

Central West Specialized
Developmental Services
Financial Statements
For the year ended March 31, 2021

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For the year ended March 31, 2021

Contents

Independent Auditor's Report	2 - 3
Financial Statements	
Statement of Financial Position - Operating Fund	4
Statements of Financial Position - Charitable Donation Fund \ Trust Fund	5
Statement of Revenue and Expenditures and Deficit - Operating Fund	6
Statement of Revenue and Expenditures and Net Assets - Charitable Donation Fund	7
Statement of Cash Flows	8
Notes to Financial Statements	9 - 12
Schedule of Expenditures – Operating Fund	13

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, 2021, 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, 2021, and its results of operations and its cash flows for the year then ended in accordance with the basis of accounting as described in Note 1.

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 the basis of accounting as described in Note 1, 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.

Chartered Professional Accountants, Licensed Public Accountants

Guelph, Ontario
June 25, 2021

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

March 31	2021	2020
Assets		
Current		
Cash (Note 2)	\$ 2,758,610	\$ 2,564,397
Accounts receivable	670,845	593,968
Due from Province of Ontario (Note 5)	<u>9,414</u>	<u>18,487</u>
	\$ 3,438,869	\$ 3,176,852
Liabilities and Deficit		
Current		
Accounts payable and accrued liabilities	\$ 2,880,954	\$ 3,177,430
Deferred revenue (Note 4)	<u>558,393</u>	<u>-</u>
	3,439,347	3,177,430
Recoverable by Province of Ontario	1,607	1,507
Deficit	<u>(2,085)</u>	<u>(2,085)</u>
	\$ 3,438,869	\$ 3,176,852

On behalf of the Board:

_____ Chair

_____ Vice-Chair

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

March 31 **2021** **2020**

Charitable Donation Fund

Asset

Cash **\$ 135,452** **\$ 101,667**

Net Assets

Net assets

Restricted net assets **\$ 82,012** **\$ 56,438**
 Unrestricted net assets **54,440** **45,229**

\$ 135,452 **\$ 101,667**

People Supported Trust Fund

Asset

Cash **\$ 372,507** **\$ 322,501**

Liability

Trust liability **\$ 372,507** **\$ 322,501**

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	2021	2020
Revenue		
Operations		
Base funding	\$ 23,611,206	\$ 23,259,885
Accommodation funding	854,683	853,626
Passport funding	1,186,546	1,392,847
Fiscal funding – Other	603,598	1,221,795
Pandemic funding (Note 5)	896,226	-
Wage enhancement funding (Note 5)	692,409	-
Fire code funding (Note 6)	208,700	-
Grant funding (Note 7)	157,012	2,000
	28,210,380	26,730,153
Community and individualized funding		
Base funding	3,052,986	1,992,508
Passport funding (Note 8)	1,630,177	1,489,507
Fiscal funding	4,357,188	4,462,946
	9,040,351	7,944,961
	37,250,731	34,675,114
Expenditures (Schedule)		
Operation		
Administration	1,648,849	1,630,338
Building and property	1,057,118	982,567
Community Homes	3,069,716	2,846,484
Community Network of Specialized Care	952,800	947,800
Complex Treatment Homes	9,225,138	9,115,041
Dual Diagnosis Services	1,679,269	1,740,023
Halton/Peel Support Services	1,055,684	1,093,676
Passport Administration	774,639	1,105,948
Supported Group Living	7,153,618	6,445,596
Respite	761,400	821,400
Wage enhancement	692,409	-
Fire code	208,670	-
	28,279,310	26,728,873
Community and individualized funding		
Community Network of Specialized Care	32,469	-
Dual Diagnosis Services	114,334	128,000
Halton/Peel Support Services	7,192,834	6,331,571
Passport (Note 8)	1,630,177	1,489,354
	8,969,814	7,948,925
	37,249,124	34,677,798
Deficiency of revenue over expenditures before other items	1,607	(2,684)
Interest revenue	-	4,191
Excess of revenue over expenditures for the year	1,607	1,507
Recoverable by Province of Ontario	(1,607)	(1,507)
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	2021 Total	2020 Total
Revenue				
Donations	\$ 31,920	\$ 11,951	\$ 43,871	\$ 41,104
Expenditures				
Equipment	6,346	-	6,346	54,628
Recreation	-	3,740	3,740	22,182
	6,346	3,740	10,086	76,810
Excess (deficiency) of revenue over expenditures for the year	25,274	8,211	33,785	(35,706)
Balance, beginning of year	56,438	45,229	101,667	137,373
Balance, end of year	\$ 82,012	\$ 53,440	\$ 135,452	\$ 101,667

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	2021	2020
Cash flows from operating activities		
Excess (deficiency) of revenue over expenditures for the year	\$ 33,785	\$ (35,706)
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	(76,877)	315,267
Accounts payable and accrued liabilities	(296,476)	(3,883,617)
Deferred revenue	558,393	-
Due to/from Province of Ontario	9,073	901,142
Ministry receivable	100	65,020
	227,998	(2,637,894)
Cash flows from financing activity		
Repayments of term loans payable	-	(65,020)
Net increase (decrease) in cash	227,998	(2,702,914)
Cash, beginning of year	2,666,064	5,368,978
Cash, end of year	\$ 2,894,062	\$ 2,666,064
Represented by		
Cash – Operating Fund	\$ 2,758,610	\$ 2,564,397
Cash – Charitable Donation Fund	135,452	101,667
	\$ 2,894,062	\$ 2,666,064

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 people with intellectual and developmental disabilities and to their families across a number of regions.

