



BETHESDA COMMUNITY SERVICES INC.

Financial Statements

March 31, 2023



**CRAWFORD
SMITH &
SWALLOW**

BETHESDA COMMUNITY SERVICES INC.

Financial Statements

March 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Bethesda Community Services Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Bethesda Community Services Inc. (the "organization"), which comprise the statement of financial position as at March 31, 2023, 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 financial statements present fairly, in all material respects, the financial position of Bethesda Community Services Inc. as at March 31, 2023, 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, 2022 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 *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 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, 2022 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.

Auditor's 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 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:

- 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 27, 2023

CRAWFORD SMITH & SWALLOW
CHARTERED PROFESSIONAL ACCOUNTANTS LLP
LICENSED PUBLIC ACCOUNTANTS


BETHESDA COMMUNITY SERVICES INC.

STATEMENT OF FINANCIAL POSITION

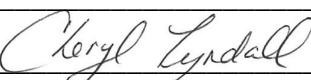
March 31, 2023

Assets	2023	2022
	\$	\$
Current Assets		
Cash	3,525,147	4,794,662
Accounts receivable	436,236	627,366
Sales tax recoverable	365,203	331,214
Prepaid expenses	187,019	149,544
Due from related parties - note 4	1,070,157	
	5,583,762	5,902,786
Property and Equipment - note 3	616,857	857,045
	6,200,619	6,759,831
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued liabilities	4,480,357	5,335,048
Government remittances payable	118,732	87,720
Due to related parties - note 4		100
Unearned revenue		144,760
	4,599,089	5,567,628
Net Assets		
General funded operations	1,601,289	1,191,962
Government funded operations	241	241
	1,601,530	1,192,203
	6,200,619	6,759,831

Signed on behalf of the board:



Cheryl Lyndall Director



Cheryl Lyndall Director

See accompanying notes

BETHESDA COMMUNITY SERVICES INC.

STATEMENT OF CHANGES IN NET ASSETS

for the year ended March 31, 2023

	2023 \$	2022 \$
General Funded Operations		
Balance, Beginning of Year	1,191,962	2,001,118
Excess (deficiency) of revenue over expenses for the year	409,327	(809,156)
Balance, End of Year	1,601,289	1,191,962
Government Funded Operations		
Balance, Beginning of Year	241	241
Excess of revenue over expenses for the year		
Balance, End of Year	241	241
Total of Net Assets	1,601,530	1,192,203

See accompanying notes

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

for the year ended March 31, 2023

	2023	2022
	\$	\$
Revenue	1,559,583	6,806,849
Expenses		
Allocated central administrative costs (recoveries)	(2,951,547)	(2,529,265)
Amortization	81,557	65,864
Donation - note 4	553,283	2,000,000
Employee benefits	1,807,871	1,261,165
Equipment	585,986	603,886
Household, cleaning and laundry	87,878	43,655
Insurance	56,095	48,521
Office, postage and sundry	123,822	122,219
Premises costs	388,673	291,664
Professional fees and dues	159,144	85,453
Purchased services	5,640,030	3,688,135
Resource materials	383,129	130,693
Salaries and wages	5,564,445	4,359,007
Special projects	53,599	199,520
Supplies and maintenance	294,038	432,082
Telephone	29,458	27,266
Transportation	55,523	15,515
Utilities	95,464	84,387
Vehicle operations and maintenance	95,544	79,317
	13,103,992	11,009,084
Cost recoveries	(11,953,736)	(3,393,079)
	1,150,256	7,616,005
Excess (Deficiency) of Revenue over Expenses for the Year	409,327	(809,156)

See accompanying notes

BETHESDA COMMUNITY SERVICES INC.

