

Crest Support Services (Meadowcrest) Inc.

Financial Statements

March 31, 2023

Crest Support Services (Meadowcrest) Inc.

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March 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Members of Crest Support Services (Meadowcrest) Inc.

Qualified Opinion

We have audited the accompanying financial statements of Crest Support Services (Meadowcrest) Inc. (the "Organization"), which comprise the statement of financial position as at March 31, 2023, and the statements of revenues and expenditures - capital fund, revenues and expenditures - operating fund, changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of Crest Support Services (Meadowcrest) Inc. as at March 31, 2023 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenues in the form of donations, fundraising, bequests, and in-kind donations from the general public, which are not susceptible to complete audit verification. Accordingly, our examination of revenues from these sources was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustment might be necessary to revenue, excess of revenues over expenses, and cash flows from operations for the year ended March 31, 2023, current assets and net assets as at March 31, 2023. Our audit opinion on the financial statements for the year ended March 31, 2022 was modified accordingly because on the possible effects of this limitation of scope.

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 those 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 relating 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.

(continues)

Jeremy A. Giles CPA, CA Lissa Savage CPA, CA, CPA (Illinois)

Mark Snyders CPA, CA Dillon O'Henly CPA, CA

James B. MacNeill FCPA, FCA, CFP (Counsel) Robert F. Edmundson CPA, CA (Retired)

INDEPENDENT AUDITOR'S REPORT (continued)

Auditor's Responsibilities of Management 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.

London, Ontario
May 25, 2023

MacNeill Edmundson

PROFESSIONAL CORPORATION
CHARTERED PROFESSIONAL ACCOUNTANTS
Authorized to practice public accounting by
the Chartered Professional Accountants of Ontario

Jeremy A. Giles CPA, CA Lissa Savage CPA, CA, CPA (Illinois)

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James B. MacNeill FCPA, FCA, CFP (Counsel) Robert F. Edmundson CPA, CA (Retired)

Crest Support Services (Meadowcrest) Inc.

Statement of Financial Position

March 31	Operating Fund (\$)	Capital Fund (\$)	2023 Total (\$)	2022 Total (\$)
Assets				
Current Assets				
Cash	962,342		962,342	1,093,727
Investments (note 4)		1,164,641	1,164,641	1,157,706
Accounts receivable	129,757		129,757	63,971
Government remittances receivable	38,871		38,871	29,000
Prepaid expenses	23,138		23,138	20,961
	1,154,108	1,164,641	2,318,749	2,365,365
Capital Assets (note 2)		3,505,469	3,505,469	2,826,837
	1,154,108	4,670,110	5,824,218	5,192,202
Liabilities				
Current Liabilities				
Accounts payable and accrued expense	297,211		297,211	278,828
Government remittances payable	125,258		125,258	220,566
Deferred revenue (note 8)	65,017		65,017	83,018
Current portion of long-term debt (note 9)		38,680	38,680	606,656
	487,486	38,680	526,166	1,189,068
Long-Term Debt (note 9)		1,237,433	1,237,433	159,427
	487,486	1,276,113	1,763,599	1,348,495
Fund Balances				
Invested in Capital Assets		2,229,356	2,229,356	2,060,754
Internally Restricted (note 4)		1,164,641	1,164,641	1,157,706
Unrestricted	666,622		666,622	625,247
	666,622	3,393,997	4,060,619	3,843,707
	1,154,108	4,670,110	5,824,218	5,192,202

Approved on behalf of the Board:


 _____, Director

 _____, Director

Crest Support Services (Meadowcrest) Inc.
Statement of Changes in Fund Balances

March 31	Operating Fund (\$)	Capital Fund (\$)	2023 Total (\$)	2022 Total (\$)
Fund Balances , beginning of year	625,247	3,218,460	3,843,707	3,685,081
Excess (Deficiency) of Revenue over Expenditures	133,164	83,748	216,912	158,626
Inter-Fund Transfers and Other Transactions				
Inter-fund transfer	(91,789)	91,789		
Net Change During The Year	41,375	175,537	216,912	158,626
Fund Balances , end of year	666,622	3,393,997	4,060,619	3,843,707

Crest Support Services (Meadowcrest) Inc.

