

**SOUTHERN FRONTENAC COMMUNITY SERVICES
CORPORATION**

FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2021

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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, 2021 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, 2021, 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, 2021 and 2020, current assets at March 31, 2021 and 2020 and net assets as at April 1 and March 31 for both the 2021 and 2020 fiscal years. Our audit opinion on the financial statements for the year ended March 31, 2020 was modified accordingly because of the possible effects of this limitation in scope.

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 2, 2021

SOUTHERN FRONTENAC COMMUNITY SERVICES CORPORATION
STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2021

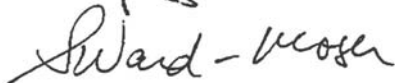
	<u>2021</u>	<u>2020</u>
Assets		
Current Assets		
Cash	\$ 389,793	\$ 383,705
Guaranteed investment certificates (note 3)	247,848	63,845
Accounts and sales tax receivable (note 9)	234,709	53,714
Prepaid expenses	<u>2,341</u>	<u>1,537</u>
	874,691	502,801
Capital Assets (note 4)	<u>571,195</u>	<u>548,230</u>
	<u>\$ 1,445,886</u>	<u>\$ 1,051,031</u>
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities (notes 5 and 9)	\$ 433,355	\$ 219,687
Deferred revenue (note 6)	<u>59,089</u>	<u>51,317</u>
	492,444	271,004
Deferred Contributions Related to Capital Assets (note 7)	<u>412,131</u>	<u>386,595</u>
	<u>904,575</u>	<u>657,599</u>
Net Assets (note 8)		
Invested in capital assets	159,064	161,635
Internally restricted	122,516	44,431
Unrestricted	76,521	58,201
Reserve funds	<u>183,210</u>	<u>129,165</u>
	<u>541,311</u>	<u>393,432</u>
	<u>\$ 1,445,886</u>	<u>\$ 1,051,031</u>
Commitment (note 9)		

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, 2021

	<u>2021</u>	<u>2020</u>
Revenues		
LHIN funding (note 9)	\$ 1,066,463	\$ 884,837
Municipal funding	63,000	85,418
Client fees	155,227	240,370
Fundraising and donations	281,997	176,693
Other revenue	101,235	89,889
United Way Funding	50,664	48,365
Internal administration fee recovery	24,762	64,533
Rental income	13,227	18,534
Provincial funding - SALC	46,306	43,729
Federal wage subsidies	92,873	7,836
Less paymaster (ILC)	<u>(10,660)</u>	<u>(10,660)</u>
	<u>1,885,094</u>	<u>1,649,544</u>
Expenses		
Wages and salaries	777,074	752,185
Information systems (note 9)	207,198	14,891
Administration wages and benefits	193,085	180,733
Program meals/food	95,708	80,043
Building occupancy	76,033	78,331
One-time program expense	74,173	59,505
Client transportation	48,685	99,910
Program supplies	48,674	55,421
Professional fees	41,359	16,813
Office	38,298	29,337
Administration fee	30,706	64,822
Client grant expenses	23,766	35,215
Accounting fees	23,271	12,709
Advertising	15,194	7,107
Board and volunteer	10,729	3,400
Contracted services	9,508	17,436
Staff training	8,340	22,999
Insurance	7,263	6,502
Memberships	5,468	3,253
Bad debts	112	624
Client subsidies	-	7,096
Fundraising and administration	<u>-</u>	<u>13,247</u>
	<u>1,734,644</u>	<u>1,561,579</u>
Excess of revenues over expenses before the undernoted items	<u>150,450</u>	<u>87,965</u>
Amortization expense	(25,917)	(23,978)
Amortization of deferred contributions related to capital assets (note 7)	<u>23,346</u>	<u>20,848</u>
	<u>(2,571)</u>	<u>(3,130)</u>
Excess of revenues over expenses for the year	<u>\$ 147,879</u>	<u>\$ 84,835</u>

See accompanying notes to financial statements.

SOUTHERN FRONTENAC COMMUNITY SERVICES CORPORATION
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2021

	<u>Invested in Capital Assets</u>	<u>Internally Restricted</u>	<u>Unrestricted</u>	<u>Reserve Funds</u>	<u>Total 2021</u>	<u>Total 2020</u>
Net assets at beginning of year	\$ 161,635	\$ 44,431	\$ 58,201	\$ 129,165	\$ 393,432	\$ 308,597
Excess (deficiency) of revenues over expenses for the year	(2,571)	78,085	72,365	-	147,879	84,835
Transfers (note 12)	<u>-</u>	<u>-</u>	<u>(54,045)</u>	<u>54,045</u>	<u>-</u>	<u>-</u>
Net assets at end of year	<u>\$ 159,064</u>	<u>\$ 122,516</u>	<u>\$ 76,521</u>	<u>\$ 183,210</u>	<u>\$ 541,311</u>	<u>\$ 393,432</u>

See accompanying notes to financial statements.

