



Financial Statements

Southern Frontenac Community Services
Corporation

March 31, 2024

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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, 2024, 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, 2024, 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 not-for-profit 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, 2024 and 2023, current assets as at March 31, 2024 and 2023, and net assets as at April 1 and March 31 for both the 2024 and 2023 years. The predecessor auditor's opinion on the financial statements for the year ended March 31, 2023 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.

Emphasis of matter - restated comparative information

We draw attention to Note 12 of the financial statements, which explains that certain comparative information presented for the year ended March 31, 2023 has been restated. The financial statements for the year ended March 31, 2023, excluding the adjustments that were applied to restate certain comparative information, were audited by Secker Ross & Perry LLP, who expressed a modified opinion on those financial statements on June 7, 2023. The partners and staff of Secker Ross & Perry LLP joined Grant Thornton LLP on January 8, 2024. Our opinion is not modified in respect of this matter.

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.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script font.

Kingston, Canada
June 12, 2024

Chartered Professional Accountants
Licensed Public Accountants

SOUTHERN FRONTENAC COMMUNITY SERVICES CORPORATION**STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2024**

	<u>2024</u>	<u>2023</u> (restated) (note 12)
Assets		
Current assets		
Cash	\$ 581,065	\$ 1,370,546
Accounts and sales tax receivable	203,792	99,845
Prepaid expenses	79,257	6,636
Contributions receivable (note 8)	<u>250,000</u>	<u>-</u>
	1,114,114	1,477,027
Capital assets (note 3)	<u>3,437,950</u>	<u>877,135</u>
	<u>\$ 4,552,064</u>	<u>\$ 2,354,162</u>
Liabilities		
Current liabilities		
Construction loan (note 4)	\$ 774,985	\$ -
Accounts payable and accrued liabilities (note 5)	660,523	210,121
Deferred revenue - grants (note 6)	<u>102,858</u>	<u>7,736</u>
	1,538,366	217,857
Unspent contributions for capital expansion (note 7)	-	747,870
Deferred capital contributions related to capital assets (note 8)	<u>2,299,364</u>	<u>702,577</u>
	<u>3,837,730</u>	<u>1,668,304</u>
Net assets		
Unrestricted	78,176	100,204
Internally restricted - invested in capital assets (note 9)	174,296	174,558
Internally restricted - other (note 10)	178,948	100,781
Internally restricted - reserve funds (note 10)	<u>282,914</u>	<u>310,315</u>
	<u>714,334</u>	<u>685,858</u>
	<u>\$ 4,552,064</u>	<u>\$ 2,354,162</u>

Commitments

Approved on behalf of the Board:

Member

Member

SOUTHERN FRONTENAC COMMUNITY SERVICES CORPORATION**STATEMENT OF OPERATIONS****YEAR ENDED MARCH 31, 2024**

	<u>2024</u>	<u>2023</u>
Revenues		
LHIN funding	\$ 891,463	\$ 777,886
Fundraising and donations	323,112	310,411
Client fees	248,311	231,962
Grant - Seniors Active Living Centre	75,938	25,608
Other government grants	70,494	-
Municipal funding	68,200	155,900
Other revenue	64,477	77,075
Amortization of deferred contributions related to capital assets (note 8)	22,459	20,773
Rental income	6,000	19,740
United Way	2,000	4,000
	<u>1,772,454</u>	<u>1,623,355</u>
Expenses		
Wages and salaries	802,773	746,349
Administration wages and benefits	206,410	240,978
Program meals/food	147,511	133,787
Client transportation	82,596	71,935
Program supplies	81,666	74,871
Building occupancy	69,071	67,562
Office	46,470	41,342
Information systems	45,821	44,280
Professional fees	42,711	39,213
Program expense	35,765	16,308
Amortization expense	28,197	21,080
Fundraising and administration	25,936	8,034
Accounting fees	24,710	24,354
Contracted services	15,511	5,822
Client grant expenses	13,924	19,941
Advertising	13,415	5,181
Insurance	9,850	9,204
Staff training	9,578	4,402
Capital expansion expenses	9,333	6,822
Memberships	6,014	5,314
Board and volunteer	4,150	3,627
Bad debts	641	56
	<u>1,722,053</u>	<u>1,590,462</u>
Excess of revenues over expenses before the undernoted item	50,401	32,893
Loss on disposal of capital assets	<u>(21,925)</u>	<u>-</u>
Excess of revenues over expenses for the year	<u>\$ 28,476</u>	<u>\$ 32,893</u>

See accompanying notes to financial statements.