Statement of Revenue and Expenditures - Capital Fund

Year ended March 31	2023 (\$)	2022 (\$)
Revenue		
Rent (note 10)	154,880	152,330
MCCSS capital funding (note 6)	113,275	
MOH capital funding (note 6)	38,000	
RSA capital funding (note 6)	35,340	
Investment income	34,251	41,742
Unrealized gain (loss) on investments	(8,503)	43,677
	<hr/> 367,243	<hr/> 237,749
Expenditures		
Amortization of capital assets	214,078	180,265
Interest on long term debt	65,398	34,009
Board	4,019	4,819
	<hr/> 283,495	<hr/> 219,093
Excess of Revenue over Expenditures	<hr/> 83,748	<hr/> 18,656

Crest Support Services (Meadowcrest) Inc.

Statement of Revenue and Expenditures - Operating Fund

March 31	Community Living Program (\$)	Enhanced Specialized Services (\$)	Community Mental Health Program (\$)	Supplementary Programs & Connections (\$)	2023 Total (\$)	2022 Total (\$)
Revenue						
Ministry of Children, Community and Social Services						
Grants/funding	4,124,608				4,124,608	2,921,615
Temporary wage enhancement						156,905
Pandemic pay funding						201,185
less; Capital funding (note 6)	(113,275)				(113,275)	
Regional Support Associates		829,113			829,113	802,355
less; Capital funding (note 6)		(35,340)			(35,340)	
Ministry of Health						
Grants/funding (note 7)			1,683,768		1,683,768	1,683,768
One time funding (note 6)			38,000		38,000	
less; Capital funding (note 6)			(38,000)		(38,000)	
Board and lodging (note 10)				222,204	222,204	236,828
Disability pensions	165,488				165,488	117,896
Donations				17,083	17,083	15,958
Other income (note 10)	50,975		29,215	211,359	291,549	186,436
Connections - Sales				4,373	4,373	2,848
Connections - Student grants				7,192	7,192	8,358
	4,227,796	793,773	1,712,983	462,211	7,196,763	6,334,152
Expenditures						
Salaries and benefits	3,677,387	716,654	1,336,935	20,990	5,751,966	5,014,703
Rent and utilities (notes 7,10)	84,730	13,176	123,523	72,000	293,429	261,953
Repairs and maintenance (note 10)	132,483	27,796	115,503	7,443	283,225	325,142
Program supplies	50,000			156,501	206,501	149,636
Office	88,409	4,210	52,917		145,536	190,360
Insurance	51,684	12,593	26,913	7,266	98,456	80,511
Professional fees	74,651		13,629		88,280	43,998
Vehicles	35,678	3,622	38,281		77,581	48,820
Staff travel and training	41,421	167	22,747		64,335	32,287
Food	777	15,184		4,214	20,175	11,142
Telephone	5,905	346	10,199		16,450	16,019
Connections - Student salaries				8,514	8,514	9,463
Interest and bank charges	1,118		3,624		4,742	1,964
Advertising	4,409				4,409	8,254
Residents' allowances (recovery)						(70)
	4,248,652	793,748	1,744,271	276,928	7,063,599	6,194,182
Excess (Deficiency) of Revenue over Expenditures	(20,856)	25	(31,288)	185,283	133,164	139,970

**Crest Support Services (Meadowcrest) Inc.
Statement of Cash Flows**

Year ended March 31	2023 (\$)	2022 (\$)
Cash Flows From Operating Activities		
Excess (deficiency) of revenue over expenditures		
Operating Fund	133,164	139,970
Capital Fund	83,748	18,656
	216,912	158,626
Adjustment non-cash items		
Amortization of capital assets	214,078	180,265
Unrealized loss (gain) on investments	8,503	(43,677)
	439,493	295,214
Changes in non-cash working capital		
Government remittances receivable	(9,871)	6,630
Accounts receivable	(65,784)	98,878
Prepaid expenses	(2,177)	(4,889)
Accounts payable and accrued expenses	18,378	(109,210)
Government remittances payable	(95,308)	139,441
Deferred revenue	(18,001)	16,383
	(172,763)	147,233
Cash Flows From Operating Activities	266,730	442,447
Cash Flows (Used In) Financing Activities		
Proceeds (repayment) of long-term debt	510,030	(40,369)
Cash Flows From (Used In) Investing Activities		
Acquisition of capital assets	(892,707)	
Net acquisition of investments	(15,438)	(41,742)
	(908,145)	(41,742)
Net Increase (Decrease) In Cash During Year	(131,385)	360,336
Cash, beginning of year	1,093,727	733,391
Cash, end of year	962,342	1,093,727

Crest Support Services (Meadowcrest) Inc.

