

Central West Specialized
Developmental Services
Financial Statements
For the year ended March 31, 2022

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For the year ended March 31, 2022

Contents

Independent Auditor's Report	2 - 3
Financial Statements	
Statement of Financial Position - Operating Fund	4
Statements of Financial Position - Charitable Donation Fund \ People Supported 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 - 13
Schedule of Expenditures – Operating Fund	14



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 People Supported Trust Fund as at March 31, 2022 and 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 years 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, 2022 and 2021, and its results of operations and its cash flows for the years then ended in accordance with the financial reporting provisions in the Transfer Payment Operating Funds - Basis of Accounting established by the Ministry of Children, Community and Social Services.

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.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist the Organization to comply with the financial reporting provisions in the Transfer Payment Operating Funds - Basis of Accounting established by the Ministry of Children, Community and Social Services. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Guelph, Ontario
July 7, 2022

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

March 31	2022	2021
Assets		
Current		
Cash (Note 2)	\$ 5,971,488	\$ 2,758,610
Accounts receivable	758,167	670,845
Due from Charitable Donation Fund	5,960	-
Due from Province of Ontario (Note 5)	-	9,414
	\$ 6,735,615	\$ 3,438,869
Liabilities and Deficit		
Current		
Accounts payable and accrued liabilities	\$ 2,903,775	\$ 2,880,954
Due to People Supported Trust Fund	63,579	-
Due to Province of Ontario (Note 5) (Note 13)	1,495,785	-
Deferred revenue (Note 4)	2,243,980	558,393
Recoverable by Province of Ontario	30,581	1,607
	6,737,700	3,440,954
Deficit	(2,085)	(2,085)
	\$ 6,735,615	\$ 3,438,869

On behalf of the Board:

DocuSigned by:

 50602E64A9744C0 _____ Chair

DocuSigned by:

 FC98E94F2BCB485... _____ Treasurer

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

Central West Specialized Developmental Services Statements of Financial Position

March 31 **2022** **2021**

Charitable Donation Fund

Asset

Cash	\$ 199,413	\$ 135,452
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Liabilities and Net Assets

Current

Due to Operating Fund	\$ 5,960	\$ -
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Net assets

Restricted net assets	98,014	82,012
Unrestricted net assets	95,439	53,440

	\$ 199,413	\$ 135,452
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People Supported Trust Fund

Assets

Current

Cash	\$ 365,787	\$ 372,507
Due from Operating Fund	63,579	-

	\$ 429,366	\$ 372,507
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Liability

Trust liability	\$ 429,366	\$ 372,507
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On behalf of the Board:

DocuSigned by:

Susan Quinn-Mullins

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Chair

DocuSigned by:

Mike Nero

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Treasurer

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	2022	2021
Revenue		
Operations		
Base funding	\$ 23,765,025	\$ 23,611,206
Accommodation funding	812,099	854,683
Passport funding	1,477,752	1,186,546
Fiscal funding – Other	610,601	603,598
Pandemic funding (Note 5)	37,820	896,226
Deferred Funding 2020-2021	120,000	-
Wage enhancement funding (Note 5)	1,486,002	692,409
Fire code funding (Note 6)	1,610,380	208,700
Grant funding (Note 8)	101,238	157,012
	30,020,917	28,210,380
Community and individualized funding		
Base funding	3,405,644	3,052,986
Deferred funding 2020-2021	400,264	-
Passport funding (Note 7)	1,457,009	1,630,177
Fiscal funding	4,497,661	4,357,188
	9,760,578	9,040,351
	39,781,495	37,250,731
Expenditures (Schedule)		
Operations		
Administration	1,814,464	1,648,849
Building and property	796,499	1,057,118
Community Homes	3,108,166	3,069,716
Community Network of Specialized Care	882,800	952,800
Complex Treatment Homes	8,597,808	9,225,138
Dual Diagnosis Services	1,595,103	1,679,269
Halton/Peel Support Services	979,899	1,055,684
Passport Administration	1,243,590	774,639
Supported Group Living	7,118,382	7,153,618
Respite	721,400	761,400
Wage enhancement (Note 5)	1,486,002	692,409
Fire code (Note 6)	1,609,710	208,670
	29,953,823	28,279,310
Community and individualized funding		
Community Network of Specialized Care (Note 4)	38,129	32,469
Dual Diagnosis Services	198,525	114,334
Halton/Peel Support Services	8,103,428	7,192,834
Passport (Note 7)	1,457,009	1,630,177
	9,797,091	8,969,814
	39,750,914	37,249,124
Excess of revenue over expenditures for the year before other items	30,581	1,607
Recoverable by Province of Ontario	(30,581)	(1,607)
Excess of revenue over expenditures for the year	-	-
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	2022 Total	2021 Total
Revenue				
Donations	\$ 24,170	\$ 44,464	\$ 68,634	\$ 43,871
Expenditures				
Equipment	8,168	-	8,168	6,346
Recreation	-	2,465	2,465	3,740
	8,168	2,465	10,633	10,086
Excess of revenue over expenditures for the year	16,002	41,999	58,001	33,785
Balance, beginning of year	82,012	53,440	135,452	101,667
Balance, end of year	\$ 98,014	\$ 95,439	\$ 193,453	\$ 135,452

