

**SOUTHERN FRONTENAC COMMUNITY SERVICES
CORPORATION**

FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2019

Independent Auditor's Report	1
Statement of Financial Position	4
Statement of Operations	5
Statement of Changes in Net Assets	6
Statement of Cash Flow	7
Notes to Financial Statements	8

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, 2019 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, 2019, 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, 2019 nor to current assets or net assets at April 1, 2018 or March 31, 2019.

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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

- 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

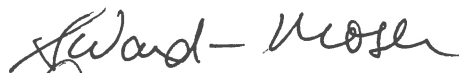
Chartered Professional Accountants
Licensed Public Accountants
Kingston, Ontario
June 5, 2019

SOUTHERN FRONTENAC COMMUNITY SERVICES CORPORATION
STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2019

	<u>2019</u>	<u>2018</u>
Assets		
Current Assets		
Cash	\$ 313,478	\$ 237,238
Guaranteed investment certificates (note 3)	163,495	139,870
Accounts and sales tax receivable	41,307	42,093
Prepaid expenses	<u>2,063</u>	<u>8,322</u>
	520,343	427,523
 Capital Assets (note 4)	 <u>380,562</u>	 <u>399,529</u>
	<u><u>\$ 900,905</u></u>	<u><u>\$ 827,052</u></u>
 Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities (note 5)	\$ 216,609	\$ 190,600
Deferred revenue (note 6)	<u>144,302</u>	<u>109,820</u>
	360,911	300,420
 Deferred Contributions Related to Capital Assets (note 7)	 <u>231,397</u>	 <u>248,101</u>
	<u>592,308</u>	<u>548,521</u>
 Net Assets (note 8)		
Invested in capital assets	149,165	151,428
Internally restricted	26,420	36,402
Unrestricted	56,497	22,186
Reserve funds	<u>76,515</u>	<u>68,515</u>
	308,597	278,531
	<u><u>\$ 900,905</u></u>	<u><u>\$ 827,052</u></u>

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, 2019

	<u>2019</u>	<u>2018</u>
Revenues		
LHIN funding	\$ 663,235	\$ 606,659
Municipal funding	290,981	244,680
Client fees	228,802	234,630
Fundraising and donations	181,397	137,188
Other revenue	103,765	78,654
United Way Funding	65,182	42,250
Internal administration fee recovery	41,760	33,556
Rental income	16,402	19,058
Good Graces Cafe	2,634	6,900
Less paymaster (ILC)	<u>(10,660)</u>	<u>(10,660)</u>
	<u>1,583,498</u>	<u>1,392,915</u>
Expenses		
Wages and salaries	632,939	502,896
Administration wages and benefits	177,431	166,367
Client grant expenses	162,068	90,910
Client transportation	112,712	134,488
Contracted services	88,801	96,049
Program meals/food	71,130	75,047
Building occupancy	66,006	110,425
Office	49,944	31,870
Administration fee	41,110	35,711
Program supplies	37,186	23,419
Accounting fees	30,312	30,083
Information systems	21,108	18,532
Professional fees	18,845	15,582
Staff training	11,178	5,993
Fundraising and administration	10,409	9,276
Advertising	6,732	4,865
Insurance	5,491	4,975
Board and volunteer	4,478	4,405
Memberships	2,980	2,907
Bad debts	<u>89</u>	<u>282</u>
	<u>1,550,949</u>	<u>1,364,082</u>
Excess of revenues over expenses before the undernoted items	<u>32,549</u>	<u>28,833</u>
Amortization expense	(19,187)	(24,338)
Amortization of deferred contributions related to capital assets (note 7)	<u>16,704</u>	<u>22,231</u>
	<u>(2,483)</u>	<u>(2,107)</u>
Excess of revenues over expenses for the year	<u>\$ 30,066</u>	<u>\$ 26,726</u>

See accompanying notes to financial statements.

SOUTHERN FRONTENAC COMMUNITY SERVICES CORPORATION
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2019

	<u>Invested in Capital Assets</u>	<u>Internally Restricted</u>	<u>Unrestricted</u>	<u>Reserve Funds</u>	<u>Total 2019</u>	<u>Total 2018</u>
Net assets at beginning of year	\$ 151,428	\$ 36,402	\$ 22,186	\$ 68,515	\$ 278,531	\$ 251,805
Excess (deficiency) of revenues over expenses for the year	(2,483)	(9,982)	42,531	-	30,066	26,726
Transfers (note 11)	<u>220</u>	<u>-</u>	<u>(8,220)</u>	<u>8,000</u>	<u>-</u>	<u>-</u>
Net assets at end of year	<u>\$ 149,165</u>	<u>\$ 26,420</u>	<u>\$ 56,497</u>	<u>\$ 76,515</u>	<u>\$ 308,597</u>	<u>\$ 278,531</u>

See accompanying notes to financial statements.

