

**360kids Support Services**

**Financial Statements**

**March 31, 2023**

August 23, 2023

**Independent Auditor's Report**

To the Members of  
360kids Support Services

**Report on the Financial Statements**

**Opinion**

We have audited the accompanying financial statements of 360kids Support Services (the Organization), which comprise the statement of financial position as at March 31, 2023, the statements of operations and changes in fund balances, 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 financial statements present fairly, in all material respects, the financial position of 360kids Support Services as at March 31, 2023, and the results of its operations 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 Organization 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 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 360kids Support Services 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 Organization or to cease operations, or has no realistic alternative but to do so.

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

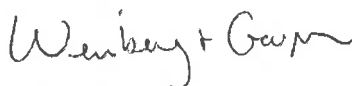
### **Auditor's Responsibilities for the Audit of the Financial Statements**

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 Organization'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 Organization'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 Organization 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.



CPA LLP  
Licensed Public Accountants  
Toronto, Ontario, Canada  
August 23, 2023

# 360kids Support Services

## Statement of Financial Position As at March 31

	Unrestricted Fund		Restricted Fund		Total
	2023	2022	2023	2022	2022
<b>Assets</b>					
Current assets					
Cash and cash equivalents	\$ 3,799,598	\$ 2,791,385	\$ 90,196	\$ 90,443	\$ 2,881,828
Accounts receivable and sundry	119,488	113,620	313,564	666,823	780,443
Investments (Note 2)	1,560,480	1,388,901	-	-	1,388,901
Due (to) from funds (Note 3)	<u>(2,367,784)</u>	<u>(1,285,031)</u>	<u>2,367,784</u>	<u>1,285,031</u>	-
	3,111,782	3,008,875	2,771,544	2,042,297	5,051,172
	<u>5,792</u>	<u>11,591</u>	<u>2,271,511</u>	<u>2,100,614</u>	<u>2,112,205</u>
Capital assets (Note 4)	<u>\$ 3,117,574</u>	<u>\$ 3,020,466</u>	<u>\$ 5,043,055</u>	<u>\$ 4,142,911</u>	<u>\$ 7,163,377</u>
<b>Liabilities and Fund Balances</b>					
Current liabilities					
Accounts payable and accrued liabilities (Note 5)	\$ 510,980	\$ 524,969	\$ 121,889	\$ 57,771	\$ 632,869
Current portion of mortgage payable (Note 6)	-	-	20,131	33,647	33,647
	510,980	524,969	142,020	91,418	616,387
Mortgage payable (Note 6)	-	-	-	20,131	20,131
	510,980	524,969	142,020	111,549	636,518
Fund balances (Note 7)	<u>2,606,594</u>	<u>2,495,497</u>	<u>4,901,035</u>	<u>4,031,362</u>	<u>6,526,859</u>
	<u>\$ 3,117,574</u>	<u>\$ 3,020,466</u>	<u>\$ 5,043,055</u>	<u>\$ 4,142,911</u>	<u>\$ 7,163,377</u>

Commitments (Note 8)

