

WEST OTTAWA SOCCER CLUB INC.
CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

Independent Auditor's Report

Consolidated Financial Statements

Consolidated Balance Sheet

Consolidated Statement of Changes in Net Assets

Consolidated Statement of Operations

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CHARTERED
PROFESSIONAL
ACCOUNTANTS

KELLY HUIBERS McNEELY

PROFESSIONAL CORPORATION

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of West Ottawa Soccer Club Inc.

Opinion

We have audited the accompanying financial statements of West Ottawa Soccer Club Inc. ("the Club"), which comprise the consolidated balance sheet as at September 30, 2024, and the consolidated statements of changes in net assets, operations, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Club as at September 30, 2024, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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 Club 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 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 Club'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 Club or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Club's financial reporting process.

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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 Club'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 Club'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 Club 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.
- 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.

Kelly Huibers McNeely
Professional Corporation

Stittsville, Ontario
February 22, 2025

Authorized to practise public accounting by
The Chartered Professional Accountants of Ontario

WEST OTTAWA SOCCER CLUB INC.

CONSOLIDATED BALANCE SHEET

as at September 30, 2024

	2024	2023
ASSETS		
CURRENT		
Cash (note 3)	\$ 688,438	\$ 492,273
Investments (note 4)	2,359,061	2,442,064
Accounts receivable	8,714	5,900
Government receivables	10,488	28,759
Prepaid expenses	<u>374,162</u>	<u>180,734</u>
	3,440,863	3,149,730
CAPITAL ASSETS (note 5)	284,684	221,252
RESTRICTED CASH AND INVESTMENTS - SINKING FUND (note 6)	253,075	201,325
	\$ 3,978,622	\$ 3,572,307

LIABILITIES

CURRENT

Accounts payable and accrued liabilities	\$ 272,877	\$ 219,826
Deferred revenue (note 8)	866,624	841,620
Accrued rent (note 9)	123,786	123,620
Current portion of long-term debt	<u>3,144</u>	<u>43,038</u>
	1,266,431	1,228,104
LONG-TERM DEBT (note 10)	18,708	21,852
SINKING FUND (note 6)	<u>253,075</u>	<u>201,325</u>
	<u>1,538,214</u>	<u>1,451,281</u>

NET ASSETS

Invested in capital assets	284,684	221,252
Unrestricted	<u>2,155,724</u>	<u>1,899,774</u>
	2,440,408	2,121,026
	\$ 3,978,622	\$ 3,572,307

APPROVED ON BEHALF OF THE BOARD

Director

Director

The accompanying notes are an integral part of these financial statements.

WEST OTTAWA SOCCER CLUB INC.

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

For the year ended September 30, 2024

	Invested in capital assets	Unrestricted	Total 2024	Total 2023
NET ASSETS - BEGINNING OF YEAR	\$ 221,252	\$ 1,899,774	\$ 2,121,026	\$ 1,716,638
Net revenue (expenses)	(35,773)	355,155	319,382	404,388
Net investment in capital assets	99,205	(99,205)	-	-
NET ASSETS - END OF YEAR	\$ 284,684	\$ 2,155,724	\$ 2,440,408	\$ 2,121,026

The accompanying notes are an integral part of these financial statements.

WEST OTTAWA SOCCER CLUB INC.

CONSOLIDATED STATEMENT OF OPERATIONS

For the year ended September 30, 2024

	2024	2023
REVENUE		
Registration fees - summer programs	\$ 2,637,535	\$ 1,907,675
Registration fees - winter and other programs	1,233,542	1,498,981
Dome and other facility rentals - members and others	6,204	29,483
Multi-sport camps	115,446	147,278
Sponsorships and grants	28,720	78,547
Tournament fees	162,287	178,240
Uniforms and equipment	-	4,137
Interest income	119,605	13,848
Other (note 11)	<u>77,150</u>	<u>86,265</u>
	<u>4,380,489</u>	<u>3,944,454</u>
EXPENSES		
Operating		
Amortization related to operating capital assets	25,608	19,026
Association, league and other related fees	231,051	234,696
Coaches and coordinators (note 13)	1,206,521	1,015,012
Dome facility operations (notes 12 and 13)	589,393	564,255
Fields and facilities	1,069,777	893,269
Multi-sport camps (note 13)	36,890	24,089
Other program expenses	168,171	120,948
Referee fees and development	154,298	135,993
Tournament expenses	9,536	39,925
Uniforms and equipment	<u>113,675</u>	<u>113,891</u>
	<u>3,604,920</u>	<u>3,161,104</u>
General and administrative		
Amortization related to general and administrative capital assets	10,165	7,387
General office, supplies and materials	175,797	156,835
Administrative staff costs (note 13)	259,524	204,204
Professional fees	<u>10,701</u>	<u>10,536</u>
	<u>456,187</u>	<u>378,962</u>
	4,061,107	3,540,066
NET REVENUE	\$ 319,382	\$ 404,388

