

**Central West Specialized
Developmental Services
Financial Statements
For the year ended March 31, 2020**

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Financial Statements
For the year ended March 31, 2020

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Independent Auditor's Report

To the Board of Directors of Central West Specialized Developmental Services

Opinion

We have audited the financial statements of Central West Specialized Developmental Services (the "Organization"), which comprise the statement of financial position of the Operating Fund, Charitable Donation Fund and Residents' Trust Fund as at March 31, 2020, 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 notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2020, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

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 is sufficient and appropriate to provide a basis for our 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.

The accompanying notes are an integral part 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Guelph, Ontario
July 7, 2020

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

March 31 **2020** **2019**

Assets

Current

Cash (Note 2)	\$ 2,564,397	\$ 5,231,605
Accounts receivable	593,968	909,235
Due from Province of Ontario	18,487	924,669
Ministry receivable	<u>-</u>	<u>65,020</u>
	\$ 3,176,852	\$ 7,130,529

Liabilities and Deficit

Current

Accounts payable and accrued liabilities (Note 3)	\$ 3,177,430	\$ 7,061,047
Term loans payable	<u>-</u>	<u>65,020</u>
	3,177,430	7,126,067

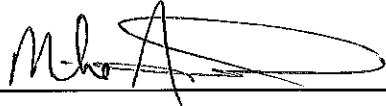
Recoverable by Province of Ontario	1,507	6,547
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Deficit	<u>(2,085)</u>	<u>(2,085)</u>
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	\$ 3,176,852	\$ 7,130,529
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On behalf of the Board:

 Chair

 Vice-Chair

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

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

March 31 **2020** **2019**

Charitable Donation Fund

Asset

Cash **\$ 101,667** **\$ 137,373**

Net Assets

Net assets

Restricted net assets **\$ 56,438** **\$ 88,556**
 Unrestricted net assets **45,229** **48,817**

\$ 101,667 **\$ 137,373**

Residents' Trust Fund

Asset

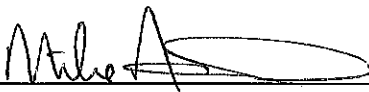
Cash **\$ 322,501** **\$ 315,205**

Liability

Trust liability **\$ 322,501** **\$ 315,205**

On behalf of the Board:


 _____ Chair


 _____ Vice-Chair

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

For the year ended March 31	2020	2019
Revenue		
Operations		
Base funding	\$ 23,259,885	\$ 18,359,694
Ontario Disability Support Program	853,626	884,620
Passport funding	1,392,847	1,199,397
Fiscal funding – Other	1,221,795	6,782,352
Grant funding	2,000	40,615
	<u>26,730,153</u>	<u>27,266,678</u>
Community and individualized funding		
Base funding	1,992,508	689,903
Passport funding (Note 4)	1,489,507	50,498,353
Fiscal funding	4,462,946	5,925,016
	<u>7,944,961</u>	<u>57,113,272</u>
	<u>34,675,114</u>	<u>84,379,950</u>
Expenditures (Schedule)		
Operation		
Administration	1,630,338	1,531,976
Building and property	982,567	1,560,643
Community Homes	2,846,484	2,855,476
Community Network of Specialized Care	947,800	822,376
Complex Treatment Homes	9,115,041	9,107,225
Dual Diagnosis Services	1,740,023	1,712,603
Halton/Peel Support Services	1,093,676	1,172,035
Passport	1,105,948	1,199,199
Residential	6,445,596	6,500,982
Respite	821,400	811,242
	<u>26,728,873</u>	<u>27,273,757</u>
Community and individualized funding		
Dual Diagnosis Services	128,000	130,000
Halton/Peel Support Services	6,331,571	6,484,919
Passport (Note 4)	1,489,354	50,498,353
	<u>7,948,925</u>	<u>57,113,272</u>
	<u>34,677,798</u>	<u>84,387,029</u>
Deficiency of revenue over expenditures before other items	(2,684)	(7,079)
Interest revenue	4,191	13,626
Excess of revenue over expenditures for the year	1,507	6,547
Recoverable by Province of Ontario	(1,507)	(6,547)
Deficit, beginning of year	(2,085)	(2,085)
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	2020 Total	2019 Total
Revenue				
Donations	\$ 17,845	\$ 23,259	\$ 41,104	\$ 25,316
Expenditures				
Equipment	38,526	16,102	54,628	4,664
Purchase of service	9,419	-	9,419	11,508
Recreation	2,018	10,745	12,763	3,096
	49,963	26,847	76,810	19,268
Excess (deficiency) of revenue over expenditures for the year	(32,118)	(3,588)	(35,706)	6,048
Balance, beginning of year	88,556	48,817	137,373	131,325
Balance, end of year	\$ 56,438	\$ 45,229	\$ 101,667	\$ 137,373

