

Crest Support Services (Meadowcrest) Inc.

Financial Statements

March 31, 2021

Crest Support Services (Meadowcrest) Inc.

Index to Financial Statements

March 31, 2021

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, 2021, 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, 2021 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, 2021, current assets and net assets as at March 31, 2021. Our audit opinion on the financial statements for the year ended March 31, 2020 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)

James B. MacNeill FCPA, FCA, CFP Jeremy A. Giles CPA, CA Lissa Savage CPA, CA
Mark Snyders CPA, CA 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 27, 2021

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

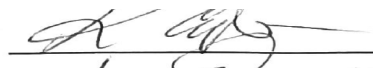

James B. MacNeill FCPA, FCA, CFP Jeremy A. Giles CPA, CA Lissa Savage CPA, CA
Mark Snyders CPA, CA Robert F. Edmundson CPA, CA (Retired)

Crest Support Services (Meadowcrest) Inc.

Statement of Financial Position

March 31	Operating Fund (\$)	Capital Fund (\$)	2021 Total (\$)	2020 Total (\$)
Assets				
Current Assets				
Cash	733,391		733,391	558,825
Investments (note 4)		1,072,287	1,072,287	912,509
Accounts receivable	162,853		162,853	36,584
Government remittances receivable	35,630		35,630	28,125
Prepaid expenses	16,072		16,072	290,210
	947,946	1,072,287	2,020,233	1,826,253
Capital Assets (note 2)		3,007,102	3,007,102	2,798,043
	947,946	4,079,389	5,027,335	4,624,296
Liabilities				
Current Liabilities				
Accounts payable and accrued expense	388,042		388,042	153,748
Government remittances payable	81,125		81,125	105,584
Deferred revenue (note 8)	66,635		66,635	65,017
Current portion of long-term debt (note 9)		40,294	40,294	50,232
	535,802	40,294	576,096	374,581
Long-Term Debt (note 9)		766,158	766,158	806,729
	535,802	806,452	1,342,254	1,181,310
Fund Balances				
Invested in Capital Assets		2,200,650	2,200,650	1,941,082
Internally Restricted (note 4)		1,072,287	1,072,287	912,509
Unrestricted	412,144		412,144	589,395
	412,144	3,272,937	3,685,081	3,442,986
	947,946	4,079,389	5,027,335	4,624,296

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 (\$)	2021 Total (\$)	2020 Total (\$)
Fund Balances , beginning of year	589,395	2,853,591	3,442,986	3,402,301
Excess (Deficiency) of Revenue over Expenditures	98,152	143,943	242,095	40,685
Inter-Fund Transfers and Other Transactions				
Inter-fund transfer	(275,403)	275,403		
Net Change During The Year	(177,251)	419,346	242,095	40,685
Fund Balances , end of year	412,144	3,272,937	3,685,081	3,442,986

Crest Support Services (Meadowcrest) Inc.

Statement of Revenue and Expenditures - Capital Fund

Year ended March 31	2021 (\$)	2020 (\$)
Revenue		
Rent (note 10)	142,680	132,680
Unrealized gain (loss) on investments	135,426	(66,729)
MCCSS capital funding (note 6)	82,773	26,531
Investment income	24,356	16,567
	<u>385,235</u>	<u>109,049</u>
Expenditures		
Amortization of capital assets	201,510	188,814
Interest on long term debt	35,584	41,664
Board (recovery)	4,198	(1,431)
Professional fees		3,928
Loss (gain) on disposal of capital assets		(5,452)
	<u>241,292</u>	<u>227,523</u>
Excess (Deficiency) of Revenue over Expenditures	143,943	(118,474)

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 (\$)	2021 Total (\$)	2020 Total (\$)
Revenue						
Ministry of Children, Community and Social Services						
Grants/funding	2,823,115				2,823,115	2,735,615
Temporary wage enhancement	191,384				191,384	
Pandemic pay funding	186,671				186,671	
less; Capital funding (note 6)	(82,773)				(82,773)	(26,531)
Regional Support Associates		801,115			801,115	782,359
Ministry of Health						
Grants/funding (note 7)			1,776,014		1,776,014	1,678,268
One time funding (note 6)			112,911		112,911	
Board and lodging (note 10)				234,827	234,827	221,782
Disability pensions	112,886				112,886	126,730
Donations				12,404	12,404	34,132
Other income (note 10)	270		18,840		144,184	101,817
Connections - Sales						16,891
Connections - Student grants				8,847	8,847	4,430
	3,231,553	801,115	1,907,765	400,262	6,340,695	5,675,493
Expenditures						
Salaries and benefits	2,859,077	728,903	1,465,253	16,755	5,069,988	4,463,915
Repairs and maintenance (note 10)	105,785	29,302	132,532	52,919	320,538	240,879
Rent and utilities (notes 7,10)	56,397	12,414	112,169	70,000	250,980	229,676
Office	80,307	6,494	127,410		214,211	119,923
Staff travel and training	13,438	744	10,135	127,774	152,091	129,836
Insurance	39,171	9,672	22,042	3,589	74,474	73,342
Vehicles	26,909	961	11,753		39,623	85,727
Food	20,512	8,030		9,678	38,220	24,185
Professional fees	22,355	4,091	10,858		37,304	77,639
Telephone	7,953	353	11,636		19,942	21,347
Interest and bank charges	1,099		3,611		4,710	4,054
Advertising	767	151	1,726		2,644	6,620
Residents' allowances (recovery)	22				108	(796)
Fundraising						9,582
Connections - Program supplies				9,876	9,876	25,133
Connections - Student salaries				7,812	7,812	5,272
	3,233,792	801,115	1,909,125	298,511	6,242,543	5,516,334
Excess (Deficiency) of Revenue over Expenditures	(2,239)		(1,360)	101,751	98,152	159,159