STATEMENT OF GOVERNMENT FUNDED OPERATIONS

for the year ended March 31, 2023

	2023 \$	2022 \$
Revenue		
Ministry of Children, Community and Social Services	32,487,625	29,542,384
Other agencies	1,553,745	1,378,824
Other revenue	894,464	1,123,622
	<hr/> 34,935,834	<hr/> 32,044,830
Expenses		
Allocated central administrative costs	2,951,547	2,529,265
Capital expenditures	2,078,725	1,422,002
Client costs	342,298	390,249
Employee benefits	4,756,237	4,479,337
Food	568,232	543,777
Household cleaning and laundry	504,417	581,455
Insurance	208,657	178,035
Office, postage and sundry	45,437	28,460
Premises costs	849,808	797,346
Professional fees and dues	5,701	30,497
Purchased services	2,999,047	3,257,461
Recreation and therapy	21,032	10,290
Residents' personal needs	112,165	22,627
Resource materials	38,520	16,769
Salaries and wages	19,427,723	17,398,641
Special projects	33,413	23,943
Supplies and maintenance	764,795	796,666
Telephone	38,834	36,880
Transportation	97,693	56,193
Utilities	356,045	321,145
Vehicle operations and maintenance	502,533	411,081
	<hr/> 36,702,859	<hr/> 33,332,119
Cost recoveries	(1,767,025)	(1,287,289)
	<hr/> 34,935,834	<hr/> 32,044,830
Excess of Revenue over Expenses for the Year		

See accompanying notes

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

for the year ended March 31, 2023

	2023	2022
	\$	\$
Operating Activities		
General funded operations - excess (deficiency) of revenue over expenses for the year	409,327	(809,156)
Government funded operations - excess of revenue over expenses for the year		
Total excess (deficiency) of revenue over expenses for the year	409,327	(809,156)
Amortization	81,557	65,864
Working capital provided (used) by operations	490,884	(743,292)
Changes in working capital components		
Accounts receivable	191,130	(110,329)
Sales tax recoverable	(33,989)	85,572
Prepaid expenses	(37,475)	(6,197)
Due from related parties	(1,070,157)	
Accounts payable and accrued liabilities	(854,691)	(1,031,956)
Government remittances payable	31,012	(48,096)
Due to related parties	(100)	100
Unearned revenue	(144,760)	4,559
	(1,919,030)	(1,106,347)
Funds used by operating activities	(1,428,146)	(1,849,639)
Investing Activities		
Purchase of property and equipment		(236,469)
Proceeds on disposal of property and equipment	158,631	
Funds provided (used) by investing activities	158,631	(236,469)
Decrease in Cash Position	(1,269,515)	(2,086,108)
Cash Position, Beginning of Year	4,794,662	6,880,770
Cash Position, End of Year	3,525,147	4,794,662

See accompanying notes

BETHESDA COMMUNITY SERVICES INC.

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2023

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.

BETHESDA COMMUNITY SERVICES INC.

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2023

1. Significant Accounting Policies - continued

Financial instruments

The organization's financial instruments consist of cash, accounts receivable, and accounts payable and accrued liabilities. 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.

Property and equipment and amortization

Property and equipment, 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.

Amortization 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
Equipment	- 3 - 15 years

Additions during the year are amortized from the month of acquisition. Disposals are amortized 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 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, 2023

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, 2022 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 property and equipment purchased through government funded programs are expensed when acquired rather than being capitalized on the statement of financial position and amortized over their estimated useful lives.

3. Property and Equipment

	Cost \$	Accumulated Amortization \$	2023 \$	2022 \$
Land	150,000		150,000	150,000
Buildings	290,478	86,247	204,231	211,493
Equipment	395,523	132,897	262,626	495,552
	836,001	219,144	616,857	857,045

This property and equipment is held by the general fund as it was 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 (2022 - \$3,052,277) for buildings.

4. Related Party Transactions

Related parties consist of Bethesda Direct Services Inc., Bethesda Residential Holdings Inc. and Bethesda Home Foundation Inc. All four organizations are controlled by a common Board of Directors.

Amounts due from Bethesda Direct Services Inc. of \$1,071,015 (2022 - \$nil) are non-interest bearing, unsecured and have no fixed terms for repayment.

During the year, the organization transferred \$158,631 (2022 - \$nil) in equipment to Bethesda Direct Services Inc. at their net book value. Additionally, \$7,137,090 (2022 - \$nil) of purchased services recorded by Bethesda Direct Services Inc. were included as cost recoveries for the organization for operating expenses such as payroll.

Amounts due to Bethesda Residential Holdings Inc. of \$481 (2022 - \$nil) are non-interest bearing, unsecured and have no fixed terms for repayment.

BETHESDA COMMUNITY SERVICES INC.