Notes to the Financial Statements

March 31, 2023

1. Accounting Policies

Crest Support Services (Meadowcrest) Inc., operating as "Crest Support Services" (the "organization"), is incorporated, without share capital, under the laws of Ontario as a non-profit organization. Its purpose is to provide residential and employment services to meet the needs of people with a serious mental illness and or developmental disability. Crest Support Services operates the: Community Living Program, the Community Mental Health Program, Enhanced Specialized Services and other Supplementary Programs.

The Community Living Program is directly funded by the Ministry of Children, Community and Social Services and the Enhanced Specialized Services is indirectly funded by the Ministry of Children, Community and Social Services through the Regional Support Associates. The Community Mental Health Program is indirectly funded by the Ministry of Health and Long Term Care, through the Southwest Local Health Integration Network and the Supplementary Programs are funded primarily by the client revenues.

Crest Support Services is a registered charitable organization under the *Income Tax Act*.

Crest Support Services follows Canadian accounting standards for not-for-profit organizations in preparing its financial statements. The significant accounting policies used are as follows:

(a) Revenue Recognition

The organization follows the restricted fund method of accounting for contributions. Restricted contributions of the capital fund are recognized as revenue in the capital fund when received or receivable. Other restricted contributions are recognized as revenue of the operating fund in the year in which the related expenditures are incurred. 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.

(b) Fund balances

The organization uses fund accounting and has identified the following funds:

Operating Fund represents amounts received and used for the administrative and operational costs of the Community Living Program, Enhanced Specialized Services, the Community Mental Health Program and other Supplementary Programs and Connections. Any grants and donations which are unrestricted as to their use are recorded in the Operating Fund when received.

Capital Fund represents the amounts related to the acquisition of capital assets. Contributions that are restricted for capital purposes are recognized as income in the Capital Fund. Interest and investment income related to investments of the capital fund and the rental income are also recognized as income of the Capital Fund. Mortgage interest, maintenance, administrative costs and amortization of capital assets are recognized as expenses of the Capital Fund.

Inter-fund transactions relating to the use of capital assets are recorded at amounts determined by management to be less than or equal to the fair market value rental for similar properties.

Crest Support Services (Meadowcrest) Inc.

Notes to the Financial Statements

March 31, 2023

1. Accounting Policies (Continued)

(c) Capital Assets

Capital assets are stated at cost in the Capital Fund. Contributed capital assets are recorded as revenue in the Capital Fund at fair value at the date of contribution.

Amortization is provided over the estimated useful lives of the assets. The rates used are as follows:

Buildings	40 years Straight Line
Sewage system	10 years Straight Line
Equipment and furniture	20% declining balance
Vehicles	30% declining balance
Computers	30% declining balance
Paving	15 years Straight Line

Amortization of capital assets is recorded as an expense of the capital fund to reflect the estimate of the cost of the assets utilized in the operations of Crest Support Services during the year.

(d) Deferred Revenue

Deferred revenue represents monies received that are related to a specific project or program. These funds are to be recognized in the same period as the related expenses.

(e) Measurement Uncertainty

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, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Such estimates include the providing for amortization of capital assets. Actual results could differ from management's best estimates as additional information becomes available in the future.

2. Capital Assets

	Cost (\$)	Accumulated Amortization (\$)	2023 Net (\$)	2022 Net (\$)
Land and infrastructure costs	473,877		473,877	333,426
Buildings	4,582,808	1,884,309	2,698,499	2,177,888
Sewage system	276,710	258,950	17,760	24,864
Equipment and furniture	593,048	532,739	60,309	65,382
Vehicles	636,784	496,178	140,606	93,156
Computers	98,129	97,946	183	261
Paving	264,381	150,146	114,235	131,860
	6,925,737	3,420,268	3,505,469	2,826,837

Buildings that have been purchased or constructed with funding from MCCSS have had MCCSS added to their title.

Crest Support Services (Meadowcrest) Inc.

Notes to the Financial Statements

March 31, 2023

3. Financial Instruments

Crest Support Services financial instruments consist of cash, investments, government remittances receivable, accounts receivable, accounts payable and accrued liabilities, government remittances payable and long-term debt. Unless otherwise noted, it is the management's opinion that Crest Support Services is not exposed to significant currency or credit risks arising from its financial instruments.

