

**PORT COLBORNE COMMUNITY ASSOCIATION
FOR RESOURCE EXTENSION
(PORT CARES)**

Financial Statements
for the Year Ended March 31, 2025
and Independent Auditor's Report to the Directors

**PORT COLBORNE COMMUNITY ASSOCIATION
FOR RESOURCE EXTENSION
(PORT CARES)
FINANCIAL STATEMENTS
MARCH 31, 2025**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Port Colborne Community Association for Resource Extension:

Qualified Opinion

We have audited the accompanying financial statements of Port Colborne Community Association for Resource Extension (the Organization), which comprise the statement of financial position as at March 31, 2025 and the statements of operations, changes in unrestricted net assets and of 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 financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2025, 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 Organization derives revenue from donations and 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 Organization. Therefore, we were not able to determine whether any adjustments might be necessary to donation and fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2025 and 2024, current assets as at March 31, 2025 and 2024, and net assets as at April 1 and March 31 for both the 2025 and 2024 years. Our audit opinion on the financial statements for the year ended March 31, 2024 was modified accordingly because of the possible effects of this limitation in scope.

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 Organization 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 in our audit is sufficient and appropriate to provide a basis for our qualified opinion.

Emphasis of Matter - Restated Comparative Information

We draw attention to Note 1 to the financial statements, which explains that certain comparative information for the year ended March 31, 2024 has been restated. 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 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.

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

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 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 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 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.

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.

Durward Jones Barkwell + Company LLP

Durward Jones Barkwell & Company LLP
Licensed Public Accountants
Welland, Ontario
June 2, 2025

**PORT COLBORNE COMMUNITY ASSOCIATION
FOR RESOURCE EXTENSION
(PORT CARES)**

STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2025

	2025	2024 Restated (Note 1)
REVENUE		
Program and other grants	\$ 3,282,024	\$ 3,704,598
Donations	454,262	283,898
Fundraising events	123,989	58,780
Rental income	101,308	69,909
Income collected from 50/50 raffles	150,990	187,560
Other income	10,949	29,300
Interest income	264,085	176,973
Amortization of deferred capital contributions	81,788	79,910
Forgivable portion of interest on rapid housing initiative loan (Note 10)	444,516	257,049
Forgivable portion of principal on rapid housing initiative loan (Note 10)	27,401	-
Gain on sale of 71 Nickel Street	-	185,637
	<u>4,941,312</u>	<u>5,033,614</u>
EXPENSES		
Administration fees	362,028	444,390
Amortization of property and equipment	199,208	148,596
Employee incentives	69,947	58,381
Fundraising	16,662	13,146
Insurance	77,277	53,520
Interest on rapid housing initiative loan (Note 10)	444,516	257,049
Municipal taxes	8,506	7,139
Office and administration	40,799	49,263
Payouts and expenses for 50/50 raffle	88,658	115,255
Professional fees	100,548	125,639
Program occupancy	325,279	320,833
Program supplies and client support	474,156	377,982
Rent	87,981	85,830
Repairs and maintenance	218,666	293,194
Salaries and benefits	2,414,629	2,463,523
Staff training	8,782	7,051
Staff travel	47,732	48,837
Telephone and utilities	75,863	63,353
	<u>5,061,237</u>	<u>4,932,981</u>
Less: expense recoveries	(687,306)	(765,224)
	<u>4,373,931</u>	<u>4,167,757</u>
EXCESS OF REVENUE OVER EXPENDITURES (Page 15)	<u>\$ 567,381</u>	<u>\$ 865,857</u>

**PORT COLBORNE COMMUNITY ASSOCIATION
FOR RESOURCE EXTENSION
(PORT CARES)**

STATEMENT OF CHANGES IN UNRESTRICTED NET ASSETS
YEAR ENDED MARCH 31, 2025

	2025	2024 Restated (Note 1)
UNRESTRICTED NET ASSETS, BEGINNING OF YEAR	\$ 729,750	\$ 729,750
EXCESS OF REVENUE OVER EXPENDITURES	567,381	865,857
ALLOCATION TO PROGRAM CONTINUATION RESERVE (Note 11)	(235,212)	(111,297)
ALLOCATION TO CAPITAL REPLACEMENT RESERVE (Note 12)	-	(85,500)
ALLOCATION TO REACH OUT CENTRE PROGRAM RESERVE (Note 13)	(175,907)	(296,449)
ALLOCATION TO AFFORDABLE HOUSING PROJECT RESERVE (Note 14)	(156,262)	(372,611)
UNRESTRICTED NET ASSETS, END OF YEAR	\$ 729,750	\$ 729,750

