

**SOUTHERN FRONTENAC COMMUNITY SERVICES
CORPORATION**

FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Members of Southern Frontenac Community Services Corporation

Qualified Opinion

We have audited the accompanying financial statements of Southern Frontenac Community Services Corporation (the "Entity"), which comprise the statement of financial position as at March 31, 2022 and the statements of operations, changes in net assets and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2022, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many charitable organizations, the Entity 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 Entity. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenues, the excess of revenues over expenses or cash flow from operations for the years ended March 31, 2022 and 2021, current assets at March 31, 2022 and 2021 and net assets as at April 1 and March 31 for both the 2022 and 2021 fiscal years.

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 Entity 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 qualified 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 the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 Entity's internal control.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- 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 Entity'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 Entity 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.


Secker Ross & Perry LLP

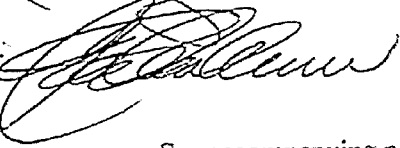
Chartered Professional Accountants
Licensed Public Accountants
Kingston, Ontario
June 1, 2022

SOUTHERN FRONTENAC COMMUNITY SERVICES CORPORATION
STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2022

	<u>2022</u>	<u>2021</u>
Assets		
Current Assets		
Cash	\$ 289,167	\$ 389,793
Guaranteed investment certificates (note 3)	324,728	247,848
Accounts and sales tax receivable	154,773	234,709
Prepaid expenses	<u>7,674</u>	<u>2,341</u>
	776,342	874,691
Capital Assets (note 4)	<u>694,795</u>	<u>571,195</u>
	<u>\$ 1,471,137</u>	<u>\$ 1,445,886</u>
 Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities (note 5)	\$ 168,099	\$ 433,355
Unspent contributions for capital expansion (note 6)	126,213	-
Deferred revenue (note 7)	<u>3,931</u>	<u>59,089</u>
	298,243	492,444
Deferred Contributions Related to Capital Assets (note 8)	<u>519,929</u>	<u>412,131</u>
	<u>818,172</u>	<u>904,575</u>
 Net Assets (note 9)		
Invested in capital assets	174,865	159,064
Internally restricted	67,396	122,516
Unrestricted	100,389	76,521
Reserve funds	<u>310,315</u>	<u>183,210</u>
	<u>652,965</u>	<u>541,311</u>
	<u>\$ 1,471,137</u>	<u>\$ 1,445,886</u>
 Commitments (note 14)		

Approved on behalf of the Board:

Member 

Member 

See accompanying notes to financial statements.

SOUTHERN FRONTENAC COMMUNITY SERVICES CORPORATION
STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2022

	<u>2022</u>	<u>2021</u>
Revenues		
LHIN funding (note 10)	\$ 877,461	\$ 1,066,463
Municipal funding	63,000	63,000
Client fees	174,892	155,227
Fundraising and donations	263,417	281,997
Other revenue	84,453	101,235
United Way Funding	27,383	50,664
Internal administration fee recovery	68,088	24,762
Rental income	15,163	13,227
Provincial funding - SALC	67,240	46,306
Federal wage subsidies	77,163	92,873
Less paymaster (ILC)	<u>(10,660)</u>	<u>(10,660)</u>
	<u>1,707,600</u>	<u>1,885,094</u>
Expenses		
Wages and salaries	721,833	777,074
Administration wages and benefits	257,122	193,085
Program meals/food	101,541	95,708
Information systems (note 10)	93,109	207,198
Administration fee	68,692	30,706
Building occupancy	65,162	76,033
Client transportation	55,962	48,685
Office	52,626	38,298
Program supplies	42,546	48,674
Client grant expenses	27,279	23,766
Accounting fees	23,768	23,271
Professional fees	19,888	41,359
One-time program expense	17,000	74,173
Advertising	9,178	15,194
Insurance	8,294	7,263
Fundraising and administration	6,130	-
Contracted services	4,343	9,508
Board and volunteer	4,323	10,729
Capital expansion fees	4,158	-
Memberships	3,198	5,468
Staff training	2,921	8,340
Bad debts	84	112
	<u>1,589,157</u>	<u>1,734,644</u>
Excess of revenues over expenses before the undernoted items	<u>118,443</u>	<u>150,450</u>
Amortization expense	(27,036)	(25,917)
Amortization of deferred contributions related to capital assets (note 8)	<u>20,247</u>	<u>23,346</u>
	<u>(6,789)</u>	<u>(2,571)</u>
Excess of revenues over expenses for the year	<u>\$ 111,654</u>	<u>\$ 147,879</u>

See accompanying notes to financial statements.

