



Financial Statements

Southern Frontenac Community Services
Corporation

March 31, 2026

Contents

	Page
Independent Auditor's Report	1 - 2
Statement of Financial Position	3
Statement of Operations	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 15

Independent Auditor's Report

To the Members of
Southern Frontenac Community Services Corporation

Qualified opinion

We have audited the financial statements of Southern Frontenac Community Services Corporation (the "Corporation"), which comprise the statement of financial position as at March 31, 2026, 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, 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 Corporation as at March 31, 2026, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for qualified opinion

In common with many charitable organizations, the Corporation derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, 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 fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2026 and 2025, current assets as at March 31, 2026 and 2025, and net assets as at April 1 and March 31 for both the 2026 and 2025 years. Our opinion on the financial statements for the year ended March 31, 2025 was modified accordingly because of the possible effects of this scope limitation.

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 Corporation 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.

Independent Auditor's Report (continued)

In preparing the financial statements, management is responsible for assessing the Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation'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 Corporation'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 Corporation'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 Corporation 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.

Kingston, Canada
June 10, 2026

Doane Grant Thornton LLP

Chartered Professional Accountants
Licensed Public Accountants

Southern Frontenac Community Services Corporation

Statement of Financial Position

March 31	2026	2025
Assets		
Current		
Cash	\$ 648,238	\$ 772,747
Accounts and sales tax receivable	69,992	72,535
Prepaid expenses	<u>12,061</u>	<u>14,723</u>
	730,291	860,005
Long-term		
Capital assets (Note 3)	<u>3,348,920</u>	<u>3,449,600</u>
	<u>\$ 4,079,211</u>	<u>\$ 4,309,605</u>
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 4)	\$ 149,289	\$ 231,218
Deferred revenue - grants	16,193	12,293
Current portion of loan payable (Note 5)	<u>47,494</u>	<u>889,013</u>
	<u>212,976</u>	<u>1,132,524</u>
Long-term		
Loan payable (Note 5)	663,918	-
Deferred capital contributions (Note 6)	<u>2,345,880</u>	<u>2,401,647</u>
	<u>3,009,798</u>	<u>2,401,647</u>
	<u>3,222,774</u>	<u>3,534,171</u>
Net assets		
Unrestricted	146,403	89,344
Internally restricted - invested in capital assets (Note 7)	291,628	158,940
Internally restricted - other (Note 8)	258,091	244,236
Internally restricted - reserve funds (Note 8)	<u>160,315</u>	<u>282,914</u>
	<u>856,437</u>	<u>775,434</u>
	<u>\$ 4,079,211</u>	<u>\$ 4,309,605</u>

On behalf of the Board

 Member

 Member

Southern Frontenac Community Services Corporation

Statement of Operations

Year ended March 31

2026

2025

Revenues

Provincial funding	\$ 981,422	\$ 1,039,524
Fundraising and donations	402,470	343,269
Client fees	292,832	251,539
Grant - Seniors Active Living Centre	77,120	62,686
Amortization of deferred contributions (Note 6)	72,607	69,390
Other revenue	62,853	56,301
Municipal funding	58,410	78,235
Rental income	18,100	15,540
United Way funding	2,750	2,250
Other government grants	-	46,456
	1,968,564	1,965,190

Expenditures

Wages and salaries	875,634	849,848
Administration wages and benefits	172,724	96,867
Building occupancy	162,110	193,874
Program meals/food	142,969	138,706
Amortization of capital assets	100,680	95,245
Client transportation	92,606	84,439
Information systems	60,071	55,975
Program supplies	56,375	93,426
Office	44,848	59,052
Interest on long-term debt (Note 5)	44,707	65,761
Professional fees	31,800	31,319
Client grant expenses	22,444	18,274
Accounting	20,199	20,073
Fundraising and administration	17,041	20,347
Insurance	16,239	16,932
Contracted services	6,700	27,685
Memberships	6,296	6,189
Board and volunteer	5,250	6,174
Staff training	4,514	6,592
Advertising	3,383	9,156
Bad debts	971	1,078
Capital expansion expenses	-	7,077
	1,887,561	1,904,089

Excess of revenues over expenses

	\$ 81,003	\$ 61,101
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Southern Frontenac Community Services Corporation

