



Financial Statements

Strides Toronto Support Services (Note 2)

March 31, 2022

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Independent Auditor's Report

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To the Board of Directors of
Strides Toronto Support Services

Opinion

We have audited the financial statements of Strides Toronto Support Services (the "Organization"), which comprise the statement of financial position as at March 31, 2022, 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2022, 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 ("ASNPO").

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.

Emphasis of Matter – Comparative Information

We draw attention to Note 2 of the financial statements which describes that Strides Toronto Support Services and Strides Toronto Foundation (formerly Aisling Discoveries Child and Family Foundation) amalgamated to form the Organization on April 1, 2021. Merger accounting was applied retrospectively by management to the comparative information in these financial statements, including the statement of financial position as at March 31, 2021, and the statements of operations, changes in net assets and cash flows for the year ended March 31, 2021 and related disclosures. Our opinion was not modified in respect of this matter.

We were not engaged to report on the comparative information, and as such, it is unaudited.

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 ASNPO, 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 Organization'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 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.

Markham, Canada
July 27, 2022

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script font.

Chartered Professional Accountants
Licensed Public Accountants

Strides Toronto Support Services

Statement of Financial Position

March 31

2022

2021

(Unaudited –
Note 2)

Assets

Current

Cash	\$ 11,682,389	\$ 8,262,793
Term deposits (Note 4)	667,641	-
Accounts receivable	3,508,411	1,842,727
HST receivable	1,088,149	968,574
Prepaid expenses	<u>287,294</u>	<u>824,914</u>
	17,233,884	11,889,008
Term deposits (Note 4)	-	666,031
Investments (Note 5)	3,073,622	2,956,746
Property and equipment (Note 6)	<u>3,404,002</u>	<u>1,611,503</u>
	<u>\$ 23,711,508</u>	<u>\$ 17,133,288</u>

Liabilities

Current

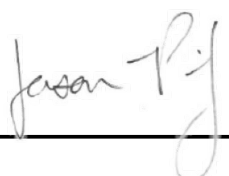
Accounts payable and accrued liabilities (Note 7)	\$ 10,578,324	\$ 5,477,007
Deferred contributions (Note 8)	3,455,765	4,071,752
Deferred lease inducement (Note 9)	21,572	26,449
Deferred donations (Note 10)	<u>94,162</u>	<u>94,162</u>
	14,149,823	9,669,370
Deferred capital contributions (Note 11)	3,250,222	1,595,394
Deferred lease inducement (Note 9)	<u>12,583</u>	<u>34,155</u>
	<u>17,412,628</u>	<u>11,298,919</u>
Net assets		
Invested in property and equipment	207,491	210,673
Unrestricted	3,293,484	2,825,791
Internally restricted	<u>2,797,905</u>	<u>2,797,905</u>
	<u>6,298,880</u>	<u>5,834,369</u>
	<u>\$ 23,711,508</u>	<u>\$ 17,133,288</u>

Commitments (Note 13)

On behalf of the Board of Directors



Director



Director

See accompanying notes to the financial statements

Strides Toronto Support Services

Statement of Operations

Year ended March 31

2022

2021

(Unaudited –
Note 2)

Revenue

Government grants		
Ministry of Children, Community and Social Services and Ministry of Health	\$ 21,798,293	\$ 20,965,801
City of Toronto	3,287,035	3,294,311
Federal government funding	1,221,218	986,674
Special programs funding	2,552,668	1,583,205
Fee for service	660,339	212,953
Donations and fundraising	156,342	25,661
Investment income	146,546	115,689
Other	97,866	193,997
	<u>29,920,307</u>	<u>27,378,291</u>

Expenses

Salaries and wages	17,720,920	17,011,703
Employee benefits	3,096,258	3,033,906
Contracted-out services	2,059,758	1,424,735
Rent	1,712,557	1,638,932
IT - supplies and equipment	1,293,688	422,970
COVID-19 expenses	1,225,322	1,828,323
Other services	426,094	258,629
Purchased client services	416,585	395,069
Repairs and maintenance - service	406,009	104,245
Training costs	304,932	271,790
Travel and communication	277,013	207,418
Other supplies and equipment	231,991	297,849
Insurance	190,478	166,480
Advertising and promotion	59,693	128,634
Utilities	56,551	50,249
Repairs and maintenance - supplies	45,309	11,179
Administration	-	29,165
	<u>29,523,158</u>	<u>27,281,276</u>