SOUTHERN FRONTENAC COMMUNITY SERVICES CORPORATION
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2022

	<u>Invested in Capital Assets</u>	<u>Internally Restricted</u>	<u>Unrestricted</u>	<u>Reserve Funds</u>	<u>Total 2022</u>	<u>Total 2021</u>
Net assets at beginning of year	\$ 159,064	\$ 122,516	\$ 76,521	\$ 183,210	\$ 541,311	\$ 393,432
Excess (deficiency) of revenues over expenses for the year	(6,789)	(5,120)	123,563	-	111,654	147,879
Transfers (note 13)	<u>22,590</u>	<u>(50,000)</u>	<u>(99,695)</u>	<u>127,105</u>	<u>-</u>	<u>-</u>
Net assets at end of year	<u>\$ 174,865</u>	<u>\$ 67,396</u>	<u>\$ 100,389</u>	<u>\$ 310,315</u>	<u>\$ 652,965</u>	<u>\$ 541,311</u>

See accompanying notes to financial statements.

SOUTHERN FRONTENAC COMMUNITY SERVICES CORPORATION
STATEMENT OF CASH FLOW
YEAR ENDED MARCH 31, 2022

	<u>2022</u>	<u>2021</u>
Cash flow from (used in) operating activities		
Excess of revenues over expenses	\$ 111,654	\$ 147,879
Items which do not involve cash		
Amortization of capital assets	27,036	25,917
Amortization of deferred contributions	<u>(20,247)</u>	<u>(23,346)</u>
	118,443	150,450
Changes in non-cash working capital:		
Accounts and sales tax receivable	79,936	(180,995)
Prepaid expenses	(5,333)	(804)
Accounts payable and accrued liabilities	(265,256)	213,628
Deferred revenue	<u>(35,663)</u>	<u>7,772</u>
	<u>(107,873)</u>	<u>190,051</u>
Cash flow from (used in) investing activities		
Purchase of capital assets	(150,635)	(48,882)
Proceeds from sale of investments	247,847	255,634
Investments purchased	<u>(324,728)</u>	<u>(439,637)</u>
	<u>(227,516)</u>	<u>(232,885)</u>
Cash flow from financing activities		
Unspent contributions for capital expansion	126,213	-
Deferred contributions related to capital assets	<u>108,550</u>	<u>48,922</u>
	<u>234,763</u>	<u>48,922</u>
Net increase (decrease) in cash	(100,626)	6,088
Cash at beginning of year	<u>389,793</u>	<u>383,705</u>
Cash at end of year	<u>\$ 289,167</u>	<u>\$ 389,793</u>

See accompanying notes to financial statements.

SOUTHERN FRONTENAC COMMUNITY SERVICES CORPORATION

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2022

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
Computer equipment	5 years
Signs	10 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.

Rental income is recognized by the corporation as groups use the facility.

Revenues from client fees are generally recognized as services are provided to clients.

Revenues from fundraising and donations that are not restricted are recognized as cash is received.

SOUTHERN FRONTENAC COMMUNITY SERVICES CORPORATION

NOTES TO FINANCIAL STATEMENTS (continued)

YEAR ENDED MARCH 31, 2022

2. Significant Accounting Policies (continued)

(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.

(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) Government Assistance

The corporation recognizes government assistance received, or estimated government assistance to be received, when there is reasonable assurance that the corporation has complied and will comply with all relevant conditions stipulated in the funding arrangements. Assistance related to the acquisition of equipment is recognized in a manner described in note 2(d), while assistance related to current operations are recognized in the statement of income.

(h) 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 provincial funding agencies. Actual results could differ from management's best estimates as additional information becomes available in the future.

3. Guaranteed Investment Certificates

The corporation has guaranteed investment certificates at an interest rate of 0.55% and maturing on December 14, 2022.

SOUTHERN FRONTENAC COMMUNITY SERVICES CORPORATION

NOTES TO FINANCIAL STATEMENTS (continued)

YEAR ENDED MARCH 31, 2022

4. Capital Assets

	<u>2022</u>			<u>2021</u>
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>	<u>Net</u>
Land	\$ 29,719	\$ -	\$ 29,719	\$ 29,719
Building	623,643	83,636	540,007	494,798
Computer equipment	82,957	59,449	23,508	8,817
Other furnishings and equipment	105,291	102,551	2,740	20,681
Signs	23,548	2,354	21,194	17,180
Property development costs	<u>77,627</u>	<u>-</u>	<u>77,627</u>	<u>-</u>
	<u>\$ 942,785</u>	<u>\$ 247,990</u>	<u>\$ 694,795</u>	<u>\$ 571,195</u>

At March 31, 2021 cost and accumulated amortization were \$792,148 and \$220,953 respectively.

5. Government Remittances

Included in accounts payable is employee source deductions payable of \$26,654 (2021 - \$42,098) and workers' compensation of \$1,999 (2021 - \$2,073).

6. Unspent Contributions for Capital Expansion

During the year, the corporation announced plans for the initiation of a project to expand its main operating facility in Sydenham, Ontario. The upgrade to the facility, which is expected to cost approximately \$2 million, will significantly expand the corporation's capacity to meet the growing needs of its clients. By March 31, 2022, approximately \$78,000 in expenditures were incurred on property development (note 4). In addition to making arrangements for a number of grants from federal and local governments, the corporation was also successful in raising funds from community sources of \$126,213 that remain unspent at year-end. As additional funds are invested in the expansion project, these funds will be reclassified as deferred contributions related to capital assets.

