

**SOUTHERN FRONTENAC COMMUNITY SERVICES
CORPORATION**

FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2014

Independent Auditors' Report

Statement of Financial Position

Statement of Operations

Statement of Changes in Net Assets

Statement of Cash Flow

Notes to Financial Statements

INDEPENDENT AUDITORS' REPORT

To the Members of Southern Frontenac Community Services Corporation

We have audited the accompanying financial statements of Southern Frontenac Community Services Corporation which comprise the statement of financial position as at March 31, 2014, and the statements of operations, changes in net assets and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

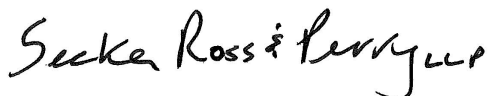
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, the corporation 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 corporation. 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, 2014, current assets as at March 31, 2014 or net assets as at April 1, 2013 and March 31, 2014.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects the financial position of the corporation as at March 31, 2014 and the results of its operations and cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



Chartered Accountants
Licensed Public Accountants
Kingston, Ontario
May 28, 2014

SOUTHERN FRONTENAC COMMUNITY SERVICES CORPORATION

STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2014

| | <u>2014</u> | <u>2013</u> |
|---|--------------------|--------------------|
| Assets | | |
| Current Assets | | |
| Cash | \$182,657 | \$135,127 |
| Accounts receivable | 50,271 | 50,668 |
| Prepaid expenses | <u>1,839</u> | <u>2,991</u> |
| | <u>234,767</u> | <u>188,786</u> |
| Capital Assets (note 3) | <u>243,423</u> | <u>121,963</u> |
| | <u>\$478,190</u> | <u>\$310,749</u> |
| Liabilities | | |
| Current Liabilities | | |
| Accounts payable and accrued liabilities (note 4) | \$111,363 | \$ 66,084 |
| Deferred revenue | <u>46,369</u> | <u>9,224</u> |
| | 157,732 | 75,308 |
| Deferred Contributions Related to Capital Assets (note 5) | <u>161,257</u> | <u>81,026</u> |
| | <u>318,989</u> | <u>156,334</u> |
| Net Assets (note 6) | | |
| Externally restricted | 20,662 | 27,645 |
| Internally restricted | 74,972 | 85,644 |
| Unrestricted | 57,567 | 20,126 |
| Reserve funds | <u>6,000</u> | <u>21,000</u> |
| | <u>159,201</u> | <u>154,415</u> |
| | <u>\$478,190</u> | <u>\$310,749</u> |

Approved on behalf of the Board of Directors

Chairperson

Treasurer

See accompanying notes to financial statements

SOUTHERN FRONTENAC COMMUNITY SERVICES CORPORATION

STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31, 2014

| | <u>2014</u> | <u>2013</u> |
|--|-----------------|------------------|
| Revenues | | |
| LHIN funding - base | \$411,513 | \$399,013 |
| MOHLTC and LHIN - one time funding | 55,969 | 39,742 |
| Municipal funding | 108,465 | 100,561 |
| United Way funding | 5,689 | - |
| United Way Simcoe - greenhouse | 30,248 | 10,382 |
| United Way - rural and remote | 44,995 | 38,541 |
| Less paymaster (ILC) | (10,660) | (3,963) |
| Client fees | 126,468 | 128,483 |
| Rental income | 17,194 | 4,868 |
| Fundraising and donations | 107,967 | 98,450 |
| Internal administration fee recovery | 34,863 | 13,685 |
| Other revenue | <u>16,678</u> | <u>39,335</u> |
| | <u>949,389</u> | <u>869,097</u> |
| Expenses | | |
| Administration wages and benefits | 119,971 | 108,293 |
| Program wages and benefits | 355,203 | 341,671 |
| Office supplies | 35,084 | 36,952 |
| Program meals/food | 53,481 | 47,661 |
| Program supplies - greenhouse | 36,970 | 2,777 |
| Client grant expenses | 32,023 | 31,434 |
| Client transportation | 74,446 | 52,925 |
| Staff training | 1,171 | 2,583 |
| Board and volunteer | 819 | 641 |
| Accounting fees | 29,494 | 29,494 |
| Audit and legal fees | 17,698 | 11,754 |
| Membership fees | 1,380 | 1,288 |
| Bad debt | 447 | 782 |
| Advertising | 4,225 | 2,419 |
| Insurance | 6,393 | 6,940 |
| Administration fee | 34,464 | 18,370 |
| Fundraising and donation | 29,381 | 13,180 |
| Contracted out services | 37,932 | 48,510 |
| Building occupancy | <u>69,809</u> | <u>58,448</u> |
| | <u>940,391</u> | <u>816,122</u> |
| Excess of revenues over expenses before the undernoted | <u>8,998</u> | <u>52,975</u> |
| Amortization of deferred contributions related to capital assets (note 5) | (14,798) | (26,953) |
| Amortization expense | <u>19,010</u> | <u>37,358</u> |
| | <u>4,212</u> | <u>10,405</u> |
| Excess of revenues over expenses | <u>\$ 4,786</u> | <u>\$ 42,570</u> |

