

Crest Support Services (Meadowcrest) Inc.

Financial Statements

March 31, 2022

Crest Support Services (Meadowcrest) Inc.

Index to Financial Statements

March 31, 2022

1. Independent Auditors' Report
2. Statement of Financial Position
3. Statement of Changes in Fund Balances
4. Statement of Revenue and Expenditures - Capital Fund
5. Statement of Revenue and Expenditures - Operating Fund
6. Statement of Cash Flows
7. Notes to the Financial Statements

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, 2022, 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, 2022 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, 2022, current assets and net assets as at March 31, 2022. Our audit opinion on the financial statements for the year ended March 31, 2021 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 26, 2022

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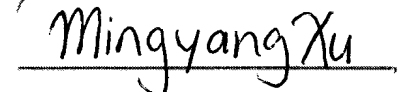
James B. MacNeill FCPA, FCA, CFP (Counsel) Robert F. Edmundson CPA, CA (Retired)

Crest Support Services (Meadowcrest) Inc.

Statement of Financial Position

March 31	Operating Fund (\$)	Capital Fund (\$)	2022 Total (\$)	2021 Total (\$)
Assets				
Current Assets				
Cash	1,093,727		1,093,727	733,391
Investments (note 4)		1,157,706	1,157,706	1,072,287
Accounts receivable	63,971		63,971	162,853
Government remittances receivable	29,000		29,000	35,630
Prepaid expenses (note 11)	20,961		20,961	16,072
	1,207,659	1,157,706	2,365,365	2,020,233
Capital Assets (note 2)		2,826,837	2,826,837	3,007,102
	1,207,659	3,984,543	5,192,202	5,027,335
Liabilities				
Current Liabilities				
Accounts payable and accrued expense	278,828		278,828	388,042
Government remittances payable	220,566		220,566	81,125
Deferred revenue (note 8)	83,018		83,018	66,635
Current portion of long-term debt (note 9)		606,656	606,656	40,294
	582,412	606,656	1,189,068	576,096
Long-Term Debt (note 9)		159,427	159,427	766,158
	582,412	766,083	1,348,495	1,342,254
Fund Balances				
Invested in Capital Assets		2,060,754	2,060,754	2,200,650
Internally Restricted (note 4)		1,157,706	1,157,706	1,072,287
Unrestricted	625,247		625,247	412,144
	625,247	3,218,460	3,843,707	3,685,081
	1,207,659	3,984,543	5,192,202	5,027,335

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 (\$)	2022 Total (\$)	2021 Total (\$)
Fund Balances , beginning of year	412,144	3,272,937	3,685,081	3,442,986
Excess (Deficiency) of Revenue over Expenditures	139,970	18,656	158,626	242,095
Inter-Fund Transfers and Other Transactions				
Inter-fund transfer	73,133	(73,133)		
Net Change During The Year	213,103	(54,477)	158,626	242,095
Fund Balances , end of year	625,247	3,218,460	3,843,707	3,685,081

Crest Support Services (Meadowcrest) Inc.
Statement of Revenue and Expenditures - Capital Fund

Year ended March 31	2022 (\$)	2021 (\$)
Revenue		
Rent (note 10)	152,330	142,680
Unrealized gain (loss) on investments	43,677	135,426
Investment income	41,742	24,356
MCCSS capital funding (note 6)		82,773
	237,749	385,235
Expenditures		
Amortization of capital assets	180,265	201,510
Interest on long term debt	34,009	35,584
Board	4,819	4,198
	219,093	241,292
Excess of Revenue over Expenditures	18,656	143,943

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 (\$)	2022 Total (\$)	2021 Total (\$)
Revenue						
Ministry of Children, Community and Social Services						
Grants/funding	2,921,615				2,921,615	2,823,115
Temporary wage enhancement	156,905				156,905	191,384
Pandemic pay funding less; Capital funding (note 6)	201,185				201,185	186,671 (82,773)
Regional Support Associates		802,355			802,355	801,115
Ministry of Health						
Grants/funding (note 7)			1,683,768		1,683,768	1,776,014
One time funding (note 6)						112,911
Board and lodging (note 10)				236,828	236,828	234,827
Disability pensions	117,896				117,896	112,886
Donations				15,958	15,958	12,404
Other income (note 10)	7,700	333	18,840		159,563	186,436
Connections - Sales				2,848	2,848	
Connections - Student grants				8,358	8,358	8,847
	3,405,301	802,688	1,702,608	423,555	6,334,152	6,340,695
Expenditures						
Salaries and benefits	2,962,450	719,122	1,312,318	20,813	5,014,703	5,069,988
Repairs and maintenance (note 10)	103,791	36,946	141,568	42,837	325,142	320,538
Rent and utilities (notes 7,10)	51,246	12,313	126,394	72,000	261,953	250,980
Office	130,116	6,479	53,015	750	190,360	214,211
Program supplies				123,015	123,015	127,774
Insurance	40,269	11,361	21,770	7,111	80,511	74,474
Vehicles	25,214	1,434	22,172		48,820	39,623
Professional fees	35,257	4,695	4,046		43,998	37,304
Staff travel and training	15,116	994	16,177		32,287	24,317
Telephone	11,065	336	4,618		16,019	19,942
Food	2,134	9,008			11,142	38,220
Advertising	7,235		1,019		8,254	2,644
Interest and bank charges	1,051		913		1,964	4,710
Residents' allowances (recovery)				(70)	(70)	130
Connections - Program supplies				26,621	26,621	9,876
Connections - Student salaries				9,463	9,463	7,812
	3,384,944	802,688	1,704,010	302,540	6,194,182	6,242,543
Excess (Deficiency) of Revenue over Expenditures	20,357		(1,402)	121,015	139,970	98,152