**PORT COLBORNE COMMUNITY ASSOCIATION
FOR RESOURCE EXTENSION
(PORT CARES)**

STATEMENT OF FINANCIAL POSITION
MARCH 31, 2025

	2025	2024 Restated (Note 1)
ASSETS		
Current assets		
Cash (Note 3)	\$ 1,362,871	\$ 2,735,206
Cashable investment certificates (Note 4)	2,229,045	3,997,291
Accounts receivable	21,971	41,201
HST recoverable	501,975	311,180
Prepaid expenses	8,127	33,866
	4,123,989	7,118,744
Property, vehicle and equipment (Note 5)	13,011,473	5,592,314
	\$17,135,462	\$12,711,058
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 6)	\$ 1,984,512	\$ 1,765,356
Client care obligations (Note 7)	114,029	162,137
	2,098,541	1,927,493
Deferred contributions (Note 8)	258,959	260,503
Deferred capital contributions (Note 9)	1,810,491	1,748,988
Rapid Housing Initiative Loan (Note 10)	8,192,788	4,566,772
Commitment (Note 15)		
	12,360,779	8,503,756
NET ASSETS		
Program continuation reserve (Note 11)	944,614	709,402
Capital replacement reserve (Note 12)	712,112	712,112
Reach Out Centre program reserve (Note 13)	908,966	733,059
Affordable Housing Project reserve (Note 14)	999,241	842,979
Externally restricted Affordable Housing Project land (Note 5)	480,000	480,000
Unrestricted net assets	729,750	729,750
	4,774,683	4,207,302
	\$17,135,462	\$12,711,058

Approved by the Board:

..... Director

..... Director

**PORT COLBORNE COMMUNITY ASSOCIATION
FOR RESOURCE EXTENSION
(PORT CARES)**

STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2025

	2025	2024 Restated (Note 1)
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 567,381	\$ 865,857
Items not affecting cash		
Amortization of property, vehicle and equipment	199,208	148,596
Amortization of deferred grants	(81,788)	(79,910)
Gain on sale of Nickel Street land	-	(185,637)
Forgivable portion of principal on rapid housing initiative loan	(27,401)	-
	657,400	748,906
Changes in non-cash operating assets and liabilities		
Accounts receivable	19,230	1,665
HST recoverable	(190,795)	(251,297)
Prepaid expenses	25,739	20,026
Accounts payable and accrued liabilities	219,156	1,027,462
Client care obligations	(48,108)	37,952
Deferred contributions	(1,544)	(17,435)
	681,078	1,567,279
INVESTING ACTIVITIES		
Purchase of property, vehicle and equipment	(8,318,367)	(4,560,113)
Niagara Region investment in Affordable Housing Project	700,000	875,000
Proceeds on sale of Nickel Street land	-	215,535
Decrease (increase) in cashable investment certificates	1,768,246	(2,598,863)
Net change to capital grants	143,291	489,673
	(5,706,830)	(5,578,768)
FINANCING ACTIVITY		
Proceeds from rapid housing initiative loan	3,653,417	4,566,772
INCREASE (DECREASE) IN CASH	(1,372,335)	555,283
CASH, BEGINNING OF YEAR	2,735,206	2,179,923
CASH, END OF YEAR	\$ 1,362,871	\$ 2,735,206

PORT COLBORNE COMMUNITY ASSOCIATION FOR RESOURCE EXTENSION (PORT CARES)

NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2025

1. RESTATEMENT OF PRIOR YEAR FIGURES

For the year ended March 31, 2024, the Organization did not include in the financial statements an amount payable for construction work completed in March 2024. The correction of the error results in an increase of \$38,791 in HST recoverable, an increase of \$492,478 in property, vehicle and equipment and an increase of \$531,269 in accounts payable. As a result of the corrections of these errors, the prior year's comparative figures have been restated as follows:

	<u>Previously Reported</u>	<u>Adjustment</u>	<u>As Restated</u>
As at March 31, 2024			
HST recoverable	\$ 272,389	\$ 38,791	\$ 311,180
Property, vehicle and equipment	\$ 5,099,836	\$ 492,478	\$ 5,592,314
Accounts payable and accrued liabilities	\$ 1,234,087	\$ 531,269	\$ 1,765,356

Due to the passage of time, amended statements for 2024 have not been issued and the change has been reflected comparatively.

2. SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Basis of accounting

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Nature of business

Port Colborne Community Association for Resource Extension is a non-profit organization that was incorporated without share capital in January, 1988 under the laws of the Province of Ontario. The Organization's main objective is to identify quality of life needs of the residents of Port Colborne, and surrounding areas and to undertake initiatives in response to those needs.

Revenue recognition

The Organization follows the deferral method of accounting for funding and contributions. Under this method, 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. Restricted grants or contributions are recognized as revenue in the year in which the related expenses are incurred. Rental income is recognized as revenue when it is received or becomes receivable. Interest income is recognized on an accrual basis. All other revenue is recognized as income when earned.

Deferred contributions

Deferred contributions represent restricted operating revenue received in the year that is related to program spending commitments in a subsequent year.

Deferred capital contributions

The Organization has received grants and donations to fund capital assets. These grants are being amortized at the same rate as the corresponding capital assets.

Income taxes

No provision has been made for income taxes in these financial statements as this entity is exempt from income taxes under section 149(1)(l) of the Canadian Income Tax Act.

PORT COLBORNE COMMUNITY ASSOCIATION FOR RESOURCE EXTENSION (PORT CARES)

NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2025

2. SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (continued)

Capital assets

Capital assets are recorded at cost and are amortized using the straight-line method over their estimated useful lives as follows:

Buildings	25 years
Office furniture and equipment	5 years
Computer equipment	4-5 years
Vehicle	5 years

Additions are amortized from the month of acquisition. Disposals are amortized until the month of disposal.

Contributed capital assets are recorded at fair value at the date of contribution.

Long-lived assets

Long-lived assets are tested for recoverability if events or changes in circumstances indicate that the carrying amount may not be recoverable. The carrying amount of the long-lived asset is not recoverable if the carrying amount exceeds the sum of the undiscounted cash flows expected to result from its use and eventual disposition. Impairment losses are measured as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

Financial instruments

(a) Measurement of financial instruments

Initial measurement

The Organization initially measures its financial assets and liabilities originated or exchanged in arm's length transactions at fair value. Financial assets and liabilities originated or exchanged in related party transactions, except for those that involve parties whose sole relationship with the Organization is in the capacity of management, are initially measured at cost.

The cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms. If it does, the cost is determined using its undiscounted cash flows, excluding interest and dividend payments, less any impairment losses previously recognized by the transferor. Otherwise, the cost is determined using the consideration transferred or received by the Organization in the transaction.

Subsequent measurement

The Organization subsequently measures all its financial assets and liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in income in the period incurred.

Financial assets measured at amortized cost include cash, cashable investment certificates and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and client care obligations.

PORT COLBORNE COMMUNITY ASSOCIATION FOR RESOURCE EXTENSION (PORT CARES)

NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2025

2. SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (continued)

(b) Transaction costs

Transaction costs attributable to financial instruments subsequently measured at fair value and to those originated or exchanged in a related party transaction are recognized in income in the period incurred. Transaction costs related to financial instruments originated or exchanged in an arm's length transaction that are subsequently measured at cost or amortized cost are recognized in the original cost of the instrument. When the instrument is measured at amortized cost, transaction costs are recognized in income over the life of the instrument using the straight-line method.

(c) Impairment

For financial assets measured at cost or amortized cost, the Organization determines whether there are indications of possible impairment. When there are, and the Organization determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in income. If the indicators of impairment have decreased or no longer exist, the previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may be no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in income.

Contributed services and materials

The Organization relies on varying levels of volunteer work to assist in carrying out its activities. Due to the difficulty in estimating the fair value of contributed services, no amounts for contributed services are recognized in the financial statements.

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 at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from management's best estimates, as additional information becomes available in the future. Significant estimates and assumptions are used when accounting for items such as allowances for amounts receivable, determination of useful lives and impairment of capital assets, accrued charges, deferred contributions, program surpluses repayable, revenue recognition, allocation of program revenue and expenses and contingent liabilities.

External events such as domestic and international pandemics, geopolitical unrest, natural disasters, climate change or inflationary pressures may cause economic uncertainty for many organizations. Management assesses available information about the future, considers the possible outcomes, and develops a planned response to mitigate the effect of significant events or changes in conditions impacting the Organization. Although it is not guaranteed that these efforts will be successful, management is of the opinion that the actions that the Organization has taken are sufficient to mitigate these uncertainties.

