and bags for the delivery of purchased books as part of the Organization carrying out its charitable activities.