



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

Financial Statements

March 31, 2014



PORT COLBORNE COMMUNITY ASSOCIATION FOR RESOURCE EXTENSION (PORT CARES)

Financial Statements

March 31, 2014

Table of Contents

	Page
Independent Auditors' Report	1-2
Statement of Financial Position	3
Statement of Changes in Net Assets	4
Statement of Operations	5
Statement of Cash Flows	6
Notes to Financial Statements	7-12
Schedule of Operations by Program	13

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Port Colborne Community Association for Resource Extension (Port Cares)

Report on the Financial Statements

We have audited the accompanying financial statements of Port Colborne Community Association for Resource Extension (Port Cares), which comprise the statement of financial position as at March 31, 2014, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory explanation.

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' judgment, 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, Port Colborne Community Association for Resource Extension (Port Cares) derives revenue from donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to donations, excess of revenues over expenses, assets and net assets.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Port Colborne Community Association for Resource Extension (Port Cares) as at March 31, 2014, 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.

Report on Other Legal and Regulatory Requirements

As required by section 96(2) of the Ontario Corporations Act, we report that these accounting principles have been applied on a basis consistent with that of the preceding year.

Port Colborne, Ontario
July 25, 2014



CRAWFORD, SMITH AND SWALLOW
CHARTERED ACCOUNTANTS LLP
LICENSED PUBLIC ACCOUNTANTS

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

STATEMENT OF FINANCIAL POSITION

March 31, 2014

Assets - note 6	2014	2013
	\$	\$
Current Assets		
Cash	1,000	37,034
Accounts receivable	2,984	36,919
Sales tax recoverable	42,880	10,570
Prepaid expenses	5,968	6,147
	52,832	90,670
Fixed Assets - note 2	2,541,408	2,659,439
	2,594,240	2,750,109
Liabilities and Net Assets		
Current Liabilities		
Outstanding cheques less cash on deposit	29,851	34,384
Demand loan payable - note 6	73,616	13,814
Accounts payable and accrued liabilities	161,410	190,252
Government remittances payable	24,981	10,504
Deferred revenue - note 3	32,175	3,177
Repayable to funder	3,192	8,414
Client care obligations - note 4	60,952	106,957
Current portion of long-term debt	634,992	42,139
	1,021,169	409,641
Long-Term Debt - note 5	62,503	711,137
Deferred Capital Contributions - note 7	1,358,739	1,444,950
	2,442,411	2,565,728
Contingent Liabilities - note 8		
Net Assets	151,829	184,381
	2,594,240	2,750,109

Signed on behalf of the Board:

Director

Director

See accompanying notes

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

STATEMENT OF CHANGES IN NET ASSETS

for the year ended March 31, 2014

	2014 \$	2013 \$
Net Assets, Beginning of Year	184,381	247,166
Excess of Expenses over Revenues for the Year	(32,552)	(62,785)
Net Assets, End of Year	151,829	184,381

See accompanying notes

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

STATEMENT OF OPERATIONS

for the year ended March 31, 2014

	2014 \$	2013 \$
Revenue		
Program grants	1,729,180	1,583,102
Other grants and contributions	341,488	294,439
United way grant	80,000	80,000
Interest		19
Donations and memberships	149,230	124,734
Fundraising	72,219	90,980
Rental income	323,803	299,191
Other income	113,376	84,315
Administration fees	4,190	7,135
Amortization of deferred capital contributions	91,970	103,236
	2,905,456	2,667,151
Expenses		
Bad debts		9,982
Board expense	10,620	6,454
Client rent	76,905	76,947
Depreciation	164,593	175,208
Employer incentives	206,133	90,880
Fundraising	26,908	26,035
Insurance	27,965	33,794
Interest on long term debt	38,401	38,934
Occupancy costs/rent	200,816	187,452
Office supplies	57,440	35,710
Professional fees	24,806	26,057
Program supplies	181,219	121,157
Property taxes	4,249	15,202
Repairs and maintenance	178,847	109,620
Salaries and benefits	1,643,323	1,687,391
Telephone	28,732	25,224
Training	21,079	14,500
Travel	15,024	12,343
Utilities	51,049	41,881
	2,958,109	2,734,771
Excess of Expenses over Revenues before Undernoted Item	(52,653)	(67,620)
Other		
Other fundraising revenue	20,101	4,835
Excess of Expenses over Revenues for the Year	(32,552)	(62,785)

