

**SOUTHERN FRONTENAC COMMUNITY SERVICES
CORPORATION**

FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2017

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INDEPENDENT AUDITOR'S REPORT

To the Members of Southern Frontenac Community Services Corporation

We have audited the accompanying financial statements of Southern Frontenac Community Services Corporation which comprise the statement of financial position as at March 31, 2017, and the statements of operations, changes in net assets and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

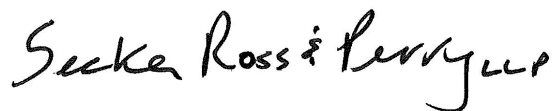
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, the corporation derives revenue from donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the corporation. Therefore, we were not able to determine whether any adjustments might be necessary to revenues, the excess of revenues over expenses or cash flow from operations for the year ended March 31, 2017, current assets as at March 31, 2017 or net assets as at April 1, 2016 and March 31, 2017.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects the financial position of the corporation as at March 31, 2017 and the results of its operations and cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



Chartered Professional Accountants
Licensed Public Accountants
Kingston, Ontario
June 7, 2017

SOUTHERN FRONTENAC COMMUNITY SERVICES CORPORATION

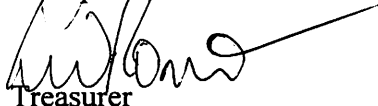
STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2017

	<u>2017</u>	<u>2016</u>
Assets		
Current Assets		
Cash	\$386,699	\$357,857
Guaranteed investment certificates	100,358	75,000
Accounts and sales tax receivable	47,313	49,759
Prepaid expenses	<u>6,494</u>	<u>2,741</u>
	540,864	485,357
 Capital Assets (note 3)	 <u>338,732</u>	 <u>283,872</u>
	<u>\$879,596</u>	<u>\$769,229</u>
 Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities (note 4)	\$280,916	\$257,264
Deferred revenue (note 5)	<u>64,973</u>	<u>53,538</u>
	345,889	310,802
 Deferred Contributions Related to Capital Assets (note 6)	 <u>281,902</u>	 <u>234,137</u>
	<u>627,791</u>	<u>544,939</u>
 Net Assets (note 7)		
Externally restricted	-	184
Internally restricted	91,138	84,084
Unrestricted	17,667	128,022
Reserve funds	<u>143,000</u>	<u>12,000</u>
	<u>251,805</u>	<u>224,290</u>
	<u>\$879,596</u>	<u>\$769,229</u>

Approved on behalf of the Board of Directors



Chairperson



Treasurer

See accompanying notes to financial statements

SOUTHERN FRONTENAC COMMUNITY SERVICES CORPORATION

STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31, 2017

	<u>2017</u>	<u>2016</u>
Revenues		
LHIN funding - base	\$ 557,369	\$ 525,758
MOHLTC and LHIN - one time funding	126,269	111,515
Municipal funding	231,430	216,985
United Way funding	34,500	48,585
Less paymaster (ILC)	(10,660)	(10,660)
Client fees	194,742	179,543
Rental income	19,576	19,476
Fundraising and donations	139,302	149,318
Internal administration fee recovery	61,478	36,120
Good Graces Cafe	4,528	-
Other revenue	<u>54,486</u>	<u>19,375</u>
	<u>1,413,020</u>	<u>1,296,015</u>
Expenses		
Administration wages and benefits	150,131	125,913
Program wages and benefits	536,785	512,058
Office supplies	51,373	45,239
Program meals/food	66,114	57,449
Program supplies - greenhouse	26,688	5,117
Client grant expenses	61,540	45,127
Client transportation	126,448	112,253
Staff training	8,472	5,257
Board and volunteer	2,077	5,160
Accounting fees	30,083	30,083
Audit and legal fees	18,992	14,068
Membership fees	1,307	1,761
Bad debt	660	577
Advertising	5,009	6,764
Insurance	5,620	5,062
Fundraising and administration	15,771	13,753
Administration fee	63,392	41,839
Contracted out services	85,693	75,579
Building occupancy	88,719	84,911
Hospice program development	<u>32,545</u>	<u>50,380</u>
	<u>1,377,419</u>	<u>1,238,350</u>
Excess of revenues over expenses before the undernoted	<u>35,601</u>	<u>57,665</u>
Amortization of deferred contributions related to capital assets (note 6)	(20,955)	(15,167)
Amortization expense	<u>29,041</u>	<u>19,320</u>
	<u>8,086</u>	<u>4,153</u>
Excess of revenues over expenses for the year	<u>\$ 27,515</u>	<u>\$ 53,512</u>