7. Deferred Revenue

The deferred revenue is composed of the following:

	<u>2022</u>	<u>2021</u>
New Horizons for Seniors - S.A.L.T.	\$ 3,931	\$ 11,567
Employment and Social Development Canada - Advanced Care Planning	-	13,687
Funds for equipment - freezer	-	19,495
Ministry for Seniors and Accessibility	-	2,340
County of Frontenac - transportation	<u>-</u>	<u>12,000</u>
	<u>\$ 3,931</u>	<u>\$ 59,089</u>

SOUTHERN FRONTENAC COMMUNITY SERVICES CORPORATION

NOTES TO FINANCIAL STATEMENTS (continued)

YEAR ENDED MARCH 31, 2022

8. 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 related to capital assets balance are as follows:

	<u>2022</u>	<u>2021</u>
Balance at beginning of year	\$ 412,131	\$ 386,595
Contributions for capital assets	108,550	48,882
Transfers from deferred revenue	19,495	-
Amounts amortized to revenue	<u>(20,247)</u>	<u>(23,346)</u>
	<u>\$ 519,929</u>	<u>\$ 412,131</u>

9. Net Assets

	<u>2022</u>	<u>2021</u>
Internally Restricted Programs and Activities		
Bingo	\$ 4,628	\$ 6,784
Food bank	51,717	113,225
Caring Community	<u>11,051</u>	<u>2,507</u>
	<u>67,396</u>	<u>122,516</u>
Grace (investment in capital assets)	<u>174,865</u>	<u>159,064</u>
Unrestricted	<u>100,389</u>	<u>76,521</u>
Reserve Funds		
Facility Capital Fund	48,176	37,828
Fiscal Strength Fund	112,139	101,791
Facility Expansion Fund	<u>150,000</u>	<u>43,591</u>
	<u>310,315</u>	<u>183,210</u>
	<u>\$ 652,965</u>	<u>\$ 541,311</u>

10. Virtual Care Funding

During the course of the 2021 fiscal year, the corporation entered into an arrangement with Ontario Health in order to assist with projects that enhance the delivery of virtual care to various community groups during the pandemic. The agreement with Ontario Health specifies certain minimum targets for client service and involves acquisition of various computer hardware and equipment along with coordination of services with a number of other community organizations throughout eastern Ontario. As at March 31, 2022, the program had been carried out to its completion, with the recognition of funding in the amount of \$113,523 (2021 - 176,503) being recognized in the statement of operations.

SOUTHERN FRONTENAC COMMUNITY SERVICES CORPORATION

NOTES TO FINANCIAL STATEMENTS (continued)

YEAR ENDED MARCH 31, 2022

11. Financial Risks

The corporation manages its exposure to the risks associated with financial statements that have potential to affect its operating and performance. It also manages its financial instruments to ensure it has adequate capital to continue to fulfil its mission.

The corporation is subject to credit risk. Credit risk is the risk of financial loss to the Corporation of debtors or counterparties to investments fail to meet their respective contractual obligations. The maximum exposure to credit risk of the corporation at year-end is limited to the carrying amounts of these assets.

It is management's opinion that the corporation is not exposed to significant currency, liquidity or market risks arising from these financial instruments.

As a result of the affect of the COVID-19 global pandemic, the corporation may continue to have increased financial risk exposure in the next fiscal year.

12. Donations in Kind

The fair value of donations in kind received during the year amounted to \$3,197 (2021 - \$5,356). These donations are not recorded in the corporation's records.

13. Transfers

During the year, the corporation transferred \$50,000 from the food bank internally restricted program and \$77,105 from the unrestricted surplus, \$10,348 of which went to the facility capital fund, \$10,348 to the fiscal strength fund, and the remaining \$106,409 to the facility expansion fund. Also, \$22,590 was transferred from the unrestricted surplus to the invested in capital asset fund to cover certain capital expenditures.

14. Commitments

The corporation has committed to architectural and engineering services with an estimated cost of \$101,500 plus sales tax and disbursements in conjunction with the expansion of its building.

15. Effects of Pandemic

Since the commencement of the COVID-19 outbreak there have been significant disruptions to organizations throughout Canada and around the world, leading to a general economic slowdown.

The many pandemic protocols put in place by various national governments, provincial governments and local authorities continue to create uncertainty around future operations. It is not possible to reliably estimate the duration or severity of these consequences, or their impact on the financial position and results of operations for the corporation for future periods.

SOUTHERN FRONTENAC COMMUNITY SERVICES CORPORATION

NOTES TO FINANCIAL STATEMENTS (continued)

YEAR ENDED MARCH 31, 2022

15. Effects of the Pandemic (continued)

In order to mitigate the effects of the pandemic, the corporation has undertaken a number of efforts, including management of its operating costs where possible, curtailing or modifying delivery of those services where close proximity of staff or clients is an issue and applying for eligible government emergency relief funding.

The corporation is following Public Health policy trends and decisions for the purposes of contingency planning for future programs.

16. Comparative Figures

Certain comparative figures have been restated in order to conform to the financial statement presentation adopted for the current year.