On behalf of the Board

Director

Director



### 360kids Support Services

#### Statement of Operations and Changes in Fund Balances Year ended March 31

	Unrestricted Fund		Restricted Fund		Total	
	2023	2022	2023	2022	2023	2022
<b>Revenue</b>						
Grants and subsidies (Note 9)	\$ -	\$ 41,220	\$ 8,348,573	\$ 10,594,092	\$ 8,348,573	\$ 10,635,312
Fundraising and donations (Note 10)	1,118,732	1,197,905	1,294,061	558,195	2,412,793	1,756,100
Investment income (loss)	(8,770)	41,652	-	-	(8,770)	41,652
Other income	<u>13,701</u>	<u>-</u>	<u>174,306</u>	<u>127,750</u>	<u>188,007</u>	<u>127,750</u>
	1,123,663	1,280,777	9,816,940	11,280,037	10,940,603	12,560,814
<b>Expenditures</b>						
Salaries and employee benefits	428,930	149,289	6,305,552	6,616,756	6,734,482	6,766,045
Other program costs	34,378	42,564	1,335,280	1,733,000	1,369,658	1,775,564
General and administration	401,292	228,050	560,949	474,253	962,241	702,303
Building occupancy costs	142,167	123,492	686,279	621,143	828,446	744,635
Amortization of capital assets	5,799	4,553	58,226	27,513	64,025	32,066
Mortgage interest (Note 6)	-	-	981	1,990	981	1,990
	<u>1,012,566</u>	<u>547,948</u>	<u>8,947,267</u>	<u>9,474,655</u>	<u>9,959,833</u>	<u>10,022,603</u>
<b>Excess of revenue over expenditures for the year</b>	111,097	732,829	869,673	1,805,382	980,770	2,538,211
Fund balances, beginning of year	<u>2,495,497</u>	<u>1,762,668</u>	<u>4,031,362</u>	<u>2,225,980</u>	<u>6,526,859</u>	<u>3,988,648</u>
Fund balances, end of year	<u>\$ 2,606,594</u>	<u>\$ 2,495,497</u>	<u>\$ 4,901,035</u>	<u>\$ 4,031,362</u>	<u>\$ 7,507,629</u>	<u>\$ 6,526,859</u>

### 360kids Support Services

#### Statement of Cash Flows Year ended March 31

	Unrestricted Fund 2023	Unrestricted Fund 2022	Restricted Fund 2023	Restricted Fund 2022	Total 2023	Total 2022
Cash flows from operating activities						
Excess of revenue over expenditures for the year	\$ 111,097	\$ 732,829	\$ 869,673	\$ 1,805,382	\$ 980,770	\$ 2,538,211
Items not affecting cash:						
Unrealized gain (loss) on investments	68,858	(6,307)	-	-	68,858	(6,307)
Amortization of capital assets	5,799	4,553	58,226	27,513	64,025	32,066
	185,754	731,075	927,899	1,832,895	1,113,653	2,563,970
Changes in non-cash working capital						
Accounts receivable and sundry	(5,868)	5,554	353,259	(385,191)	347,391	(379,637)
Due (to) from funds	1,082,753	(211,449)	(1,082,753)	211,449	-	-
Accounts payable and accrued liabilities	(13,989)	33,234	64,118	13,142	50,129	46,376
Deferred grants and subsidies	-	(163,445)	-	-	-	(163,445)
	1,248,650	394,969	262,523	1,672,295	1,511,173	2,067,264
Cash flows from investing activities						
Purchase investments	(240,437)	(332,685)	-	-	(240,437)	(332,685)
Purchase capital assets	-	-	(229,123)	(1,635,414)	(229,123)	(1,635,414)
	(240,437)	(332,685)	(229,123)	(1,635,414)	(469,560)	(1,968,099)
Cash flows from financing activities						
Repayment of mortgage principal	-	-	(33,647)	(32,689)	(33,647)	(32,689)
Net increase (decrease) in cash and cash equivalents	1,008,213	62,284	(247)	4,192	1,007,966	66,476
Cash and cash equivalents, beginning of year	2,791,385	2,729,101	90,443	86,251	2,881,828	2,815,352
Cash and cash equivalents, end of year	\$ 3,799,598	\$ 2,791,385	\$ 90,196	\$ 90,443	\$ 3,889,794	\$ 2,881,828

# 360kids Support Services

## Notes to Financial Statements

March 31, 2023

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### Organization

360kids Support Services (360kids) is a community-based organization that has been providing support services to at-risk and homeless youth in York Region for more than three decades. Our primary focus is providing aid and support to at-risk and homeless youth. 360kids is a one-stop agency where young people at-risk can access safe, supportive housing for the day, the night or as long as three years. We offer a full range of support services: clothing and food, personal support, outreach, counselling, life skills training, employment programs, education upgrading, and job searching, which are designed to help youth get back on their feet.

360kids was incorporated by letters patent under the Ontario Corporations Act as a corporation without share capital and is now governed by the Ontario Not-For-Profit Corporations Act. 360kids is registered as a charitable organization under the Income Tax Act and as such is exempt from income taxes. 360kids must meet certain requirements under the Income Tax Act (Canada). In the opinion of management these requirements have been met.