3. CASH

The Organization has an available operating loan facility with Meridian Credit Union of \$100,000, which bears interest at prime plus 2.25% and is secured by a general security agreement, first and second mortgages on the property and building at 92 Charlotte Street and 176 Catharine Street for \$800,000 and \$300,000, respectively, and assignment of rents and leases. At the end of the year, there are no outstanding amounts on this loan.

PORT COLBORNE COMMUNITY ASSOCIATION FOR RESOURCE EXTENSION (PORT CARES)

NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2025

4. CASHABLE INVESTMENT CERTIFICATES

The cashable investment certificates earn interest at rates between 3.85% and 5.00% and mature in July 2025.

5. PROPERTY, VEHICLE AND EQUIPMENT

	2025		2024 Restated (Note 1)	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 321,398	\$ -	\$ 321,398	\$ -
Land - Affordable Housing Project	480,000	-	480,000	-
Buildings	2,933,907	2,091,750	2,933,907	1,974,394
Office furniture and equipment	461,842	286,470	386,933	256,177
Computer hardware	214,124	208,822	208,732	208,732
Vehicle	88,437	61,454	56,692	52,578
Building - Affordable Housing Project (net)	11,202,854	42,593	3,696,533	-
	15,702,562	2,691,089	8,084,195	2,491,881
Net book value	\$13,011,473		\$ 5,592,314	

The Niagara Region has committed to investing in the Affordable Housing Project in the amount of \$1,750,000 which will represents an 11.3% interest in the property. These funds will be provided to the Organization based on certain milestones of the construction process and as of March 31, 2025, \$1,575,000 has been released. The cost of the Affordable Housing Project Building has been shown as the costs associated with the project, less the investment held by the Niagara Region.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2025	2024 Restated (Note 1)
Trade accounts payable	\$ 391,250	\$ 875,547
Construction holdbacks	1,122,644	371,492
Due to funders	321,888	344,749
Due from funder	(21,681)	(3,220)
Accrued liabilities		
Professional fees	15,083	24,802
Wages and vacation	135,743	127,972
Other	19,585	24,014
	\$ 1,984,512	\$ 1,765,356

PORT COLBORNE COMMUNITY ASSOCIATION FOR RESOURCE EXTENSION (PORT CARES)

NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2025

7. CLIENT CARE OBLIGATIONS

Client care obligations represent expenses to be paid on behalf of clients of the Organization. In the event that funding is not spent, funding would be returned to the funding organization or the individual.

8. DEFERRED CONTRIBUTIONS

	2025	2024
Balance, beginning of year	\$ 260,503	\$ 277,938
Amount recognized as revenue in the year	(1,802,070)	(525,268)
Amount received during the year	1,800,526	507,833
	\$ 258,959	\$ 260,503

The deferred contributions relate to funding received during the year for expenditures that span beyond the current fiscal year. The amount of funding received but not yet spent at the end of the fiscal year was deferred and will be recognized when the related expenses have been incurred.

9. DEFERRED CAPITAL CONTRIBUTIONS

	2025	2024
Balance, beginning of year	\$ 1,748,988	\$ 1,339,226
Funds received, during the year	143,291	489,673
Amortization to revenues during the year	(81,788)	(79,911)
	\$ 1,810,491	\$ 1,748,988

Deferred capital contributions represent contributions received for the purchase of capital assets. The amount of amortization to fund revenues is equivalent to the annual amortization expense of the related capital assets.

**PORT COLBORNE COMMUNITY ASSOCIATION
FOR RESOURCE EXTENSION
(PORT CARES)**

NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2025

10. RAPID HOUSING INITIATIVE LOAN

In the prior year, the Organization applied for funding under the Rapid Housing Initiative (RHI) administered by the Canadian Mortgage and Housing Corporation (CMHC). RHI loans are to be used to facilitate the rapid construction of new permanent affordable housing units for people and populations who are vulnerable and prioritised under the National Housing Strategy (NHS).

The Organization was successful in their application and entered into a RHI Agreement to fund the construction of their 41-unit affordable housing project. The loan was approved for \$9,133,543 and has been paid out to the Organization as they have met certain milestones during the construction of the affordable housing project. As of March 31, 2025, \$8,220,189 of the total loan has been disbursed to the Organization.

