

**CANADIAN MENTAL HEALTH ASSOCIATION,  
HALTON REGION BRANCH**

**FINANCIAL STATEMENTS**

**AS AT**

**MARCH 31, 2019**

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## INDEPENDENT AUDITORS' REPORT

To the Directors  
Canadian Mental Health Association, Halton Region Branch

### *Opinion*

We have audited the financial statements of Canadian Mental Health Association, Halton Region Branch ("the Association") which comprise the statement of financial position as at March 31, 2019, and the statements of operations and changes in fund balance, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2019 and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### *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.

### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of the 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 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:



GLENN • GRAYDON • WRIGHT LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS

## INDEPENDENT AUDITORS' REPORT, continued

- 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 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.
- 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.

*Glenn Graydon Wright LLP*

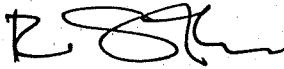
Chartered Professional Accountants  
Licensed Public Accountants  
Oakville, Ontario  
June 25, 2019

**CANADIAN MENTAL HEALTH ASSOCIATION,  
HALTON REGION BRANCH**

Statement of financial position  
As at March 31, 2019

	2019	2018
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents (Note 4)	\$ 1,755,090	899,299
Short-term investments	-	101,578
HST receivable	67,164	61,949
Accounts receivable	8,549	109,093
Prepaid expenses	83,726	88,362
	1,914,529	1,260,281
<b>Long-term investments</b>	51,535	51,535
<b>Capital assets (Note 5)</b>	91,256	99,029
	\$ 2,057,320	1,410,845
<b>Liabilities and fund balance</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 1,192,670	463,229
Government remittances payable	94,808	143,840
Deferred contributions – operations (Note 7(a))	96,384	188,418
	1,383,862	795,487
<b>Deferred contributions</b>		
Invested in capital assets (Note 7(b))	160,000	153,556
	1,543,862	949,043
<b>Fund balance</b>	513,458	461,802
	\$ 2,057,320	1,410,845


Approved by the Board



Robert Struthers, Board Chair

Date

25 June 2019



Tony Nikolovski, Chair of the Audit and Finance Committee

Date

25 June 2019.



**CANADIAN MENTAL HEALTH ASSOCIATION,  
HALTON REGION BRANCH**

Statement of operations and changes in fund balance  
For the year ended March 31, 2019

	M-H LHIN funded programs	Other programs	2019	2018
<b>Revenues</b>				
Government funding				
Mississauga-Halton Local Health Integrated Network				
Operations	\$ 6,487,199	-	6,487,199	5,358,877
Capital	-	-	-	77,901
Grants	-	701,991	701,991	520,207
Donations	112	193,365	193,477	195,299
Fundraising				
Bingo	-	44,502	44,502	50,590
Ride Don't Hide	-	59,631	59,631	60,162
Public education seminars	-	66,188	66,188	87,564
Cost recoveries	84,680	-	84,680	79,688
Other	1,548	571	2,119	12,185
<b>Total revenues</b>	<b>6,573,539</b>	<b>1,066,248</b>	<b>7,639,787</b>	<b>6,442,473</b>
<b>Less direct costs</b>				
Fundraising	-	73,655	73,655	74,713
Public education seminars	-	9,885	9,885	45,283
	<b>6,573,539</b>	<b>982,708</b>	<b>7,556,247</b>	<b>6,322,477</b>
<b>Expenditures</b>				
Administrative support	1,041,902	-	1,041,902	849,326
Amortization	-	40,235	40,235	139,806
Communications and information technology	154,957	26,823	181,780	264,375
Employment	4,079,266	682,060	4,761,326	4,012,249
Occupancy	292,375	98,959	391,334	365,738
Program	1,005,039	82,975	1,088,014	595,510
<b>Total expenditures</b>	<b>6,573,539</b>	<b>931,052</b>	<b>7,504,591</b>	<b>6,227,004</b>
<b>Excess of revenues over expenditures for year</b>	\$ <u>Nil</u>	<u>51,656</u>	51,656	95,473
<b>Fund balance, beginning of year</b>			461,802	366,329
<b>Fund balance, end of year</b>		\$	513,458	461,802



