

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

Financial Statements
for the Year Ended March 31, 2024
and Independent Auditor's Report to the Directors

**PORT COLBORNE COMMUNITY ASSOCIATION
FOR RESOURCE EXTENSION
(PORT CARES)
FINANCIAL STATEMENTS
MARCH 31, 2024**

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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, 2024 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, 2024, 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, 2024 and 2023, current assets as at March 31, 2024 and 2023, and net assets as at April 1 and March 31 for both the 2024 and 2023 years. Our audit opinion on the financial statements for the year ended March 31, 2023 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.

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

June 5, 2024
Welland, Ontario

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

STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2024

	<u>2024</u>	<u>2023</u>
REVENUE		
Program and other grants	\$ 3,704,598	\$ 3,380,249
Donations	283,898	207,402
Fundraising events	58,780	57,806
Rental income	69,909	69,709
Income collected from 50/50 raffles	187,560	214,007
Other income	29,300	6,404
Interest income	176,973	111,004
Amortization of deferred capital contributions	79,910	73,968
Forgivable portion of interest on rapid housing initiative loan (Note 9)	257,049	-
Gain on sale of 71 Nickel Street	185,637	-
	<u>5,033,614</u>	<u>4,120,549</u>
EXPENSES		
Administration fees	444,390	413,729
Amortization of property and equipment	148,596	140,257
Employee incentives	58,381	40,711
Fundraising	13,146	28,184
Insurance	53,520	50,925
Interest on rapid housing initiative loan (Note 9)	257,049	-
Municipal taxes	7,139	9,959
Office and administration	49,263	36,698
Payouts and expenses for 50/50 raffle	115,255	121,979
Professional fees	125,639	80,487
Program occupancy	320,833	281,366
Program supplies and client support	377,982	200,413
Rent	85,830	88,269
Repairs and maintenance	293,194	475,169
Salaries and benefits	2,463,523	2,165,034
Staff training	7,051	19,801
Staff travel	48,837	22,779
Telephone and utilities	63,353	65,173
	<u>4,932,981</u>	<u>4,240,933</u>
Less: expense recoveries	(765,224)	(695,094)
	<u>4,167,757</u>	<u>3,545,839</u>
EXCESS OF REVENUE OVER EXPENDITURES (Page 15)	<u>\$ 865,857</u>	<u>\$ 574,710</u>

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

STATEMENT OF CHANGES IN UNRESTRICTED NET ASSETS
YEAR ENDED MARCH 31, 2024

	<u>2024</u>	<u>2023</u>
UNRESTRICTED NET ASSETS, BEGINNING OF YEAR	\$ 729,750	\$ 729,750
EXCESS OF REVENUE OVER EXPENDITURES	865,857	574,710
ALLOCATION TO PROGRAM CONTINUATION RESERVE (Note 10)	(111,297)	-
ALLOCATION TO CAPITAL REPLACEMENT RESERVE (Note 11)	(85,500)	(58,000)
ALLOCATION TO REACH OUT CENTRE PROGRAM RESERVE (Note 12)	(296,449)	(246,342)
ALLOCATION TO AFFORDABLE HOUSING PROJECT RESERVE (Note 13)	<u>(372,611)</u>	<u>(270,368)</u>
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, 2024

	<u>2024</u>	<u>2023</u>
ASSETS		
Current assets		
Cash (Note 2)	\$ 2,735,206	\$ 2,179,923
Cashable investment certificates (Note 3)	3,997,291	1,000,000
Accounts receivable	41,201	42,866
HST recoverable	272,389	59,883
Prepaid expenses	33,866	53,892
	<u>7,079,953</u>	3,336,564
Cashable investment certificates	-	398,428
Property, vehicle and equipment (Note 4)	<u>5,099,836</u>	2,085,696
	<u>\$12,179,789</u>	\$ 5,820,688
LIABILITIES		
Current liabilities		
Accounts payable and accrued charges (Note 5)	\$ 1,234,087	\$ 737,894
Client care obligations (Note 6)	162,137	124,185
	<u>1,396,224</u>	862,079
Deferred contributions (Note 7)	260,503	277,938
Deferred capital contributions (Note 8)	1,748,988	1,339,226
Rapid Housing Initiative Loan (Note 9)	4,566,772	-
Commitment (Note 14)		
	<u>7,972,487</u>	2,479,243
NET ASSETS		
Program continuation reserve (Note 10)	709,402	598,105
Capital replacement reserve (Note 11)	712,112	626,612
Reach Out Centre program reserve (Note 12)	733,059	436,610
Affordable Housing Project reserve (Note 13)	842,979	470,368
Externally restricted Affordable Housing Project land (Note 4)	480,000	480,000
Unrestricted net assets	<u>729,750</u>	729,750
	<u>4,207,302</u>	3,341,445
	<u>\$12,179,789</u>	\$ 5,820,688

