

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

**Financial Statements**

**March 31, 2019**

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

**Index to Financial Statements**

**March 31, 2019**

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**INDEPENDENT AUDITOR'S REPORT**

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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, 2019, 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, 2019 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, 2019, current assets and net assets as at March 31, 2019. Our audit opinion on the financial statements for the year ended March 31, 2018 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*  
*Robert F. Edmundson CPA, CA (Retired)*

# MACNEILL EDMUNDSON

PROFESSIONAL CORPORATION

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## INDEPENDENT AUDITOR'S REPORT (continued)

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### *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 23, 2019

*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*



*Robert F. Edmundson CPA, CA (Retired)*

# Crest Support Services (Meadowcrest) Inc.

## Statement of Financial Position

March 31	Operating Fund (\$)	Capital Fund (\$)	2019 Total (\$)	2018 Total (\$)
<b>Assets</b>				
<b>Current Assets</b>				
Cash	668,905		668,905	684,253
Investments (note 4)		966,719	966,719	943,761
Accounts receivable	21,681		21,681	50,901
Government remittances receivable	18,602		18,602	61,040
Prepaid expenses	7,220		7,220	18,400
	716,408	966,719	1,683,127	1,758,355
<b>Capital Assets</b> (note 2)		2,953,702	2,953,702	3,130,876
	716,408	3,920,421	4,636,829	4,889,231
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Accounts payable and accrued expense	170,374		170,374	367,477
Government remittances payable	160,565		160,565	159,495
Current portion of long-term debt (note 8)		43,781	43,781	44,288
	330,939	43,781	374,720	571,260
<b>Long-Term Debt</b> (note 8)		859,808	859,808	900,873
	330,939	903,589	1,234,528	1,472,133
<b>Fund Balances</b>				
Invested in Capital Assets		2,050,113	2,050,113	2,185,715
Internally Restricted (note 4)		966,719	966,719	943,761
Unrestricted	385,469		385,469	287,622
	385,469	3,016,832	3,402,301	3,417,098
	716,408	3,920,421	4,636,829	4,889,231

Approved on behalf of the Board:

  
 \_\_\_\_\_ Director  
  
 \_\_\_\_\_ Director

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

<b>March 31</b>	<b>Operating Fund (\$)</b>	<b>Capital Fund (\$)</b>	<b>2019 Total (\$)</b>	<b>2018 Total (\$)</b>
<b>Fund Balances, beginning of year</b>	<b>287,622</b>	<b>3,129,476</b>	<b>3,417,098</b>	3,298,924
<b>Excess (Deficiency) of Revenue over Expenditures</b>	<b>80,186</b>	<b>(94,984)</b>	<b>(14,798)</b>	118,174
<b>Inter-Fund Transfers and Other Transactions</b>				
Inter-fund transfer	<b>17,661</b>	<b>(17,661)</b>		
<b>Net Change During The Year</b>	<b>97,847</b>	<b>(112,645)</b>	<b>(14,798)</b>	118,174
<b>Fund Balances, end of year</b>	<b>385,469</b>	<b>3,016,831</b>	<b>3,402,300</b>	3,417,098

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

**Statement of Revenue and Expenditures - Capital Fund**

<b>Year ended March 31</b>	<b>2019</b> <b>(\$)</b>	<b>2018</b> <b>(\$)</b>
<b>Revenue</b>		
Rent (note 9)	<b>132,680</b>	132,680
Investment income	<b>20,000</b>	33,482
Unrealized gain (loss) on investments	<b>5,111</b>	(16,760)
SW LHIN capital funding (note 6)		61,836
MCSS capital funding (note 6)		52,397
RSA capital funding (note 6)		32,568
	<b>157,791</b>	296,203
<b>Expenditures</b>		
Amortization of capital assets	<b>197,803</b>	174,131
Interest on long term debt	<b>44,220</b>	18,778
Board	<b>7,383</b>	4,184
Loss (gain) on disposal of capital assets	<b>3,369</b>	31,947
	<b>252,775</b>	229,040
<b>Excess (Deficiency) of Revenue over Expenditures</b>	<b>(94,984)</b>	67,163

## 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	2019 Total	2018 Total
March 31	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
<b>Revenue</b>						
<b>Ministry of Community and Social Services</b>						
Grants/funding	2,754,417			2,754,417	2,582,791	
One time funding (note 6)					52,397	
less; Capital funding (note 6)					(52,397)	
Regional Support Associates		780,209		780,209	807,244	
less; Capital funding (note 6)					(32,568)	
<b>Ministry of Health</b>						
Grants/funding (note 7)			1,694,074	1,694,074	1,631,506	
One time funding (note 6)					61,836	
less; Capital funding (note 6)					(61,836)	
Board and lodging (note 9)				200,992	200,992	205,355
Disability pensions	123,734			123,734	130,424	
Donations				21,022	21,022	12,439
Other income (note 9)	15,305	13,193	18,840	32,331	79,669	246,622
Connections - Sales				12,707	12,707	9,858
Connections - Student grants				7,594	7,594	8,503
	<b>2,893,456</b>	<b>793,402</b>	<b>1,712,914</b>	<b>274,646</b>	<b>5,674,418</b>	<b>5,602,174</b>
<b>Expenditures</b>						
Salaries and benefits	2,518,549	730,945	1,320,858	9,057	4,579,409	4,537,531
Rent and utilities (notes 7,9)	51,979	13,735	118,596	60,000	244,310	266,835
Repairs and maintenance (note 9)	44,630	9,550	118,949	16,389	189,518	299,414
Office	81,984	8,293	57,734	1,486	149,497	110,437
Professional fees	87,327		3,212		90,539	58,434
Vehicles	40,376	2,510	38,161		81,047	81,730
Insurance	23,374	14,102	27,450	6,389	71,315	71,076
Staff travel and training	28,630	2,375	28,282	8,078	67,365	42,421
Telephone	14,960	780	4,724		20,464	18,588
Food	879	11,189		5,681	17,749	19,186
Fundraising				5,323	5,323	5,591
Interest and bank charges	801		2,764		3,565	3,837
Residents' allowances	935			1,605	2,540	(1,969)
Advertising	123		1,166		1,289	710
Capital expenditures						2,065
Connections - Trainee salaries				33,241	33,241	24,128
Connections - Program supplies				28,127	28,127	899
Connections - Student salaries				8,934	8,934	10,250
	<b>2,894,547</b>	<b>793,479</b>	<b>1,721,896</b>	<b>184,310</b>	<b>5,594,232</b>	<b>5,551,163</b>
<b>Excess (Deficiency) of Revenue over Expenditures</b>	<b>(1,091)</b>	<b>(77)</b>	<b>(8,982)</b>	<b>90,336</b>	<b>80,186</b>	<b>51,011</b>