Statement of Changes in Net Assets

Year ended March 31

	Unrestricted	Internally restricted - invested in capital assets	Internally restricted - other	Internally restricted - reserve funds	Total 2026	Total 2025
Balance, beginning of year	\$ 89,344	\$ 158,940	\$ 244,236	\$ 282,914	\$ 775,434	\$ 714,333
Excess (deficiency) of revenues over expenses	109,076	(28,073)	-	-	81,003	61,101
Change in investment in capital assets (Note 7)	(160,761)	160,761	-	-	-	-
Internal transfers - reserves (Note 8)	<u>108,744</u>	<u>-</u>	<u>13,855</u>	<u>(122,599)</u>	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ 146,403</u>	<u>\$ 291,628</u>	<u>\$ 258,091</u>	<u>\$ 160,315</u>	<u>\$ 856,437</u>	<u>\$ 775,434</u>

Southern Frontenac Community Services Corporation

Statement of Cash Flows

Year ended March 31

2026

2025

Increase (decrease) in cash

Operating

Excess of revenues over expenses	\$ 81,003	\$ 61,101
Items not affecting cash		
Amortization of capital assets	100,680	95,245
Amortization of deferred capital contributions	<u>(72,607)</u>	<u>(69,390)</u>
	109,076	86,956
Change in non-cash working capital items		
Accounts and sales tax receivable	2,543	131,257
Prepaid expenses	2,662	64,534
Accounts payable and accrued liabilities	<u>(81,929)</u>	9,999
Deferred revenue - grants	<u>3,900</u>	<u>(90,565)</u>
	<u>36,252</u>	<u>202,181</u>

Financing

Repayment of loan payable	(177,601)	(35,971)
Proceeds of loan payable	-	149,999
Deferred capital contributions	<u>16,840</u>	<u>421,673</u>
	<u>(160,761)</u>	<u>535,701</u>

Investing

Purchase of capital assets	<u>-</u>	<u>(546,200)</u>
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(Decrease) increase in cash	(124,509)	191,682
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Cash

Beginning of year	<u>772,747</u>	<u>581,065</u>
End of year	<u>\$ 648,238</u>	<u>\$ 772,747</u>

Southern Frontenac Community Services Corporation

Notes to the Financial Statements

March 31, 2026

1. Nature of operations

Southern Frontenac Community Services Corporation (the "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 the Province 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 selected by the Corporation and applied in these financial statements are as follows:

Financial instruments

The Corporation considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in certain limited circumstances. The Corporation accounts for the following as financial instruments:

- Cash
- Accounts receivable
- Accounts payable
- Loan payable

Financial instruments in arm's length transactions

Initial measurement

The Corporation initially measures financial assets and financial liabilities originating, acquired, issued or assumed in arm's length transactions at fair value.

Subsequent measurement

The Corporation subsequently measures all its financial assets and financial liabilities at cost or amortized cost less any reduction for impairment.

Derecognition

The Corporation removes financial liabilities, or a portion of, when the obligation is discharged, cancelled or expires.

Southern Frontenac Community Services Corporation

Notes to the Financial Statements

March 31, 2026

2. Significant accounting policies (continued)

Financial instruments (continued)

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. Previously recognized impairment losses are reversed to the extent of the improvement provided the asset is not carried at an amount, at the date of reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized. The Corporation removes financial liabilities, or a portion of, when the obligation is discharged, cancelled or expires.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs as well as minor capital costs which have limited expected useful lives are charged to expense as incurred. Betterments which extend the estimated life of an asset are capitalized as incurred. When a capital asset no longer contributes to the Corporation's ability to provide services, its carrying amount is written down to its residual value.

The following rates applied on a straight-line method will apply the cost over the estimated useful lives of capital assets:

Building	40 years
Other furnishings and equipment	5 years
Computer equipment	5 years
Signs	10 years

The costs incurred for major capital projects are classified separately as capital work-in-progress until the project is complete. Costs include all direct construction and overhead costs directly attributable to construction. When construction is complete the costs are transferred to the appropriate capital asset category and amortization begins.

Interest related to the period of construction is capitalized as part of the cost of the related capital asset. Capitalization of interest ceases when the asset is completed and ready for productive use.

