

NORTH END BUSINESS IMPROVEMENT ZONE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

3. FINANCIAL RISKS AND CONCENTRATION OF RISK

a. Credit risk

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The GST receivable is due from the government. There has been no change to the risk exposures from 2014.

b. Liquidity risk

Liquidity risk is the risk that the Organization will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Organization's exposure to liquidity risk is dependent on government funding, collection of GST receivable, purchasing commitments and obligations or raising of funds to meet commitments and sustain operations. Cash flow from operations provides a substantial portion of the Organization's cash requirements. Management is of the opinion that liquidity risk is not a significant risk and there has been no change to the risk exposures from 2014.

c. Currency risk

The Organization is exposed to financial risks as a result of exchange rate fluctuations and the volatility of these rates. In the normal course of business, the Organization has minimal purchases and donations denominated in U.S. dollars. The settlement of these amounts is in the short term. There has been no change to the risk exposure from 2014.

d. Interest rate risk

A change in market interest rates has no impact to cash flows to service debt as there is no long-term debt. There has been no change to the risk exposure from 2014.