**CANADIAN MENTAL HEALTH ASSOCIATION,  
HALTON REGION BRANCH**

**Statement of cash flows**

**For the year ended March 31, 2019**

	2019	2018
<b>Cash flows from (used in) operating activities</b>		
Excess of revenues over expenditures for year	\$ 51,656	95,473
Adjustment for		
Amortization of capital assets	40,235	139,806
	91,891	235,279
Changes in non-cash working capital		
Decrease in short-term investments	101,578	49,257
Increase in HST receivable	(5,215)	(1,088)
Decrease (increase) in accounts receivable	100,544	(71,304)
Decrease (increase) in prepaid expenses	4,636	(23,896)
Increase in accounts payable and accrued liabilities	729,441	86,535
Increase (decrease) in government remittances payable	(49,032)	31,206
Increase (decrease) in deferred contributions – operations	(92,034)	24,239
<b>Cash flows from operating activities</b>	<b>881,809</b>	<b>330,228</b>
<b>Cash flows from (used in) investing activities</b>		
Acquisition of long-term investments, net	-	(51,535)
Acquisition of capital assets	(32,462)	(55,839)
<b>Cash flows used in investing activities</b>	<b>(32,462)</b>	<b>(107,374)</b>
<b>Cash flows from (used in) financing activities</b>		
Increase in deferred contributions – invested in capital assets	6,444	82,099
<b>Cash flows from financing activities</b>	<b>6,444</b>	<b>82,099</b>
<b>Net increase in cash and cash equivalents during year</b>	<b>855,791</b>	<b>304,953</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>899,299</b>	<b>594,346</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 1,755,090</b>	<b>899,299</b>



## CANADIAN MENTAL HEALTH ASSOCIATION, HALTON REGION BRANCH

Notes to financial statements

As at March 31, 2019

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### 1. Purpose of the Association

The Canadian Mental Health Association, Halton Region Branch ("the Association") operates as a charitable organization incorporated without share capital under the laws of the Province of Ontario. The Association's goal is to improve the well-being of the community through high quality mental health and addictions services.

### 2. Significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and reflect the following significant accounting policies:

#### a) Basis of accounting

The Association uses the deferral method of accounting for contributions which includes grants and donations.

#### b) Revenue recognition

Government funding for operations, grants and public education seminars are recognized in the period in which the services are delivered. Revenue received for delivery of services is deferred if the services are not delivered in the period.

Unrestricted revenue, donations, fundraising, cost recoveries and other revenue, is recognized when received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Externally restricted revenue is deferred and recognized as revenue in the year the related expenses are incurred.

Restricted contributions for capital assets are deferred and recognized as revenue over the useful life of the asset.

#### c) Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks, net of bank overdrafts and highly liquid temporary money market instruments with original maturities of three months or less. Bank borrowings are considered to be financing activities.

#### d) Capital assets

Capital assets are recorded at acquisition cost. Amortization is recorded in the accounts at rates intended to write off the cost of the assets over their estimated useful life. Methods and rates used are:

Office equipment  
5 years straight-line basis

Computer software  
2 years straight-line basis

Automotive equipment  
3 years straight-line basis

Website costs  
5 years straight-line basis

Computer equipment  
2 years straight-line basis

Leasehold improvements  
Straight-line basis over the remaining terms of the lease

Amortization is recorded once the asset is in use.



**CANADIAN MENTAL HEALTH ASSOCIATION,  
HALTON REGION BRANCH**

Notes to financial statements

As at March 31, 2019

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**2. Significant accounting policies – continued**

**e) Management estimates**

The preparation of the financial statements in conformity 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. Actual results could differ significantly from these estimates.

**f) Contributed services**

Volunteers contribute a significant number of hours annually to assist the Association in carrying out its service delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

**3. Financial instruments**

**a) Fair value**

The Association initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions. The entity subsequently measures all its financial assets and financial liabilities at cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value.