### 1. Summary of significant accounting policies

#### Basis of presentation

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations, accordingly, these financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

#### Use of estimates

The preparation of the financial statements 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 income and expenditures during the reported period. Primary components of these financial statements which include estimates are capital assets with respect to useful life and amortization. Actual results could differ from management's best estimates as additional information becomes available in the future.

#### Financial instruments

360kids initially recognizes financial instruments at fair value and subsequently measures them at each reporting date as follows:

<u>Asset/Liability</u>	<u>Measurement</u>
Cash and cash equivalents	Fair value
Accounts receivable and sundry	Amortized cost
Investments	Fair value
Due (to) from funds	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Mortgage payable	Amortized cost

# 360kids Support Services

## Notes to Financial Statements

March 31, 2023

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### 1. Summary of significant accounting policies *(continued)*

#### **Financial instruments *(continued)***

Financial assets measured at amortized cost are assessed at each reporting date for indications of impairment. If such impairment exists the asset shall be written down and the resulting impairment loss will be recognized in the statement of operations for the period.

360kids recognizes its transaction costs in net income in the period incurred.

#### **Fund accounting**

The Unrestricted fund accounts for 360kids' administrative activities. This fund reports unrestricted resources in excess of the operating requirements and restricted contributions for which no corresponding restricted fund is presented.

The Restricted fund reports the use of restricted resources as follows:

The Restricted Capital Assets fund reports the assets and liabilities, revenues and expenses related to the restricted program capital assets.

The Externally Restricted fund accounts for 360kids' program activities where the grantor or donor has specified restrictions as to the use of the funds. These programs include three residential homes for youth, eighteen transitional housing sites, a youth drop-in center, after school programming with a focus on healthy/active lifestyle and several employment programs for youth. Other agency initiatives include youth outreach, family and individual counselling, developing a regional youth strategy and providing support to victims of human trafficking.

The Capital Reserve fund reports accumulated resources specifically designated by the grantor for the repair and replacement of certain capital assets.

#### **Revenue recognition**

360kids follows the restricted fund method of accounting for contributions.

Contributions, fundraising, and donations 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, comprised of interest, dividends and change in market value, is recognized as revenue of the unrestricted fund. Interest and dividends included in investment income are accrued when earned. Realized gains (losses) included in change in market value are recognized when realized. Unrealized gains (losses) included in change in market value are recognized at each year end date based on the unrealized market value increase or decrease of investments during the year.

Other income comprised of program rental income is recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.



# 360kids Support Services

## Notes to Financial Statements

March 31, 2023

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### 1. Summary of significant accounting policies *(continued)*

#### Revenue recognition *(continued)*

Unrestricted contributions are recognized as revenue in the Unrestricted fund.

Externally restricted contributions for which a corresponding fund is presented are recognized as revenue in the appropriate Restricted fund.

Externally restricted contributions for which no corresponding fund is presented are recognized in the Unrestricted fund in accordance with the deferral method.

#### Cash and cash equivalents

Cash and cash equivalents are defined as cash on hand, bank balances and money market funds.

Comprised of:

	2023	2022
Cash on hand and bank balances	\$ 3,863,152	\$ 2,630,570
Money market funds	<u>26,642</u>	<u>251,258</u>
	<u>\$ 3,889,794</u>	<u>\$ 2,881,828</u>

#### Capital assets

Capital assets are recorded at cost. Amortization is provided over their expected useful lives on a straight-line basis as follows:

Buildings	25 years
Office furniture and equipment	5 years
Residential furnishings and equipment	5 years
Vehicle	5 years
Computer equipment	4 years
Leasehold improvements	Term of lease

#### Donations in kind

Donated goods and services in kind are recorded as donations and expensed at fair value when an objective basis to measure their value is available and would have been ordinarily purchased.

#### Allocation of expenses

360kids segregates its Restricted fund into programs and allocates administrative expenses from the Unrestricted fund to the programs.

Administration costs are allocated to the restricted programs based on the contracts with the funders.