SOUTHERN FRONTENAC COMMUNITY SERVICES CORPORATION
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2024

	<u>Unrestricted</u>	<u>Internally Restricted</u>			<u>Total 2024</u>	<u>Total 2023</u>
		<u>Invested in Capital Assets</u>	<u>Other</u>	<u>Reserve Funds</u>		
Net assets at beginning of year	\$ 100,204	\$ 174,558	\$ 100,781	\$ 310,315	\$ 685,858	\$ 652,965
Excess (deficiency) of revenues over expenses for the year (note 9(b))	56,139	(27,663)	-	-	28,476	32,893
Net change in investment in capital assets (note 9(b))	-	27,401	-	(27,401)	-	-
Internal transfers	<u>(78,167)</u>	<u>-</u>	<u>78,167</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets at end of year	<u>\$ 78,176</u>	<u>\$ 174,296</u>	<u>\$ 178,948</u>	<u>\$ 282,914</u>	<u>\$ 714,334</u>	<u>\$ 685,858</u>

See accompanying notes to financial statements.

SOUTHERN FRONTENAC COMMUNITY SERVICES CORPORATION**STATEMENT OF CASH FLOWS****YEAR ENDED MARCH 31, 2024**

	<u>2024</u>	<u>2023</u> (restated) (note 12)
Cash flow from (used in) operating activities		
	\$ 28,476	\$ 32,893
Items which do not involve cash		
Amortization of capital assets	28,197	21,080
Loss on disposal of capital assets	21,925	-
Amortization of deferred contributions	<u>(22,459)</u>	<u>(20,773)</u>
	56,139	33,200
Changes in non-cash working capital:		
Accounts and sales tax receivable	(103,947)	54,928
Prepaid expenses	(72,621)	1,038
Accounts payable and accrued liabilities	11,097	42,022
Deferred revenue	<u>95,122</u>	<u>3,805</u>
	<u>(14,210)</u>	<u>134,993</u>
Cash flow from (used in) investing activities		
Purchase of capital assets	(2,193,650)	(203,420)
Proceeds from sale of investments	-	977,822
Deferred contributions related to capital assets	<u>-</u>	<u>(653,094)</u>
	<u>(2,193,650)</u>	<u>121,308</u>
Cash flow from financing activities		
Proceeds from construction loan	774,985	-
Unspent contributions for capital assets	-	665,445
Deferred contributions related to capital assets	<u>643,394</u>	<u>159,633</u>
	<u>1,418,379</u>	<u>825,078</u>
Net increase (decrease) in cash	(789,481)	1,081,379
Cash at beginning of year	<u>1,370,546</u>	<u>289,167</u>
Cash at end of year	<u>\$ 581,065</u>	<u>\$ 1,370,546</u>
Supplementary cash flow information:		
Previously unspent contributions for capital expansion transferred to deferred capital contributions	<u>\$ 747,870</u>	<u>\$ 43,788</u>
Purchase of capital assets included in accounts payable	<u>\$ 439,305</u>	<u>\$ -</u>

See accompanying notes to financial statements.

SOUTHERN FRONTENAC COMMUNITY SERVICES CORPORATION

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2024

1. Purpose of the organization

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 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:

(a) Financial instruments

Financial instruments from arm's length transactions

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
- Construction loan
- Accounts payable

A financial asset or liability is recognized when the Corporation becomes a party to a contractual provision of the instrument.

The Corporation initially measures its financial assets and financial liabilities at fair value. The Corporation subsequently measures all of its financial assets and financial liabilities at amortized cost.

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.

SOUTHERN FRONTENAC COMMUNITY SERVICES CORPORATION

NOTES TO FINANCIAL STATEMENTS (continued)

YEAR ENDED MARCH 31, 2024

2. Significant accounting policies (continued)

(b) 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.