This loan accrues interest at Royal Bank of Canada prime + 2%. Accrued and unpaid interest will be forgiven annually until the end of the term. At the end of the year the Organization would have accrued interest of \$444,516. The Organization expects that they will be in compliance with the agreement at July 31, 2025 and this interest amount will be forgiven and therefore the \$444,516 of interest has been taken into income for the fiscal year ending March 31, 2025.

Repayment of this loan is due on the twentieth anniversary of the final advance of the loan, however if the Organization has not defaulted any of the terms of the agreement, then the principal amount of the loan will be forgiven.

In order for the Organization to remain in compliance with the agreement, the 41 units being built must be used as affordable dwelling units to people and populations who are vulnerable and who are also, or otherwise would be, in severe housing need or people that are homeless or people at high risk of homelessness for a period of 20 years following the date of the first occupancy of a Unit in the project. At this time, the Organization is in compliance with the agreement and therefore as of March 31, 2025, a portion of this loan has been taken into income.

The loan is forgiven at the same rate in which depreciation on the related asset is expensed. \$27,401 of this loan has been forgiven and recognized into income for the year ended March 31, 2025. If the Organization defaults on any of the criteria within the agreement, then any forgiven portion of interest or principal will be due back to the funder.

This loan is secured by a first mortgage on the land, an assignment of rents registered against title to the Property, an assignment of insurance proceeds and in priority to any other assignment of insurance and any other further document and agreement to hold valid and enforceable security for the principal.

PORT COLBORNE COMMUNITY ASSOCIATION FOR RESOURCE EXTENSION (PORT CARES)

NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2025

11. PROGRAM CONTINUATION RESERVE

	2025	2024
Program Continuation Reserve, beginning of year	\$ 709,402	\$ 598,105
Net allocation in year	235,212	111,297
Program Continuation Reserve, end of year	<u>\$ 944,614</u>	<u>\$ 709,402</u>

The above noted reserve fund is internally restricted and created by the Organization. The funds are restricted for use at the discretion of the Board, in whole or in part, to support program continuation costs in the event that program funding is discontinued.

12. CAPITAL REPLACEMENT RESERVE

	2025	2024
Capital Replacement Reserve, beginning of year	\$ 712,112	\$ 626,612
Net allocation in year	-	85,500
Capital Replacement Reserve, end of year	<u>\$ 712,112</u>	<u>\$ 712,112</u>

The above noted reserve fund is internally restricted and created by the Organization. The funds are restricted for use at the discretion of the Board, in whole or in part, for future capital asset replacement and maintenance costs.

13. REACH OUT CENTRE PROGRAM RESERVE

	2025	2024
Reach Out Centre Program Reserve, beginning of year	\$ 733,059	\$ 436,610
Net allocation in year	175,907	296,449
Reach Out Centre Program Reserve, end of year	<u>\$ 908,966</u>	<u>\$ 733,059</u>

The above noted reserve fund is internally restricted and created by the Organization. These funds are being restricted for use at the discretion of the Board, in whole or in part, for effective operation of the Reach Out Centre programs and services.

PORT COLBORNE COMMUNITY ASSOCIATION FOR RESOURCE EXTENSION (PORT CARES)

NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2025

14. AFFORDABLE HOUSING PROJECT RESERVE

	2025	2024
Affordable Housing Project Reserve, beginning of year	\$ 842,979	\$ 470,368
Net allocation in year	156,262	372,611
Affordable Housing Project Reserve, end of year	<u>\$ 999,241</u>	<u>\$ 842,979</u>

The above noted reserve fund is internally restricted and created by the Organization. These funds are being restricted for use at the discretion of the Board, to fund expenditures related to the Affordable Housing Project at Chestnut Park.

15. COMMITMENT

The Organization leases facilities for its Ontario Early Years program for multiple locations under separate lease agreements which expire from June 2025 to January 2030. In addition, the Organization is responsible for its pro-rata share of certain common area expenses. Minimum lease payments for the next five years under the lease agreements are as follows:

Years ending March 31,	2026	\$ 89,692
	2027	71,881
	2028	26,681
	2029	28,017
	2030	<u>24,320</u>
		<u>\$ 240,591</u>

16. FINANCIAL RISK MANAGEMENT

The Organization has a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The risks that arise from transacting financial instruments include interest rate risk, market (other price) risk, credit risk, and liquidity risk. Price risk arises from changes in interest rates, foreign currency exchange rates and market prices.