Approved by the Board:

..... Director Director

PORT COLBORNE COMMUNITY ASSOCIATION FOR RESOURCE EXTENSION (PORT CARES)

STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2024

	<u>2024</u>	<u>2023</u>
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 865,857	\$ 574,710
Items not affecting cash		
Amortization of property, vehicle and equipment	148,596	140,257
Amortization of deferred grants	(79,910)	(73,968)
Gain on sale of Nickel Street land	(185,637)	-
	<u>748,906</u>	<u>640,999</u>
Changes in non-cash operating assets and liabilities		
Accounts receivable	1,665	(42,866)
HST recoverable	(212,506)	(27,109)
Prepaid expenses	20,026	(21,678)
Accounts payable and accrued charges	496,193	(652,602)
Client care obligations	37,952	(23,887)
Deferred contributions	(17,435)	(188,048)
	<u>1,074,801</u>	<u>(315,191)</u>
INVESTING ACTIVITIES		
Purchase of property, vehicle and equipment	(4,067,635)	(121,863)
Niagara Region investment in Affordable Housing Project	875,000	-
Proceeds on sale of Nickel Street land	215,535	-
Increase in investments	(2,598,863)	(1,064,725)
Net change to capital grants	489,673	567,287
	<u>(5,086,290)</u>	<u>(619,301)</u>
FINANCING ACTIVITY		
Proceeds from rapid housing initiative loan	4,566,772	-
INCREASE (DECREASE) IN CASH	555,283	(934,492)
CASH, BEGINNING OF YEAR	2,179,923	3,114,415
CASH, END OF YEAR	\$ 2,735,206	\$ 2,179,923

PORT COLBORNE COMMUNITY ASSOCIATION FOR RESOURCE EXTENSION (PORT CARES)

NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024

1. 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. 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.

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.

PORT COLBORNE COMMUNITY ASSOCIATION FOR RESOURCE EXTENSION (PORT CARES)

NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024

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 charges and client care obligations.

(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.

PORT COLBORNE COMMUNITY ASSOCIATION FOR RESOURCE EXTENSION (PORT CARES)

NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024

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.

2. 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.

As at March 31, 2024, \$636,293 of the cash balance has been restricted for use on the Affordable Housing Project.

3. CASHABLE INVESTMENT CERTIFICATES

The cashable investment certificates earn interest at rates between 4.30% and 5.50% and mature between May 2024 and July 2024.

As at March 31, 2024, \$2,594,935 of the cashable investment certificates balance has been restricted for use on the Affordable Housing Project.

PORT COLBORNE COMMUNITY ASSOCIATION FOR RESOURCE EXTENSION (PORT CARES)

NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024

4. PROPERTY, VEHICLE AND EQUIPMENT

	<u>2024</u>		<u>2023</u>	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 321,398	\$ -	\$ 351,298	\$ -
Land - Affordable Housing Project	480,000	-	480,000	-
Buildings	2,933,907	1,974,394	2,933,907	1,857,038
Office furniture and equipment	386,933	256,177	253,966	237,695
Computer hardware	208,732	208,732	208,732	207,312
Vehicle	56,692	52,578	56,692	41,240
Building - Affordable Housing Project (net)	3,204,055	-	144,386	-
	7,591,717	2,491,881	4,428,981	2,343,285
Net book value	\$ 5,099,836		\$ 2,085,696	

Building - Affordable Housing Project represents construction in progress that is not in use and therefore is not being amortized. This construction in progress relates to low income housing development. The expected date of completion is November 2025.