See accompanying notes to financial statements

SOUTHERN FRONTENAC COMMUNITY SERVICES CORPORATION

STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED MARCH 31, 2014

| | <u>Externally Restricted</u> | <u>Internally Restricted</u> | <u>Unrestricted</u> | <u>Reserve Funds</u> | <u>Total 2014</u> | <u>Total 2013</u> |
|---|---|---|----------------------------|---------------------------------|------------------------------|------------------------------|
| Balances at beginning of year | \$ 27,645 | \$ 85,644 | \$20,126 | \$ 21,000 | \$154,415 | \$111,845 |
| Transfer (note 6) | (14,119) | (181) | 29,300 | (15,000) | - | - |
| Excess (deficiency) of revenues over expenses for the year | <u>7,136</u> | <u>(10,491)</u> | <u>8,141</u> | <u>-</u> | <u>4,786</u> | <u>42,570</u> |
| Balances at end of year | <u>\$ 20,662</u> | <u>\$ 74,972</u> | <u>\$57,567</u> | <u>\$ 6,000</u> | <u>\$159,201</u> | <u>\$154,415</u> |

See accompanying notes to financial statements

SOUTHERN FRONTENAC COMMUNITY SERVICES CORPORATION**STATEMENT OF CASH FLOW****YEAR ENDED MARCH 31, 2014**

| | <u>2014</u> | <u>2013</u> |
|--|--------------------------|--------------------------|
| Cash flow from (used in) operating activities | | |
| Excess of revenues over expenses | \$ 4,786 | \$ 42,570 |
| Items not affecting cash | | |
| Amortization of capital assets | 19,010 | 37,358 |
| Amortization of deferred contributions | <u>(14,798)</u> | <u>(26,953)</u> |
| | 8,998 | 52,975 |
| Changes in non-cash working capital balances | | |
| Accounts receivable | 397 | 1,338 |
| Prepaid expenses | 1,152 | (598) |
| Accounts payable and accrued liabilities | 45,279 | (31,486) |
| Deferred revenue | <u>37,145</u> | <u>(11,245)</u> |
| | <u>92,971</u> | <u>10,984</u> |
| Cash flow used in investing activities | | |
| Additions to capital assets | <u>(140,470)</u> | <u>(91,898)</u> |
| Cash flow from financing activities | | |
| Deferred contributions related to capital assets | <u>95,029</u> | <u>24,313</u> |
| Net increase (decrease) in cash | 47,530 | (56,601) |
| Cash at beginning of year | <u>135,127</u> | <u>191,728</u> |
| Cash at end of year | <u><u>\$ 182,657</u></u> | <u><u>\$ 135,127</u></u> |

See accompanying notes to financial statements

SOUTHERN FRONTENAC COMMUNITY SERVICES CORPORATION

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2014

1. Purpose of the Organization

Southern Frontenac Community Services Corporation is a non-profit organization receiving funding from provincial, municipal and community sources. The organization 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 CICA 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.