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

Year ended March 31	2022 (\$)	2021 (\$)
Cash Flows From Operating Activities		
Excess (deficiency) of revenue over expenditures		
Operating Fund	139,970	98,152
Capital Fund	18,656	143,943
	<u>158,626</u>	242,095
Adjustment non-cash items		
Amortization of capital assets	180,265	201,510
Unrealized loss (gain) on investments	(43,677)	(135,426)
	<u>295,214</u>	308,179
Changes in non-cash working capital		
Government remittances receivable	6,630	(7,505)
Accounts receivable	98,878	(126,269)
Prepaid expenses	(4,889)	274,138
Accounts payable and accrued expenses	(109,210)	234,294
Government remittances payable	139,441	(24,459)
Deferred revenue	16,383	1,618
	<u>147,233</u>	351,817
Cash Flows From Operating Activities	<u>442,447</u>	659,996
Cash Flows (Used In) Financing Activities		
Repayment of long-term debt	(40,369)	(50,509)
Cash Flows From (Used In) Investing Activities		
Acquisition of capital assets		(410,569)
Net acquisition of investments	(41,742)	(24,352)
	<u>(41,742)</u>	(434,921)
Net Increase (Decrease) In Cash During Year	360,336	174,566
Cash, beginning of year	<u>733,391</u>	558,825
Cash, end of year	1,093,727	733,391

Crest Support Services (Meadowcrest) Inc.

Notes to the Financial Statements

March 31, 2022

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, 2022

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 (\$)	2022 Net (\$)	2021 Net (\$)
Land and infrastructure costs	333,426		333,426	333,426
Buildings	3,947,152	1,769,264	2,177,888	2,277,042
Sewage system	276,710	251,846	24,864	31,968
Equipment and furniture	584,156	518,774	65,382	81,728
Vehicles	529,075	435,919	93,156	133,080
Computers	98,129	97,868	261	373
Paving	264,381	132,521	131,860	149,485
	6,033,029	3,206,192	2,826,837	3,007,102

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, 2022

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 an 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.

	2022	2021
	(\$)	(\$)
Capital Fund Investments		
TD Money Market funds and GIC's	-	36,143
RBC Dominion marketable securities	1,157,706	1,036,144
Total investments	1,157,706	1,072,287

Crest Support Services (Meadowcrest) Inc.

Notes to the Financial Statements

March 31, 2022

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 the Southwest Local Health Integration Network (MOHLTC and SWLHIN). 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

RSA funding of \$22,147 (2021 - \$20,903) received relating to other repairs and costs incurred in the year. This funding was included as income of the operating fund.

MCCSS funding for capital of \$nil (2021 - \$82,773) has been reported as revenue in the capital fund.

Ministry of Health and Long-Term Care funding for costs associated with COVID-19 of \$nil (2021 - \$112,911) has been reported as revenue in the operating fund.

7. Rent Supplement

The Ministry of Health and Long-Term Care funding includes \$58,217 (2021 - \$52,717) relating to a rent supplement received for residents. The rent expense relating to this supplement totaled \$50,676 (2021 - \$53,164).

8. Deferred Revenue

Deferred revenue relates to RSA funding received for April 2022 (\$65,017) and other miscellaneous amounts.

Crest Support Services (Meadowcrest) Inc.

Notes to the Financial Statements

March 31, 2022

9. Long-Term Debt

	2022	2021
	(\$)	(\$)
TD loan bearing interest at 4.62%, which is repayable in monthly installments of \$3,641 including interest, due January 12, 2023 and it is secured by the property on Elginfield Road, Lucan, Ontario.	586,182	602,494
TD loan bearing interest at prime + 1%, which is repayable in monthly installments of \$2,121 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.	179,901	199,647
TD mortgage bearing interest at 2.89%, which was repayable in bi-weekly installments of \$617 including interest. The mortgage was repaid during the year.		4,311
	766,083	806,452
Less: current portion of long-term debt	606,656	40,294
	159,427	766,158

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

2023	606,656
2024	21,192
2025	21,935
2026	22,705
2027	23,500
Thereafter	70,095
Total	766,083

The carrying value of the assets held as collateral for the above long-term debt total \$1,999,801 (2021 - \$2,289,514).

Crest Support Services (Meadowcrest) Inc.

Notes to the Financial Statements

March 31, 2022

10. Inter-Departmental Charges

Included in the Capital Fund rental income and the Operating Fund rental expense is an inter-departmental rent charge of \$140,330 (\$42,150 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. Subsequent Events

The Organization has committed to purchasing property in Lucan for \$690,000 with a closing date of May 27, 2022. Prior to year end a \$10,000 deposit had been paid on this purchase which has been included in prepaid expenses.

12. Comparative figures

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