**b) Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in underlying market factors. The Association is exposed to interest rate risk and credit risk.

**i) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Association's long-term investments earn interest at fixed rates. Consequently, the cash flow risks are not significant. However, there is a risk of fair value fluctuations on this asset.

**ii) Credit risk**

Credit risk is the risk that one party to a financial instrument will cause a loss for the other party by failing to discharge an obligation.

The Association is subject to credit risk. To mitigate this, the Association actively manages and monitors its receivables. Bad debt experience has not been significant.





**CANADIAN MENTAL HEALTH ASSOCIATION,  
HALTON REGION BRANCH**

Notes to financial statements  
As at March 31, 2019

**3. Financial instruments – continued**

**c) Liquidity risk**

Liquidity risk is the risk that the Association cannot meet a demand for cash or fund its obligations as they come due. Unless otherwise noted, the Association is not subject to significant liquidity risk. The Association manages liquidity risk by:

- investing in liquid fixed income securities and cash equivalents that, if necessary, can be sold to generate cash flow.
- having committed borrowing facilities or other lines of credit that it can access to meet liquidity needs.

**4. Restricted cash balance**

The Association has designated \$125,185 (2018 - \$151,449) as restricted cash. This represents the remaining balance of Mississauga-Halton Local Health Integration Network funding received in fiscal 2018 to be utilized for the future Milton office site.

**5. Capital assets**

		<u>2019</u>		<u>2018</u>
	Cost	Accumulated amortization	Net	Net
Office equipment	\$ 32,167	20,127	12,040	19,281
Automotive equipment	21,186	21,186	-	7,062
Computer equipment	36,635	31,728	4,907	15,219
Computer software	665	665	-	332
Leasehold improvements	87,899	48,405	39,494	48,584
	178,552	122,111	56,441	90,478
Assets not in use	34,815	-	34,815	8,551
	\$ 213,367	122,111	91,256	99,029

Amortization recorded during the year amounted to \$40,235.

During the year, capital assets were acquired at an aggregate cost of \$32,462, of which \$6,198 were for cash and \$26,264 were by way of government funding.

**6. Bank indebtedness**

The Association has an authorized, unsecured, line of credit of \$50,000 at a rate of bank prime plus 3.85% per annum which remained unused as at March 31, 2019.



**CANADIAN MENTAL HEALTH ASSOCIATION,  
HALTON REGION BRANCH**

Notes to financial statements

As at March 31, 2019

**7. Deferred contributions**

	<u>2019</u>	<u>2018</u>
<b>a) Operations</b>		
Balance, beginning of year	\$ 188,418	164,179
Contributions received in advance for future years	587,884	512,625
Recognized as revenue, included in statement of operations and changes in fund balance	<u>(679,918)</u>	<u>(488,386)</u>
Balance, end of year	<u>\$ 96,384</u>	<u>188,418</u>

**b) Invested in capital assets**

	<u>2019</u>	<u>2018</u>
Balance, beginning of year	\$ 153,556	71,457
Restricted contributions received for purchase of major capital asset purchases and leasehold improvements	6,444	160,000
Recognized as revenue, included in statement of operations and changes in fund balance	<u>-</u>	<u>(77,901)</u>
Balance, end of year	<u>\$ 160,000</u>	<u>153,556</u>

**8. Operating lease commitments**

Future minimum rental payments required under operating leases are:

2020	\$ 359,336
2021	422,927
2022	425,359
2023	430,718
2024	173,277
Thereafter	<u>488,963</u>
	<u>\$ 2,300,580</u>

**9. Income tax status**

The Association is a registered charity and is therefore exempt from income taxes under Section 149(1)(f) of the Income Tax Act.

**10. Economic dependence**

The Association is dependent on the operating subsidy provided by the Mississauga-Halton Local Health Integrated Network.

**11. Comparative figures**

Certain figures in the 2018 financial statements have been reclassified to conform with the basis of presentation used in 2019.

