



**CRAWFORD  
SMITH &  
SWALLOW**

**BETHESDA COMMUNITY SERVICES INC.**

**Financial Statements**

**March 31, 2021**



**CRAWFORD  
SMITH &  
SWALLOW**

## **BETHESDA COMMUNITY SERVICES INC.**

### **Financial Statements**

**March 31, 2021**

---

#### **Table of Contents**

	<b>Page</b>
Independent Auditors' Report	1-3
Statement of Financial Position	4
Statement of Changes in Net Assets	5
Statement of General Funded Operations	6
Statement of Government Funded Operations	7
Statement of Cash Flows	8
Notes to Financial Statements	9-14



**CRAWFORD  
SMITH &  
SWALLOW**

Chartered Professional Accountants LLP

1567 Highway 55  
P.O. Box 929  
Virgil, Ontario L0S 1T0  
T 905 468 7836  
TF 1 800 416 5612  
F 905 468 7909

## **INDEPENDENT AUDITORS' REPORT**

---

To the Board of Directors of  
Bethesda Community Services Inc.

### **Report on the Audit of the Financial Statements**

#### *Opinion*

We have audited the accompanying financial statements of Bethesda Community Services Inc., which comprise the statement of financial position as at March 31, 2021, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Bethesda Community Services Inc. as at March 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with the financial reporting provisions of contract C104364-1 effective April 1, 2020 with the Ministry of Children, Community and Social Services.

#### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' 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 these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Emphasis of Matter - Basis of Accounting and Restriction on Distribution and Use*

We draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist Bethesda Community Services Inc. to comply with the financial reporting provisions of the funding agreement referred to above. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter. Our report is intended solely for the Directors of Bethesda Community Services Inc. and the Ministry of Children, Community and Social Services, and should not be used by parties other than the Directors of Bethesda Community Services Inc. or the Ministry of Children, Community and Social Services.

### *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 the financial reporting provisions of contract C104364-1 effective April 1, 2020 with the Ministry of Children, Community and Social Services, 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 related 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.

### *Auditors' Responsibilities 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 auditors' 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:

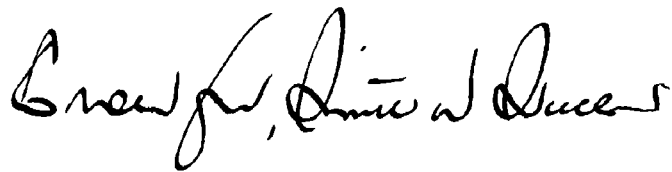
- a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting 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.
- b) 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.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- d) 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 auditors' 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 auditors' report. However, future events or conditions may cause the organization to cease to continue as a going concern.
- e) 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**Report on Other Legal and Regulatory Requirements**

As required by section 96(2) of the Ontario Corporations Act, we report that, in our opinion, the accounting principles have been applied on a basis consistent with that of the preceding year.



Niagara-on-the-Lake, Ontario  
June 18, 2021

CRAWFORD SMITH & SWALLOW  
CHARTERED PROFESSIONAL ACCOUNTANTS LLP  
LICENSED PUBLIC ACCOUNTANTS

# BETHESDA COMMUNITY SERVICES INC.

## STATEMENT OF FINANCIAL POSITION

March 31, 2021

<b>Assets</b>	2021	2020
	\$	\$
<b>Current Assets</b>		
Cash	6,880,770	3,597,755
Accounts receivable	517,037	675,286
Due from Bethesda Home Foundation Inc. - note 5		780
Sales tax recoverable	416,786	202,107
Prepaid expenses	143,347	249,206
	7,957,940	4,725,134
<b>Fixed Assets - note 3</b>	686,440	376,017
	<b>8,644,380</b>	<b>5,101,151</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	6,367,004	3,477,717
Government remittances payable	135,816	92,259
Note payable - note 5		183,953
Unearned revenue	140,201	138,836
	6,643,021	3,892,765
<b>Net Assets</b>		
General funded operations	2,001,118	1,208,145
Government funded operations	241	241
	2,001,359	1,208,386
	<b>8,644,380</b>	<b>5,101,151</b>