See accompanying notes to financial statements

SOUTHERN FRONTENAC COMMUNITY SERVICES CORPORATION

STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED MARCH 31, 2017

	<u>Externally Restricted</u>	<u>Internally Restricted</u>	<u>Unrestricted</u>	<u>Reserve Funds</u>	<u>Total 2017</u>	<u>Total 2016</u>
Balances at beginning of year	\$ 184	\$ 84,084	\$ 128,022	\$ 12,000	\$224,290	\$170,778
Excess of revenues over expenses for the year	-	7,054	20,461	-	27,515	53,512
Transfer	<u>(184)</u>	<u>-</u>	<u>(130,816)</u>	<u>131,000</u>	<u>-</u>	<u>-</u>
Balances at end of year	<u>\$ -</u>	<u>\$ 91,138</u>	<u>\$ 17,667</u>	<u>\$143,000</u>	<u>\$251,805</u>	<u>\$224,290</u>

See accompanying notes to financial statements

SOUTHERN FRONTENAC COMMUNITY SERVICES CORPORATION

STATEMENT OF CASH FLOW

YEAR ENDED MARCH 31, 2017

	<u>2017</u>	<u>2016</u>
Cash flow from (used in) operating activities		
Excess of revenues over expenses	\$ 27,515	\$ 53,512
Items not affecting cash		
Amortization of capital assets	29,041	19,320
Amortization of deferred contributions	<u>(20,955)</u>	<u>(15,167)</u>
	35,601	57,665
Changes in non-cash working capital balances		
Accounts and sales tax receivable	2,446	(6,167)
Prepaid expenses	(3,753)	(1,746)
Accounts payable and accrued liabilities	23,652	84,719
Deferred revenue	<u>11,435</u>	<u>(98)</u>
	<u>69,381</u>	<u>134,373</u>
Cash flow used in investing activities		
Investments purchased	(25,358)	(75,000)
Additions to capital assets	<u>(83,901)</u>	<u>(33,385)</u>
	<u>(109,259)</u>	<u>(108,385)</u>
Cash flow from financing activities		
Deferred contributions related to capital assets	<u>68,720</u>	<u>96,768</u>
Net increase in cash	28,842	122,756
Cash at beginning of year	<u>357,857</u>	<u>235,101</u>
Cash at end of year	<u>\$386,699</u>	<u>\$357,857</u>
Supplementary Information:		
Capital asset additions included in accounts payable	<u>\$ -</u>	<u>\$ 37,663</u>

See accompanying notes to financial statements

SOUTHERN FRONTENAC COMMUNITY SERVICES CORPORATION

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2017

1. Purpose of the Organization

Southern Frontenac Community Services Corporation is a non-profit organization receiving funding from provincial, municipal and community sources. The corporation is incorporated without share capital under the laws of Ontario and is a registered charity exempt from income tax under the Income Tax Act.

Southern Frontenac Community Services Corporation provides support and referral services through the involvement of community groups, volunteers, families, and members, enabling all residents to enjoy full and meaningful lives.

2. Significant Accounting Policies

These financial statements have been prepared in accordance with Part III of the CPA Canada Handbook - Accounting Standards for Not-for-Profit Organizations. Significant accounting policies include the following:

(a) Financial Instruments

Financial instruments are initially recognized at fair value and then subsequently at amortized cost with gains and losses recognized in the statement of operations in the period in which the gain or loss occurs.

(b) Capital Assets

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

Building	40 years
Furnishings and equipment	5 years

(c) Revenue Recognition

The corporation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

(d) Deferred Contributions related to Capital Assets

Contributions received for the purpose of purchasing capital assets are deferred and amortized to revenue at a rate corresponding with the amortization rate of the related capital asset.

SOUTHERN FRONTENAC COMMUNITY SERVICES CORPORATION

NOTES TO FINANCIAL STATEMENTS (continued)

YEAR ENDED MARCH 31, 2017

2. Significant Accounting Policies (continued)

(e) Donations in Kind

Donations in kind are recorded at fair value as they are received, provided that other revenue recognition criteria have been met.