The accompanying notes are an integral part of these financial statements.

WEST OTTAWA SOCCER CLUB INC.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended September 30, 2024

	2024	2023
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Net revenue	\$ 319,382	\$ 404,388
Items not affecting cash:		
Amortization related to operating capital assets	25,608	19,026
Amortization related to general and administrative capital assets	10,165	7,387
Increase in accrued rent	166	166
Net change in non-cash working capital items:		
Accounts receivable	(2,814)	7,952
Government receivables	18,271	(27,221)
Prepaid expenses	(193,428)	(37,044)
Accounts payable and accrued liabilities	53,051	(107,255)
Deferred revenue	25,004	135,583
Sinking fund	<u>51,750</u>	<u>50,000</u>
	<u>307,155</u>	<u>452,982</u>
INVESTING ACTIVITIES		
Increase in restricted cash and investments - sinking fund	(51,750)	(50,000)
Maturity of investments	785,168	433,552
Purchase of investments	(702,165)	(2,521,533)
Purchase of capital assets	<u>(99,205)</u>	<u>(130,577)</u>
	<u>(67,952)</u>	<u>(2,268,558)</u>
FINANCING ACTIVITIES		
Repayments of long-term debt	<u>(43,038)</u>	<u>(2,936)</u>
NET CHANGE IN CASH	196,165	(1,818,512)
CASH - BEGINNING OF YEAR	492,273	2,310,785
CASH - END OF YEAR	<u>\$ 688,438</u>	<u>\$ 492,273</u>

The accompanying notes are an integral part of these financial statements.

WEST OTTAWA SOCCER CLUB INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2024

1. NATURE OF ORGANIZATION

West Ottawa Soccer Club Inc. ("the Club") is incorporated under the laws of Ontario as a not-for-profit organization and as such is exempt from income taxes. The Club was incorporated on August 20, 2010. The bylaws of the Club dictate that the headquarters of the Club shall be located within the District Boundaries of the Eastern Ontario District Soccer Association ("EODSA"). The Club's objectives are:

- To promote and develop the game of soccer; and
- To help individuals to develop their character as resourceful and responsible members of their community by providing opportunities, through the game of soccer, for their mental, physical, social and leadership development.

The Club is the sole shareholder of Kanata Soccer Centre Inc. ("the Centre"), a for-profit entity incorporated under the laws of Ontario. The main purpose of the Centre is to segregate the dome and certain other facility operations from the Club's soccer programs. The net income of the Centre is subject to income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These consolidated financial statements include the accounts of the Club and its wholly-owned subsidiary, the Centre.

All inter-entity balances and transactions have been eliminated in these consolidated financial statements.

These consolidated financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. The principal accounting policies of the Club are summarized as follows:

Revenue Recognition

Registration fees for programs and events are recognized as revenue in the year in which the corresponding program or event is provided. Prepayments with respect to future seasons, programs and events are deferred and presented as deferred revenue in the Club's consolidated balance sheet.

Dome and other facility rental revenue is recognized as revenue during the fiscal year in which the facilities are used.

WEST OTTAWA SOCCER CLUB INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2024

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition (continued)

The Club follows the deferral method of accounting for contributions, including government grants and sponsorships. Restricted contributions are recognized as revenue in the fiscal year in which the related expenses are incurred or the event occurs. 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.

Grants and subsidies, if any, with respect to the acquisition of capital assets and intangible assets, are deferred contributions and are amortized to revenue on the same basis that the related capital assets and intangible assets are amortized to expense.

Uniforms and equipment revenue is recognized when the sales order has been fulfilled.

