

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

FINANCIAL STATEMENTS

AS AT

MARCH 31, 2021

| Contents | Page |
|---|-------------|
| Independent auditors' report | 1 – 2 |
| Statement of financial position | 3 |
| Statement of operations and changes in fund balance | 4 |
| Statement of cash flows | 5 |
| Notes to financial statements | 6 - 10 |





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, 2021, 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, 2021 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:



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 21, 2021

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

Statement of financial position
As at March 31, 2021

| | 2021 | 2020 |
|---|--------------|-----------|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents (Note 4) | \$ 1,380,058 | 1,412,302 |
| Short-term investments | - | 52,321 |
| HST receivable | 54,534 | 86,560 |
| Accounts receivable | 57,756 | 55,290 |
| Prepaid expenses | 88,718 | 75,652 |
| | 1,581,066 | 1,682,125 |
| Capital assets (Note 5) | 290,613 | 113,147 |
| | \$ 1,871,679 | 1,795,272 |
| Liabilities and fund balance | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities | \$ 862,996 | 957,306 |
| Government remittances payable | 47,446 | 40,027 |
| Deferred contributions – operating (Note 6(a)) | 185,736 | 86,779 |
| | 1,096,178 | 1,084,112 |
| Deferred contributions – capital (Note 6(b)) | 227,072 | 164,469 |
| | 1,323,250 | 1,248,581 |
| Fund balance | 548,429 | 546,691 |
| | \$ 1,871,679 | 1,795,272 |

Approved by the Board

DocuSigned by:

Michele Sparling

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Michele Sparling, Board Chair

6/21/2021

Date

DocuSigned by:

Jasvinder Singh

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Jasvinder Singh, Chair of the Audit and Finance Committee

6/21/2021

Date



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

Statement of operations and changes in fund balance
For the year ended March 31, 2021

| | M-H LHIN funded programs | Other programs | 2021 | 2020 |
|--|--------------------------------|-------------------|------------------|------------------|
| Revenues | | | | |
| Mississauga-Halton Local Health Integration Network | \$ 5,929,451 | - | 5,929,451 | 6,027,914 |
| Grants | - | 729,121 | 729,121 | 605,291 |
| Donations | 591 | 152,109 | 152,700 | 202,328 |
| Fundraising | - | 20,928 | 20,928 | 46,353 |
| Public education seminars | - | 4,305 | 4,305 | 61,795 |
| Cost recoveries | 134,253 | 51,686 | 185,939 | 107,226 |
| Amortization of deferred contributions – capital | 36,467 | - | 36,467 | - |
| Other | 6,078 | 2,694 | 8,772 | 4,914 |
| Total revenues | 6,106,840 | 960,843 | 7,067,683 | 7,055,821 |
| Less direct costs | | | | |
| Fundraising | - | 8,423 | 8,423 | 26,102 |
| Public education seminars | - | 8,624 | 8,624 | 25,389 |
| | 6,106,840 | 943,796 | 7,050,636 | 7,004,330 |
| Expenditures | | | | |
| Administrative support | 1,204,742 | - | 1,204,742 | 1,087,215 |
| Amortization | 36,467 | 32,350 | 68,817 | 21,304 |
| Communications and information technology | 167,788 | 39,900 | 207,688 | 181,723 |
| Employment | 3,963,051 | 751,491 | 4,714,542 | 4,210,693 |
| Occupancy | 348,178 | 50,517 | 398,695 | 373,934 |
| Program | 386,614 | 67,800 | 454,414 | 1,096,228 |
| Total expenditures | 6,106,840 | 942,058 | 7,048,898 | 6,971,097 |
| Excess of revenues over expenditures for year | \$ <u>Nil</u> | <u>1,738</u> | 1,738 | 33,233 |
| Fund balance, beginning of year | - | - | 546,691 | 513,458 |
| Fund balance, end of year | \$ - | - | 548,429 | 546,691 |