Southern Frontenac Community Services Corporation

Notes to the Financial Statements

March 31, 2026

2. Significant accounting policies (continued)

Revenue recognition

The Corporation follows the deferral method of accounting for contributions, which include donations and government grants.

Restricted operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in the subsequent period.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions restricted for the purchase of capital assets are deferred and amortized into revenue at a rate corresponding to the amortization rate for the related capital assets. If a capital asset is disposed of before the completion of its estimated useful life, the remaining unamortized deferred capital contribution is amortized to revenue in the year of disposition.

Contributions restricted for the purchase of capital assets that will not be amortized are recorded as direct increases in net assets.

Other rental revenues and client fees are recognized when the services are provided as per the terms of the related service agreements.

Investment income is recognized as it is earned based on the nature of the investment.

Contributed services

Contributed materials that are used in the normal course of operations and would otherwise have been purchased are recorded in the financial statements at the time of contribution, if a fair value can be reasonably estimated.

Volunteers contribute a significant amount of their time each year. Because of the difficulty in determining the fair value, volunteer services are not recognized in the financial statements.

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 buildings or equipment is recognized in a manner described above, while assistance related to current operations are recognized in the statement of operations.

Southern Frontenac Community Services Corporation

Notes to the Financial Statements

March 31, 2026

2. Significant accounting policies (continued)

Fund accounting

The Corporation's board has established a number of internally restricted funds in order to provide funding for anticipated future program delivery and other specific expenditures.

The funds designated as internally restricted – other are intended to provide support for future operations of the Corporation in specific program areas, as identified in note 7.

The Corporation has also established reserves comprised of the following:

- the facility capital fund, which is intended to support future capital asset reinvestment;
- the fiscal strength fund, which is intended to support future working capital needs; and,
- the facility expansion fund, which is intended to assist with the costs of the renovation of the Grace Centre.

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. Capital assets

			<u>2026</u>	<u>2025</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Land	\$ 29,718	\$ -	\$ 29,718	\$ 29,718
Building	3,535,228	275,038	3,260,190	3,349,443
Other furnishings and equipment	161,340	117,481	43,859	49,552
Computer equipment	82,957	79,578	3,379	6,758
Signs	<u>23,548</u>	<u>11,774</u>	<u>11,774</u>	<u>14,129</u>
	<u>\$ 3,832,791</u>	<u>\$ 483,871</u>	<u>\$ 3,348,920</u>	<u>\$ 3,449,600</u>

At March 31, 2025 cost and accumulated amortization were \$3,832,791 and \$383,191 respectively.

Southern Frontenac Community Services Corporation

Notes to the Financial Statements

March 31, 2026

4. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities is employee source deductions payable of \$23,874 (2025 - \$19,894) and workers' compensation of \$Nil (2025 - \$6,890).

Also included in accounts payable and accrued liabilities is \$3,401 (2025 - \$39,710) owing to Ontario Health regarding cumulative surpluses on programs funded by the agency.

5. Loan payable	<u>2026</u>	<u>2025</u>
Royal Bank of Canada, non-revolving term facility, monthly blended payments of \$6,746, bearing a fixed interest rate of 4.85%, renewable in October 2030, secured by real property with carrying value of \$3,260,190.	\$ 711,412	\$ -
Royal Bank of Canada, non-revolving term facility, monthly principal payments of \$5,138, bearing interest at the lender's prime rate plus 1.31% per annum, secured by real property with carrying value of \$3,379,161.	<u>-</u>	<u>889,013</u>
	711,412	889,013
Less current portion	<u>47,494</u>	<u>889,013</u>
Due beyond one year	<u>\$ 663,918</u>	<u>\$ -</u>
Estimated principal repayments are as follows:		
2027	\$ 47,494	
2028	49,850	
2029	52,322	
2030	54,917	
2031	<u>506,829</u>	
	<u>\$ 711,412</u>	

During the year, the Corporation renegotiated the terms of its existing Royal Bank of Canada term facility. The amended agreement provides a fixed interest rate of 4.85% per annum for a five-year term, renewable in October 2030.

Interest expense paid on long-term debt during the year amounted to \$44,707 (2025 - \$65,761).