Interest revenue is unrestricted and, along with other revenue, is recognized as revenue when earned on a time-proportionate basis for interest, and for other revenue when the event occurs, or the goods and services are rendered, as applicable.

Investments

Investments are carried at amortized cost using the effective interest method, and include accrued interest.

Inventory

Inventory, consisting of goods for sale, is valued at the lower of cost and net realizable value. Cost is determined using the first-in, first-out method.

Capital Assets

Capital assets are recorded at cost. Minor capital assets, uniforms and other short-lived consumable types of equipment, are charged to expense in the program year for which they are acquired.

Capital assets are amortized on a straight-line basis as follows:

Computer equipment	-	3 years
Furniture, fixtures and equipment	-	3 to 15 years
Dome facility and leasehold improvements	-	see below

WEST OTTAWA SOCCER CLUB INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2024

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets (continued)

Dome facility and leasehold improvements are amortized on a straight-line basis over the lesser of the remaining initial lease term plus known renewals, and the respective estimated useful life.

Capital assets under construction or in the process of installation are not amortized until they are put into active use.

The Club reviews the useful lives of its capital assets on an ongoing basis considering events, changes in circumstances or the nature of current acquisitions.

When a capital asset no longer has any long-term potential or has reduced long-term potential to the Club, the write-down being the excess of its net carrying amount over any residual value or the expected recoverable amount is recognized as an expense. A write-down is not reversed in subsequent years.

Donated Materials and Services

The value of materials and services donated to the Club is not reflected as a revenue and an offsetting expense in these consolidated financial statements. In addition to the volunteer services provided by the Club's Board of Directors, volunteers provide a significant number of hours for the Club's programs and activities.

Allocated Expenses

Expenses in the Club's consolidated statement of operations represent the total amounts incurred for the year directly attributable to the expense category indicated. Indirect expenses have not been allocated among expense categories by formula or otherwise. Specifically, although the Club's consolidated statement of operations presents expenses primarily on the basis of their nature, expenses relating to multi-sport camps, other programs, and tournaments are aggregated to be more directly comparable to the presentation of the corresponding revenue. For purposes of consolidated financial statement reporting and presentation, the Club captures all incremental or otherwise directly identifiable expenses to each of these three activities. Such expenses would include: facility rentals including dome time; equipment and supplies; referee fees; and staff costs related to part-time staff hired for the specific event. The Club does not, however, allocate the staff costs related to full-time staff, amortization of capital assets, or any general and administrative expenses to these activities.

WEST OTTAWA SOCCER CLUB INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2024

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

Income taxes are provided for using the future income taxes method. Under this method, future tax assets and liabilities are determined based on deductible or taxable temporary differences between financial statement values and tax values of assets and liabilities, as well as the benefit for losses available to be carried-forward to future years for tax purposes that are likely to be realized using current tax rates. A valuation allowance is provided to the extent that it is more likely than not that future income tax assets will not be realized.

Team Funds

Revenue and expenses of individual teams which are not controlled by the Club's Board of Directors are not included in these consolidated financial statements.

Accounting Estimates

The preparation of consolidated 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 and disclosure of contingent assets and liabilities at the dates of the consolidated financial statements and the reported amounts of revenue and expenditures during the reporting period.

Significant estimates include assumptions used in estimating the amount and collectibility of accounts receivable, the net realizable value of inventory, in establishing the estimated useful lives and related amortization of capital assets, and in estimating provisions for accrued liabilities.

These estimates have been made using careful judgments; however, 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 the fiscal period in which they become known.

3. CASH

The Club's bank accounts are held at a Canadian chartered bank. These bank accounts are non-interest bearing. The cash balances in the consolidated balance sheet have been reduced by the outstanding transfer to the sinking fund as set out in note 6 to these consolidated financial statements.

WEST OTTAWA SOCCER CLUB INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2024

4. INVESTMENTS

	2024	2023
Money market mutual fund	\$ 86,277	\$ 478,869
Guaranteed investment certificates	2,332,131	2,020,167
Less: investments attributed to the sinking fund (note 6)	(59,347)	(56,972)
	\$ 2,359,061	\$ 2,442,064

The guaranteed investment certificates are not traded in the active market, bear interest rates from 3.40% to 5.50% (2023 - 3.40% to 5.55%), and mature between September 2025 and September 2027.