See accompanying notes

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

STATEMENT OF CASH FLOWS

for the year ended March 31, 2014

	2014 \$	2013 \$
Operating Activities		
Excess of expenses over revenues	(32,552)	(62,785)
Depreciation	164,593	175,208
Amortization of deferred capital contributions	(91,970)	(103,236)
Working capital provided by operations	40,071	9,187
Changes in working capital components		
Accounts receivable	33,935	103,654
Sales tax recoverable	(32,310)	(10,570)
Prepaid expenses	179	2,370
Accounts payable and accrued liabilities	(28,842)	(13,733)
Government remittances payable	14,477	1,385
Deferred revenue	28,998	(95,988)
Repayable to funder	(5,222)	2,967
Client care obligations	(46,005)	34,106
	(34,790)	24,191
Funds provided by operating activities	5,281	33,378
Investing Activities		
Capital expenditures	(46,562)	(35,212)
Contributions for the purchase of fixed assets	5,759	21,419
Funds used by investing activities	(40,803)	(13,793)
Financing Activities		
Long-term debt	(55,781)	(1,525)
Bank indebtedness	(34,384)	(718)
Demand loan payable	59,802	13,814
Funds provided (used) by financing activities	(30,363)	11,571
Increase (Decrease) in Cash Position	(65,885)	31,156
Cash Position, Beginning of Year	37,034	5,878
Cash Position, End of Year	(28,851)	37,034
Cash Position		
Cash	1,000	37,034
Outstanding cheques less cash on deposit	(29,851)	
	(28,851)	37,034

See accompanying notes

PORT COLBORNE COMMUNITY ASSOCIATION FOR RESOURCE EXTENSION (PORT CARES)

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2014

Organization

Port Colborne Community Association for Resource Extension (Port Cares) was incorporated without share capital under the laws of the Province of Ontario. The organization's main objective is to identify the needs of the residents of Port Colborne and surrounding areas and to undertake initiatives in response to those needs. The organization is a registered charity under the Income Tax Act, and accordingly, is exempt from income tax.

1. Significant Accounting Policies

The financial statements of the organization are the representations of management prepared in accordance with Canadian accounting standards for not-for-profit organizations, consistently applied. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgment in the light of available information. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below:

Financial reporting framework

The organization, being a not-for-profit organization has chosen to establish their financial statements in accordance with Canadian accounting standards for not-for-profit organizations, issued by the Chartered Professional Accountants of Canada.

Revenue recognition

The organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount can be reasonably assured.

Financial instruments

The organization's financial instruments consist of cash, accounts receivable, demand loan payable, accounts payable and accrued liabilities, and long term debt. Financial instruments are initially measured at fair value on acquisition and are subsequently measured at amortized cost. Transaction costs and financial fees associated with financial instruments carried at amortized cost are recorded as adjustments to the initial fair value recognized, and amortized over the life of the financial instrument.

PORT COLBORNE COMMUNITY ASSOCIATION FOR RESOURCE EXTENSION (PORT CARES)

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2014

1. Significant Accounting Policies - continued

Fixed assets and depreciation

Fixed assets are recorded at cost. Expenditures for maintenance and repairs are charged to operating expenses.

Depreciation is calculated using the straight line method at rates designed to amortize the cost of fixed assets over their estimated useful lives as follows:

Buildings	- 25 years
Computer equipment	- 4 years
Computer software	- 2 years
Furniture and equipment	5 years

Additions during the year are depreciated from the month of acquisition. Disposals are depreciated until the month of disposition. Gains or losses on assets sold or otherwise disposed of are included in the statement of operations.

Impairment of long-lived assets

The carrying value of long-lived assets including property, plant and equipment and certain other long-lived assets is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. If the long-lived asset no longer has any long-term service potential to the organization, it is considered to be impaired. An impairment loss is measured at the amount by which the carrying amount of the asset exceeds its residual value.

Donated services

No amounts have been reflected in the statements for donated services since no objective basis is available to measure the value of such services. A substantial number of volunteers donated significant amounts of their time in the organization's program services and fundraising campaigns.