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, 2024 \$875,000 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.

5. ACCOUNTS PAYABLE AND ACCRUED CHARGES

	<u>2024</u>	<u>2023</u>
Trade accounts payable	\$ 391,840	\$ 3,909
Construction holdbacks	323,930	-
Due to funders	344,749	503,825
Due from funder	(3,220)	(2,775)
Accrued charges		
Professional fees	24,802	18,709
Wages and vacation	127,972	126,964
Other	24,014	87,262
	\$ 1,234,087	\$ 737,894

6. 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.

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

NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024

7. DEFERRED CONTRIBUTIONS

	<u>2024</u>	<u>2023</u>
Balance, beginning of year	\$ 277,938	\$ 465,986
Amount recognized as revenue in the year	(525,268)	(1,040,435)
Amount received during the year	<u>507,833</u>	<u>852,387</u>
	<u>\$ 260,503</u>	<u>\$ 277,938</u>

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.

8. DEFERRED CAPITAL CONTRIBUTIONS

	<u>2024</u>	<u>2023</u>
Balance, beginning of year	\$ 1,339,226	\$ 845,906
Funds received, during the year	489,673	567,287
Funds transferred, during the year	-	-
Amortization to revenues during the year	<u>(79,911)</u>	<u>(73,967)</u>
	<u>\$ 1,748,988</u>	<u>\$ 1,339,226</u>

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.

Included in deferred capital contributions are \$993,511 of capital contributions related to the funding of Affordable Housing Project which is under construction and not in use as of March 31, 2024. No amortization has been taken on these contributions. The expected date of completion is November 2025.

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

NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024

9. FORGIVABLE LOAN

During the 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 ongoing construction of their 41-unit affordable housing project. The loan was approved for \$9,133,543 and will be paid out to the Organization as they meet certain milestones during the construction of the affordable housing project. As of March 31, 2024, \$4,566,772 of the total loan has been disbursed to the Organization.

This loan will accrue 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 \$257,049. The Organization expects that they will be in compliance with the agreement at July 31, 2024 and this interest amount will be forgiven and therefore the \$257,049 of interest has been taken into income for the fiscal year ending March 31, 2024.

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 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, while the current board of directors hopes their vision for providing affordable housing for vulnerable population, they cannot say for certainty at this time that they will not default on the terms of the agreement and therefore as of March 31, 2024, no portion of this loan has been taken into income.

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 principle.

Upon completion of the building, as long as terms of the agreement are met, this loan will forgiven and recognized into income at the same rate in which depreciation on the related asset is expensed. If the Organization defaults on any of the criteria within the agreement, then any forgiven portion of interest or principle will be due back to the funder.

PORT COLBORNE COMMUNITY ASSOCIATION FOR RESOURCE EXTENSION (PORT CARES)

NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024

10. PROGRAM CONTINUATION RESERVE

	<u>2024</u>	<u>2023</u>
Program Continuation Reserve, beginning of year	\$ 598,105	\$ 598,105
Net allocation in year	<u>111,297</u>	<u>-</u>
Program Continuation Reserve, end of year	<u>\$ 709,402</u>	<u>\$ 598,105</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.

11. CAPITAL REPLACEMENT RESERVE

	<u>2024</u>	<u>2023</u>
Capital Replacement Reserve, beginning of year	\$ 626,612	\$ 568,612
Net allocation in year	<u>85,500</u>	<u>58,000</u>
Capital Replacement Reserve, end of year	<u>\$ 712,112</u>	<u>\$ 626,612</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.

12. REACH OUT CENTRE PROGRAM RESERVE

	<u>2024</u>	<u>2023</u>
Reach Out Centre Program Reserve, beginning of year	\$ 436,610	\$ 190,268
Net allocation in year	<u>296,449</u>	<u>246,342</u>
Reach Out Centre Program Reserve, end of year	<u>\$ 733,059</u>	<u>\$ 436,610</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, 2024

13. AFFORDABLE HOUSING PROJECT RESERVE

	<u>2024</u>	<u>2023</u>
Affordable Housing Project Reserve, beginning of year	\$ 470,368	\$ 200,000
Net allocation in year	<u>372,611</u>	<u>270,368</u>
Affordable Housing Project Reserve, end of year	<u>\$ 842,979</u>	<u>\$ 470,368</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.