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

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.

(c) 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.

SOUTHERN FRONTENAC COMMUNITY SERVICES CORPORATION

NOTES TO FINANCIAL STATEMENTS (continued)

YEAR ENDED MARCH 31, 2024

2. Significant accounting policies (continued)

(c) Revenue recognition (continued)

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.

(d) Contributed materials and 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.

(e) 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 in note 2(c), while assistance related to current operations are recognized in the statement of operations.

(f) 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 11.

The Corporation as 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.

SOUTHERN FRONTENAC COMMUNITY SERVICES CORPORATION

NOTES TO FINANCIAL STATEMENTS (continued)

YEAR ENDED MARCH 31, 2024

2. Significant accounting policies (continued)

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

3. Capital assets

	2024			2023
	Cost	Accumulated Depreciation	Net	Net
Land	\$ 29,719	\$ -	\$ 29,719	\$ 29,719
Building	570,378	103,144	467,234	522,061
Computer equipment	82,957	70,617	12,340	17,924
Other furnishings and equipment	121,353	107,121	14,232	15,179
Signs	23,548	7,064	16,484	18,838
Capital work-in-progress	2,897,941	-	2,897,941	273,414
	<u>\$ 3,725,896</u>	<u>\$ 287,946</u>	<u>\$ 3,437,950</u>	<u>\$ 877,135</u>

At March 31, 2023 cost and accumulated amortization were \$1,146,205 and \$269,070 respectively.

During the course of construction, the Corporation paid \$12,423 of interest on the construction loan described in note 4. In accordance with its accounting policies, the Corporation capitalized this interest to capital work-in-progress.

In conjunction with the expansion project, the Corporation concluded it no longer had need of two portables that were previously being used in operations. These portables which had remaining net book value of \$43,943, were disposed of. The remaining carrying amount of deferred capital contributions on the portables was \$22,018, resulting in a loss on disposal of \$21,925 being recognized.

4. Construction loan

During the year, the Corporation secured a loan facility with its chartered bank with a limit of \$1,100,000. As at March 31, 2024, \$774,895 of this loan has been drawn. The facility bears interest at the lender's prime rate plus 0.58% and the facility is repayable on demand. The loan facility is secured by a collateral mortgage on land and building and a general security agreement. The facility will be converted to a fixed-rate term loan at the completion of the project which is expected to occur at June 30, 2024. The effective interest rate at March 31, 2024 is 7.78%.

SOUTHERN FRONTENAC COMMUNITY SERVICES CORPORATION

NOTES TO FINANCIAL STATEMENTS (continued)

YEAR ENDED MARCH 31, 2024

5. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities is employee source deductions payable of \$27,025 (2023 - \$29,834) and workers' compensation of \$2,184 (2023 - \$2,118).

Also included in accounts payable and accrued liabilities is \$39,710 (2023 - \$39,710) owing to Ontario Health regarding cumulative surpluses on programs funded by the agency.

6. Deferred revenue - grants

The deferred revenue from grants is composed of the following:

	<u>2024</u>	<u>2023</u>
New Horizons for Seniors - S.A.L.T.	\$ 11,477	\$ 7,736
Community Services Recovery Fund	46,087	-
Resilient Communities Grant	12,269	-
Muskoka Healthy Communities Grant	<u>33,025</u>	<u>-</u>
	<u>\$ 102,858</u>	<u>\$ 7,736</u>

7. Unspent contributions for capital expansion

Last year the Corporation started to execute plans of a project to expand its main operating facility in Sydenham, Ontario. The upgrade to the facility will significantly expand the Corporation's capacity to meet the growing needs of its clients. By March 31, 2024, approximately \$2,897,941 in expenditures were incurred on property development (note 3). Unspent contributions for the facility upgrade amount to \$nil at March 31, 2024 (2023 - \$747,870). The balance recognized as unspent contributions for capital expansion at March 31, 2023 includes the \$500,000 of proceeds from the Corporation of the Township of South Frontenac (the "Township"), as described in note 8(i).

