

**Central West Specialized  
Developmental Services  
Financial Statements  
For the year ended March 31, 2017**

**Central West Specialized Developmental Services**  
**Financial Statements**  
For the year ended March 31, 2017

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Tel: 905 639 9500  
Fax: 905 633 4939  
Toll-Free: 888 236 2383  
www.bdo.ca

BDO Canada LLP  
3115 Harvester Road, Suite 400  
Burlington ON L7N 3N8 Canada

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## Independent Auditor's Report

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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, 2017, 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, 2017 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 6, 2017

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

<u>March 31</u>	<u>2017</u>	<u>2016</u>
<b>Assets</b>		
<b>Current</b>		
Cash (Note 2)	\$ 4,340,731	\$ 2,190,200
Accounts receivable	500,052	404,097
Due from Province of Ontario	442,612	367,522
Ministry receivable (Note 3)	<u>278,902</u>	<u>488,773</u>
	<b>\$ 5,562,297</b>	<b>\$ 3,450,592</b>

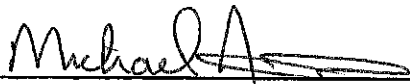
**Liabilities and Deficit**

<b>Current</b>		
Accounts payable and accrued liabilities (Note 4)	\$ 4,807,612	\$ 3,682,091
Term loans payable (Note 5)	<u>724,973</u>	<u>-</u>
	5,532,585	3,682,091
<b>Recoverable by Province of Ontario</b>	<b>31,797</b>	<b>-</b>
<b>Deficit</b>	<u><b>(2,085)</b></u>	<u><b>(231,499)</b></u>
	<b>\$ 5,562,297</b>	<b>\$ 3,450,592</b>

On behalf of the Board:



Chair



Vice-Chair

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

**March 31** **2017** **2016**

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**Charitable Donation Fund**

**Asset**

**Cash** **\$ 110,822** **\$ 112,074**

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**Net Assets**

**Net assets**

**Restricted net assets** **\$ 73,913** **\$ 73,582**  
    **Unrestricted net assets** **36,909** **38,492**

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**\$ 110,822** **\$ 112,074**

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**Residents' Trust Fund**

**Asset**

**Cash** **\$ 343,200** **\$ 347,215**


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**Liability**

**Trust liability** **\$ 343,200** **\$ 347,215**

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On behalf of the Board:

  
\_\_\_\_\_ Chair

  
\_\_\_\_\_ Vice-Chair

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

<b>For the year ended March 31</b>	<b>2017</b>	<b>2016</b>
<b>Revenue</b>		
Base funding	\$ 18,842,202	\$ 18,852,438
Ontario Disability Support Program	957,054	947,104
Passport funding	32,109,295	28,678,995
Fiscal funding - Other	8,299,253	7,263,526
Repairs and maintenance funding	-	62,200
New community home renovation funding (Note 3)	-	488,773
	<u>60,207,804</u>	<u>56,293,036</u>
<b>Expenditures</b>		
Administration	1,045,295	905,936
Building and property	1,050,720	1,555,765
Community Homes	2,693,396	1,862,862
Community Network of Specialized Care	468,165	468,445
Complex Treatment Homes	9,814,777	10,067,693
Dual Diagnosis Services	1,721,984	1,700,972
Halton Support Services	5,059,355	4,269,413
Passport	32,078,792	28,653,437
Residential	5,457,705	6,248,253
Respite	785,818	791,374
	<u>60,176,007</u>	<u>56,524,150</u>
<b>Excess (deficiency) of revenue over expenditures before other items</b>	<b>31,797</b>	<b>(231,114)</b>
Deficit funding (Note 3)	254,972	-
Interest revenue	-	1,700
	<u>286,769</u>	<u>(229,414)</u>
<b>Excess (deficiency) of revenue over expenditures for the year</b>	<b>286,769</b>	<b>(229,414)</b>
<b>Recoverable by Province of Ontario</b>	<b>(31,797)</b>	<b>-</b>
<b>Recoverable by Province of Ontario - Prior Year</b>	<b>(25,558)</b>	<b>-</b>
<b>Deficit, beginning of year</b>	<b>(231,499)</b>	<b>(2,085)</b>
<b>Deficit, end of year</b>	<b>\$ (2,085)</b>	<b>\$ (231,499)</b>

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	2017 Total	2016 Total
<b>Revenue</b>				
Donations	\$ 17,598	\$ 1,010	\$ 18,608	\$ 24,865
<b>Expenditures</b>				
Equipment	8,916	-	8,916	11,837
Purchase of service	3,826	-	3,826	-
Recreation	4,525	2,593	7,118	13,676
	17,267	2,593	19,860	25,513
<b>Excess (deficiency) of revenue over expenditures for the year</b>	331	(1,583)	(1,252)	(648)
<b>Balance, beginning of year</b>	73,582	38,492	112,074	112,722
<b>Balance, end of year</b>	\$ 73,913	\$ 36,909	\$ 110,822	\$ 112,074

