

**SOUTHERN FRONTENAC COMMUNITY SERVICES
CORPORATION**

FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2020

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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, 2020 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 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, 2020, and its financial performance 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 revenues, the excess of revenues over expenses or cash flow from operations for the year ended March 31, 2020 nor to current assets or net assets at April 1, 2019 or March 31, 2020.

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 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

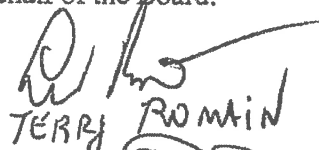
Chartered Professional Accountants
Licensed Public Accountants
Kingston, Ontario
July 8, 2020

SOUTHERN FRONTENAC COMMUNITY SERVICES CORPORATION
STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2020

	<u>2020</u>	<u>2019</u>
Assets		
Current Assets		
Cash	\$ 383,705	\$ 313,478
Guaranteed investment certificates (note 3)	63,845	163,495
Accounts and sales tax receivable	53,714	41,307
Prepaid expenses	<u>1,537</u>	<u>2,063</u>
	502,801	520,343
Capital Assets (note 4)	<u>548,230</u>	<u>380,562</u>
	<u>\$ 1,051,031</u>	<u>\$ 900,905</u>
 Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities (note 5)	\$ 219,687	\$ 216,609
Deferred revenue (note 6)	<u>51,317</u>	<u>144,302</u>
	271,004	360,911
Deferred Contributions Related to Capital Assets (note 7)	<u>386,595</u>	<u>231,397</u>
	<u>657,599</u>	<u>592,308</u>
 Net Assets (note 8)		
Invested in capital assets	161,635	149,165
Internally restricted	44,431	26,420
Unrestricted	58,201	56,497
Reserve funds	<u>129,165</u>	<u>76,515</u>
	<u>393,432</u>	<u>308,597</u>
	<u>\$ 1,051,031</u>	<u>\$ 900,905</u>

Approved on behalf of the Board:

Member


 TERRY ROMAIN

Member



See accompanying notes to financial statements.

SOUTHERN FRONTENAC COMMUNITY SERVICES CORPORATION

STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31, 2020

	<u>2020</u>	<u>2019</u>
Revenues		
LHIN funding	\$ 884,837	\$ 663,235
Municipal funding	85,418	290,981
Client fees	240,370	228,802
Fundraising and donations	176,693	181,397
Other revenue	89,889	103,765
United Way Funding	48,365	65,182
Internal administration fee recovery	64,533	41,760
Rental income	18,534	16,402
Good Graces Cafe	-	2,634
Provincial funding - SALC	43,729	-
Temporary wage subsidy	7,836	-
Less paymaster (ILC)	<u>(10,660)</u>	<u>(10,660)</u>
	<u>1,649,544</u>	<u>1,583,498</u>
Expenses		
Wages and salaries	752,185	632,944
Administration wages and benefits	180,733	177,426
Client transportation	99,910	112,712
Program meals/food	80,043	71,130
Building occupancy	78,331	66,006
Administration fee	64,822	41,110
One-time program expense	59,505	-
Program supplies	55,421	37,186
Client grant expenses	35,215	162,068
Office	29,337	49,944
Staff training	22,999	11,178
Contracted services	17,436	88,801
Professional fees	16,813	18,845
Information systems	14,891	21,108
Fundraising and administration	13,247	10,409
Accounting fees	12,709	30,312
Advertising	7,107	6,732
Client subsidies	7,096	-
Insurance	6,502	5,491
Board and volunteer	3,400	4,478
Memberships	3,253	2,980
Bad debts	624	89
	<u>1,561,579</u>	<u>1,550,949</u>
Excess of revenues over expenses before the undernoted items	<u>87,965</u>	<u>32,549</u>
Amortization expense	(23,978)	(19,187)
Amortization of deferred contributions related to capital assets (note 7)	<u>20,848</u>	<u>16,704</u>
	<u>(3,130)</u>	<u>(2,483)</u>
Excess of revenues over expenses for the year	<u>\$ 84,835</u>	<u>\$ 30,066</u>

See accompanying notes to financial statements.

SOUTHERN FRONTENAC COMMUNITY SERVICES CORPORATION
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2020

	<u>Invested in Capital Assets</u>	<u>Internally Restricted</u>	<u>Unrestricted</u>	<u>Reserve Funds</u>	<u>Total 2020</u>	<u>Total 2019</u>
Net assets at beginning of year	\$ 149,165	\$ 26,420	\$ 56,497	\$ 76,515	\$ 308,597	\$ 278,531
Excess (deficiency) of revenues over expenses for the year	(3,130)	18,011	69,954	-	84,835	30,066
Transfers (note 11)	<u>15,600</u>	<u>-</u>	<u>(68,250)</u>	<u>52,650</u>	<u>-</u>	<u>-</u>
Net assets at end of year	<u>\$ 161,635</u>	<u>\$ 44,431</u>	<u>\$ 58,201</u>	<u>\$ 129,165</u>	<u>\$ 393,432</u>	<u>\$ 308,597</u>

See accompanying notes to financial statements.