It is management's opinion that the Organization is not exposed to significant interest rate, market (other price), liquidity, currency or credit risks arising from its financial instruments.

17. ECONOMIC DEPENDENCE

The Organization's primary source of operating funding is derived from the Ministry of Training, Colleges and Universities and the Niagara Region. Should these contributions cease, the Organization would need to consider its ability to continue its current operations.

PORT COLBORNE COMMUNITY ASSOCIATION
FOR RESOURCE EXTENSION
(PORT CARES)

SCHEDULE OF OPERATIONS BY PROGRAM
YEAR ENDED MARCH 31, 2025

	Port Cares Admin	Client Services and Reach Out	Housing	Literacy and Basic Skills	Employment Services Program	Ontario Early Years Centre	Affordable Housing Project	2025	2024 Restated (Note 1)
REVENUE									
Program and other grants	\$ -	\$ 359,247	\$ 249,178	\$ 229,381	\$ 973,681	\$ 1,470,537	\$ -	\$ 3,282,024	\$ 3,704,598
Donations	147,519	272,797	12,514	-	-	-	21,432	454,262	283,898
Fundraising events	3,795	120,194	-	-	-	-	-	123,989	58,780
Rental income	75,043	-	-	-	-	-	26,265	101,308	69,909
Income collected from 50/50 raffles	-	150,990	-	-	-	-	-	150,990	187,560
Other income	-	4,490	6,459	-	-	-	-	10,949	29,300
Interest income	76,456	-	-	-	-	-	187,629	264,085	176,973
Amortization of deferred capital contributions	46,944	-	-	-	16,487	14,035	4,322	81,788	79,910
Forgivable portion of interest on rapid housing initiative loan	-	-	-	-	-	-	444,516	444,516	257,049
Forgivable portion of principal on rapid housing initiative loan	-	-	-	-	-	-	27,401	27,401	-
Gain on sale of 71 Nickel Street	-	-	-	-	-	-	-	-	185,637
	349,757	907,718	268,151	229,381	990,168	1,484,572	711,565	4,941,312	5,033,614
EXPENSES									
Administration fees	-	48,000	11,498	23,667	136,082	142,781	-	362,028	444,390
Amortization of property and equipment	126,093	-	-	-	16,487	14,035	42,593	199,208	148,596
Employee incentives	-	-	-	-	69,947	-	-	69,947	58,381
Fundraising	5,950	10,712	-	-	-	-	-	16,662	13,146
Insurance	20,583	7,862	3,061	7,165	20,038	-	18,568	77,277	53,520
Interest on rapid housing initiative loan	-	-	-	-	-	-	444,516	444,516	257,049
Municipal taxes	8,506	-	-	-	-	-	-	8,506	7,139
Office and administration	31,268	1,154	1,120	537	2,907	3,813	-	40,799	49,263
Payouts and expenses for 50/50 raffle	-	88,658	-	-	-	-	-	88,658	115,255
Professional fees	76,186	4,803	4,000	3,828	9,347	981	1,403	100,548	125,639
Program occupancy	-	64,986	-	30,372	150,000	79,921	-	325,279	320,833
Program supplies and client support	42,505	184,172	19,119	7,378	102,942	100,957	17,083	474,156	377,982
Rent	-	-	-	-	-	87,981	-	87,981	85,830
Repairs and maintenance	81,059	32,719	3,727	9,156	24,377	39,748	27,880	218,666	293,194
Salaries and benefits	334,099	277,047	220,065	144,278	446,444	992,696	-	2,414,629	2,463,523
Staff training	677	1,261	-	-	2,261	4,583	-	8,782	7,051
Staff travel	17,291	7,996	3,856	1,800	7,015	9,774	-	47,732	48,837
Telephone and utilities	57,634	2,441	1,705	1,200	2,321	7,302	3,260	75,863	63,353
	801,851	731,811	268,151	229,381	990,168	1,484,572	555,303	5,061,237	4,932,981
Less: expense recoveries	(687,306)	-	-	-	-	-	-	(687,306)	(765,224)
	114,545	731,811	268,151	229,381	990,168	1,484,572	555,303	4,373,931	4,167,757
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	\$ 235,212	\$ 175,907	\$ -	\$ -	\$ -	\$ -	\$ 156,262	\$ 567,381	\$ 865,857