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2023

4. Related Party Transactions - continued

Bethesda Residential Holdings Inc. charged Bethesda Community Services Inc. premises costs in the amount of \$1,015,060 (2022 - \$874,698) and vehicle lease costs in the amount of \$309,461 (2022 - \$298,903). Bethesda Community Services Inc. charged Bethesda Residential Holdings Inc. administration fees in the amount of \$10,000 (2022 - \$10,000).

Amounts due to Bethesda Home Foundation Inc. of \$377 (2022 - \$100) are non-interest bearing, unsecured and have no fixed terms for repayment.

Bethesda Community Services Inc. charged Bethesda Home Foundation Inc. administration fees in the amount of \$60,000 (2022 - \$60,000). During the year, the organization received \$72,000 (2022 - \$62,000) in donations from Bethesda Home Foundation Inc. Bethesda Community Services Inc. made a donation of \$553,283 (2022 - \$2,000,000) to Bethesda Home Foundation Inc. based on a surplus in the general funded operations.

These transactions have been reported at the exchange amount.

5. Controlled Entities that are not Consolidated

The Board of Directors of Bethesda Community Services Inc. are also the Board of Directors for Bethesda Direct Services Inc., 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 Direct Services Inc., Bethesda Residential Holdings Inc., and Bethesda Home Foundation Inc., as at March 31, 2023 are as follows:

Financial Position

	Bethesda Direct Services Inc. \$	Bethesda Community Services Inc. \$	Bethesda Residential Holdings Inc. \$	Bethesda Home Foundation Inc. \$	2023 Totals \$	2022 Totals \$
Total Assets	1,560,374	6,200,619	11,503,413	5,275,375	24,539,781	23,605,073
Total Liabilities	1,349,517	4,599,089	822,043	3,758	6,774,407	8,368,622
Net Assets	210,857	1,601,530	10,681,370	5,271,617	17,765,374	15,236,451
	1,560,374	6,200,619	11,503,413	5,275,375	24,539,781	23,605,073

BETHESDA COMMUNITY SERVICES INC.

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2023

5. Controlled Entities that are not Consolidated - continued

Results of Operations

	Bethesda Direct Services Inc. \$	Bethesda Community Services Inc. \$	Bethesda Residential Holdings Inc. \$	Bethesda Home Foundation Inc. \$	2023 Totals \$	2022 Total \$
Total Revenue	8,038,139	36,495,417	1,561,605	1,481,015	47,576,176	42,545,781
Total Expenses	7,827,282	36,086,090	791,206	342,675	45,047,253	40,561,731
Excess of Revenue over Expenses	210,857	409,327	770,399	1,138,340	2,528,923	1,984,050

Cash Flows

	\$	\$	\$	\$	2023 \$	2022 \$
Funds provided (used) by operating activities	(578,973)	(1,428,146)	1,254,610	1,162,896	410,387	1,292,397
Funds provided (used) by investing activities	702,952	158,631	(839,905)	(325,503)	(303,825)	(2,098,558)
Funds provided (used) by financing activities			(1,982,714)		(1,982,714)	92,265
Increase (Decrease) in Cash Position	123,979	(1,269,515)	(1,568,009)	837,393	(1,876,152)	(713,896)

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. Bethesda Direct Services Inc. is a not-for-profit organization incorporated under the laws of the Province of Ontario.

The purpose of Bethesda Direct Services Inc. is to operate fee for service programs for individuals with developmental handicaps.

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.

The figures and other information in this note have been presented and approved by the Board of Directors of the above-noted entities in summarized form for convenience sake and are not subject to the accompanying Independent Auditor's Report dated June 27, 2023.

BETHESDA COMMUNITY SERVICES INC.

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2023

6. 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, 2023, 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.

7. Pension Agreement

The organization makes contributions to the Healthcare of Ontario Pension Plan ("HOOPP"), which is a multi-employer plan, on behalf of 370 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 \$1,613,861 (2022 - \$1,308,593) for current service and is included in employee benefits on the statements of general funded operations and government funded operations.

BETHESDA COMMUNITY SERVICES INC.

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2023

8. Commitment

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

The payments are due as follows:

	\$
2024	785,529
2025	793,384
Total	<u>1,578,913</u>

Additionally, the organization entered into a contract expiring in 2030 with Bethesda Residential Holdings Inc. for vehicle costs.

The payments are due as follows:

	\$
2024	291,804
2025	115,224
2026	108,000
2027	53,904
2028	53,904
thereafter	83,592
Total	<u>706,428</u>