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

Statement of cash flows

For the year ended March 31, 2021

| | 2021 | 2020 |
|--|---------------------|------------------|
| Cash flows from (used in) operating activities | | |
| Excess of revenues over expenditures for year | \$ 1,738 | 33,233 |
| Adjustment for non-cash items | | |
| Amortization of capital assets | 68,817 | 21,304 |
| Amortization of deferred contributions – capital | (36,467) | - |
| | 34,088 | 54,537 |
| Changes in non-cash working capital | | |
| Decrease (increase) in short-term investments | 52,321 | (52,321) |
| Decrease (increase) in HST receivable | 32,026 | (19,396) |
| Increase in accounts receivable | (2,466) | (46,741) |
| (Decrease) increase in prepaid expenses | (13,066) | 8,074 |
| Decrease in accounts payable and accrued liabilities | (94,310) | (235,364) |
| Increase (decrease) in government remittances payable | 7,419 | (54,781) |
| Increase (decrease) in deferred contributions – operating | 98,957 | (9,605) |
| Cash flows from (used in) operating activities | 114,969 | (355,597) |
| Cash flows from (used in) investing activities | | |
| Increase in long-term investments | - | 51,535 |
| Acquisition of capital assets | (246,283) | (43,195) |
| Cash flows (used in) from investing activities | (246,283) | 8,340 |
| Cash flows from financing activities | | |
| Increase in deferred contributions – capital | 99,070 | 4,469 |
| Cash flows from financing activities | 99,070 | 4,469 |
| Net decrease in cash and cash equivalents during the year | (32,244) | (342,788) |
| Cash and cash equivalents, beginning of year | 1,412,302 | 1,755,090 |
| Cash and cash equivalents, end of year | \$ 1,380,058 | 1,412,302 |



CANADIAN MENTAL HEALTH ASSOCIATION, HALTON REGION BRANCH

Notes to financial statements
As at March 31, 2021

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, 2021

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

Board members and other volunteers contribute 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, 2021

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 access to borrowing facilities or other lines of credit to meet liquidity needs.

4. Restricted cash balance

The Association has designated \$Nil (2020 - \$111,649) 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 Milton office site.

5. Capital assets

| | | 2021 | | 2020 |
|--------------------------------|------------|-----------------------------|---------|---------|
| | Cost | Accumulated amortization | Net | Net |
| Office equipment | \$ 40,914 | 35,473 | 5,441 | 6,837 |
| Computer equipment | 21,490 | 15,220 | 6,270 | 4,369 |
| Computer software | 2,530 | 1,476 | 1,054 | 2,319 |
| Leasehold improvements | 373,046 | 95,198 | 277,848 | 43,857 |
| | 437,980 | 147,367 | 290,613 | 57,382 |
| Assets not in use – restricted | - | - | - | 52,821 |
| Assets not in use – other | - | - | - | 2,944 |
| | \$ 437,980 | 147,367 | 290,613 | 113,147 |

Amortization recorded during the year amounted to \$68,817.

During the year, capital assets were acquired at an aggregate cost of \$246,283, of which \$22,580 were for cash and \$223,703 were by way of government funding.



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

Notes to financial statements

As at March 31, 2021

| | | | |
|--|----|------------------|------------------|
| 6. Deferred contributions | | | |
| | | 2021 | 2020 |
| a) Operating | | | |
| Balance, beginning of year | \$ | 86,779 | 96,384 |
| Contributions received in advance for future years | | 856,414 | 610,772 |
| Recognized as revenue, included in statement of operations and changes in fund balance | | <u>(757,457)</u> | <u>(620,377)</u> |
| Balance, end of year | \$ | <u>185,736</u> | <u>86,779</u> |
| b) Capital | | | |
| Balance, beginning of year | \$ | 164,469 | 160,000 |
| Restricted contributions received for the purchase of capital assets | | 99,070 | 4,469 |
| Amortization of deferred contributions – capital | | <u>(36,467)</u> | <u>-</u> |
| Balance, end of year | \$ | <u>227,072</u> | <u>164,469</u> |

7. Operating lease commitments

Future minimum rental payments required under operating leases are:

| | | |
|------------|----|------------------|
| 2022 | \$ | 516,786 |
| 2023 | | 502,145 |
| 2024 | | 201,048 |
| 2025 | | 86,564 |
| 2026 | | 89,492 |
| Thereafter | | <u>312,907</u> |
| | \$ | <u>1,708,942</u> |

8. 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.

9. Economic dependence

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



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

Notes to financial statements

As at March 31, 2021

10. Subsequent events

As of April 1, 2021, Ontario Health will assume all rights and obligations in respect of all service accountability agreements that have been entered into by the Mississauga-Halton Local Health Integration Network.

11. Comparative figures

Certain figures in the 2020 financial statements have been reclassified to conform with the basis of presentation used in 2021.