Excess of revenue over expenses before other items **397,149** 97,015

Other items

Unrealized gain from investments	44,095	288,801
Amortization of property and equipment	(984,587)	(800,178)
Amortization of deferred capital contributions	981,405	745,437
Amortization of lease inducements	26,449	50,834
	<u>67,362</u>	<u>284,894</u>

Excess of revenue over expenses **\$ 464,511** **\$ 381,909**

See accompanying notes to the financial statements

Strides Toronto Support Services

Statement of Changes in Net Assets

For the year ended March 31, 2022

	Invested in property and equipment	Unrestricted	Internally restricted	2022 Total	2021 Total
					(Unaudited – Note 2)
Net assets, beginning of year	\$ 210,673	\$ 2,825,791	\$ 2,797,905	\$ 5,834,369	\$ 5,452,460
Excess (deficiency) of revenue over expenses	(3,182)	467,693	-	464,511	381,909
Purchase of property and equipment	2,777,086	(2,777,086)	-	-	-
Funding received for property and equipment purchases	(2,636,233)	2,636,233	-	-	-
Prior year unspent funding utilized during year for property and equipment	<u>(140,853)</u>	<u>140,853</u>	-	-	-
Net assets, end of year	<u>\$ 207,491</u>	<u>\$ 3,293,484</u>	<u>\$ 2,797,905</u>	<u>\$ 6,298,880</u>	<u>\$ 5,834,369</u>

See accompanying notes to the financial statements

Strides Toronto Support Services

Statement of Cash Flows

Year ended March 31

	2022	2021
		(Unaudited – Note 2)
Increase (decrease) in cash		
Operating		
Excess of revenue over expenses	\$ 464,511	\$ 381,909
Items not affecting cash		
Unrealized gain from investments	(44,095)	(288,801)
Amortization of property and equipment	984,587	800,178
Amortization of deferred capital contributions	(981,405)	(745,437)
Amortization of lease inducements	(26,449)	(50,834)
	<u>397,149</u>	97,015
Changes in non-cash working capital items		
Accounts receivable	(1,665,684)	(1,227,887)
HST receivable	(119,575)	(504,656)
Prepaid expenses	537,620	(606,661)
Accounts payable and accrued liabilities	5,101,317	2,717,532
Deferred contributions	(615,987)	2,079,889
Deferred donations	-	3,790
	<u>3,634,840</u>	<u>2,559,022</u>
Investing		
Net change in investments	(72,781)	(30,020)
Net purchase of term deposits	(1,610)	(8,693)
Purchase of property and equipment	(2,777,086)	(748,119)
Funding received for property and equipment purchases	2,636,233	553,555
	<u>(215,244)</u>	<u>(233,277)</u>
Increase in cash	3,419,596	2,325,745
Cash, beginning of year	<u>8,262,793</u>	<u>5,937,048</u>
Cash, end of year	<u>\$ 11,682,389</u>	<u>\$ 8,262,793</u>

See accompanying notes to the financial statements

Strides Toronto Support Services

Notes to the Financial Statements

March 31, 2022

1. Nature of operations

Strides Toronto Support Services (the "Organization") provides a wide range of exceptional programs and services to help its clients and its families achieve their personal best. The agency supports clients from the pre-natal stage to age 29 and their families. Its work helps to strengthen their social and emotional well-being, move forward through adversity and develop their abilities and skills to reach their full potential.

The Organization is incorporated by letters patent under the laws of Ontario as a corporation without share capital and is a registered charity under the Income Tax Act (Canada). The Organization must meet certain requirements under the Income Tax Act (Canada). In the opinion of management, these requirements have been met.

2. Amalgamation

Through Articles of Amalgamation, effective April 1, 2021, Strides Toronto Support Services and Strides Toronto Foundation amalgamated to form the Organization. The objective of the amalgamation was to further the predecessor organizations' shared vision of providing a wide range of exceptional programs and services to help its clients and its families achieve their personal best to strengthen their social and emotional well-being, move forward through adversity and develop their abilities and skills to reach their full potential.

As of April 1, 2021, Canadian accounting standards for not-for-profit organizations ("ASNPO") did not provide explicit guidance for not-for-profit organizations ("NPOs") on how to account for and report amalgamations of NPOs. However, on March 1, 2021, the Accounting Standards Board issued Handbook Section 4449 *Combinations by not-for-profit organizations*, effective for fiscal years beginning on or after January 1, 2022 with early adoption permitted. The principles and guidance in Section 4449 have been adopted by the Organization to determine the accounting, presentation and disclosure of the amalgamation as at April 1, 2021. Under Section 4449, all criteria have been met for the amalgamation to be considered a merger.