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

Basis of Accounting

The financial statements have been prepared in accordance with the significant accounting policies set out below to comply with Section 14 of the Agreements between the Province of Ontario and Central West Specialized Developmental Services dated November 30, 1975 and January 29, 2008. The basis of accounting used in these financial statements materially differs from Canadian accounting standards for not-for-profit organizations because capital expenditures are charged to operations in the year the expenditure is incurred.

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 Children, Community and Social 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 People Supported 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)

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 (2020 - \$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, 2021. 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. Deferred Revenue

The Ministry of Children, Community and Social Services has approved a one-time carryover of \$520,264 Ministry Funding to 2021/22 expenditure for the purpose of addressing pandemic related pressures related to an increase in peoples' needs as lockdown/lack of service continues and if/when community based services begin to resume.

In 2020/21, Central West received grant funding from Region of Halton of \$70,598 to support Community Safety and Well Being Action Table – Dual Diagnosis Services for Children and Youth. This project began June 1, 2020 and will continue to May 31, 2021. In 2020/21, there has been \$32,469 expenditures and \$38,129 deferred to 2021/22.

5. COVID-19 Related Funding

Central West received fiscal funding from the Ministry of Children, Community and Social Services to offset expenditures related to the Covid-19 pandemic. This funding included pandemic related expenses (\$33,032), temporary pandemic pay (\$863,194), and temporary wage enhancement (\$824,213) for eligible workers.

Wage enhancement funding is being implemented from October 1, 2020 to June 30, 2021. Of the \$824,213 Central West received in the 2020/21 fiscal year, \$692,409 was expensed and \$131,804 is repayable to the Province of Ontario.

6. Fire Code Funding

Central West received funding to complete fire sprinkler installation at 53 Bond Street at a total estimated cost of \$1,577,092. The work began in fiscal year 2020/21 with \$208,700 funding received to offset the expenses. The balance of the work will be completed in 2021/22.

7. Grant Funding

In 2020/21 Central West received \$195,141 in fiscal funding to support programs and projects.

United Way – Family Visit Structures	\$ 30,000
United Way – Respite Care	28,000
Community Foundations of Canada – IT Support	38,123
Canada Summer Student	26,420
Region of Halton - HSS	2,000
Region of Halton – Community Safety and Well Being Action Table	<u>70,598</u>
	195,141
Deferred portion of Community Safety and Well Being Action Table	<u>(38,129)</u>
Grant funding revenue	<u>\$157,012</u>

Central West Specialized Developmental Services

Notes to Financial Statements

March 31, 2020

8. Passport Program

Central West received \$8,790 during the year for fiscal 2020 Passport program invoices of \$8,790, which were processed in fiscal 2021. 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.

9. Special Services at Home Program

During the year, Central West received \$1,657,155 (2020 - \$1,699,993) fiscal funding to administer the Special Services at Home ("SSAH") program. There is a receivable of \$100,761 (2020 - \$73,196) to cover the contract totals. The SSAH contracts totalled \$1,757,956 (2020 - \$1,773,189). 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 \$4,556 of funding pertaining to the fiscal 2021 SSAH program and SSAH contracts totalled \$4,546.

10. 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 balances. This risk has not changed from the prior year.

11. 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	2021	2020
Salaries and benefits		
Building and property	\$ 309,954	\$ 302,874
Community programs	2,079,009	2,776,227
Complex Treatment Homes	7,875,945	8,210,882
Halton/Peel Support Services	897,413	914,369
Passport (Note 8)	859,574	927,565
Residential	<u>10,807,038</u>	<u>9,408,136</u>
	<u>22,828,933</u>	<u>22,540,053</u>
Non-salary		
Building and property	478,494	491,714
Building and property – one-time projects	477,340	187,979
Community programs	1,461,263	860,997
Complex Treatment Homes	1,349,193	904,159
Halton/Peel Support Services	7,351,106	6,510,878
Passport (Note 8)	1,545,242	1,667,737
Supported Group Living	<u>1,757,553</u>	<u>1,514,281</u>
	<u>14,420,191</u>	<u>12,137,745</u>
Total expenditures	<u>\$ 37,249,124</u>	<u>\$ 34,677,798</u>