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	2022	2021
Cash flows from operating activities		
Excess of revenue over expenditures for the year	\$ 58,001	\$ 33,785
Adjustments to reconcile excess of revenue over expenditures to net cash provided by operating activities		
Changes in non-cash working capital balances		
Accounts receivable	(87,322)	(76,877)
Accounts payable and accrued liabilities	22,821	(296,476)
Deferred revenue	1,685,587	558,393
Due to/from Province of Ontario	1,505,199	9,073
Due to/from People Supported Trust Fund	63,579	-
Recoverable by Province of Ontario	28,974	100
	<u>3,276,839</u>	<u>227,998</u>
Net increase in cash	3,276,839	227,998
Cash, beginning of year	2,894,062	2,666,064
Cash, end of year	\$ 6,170,901	\$ 2,894,062
Represented by		
Cash – Operating Fund	\$ 5,971,488	\$ 2,758,610
Cash – Charitable Donation Fund	199,413	135,452
	<u>\$ 6,170,901</u>	<u>\$ 2,894,062</u>

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

Central West Specialized Developmental Services Notes to Financial Statements

March 31, 2022

1. Significant Accounting Policies

Nature of Organization

Central West Specialized Developmental Services (the "Organization" or "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 financial reporting provisions in the Transfer Payment Operating Funds - Basis of Accounting established by the Ministry of Children, Community and Social Services, using the significant accounting policies set out below. The basis of accounting used in these financial statements differs from Canadian accounting standards for not-for-profit organizations (ASNPO) in the following ways:

Capital assets purchased on a cash basis are charged to operations in the year the expenditure is incurred rather than being capitalized on the balance sheet and amortized over their estimated useful lives.

Revenue and expenditures are accrued using the modified accrual basis of accounting. This method requires the inclusion of short-term accruals in the determination of operating results provided they are payable or receivable within 30 days of the budget year-end. Unpaid vacation and overtime amounts have not been accrued on the balance sheet as they are payable in excess of 30 days after year-end.

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 when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Any externally restricted grant funding not spent in the year received or receivable is recoverable by the granter unless approved for carryforward by the granter. 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.

Central West Specialized Developmental Services Notes to Financial Statements

March 31, 2022

1. Significant Accounting Policies (Continued)

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 of the Organization's supportive living communities.

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.

Employee Future Benefits

Central West participates in a multi-employer defined benefit pension plan, however, sufficient information is not available to use defined benefit accounting. To comply with the stated basis of accounting, Central West accounts for the plan as if it were a defined contribution plan, recognizing contributions as expenditures in the year to which the contributions relate.

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 operations in the year the expenditures are incurred.

Use of Estimates

The preparation of financial statements in accordance with the financial reporting provisions in Transfer Payment Operating Funds – Basis of Accounting established by the Ministry of Children, Community and Social Services 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 (2021 - \$100,000) operating credit facility bearing interest at the bank's prime rate. The credit facility is secured by a general security agreement.

Central West Specialized Developmental Services Notes to Financial Statements

March 31, 2022

3. Contingent Liabilities

Central West has been named as a defendant/co-defendant in litigations that are outstanding as at March 31, 2022. 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 of Children, Community and Social Services committed any specific funding to this project during the year.

4. Deferred Revenue

The Ministry of Children, Community and Social Services has approved a one-time carryover of \$2,243,980 (2021 - \$520,264) of Ministry Funding to the 2023 fiscal year 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 a previous year, 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 continued to May 31, 2022. In the current year there were \$38,129 of expenditures related to this funding (2021 - \$32,469).

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 funding for pandemic-related expenses of \$37,820 (2021 - \$33,032), temporary pandemic pay of \$NIL (2021 - \$863,194), and temporary wage enhancement of \$1,898,812 (2021 - \$824,213) for eligible workers.