SOUTHERN FRONTENAC COMMUNITY SERVICES CORPORATION**STATEMENT OF CASH FLOW****YEAR ENDED MARCH 31, 2021**

	<u>2021</u>	<u>2020</u>
Cash flow from (used in) operating activities		
Excess of revenues over expenses	\$ 147,879	\$ 84,835
Items which do not involve cash		
Amortization of capital assets	25,917	23,978
Amortization of deferred contributions	<u>(23,346)</u>	<u>(20,848)</u>
	150,450	87,965
Changes in non-cash working capital:		
Accounts and sales tax receivable	(180,995)	(12,407)
Prepaid expenses	(804)	526
Accounts payable and accrued liabilities	213,668	3,078
Deferred revenue	<u>7,772</u>	<u>(51,985)</u>
	<u>190,091</u>	<u>27,177</u>
Cash flow used in investing activities		
Purchase of capital assets	(48,882)	(191,646)
Proceeds from sale of investments	255,634	188,808
Investments purchased	<u>(439,637)</u>	<u>(89,158)</u>
	<u>(232,885)</u>	<u>(91,996)</u>
Cash flow from financing activities		
Deferred contributions related to capital assets	<u>48,922</u>	<u>135,046</u>
Net increase in cash	6,128	70,227
Cash at beginning of year	<u>383,705</u>	<u>313,478</u>
Cash at end of year	<u>\$ 389,833</u>	<u>\$ 383,705</u>

See accompanying notes to financial statements.

SOUTHERN FRONTENAC COMMUNITY SERVICES CORPORATION

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2021

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.

(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.

SOUTHERN FRONTENAC COMMUNITY SERVICES CORPORATION

NOTES TO FINANCIAL STATEMENTS (continued)

YEAR ENDED MARCH 31, 2021

2. Significant Accounting Policies (continued)

(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 ranging from 0.15% to 0.95% and maturing April to October 2021.

4. Capital Assets

	2021			2020
	Cost	Accumulated Depreciation	Net	Net
Land	\$ 29,719	\$ -	\$ 29,719	\$ 29,719
Building	560,487	65,689	494,798	508,811
Computer equipment	66,062	57,245	8,817	2,146
Other furnishings and equipment	135,880	98,019	37,861	7,554
	<u>\$ 792,148</u>	<u>\$ 220,953</u>	<u>\$ 571,195</u>	<u>\$ 548,230</u>

At March 31, 2020 cost and accumulated amortization were \$743,267 and \$195,037 respectively.

SOUTHERN FRONTENAC COMMUNITY SERVICES CORPORATION

NOTES TO FINANCIAL STATEMENTS (continued)

YEAR ENDED MARCH 31, 2021

5. Government Remittances

Included in accounts payable is employee source deductions payable of \$42,098 (2020 - \$22,696) and workers' compensation of \$2,073 (2020 - \$2,222).

6. Deferred Revenue

The deferred revenue is composed of the following:

	<u>2021</u>	<u>2020</u>
Trillium Foundation	-	24,879
Employment and Social Development Canada - Advanced Care Planning	13,687	18,734
New Horizons for Seniors - S.A.L.T.	11,567	6,206
Funds for equipment - freezer	19,495	-
LHIN - Fire door	-	1,406
United Way - Boots and Backpacks	-	92
Ministry for Seniors and Accessibility	2,340	-
County of Frontenac - transportation	<u>12,000</u>	<u>-</u>
	<u>\$ 59,089</u>	<u>\$ 51,317</u>

7. 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>2021</u>	<u>2020</u>
Balance at beginning of year	\$ 386,595	\$ 231,397
Contributions for capital assets	48,882	135,046
Transfers from deferred revenue	-	41,000
Amounts amortized to revenue	<u>(23,346)</u>	<u>(20,848)</u>
	<u>\$ 412,131</u>	<u>\$ 386,595</u>

SOUTHERN FRONTENAC COMMUNITY SERVICES CORPORATION**NOTES TO FINANCIAL STATEMENTS (continued)****YEAR ENDED MARCH 31, 2021****8. Net Assets**

	<u>2021</u>	<u>2020</u>
Internally Restricted Programs and Activities		
Bingo	\$ 6,784	\$ 7,678
Food bank	113,225	34,191
Caring Community	<u>2,507</u>	<u>2,562</u>
	<u>122,516</u>	<u>44,431</u>
Grace	<u>159,064</u>	<u>161,635</u>
Unrestricted	<u>76,521</u>	<u>58,201</u>
Reserve Funds		
Facility Capital Fund	37,828	37,828
Fiscal Strength Fund	101,791	43,592
Facility Expansion Fund	43,591	43,591
Building Maintenance Fund	<u>-</u>	<u>4,154</u>
	<u>183,210</u>	<u>129,165</u>
	<u>\$ 541,311</u>	<u>\$ 393,432</u>

9. Virtual Care Funding

During the course of the 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.

The agreed upon funding under the arrangement was \$290,026 and the program was to be delivered by March 31, 2021. The program was operational by March 31, 2021, pursuant to which the corporation had incurred approximately \$176,503 in expenses. These expenditures have been included in information systems expense and accounts payable and accrued liabilities for the year ended March 31, 2021.

Funding under the program has not been received by March 31, 2021, resulting in \$176,503 (2020 – \$nil) of amounts receivable being accrued on the corporation's statement of financial position at year-end. An equivalent amount of revenue has also been recognized in the statement of operations for the current fiscal year. The funding was received subsequent to March 31, 2021.

The corporation is committed to expending the remainder of the funding early in its 2022 fiscal year.

SOUTHERN FRONTENAC COMMUNITY SERVICES CORPORATION

NOTES TO FINANCIAL STATEMENTS (continued)

YEAR ENDED MARCH 31, 2021

10. 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 have increased financial risk exposure in the next fiscal year.

11. Donations in Kind

The fair value of donations in kind received during the year amounted to \$5,356 (2020 - \$7,856). These donations are not recorded in the corporation's records.

12. Transfers

During the year, the corporation transferred \$58,199 from unrestricted surplus to its fiscal strength fund. Also, \$4,154 was transferred from its building maintenance fund to unrestricted surplus to cover certain repair expenses.

13. 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.

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.

14. Comparative Figures

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