14. COMMITMENT

The Organization leases facilities for its Ontario Early Years program for the Seaway Mall site under a lease agreement which expires January 31, 2025. There is an option to renew the lease for an additional five year period.

The minimum lease payments required under the terms of the lease are:

Years ending March 31,	2024	\$ 19,517
	2025	<u>16,938</u>
		<u>\$ 36,455</u>

15. 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.

16. 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, 2024

	Port Cares Admin	Client Services and Reach Out	Housing	Literacy and Basic Skills	Employment Services Program	Ontario Early Years Centre	Affordable Housing Project	2024	2023
REVENUE									
Program and other grants	\$ 45,900	\$ 507,487	\$ 402,514	\$ 377,016	\$ 1,083,301	\$ 1,288,380	\$ -	\$ 3,704,598	\$ 3,380,249
Donations	96,264	180,373	7,261	-	-	-	-	283,898	207,402
Fundraising events	-	58,780	-	-	-	-	-	58,780	57,806
Rental income	69,909	-	-	-	-	-	-	69,909	69,709
Income collected from 50/50 raffles	-	187,560	-	-	-	-	-	187,560	214,007
Other income	2,325	26,875	100	-	-	-	-	29,300	6,404
Interest income	123,488	-	-	-	-	-	53,485	176,973	111,004
Amortization of deferred capital contributions	54,492	-	-	210	18,191	7,017	-	79,910	73,968
Forgivable portion of interest on rapid housing initiative loan	-	-	-	-	-	-	257,049	257,049	-
Gain on sale of 71 Nickel Street	-	-	-	-	-	-	185,637	185,637	-
	392,378	961,075	409,875	377,226	1,101,492	1,295,397	496,171	5,033,614	4,120,549
EXPENSES									
Administration fees	-	35,497	30,000	28,954	227,763	122,176	-	444,390	413,729
Amortization of property and equipment	123,178	-	-	210	18,191	7,017	-	148,596	140,257
Employee incentives	-	-	-	-	58,381	-	-	58,381	40,711
Fundraising	5,430	7,716	-	-	-	-	-	13,146	28,184
Insurance	25,420	3,330	3,139	5,220	16,411	-	-	53,520	50,925
Interest on rapid housing initiative loan	-	-	-	-	-	-	257,049	257,049	-
Municipal taxes	7,139	-	-	-	-	-	-	7,139	9,959
Office and administration	36,817	1,718	461	4,343	3,941	1,983	-	49,263	36,698
Payouts and expenses for 50/50 raffle	-	115,255	-	-	-	-	-	115,255	121,979
Professional fees	79,457	2,988	6,259	24,514	9,132	3,289	-	125,639	80,487
Program occupancy	-	33,539	21,847	30,300	148,956	86,191	-	320,833	281,366
Program supplies and client support	50,223	151,994	6,392	37,233	73,146	56,470	2,524	377,982	200,413
Rent	-	-	-	-	-	85,830	-	85,830	88,269
Repairs and maintenance	104,831	35,600	6,969	19,746	31,393	94,655	-	293,194	475,169
Salaries and benefits	221,611	376,395	323,182	217,288	505,880	819,167	-	2,463,523	2,165,034
Staff training	1,388	-	-	4,173	1,023	467	-	7,051	19,801
Staff travel	12,361	10,266	4,338	4,015	4,690	13,167	-	48,837	22,779
Telephone and utilities	49,158	1,625	3,770	1,230	2,585	4,985	-	63,353	65,173
	717,013	775,923	406,357	377,226	1,101,492	1,295,397	259,573	4,932,981	4,240,933
Less: expense recoveries	(765,224)	-	-	-	-	-	-	(765,224)	(695,094)
	(48,211)	775,923	406,357	377,226	1,101,492	1,295,397	259,573	4,167,757	3,545,839
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	\$ 440,589	\$ 185,152	\$ 3,518	\$ -	\$ -	\$ -	\$ 236,598	\$ 865,857	\$ 574,710