All other revenues and expenses are recorded on the accrual basis.

(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.

SOUTHERN FRONTENAC COMMUNITY SERVICES CORPORATION

NOTES TO FINANCIAL STATEMENTS (continued)

YEAR ENDED MARCH 31, 2013

2. Significant Accounting Policies (continued)

(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.

(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. Capital Assets

| | <u>2014</u> | | | <u>2013</u> |
|---------------------------------|------------------|-------------------------------------|------------------|------------------|
| | <u>Cost</u> | <u>Accumulated Amortization</u> | <u>Net</u> | <u>Net</u> |
| Land | \$ 18,682 | \$ - | \$ 18,682 | \$ - |
| Building | 181,622 | 4,541 | 177,081 | - |
| Computer equipment | 47,736 | 35,630 | 12,106 | - |
| Other furnishings and equipment | 55,502 | 19,948 | 35,554 | 25,029 |
| Leasehold improvements | - | - | - | 96,934 |
| | <u>\$303,542</u> | <u>\$60,119</u> | <u>\$243,423</u> | <u>\$121,963</u> |

At March 31, 2013 cost and accumulated amortization were \$186,789 and \$64,826 respectively.

During the year, the corporation purchased the building that it had been renting. Consequently, those assets previously deemed leaseholds have been included in the cost of the building and are being amortized accordingly.

4. Government Remittances

Included in accounts payable are employee source deductions payable of \$8,792 (\$8,549 in 2013).

SOUTHERN FRONTENAC COMMUNITY SERVICES CORPORATION

NOTES TO FINANCIAL STATEMENTS (continued)

YEAR ENDED MARCH 31, 2014

5. 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 balance are as follows:

| | <u>2014</u> | <u>2013</u> |
|----------------------------------|------------------|------------------|
| Balance at beginning of year | \$ 81,026 | \$ 83,666 |
| Contributions for capital assets | 95,029 | 24,313 |
| Amounts amortized to revenue | <u>(14,798)</u> | <u>(26,953)</u> |
| Balance at end of year | <u>\$161,257</u> | <u>\$ 81,026</u> |

6. Net Assets

| | <u>2014</u> | <u>2013</u> |
|---|------------------|------------------|
| Externally Restricted Programs | | |
| Family Services/Homelessness Prevention | \$ 20,759 | \$ 24,536 |
| Rent and utility bank | <u>(97)</u> | <u>3,109</u> |
| | <u>20,662</u> | <u>27,645</u> |
| Internally Restricted Programs and Activity | | |
| Bingo | 793 | 5,952 |
| Nevada | - | 181 |
| Food bank | 10,887 | 17,100 |
| Caring Community | 6,249 | 5,108 |
| Grace | 57,467 | 57,467 |
| Good food box | <u>(424)</u> | <u>(164)</u> |
| | <u>74,972</u> | <u>85,644</u> |
| Unrestricted | <u>57,567</u> | <u>20,126</u> |
| Reserve Funds | | |
| General Reserve Fund | - | 15,000 |
| Grace Purchase Fund | <u>6,000</u> | <u>6,000</u> |
| | <u>6,000</u> | <u>21,000</u> |
| | <u>\$159,201</u> | <u>\$154,415</u> |

During the year the board approved the transfer of \$15,000 from the general reserve fund to unrestricted net assets. There was also a transfer of administrative fees accumulated in the homelessness prevention program to the unrestricted net assets.

SOUTHERN FRONTENAC COMMUNITY SERVICES CORPORATION

NOTES TO FINANCIAL STATEMENTS (continued)

YEAR ENDED MARCH 31, 2014

7. 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 2013 and there is expected to be no substantive change in the next fiscal period.

8. Donations in Kind

The fair value of donations in kind received during the year amounted to \$18,110 (\$16,285 in 2013).

9. Comparative Figures

Certain of the comparative figures have been revised to conform with the financial statement presentation adopted in the current year.