

**Central West Specialized
Developmental Services
Financial Statements
For the year ended March 31, 2016**

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Financial Statements
For the year ended March 31, 2016

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Independent Auditor's Report

To the Board of Directors of Central West Specialized Developmental Services

We have audited the accompanying financial statements of Central West Specialized Developmental Services (the "Organization"), which comprise the statements of financial position of the Operating Fund, Charitable Donation Fund and Residents' Trust Fund as at March 31, 2016, and the statements of revenue and expenditures and deficit of the Operating Fund, revenue and expenditures and net assets of the Charitable Donation Fund and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 auditor's 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 auditor considers internal control relevant to the Organization'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 Organization'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 audit opinion.

Opinion

In our opinion, the financial statements presents fairly, in all material respects, the financial position of Central West Specialized Developmental Services as at March 31, 2016 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.

BDO CANADA LLP

Chartered Professional Accountants, Licensed Public Accountants
Burlington, Ontario
June 14, 2016

**Central West Specialized Developmental Services
Statement of Financial Position
Operating Fund**

March 31 2016 2015

Assets

Current

Cash (Note 2)	\$ 2,190,200		\$ 3,023,075
Accounts receivable	404,097		489,043
Due from Province of Ontario	367,522		899,185
Ministry receivable (Note 3)	488,773		-
Due from Charitable Donation Fund	-		4,817
	\$ 3,450,592		\$ 4,416,120

Liabilities and Deficit

Current

Accounts payable and accrued liabilities	\$ 3,682,091		\$ 4,417,198
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Recoverable by Province of Ontario

	-		1,007
	3,682,091		4,418,205

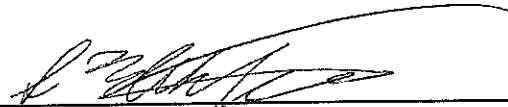
Deficit

	(231,499)		(2,085)
	\$ 3,450,592		\$ 4,416,120

On behalf of the Board:



Chair



Vice-Chair

**Central West Specialized Developmental Services
Statements of Financial Position**

March 31 **2016** **2015**

Charitable Donation Fund

Asset

Cash **\$ 112,074** **\$ 117,539**

Liability and Net Assets

Due to Operating Fund **\$ -** **\$ 4,817**

Net assets

Restricted net assets **73,582** **74,305**

Unrestricted net assets **38,492** **38,417**

112,074 **112,722**

\$ 112,074 **\$ 117,539**

Residents' Trust Fund


Asset

Cash **\$ 347,215** **\$ 277,280**

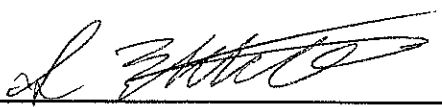
Liability

Trust liability **\$ 347,215** **\$ 277,280**

On behalf of the Board:



Chair



Vice-Chair

The accompanying notes are an Integral part of these financial statements.

**Central West Specialized Developmental Services
Statement of Revenue and Expenditures and Deficit
Operating Fund**

For the year ended March 31	2016	2015
Revenue		
Base funding	\$ 18,852,438	\$ 17,879,244
Ontario Disability Support Program	947,104	925,448
Passport funding	28,678,995	22,862,292
Fiscal funding - Other	7,263,526	6,829,689
Repairs and maintenance funding	62,200	150,000
New community home renovation funding (Note 3)	488,773	-
	<u>56,293,036</u>	<u>48,646,673</u>
Expenditures		
Administration	905,936	813,918
Building and property (Note 3)	1,555,765	1,153,321
Community Homes	1,862,862	1,793,542
Community Network of Specialized Care	468,445	462,651
Complex Treatment Homes	10,067,693	9,832,513
Dual Diagnosis Services	1,700,972	1,660,675
Halton Support Services	4,269,413	3,327,071
Passport	28,653,437	22,862,293
Residential	6,248,253	5,982,963
Respite	791,374	764,123
	<u>56,524,150</u>	<u>48,653,070</u>
Excess of expenditures over revenue before interest revenue	(231,114)	(6,397)
Interest revenue	1,700	7,404
Excess (deficiency) of revenue over expenditures for the year	(229,414)	1,007
Recoverable by Province of Ontario	-	(1,007)
Deficit, beginning of year	(2,085)	(2,085)
Deficit, end of year	\$ (231,499)	\$ (2,085)

The accompanying notes are an integral part of these financial statements.

**Central West Specialized Developmental Services
Statement of Revenue and Expenditures and Net Assets
Charitable Donation Fund**

For the year ended March 31

	Restricted Net Assets	Unrestricted Net Assets	2016 Total	2015 Total
Revenue				
Donations	\$ 22,745	\$ 2,120	\$ 24,865	\$ 31,562
Expenditures				
Equipment	11,837	-	11,837	17,288
Purchase of Service	-	-	-	4,682
Recreation	11,631	2,045	13,676	10,885
	23,468	2,045	25,513	32,855
Excess (deficiency) of revenue over expenditures for the year	(723)	75	(648)	(1,293)
Balance, beginning of year	74,305	38,417	112,722	114,015
Balance, end of year	\$ 73,582	\$ 38,492	\$ 112,074	\$ 112,722

The accompanying notes are an integral part of these financial statements.