## 360kids Support Services

### Notes to Financial Statements March 31, 2023

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#### 2. Investments

Investments are comprised of investments in mutual funds, pooled funds, and exchange traded funds.

Comprised of:

	2023	2022
Canadian fixed income	\$ 317,408	\$ 335,281
International fixed income	403,708	240,152
Canadian equities	225,665	214,444
US equities	198,319	198,471
International equities	<u>415,380</u>	<u>400,553</u>
	<u>\$ 1,560,480</u>	<u>\$ 1,388,901</u>

Investment income is comprised of:

	2023	2022
Interest	\$ 29,905	\$ 19,601
Dividends	27,419	15,744
Unrealized change in market value	<u>(68,858)</u>	<u>6,307</u>
	<u>\$ (11,534)</u>	<u>\$ 41,652</u>

Investment management fees charged to expenses are \$21,099 (2022 - \$16,371). Interest includes bank interest \$5,409 (2022 - \$ 3,532).

#### 3. Due (to) from funds

Due (to) from funds represents current advances between funds with no fixed terms of repayment and bearing no interest.

## 360kids Support Services

### Notes to Financial Statements March 31, 2023

#### 4. Capital assets

	Cost	Accumulated Amortization	2023 Net Book Value
Restricted capital assets:			
Land	\$ 1,153,737	\$ -	\$ 1,153,737
Buildings	1,382,776	376,289	1,006,487
Office furniture and equipment	41,781	39,602	2,179
Vehicle	85,574	41,123	44,451
Computer equipment	78,365	78,365	-
Leasehold improvements	<u>142,385</u>	<u>77,728</u>	<u>64,657</u>
	<u>\$ 2,884,618</u>	<u>\$ 613,107</u>	<u>\$ 2,271,511</u>

#### Unrestricted capital assets:

Office furniture and equipment	\$ 66,353	\$ 60,561	\$ 5,792
Computer equipment	<u>36,052</u>	<u>36,052</u>	<u>-</u>
	<u>\$ 102,405</u>	<u>\$ 96,613</u>	<u>\$ 5,792</u>

	Cost	Accumulated Amortization	2022 Net Book Value
Restricted capital assets:			
Land	\$ 1,153,737	\$ -	\$ 1,153,737
Buildings	1,199,374	335,459	863,915
Office furniture and equipment	41,781	38,748	3,033
Vehicle	39,853	39,853	-
Computer equipment	78,365	78,365	-
Leasehold improvements	<u>142,385</u>	<u>62,456</u>	<u>79,929</u>
	<u>\$ 2,655,495</u>	<u>\$ 554,881</u>	<u>\$ 2,100,614</u>

#### Unrestricted capital assets:

Office furniture and equipment	\$ 66,353	\$ 54,762	\$ 11,591
Computer equipment	<u>36,052</u>	<u>36,052</u>	<u>-</u>
	<u>\$ 102,405</u>	<u>\$ 90,814</u>	<u>\$ 11,591</u>

#### 5. Accounts payable and accrued liabilities

At March 31, 2023 accounts payable and accrued liabilities include outstanding government remittances with respect to payroll source deductions of \$33,585 (2022 – \$61,869).

## 360kids Support Services

### Notes to Financial Statements March 31, 2023

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#### 6. Mortgage payable

The mortgage payable is held by the Royal Bank of Canada and is repayable in blended monthly payments of \$2,870. Interest is calculated at 2.89% per annum and the mortgage is due October 1, 2023. Mortgage payments are funded annually by a grant through The Ministry of Children, Community and Social Services (MCCSS). The mortgage is secured by properties owned by 360kids at 53 Hamilton Hall Drive, Markham and 65 Oak Lee Circle, Markham.

Mortgage interest for the year charged to building occupancy expense amounted to \$981 (2022 - \$1,990).

