

**Central West Specialized
Developmental Services
Financial Statements**
For the year ended March 31, 2018

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Financial Statements
For the year ended March 31, 2018

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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, 2018, 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, 2018 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.

Chartered Professional Accountants, Licensed Public Accountants
Burlington, Ontario
June 5, 2018

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

March 31 **2018** **2017**

Assets

Current

Cash (Note 2)	\$ 4,907,338	\$ 4,340,731
Accounts receivable	431,680	500,052
Due from Province of Ontario	602,590	442,612
Ministry receivable (Note 3)	220,638	278,902
	\$ 6,162,246	\$ 5,562,297

Liabilities and Deficit

Current


Accounts payable and accrued liabilities (Note 4)	\$ 5,912,928	\$ 4,807,612
Deferred revenue (Note 5)	30,000	-
Term loans payable (Note 6)	220,638	724,973
	6,163,566	5,532,585

Recoverable by Province of Ontario **765** **31,797**

Deficit **(2,085)** **(2,085)**

\$ 6,162,246 **\$ 5,562,297**

On behalf of the Board:


_____ Chair


_____ Vice-Chair

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

March 31 **2018** **2017**

Charitable Donation Fund

Asset

Cash **\$ 131,325** **\$ 110,822**

Net Assets

Net assets

 Restricted net assets **\$ 82,412** **\$ 73,913**
 Unrestricted net assets **48,913** **36,909**

\$ 131,325 **\$ 110,822**

Residents' Trust Fund

Asset

Cash **\$ 285,299** **\$ 343,200**

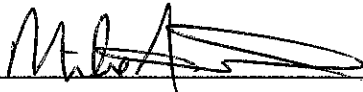
Liability

Trust liability **\$ 285,299** **\$ 343,200**

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	2018	2017
Revenue		
Base funding	\$ 19,007,485	\$ 18,842,202
Ontario Disability Support Program	940,549	957,054
Passport funding	38,760,084	32,109,295
Fiscal funding – Other (Note 7)	9,876,447	8,299,253
Grant funding (Note 5)	47,700	-
	<u>68,632,265</u>	<u>60,207,804</u>
Expenditures (Schedule)		
Administration	1,175,889	1,045,295
Building and property	1,081,646	1,050,720
Community Homes	2,717,300	2,693,396
Community Network of Specialized Care	437,021	468,165
Complex Treatment Homes	9,613,760	9,814,777
Dual Diagnosis Services	1,981,026	1,721,984
Halton Support Services	5,897,770	5,059,355
Passport	38,760,084	32,078,792
Residential	6,178,327	5,457,705
Respite	789,831	785,818
	<u>68,632,654</u>	<u>60,176,007</u>
Excess (deficiency) of revenue over expenditures before other items	(389)	31,797
Deficit funding (Note 3)	-	254,972
Interest revenue	1,154	-
	<u>765</u>	<u>286,769</u>
Excess of revenue over expenditures for the year	765	286,769
Recoverable by Province of Ontario	(765)	(31,797)
Recoverable by Province of Ontario - Prior Year	-	(25,558)
Deficit, beginning of year	(2,085)	(231,499)
Deficit, end of year	\$ (2,085)	\$ (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	2018 Total	2017 Total
Revenue				
Donations	\$ 15,001	\$ 12,870	\$ 27,871	\$ 18,608
Expenditures				
Equipment	-	-	-	8,916
Purchase of service	2,204	-	2,204	3,826
Recreation	4,298	866	5,164	7,118
	6,502	866	7,368	19,860
Excess (deficiency) of revenue over expenditures for the year	8,499	12,004	20,503	(1,252)
Balance, beginning of year	73,913	36,909	110,822	112,074
Balance, end of year	\$ 82,412	\$ 48,913	\$ 131,325	\$ 110,822