The results for the year ended March 31, 2022 are those of the amalgamated entity from the date of the transaction, April 1, 2021. The unaudited comparative period was combined as if Strides Toronto Support Services and Strides Toronto Foundation had always been combined. Implementation of merger accounting required Strides Toronto Support Services and Strides Toronto Foundation to align accounting policies. The tables below demonstrate the impact of the combination on the comparative period and the related adjustments to the carrying amounts of the originating parties.

Combined Statement of Financial Position (Unaudited)

As at March 31, 2021

	Strides Toronto Support Services	Strides Toronto Foundation	Adjustments	Combined Total
Total assets	\$ 15,505,976	\$ 1,628,514	\$ (1,202)	\$ 17,133,288
Total liabilities	11,296,200	3,921	(1,202)	11,298,919
Net assets				
Invested in capital assets	210,673	-	-	210,673
Unrestricted	1,201,198	1,624,593	-	2,825,791
Internally restricted	<u>2,797,905</u>	<u>-</u>	<u>-</u>	<u>2,797,905</u>
	<u>\$ 4,209,776</u>	<u>\$ 1,624,593</u>	<u>\$ -</u>	<u>\$ 5,834,369</u>

Strides Toronto Support Services

Notes to the Financial Statements

March 31, 2022

2. Amalgamation (continued)

Combined Statement of Operations (Unaudited)

For the year ended March 31, 2021

	Strides Toronto Support Services	Strides Toronto Foundation	Adjustments	Combined Total
Revenue	\$ 25,763,751	\$ 69,976	\$ (51,520)	\$ 25,782,207
Expenses	<u>25,670,999</u>	<u>65,713</u>	<u>(51,520)</u>	<u>25,685,192</u>
Excess of revenue over expenses before other items	<u>92,752</u>	<u>4,263</u>	<u>-</u>	<u>97,015</u>
Other items	<u>83,122</u>	<u>201,772</u>	<u>-</u>	<u>284,894</u>
Excess of revenue over expenses	<u>\$ 175,874</u>	<u>\$ 206,035</u>	<u>\$ -</u>	<u>\$ 381,909</u>

The adjustments relate to the elimination of intercompany receivables, payables, revenue and expenses.

3. Summary of significant accounting policies

The financial statements are prepared by management in accordance with ASNPO, the more significant policies of which are outlined below.

Fund accounting

The accounts are maintained in accordance with the principles of fund accounting, whereby net assets of the Organization are classified for accounting and reporting purposes into funds to be used as determined by the Organization.

Invested in property and equipment

Invested in property and equipment net assets reflects the assets, liabilities, revenue and expenses related to the Organization's property and equipment.

Unrestricted

Unrestricted net assets include the day-to-day program activities primarily funded by various government organizations.

Internally restricted

Internally restricted net assets can be used at the discretion of the Board of Directors to support and enhance designated programs and activities.

Strides Toronto Support Services

Notes to the Financial Statements

March 31, 2022

3. Summary of significant accounting policies (continued)

Revenue recognition

The Organization follows the deferral method of accounting for contributions, whereby restricted sources of revenue (grants and contributions) are recognized as revenue in the fiscal year in which the related expenses are incurred.

Contributions received for the purchase of property and equipment are deferred and amortized over the useful life of the related property and equipment so that revenue recognition corresponds with the related amortization expense.

Any funding for operations not approved for deferral that is unspent during the fiscal year is to be repaid to the respective funder and is included in accounts payable and accrued liabilities.

Fee for service revenue is recognized as revenue in the year in which the related service has occurred.

Investment income and other revenue are recognized as earned.

The provincial government provides the primary funding for the operation of the Organization, based on an annually approved operating budget. Subsequent to the year end, a settlement is made based on actual operating results; any excess of approved funding over actual costs is returned or payable to the funders, see Note 7. These financial statements reflect the expected settlement with the funders at the end of the fiscal year.

Donated materials and services

Volunteers contribute an undeterminable number of hours per year. The Organization also receives donations of materials. Because of the difficulty of determining their fair value, contributed materials and services are not recognized in the financial statements.

Property and equipment

Property and equipment are recorded at cost and are amortized as follows:

Building – Megan	5% declining balance basis
Building – Betty's Place	25 years straight-line basis
Office and IT infrastructure	3-5 years straight-line basis
Vehicles	3-5 years straight-line basis
Furniture and equipment	3-5 years straight-line basis
Leasehold improvements	Term of the lease

The Organization acquired the Megan land and building through a grant which has restrictive covenants. This grant must be returned to the MCCSS if the restrictive covenants are contravened.

