
RURAL FRONTENAC COMMUNITY SERVICES

FINANCIAL STATEMENTS

MARCH 31, 2025

RURAL FRONTENAC COMMUNITY SERVICES

MARCH 31, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Members of:
Rural Frontenac Community Services

Opinion

I have audited the accompanying financial statements of Rural Frontenac Community Services ("the Organization") which comprise the balance sheet as at March 31, 2025 and the statements of operations, fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my 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 Rural Frontenac Community Services as at March 31, 2025 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

I conducted my audit in accordance with Canadian generally accepted auditing standards.. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Organization in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

In common with many not-for-profit organizations, Rural Frontenac Community Services derives revenue from donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, my verification of these revenues was limited to the amounts recorded in the records of the organization and I was not able to determine whether any adjustments might be necessary to donations revenue, excess of revenue over expenditure, assets and fund balances.

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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 Organization'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 Organization's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am 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 my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Organization 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.

I 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 I identify during the audit.

Sharbot Lake, Ontario
July 17, 2025



Seeds Professional Corporation
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The Chartered Professional Accountants of Ontario

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RURAL FRONTENAC COMMUNITY SERVICES

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2025

ASSETS

	2025	2024
CURRENT		
Cash	\$ 101,169	\$ 265,837
Accounts receivable (Note 3)	169,353	172,270
Prepaid expenses	16,507	9,660
	287,029	447,767
LONG-TERM INVESTMENTS (Note 4)	644,905	438,540
CAPITAL ASSETS (Note 5)	396,776	473,919
	\$ 1,328,710	\$ 1,360,226

LIABILITIES

CURRENT		
Accounts payable and accrued liabilities	\$ 121,754	\$ 141,003
Due to City of Kingston	24,386	24,386
Deferred revenue	114,254	114,005
	260,394	279,394
LONG-TERM		
Deferred revenue related to capital assets (Note 6)	205,731	247,271
	466,125	526,665

FUND BALANCES

Invested in capital assets	263,395	298,999
Unrestricted	379,785	333,128
Endowment	42,405	39,434
Restricted (Note 7)	177,000	162,000
	862,585	833,561
	\$ 1,328,710	\$ 1,360,226

APPROVED ON BEHALF OF THE BOARD:

 Director

 Director

RURAL FRONTENAC COMMUNITY SERVICES

STATEMENT OF FUND BALANCES FOR THE YEAR ENDED MARCH 31, 2025

	2025				
	Invested in Capital Assets	Unrestricted	Endowment Fund	Internally Restricted (Note 7)	Total
Balances -beginning of year \$	298,999	\$ 333,128	\$ 39,434	\$ 162,000	\$ 833,561
Surplus (deficit)	(35,604)	64,628	-	-	29,024
Invested in capital assets	-	-	-	-	-
Endowment income	-	(2,971)	2,971	-	-
Transfer to internally restricted	-	(15,000)	-	15,000	-
Balances - end of year	\$ 263,395	\$ 379,785	\$ 42,405	\$ 177,000	\$ 862,585

	2024				
	Invested in Capital Assets	Unrestricted	Endowment Fund	Internally Restricted (Note 7)	Total
Balances -beginning of year \$	288,973	\$ 326,581	\$ 33,000	\$ 162,000	\$ 810,554
Surplus (deficit)	(38,961)	61,968	-	-	23,007
Invested in capital assets	48,987	(48,987)	-	-	-
Transfer to endowment	-	(6,434)	6,434	-	-
Balances - end of year	\$ 298,999	\$ 333,128	\$ 39,434	\$ 162,000	\$ 833,561

RURAL FRONTENAC COMMUNITY SERVICES

STATEMENT OF OPERATIONS FOR THE YEAR ENDED MARCH 31, 2025

	2025	2024
REVENUES		
Federal funding	\$ 10,830	\$ 10,121
Provincial and Ministry funding	672,266	630,888
Municipal funding	1,129,913	1,020,302
United Way funding	78,693	84,728
Client services	567,358	576,363
Fundraising and donations	54,475	54,331
Other revenue and recoveries	195,903	155,790
	<u>2,709,438</u>	<u>2,532,523</u>
EXPENDITURES		
Salaries and benefits	1,621,335	1,489,477
Premises	265,136	221,175
Non-salary direct program expenses	659,904	636,300
Administration and governance	98,435	123,603
	<u>2,644,810</u>	<u>2,470,555</u>
EXCESS REVENUES	\$ 64,628	\$ 61,968
Deferred revenue capital assets (Note 6)	41,540	46,168
Amortization	(77,144)	(85,129)
NET SURPLUS	<u>\$ 29,024</u>	<u>\$ 23,007</u>