5. CAPITAL ASSETS

		2024	2023
	Cost	Accumulated Amortization	Net Book Value
		Net Book Value	Net Book Value
Computer equipment	\$ 21,224	\$ 17,510	\$ 3,714
Furniture, fixtures and equipment	266,409	154,289	112,120
Dome facility and leasehold improvements	453,814	284,964	168,850
	\$ 741,447	\$ 456,763	\$ 284,684
			\$ 221,252

Cost and accumulated amortization as at September 30, 2023 amounted to \$642,242 and \$420,990, respectively.

WEST OTTAWA SOCCER CLUB INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2024

6. SINKING FUND

The Club previously established a long-term agreement with the Wesley Clover Foundation ("the Foundation") governing the operation of soccer fields located on property held by the Foundation under the terms of a long-term lease with the National Capital Commission (NCC). The Foundation assumed control for the artificial turf soccer field from the NCC in 2015, and the Club assumed responsibility for managing field usage including collecting rental fees and paying operating costs. In 2016 and 2017, the parties would further develop the site by installing lights and a number of natural grass fields.

As compensation for the access to and continued use of the turf and grass fields, the Club paid the Foundation a total of \$54,384 (2023 - \$46,500) during the year.

Given that the Foundation's current lease with the NCC for the property expires in 2040, the Club anticipates signing further agreements (current agreement in effect to 2026) to manage the operation of the soccer fields on the property for the remaining life of the existing artificial turf, if not the life of the Foundation's lease with the NCC.

In addition, the Club and the Foundation have agreed that certain amounts would be set aside over time in a sinking fund to be used toward the future replacement of the artificial turf with the balance shared as agreed between the two parties. It was agreed that the Club would make a \$51,750 (2023 - \$50,000) contribution to the sinking fund during the year.

The cash and investments attributed to the sinking fund are comprised of:

	2024	2023
Outstanding cash transfer from cash accounts (note 3)	\$ 193,728	\$ 144,353
Attributed investments (note 4)	59,347	56,972
	\$ 253,075	\$ 201,325

WEST OTTAWA SOCCER CLUB INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2024

7. CREDIT FACILITIES

The Club has credit facilities in the form of corporate credit cards totaling \$40,000 (2023 - \$19,000). As at September 30, 2024, the outstanding balance on these credit cards was \$2,079 (2023 - \$8,622), which has been included in accounts payable and accrued liabilities as set out on the consolidated balance sheet.

8. DEFERRED REVENUE

Deferred revenue consists of registration fees related to the winter programs.

9. ACCRUED RENT

As explained in note 14 to these consolidated financial statements, the Club has made an accrual for dome facility operations - lease and operating costs expense to record the minimum rental amounts payable on a prorata basis over the term of the lease as follows:

	2024	2023
Accrued rent, beginning of year	\$ 123,620	\$ 123,454
Amortized rent expense for the year	193,599	193,599
Rental payments made during the year	(193,433)	(193,433)
Accrued rent, end of year	\$ 123,786	\$ 123,620

WEST OTTAWA SOCCER CLUB INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2024

10. LONG-TERM DEBT

	2024	2023
Canada Emergency Business Account loan, non-interest bearing, due January 18, 2024 (less: accumulated forgivable portion of the loan previously recognized as income of \$20,000), repaid during the year.	\$ -	\$ 40,000
Loan, repayable in monthly payments of \$320 including interest at 3.45%, due January 2031.	21,852	24,890
	21,852	64,890
Less: current portion	3,144	43,038
	\$ 18,708	\$ 21,852
	\$ 18,708	\$ 21,852

Principal repayments of long-term debt are required as follows:

2025	-		\$ 3,144
2026	-		3,253
2027	-		3,366
2028	-		3,483
2029	-		3,605
Thereafter	-		5,001

11. OTHER REVENUE

	2024	2023
Lounge operations	\$ 40,782	\$ 45,458
Training compensation	-	32,413
Various	36,368	8,394
	\$ 77,150	\$ 86,265
	\$ 77,150	\$ 86,265

WEST OTTAWA SOCCER CLUB INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2024

12. DOME FACILITY OPERATIONS

	2024	2023
Lease and operating costs	\$ 493,570	\$ 480,625
Facility management	95,823	83,630
	\$ 589,393	\$ 564,255