SOUTHERN FRONTENAC COMMUNITY SERVICES CORPORATION
STATEMENT OF CASH FLOW
YEAR ENDED MARCH 31, 2019

	<u>2019</u>	<u>2018</u>
Cash flow from (used in) operating activities		
Excess of revenues over expenses	\$ 30,066	\$ 26,726
Items which do not involve cash		
Amortization of capital assets	19,187	24,338
Amortization of deferred contributions	<u>(16,704)</u>	<u>(22,231)</u>
	32,549	28,833
Changes in non-cash working capital:		
Accounts and sales tax receivable	786	5,220
Prepaid expenses	6,259	(1,828)
Accounts payable and accrued liabilities	26,009	(90,316)
Deferred revenue	<u>34,482</u>	<u>29,477</u>
	<u>100,085</u>	<u>(28,614)</u>
Cash flow used in investing activities		
Purchase of capital assets	(220)	(85,135)
Proceeds from sale of investments	140,000	-
Investments purchased	<u>(163,625)</u>	<u>(39,512)</u>
	<u>(23,845)</u>	<u>(124,647)</u>
Cash flow from financing activities		
Deferred contributions related to capital assets	<u>-</u>	<u>3,800</u>
Net increase (decrease) in cash	76,240	(149,461)
Cash at beginning of year	<u>237,238</u>	<u>386,699</u>
Cash at end of year	<u>\$ 313,478</u>	<u>\$ 237,238</u>

See accompanying notes to financial statements.

SOUTHERN FRONTENAC COMMUNITY SERVICES CORPORATION

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2019

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, 2019

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 rates ranging from 0.5% to 1.15% and maturing dates ranging from January to March of 2020.

4. Capital Assets

	2019			2018
	Cost	Accumulated Depreciation	Net	Net
Land	\$ 29,719	\$ -	\$ 29,719	\$ 29,499
Building	368,841	37,663	331,178	340,401
Computer equipment	55,041	50,748	4,293	6,439
Other furnishings and equipment	98,020	82,648	15,372	23,190
	<u>\$ 551,621</u>	<u>\$ 171,059</u>	<u>\$ 380,562</u>	<u>\$ 399,529</u>

At March 31, 2018 cost and accumulated amortization were \$551,401 and \$151,872 respectively.

5. Government Remittances

Included in accounts payable is employee source deductions payable of \$24,745 (2018 - \$13,025) and workers' compensation of \$1,976 (2018 - \$Nil).

SOUTHERN FRONTENAC COMMUNITY SERVICES CORPORATION
NOTES TO FINANCIAL STATEMENTS (continued)
YEAR ENDED MARCH 31, 2019

6. Deferred Revenue

The deferred revenue is composed of the following:

	<u>2019</u>	<u>2018</u>
Homelessness Prevention	\$ 53,717	\$ 34,146
Prevention/Diversion	6,221	11,002
Rapid Re-Housing/Housing First	3,231	4,734
Employment and Social Development Canada	41,000	-
Rotary Kingston	2,000	-
United Way - Youth Homelessness Initiative	5,318	-
Garden walk donations	-	27,827
New Horizons for Seniors	-	16,919
New Horizons for Seniors - S.A.L.T.	16,227	5,560
Other	16,588	10,000
Housing liaison	-	(368)
	<u>\$ 144,302</u>	<u>\$ 109,820</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>2019</u>	<u>2018</u>
Balance at beginning of year	\$ 248,101	\$ 232,132
Contributions for capital assets	-	3,800
Transfers from deferred revenue	-	34,400
Amounts amortized to revenue	<u>(16,704)</u>	<u>(22,231)</u>
	<u>\$ 231,397</u>	<u>\$ 248,101</u>

SOUTHERN FRONTENAC COMMUNITY SERVICES CORPORATION

NOTES TO FINANCIAL STATEMENTS (continued)

YEAR ENDED MARCH 31, 2019

8. Net Assets

	<u>2019</u>	<u>2018</u>
Internally Restricted Programs and Activities		
Bingo	\$ 594	\$ 1,603
Food bank	23,787	31,773
Caring Community	<u>2,039</u>	<u>3,026</u>
	<u>26,420</u>	<u>36,402</u>
 Grace	 <u>149,165</u>	 <u>151,428</u>
 Unrestricted	 <u>56,497</u>	 <u>22,186</u>
 Reserve Funds		
Facility Capital Fund	11,971	11,971
Fiscal Strength Fund	28,272	28,272
Facility Expansion Fund	28,272	28,272
Building maintenance fund	<u>8,000</u>	<u>-</u>
	<u>76,515</u>	<u>68,515</u>
	<u>\$ 308,597</u>	<u>\$ 278,531</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 2018 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 \$14,030 (2018 - \$4,825). These donations are not recorded in the corporation's records.

11. Transfers

During the year, the corporation transferred \$220 from its unrestricted assets to capital additions and a further \$8,000 to its building maintenance fund.

12. Comparative Figures

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