RURAL FRONTENAC COMMUNITY SERVICES

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2025

	2025	2024
CASH (USED IN) OPERATING ACTIVITIES		
Net surplus	\$ 29,024	\$ 23,007
Items not requiring an outlay of cash:		
Deferred revenue capital assets	(41,540)	(46,168)
Amortization	77,144	85,129
	64,628	61,968
CHANGES IN NON-CASH WORKING CAPITAL BALANCES		
(Increase) in short-term investments	(206,365)	(252,671)
Decrease (increase) in accounts receivable	2,917	(49,494)
(Increase) in prepaid expenses	(6,846)	(9,660)
Decrease (increase) in accounts payable and accrued liabilities	(19,251)	40,280
Increase (decrease) in deferred revenue	249	(29,310)
	(164,668)	(238,887)
CASH (USED IN) INVESTING ACTIVITIES		
Additions to capital assets	-	(48,981)
DECREASE IN CASH	(164,668)	(287,868)
CASH, beginning of year	265,837	553,705
CASH, end of year	\$ 101,169	\$ 265,837

RURAL FRONTENAC COMMUNITY SERVICES

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2025

1. PURPOSE OF ORGANIZATION

Rural Frontenac Community Services (the "Organization") is incorporated in Ontario as a corporation without share capital. Its primary purpose is to provide opportunities that will enhance the well-being and self-sufficiency of all community members.

The corporation is registered as a charitable organization and consequently is exempt from income taxes under the *Income Tax Act*.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canada Accounting Standards for Not-for-profit Organizations (ASNFPO). The Organization's significant accounting policies are as follows:

(a) Revenue recognition

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets in the year.

Grant revenue is recognized when received or as expenditures are made from the grants. Any undisbursed grant revenue at year end is deferred to the subsequent year.

Client services revenue is recognized when the service is delivered and collection is reasonably assured.

Revenue received for the purpose of purchasing capital assets is deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital asset.

Donation are recognized when received.

(b) Accounting estimates

The preparation of financial statements 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 revenues and expenditures during the reporting period. Significant areas that require estimates are the impairment of accounts receivable and the useful life of capital assets. Actual results could differ from those estimates.

(c) Contributed services

Volunteers contribute about 21,000 hours per year to assist the Organization in delivering its services. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

RURAL FRONTENAC COMMUNITY SERVICES

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued...)

(d) Capital assets

Capital assets are recorded at acquisition cost. Gains or losses on the disposal of individual assets are recognized in earnings in the year of disposal. Amortization is provided annually at rates calculated to write-off the assets over their estimated useful lives as follows:

Buildings	25 years straight-line
Computer hardware	3 years straight-line
Equipment and furniture	5 years straight-line
Leasehold improvements	5 years straight-line
Signs	5 years straight-line
Vehicles	5 years straight-line

(e) Financial instruments

Measurement of financial instruments

The Organization's financial instruments are initially recognized and measured at their fair value when the Organization becomes a party to the contractual provisions of the instrument. The Organization subsequently measures its financial instruments at amortized cost

Financial assets measured at amortized cost include cash, accounts receivable and short-term investments. Financial liabilities measured at amortized cost includes accounts payable and accrued liabilities.

Impairment of financial instruments

Financial instruments carried at cost or amortized cost are tested for indications of impairment. When there is an indication of impairment, the impairment loss is recognized through the statement of operations. If the financial instrument is subsequently recovered, the impairment loss can be reversed to the extent of the amount previously recorded.

3. ACCOUNTS RECEIVABLE

Accounts receivable comprise:

	2025	2024
General receivables	\$ 64,326	\$ 66,401
GST/HST rebate	33,082	105,869
Funding receivables	71,945	-
	\$ 169,353	\$ 172,270

RURAL FRONTENAC COMMUNITY SERVICES

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2025

4. LONG-TERM INVESTMENTS

Long-term investments comprise:

	2025	2024
Guaranteed investment certificate, bearing interest of 3.00% due March 3, 2027	\$ 70,000	\$ -
Guaranteed investment certificate, bearing interest of 3.55% due December 4, 2025	52,500	-
Guaranteed investment certificate, bearing interest of 2.65% due November 6, 2025	25,000	-
Guaranteed investment certificate, bearing interest of 2.65% due October 7, 2025	30,000	-
Guaranteed investment certificate, bearing interest of 2.80% due September 7, 2025	45,000	-
Guaranteed investment certificate, bearing interest of 5.00% due July 8, 2025	52,500	50,000
Guaranteed investment certificate, bearing variable interest due June 6, 2025	260,000	-
Guaranteed investment certificate, bearing interest of 3.65% due May 27, 2025	67,500	-
Guaranteed investment certificate, bearing interest of 4.75% due March 25, 2025	-	50,000
Guaranteed investment certificate, bearing interest of 4.75% due July 29, 2024	-	200,000
Guaranteed investment certificate, bearing interest of 5.00% due July 7, 2024	-	50,000
Guaranteed investment certificate, bearing interest of 4.55% due June 2, 2024	-	51,606
Endowment and caring funds	42,405	36,934
	\$ 644,905	\$ 438,540

RURAL FRONTENAC COMMUNITY SERVICES

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2025

5. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net 2025	Net 2024
Land	\$ 21,500	\$ -	\$ 21,500	\$ 21,500
Building - 1109 Garrett St	893,097	785,359	107,738	143,462
Building - 1004 Art Duffy Road	462,769	208,445	254,324	272,832
Computer hardware	81,349	81,349	-	4,400
Equipment and furniture	24,640	24,640	-	2,733
Leasehold improvements	13,127	13,127	-	2,626
Signs	9,909	9,909	-	-
Vehicles	221,249	208,035	13,214	26,366
	\$ 1,727,640	\$ 1,330,864	\$ 396,776	\$ 473,919

6. DEFERRED REVENUE RELATED TO CAPITAL ASSETS

	2025	2024
Balance, beginning of year	\$ 247,271	\$ 247,239
Add amount received for the acquisition of capital assets	-	46,200
Less amount recognized as revenue in year	(41,540)	(46,168)
	\$ 205,731	\$ 247,271

7. INTERNALLY RESTRICTED FUNDS

The Organization has established Restricted Internal funds for various purposes.

The Financial Stability Fund is intended to provide reserve funds to enhance the financial stability of the Organization. The Capital Asset Maintenance Fund exists to fund the maintenance of the Organization's capital assets. The Program Development, Maintenance and Enhancement Fund exists to fund the development, maintenance, and enhancement of programs that may experience a shortfall in funding. The Youth Program Fund exists to fund the maintenance and enhancement of youth-related programs that may experience a shortfall in funding. The Transportation Reserve Fund exists for the financial stability of the transportation program in case of a revenue shortfall up to \$24,000, and for the capital cost of replacing a vehicle. There were no changes in these funds during the year. Balances are as follows:

	Opening balance	Transfer from Unrestricted	Closing balance
Financial Stability	\$ 80,000	\$ -	\$ 80,000
Capital Asset Maintenance	20,000	-	20,000
Program Development	10,000	-	10,000
Youth Program	20,000	-	20,000
Transportation Reserve	32,000	15,000	47,000
	\$ 162,000	\$ 15,000	\$ 177,000

RURAL FRONTENAC COMMUNITY SERVICES

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2025

8. COMMITMENTS

The Organization currently leases EarlyON Program space with a lease term from July 1, 2023 to June 30, 2025, and monthly rent of \$1,375 plus HST.

The Organization currently leases program space on a month-to-month basis with the Sharbot Lake and Parham United Church Manse. The monthly rent is \$650.

The Organization currently leases program space with the Harrowsmith Free Methodist Church. The annual rent is \$1,500 plus HST.

The Organization currently leases storage space with the Trinity United Church. The quarterly rent is \$1,300 plus HST.

The Organization currently leases office equipment with Xerox Canada Ltd. The quarterly payment is \$480.

RURAL FRONTENAC COMMUNITY SERVICES

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2025

9. FINANCIAL INSTRUMENTS

The Organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the Organization's risk exposure and concentrations at March 31, 2025.

Liquidity risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly in respect of its accounts payable and accrued liabilities. The Organization has a comprehensive plan in place to meet their obligations as they come due, primarily through the use of cash flow from operations.

Credit risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the Organization. The Organization is exposed to this risk for cash and accounts receivable. The maximum exposure to credit risk is limited to the carrying amounts of the financial assets as at the balance sheet date. The credit risk for cash is considered negligible since the counterparties are reputable banks with high quality external credit ratings. In respect to accounts receivable, the Organization provides credit to its clients in the normal course of its operations.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Organization is not exposed to any of the market risks.