The following principal payments are required on the mortgage:

2024	\$ <u>20,131</u>
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#### 7. Fund balances

The Restricted funds consist of the following:

	2023	2022
Restricted Capital Assets fund net of mortgage	\$ 2,251,380	\$ 2,046,836
Externally Restricted funds	2,576,707	1,914,158
Capital Reserve fund	<u>72,948</u>	<u>70,368</u>
	<u>\$ 4,901,035</u>	<u>\$ 4,031,362</u>

#### **Restricted Capital Assets fund net of mortgage**

Restricted Capital Assets fund net of mortgage represents restricted program capital assets net of accumulated amortization and mortgage. The change in the fund balance is represented by capital assets purchased of \$229,123 (2022 - \$1,635,414) plus repayment of mortgage principal of \$33,647 (2022 - \$32,689) less amortization of capital assets of \$58,226 (2022 - \$27,513).

## 360kids Support Services

### Notes to Financial Statements March 31, 2023

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#### 7. Fund balances (continued)

##### Externally Restricted funds

Externally Restricted funds represent the accumulated excess of revenues and interfund transfers over expenditures that will be utilized at a future date.

The Externally Restricted funds consist of the following:

	2023	2022
Other agency initiatives	\$ 1,150,252	\$ 931,238
Youth initiatives	964,537	655,426
Emergency housing	85,467	238,342
Preventative programs	-	33,395
Residential programs	<u>376,451</u>	<u>55,757</u>
	<u>\$ 2,576,707</u>	<u>\$ 1,914,158</u>

##### Capital Reserve fund

The Capital Reserve fund represents the balance of funds received from MCCSS for the repair and replacement of certain capital assets. During the year \$2,580 (2022 - \$2,577) of funds were received.

#### 8. Commitments

360kids has entered into agreements to lease premises and office equipment for various periods until June 2027. 360kids is committed to the following future minimum annual lease payments excluding HST.

##### Fiscal Year

2024	303,584
2025	239,759
2026	230,526
2027	226,869
2028	<u>56,775</u>

\$ 1,057,513

## 360kids Support Services

### Notes to Financial Statements March 31, 2023

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#### 9. Grants and subsidies

Grants and subsidies include amounts from the following sources:

	2023	2022 Note 15
Residential program		
Municipality of York Region	\$ 2,007,891	\$ 1,999,180
MCCSS	1,271,963	1,295,670
Toronto and York Region Children's Aid Society	513,773	409,027
United Way Greater Toronto	349,236	1,911,340
Trillium	<u>203,400</u>	<u>314,900</u>
	<u>4,346,263</u>	<u>5,930,117</u>
Community		
Human Resources Development Canada	1,802,790	1,646,391
Municipality of York Region	1,206,197	1,528,598
MCCSS	459,556	478,130
Centre for Social Innovation	135,000	-
Ministry of The Solicitor General	121,043	117,921
Ministry of Advanced Education and Skills Development	69,363	577,275
United Way Greater Toronto	54,000	68,000
Trillium	<u>-</u>	<u>19,400</u>
	<u>3,847,949</u>	<u>4,435,715</u>
Fundraising and Administration		
United Way Greater Toronto	84,861	159,861
Trillium	69,500	68,400
Miscellaneous programs	-	4,408
Centre for Addiction and Mental Health	-	2,000
Canadian Civil Liberties	<u>-</u>	<u>34,811</u>
	<u>154,361</u>	<u>269,480</u>
	<u>\$ 8,348,573</u>	<u>\$ 10,635,312</u>

360kids relies on several significant grants to fund its programs as noted above. Many of these grants will be renewed for the year ended March 31, 2024.

#### 10. Fundraising and donations

Fundraising and donation revenue includes unrestricted donations in kind of \$15,006 (2022 - \$49,447) consisting of unrestricted contributed materials included in other program costs of \$4,935 (2022 - \$39,535) and unrestricted stock donation of \$10,071 (2022 - \$9,912).

# 360kids Support Services

## Notes to Financial Statements

March 31, 2023

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### 11. Guarantees

In the normal course of business, 360kids enters into agreements that meet the definition of a guarantee. Indemnity has been provided to all directors and officers of 360kids for various items including, but not limited to, all costs to settle suits or actions due to involvement with 360kids, subject to certain restrictions.

Directors' and officers' liability insurance has been purchased to mitigate the cost of any potential future suits or actions. The term of the indemnification is not explicitly defined but is limited to the period over which the indemnified party served as a director or officer of 360kids.