Liquidity risk is the risk that an organization will encounter difficulty in meeting obligations associated with its financial liabilities. The organization manages its liquidity risk by forecasting its cash needs on a regular basis, and through its budgeting process, and seeking additional information based on those forecasts.

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, Crest Support Services manages exposure through its normal operating and financing activities. Crest Support Services is exposed to interest rate risk primarily through its floating interest rate loan with TD (note 9).

The investments are considered held for trading financial instruments and as such are carried at their market value. The fair value of all other financial instruments approximates their carrying value, unless otherwise noted.

4. Funds Restricted for Capital purposes

Crest Support Services receives funding and donations which are restricted by the contributor to be used for capital purposes. Interest and investment income relating to these cash balances are similarly restricted. Crest Support Services also has internally restricted funds as a result of maintaining surplus capital dollars.

	2023	2022
	(\$)	(\$)
Capital Fund Investments		
RBC Dominion marketable securities	1,164,641	1,157,706
Total investments	1,164,641	1,157,706

Crest Support Services (Meadowcrest) Inc.

Notes to the Financial Statements

March 31, 2023

5. Economic Dependence

Crest Support Services major sources of revenue are in the form of subsidies from the Ontario Ministry of Children, Community and Social Services (MCCSS) and the Ministry of Health and Long Term Care through Ontario Health West (MOHLTC and OHW). The nature and extent of these revenues is of such significance as to affect the viability of the organization and, accordingly, the organization is economically dependent upon the Ontario Government for on-going support.

6. One-Time Funding

A break-down of the funding reported as current year revenue is as follows.

Description	2023 (\$)	2022 (\$)
MOH		
Building	38,000	
Total	<u>38,000</u>	
RSA		
Building	35,340	
Total	<u>35,340</u>	

RSA funding of \$48,904 (2022 - \$22,147) was received relating to other repairs and costs incurred in the year. \$35,340 of this was used on capital improvements and has been included in the capital fund.

MOH funding for capital repairs of \$38,000 (2022 - \$nil) has been reported as revenue in the capital fund.

MCCSS funding of \$113,275 (2022 - \$nil) was used to purchase capital assets and has been included in the capital fund.

7. Rent Supplement

The Ministry of Health and Long-Term Care funding includes \$58,217 (2022 - \$58,217) relating to a rent supplement received for residents. The rent expense relating to this supplement totaled \$50,676 (2022 - \$50,676).

8. Deferred Revenue

Deferred revenue relates to RSA funding received for April 2023.

Crest Support Services (Meadowcrest) Inc.

Notes to the Financial Statements

March 31, 2023

9. Long-Term Debt

	2023 (\$)	2022 (\$)
TD loan bearing interest at 6.59%, which is repayable in monthly installments of \$4,264 including interest, due January 12, 2026. It is secured by the property on Elginfield Road, Lucan, Ontario.	569,412	586,182
TD loan bearing interest at prime + 1%, which is repayable in monthly installments of \$2,330 including interest, due September 30, 2030 and it is secured by the property on King St., Ilderton. The funding was used to construct the administration building.	163,220	179,901
TD loan bearing interest at 5.99%, which is repayable in monthly installments of \$3,526 including interest, due May 25, 2027 and is secured by the property on Albert St., Ilderton.	543,481	
	1,276,113	766,083
Less: current portion of long-term debt	38,680	606,656
	1,237,433	159,427

Expected principal repayments during the next five fiscal years are as follows:

2024	38,680
2025	41,402
2026	568,716
2027	30,355
2028	517,301
Thereafter	79,659
Total	1,276,113

The carrying value of the assets held as collateral for the above long-term debt total \$2,673,344 (2022 - \$1,999,801).

Crest Support Services (Meadowcrest) Inc.

Notes to the Financial Statements

March 31, 2023

10. Inter-Departmental Charges

Included in the Capital Fund rental income and the Operating Fund rental expense is an inter-departmental rent charge of \$142,880 (\$44,700 allocated to Community Living Program, \$26,180 allocated to Community Mental Health Program, and \$72,000 allocated to Supplementary Programs & Connections).

Included in Community Mental Health Program other income is an inter-departmental vehicle cost recovery charge of \$18,840 which was allocated against board and lodging income in Supplementary Programs & Connections.

11. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation.