Wage enhancement funding was being implemented from April 1, 2021 to March 31, 2022. Of the \$1,898,812 (2021 - \$824,213) Central West received in the 2022 fiscal year, \$1,486,002 (2021 - \$692,409) was expensed and \$412,810 (2021 - \$131,804) is repayable to the Province of Ontario and is included in the net amount due to/from the Province of Ontario.

Central West Specialized Developmental Services Notes to Financial Statements

March 31, 2022

6. Fire Code Funding

Central West received funding to complete fire sprinkler installation at 53 Bond Street at a total cost of \$1,819,080. In 2022, funding of \$1,610,380 (2021 - \$208,700) was received to offset the expenses. The project was completed during the year.

7. Passport Program

Central West received \$33,606 (2021 - \$8,790) during the year for fiscal 2021 Passport program invoices of \$33,606 (2021 - \$8,790), which were processed in fiscal 2022. The funding and expenditures have been included in the current period's statement of revenue and expenditures on page 6 of these statements.

8. Grant Funding

In fiscal 2022, Central West received \$101,238 in fiscal funding to support programs and projects.

Give Oakville – Respite Care	3,243
Halton Region Community Investment Fund	28,080
Canada Summer Student	13,526
Harry E Foster – Awake Lab	18,260
Deferred portion of Region of Halton – Community Safety and Well-Being Action Table	<u>38,129</u>
Grant funding revenue	<u>\$101,238</u>

9. Special Services at Home Program

During the year, Central West received \$1,572,569 (2021 - \$1,657,155) fiscal funding to administer the Special Services at Home (“SSAH”) program. There is a receivable of \$49,615 (2021 - \$100,761) to cover the contract totals. The SSAH contracts totalled \$1,622,184 (2021 - \$1,757,956). The SSAH program funding and expenses are administered on behalf of the Ministry of Children, Community and Social Services and as a result, the funding for this program is not included in the Ministry Service Contract funding and has not been included in the statement of revenue and expenditures and deficit on page 6 of these financial statements.

Central West Specialized Developmental Services Notes to Financial Statements

March 31, 2022

10. Employee Future Benefits

Central West is a member of the Healthcare of Ontario Pension Plan (HOOPP), a multi-employer defined benefit pension plan. The pension expense for this plan for the year was \$1,142,351 (2020 - \$1,162,249).

HOOPP is a multi-employer plan, therefore any pension plan surpluses or deficits are a joint responsibility of participating Centres in Ontario and their employees. As a result, Central West does not recognize any share of the HOOPP pension surplus or deficit. The plan has reported a \$28.5 billion actuarial surplus at the end of December 2021 (2020 - \$24.1 billion surplus), based on actuarial liabilities of \$85.9 billion (2020 - \$79.9 billion) and actuarial net assets of \$114.4 billion (2020 - \$104.0 billion).

11. 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 been determined to be nominal and 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.

12. COVID-19 Pandemic

The COVID-19 pandemic has led to public health measures that have disrupted Central West's operations. Although most public health measures have been lifted, 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 potential impact of COVID-19 on Central West is not known.

13. Due to Province of Ontario

During the year, the Region of Peel returned \$950,000 to Central West related to the cancellation of a supportive living home renovation in the Peel Region. These fiscal funds are included in Due to Province of Ontario. The Ministry of Children, Community and Social Services will recover these funds from Central West during the 2022-2023 fiscal year.

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

For the year ended March 31	2022	2021
Salaries and benefits		
Building and property	\$ 267,537	\$ 309,954
Community programs	2,509,545	2,079,009
Complex Treatment Homes	6,549,698	7,875,945
Halton/Peel Support Services	880,877	897,413
Passport (Note 7)	1,211,695	859,574
Supportive Living	<u>11,010,737</u>	<u>10,807,038</u>
	<u>22,430,089</u>	<u>22,828,933</u>
Non-salary		
Building and property	528,963	478,494
Building and property – one-time projects	1,609,710	477,340
Community programs	888,283	1,461,263
Complex Treatment Homes	2,048,110	1,349,193
Halton/Peel Support Services	8,171,207	7,351,106
Passport (Note 7)	1,488,905	1,545,242
Supported Group Living	<u>2,585,647</u>	<u>1,757,553</u>
	<u>17,320,825</u>	<u>14,420,191</u>
Total expenditures	<u>\$ 39,750,914</u>	<u>\$ 37,249,124</u>