There are no lawsuits or potential lawsuits or actions pending with respect to guarantees, therefore the maximum amount of any potential future payment cannot be reasonably determined.

### 12. Financial instruments

360kids' financial instruments are exposed to a variety of financial risks: credit risk; liquidity risk and market risk. 360kids' finance committee seeks to reduce these risks by establishing investment policies and procedures which include guidelines on allowable investment classes, asset allocation, asset diversification, credit quality, return benchmarks and risk tolerance. 360kids' investment committee delegates investment management by employing experienced investment managers, whose investment policies are in line with 360kids' own investment policy criteria. The investment managers are required to comply with these investment policies in order to reduce the above noted risks to 360kids' investments.

The finance committee meets at least annually to review and assess the investment manager's compliance with the investment policies, review investment performance and investment strategies employed.

#### **Credit risk**

Credit risk is the risk that the issuer of a security will fail to discharge an obligation and cause the other party to incur a financial loss. 360kids' principal financial instruments subject to credit risk are accounts receivable and sundry, and investments. The balance of accounts receivable and sundry on the statement of financial position is 360kids' maximum exposure at that date. One large funder comprise 53% of the receivables at year end. However, this risk is mitigated by the fact that the two funders are a municipal government and another not-for-profit organization in which credit risk is very low. There is no provision for allowance for doubtful accounts this year or previous years. 360kids mitigates its exposure to credit risk with respect to its investments with its policy of investing primarily in securities which are government or investment grade.

#### **Liquidity risk**

Liquidity risk is the risk that 360kids will encounter difficulty in meeting obligations associated with financial liabilities. These risks are mitigated by the fact that 360kids holds a substantial portion of its portfolio in cash and cash equivalents sufficient to discharge its financial liabilities when they are due.

# 360kids Support Services

## Notes to Financial Statements

March 31, 2023

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### 12. Financial instruments (*continued*)

#### **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. 360kids is exposed to interest rate risk, currency 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. 360kids holds investments in foreign currencies therefore they are exposed to currency risk. 360kids' exposure to currency risk is limited to the international fixed income, US equities and international equities held, see Note 2.

#### **Interest rate risk**

Interest rate risk refers to the effect on the fair market value of 360kids' financial instruments due to fluctuations in interest rates. 360kids' primary exposure to interest rate risk is from short term fixed income securities and its mortgage payable. The risk with respect to investments is mitigated by their investment policies. The risk with respect to the mortgage payable is mitigated by the fact 360kids receives funding for the total of its mortgage payment including interest from MCCSS.

#### **Other price risk**

Other price risk is the risk that the fair value of 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. 360kids' exposure to other price risk is limited to the investments on the statement of financial position.

#### **Financial liabilities**

At March 31, 2023, it is management's opinion that 360kids is not in default of the terms of any of its financial liabilities.



## 360kids Support Services

### Notes to Financial Statements

March 31, 2023

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#### 13. Allocation of administration costs

360kids allocates administrative costs to the programs according to the funding agreements. The following amounts relating to administrative costs are included in Restricted fund expenditures on the statement of operations:

	2023	2022 Note 15
Administration costs		
Salaries and employee benefits	\$ 485,647	\$ 525,873
General and administration	<u>149,569</u>	<u>44,109</u>
	<u>\$ 635,216</u>	<u>\$ 569,982</u>
Administration costs allocated to		
Residential programs	\$ 344,219	\$ 249,400
Youth Initiatives	<u>290,997</u>	<u>320,582</u>
	<u>\$ 635,216</u>	<u>\$ 569,982</u>

#### 14. Contingency

As at the year end, two legal claims have been commenced against 360kids. The effect on these financial statements is not yet determinable since the claims are still unsettled. Therefore, no amount has been accrued in these financial statements.

#### 15. Subsequent Event

Subsequent to the year-end, 360kids purchased a home for \$1,570,000 with funding from The United Way of Greater Toronto through the Reaching Home Base Fund.

#### 16. Comparative Figures

Certain comparative figures have been reclassified to conform to the current year presentation.