2. Fixed Assets

	Cost \$	Accumulated Depreciation \$	2014 \$	2013 \$
Land	325,530		325,530	325,530
Buildings	2,910,714	800,830	2,109,884	2,226,313
Computer equipment	138,871	90,203	48,668	32,400
Computer software	15,023	15,023		
Furniture and equipment	178,615	121,289	57,326	74,116
Vehicles				1,080
	3,568,753	1,027,345	2,541,408	2,659,439

PORT COLBORNE COMMUNITY ASSOCIATION FOR RESOURCE EXTENSION (PORT CARES)

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2014

3. Deferred Revenue

Funds received by the organization prior to year-end and relating to expenses to be incurred subsequent to year-end are reported as deferred revenue and consist of the following balances:

	2014	2013
	\$	\$
Employment resource centre		309
Housing help program	32,175	
Ontario early years centre		2,868
	32,175	3,177

4. 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.

PORT COLBORNE COMMUNITY ASSOCIATION FOR RESOURCE EXTENSION (PORT CARES)

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2014

5. Long-Term Debt

	2014 \$	2013 \$
South Niagara Community Futures Development Corporation mortgage payable, requiring blended monthly installments of \$ 1,591, bearing interest at 5%, due October 2018, secured by a first collateral mortgage on the property located at 61 Nickel Street with a carrying value of \$ 977,073, and a second charge collateral mortgage on the property located at 176 Catharine Street with a carrying value of \$ 289,835.	78,043	92,826
Meridian Credit Union term loan payable, requiring blended monthly installments of \$ 2,690, bearing interest at 4.5% due August 2014.	286,374	305,548
Meridian Credit Union term loan payable, requiring blended monthly installments of \$ 3,340, bearing interest at 5.29% due June 2014.	333,078	354,902
	697,495	753,276
Portion due within one year	634,992	42,139
	62,503	711,137

The principal payments of long-term debt are due as follows:

	\$
2015	634,992
2016	16,330
2017	17,174
2018	18,049
2019	10,951

The Meridian Credit Union term loans are secured by the security listed in note 6.

Meridian Credit Union term loans will be refinanced as they come due.

PORT COLBORNE COMMUNITY ASSOCIATION FOR RESOURCE EXTENSION (PORT CARES)

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2014

6. Credit Facilities

The corporation has available credit facilities consisting of an unused operating line of credit to a maximum of \$ 100,000 at bank prime rate plus 2.25%, term loans to a maximum of \$ 775,710 made up of a term loan to a maximum of \$ 302,358 at 4.5% due August 2014, a term loan to a maximum of \$ 351,352 at 5.29% due June 2014, a term loan due on demand to a maximum of \$122,000 at the bank prime rate plus 2.25% and letters of credit to a maximum of \$ 46,133.

These credit facilities are secured by a registered general security agreement covering cash balances and accounts receivable and first collateral mortgages on the properties at 92 Charlotte and 176 Catharine Streets, Port Colborne, Ontario with a carrying value of \$ 1,458,340.

The terms of the credit facilities require that the company maintain certain financial covenants related to debt service ratio. As at March 31, 2014, the corporation is in compliance with these covenants.

7. Deferred Capital Contributions

	2014 \$	2013 \$
Balance, beginning of year	1,444,950	1,526,767
Funds received during the year	5,759	21,419
Charged to revenues during the year	(91,970)	(103,236)
	1,358,739	1,444,950

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

8. Contingent Liability

The organization has been named as a defendant in a lawsuit. The amount and likelihood of loss are not determinable at this time.

PORT COLBORNE COMMUNITY ASSOCIATION FOR RESOURCE EXTENSION (PORT CARES)

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2014

9. Commitments

The organization has leased the following premises:

172 Catharine Street, Unit 1, Port Colborne. The monthly rate for this lease for the term June 1, 2013 to June 30, 2014 is \$ 830.

145 Derby Road, Crystal Beach. The monthly rate for this lease for the term September 1, 2013 to August 31, 2014 is \$ 534.

228 West Street Unit 8, Port Colborne. The monthly rate for this lease for the term August 1, 2013 to July 31, 2014 is \$ 550.

District School Board of Niagara.

82 Clarence Street, Unit B, Port Colborne. The monthly rate for this lease for the term December 1, 2013 to November 30, 2014 is \$ 597.

