

**Central West Specialized  
Developmental Services  
Financial Statements  
For the year ended March 31, 2023**

**Central West Specialized Developmental Services**  
**Financial Statements**  
For the year ended March 31, 2023

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## Independent Auditor's Report

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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 statements of financial position of the Operating Fund, Charitable Donation Fund, and People Supported Trust Fund as at March 31, 2023, 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, 2023, 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  
June 21, 2023

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

**March 31** **2023** **2022**

**Assets**

**Current**

Cash (Note 2)	\$ 3,245,513	\$ 5,971,488
Accounts receivable	550,024	758,167
Due from Charitable Donation Fund	-	5,960
	\$ 3,795,537	\$ 6,735,615

**Liabilities and Deficit**

**Current**


Accounts payable and accrued liabilities	\$ 2,730,775	\$ 2,903,775
Due to People Supported Trust Fund	873	63,579
Due to Province of Ontario (Note 4)	1,051,464	1,495,785
Deferred revenue (Note 5)	-	2,243,980
Recoverable by Province of Ontario	14,510	30,581
	3,797,622	6,737,700

**Deficit**

	(2,085)	(2,085)
	\$ 3,795,537	\$ 6,735,615

On behalf of the Board:

  
\_\_\_\_\_  
Chair

  
\_\_\_\_\_  
Treasurer

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

**March 31** **2023** **2022**

**Charitable Donation Fund**

**Asset**

**Cash** **\$ 209,027** **\$ 199,413**

**Liabilities and Net Assets**

**Current**

Due to Operating Fund **\$ -** **\$ 5,960**

**Net assets**

Restricted net assets **107,378** **98,014**

Unrestricted net assets **101,649** **95,439**

**\$ 209,027** **\$ 199,413**

**People Supported Trust Fund**

**Assets**

**Current**

Cash **\$ 510,065** **\$ 365,787**

Due from Operating Fund **873** **63,579**


**\$ 510,938** **\$ 429,366**

**Liability**

**Trust liability** **\$ 510,938** **\$ 429,366**

On behalf of the Board:

 Chair

 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

<b>For the year ended March 31</b>	<b>2023</b>	<b>2022</b>
<b>Revenue</b>		
<b>Operations</b>		
Base funding	\$ 25,843,076	\$ 23,765,025
Accommodation funding	853,413	812,099
Passport funding (Note 6)	1,430,980	1,477,752
Fiscal funding – other	371,181	610,601
Pandemic funding (Note 7)	48,127	37,820
Prior year deferred funding (Note 5)	1,113,154	120,000
Wage enhancement funding (Note 7)	-	1,486,002
Fire code funding (Note 8)	-	1,610,380
WSIB rebate	248,582	-
Grant funding (Note 9)	153,931	101,238
	<u>30,062,444</u>	<u>30,020,917</u>
<b>Community and individualized funding</b>		
Base funding	3,116,434	3,405,644
Prior year deferred funding (Note 5)	1,082,873	400,264
Passport funding (Note 6)	1,460,920	1,457,009
Fiscal funding	4,596,108	4,497,661
	<u>10,256,335</u>	<u>9,760,578</u>
	<u>40,318,779</u>	<u>39,781,495</u>
<b>Expenditures (Schedule)</b>		
<b>Operations</b>		
Administration	1,794,872	1,814,464
Building and property	1,025,420	796,499
Community Homes	3,293,627	3,108,166
Community Network of Specialized Care	1,011,954	882,800
Complex Treatment Homes	9,000,861	8,597,808
Dual Diagnosis Services	1,815,098	1,595,103
Halton/Peel Support Services	1,151,999	979,899
Passport Administration (Note 6)	1,382,962	1,243,590
Supported Group Living	8,285,031	7,118,382
Respite	1,205,872	721,400
Wage enhancement (Note 7)	-	1,486,002
Fire code (Note 8)	-	1,609,710
	<u>29,967,696</u>	<u>29,953,823</u>
<b>Community and individualized funding</b>		
Community Network of Specialized Care	-	38,129
Dual Diagnosis Services	-	198,525
Halton/Peel Support Services	8,875,653	8,103,428
Passport (Note 6)	1,460,920	1,457,009
	<u>10,336,573</u>	<u>9,797,091</u>
	<u>40,304,269</u>	<u>39,750,914</u>
<b>Excess of revenue over expenditures for the year before other items</b>	<b>14,510</b>	<b>30,581</b>
<b>Recoverable by Province of Ontario</b>	<b>(14,510)</b>	<b>(30,581)</b>
<b>Excess of revenue over expenditures for the year</b>	<b>-</b>	<b>-</b>
<b>Deficit, beginning of year</b>	<b>(2,085)</b>	<b>(2,085)</b>
<b>Deficit, end of year</b>	<b>\$ (2,085)</b>	<b>\$ (2,085)</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	2023 Total	2022 Total
<b>Revenue</b>				
Donations	\$ 26,775	\$ 14,103	\$ 40,878	\$ 68,634
<b>Expenditures</b>				
Equipment	16,367	-	16,367	8,168
Recreation	1,044	7,893	8,937	2,465
	17,411	7,893	25,304	10,633
<b>Excess of revenue over expenditures for the year</b>	9,364	6,210	15,574	58,001
<b>Balance, beginning of year</b>	98,014	95,439	193,453	135,452
<b>Balance, end of year</b>	\$ 107,378	\$ 101,649	\$ 209,027	\$ 193,453