SOUTHERN FRONTENAC COMMUNITY SERVICES CORPORATION

STATEMENT OF CASH FLOW

YEAR ENDED MARCH 31, 2020

	<u>2020</u>	<u>2019</u>
Cash flow from (used in) operating activities		
Excess of revenues over expenses	\$ 84,835	\$ 30,066
Items which do not involve cash		
Amortization of capital assets	23,978	19,187
Amortization of deferred contributions	<u>(20,848)</u>	<u>(16,704)</u>
	87,965	32,549
Changes in non-cash working capital:		
Accounts and sales tax receivable	(12,407)	786
Prepaid expenses	526	6,259
Accounts payable and accrued liabilities	3,078	26,009
Deferred revenue	<u>(51,985)</u>	<u>34,482</u>
	<u>27,177</u>	<u>100,085</u>
Cash flow used in investing activities		
Purchase of capital assets	(191,646)	(220)
Proceeds from sale of investments	188,808	140,000
Investments purchased	<u>(89,158)</u>	<u>(163,625)</u>
	<u>(91,996)</u>	<u>(23,845)</u>
Cash flow from financing activities		
Deferred contributions related to capital assets	<u>135,046</u>	<u>-</u>
Net increase in cash	70,227	76,240
Cash at beginning of year	<u>313,478</u>	<u>237,238</u>
Cash at end of year	<u>\$ 383,705</u>	<u>\$ 313,478</u>

See accompanying notes to financial statements.

SOUTHERN FRONTENAC COMMUNITY SERVICES CORPORATION

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2020

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, 2020

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) 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. Guaranteed Investment Certificates

The corporation has guaranteed investment certificates at an interest rate of 2.1% and maturing in October 2020.

4. Capital Assets

	2020			2019
	Cost	Accumulated Depreciation	Net	Net
Land	\$ 29,719	\$ -	\$ 29,719	\$ 29,719
Building	560,487	51,676	508,811	331,178
Computer equipment	55,041	52,895	2,146	4,293
Other furnishings and equipment	98,020	90,466	7,554	15,372
	<u>\$ 743,267</u>	<u>\$ 195,037</u>	<u>\$ 548,230</u>	<u>\$ 380,562</u>

At March 31, 2019 cost and accumulated amortization were \$551,621 and \$171,059 respectively.

5. Government Remittances

Included in accounts payable is employee source deductions payable of \$22,696 (2019 - \$24,745) and workers' compensation of \$2,222 (2019 - \$1,976).

SOUTHERN FRONTENAC COMMUNITY SERVICES CORPORATION

NOTES TO FINANCIAL STATEMENTS (continued)

YEAR ENDED MARCH 31, 2020

6. Deferred Revenue

The deferred revenue is composed of the following:

	<u>2020</u>	<u>2019</u>
Trillium Foundation	24,879	-
Employment and Social Development Canada - Advanced Care Planning	18,734	-
Employment and Social Development Canada - washrooms	-	41,000
New Horizons for Seniors - S.A.L.T.	6,206	16,227
LHIN - Fire door	1,406	-
United Way - Boots and Backpacks	92	-
Homelessness Prevention	-	53,717
Prevention/Diversion	-	6,221
Rapid Re-Housing/Housing First	-	3,231
Rotary Kingston	-	2,000
United Way - Youth Homelessness Initiative	-	5,318
Other	-	16,588
	<u>\$ 51,317</u>	<u>\$ 144,302</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>2020</u>	<u>2019</u>
Balance at beginning of year	\$ 231,397	\$ 248,101
Contributions for capital assets	135,046	-
Transfers from deferred revenue	41,000	-
Amounts amortized to revenue	<u>(20,848)</u>	<u>(16,704)</u>
	<u>\$ 386,595</u>	<u>\$ 231,397</u>

SOUTHERN FRONTENAC COMMUNITY SERVICES CORPORATION

NOTES TO FINANCIAL STATEMENTS (continued)

YEAR ENDED MARCH 31, 2020

8. Net Assets

	<u>2020</u>	<u>2019</u>
Internally Restricted Programs and Activities		
Bingo	\$ 7,678	\$ 594
Food bank	34,191	23,787
Caring Community	<u>2,562</u>	<u>2,039</u>
	<u>44,431</u>	<u>26,420</u>
Grace	<u>161,635</u>	<u>149,165</u>
Unrestricted	<u>58,201</u>	<u>56,497</u>
Reserve Funds		
Facility Capital Fund	37,828	11,971
Fiscal Strength Fund	43,592	28,272
Facility Expansion Fund	43,591	28,272
Building Maintenance Fund	<u>4,154</u>	<u>8,000</u>
	<u>129,165</u>	<u>76,515</u>
	<u>\$ 393,432</u>	<u>\$ 308,597</u>

9. 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 2019 and there is expected to be no substantive change in the next fiscal period.

10. Donations in Kind

The fair value of donations in kind received during the year amounted to \$7,856 (2019 - \$14,030). These donations are not recorded in the corporation's records.

11. Transfers

During the year, the corporation transferred \$15,600 from its unrestricted assets to cover the cost of capital additions and a further \$25,857 to its facility capital fund, \$15,320 to its fiscal strength fund and \$15,319 to its facility expansion fund. Also, \$3,846 was transferred from its building maintenance fund to unrestricted surplus to cover certain repair expenses.

12. Comparative Figures

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