(f) Contributed Services

The corporation relies on the services of the many volunteers who donate a considerable number of hours. Because of the difficulty in compiling these hours, contributed services are not recognized in the financial statements.

(g) Use of Estimates

The preparation of financial statements in accordance 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 date of the financial statements, and the reported amounts of revenue and expense during the reporting period. Significant items subject to such estimates and assumptions included the estimated useful lives of capital assets and the balance payable to the South East Local Health Integration Network (“LHIN”). Actual results could differ from management’s best estimates as additional information becomes available in the future.

3. Capital Assets

	<u>2017</u>			<u>2016</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>	<u>Net</u>
Land	\$ 18,682	\$ -	\$ 18,682	\$ 18,682
Building	294,523	21,075	273,448	215,519
Computer equipment	58,468	47,199	11,269	14,254
Other furnishings and equipment	<u>94,593</u>	<u>59,260</u>	<u>35,333</u>	<u>35,417</u>
	<u>\$466,266</u>	<u>\$127,534</u>	<u>\$338,732</u>	<u>\$283,872</u>

At March 31, 2016 cost and accumulated amortization were \$382,365 and \$98,493 respectively.

4. Government Remittances

Included in accounts payable is employee source deductions payable of \$22,404 (\$13,255 in 2016).

SOUTHERN FRONTENAC COMMUNITY SERVICES CORPORATION

NOTES TO FINANCIAL STATEMENTS (continued)

YEAR ENDED MARCH 31, 2017

5. Deferred Revenues

	<u>2017</u>	<u>2016</u>
Enhancement program	\$33,578	\$10,000
Prevention/Diversion	9,367	12,743
Rapid Re-Housing/Housing First	(177)	1,850
Homelessness Prevention	<u>22,205</u>	<u>28,945</u>
	<u>\$64,973</u>	<u>\$53,538</u>

6. Deferred Contributions Related to Capital Assets

Deferred contributions relate to the unamortized portion of contributions related to the acquisition of capital assets. The changes in the deferred contributions balance are as follows:

	<u>2017</u>	<u>2016</u>
Balance at beginning of year	\$ 234,137	\$ 152,536
Contributions for capital assets	68,720	96,768
Amounts amortized to revenue	<u>(20,955)</u>	<u>(15,167)</u>
Balance at end of year	<u>\$ 281,902</u>	<u>\$234,137</u>

7. Net Assets

	<u>2017</u>	<u>2016</u>
Externally Restricted Programs		
Family Services/Homelessness Prevention	\$ -	\$ 821
Rent and utility bank	<u>-</u>	<u>(637)</u>
	<u>-</u>	<u>184</u>
Internally Restricted Programs and Activities		
Bingo	2,626	3,903
Food bank	22,429	20,018
Caring Community	6,522	2,572
Grace	57,467	57,467
Good food box	<u>2,094</u>	<u>124</u>
	<u>91,138</u>	<u>84,084</u>
Unrestricted	<u>17,667</u>	<u>128,022</u>
Reserve Funds		
Facility Capital Fund	93,000	12,000
Fiscal Strength Fund	25,000	-
Facility Expansion Fund	<u>25,000</u>	<u>-</u>
	<u>143,000</u>	<u>12,000</u>
	<u>\$251,805</u>	<u>\$224,290</u>

SOUTHERN FRONTENAC COMMUNITY SERVICES CORPORATION

NOTES TO FINANCIAL STATEMENTS (continued)

YEAR ENDED MARCH 31, 2017

7. Net Assets (continued)

It has been the corporation's practice to include in internally restricted net assets the amount invested in capital assets, and this continues to be the case. The amount invested in capital assets is \$56,830 (\$49,735 in 2016).

8. Financial Risks

The corporation manages its exposure to risks associated with financial instruments that have potential to affect its operating and financial performance. The corporation manages its financial instruments to ensure it has adequate capital to continue to provide its services to the public. It is management's opinion that the corporation is not exposed to significant interest, currency, liquidity, market or credit risks arising from its financial instruments. There has been no change to the risk exposure from 2016 and there is expected to be no substantive change in the next fiscal period.

9. Donations in Kind

The fair value of donations in kind received during the year amounted to \$2,789 (\$11,569 in 2016). These donations are not recorded in the corporation's records.

10. Comparative Figures

Certain of the comparative figures have been revised to conform to the financial statement presentation adopted in the current year.