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	2023	2022
<b>Cash flows from operating activities</b>		
Excess of revenue over expenditures for the year	\$ 15,574	\$ 58,001
Adjustments to reconcile excess of revenue over expenditures to net cash provided by operating activities		
Changes in non-cash working capital balances		
Accounts receivable	208,143	(87,322)
Accounts payable and accrued liabilities	(173,000)	22,821
Deferred revenue	(2,243,980)	1,685,587
Due to/from Province of Ontario	(444,321)	1,505,199
Due to/from People Supported Trust Fund	(62,706)	63,579
Recoverable by Province of Ontario	(16,071)	28,974
	<b>(2,716,361)</b>	<b>3,276,839</b>
<b>Net increase in cash</b>	<b>(2,716,361)</b>	<b>3,276,839</b>
<b>Cash, beginning of year</b>	<b>6,170,901</b>	<b>2,894,062</b>
<b>Cash, end of year</b>	<b>\$ 3,454,540</b>	<b>\$ 6,170,901</b>
<b>Represented by</b>		
Cash – Operating Fund	\$ 3,245,513	\$ 5,971,488
Cash – Charitable Donation Fund	209,027	199,413
	<b>\$ 3,454,540</b>	<b>\$ 6,170,901</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, 2023

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## 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.

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# Central West Specialized Developmental Services Notes to Financial Statements

March 31, 2023

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## 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.

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## 2. Cash

Central West has an unused \$100,000 (2022 - \$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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## Central West Specialized Developmental Services Notes to Financial Statements

**March 31, 2023**

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### **3. Contingent Liabilities**

Central West has been named as a defendant/co-defendant in litigations that are outstanding as at March 31, 2023. 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.

Central West employs members of two unions, ONA and OPSEU. Central West's collective agreements with these unions are currently expired, and the bargaining process is pending. If the new collective agreements result in pay increases, Central West will be liable for retroactive pay. Any potential retroactive pay is unknown at this time and cannot be reasonably estimated. As such, no accrual has been made in the fiscal 2023 financial statements.

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### **4. Due to Province of Ontario**

During the 2021-2022 fiscal 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 2023-2024 fiscal year.

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### **5. Deferred Revenue**

In the 2021-2022 fiscal year, the Ministry of Children, Community and Social Services approved a one-time carryover of \$2,243,980 of Ministry Funding to the 2022-2023 fiscal year for the purpose of addressing pandemic-related pressures related to an increase in peoples' needs as lockdown and lack of community services continued. This carryover funding was recognized as revenue in the 2022-2023 fiscal year.

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### **6. Passport Program**

During the year, Passport program invoices of \$15,616 (2022 - \$33,606) related to the prior year were processed. Central West received \$15,616 (2022 - \$33,606) of funding for payment of these invoices during the year. The funding and expenditures have been included in the current period's statement of revenue and expenditures on page 5 of these statements.

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# Central West Specialized Developmental Services Notes to Financial Statements

**March 31, 2023**

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## **7. 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 \$48,127 (2022 - \$37,820) and temporary wage enhancement of \$NIL (2022 - \$1,898,812) for eligible workers.

Temporary wage enhancement funding was being implemented from April 1, 2021 to March 31, 2022. While this funding was made permanent in the 2022-2023 fiscal year and included in base funding, it was only provided for Direct Support Professionals which by the Provincial definition excluded all other workers at Central West. These workers did not receive this enhancement and no other fiscal or annual funding has been received from the Ministry of Children, Community and Social Services for wage increases.

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## **8. Fire Code Funding**

Central West received funding of \$NIL (2022 - \$1,610,380) to complete fire sprinkler installation at 53 Bond Street. The project was completed during the 2021-2022 fiscal year.

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## **9. Grant Funding**

In fiscal 2023, Central West received \$153,931 in fiscal funding to support programs and projects.

Canadian Tire – Reverse Respite	1,438
Halton Region Community Investment Fund	70,800
Petro Canada – Reverse Respite	2,136
CTF Funding York Hills	<u>79,557</u>
Grant funding revenue	<u>\$153,931</u>

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## **10. Special Services at Home Program**

During the year, Central West received \$1,527,001 (2022 - \$1,572,569) fiscal funding to administer the Special Services at Home (“SSAH”) program. There is a receivable of \$78,489 (2022 - \$49,615) to cover the contract totals. The SSAH contracts totalled \$1,605,490 (2022 - \$1,622,184). 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 5 of these financial statements.

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## Central West Specialized Developmental Services Notes to Financial Statements

**March 31, 2023**

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### **11. 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 \$1,191,059 (2022 - \$1,142,351).

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 \$11.0 billion actuarial surplus at the end of December 2022 (2021 - \$28.5 billion surplus), based on actuarial liabilities of \$92.7 billion (2021 - \$85.9 billion) and actuarial net assets of \$103.7 billion (2021 - \$114.4 billion).

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### **12. 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.

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

<b>For the year ended March 31</b>	<b>2023</b>	<b>2022</b>
<b>Salaries and benefits (Note 11)</b>		
Building and property	\$ 223,205	\$ 267,537
Community programs	3,120,556	2,509,545
Complex Treatment Homes	6,758,698	6,549,698
Halton/Peel Support Services	922,064	880,877
Passport (Note 6)	1,243,336	1,211,695
Supportive Living	<u>10,444,384</u>	<u>11,010,737</u>
	<u>22,712,243</u>	<u>22,430,089</u>
<b>Non-salary</b>		
Building and property	615,704	528,963
Building and property – one-time projects	186,511	1,609,710
Community programs	837,993	888,283
Complex Treatment Homes	2,242,162	2,048,110
Halton/Peel Support Services	9,179,964	8,171,207
Passport (Note 6)	1,600,546	1,488,905
Supported Group Living	<u>2,929,146</u>	<u>2,585,647</u>
	<u>17,592,026</u>	<u>17,320,825</u>
<b>Total expenditures</b>	<u>\$ 40,304,269</u>	<u>\$ 39,750,914</u>