Signed on behalf of the board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

See accompanying notes

**BETHESDA COMMUNITY SERVICES INC.**

**STATEMENT OF CHANGES IN NET ASSETS**

for the year ended March 31, 2021

	2021 \$	2020 \$
<b>General Funded Operations</b>		
Balance, Beginning of Year	1,208,145	888,492
Excess of revenue over expenses for the year	792,973	319,653
<b>Balance, End of Year</b>	<b>2,001,118</b>	<b>1,208,145</b>
<b>Government Funded Operations</b>		
Balance, Beginning of Year	241	241
Excess of revenue over expenses for the year		
<b>Balance, End of Year</b>	<b>241</b>	<b>241</b>
<b>Total of Net Assets</b>	<b>2,001,359</b>	<b>1,208,386</b>

See accompanying notes

**BETHESDA COMMUNITY SERVICES INC.****STATEMENT OF GENERAL FUNDED OPERATIONS**

for the year ended March 31, 2021

	2021 \$	2020 \$
<b>Revenue - note 10</b>	5,321,619	5,124,668
<b>Expenses</b>		
Allocated central administrative costs (recoveries)	(2,549,007)	(2,067,076)
Depreciation	7,262	7,262
Employee benefits	1,278,208	1,429,534
Equipment	435,892	179,795
Food	157	2,312
Household, cleaning and laundry	45,560	37,074
Insurance	37,445	34,540
Office, postage and sundry	112,223	80,163
Premises costs	290,070	280,859
Professional fees and dues	66,289	83,902
Purchased services	465,609	784,037
Recreation and therapy	17	300
Resource materials	40,528	18,682
Salaries and wages	4,559,222	4,313,666
Special projects	4,968	18,944
Supplies and maintenance	257,081	356,846
Telephone	33,382	40,176
Transportation	5,557	47,553
Utilities	78,580	84,147
Vehicle operations and maintenance	73,147	108,973
	5,242,190	5,841,689
Cost recoveries	(713,544)	(1,036,674)
	4,528,646	4,805,015
<b>Excess of Revenue Over Expenses for the Year</b>	<b>792,973</b>	<b>319,653</b>

See accompanying notes



**BETHESDA COMMUNITY SERVICES INC.****STATEMENT OF GOVERNMENT FUNDED OPERATIONS**

for the year ended March 31, 2021

	2021 \$	2020 \$
<b>Revenue</b>		
Ministry of Children, Community and Social Services	28,552,777	26,399,216
Other agencies	1,423,918	1,352,238
Other revenue - note 10	2,345,799	895,432
	32,322,494	28,646,886
<b>Expenses</b>		
Allocated central administrative costs	2,549,007	2,067,076
Capital expenditures	3,474,425	1,231,620
Client costs	454,648	358,219
Employee benefits	4,456,257	4,541,759
Food	535,413	469,568
Household cleaning and laundry	560,049	287,667
Insurance	160,846	159,092
Office, postage and sundry	29,673	31,505
Premises costs	783,277	774,495
Professional fees and dues	21,353	15,399
Purchased services	2,303,871	1,830,513
Recreation and therapy	9,301	12,379
Residents' personal needs	20,253	21,287
Resource materials	22,431	24,635
Salaries and wages	16,972,460	16,170,579
Special projects	5,460	20,702
Supplies and maintenance	436,428	653,773
Telephone	44,365	34,069
Transportation	26,551	147,591
Utilities	300,314	310,443
Vehicle operations and maintenance	385,277	536,490
	33,551,659	29,698,861
Cost recoveries	(1,229,165)	(1,051,975)
	32,322,494	28,646,886
<b>Excess of Revenue Over Expenses for the Year</b>		