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

Year ended March 31	2021 (\$)	2020 (\$)
Cash Flows From Operating Activities		
Excess (deficiency) of revenue over expenditures		
Operating Fund	98,152	159,159
Capital Fund	143,943	(118,474)
	<u>242,095</u>	40,685
Adjustment non-cash items		
Amortization of capital assets	201,510	188,814
Loss (gain) on disposal of capital assets		(5,452)
Unrealized loss (gain) on investments	(135,426)	66,729
	<u>308,179</u>	290,776
Changes in non-cash working capital		
Government remittances receivable	(7,505)	(9,523)
Accounts receivable	(126,269)	(14,903)
Prepaid expenses	274,138	(282,990)
Accounts payable and accrued expenses	234,294	(16,626)
Government remittances payable	(24,459)	(54,981)
Deferred revenue	1,618	65,017
	<u>351,817</u>	(314,006)
Cash Flows From Operating Activities	<u>659,996</u>	(23,230)
Cash Flows (Used In) Financing Activities		
Repayment of long-term debt	(50,509)	(46,628)
Cash Flows From (Used In) Investing Activities		
Proceeds on disposal of capital assets		25,525
Acquisition of capital assets	(410,569)	(53,228)
Net acquisition of investments	(24,352)	(12,519)
	<u>(434,921)</u>	(40,222)
Net Increase (Decrease) In Cash During Year	174,566	(110,080)
Cash, beginning of year	<u>558,825</u>	668,905
Cash, end of year	733,391	558,825

Crest Support Services (Meadowcrest) Inc.

Notes to the Financial Statements

March 31, 2021

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, 2021

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 (\$)	2021 Net (\$)	2020 Net (\$)
Land and infrastructure costs	333,426		333,426	279,300
Buildings	3,947,152	1,670,110	2,277,042	2,102,526
Sewage system	276,710	244,742	31,968	39,072
Equipment and furniture	584,156	502,428	81,728	102,159
Vehicles	529,075	395,995	133,080	107,342
Computers	98,129	97,756	373	533
Paving	264,381	114,896	149,485	167,111
	6,033,029	3,025,927	3,007,102	2,798,043

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, 2021

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.

	<u>2021</u>	<u>2020</u>
	(\$)	(\$)
Capital Fund Investments		
TD Money Market funds and GIC's	36,143	117,814
RBC Dominion marketable securities	1,036,144	794,695
Total investments	<u>1,072,287</u>	<u>912,509</u>

Crest Support Services (Meadowcrest) Inc.

Notes to the Financial Statements

March 31, 2021

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 \$20,903 (2020 - \$2,150) was 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 \$82,773 (2020 - \$26,531) has been reported as revenue in the capital fund.

Ministry of Health and Long-Term Care funding for costs associated with COVID-19 of \$112,911 (2020 - \$Nil) has been reported as revenue in the operating fund.

7. Rent Supplement

The Ministry of Health and Long-Term Care funding includes \$52,717 (2020 - \$52,717) relating to a rent supplement received for residents. The rent expense relating to this supplement totaled \$42,906 (2020 - \$42,906).

8. Deferred Revenue

Deferred revenue relates to RSA funding received for April 2021.

Crest Support Services (Meadowcrest) Inc.

Notes to the Financial Statements

March 31, 2021

9. Long-Term Debt

	2021 (\$)	2020 (\$)
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.	602,494	618,218
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.	199,647	218,756
TD mortgage bearing interest at 2.89%, which is repayable in bi-weekly installments of \$617 including interest, due May 1, 2022 and it is secured by the property on Granton Line, Granton, Ontario.	4,311	19,987
	806,452	856,961
Less: current portion of long-term debt	40,294	50,232
	766,158	806,729

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

2022	40,294
2023	606,769
2024	21,194
2025	21,937
2026	22,705
Thereafter	93,553
Total	806,452

The carrying value of the assets held as collateral for the above long-term debt total \$2,289,514 (2020 - \$2,381,826).

Crest Support Services (Meadowcrest) Inc.

Notes to the Financial Statements

March 31, 2021

10. Inter-Departmental Charges

Included in the Capital Fund rental income and the Operating Fund rental expense is an inter-departmental rent charge of \$130,680 (\$34,500 allocated to Community Living Program, \$26,180 allocated to Community Mental Health Program, and \$70,000 allocated to Supplementary Programs & Connections).

Included in Community Mental Health Program other income is an inter-departmental vehicle cost recovery charge of \$18,840 for which \$18,240 was allocated against board and lodging income in Supplementary Programs & Connections and \$600 was allocated to repairs and maintenance expenses of the Community Mental Health Program.

11. COVID-19

As a result of the COVID-19 pandemic, the organization spent \$28,435 (2020 - \$8,045) of funds provided by MCCSS on additional supplies to ensure safe working practices.