Southern Frontenac Community Services Corporation

Notes to the Financial Statements

March 31, 2026

6. Deferred capital contributions

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>2026</u>	<u>2025</u>
Balance, beginning of year	\$ 2,401,647	\$ 2,299,364
Contributions for capital assets	16,840	171,673
Amounts amortized to revenue	<u>(72,607)</u>	<u>(69,390)</u>
Balance, end of year	<u>\$ 2,345,880</u>	<u>\$ 2,401,647</u>

During the years ended March 31, 2023 and 2024, the Corporation received proceeds of \$750,000 pursuant to a financing arrangement signed with the Township at Southern Frontenac (the "Township"). Under the terms of the arrangement, the financial assistance has been provided by the Township in the form of a non-interest bearing forgivable loan. The term of the forgivable loan shall be ten years, and provided that the Corporation complies with the terms of the arrangement through this period, the loan shall be forgiven by the Township at the expiry of this term. In accordance with its revenue recognition policy, the Corporation has included the \$750,000 of proceeds from the arrangement in deferred capital contributions.

Southern Frontenac Community Services Corporation

Notes to the Financial Statements

March 31, 2026

7. Net assets invested in capital assets

(a) Net assets invested in capital assets is calculated as follows:

	2026	2025
Capital assets	\$ 3,348,920	\$ 3,449,600
Loan payable	(711,412)	(889,013)
Deferred capital contributions	(2,345,880)	(2,401,647)
	\$ 291,628	\$ 158,940

(b) Change in net assets invested in capital assets is calculated as follows:

	2026	2025
Excess of expenses over revenues:		
Amortization of deferred contributions	\$ 72,607	\$ 69,390
Amortization of capital assets	(100,680)	(95,245)
	\$ (28,073)	\$ (25,855)

	2026	2025
Net change in investment in capital assets:		
Capital assets in accounts payable	\$ -	\$ 439,305
Capital assets acquired	-	106,895
Repayment of loan payable	177,601	35,971
Capital contributions received	(16,840)	(171,673)
Construction loan received	-	(149,999)
Contributions received	-	(250,000)
	\$ 160,761	\$ 10,499

Southern Frontenac Community Services Corporation

Notes to the Financial Statements

March 31, 2026

8. Net assets

	<u>2026</u>	<u>2025</u>
Internally restricted - other:		
Bingo	\$ 6,725	\$ 8,390
Food bank	213,646	202,485
Caring Community	<u>37,720</u>	<u>33,361</u>
	<u>\$ 258,091</u>	<u>\$ 244,236</u>
Internally restricted - reserve funds:		
Facility capital fund	\$ 48,176	\$ 48,176
Fiscal strength fund	112,139	112,139
Facility expansion fund	<u>-</u>	<u>122,599</u>
	<u>\$ 160,315</u>	<u>\$ 282,914</u>

During the year, the Corporation transferred the sum of \$122,599 from internally restricted funds to unrestricted net assets. There was also a transfer of \$13,855 from unrestricted net assets to internally restricted - other. During the prior year, the Corporation transferred the sum of \$65,288 from unrestricted net assets to internally restricted funds.

9. Financial instruments

The Corporation manages its exposure to the risks associated with financial instruments 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. A brief description of management's assessments of these risks are as follows:

(a) Credit risk

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.

(b) Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet a demand for cash or fund its obligations as they come due. Liquidity risk also includes the risk of the Corporation not being able to liquidate assets in a timely manner at a reasonable price. The Corporation is subject to liquidity risk through its loan payable and its accounts payable. The Corporation meets its liquidity requirements by preparing and monitoring detailed forecasts of cash flow from operations and anticipating investing and financing activities. The Corporation's exposure to liquidity risk has not changed significantly from the prior year.

Southern Frontenac Community Services Corporation

Notes to the Financial Statements

March 31, 2026

9. Financial instruments (continued)

(c) Market risk

It is management's opinion that the Corporation is not exposed to significant currency or other market risks arising from these financial instruments. It is, however, exposed to interest rate risk.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The loan payable bears fixed rates of interest. Thus, a change in the market rate of interest in the short term has little impact on cash flows to service long-term debt, but such a change does subject the Corporation to fair value risk.