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

Year ended March 31	2019 (\$)	2018 (\$)
<b>Cash Flows From Operating Activities</b>		
Excess (deficiency) of revenue over expenditures		
Operating Fund	80,186	51,011
Capital Fund	(94,984)	67,163
	(14,798)	118,174
Adjustment non-cash items		
Amortization of capital assets	197,803	174,131
Loss (gain) on disposal of capital assets	3,369	31,947
Unrealized loss (gain) on investments	(5,111)	16,760
	181,263	341,012
Changes in non-cash working capital		
Government remittances receivable	42,438	(8,087)
Accounts receivable	29,222	(8,605)
Prepaid expenses	11,180	(1,033)
Accounts payable and accrued expenses	(197,104)	(34,493)
Government remittances payable	1,070	127,934
	(113,194)	75,716
<b>Cash Flows From Operating Activities</b>	<b>68,069</b>	<b>416,728</b>
<b>Cash Flows (Used In) Financing Activities</b>		
Proceeds (repayment) of long-term debt	(41,572)	441,110
<b>Cash Flows From (Used In) Investing Activities</b>		
Acquisition of capital assets	(23,998)	(552,689)
Net acquisition of investments	(17,847)	(33,411)
	(41,845)	(586,100)
<b>Net Increase (Decrease) In Cash During Year</b>	<b>(15,348)</b>	<b>271,738</b>
<b>Cash, beginning of year</b>	<b>684,253</b>	<b>412,515</b>
<b>Cash, end of year</b>	<b>668,905</b>	<b>684,253</b>

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# Crest Support Services (Meadowcrest) Inc.

## Notes to the Financial Statements

March 31, 2019

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### 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 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 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.

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## Crest Support Services (Meadowcrest) Inc.

### Notes to the Financial Statements

March 31, 2019

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#### 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.

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#### 2. Capital Assets

	Cost (\$)	Accumulated Amortization (\$)	2019 Net (\$)	2018 Net (\$)
Land and infrastructure costs	279,300		279,300	279,300
Buildings	3,673,482	1,478,643	2,194,839	2,287,151
Sewage system	276,710	230,534	46,176	53,280
Equipment and furniture	584,156	456,457	127,699	132,625
Vehicles	439,833	319,642	120,191	175,071
Computers	98,129	97,368	761	1,087
Paving	264,381	79,645	184,736	202,362
	5,615,991	2,662,289	2,953,702	3,130,876

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

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## Crest Support Services (Meadowcrest) Inc.

### Notes to the Financial Statements

March 31, 2019

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#### 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 8).

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.

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#### 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.

	2019 (\$)	2018 (\$)
<b>Capital Fund Investments</b>		
TD Money Market funds and GIC's	117,814	368,600
RBC Dominion marketable securities	848,905	575,161
Total investments	966,719	943,761

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## Crest Support Services (Meadowcrest) Inc.

### Notes to the Financial Statements

March 31, 2019

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#### 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.

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#### 6. One-Time Funding

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

Description	2019 (\$)	2018 (\$)
<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 totaled \$Nil (2018 - \$61,836).

RSA funding for capital of \$Nil (2018 - \$32,568) has been reported as revenue in the capital fund. An additional \$13,193 (2018 - \$107,775) was received relating to other repairs and costs incurred in the year. This funding was included as income of the operating fund.

MCSS funding for capital of \$Nil (2018 - \$52,397) has been reported as revenue in the capital fund.

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#### 7. Rent Supplement

The Ministry of Health and Long-Term Care funding includes \$68,523 (2018 - \$41,156) relating to a rent supplement received for residents. The rent expense relating to this supplement totaled \$41,747 (2018 - \$41,191).

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## Crest Support Services (Meadowcrest) Inc.

### Notes to the Financial Statements

March 31, 2019

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#### 8. Long-Term Debt

	2019 (\$)	2018 (\$)
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.	633,166	647,521
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.	235,194	248,725
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.	35,229	48,915
	903,589	945,161
Less: current portion of long-term debt	43,781	44,288
	859,808	900,873

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

2020	43,781
2021	45,649
2022	39,673
2023	604,247
2024	18,345
Thereafter	151,894
Total	903,589

The carrying value of the assets held as collateral for the above long-term debt total \$2,474,139 (2018 - \$2,566,451).

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

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

**March 31, 2019**

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#### **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.

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