27 Upper Adelaide Street, Port Colborne. The monthly rate for this lease for the term April 1, 2014 to March 31, 2015 is \$ 733.

600 King Street, Unit 2, Port Colborne. The monthly rate for this lease for the term August 1, 2013 to July 31, 2014 is \$ 650.

130B Killaly Street, Port Colborne. The monthly rate for this lease for the term August 1, 2013 to July 31, 2014 is \$ 650.

10. Financial Instruments

Cash Flow Risk

One of the term loans, the line of credit and the demand loan payable bear interest at at market rates. The organization's other long-term debt bears interest at fixed rates, which renew at market rates. Consequently, the organization is exposed to fluctuations in market interest rates which will affect future cash flows.

Liquidity Risk

Liquidity risk is the risk that the organization may not be able to meet its financial obligations as they come due. The organization approach to managing liquidity risk is to evaluate current and expected liquidity requirements to ensure that it maintains sufficient cash flows to meet obligations.

11. Comparative Figures

The comparative figures have been reclassified to conform to the current year presentation.

PORT COLBORNE COMMUNITY ASSOCIATION FOR RESOURCE
EXTENSION (PORT CARES)

Schedule 1

SCHEDULE OF OPERATIONS BY PROGRAM

for the year ended March 31, 2014

	Port Cares Admin \$	Client Services \$	Housing Help \$	The Learning Centre \$	Youth Justice Committee \$	Employment Services Program \$	Ontario Early Years Centre \$	2014 \$	2013 \$
Revenue									
Program grants	26,679			210,484	70,000	882,025	539,992	1,729,180	1,583,102
Other grants and contributions	2,102	216,556	122,830					341,488	294,439
United Way grant		80,000						80,000	80,000
Interest									19
Donations and memberships	63,135	79,212	5,955		928			149,230	124,734
Fundraising	71,538				681			72,219	90,980
Rental income	252,602		71,201					323,803	299,191
Other income	102,536	7,330	3,510					113,376	84,315
Administration fees	210,536							210,536	182,233
Amortization of deferred capital contributions	52,614	6,181	408	3,885	1,150	26,340	1,392	91,970	103,236
	781,742	389,279	203,904	214,369	72,759	908,365	541,384	3,111,802	2,842,249
Expenses									
Administration fees		39,761	17,197	22,943	7,000	65,500	53,945	206,346	175,098
Bad debts									9,982
Board expense	10,620							10,620	6,454
Client rent			76,905					76,905	76,947
Depreciation	120,228	9,221	2,377	3,885	1,150	26,340	1,392	164,593	175,208
Employer incentives						206,133		206,133	90,880
Fundraising	26,866	42						26,908	26,035
Insurance	12,861	2,733	600	1,104	1,067	3,600	6,000	27,965	33,794
Interest on long-term debt	38,401							38,401	38,934
Occupancy costs/rent		21,600	12,000	27,280	4,000	69,300	66,636	200,816	187,452
Office supplies	13,257	4,248	8,603	2,344	1,014	21,984	5,990	57,440	35,710
Professional fees	11,872	1,000	1,000	497	1,067	5,350	4,020	24,806	26,057
Program supplies	26,596	54,342	14,129	25,778	6,041	38,789	15,544	181,219	121,157
Property taxes	4,249							4,249	15,202
Repairs and maintenance	162,813	3,016		1,021	104	3,503	8,390	178,847	109,620
Salaries and benefits	331,817	252,277	69,290	119,587	53,427	454,477	362,448	1,643,323	1,687,391
Telephone	6,130	3,044	1,544	3,481	1,805	6,575	6,153	28,732	25,224
Training	1,632	1,001		5,753	1,161	3,332	8,200	21,079	14,500
Travel	1,893	1,629	259	1,466	2,735	3,661	3,381	15,024	12,343
Utilities	51,049							51,049	41,881
	820,284	393,914	203,904	215,139	80,571	908,544	542,099	3,164,455	2,909,869
Excess of Expenses over Revenues	(38,542)	(4,635)		(770)	(7,812)	(179)	(715)	(52,653)	(67,620)
Other Fundraising Revenue	19,378	673			50			20,101	4,835
Excess of Expenses over Revenue for the Year	(19,164)	(3,962)		(770)	(7,762)	(179)	(715)	(32,552)	(62,785)

See accompanying notes