

**Crest Support Services (Meadowcrest) Inc.**

**Financial Statements**

**March 31, 2018**

**Crest Support Services (Meadowcrest) Inc.**

**Index to Financial Statements**

**March 31, 2018**

---

1. Independent Auditors' Report
2. Statement of Financial Position
3. Statement of Net Assets
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.

*Report on the Financial Statements*

We have audited the accompanying financial statements of Crest Support Services (Meadowcrest) Inc., which comprise the statement of financial position as at March 31, 2018, and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

*Management's Responsibility 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.

*Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

*Basis for Qualified Opinion*

In common with many charitable organizations, Crest Support Services (Meadowcrest) Inc. derives revenues in the form of donations, fundraising, bequests and inkind 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 and we were not able to determine whether any adjustment might be necessary to revenue, assets or net assets.

(continues)

*James B. MacNeill CPA, CA    Jeremy A. Giles CPA, CA    Lissa Savage CPA, CA*  
*Robert F. Edmundson CPA, CA (Retired)*

# MACNEILL EDMUNDSON

PROFESSIONAL CORPORATION

---

## INDEPENDENT AUDITOR'S REPORT (continued)

---

### *Qualified Opinion*

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness and measurement of revenues referred to in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Crest Support Services (Meadowcrest) Inc. as at March 31, 2018 and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

London, Ontario  
May 24, 2018

*MacNeill Edmundson*

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

*James B. MacNeill CPA, CA   Jeremy A. Giles CPA, CA   Lissa Savage CPA, CA*  
*Robert F. Edmundson CPA, CA (Retired)*



82 WELLINGTON STREET, LONDON, ONTARIO N6B 2K3 TEL 519.660.6060 FAX 519.672.6416 WEB [www.meb.on.ca](http://www.meb.on.ca)

# Crest Support Services (Meadowcrest) Inc.

## Statement of Financial Position

March 31	Operating Fund (\$)	Capital Fund (\$)	2018 Total (\$)	2017 Total (\$)
<b>Assets</b>				
<b>Current Assets</b>				
Cash	684,253		684,253	412,515
Investments (note 4)		943,761	943,761	927,111
Accounts receivable	50,901		50,901	42,296
Government remittances receivable	61,040		61,040	52,953
Prepaid expenses	18,400		18,400	17,367
	<b>814,594</b>	<b>943,761</b>	<b>1,758,355</b>	<b>1,452,242</b>
<b>Capital Assets</b> (note 2)		<b>3,130,876</b>	<b>3,130,876</b>	<b>2,784,265</b>
	<b>814,594</b>	<b>4,074,637</b>	<b>4,889,231</b>	<b>4,236,507</b>
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Accounts payable and accrued expense	367,477		367,477	401,971
Government remittances payable	159,495		159,495	31,561
Current portion of long-term debt (note 8)		44,288	44,288	210,499
	<b>526,972</b>	<b>44,288</b>	<b>571,260</b>	<b>644,031</b>
<b>Long-Term Debt</b> (note 8)		<b>900,873</b>	<b>900,873</b>	<b>293,552</b>
	<b>526,972</b>	<b>945,161</b>	<b>1,472,133</b>	<b>937,583</b>
<b>Fund Balances</b>				
Invested in Capital Assets		2,185,715	2,185,715	2,280,214
Internally Restricted (note 4)		943,761	943,761	927,111
Unrestricted	287,622		287,622	91,599
	<b>287,622</b>	<b>3,129,476</b>	<b>3,417,098</b>	<b>3,298,924</b>
	<b>814,594</b>	<b>4,074,637</b>	<b>4,889,231</b>	<b>4,236,507</b>

Approved on behalf of the Board:

  
 \_\_\_\_\_, Director  
  
 \_\_\_\_\_, Director

---

## Crest Support Services (Meadowcrest) Inc.

### Statement of Net Assets

March 31	Operating Fund (\$)	Capital Fund (\$)	2018 Total (\$)	2017 Total (\$)
<hr/>				
<b>Net Assets</b> , beginning of year	<b>91,599</b>	<b>3,207,325</b>	<b>3,298,924</b>	3,262,227
<hr/>				
<b>Excess (Deficiency) of Revenue over Expenditures</b>	<b>51,011</b>	<b>67,163</b>	<b>118,174</b>	36,697
<hr/>				
<b>Inter-Fund Transfers and Other Transactions</b>				
Inter-fund transfer	<b>145,012</b>	<b>(145,012)</b>		
<hr/>				
<b>Net Change During The Year</b>	<b>196,023</b>	<b>(77,849)</b>	<b>118,174</b>	36,697
<hr/>				
<b>Net Assets</b> , end of year	<b>287,622</b>	<b>3,129,476</b>	<b>3,417,098</b>	3,298,924