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	2018	2017
Cash flows from operating activities		
Excess of revenue over expenditures for the year	\$ 20,503	\$ 228,162
Adjustments to reconcile excess of revenue over expenditures to net cash provided by operating activities		
Changes in non-cash working capital balances		
Accounts receivable	68,372	(95,955)
Accounts payable and accrued liabilities	1,105,316	1,125,521
Deferred revenue	30,000	-
Residents' Trust Fund – Trust liability	(57,901)	(4,015)
Due to/from Province of Ontario	(191,010)	(43,293)
Ministry receivable	58,264	209,871
	<u>1,033,544</u>	<u>1,420,291</u>
Cash flows from financing activities		
Proceeds from term loans payable	-	743,745
Repayments of term loans payable	(504,335)	(18,772)
	<u>(504,335)</u>	<u>724,973</u>
Net increase in cash	529,209	2,145,264
Cash, beginning of year	4,794,753	2,649,489
Cash, end of year	\$ 5,323,962	\$ 4,794,753
Represented by		
Cash – Operating Fund	\$ 4,907,338	\$ 4,340,731
Cash – Charitable Donation Fund	131,325	110,822
Cash – Residents' Trust Fund	285,299	343,200
	<u>\$ 5,323,962</u>	<u>\$ 4,794,753</u>

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

Central West Specialized Developmental Services Notes to Financial Statements

March 31, 2018

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. Externally restricted grant funding of the Operating Fund is recognized as revenue in the year in which the related expenses are incurred. Externally 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.

Central West Specialized Developmental Services

Notes to Financial Statements

March 31, 2018

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.

2. Cash

Included in cash is \$1,038,972 (2017 - \$42,642) held in a high-interest savings account.

Central West has an unused \$100,000 (2017 - \$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 Ministry intends to fund Central West in conjunction with the Organization's term loan payments, arising as a result of a Hillside community home renovation completed in 2016. As at March 31, 2018, Ministry receivable of \$156,375 (2017 - \$174,298) is related to this commitment.

In the prior 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, 2018, Ministry receivable of \$64,263 (2017 - \$104,604) is related to this commitment.

Central West Specialized Developmental Services Notes to Financial Statements

March 31, 2018

4. Contingent Liabilities

Central West has been named as a defendant/co-defendant in litigations that are outstanding as at March 31, 2018. 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. Deferred Revenue

During the year, Central West received grant funding from the Region of Halton and the Ontario Trillium Foundation ("Trillium"). The Organization received \$67,500 from Trillium to support their Quality of Life program. This program began in September 2017 and continues until September 2018, with any unspent grant funding at year end being deferred.

6. Term Loans Payable

	<u>2018</u>	<u>2017</u>
Term loan, bearing interest at prime plus 1.6% per annum, repayable in monthly principal payments of \$1,629 plus interest and open to prepayment without penalty, secured by a general security agreement and certain properties of the Organization, maturing April 2019	\$ 156,375	\$ 470,851
Term loan, bearing interest at prime plus 1.6% per annum, repayable in monthly principal payments of \$850 plus interest and open to prepayment without penalty, secured by a general security agreement and certain properties of the Organization, maturing February 2019	<u>64,263</u>	<u>254,122</u>
	<u>\$ 220,638</u>	<u>\$ 724,973</u>

Any payments on the term loans represent funds received by the Ministry to be applied for debt reduction, these funds are not available for regular operating expenditures.

7. Fiscal Funding – Other

During the year, Central West received one-time funding of \$75,394 to assist in meeting obligations associated with the implementation of Bill 148.

Central West Specialized Developmental Services Notes to Financial Statements

March 31, 2018

8. Special Services at Home Program

During the year, Central West received \$1,558,765 (2017 - \$1,158,625) fiscal funding to administer the Special Services at Home Program. The Special Services at Home contracts totalled \$1,626,231 (2017 - \$1,389,298). 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.

9. 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.

**Central West Specialized Developmental Services
Schedule of Expenditures
Operating Fund**

For the year ended March 31	2018	2017
Salaries and benefits		
Building and property	\$ 312,827	\$ 278,292
Community programs	2,375,322	2,256,689
Complex Treatment Homes	8,526,870	7,817,010
Halton Support Services	822,115	759,672
Passport	836,207	763,520
Residential	<u>9,087,318</u>	<u>8,255,589</u>
	<u>21,960,659</u>	<u>20,130,772</u>
Non-salaries and benefit expenses		
Building and property	768,819	772,428
Community programs	832,556	719,279
Complex Treatment Homes	1,086,890	1,997,767
Halton Support Services	5,075,655	4,299,683
Passport	37,923,877	31,315,272
Residential	<u>984,198</u>	<u>940,806</u>
	<u>46,671,995</u>	<u>40,045,235</u>
Total expenditures	\$ 68,632,654	\$ 60,176,007