See accompanying notes

**BETHESDA COMMUNITY SERVICES INC.****STATEMENT OF CASH FLOWS**

for the year ended March 31, 2021

	2021 \$	2020 \$
<b>Operating Activities</b>		
General funded operations - excess of revenue over expenses for the year	792,973	319,653
Government funded operations - excess of revenue over expenses for the year		
Total excess of revenue over expenses for the year	792,973	319,653
Depreciation	7,262	7,262
Working capital provided by operations	800,235	326,915
Changes in working capital components		
Accounts receivable	158,249	529,115
Due from Bethesda Home Foundation Inc.	780	13,168
Due to Bethesda Residential Holdings Inc.		(117,791)
Sales tax recoverable	(214,679)	(18,306)
Prepaid expenses	105,859	(129,612)
Accounts payable and accrued liabilities	2,889,287	667,786
Government remittances payable	43,557	(76,351)
Unearned revenue	1,365	138,611
	2,984,418	1,006,620
Funds provided by operating activities	3,784,653	1,333,535
<b>Investing Activities</b>		
Capital expenditures	(317,685)	
<b>Financing Activities</b>		
Note payable	(183,953)	
<b>Increase in Cash Position</b>	3,283,015	1,333,535
<b>Cash Position, Beginning of Year</b>	3,597,755	2,264,220
<b>Cash Position, End of Year</b>	<b>6,880,770</b>	<b>3,597,755</b>

See accompanying notes

# BETHESDA COMMUNITY SERVICES INC.

## NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2021

---

### Organization

Bethesda Community Services Inc., a registered charitable organization exempt from taxation, was amalgamated in February 2012 under the laws of the Province of Ontario. The purpose of the organization is to receive and maintain a fund or funds and other property and to apply from time to time all funds, or parts thereof, and the income therefrom for charitable purposes, and to provide ongoing services for persons with developmental handicaps in the regional municipalities of Niagara, Hamilton-Wentworth, Brant County, and Haldimand-Norfolk. Services include residential, assessment and behavioural programs, counselling and family home (foster families) program, for clients living under the various Bethesda programs and for clients living throughout the catchment area. The two predecessor organizations were Bethesda Home for the Mentally Handicapped Inc. and Bethesda Community Services of Niagara Inc.

### 1. Significant Accounting Policies

The financial statements of the organization are the representations of management prepared in accordance with the basis of accounting as described in note 2, consistently applied. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgement in the light of available information. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below:

#### Fund accounting

The organization uses the restricted fund method of accounting.

Government funded operations account for the organization's program delivery, administrative activities, and capital requirements that fall under the Ministry of Children, Community and Social Services funding contracts. The amounts received in this fund are restricted as to their use.

General funded operations account for operations other than those that fall under the Ministry of Children, Community and Social Services contracts. The amounts received in this fund are to be used for purposes specified by the funding body.

#### Revenue recognition

Revenue from operating subsidies is recognized as income in the period designated for use by the funding body, regardless of when the funds are actually received.

Other revenues are recognized as income when services are provided.

Government wage subsidy assistance towards wages and payroll taxes expense is recognized in the period the related expenses are incurred.

# BETHESDA COMMUNITY SERVICES INC.

## NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2021

---

### 1. Significant Accounting Policies - continued

#### Financial instruments

The organization's financial instruments consist of cash, accounts receivable, and accounts payable. Financial instruments are initially measured at fair value on acquisition and are subsequently measured at amortized cost. Transaction costs and financial fees associated with financial instruments carried at amortized cost are recorded as adjustments to the initial fair value recognized and amortized over the life of the financial instrument.

#### Fixed assets and depreciation

Fixed assets, funded by the Ministry of Children, Community and Social Services, are expensed in the year of purchase. All other fixed assets greater than or equal to \$5,000 are recorded at cost in the general fund. Expenditures for maintenance and repairs are charged to operating expenses.

Depreciation is calculated using the straight-line method at rates designed to amortize the cost of fixed assets over their estimated useful lives as follows:

Buildings	- 40 years
Computer equipment	- 5 - 10 years

Additions during the year are depreciated from the month of acquisition. Disposals are depreciated to the month of disposition. Gains or losses on assets sold or otherwise disposed of are included in the statement of operations.

#### Impairment of long-lived assets

The carrying value of long-lived assets including property, plant and equipment and certain other long-lived assets is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. If the long-lived asset no longer has any long-term service potential to the organization, it is considered to be impaired. An impairment loss is measured at the amount by which the carrying amount of the asset exceeds its residual value.