Property and equipment are tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. If any potential impairment is identified, then the amount of the impairment is quantified by comparing the carrying value of the property and equipment to its fair value. Any impairment of property and equipment is charged to the statement of operations in the year in which the impairment occurs. An impairment loss is not reversed if the fair value of the property and equipment subsequently increases.

Strides Toronto Support Services

Notes to the Financial Statements

March 31, 2022

3. Summary of significant accounting policies (continued)

Economic dependence

The Organization is dependent upon provincial funding, in particular from the Ministry of Children, Community and Social Services and the Ministry of Health, for the majority of its funding.

Deferred lease inducements

Deferred lease inducements are amortized on a straight-line basis over the terms of the premise leases.

Use of estimates

The preparation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. These estimates are reviewed periodically and adjustments are made to the excess (deficiency) of revenue over expenses as appropriate in the period.

Key areas where management has made estimates include the valuation of investments, the useful lives of property and equipment and deferral of revenue. Actual results could differ from these and other estimates, the impact of which would be recorded in future affected periods.

Pension plan

The Organization maintains a defined contribution pension plan. Contributions made by the Organization are expensed as incurred.

Financial instruments

The Organization considers any contract creating a financial asset, liability, or equity instrument as a financial instrument. The Organization accounts for the following as financial instruments:

- cash
- term deposits
- accounts receivable
- HST receivable
- investments
- accounts payable

Financial assets or liabilities obtained in arm's length transactions are initially measured at their fair value and are subsequently measured at amortized cost, with the exception of investments, which are measured at fair value. Unrealized gains (losses) on investments are recorded in the statement of operations in the year incurred.

4. Term deposits

Term deposits consist of guaranteed investment certificates of \$667,641 (2021 - \$666,031) with interest rates of 0.35% (2021 – between 0.35% and 0.45%) per annum and maturities between April 2022 and November 2022 (2021 – November 2021 and April 2022).

Strides Toronto Support Services

Notes to the Financial Statements

March 31, 2022

5. Investments

The Organization's investments consist of fund units. The fair values are based on quoted market prices of the funds at the statement of financial position date and are as follows:

	<u>2022</u>	<u>2021</u> (Unaudited – Note 2)
Short-Term Bond Fund	\$ 867,513	\$ 606,278
Canadian Bond Funds	831,486	915,124
International Equity Funds	781,693	627,867
US Equity Funds	426,460	396,098
Canadian Equity Funds	<u>166,470</u>	<u>411,379</u>
	<u>\$ 3,073,622</u>	<u>\$ 2,956,746</u>

6. Property and equipment

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2022 Net Book Value</u>	<u>2021 Net Book Value</u> (Unaudited – Note 2)
Land	\$ 230,155	\$ -	\$ 230,155	\$ 230,155
Building – Megan	252,057	252,057	-	-
Building – Residence	302,808	302,808	-	-
Office and IT infrastructure	4,918,592	2,396,488	2,522,104	561,779
Vehicles	185,107	173,240	11,867	25,827
Furniture and equipment	1,406,669	1,180,585	226,084	130,930
Leasehold improvements	<u>3,765,087</u>	<u>3,351,295</u>	<u>413,792</u>	<u>662,812</u>
	<u>\$ 11,060,475</u>	<u>\$ 7,656,473</u>	<u>\$ 3,404,002</u>	<u>\$ 1,611,503</u>

7. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities include government remittances totalling \$17,822 (2021 - \$75,154), payable to the Ministry of Children, Community and Social Services and the Ministry of Health of \$5,101,215 (2021 - \$2,231,783), and payable to the Centre for Addiction and Mental Health of \$456,525 (2021 - \$Nil).

Strides Toronto Support Services

Notes to the Financial Statements

March 31, 2022

8. Deferred contributions

Deferred contributions relate to granted contributions that have been received for which the related expenses have not yet been incurred.

	<u>2022</u>	<u>2021</u> (Unaudited – Note 2)
Balance, beginning of year	\$ 4,071,752	\$ 1,991,863
Amounts received during the year	29,157,774	27,797,927
Less: revenue recognized during the year	<u>(29,773,761)</u>	<u>(25,718,038)</u>
Balance, end of year	<u>\$ 3,455,765</u>	<u>\$ 4,071,752</u>

9. Deferred lease inducements

	<u>2022</u>	<u>2021</u> (Unaudited – Note 2)
Balance, beginning of year	\$ 60,604	\$ 111,438
Amortization of lease inducements	<u>(26,449)</u>	<u>(50,834)</u>
Balance, end of year	34,155	60,604
Less: current portion	<u>(21,572)</u>	<u>(26,449)</u>
Long-term portion	<u>\$ 12,583</u>	<u>\$ 34,155</u>

10. Deferred donations

Deferred donations relate to donations that have been received from general fundraising for which the related expenses have not yet been incurred.