---

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

<b>Year ended March 31</b>	<b>2018</b> <b>(\$)</b>	<b>2017</b> <b>(\$)</b>
<b>Revenue</b>		
Rent (note 9)	<b>132,680</b>	132,680
SW LHIN capital funding (note 6)	<b>61,836</b>	
MCSS capital funding (note 6)	<b>52,397</b>	
Investment income	<b>33,482</b>	8,301
RSA capital funding (note 6)	<b>32,568</b>	
CMHC funding		16,773
Unrealized gain (loss) on investments	<b>(16,760)</b>	16,304
	<b>296,203</b>	174,058
<b>Expenditures</b>		
Amortization of capital assets	<b>174,131</b>	171,954
Loss (gain) on disposal of capital assets	<b>31,947</b>	1,872
Interest on long term debt	<b>18,778</b>	10,076
Board	<b>4,184</b>	14,377
	<b>229,040</b>	198,279
<b>Excess (Deficiency) of Revenue over Expenditures</b>	<b>67,163</b>	<b>(24,221)</b>

## Crest Support Services (Meadowcrest) Inc.

### Statement of Revenue and Expenditures - Operating Fund

	Community Living Program	Enhanced Specialized Services	Community Mental Health Program	Supplementary Programs & Connections	2018 Total	2017 Total
March 31	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
<b>Revenue</b>						
<b>Ministry of Community and Social Services</b>						
Grants/funding	2,582,791			2,582,791	2,496,080	
One time funding (note 6)	52,397			52,397		
Sub-total	2,635,188					
less; Capital funding (note 6)	(52,397)			(52,397)		
Regional Support Associates		807,244		807,244	780,209	
less; Capital funding (note 6)		(32,568)		(32,568)		
<b>Ministry of Health</b>						
Grants/funding (note 7)			1,631,506	1,631,506	1,640,557	
One time funding (note 6)			61,836	61,836		
Sub-total			1,693,342			
less; Capital funding (note 6)			(61,836)	(61,836)		
Board and lodging (note 9)				205,355	205,355	205,906
Disability pensions	130,424			130,424	130,044	
Donations				19,090	19,090	9,594
Other income (note 9)	109,640	111,491	18,840	239,971	108,765	
Connections - Sales				9,858	9,858	25,517
Connections - Student grants				8,503	8,503	3,560
	2,822,855	886,167	1,650,346	242,806	5,602,174	5,400,232
<b>Expenditures</b>						
Salaries and benefits	2,495,642	722,541	1,292,832	26,516	4,537,531	4,443,029
Repairs and maintenance (note 9)	63,729	120,114	115,239	332	299,414	166,056
Rent and utilities (notes 7,9)	61,888	11,896	133,051	60,000	266,835	258,197
Office	49,064	7,292	43,985	10,096	110,437	71,194
Vehicles	45,279	3,645	32,806		81,730	90,578
Insurance	25,742	10,219	25,939	9,176	71,076	67,423
Professional fees	45,093		9,957	3,384	58,434	63,965
Staff travel and training	29,821	4,512	15,915	(7,827)	42,421	50,286
Food	1,255	10,265	45	7,621	19,186	30,805
Telephone	11,201	1,171	6,216		18,588	22,194
Fundraising				5,591	5,591	5,895
Interest and bank charges	787		3,050		3,837	4,449
Capital expenditures				2,065	2,065	
Advertising	364	246	100		710	1,503
Residents' allowances	947			(2,916)	(1,969)	5,227
Connections - Trainee salaries				24,128	24,128	29,826
Connections - Student salaries				10,250	10,250	5,045
Connections - Program supplies				899	899	23,642
	2,830,812	891,901	1,679,135	149,315	5,551,163	5,339,314
<b>Excess (Deficiency) of Revenue over Expenditures</b>	(7,957)	(5,734)	(28,789)	93,491	51,011	60,918



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

Year ended March 31	2018 (\$)	2017 (\$)
<b>Cash Flows From Operating Activities</b>		
Excess (deficiency) of revenue over expenditures		
Operating Fund	51,011	60,918
Capital Fund	67,163	(24,221)
	<u>118,174</u>	36,697
Adjustment non-cash items		
Amortization of capital assets	174,131	171,954
Loss (gain) on disposal of capital assets	31,947	1,872
Unrealized loss (gain) on investments	16,760	(16,304)
	<u>341,012</u>	194,219
Changes in non-cash working capital		
Government remittances receivable	(8,087)	(27,345)
Accounts receivable	(8,605)	9,564
Prepaid expenses	(1,033)	(4,676)
Accounts payable and accrued expenses	(34,493)	60,236
Government remittances payable	127,934	31,561
	<u>75,716</u>	69,340
<b>Cash Flows From Operating Activities</b>	<u>416,728</u>	263,559
<b>Cash Flows (Used In) Financing Activities</b>		
Proceeds (repayment) of long-term debt	441,110	147,640
<b>Cash Flows From (Used In) Investing Activities</b>		
Proceeds from sale of capital assets		1,421
Acquisition of capital assets	(552,689)	(392,363)
Net acquisition of investments	(33,411)	(7,422)
	<u>(586,100)</u>	(398,364)
<b>Net Increase (Decrease) In Cash During Year</b>	271,738	12,835
<b>Cash, beginning of year</b>	<u>412,515</u>	399,680
<b>Cash, end of year</b>	<u>684,253</u>	412,515