13. SALARIES AND BENEFITS

The total amount of salaries and benefits for the year is \$1,520,188 (2023 - \$1,250,911). Salaries and benefits are allocated to and included in the various operational areas reported in the consolidated statement of operations based on management's estimates as outlined in the following table:

	2024	2023
Coaches and coordinators	\$ 1,206,521	\$ 1,015,012
Dome facility operations	25,288	14,332
Multi-sport camps	28,855	17,363
Administrative staff costs	259,524	204,204
	\$ 1,520,188	\$ 1,250,911

WEST OTTAWA SOCCER CLUB INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2024

14. COMMITMENTS

Leased Premises

The Club's agreement for the long-term lease of dome facilities and building space commenced June 1, 2016 and expires May 31, 2031. It allows access and use of the building space for the entire lease term and, access and use of the dome facility during the eight month period from October 1 to May 31 in each lease year. The minimum rental payments payable before applicable taxes, are as follows:

2025	\$ 193,433
2026	193,433
2027	212,776
2028	212,776
2029	212,776
Thereafter	389,252

The Club is liable for additional rent consisting of its proportionate share of insurance costs and municipal taxes, and any other costs incurred by the landlord for operating, repairing and/or maintaining the leased property. During each lease year, monthly payments of additional rent based on the landlord's estimates of these costs are required. At the end of each lease year, actual costs are compared to the additional rent amounts paid with any excess or shortfall in such amounts being refunded or collected, respectively. The amounts payable to the landlord also include management and administration fees related to the operations of the facility. These additional rental costs were approximately \$234,195 (2023 - \$225,278).

In accordance with Canadian accounting standards for not-for-profit organizations, the total minimum rental amounts payable under the lease commencing June 1, 2016 are amortized over the entire lease term, and a prorata share is charged to operations resulting in an equal annualized expense for each year of the lease term of \$193,599. The excess or deficiency between the cumulative annual expense and the cumulative annual rental payments is presented in the Club's consolidated balance sheet as an accrued liability or a prepaid expense, as appropriate (note 9).

WEST OTTAWA SOCCER CLUB INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2024

14. COMMITMENTS (continued)

Facility Operator Management Fee

The Club has entered into an agreement for facility management services. This management fee agreement commenced on July 1, 2016 and expires June 30, 2031. The Club has the option to renew the agreement at the end of the lease term. The amounts payable before applicable taxes over the next five years and thereafter, which is the balance of the lease term, are as follows:

2025	\$	36,000
2026		36,000
2027		36,000
2028		36,000
2029		36,000
Thereafter		45,000

15. FINANCIAL INSTRUMENTS

The Club is exposed to various risks through its financial instruments. The following analysis provides a measure of the Club's risk exposure and concentrations as at September 30, 2024. The Club is not involved in any hedging relationships through its operations and does not hold or use any derivative financial instruments for trading purposes.

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. There are no material credit risks noted for the Club's operations.

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 Club is mainly exposed to interest rate risk.

WEST OTTAWA SOCCER CLUB INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2024

15. FINANCIAL INSTRUMENTS (continued)

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. The Club's revenue and expenses as well as its financial instruments are substantially all in Canadian currency. Consequently, the Club is generally not exposed to foreign exchange fluctuations.

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 Club is exposed to interest rate risk on its fixed and variable interest rate financial instruments. Given the current composition of the Club's investments being fixed-rate instruments, as set out in notes 4 and 6 to these consolidated financial statements, the Club is subject to fair value fluctuations as a result of changes in interest rates.

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 Club is not exposed to significant other price risk since its financial instruments are not traded in the market.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Club is exposed to this risk mainly in respect of its accounts payable and accrued liabilities, long-term debt, and its ability to provide the activities related to its deferred revenue.

16. CONTINGENCY

In previous years, the Club applied for various COVID-19 relief programs established by both the federal and provincial governments. The Canada Revenue Agency (CRA) is currently auditing the previous claim submissions from the Club for the Canada Emergency Wage Subsidy program. Management has not recorded any liability with respect to the repayment of the subsidies received, as it believes the Club will satisfy the requirements of the program. Any repayment of contributions will be recorded in the year the government provides final notification to the Club.