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	2017	2016
<b>Cash flows from operating activities</b>		
Excess (deficiency) of revenue over expenditures for the year	\$ 228,162	\$ (230,062)
Adjustments to reconcile excess (deficiency) of revenue over expenditures to net cash provided by (used in) operating activities		
Changes in non-cash working capital balances		
Accounts receivable	(95,955)	84,946
Accounts payable and accrued liabilities	1,125,521	(735,107)
Residents' Trust Fund – Trust liability	(4,015)	69,935
Due to/from Province of Ontario	(43,293)	530,656
Ministry receivable	209,871	(488,773)
	<u>1,420,291</u>	<u>(768,405)</u>
<b>Cash flows from financing activities</b>		
Proceeds from term loans payable	743,745	-
Repayments of term loans payable	(18,772)	-
	<u>724,973</u>	<u>-</u>
<b>Net increase (decrease) in cash</b>	<b>2,145,264</b>	<b>(768,405)</b>
Cash, beginning of year	<u>2,649,489</u>	<u>3,417,894</u>
<b>Cash, end of year</b>	<b>\$ 4,794,753</b>	<b>\$ 2,649,489</b>
<b>Represented by</b>		
Cash – Operating Fund	\$ 4,340,731	\$ 2,190,200
Cash – Charitable Donation Fund	110,822	112,074
Cash – Residents' Trust Fund	<u>343,200</u>	<u>347,215</u>
	<b>\$ 4,794,753</b>	<b>\$ 2,649,489</b>

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



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# Central West Specialized Developmental Services Notes to Financial Statements

**March 31, 2017**

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## 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.

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.

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# Central West Specialized Developmental Services Notes to Financial Statements

**March 31, 2017**

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

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## 2. Cash

Included in cash is \$42,642 (2016 - \$42,772) held in a high-interest savings account.

Central West has an unused \$100,000 (2016 - \$100,000) operating credit facility bearing interest at the bank's prime rate. The credit facility is secured by a general security agreement.

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## 3. Ministry Receivable

In the prior year, the new community home renovation funding recognized in the Organization's revenue related to the commitment of the Ministry of Community and Social Services (the "Ministry") to fund the Hillside community home renovation. This renovation was completed in 2016 and its expenditures are included in building and property. The Ministry intends to fund Central West in conjunction with the Organization's term loan payments. As at March 31, 2017, Ministry receivable of \$174,298 is related to this commitment.

During the year, the Ministry committed to fund the reduction of the Organization's 2016 deficit. The Ministry intends to fund Central West in conjunction with the Organization's term loan payments. As at March 31, 2017, Ministry receivable of \$104,604 is related to this commitment.

## Central West Specialized Developmental Services Notes to Financial Statements

**March 31, 2017**

### 3. Ministry Receivable (Continued)

Prior to March 31, 2017, Central West received \$446,071 of funding relating to the new community home renovation and 2016 deficit funding which reduced the Organization's Ministry receivable balance. The term loan payments were made subsequent to March 31, 2017. This has resulted in a timing difference between the Ministry receivable and the term loans payable balances at year end.

### 4. Contingent Liabilities

Central West has been named as a defendant/co-defendant in litigations that are outstanding as at March 31, 2017. Management believes that Central West has a valid defence and appropriate insurance coverage in place. Management believes the Organization has properly accrued for any potential payments related to outstanding litigations as at year end.

### 5. Term Loans Payable

	2017	2016
Term loan, bearing interest at prime plus 1.6% per annum, repayable in monthly principal payments of \$1,629 plus interest, secured by a general security agreement and certain properties of the Organization, maturing April 2018	\$ 470,851	\$ -
Term loan, bearing interest at prime plus 1.6% per annum, repayable in monthly principal payments of \$850 plus interest, secured by a general security agreement and certain properties of the Organization, maturing February 2018	254,122	-
	\$ 724,973	\$ -

### 6. Special Services at Home Program

During the year, Central West received \$1,158,625 (2016 - \$1,105,860) fiscal funding to administer the Special Services at Home Program. The Special Services at Home contracts totalled \$1,389,298 (2016 - \$1,173,687). 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.

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## Central West Specialized Developmental Services Notes to Financial Statements

**March 31, 2017**

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### **7. 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 instrument 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 and term loans payable balances. This risk has not changed from the prior year.