---

# Crest Support Services (Meadowcrest) Inc.

## Notes to the Financial Statements

March 31, 2018

---

### 1. Accounting Policies

Crest Support Services (Meadowcrest) Inc., formerly The Crest Centre (Meadowcrest) Inc., operating as "Crest Support Services", 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 Community and Social Services and the Enhanced Specialized Services is indirectly funded by the Ministry of 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 deferral method of accounting for contributions. Restricted contributions are recognized as revenue 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, 2018

---

#### 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 (\$)	2018 Net (\$)	2017 Net (\$)
Land and infrastructure costs	279,300		279,300	279,300
Buildings	3,673,482	1,386,331	2,287,151	2,006,341
Sewage system	276,710	223,430	53,280	60,384
Equipment and furniture	560,157	427,532	132,625	111,228
Vehicles	604,371	429,300	175,071	105,472
Computers	98,129	97,042	1,087	1,553
Paving	264,381	62,019	202,362	219,987
	5,756,530	2,625,654	3,130,876	2,784,265

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

---

---

## Crest Support Services (Meadowcrest) Inc.

### Notes to the Financial Statements

March 31, 2018

---

#### 3. Financial Instruments

Crest Support Services financial instruments consist of cash, investments, HST 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.

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 bank indebtedness and credit facilities.

The investments are considered held for trading financial instruments and as such are carried at their market value. The fair value of the 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.

	2018 (\$)	2017 (\$)
<b>Capital Fund Investments</b>		
TD Money Market funds and GIC's	368,600	357,989
RBC Dominion marketable securities	575,161	569,122
Total investments	943,761	927,111

---

---

## Crest Support Services (Meadowcrest) Inc.

### Notes to the Financial Statements

March 31, 2018

---

#### 5. Economic Dependence

Crest Support Services major sources of revenue are in the form of subsidies from the Ontario Ministry of Community and Social Services (MCSS) 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

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

Description	2018 (\$)	2017 (\$)
<b>SWLHIN</b>		
Vehicles	50,986	
Minor capital	10,850	
Total	61,836	
<b>RSA</b>		
Vehicle	25,534	
Furniture	7,034	
Total	32,568	

SWLHIN one time funding for capital asset acquisitions has been reported as revenue in the capital fund. Funding for capital asset acquisitions totalled \$61,836 (2017 - \$Nil).

RSA funding for capital of \$32,568 (2017 - \$Nil) has been reported as revenue in the capital fund. An additional \$107,775 was received relating to fire safety upgrades that were completed in the year. This funding was included as income of the operating fund.

MCSS funding for capital of \$52,397 (2017 - \$Nil) has been reported as revenue in the capital fund.

---

#### 7. Rent Supplement

The Ministry of Health and Long-Term Care funding includes \$41,156 (2017 - \$53,735) relating to a rent supplement received for residents. The rent expense relating to this supplement totalled \$41,191 (2017 - \$36,779).

---

---

## Crest Support Services (Meadowcrest) Inc.

### Notes to the Financial Statements

March 31, 2018

---

#### 8. Long-Term Debt

	2018 (\$)	2017 (\$)
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.	647,521	181,000
TD demand loan bearing interest at the prime rate, which was repaid during the year and was secured by the property on Robin St. Ailsa Craig, Ontario.		398
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.	248,725	264,593
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.	48,915	58,060
	945,161	504,051
Less: current portion of long-term debt	44,288	210,499
	900,873	293,552

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

2019	44,288
2020	45,974
2021	54,098
2022	34,529
2023	35,983
Thereafter	730,289
Total	945,161

The carrying value of the assets held as collateral for the above long-term debt total \$2,566,451 (2017 - \$2,287,926).

---

---

## **Crest Support Services (Meadowcrest) Inc.**

### **Notes to the Financial Statements**

**March 31, 2018**

---

#### **9. Inter-Departmental Charges**

Included in the Capital Fund rental income and the Operating Fund rental expense is an inter-departmental rent charge of \$120,680 (\$34,500 allocated to Community Living Program, \$26,180 allocated to Community Mental Health Program, and \$60,000 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.

---