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>2024</u>	<u>2023</u>
Balance at beginning of year	\$ 702,577	\$ 519,929
Contributions for capital assets	643,394	159,633
Contributions receivable	250,000	-
Transfers from unspent contributions (i)	747,870	43,788
Amounts amortized to revenue	(22,459)	(20,773)
Reduction for disposition of capital assets	<u>(22,018)</u>	<u>-</u>
	<u>\$ 2,299,364</u>	<u>\$ 702,577</u>

SOUTHERN FRONTENAC COMMUNITY SERVICES CORPORATION

NOTES TO FINANCIAL STATEMENTS (continued)

YEAR ENDED MARCH 31, 2024

8. Deferred contributions related to capital assets (continued)

- (i) During the prior year, the Corporation received proceeds of \$500,000 pursuant to a financing arrangement signed with 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.

Subsequent to year-end, the third payment of \$250,000 was received.

In accordance with its revenue recognition policy, the Corporation has included the proceeds from the arrangement in deferred capital contributions.

9. Net assets invested in capital assets

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

	<u>2024</u>	<u>2023</u>
Capital assets	\$ 3,437,950	\$ 877,135
Contributions receivable	250,000	-
Capital asset acquisition in payables	(439,305)	-
Deferred capital contributions	(2,299,364)	(702,577)
Construction loan	<u>(774,985)</u>	<u>-</u>
	<u>\$ 174,296</u>	<u>\$ 174,558</u>

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

	<u>2024</u>	<u>2023</u>
Excess of revenues over expenses:		
Amortization of deferred contributions	\$ 22,459	\$ 20,773
Amortization of capital assets	(28,197)	(21,080)
Loss on disposal of capital assets	<u>(21,925)</u>	<u>-</u>
	<u>\$ (27,663)</u>	<u>(307)</u>

Net change in investment in capital assets:

Capital assets acquired	\$ 2,632,955	\$ 203,420
Capital assets in accounts payable	(439,305)	-
Capital contributions received	(643,394)	(159,633)
Capital contributions transferred from deferred revenue	-	(43,787)
Capital contributions transferred from unspent contributions	(747,870)	-
Construction loan received	<u>(774,985)</u>	<u>-</u>
	<u>\$ 27,401</u>	<u>\$ -</u>

SOUTHERN FRONTENAC COMMUNITY SERVICES CORPORATION

NOTES TO FINANCIAL STATEMENTS (continued)

YEAR ENDED MARCH 31, 2024

10. Net assets

	<u>2024</u>	<u>2023</u>
Internally restricted - other:		
Bingo	\$ 8,092	\$ 10,950
Food bank	137,021	89,831
Caring Community	<u>33,835</u>	<u>-</u>
	<u>\$ 178,948</u>	<u>\$ 100,781</u>
Internally restricted - reserve funds:		
Facility capital fund	48,176	48,176
Fiscal strength fund	112,139	112,139
Facility expansion fund	<u>122,599</u>	<u>150,000</u>
	<u>\$ 282,914</u>	<u>\$ 310,315</u>

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. 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 if 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 construction loan 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 increased since the previous year due to the commencement of construction activities on the expansion project.

(c) Interest rate risk

The Corporation is exposed to interest rate risk arising from its term debt. Due to the variable nature of the interest rate on the loan, the organization is subject to risk in the event of change in the interest rate. The organization does not engage in any activities to hedge this risk.

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

SOUTHERN FRONTENAC COMMUNITY SERVICES CORPORATION

NOTES TO FINANCIAL STATEMENTS (continued)

YEAR ENDED MARCH 31, 2024

12. Restatement of comparative figures

During the year, it was determined that \$500,000 in funding received from the Township had been incorrectly presented as a forgivable loan, in current liabilities, in the statement of financial position at March 31, 2023. This amount should have been presented as an unspent capital contribution for capital expansion, in non-current liabilities in the statement of financial position. The adjustment has been applied retrospectively and has resulted in adjustments to the comparative information for the year ended March 31, 2023. The restatement had no impact on the statement of operations or the statement of changes in net assets.

Additionally, certain other comparative figures were adjusted to conform to changes in the current year presentation.