#### Allocated central administrative costs

Bethesda Community Services Inc. allocates overhead and administrative costs incurred in general funded operations to government funded operations. The organization allocates these expenses using the best available information at the time the expenses are incurred. For example, insurance, utilities and property taxes are proportionately allocated based on either third party designation or square footage of the apartments and professional fees are proportionately allocated on the percentage of revenue for each program.

# BETHESDA COMMUNITY SERVICES INC.

## NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2021

---

### 2. Financial Reporting Framework

The financial statements have been prepared in accordance with the significant accounting policies set out below to comply with contract C104364-1 effective April 1, 2020 with the Ministry of Children, Community and Social Services.

The basis of accounting used in these financial statements materially differs from Canadian accounting standards for not-for-profit organizations because fixed assets purchased through government funded programs are expensed when acquired rather than being capitalized on the statement of financial position and depreciated over their estimated useful lives.

### 3. Fixed Assets

	Cost \$	Accumulated Depreciation \$	2021 \$	2020 \$
Land	150,000		150,000	150,000
Buildings	290,478	71,723	218,755	226,017
Computer equipment	317,685		317,685	
	<b>758,163</b>	<b>71,723</b>	<b>686,440</b>	<b>376,017</b>

---

These fixed assets are held by the general fund as they were funded by Bethesda Community Services Inc. Amounts funded by the Ministry of Children, Community and Social Services have been expensed in previous years, but may be required to be repaid on disposition of the assets. Total amounts funded are \$3,052,277 (2020 - \$3,052,277) for buildings.

As at the year-end, the computer equipment was not available for use and, accordingly, these additions were not depreciated. Depreciation will begin when the computer equipment is available for use.

### 4. Financial Risks

Transactions in financial instruments expose the organization to certain financial risks and uncertainties. These risks include:

#### Interest rate risk

Interest rate risk is the risk that future cash flows of a financial instrument will fluctuate due to changes in market interest rates.

During the year, the organization repaid the note payable. As a result, the organization is no-longer exposed to interest rate risk.

# BETHESDA COMMUNITY SERVICES INC.

## NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2021

### 5. Related Party Transactions

Related parties consist of Bethesda Home Foundation Inc. and Bethesda Residential Holdings Inc. All three organizations are controlled by a common board of directors.

Bethesda Residential Holdings Inc., a commonly controlled organization, charged Bethesda Community Services Inc. premises costs in the amount of \$865,630 (2020 - \$857,463) and vehicle lease costs in the amount of \$302,696 (2020 - \$338,380). Bethesda Community Services Inc. charged Bethesda Residential Holdings Inc. administration fees in the amount of \$10,000 (2020 - \$10,000).

The organization had a note payable to Bethesda Residential Holdings Inc. in the amount of \$nil (2020 - \$183,953). The note payable bears interest at a variable rate set at 3.39% at year end and requires interest-only payments. During the year, the organization paid \$3,552 (2020 - \$7,156) in interest expense with respect to this note payable.

Amounts due from Bethesda Home Foundation Inc. of \$nil (2020 - \$780) are non-interest bearing, unsecured and have no fixed terms for repayment.

Bethesda Community Services Inc. charged Bethesda Home Foundation Inc., a commonly controlled organization, administration fees in the amount of \$60,000 (2020 - \$10,000). During the year, the organization received \$97,000 (2020 - \$76,710) in donations from Bethesda Home Foundation Inc.

These transactions have been reported at the exchange amount.

### 6. Controlled Entities that are not Consolidated

The board of directors of Bethesda Community Services Inc. are also the board of directors for Bethesda Home Foundation Inc., and Bethesda Residential Holdings Inc. Since the financial statements have not been consolidated, the financial summary of Bethesda Community Services Inc., Bethesda Residential Holdings Inc., and Bethesda Home Foundation Inc., as at March 31, 2021 are as follows:

#### Financial Position

	Bethesda Community Services Inc. \$	Bethesda Residential Holdings Inc. \$	Bethesda Home Foundation Inc. \$	2021 Totals \$	2020 Totals \$
Total Assets	<b>8,644,380</b>	<b>12,017,425</b>	<b>2,010,102</b>	<b>22,671,907</b>	<b>19,352,707</b>
Total Liabilities	6,643,021	2,769,635	6,850	9,419,506	7,644,696
Net Assets	2,001,359	9,247,790	2,003,252	13,252,401	11,708,011
	<b>8,644,380</b>	<b>12,017,425</b>	<b>2,010,102</b>	<b>22,671,907</b>	<b>19,352,707</b>

# BETHESDA COMMUNITY SERVICES INC.

## NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2021

### 6. Controlled Entities that are not Consolidated - continued

#### Results of Operations

	Bethesda Community Services Inc. \$	Bethesda Residential Holdings Inc. \$	Bethesda Home Foundation Inc. \$	2021 Totals \$	2020 Totals \$
Total Revenue	37,644,113	1,344,412	353,261	39,341,786	35,619,583
Total Expenses	36,851,140	755,691	190,565	37,797,396	34,437,281
<b>Excess of Revenue over Expenses</b>	<b>792,973</b>	<b>588,721</b>	<b>162,696</b>	<b>1,544,390</b>	<b>1,182,302</b>

#### Cash Flows

	\$	\$	\$	2021 \$	2020 \$
Funds provided by operating activities	3,784,653	1,052,576	123,568	4,960,797	2,351,837
Funds provided (used) by investing activities	(317,685)	(94,321)	166,062	(245,944)	267,876
Funds used by financing activities	(183,953)	(396,135)	(356,014)	(936,102)	(829,785)
<b>Increase (Decrease) in Cash Position</b>	<b>3,283,015</b>	<b>562,120</b>	<b>(66,384)</b>	<b>3,778,751</b>	<b>1,789,928</b>

Bethesda Residential Holdings Inc. and Bethesda Home Foundation Inc. are registered charities. Bethesda Residential Holdings Inc. is incorporated under the Canada Corporations Act. Bethesda Home Foundation Inc. is incorporated in the Province of Ontario.

The purpose of Bethesda Residential Holdings Inc. is to own and manage properties and vehicles used by Bethesda Community Services Inc. in the regional municipalities of Niagara, Hamilton-Wentworth, Brant County, and Haldimand-Norfolk.

The purpose of the Bethesda Home Foundation Inc. is to acquire and distribute capital and investment funds for the use and promotion of services to developmentally handicapped persons under the Bethesda umbrella of programs.

### 7. Economic Dependence

Bethesda Community Services Inc. is funded by the Ministry of Children, Community and Social Services and as a result is economically dependent upon the Ministry. Furthermore, Bethesda Community Services Inc. is subject to the restrictions imposed by the Ministry on the use of government funds.

As of March 31, 2021, Bethesda Community Services Inc. is up for a contract renewal with the Ministry of Children, Community and Social Services, however, it has yet to be finalized.

# BETHESDA COMMUNITY SERVICES INC.

## NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2021

---

### 8. Pension Agreement

The organization makes contributions to the Healthcare of Ontario Pension Plan ("HOOPP"), which is a multi-employer plan, on behalf of 277 members of its staff. The plan is a defined benefit plan which specifies the amount of retirement benefit to be received by the employees based on the length of service and rates of pay. The pension plan contributions have been accounted for as a defined contribution plan because the information required to account for as a defined benefit plan is not readily available.

The amount contributed by the employer to HOOPP for the year is \$1,362,870 (2020 - \$1,380,413) for current service and is included in employee benefits on the statements of general funded operations and government funded operations.

### 9. Commitment

The organization entered into a contract expiring in 2025 with Bethesda Residential Holdings Inc. for premise costs.

The payments are due as follows:

	\$
2022	874,698
2023	883,444
2024	892,281
2025	901,205
Total	<u>3,551,628</u>

### 10. Government Assistance

During the year, as a result of the COVID-19 global pandemic, the organization applied for and received \$2,227,954 in government assistance under the Canada Emergency Wage Subsidy Program. Of this amount, \$404,733 was recorded as revenue in the general fund, and \$1,823,221 was recorded as other revenue in the government fund.

### 11. Comparative Figures

Comparative figures have been reclassified to conform to the current year's presentation.