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	2020	2019
Cash flows from operating activities		
Excess (deficiency) of revenue over expenditures for the year	\$ (35,706)	\$ 6,048
Adjustments to reconcile excess (deficiency) of revenue over expenditures to net cash provided by operating activities		
Changes in non-cash working capital balances		
Accounts receivable	315,267	(477,555)
Accounts payable and accrued liabilities	(3,883,617)	1,148,119
Deferred revenue	-	(30,000)
Due to/from Province of Ontario	901,142	(316,297)
Ministry receivable	65,020	155,618
	<u>(2,637,894)</u>	<u>485,933</u>
Cash flows from financing activity		
Repayments of term loans payable	<u>(65,020)</u>	<u>(155,618)</u>
Net (decrease) increase in cash	(2,702,914)	330,315
Cash, beginning of year	<u>5,368,978</u>	<u>5,038,663</u>
Cash, end of year	\$ 2,666,064	\$ 5,368,978
Represented by		
Cash – Operating Fund	\$ 2,564,397	\$ 5,231,605
Cash – Charitable Donation Fund	<u>101,667</u>	<u>137,373</u>
	\$ 2,666,064	\$ 5,368,978

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

Central West Specialized Developmental Services

Notes to Financial Statements

March 31, 2020

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.

Community and individualized funding are funds that Central West administers and flows to individuals, families and Agencies.

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.

Central West Specialized Developmental Services

Notes to Financial Statements

March 31, 2020

1. Significant Accounting Policies (Continued)

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.

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

Central West has an unused \$100,000 (2019 - \$100,000) operating credit facility bearing interest at the bank's prime rate. The credit facility is secured by a general security agreement.

3. Contingent Liabilities

Central West has been named as a defendant/co-defendant in litigations that are outstanding as at March 31, 2020. 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.

Central West occupies a building that may require significant capital upgrades. Due to the uncertainty of the scope of these upgrades, Central West has not recorded any expenditures or liabilities related to this project nor has the Ministry committed any specific funding to this project during the year.

Central West Specialized Developmental Services Notes to Financial Statements

March 31, 2020

4. Passport Program

In fiscal 2019, the Ministry made the decision to run provincial Passport program individual contracts funding through a service called PassportONE, administered by Family Services Toronto. Thus, during the year Central West was no longer the payment processing entity for invoices related to the Passport program and ceased to receive Passport funding related to those invoices. Central West continues to be the transfer payment entity for Halton Support Services individuals.

Central West received \$106,100 during the year for fiscal 2019 Passport program invoices of \$105,948, which were processed in fiscal 2020. The funding and expenditures have been included in the current period's statement of revenue and expenditures on page 6 of these statements.

Central West continues to have administrative and customer services responsibilities for Passport recipients as well as reporting and liaison with PassportONE.

5. Special Services at Home Program

During the year, Central West received \$1,699,993 (2019 - \$1,809,484) fiscal funding to administer the Special Services at Home ("SSAH") program. The SSAH contracts totalled \$1,773,189 (2019 - \$1,875,775). 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 6 of these statements. Subsequent to year-end the Ministry has allocated an additional \$108,268 of funding pertaining to the fiscal 2020 SSAH program. These funds will be flowed and reconciled to SSAH individuals during the fiscal 2021 fiscal year.

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 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. At year-end, the credit risk related to Central West's accounts receivable has increased due to the impact of COVID-19, which could lead to potential losses.

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 balances. At year-end, the liquidity risk related to Central West's accounts payable and accrued liabilities has increased due to the impact of COVID-19, which could lead to increased difficulty in meeting their obligations as they come due.

Central West Specialized Developmental Services Notes to Financial Statements

March 31, 2020

7. Material Uncertainty

The COVID-19 pandemic has disrupted economic activities and supply chains. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of business disruption and the related financial impact cannot be reasonably estimated at this time. In addition, if the impacts of COVID-19 continue, there could be further impact on Central West that could impact the timing and amounts of cash flows received and future operations. At this time, the full potential impact of COVID-19 on Central West is not known.

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

For the year ended March 31	2020	2019
Salaries and benefits		
Building and property	\$ 302,874	\$ 305,592
Community programs	2,776,227	2,618,030
Complex Treatment Homes	8,210,882	8,230,245
Halton/Peel Support Services	914,369	850,180
Passport (Note 4)	927,565	888,091
Residential	<u>9,408,136</u>	<u>9,406,360</u>
	22,540,053	22,298,498
Non-salaries and benefit expenses		
Building and property	491,714	495,051
Building and property – one-time projects	187,979	760,000
Community programs	860,997	858,191
Complex Treatment Homes	904,159	876,980
Halton/Peel Support Services	6,510,878	6,806,775
Passport (Note 4)	1,667,737	50,809,461
Residential	<u>1,514,281</u>	<u>1,482,073</u>
	12,137,745	62,088,531
Total expenditures	\$ 34,677,798	\$ 84,387,029