	<u>2022</u>	<u>2021</u> (Unaudited – Note 2)
Balance, beginning of year	\$ 94,162	\$ 90,372
Donations received	<u>-</u>	<u>3,790</u>
Balance, end of year	<u>\$ 94,162</u>	<u>\$ 94,162</u>

Strides Toronto Support Services

Notes to the Financial Statements

March 31, 2022

11. Deferred capital contributions

	<u>2022</u>	<u>2021</u> (Unaudited – Note 2)
Balance, beginning of year	\$ 1,595,394	\$ 1,787,276
Funding received for property and equipment purchases	2,636,233	553,555
Less: amortization of deferred capital contributions	<u>(981,405)</u>	<u>(745,437)</u>
Balance, end of year	<u>\$ 3,250,222</u>	<u>\$ 1,595,394</u>

Included in deferred capital contributions is \$53,711 (2021 - \$194,564) of deferred capital contributions that have not yet been spent.

12. Pension plan

Contributions to the defined contribution pension plan are generally based on the employee's age and/or years of service. The Organization's contributions to the pension plan amounted to \$233,961 (2021 - \$218,674) and are included in employee benefits expense on the statement of operations.

13. Commitments

The Organization has leases for premises, which expires between fiscal 2023 to 2027. The future minimum annual lease payments, exclusive of operating costs and HST, are as follows:

2023	\$ 648,597
2024	529,241
2025	431,539
2026	268,610
2027	<u>35,343</u>
	<u>\$ 1,913,330</u>

Strides Toronto Support Services

Notes to the Financial Statements

March 31, 2022

14. Financial instruments

The Organization has a risk management framework to monitor, evaluate and manage the principal risks assumed with its financial instruments. There were no changes in these risks from the prior fiscal year.

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. As at March 31, 2022, investments in foreign securities of \$1,208,153 (2021 - \$1,023,965) are denominated in foreign currencies and converted into Canadian dollars. Foreign exchange gains and losses are included in the statement of operations.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the value of fixed income investments held by the Organization. The underlying value of fixed income investments will generally rise if interest rates fall and decrease if interest rates rise.

Other price risk

Other price risk is the risk that 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 Organization is exposed to price risk on its investments.

Credit risk

Credit risk is the risk one party to a financial instrument will cause a financial loss for the other party by failing to meet its funding obligation. This risk is mitigated by the Organization through ensuring revenue is derived from qualified sources. The allowance for doubtful accounts in relation to accounts receivable is \$Nil (March 31, 2021 - \$Nil).

Liquidity risk

Liquidity risk is the risk the Organization will encounter difficulty in meeting the obligations associated with its financial liabilities. The Organization is exposed to this risk mainly in respect of its accounts payable. The Organization reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due and maintaining adequate cash reserves to repay creditors.

Strides Toronto Support Services

Notes to the Financial Statements

March 31, 2022

15. Guarantees and indemnities

The Organization has indemnified its past, present and future directors, officers and volunteers against expenses (including legal expenses), judgements and any amount actually or reasonably incurred by them in connection with any action, suit or proceeding, subject to certain restrictions. The Organization has purchased directors' and officers' liability insurance to mitigate the cost of any potential future lawsuits or actions, but there is no guarantee that the coverage will be sufficient should any action arise.

In the normal course of business, the Organization has entered into agreements that include indemnities in favour of third parties, either express or implied, such as in-service contracts, lease agreements or sales and purchase contracts. In these agreements, the Organization agrees to indemnify the counterparties in certain circumstances against losses or liabilities arising from the acts or omissions of the Organization. The maximum amount of any potential liability cannot be reasonably estimated.

16. COVID-19

The outbreak of a novel strain of coronavirus ("COVID-19") was declared a global pandemic by the World Health Organization in March 2020. COVID-19 has severely impacted many economies around the globe. In many countries, including Canada, organizations were forced to cease or limit operations for long periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to organizations worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

The Organization continues to operate, as it provides services deemed essential as defined by the Province of Ontario. Management has assessed the impact of the pandemic and does not expect a change in its Ministry of Children, Community, and Social Services and Ministry of Health funding.

The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Organization for future periods. The Organization remains committed to adjusting its expenditures as necessary to ensure its long-term sustainability.