Central West Specialized Developmental Services Statement of Cash Flows

For the year ended March 31	2016	2015
Cash flows from operating activities		
Excess of expenditures over revenue for the year	\$ (230,062)	\$ (1,293)
Adjustments to reconcile excess of expenditures over revenue to net cash provided by (used in) operating activities		
Changes in non-cash working capital balances		
Accounts receivable	84,946	11,901
Accounts payable and accrued liabilities	(735,107)	1,907,540
Residents' Trust Fund – Trust liability	69,935	37,196
Due to/from Province of Ontario	530,656	(1,236,581)
Ministry receivable	(488,773)	-
Increase (decrease) in cash during the year	(768,405)	718,763
Cash, beginning of year	3,417,894	2,699,131
Cash, end of year	\$ 2,649,489	\$ 3,417,894
Represented by		
Cash – Operating Fund	\$ 2,190,200	\$ 3,023,075
Cash – Charitable Donation Fund	112,074	117,539
Cash – Residents' Trust Fund	347,215	277,280
	\$ 2,649,489	\$ 3,417,894

The accompanying notes are an integral part of these financial statements.

Central West Specialized Developmental Services Notes to Financial Statements

March 31, 2016

1. Significant Accounting Policies

Nature of Organization

By Application for Supplementary Letters Patent dated June 22, 2007, the Organization, formerly known as Oaklands Regional Centre, changed its name to Central West Specialized Developmental Services (the "Organization" or "Central West").

Central West is a not-for-profit organization, incorporated without share capital under the laws of Ontario, which provides residential and community-based support programs to individuals with developmental disabilities and to their families.

Central West is a registered charity under the Income Tax Act.

Basis of Accounting

The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.

Revenue Recognition

Central West follows the restricted fund method of accounting for contributions. 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 contributions of the Operating Fund are recognized in the year in which the related expenses are incurred. Restricted contributions of the Charitable Donation Fund are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Interest revenue is recognized on the accrual basis. Donations are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Central West is funded by the Province of Ontario through the Ministry of Community and Social Services and the Ministry of Children and Youth Services on the basis of subsidies for approved expenditures.

Fund Accounting

The Operating Fund accounts for the operations of all programs and contracts administered by Central West.

The Charitable Donation Fund accounts for restricted and unrestricted contributions. The donor-restricted funds are to be used for purposes specified by the donor. The unrestricted funds consist of donation income.

The Residents' Trust Fund accounts for the assets belonging to the residents.

Capital Assets

On the basis of Section 14 of the Agreements between the Province of Ontario and Central West Specialized Developmental Services dated November 30, 1975 and January 29, 2008, it is management's position that Central West has no title or residual interest in the assets acquired for the main facility or the newly acquired/constructed homes.

Central West Specialized Developmental Services

Notes to Financial Statements

March 31, 2016

1. Significant Accounting Policies (Continued)

Contributed Goods and Services

Volunteers contribute significant amounts of time to assist Central West in carrying out its service delivery activities. Central West also, from time to time, receives donations of goods. Because of the difficulty of determining their fair value, contributed goods and services are not recognized in the financial statements.

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

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 revenue and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

2. Cash

Included in cash is \$42,772 (2015 - \$645,076) held in a high-interest savings account.

Central West has an unused \$100,000 operating credit facility bearing interest at the bank's prime rate. The credit facility is secured by a general security agreement.

3. Ministry Receivable

The new community home renovation funding and amount due from the Ministry of Community and Social Services (the "Ministry") relates to the commitment of the Ministry to fund the Hillside community home renovation. This renovation was completed during the year and its expenditures are included in building and property. The Ministry intends to fund Central West in conjunction with the Organization's bank loan payments, which was taken out subsequent to year end and is being used to fund the Hillside renovation.

Subsequent to year end, Central West obtained a \$488,773 bank loan at the bank's prime rate plus 1.6%. The bank loan is repayable in monthly principal payments of \$1,629 plus interest and is secured by a general security agreement and by a collateral mortgage on the lands and improvements located at 1512 Rebecca Street, Oakville, Ontario. The loan matures April 25, 2017 when it will be payable in full or renewed for an additional term.

Central West Specialized Developmental Services Notes to Financial Statements

March 31, 2016

4. Special Services at Home Program

During the year, Central West received \$1,105,860 (2015 - \$762,700) fiscal funding to administer the Special Services at Home Program. The Special Services at Home contracts totalled \$1,173,687 (2015 - \$830,069). The funding for this program is not included in the Ministry Service Contract and has not been included in the statement of revenue and expenditures and deficit on page 5 of these statements.

5. Contingent Liabilities

Central West has been named as a defendant/co-defendant in litigation that was outstanding as at March 31, 2016. Management believes that Central West has a valid defence and appropriate insurance coverage in place. As a result, Central West has not made any provision in the accounts.

6. Financial Instrument Risks

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause financial loss to the other party by failing to discharge an obligation. Central West is exposed to credit risk resulting from the possibility that a customer or counterparty to a financial instruments defaults on their financial obligation. Central West's financial instruments that are exposed to concentrations of credit risk relate primarily to its accounts receivable balances. This risk has not changed from the prior year.

Liquidity Risk

Liquidity risk is the risk that Central West encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, Central West will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. Liquidity risk arises from Central West's accounts payable and accrued liabilities. This risk has not changed from the prior year.