

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

FINANCIAL STATEMENTS

AS AT

MARCH 31, 2022

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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, 2022, 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, 2022 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.



Chartered Professional Accountants
Licensed Public Accountants
Oakville, Ontario
June 28, 2022

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

Statement of financial position

As at March 31, 2022

	2022	2021
Assets		
Current assets		
Cash and cash equivalents	\$ 1,452,072	1,380,058
HST receivable	58,679	54,534
Accounts receivable	92,794	57,756
Prepaid expenses	86,653	88,718
	1,690,198	1,581,066
Capital assets (Note 4)	234,995	290,613
	\$ 1,925,193	1,871,679
Liabilities and fund balance		
Current liabilities		
Accounts payable and accrued liabilities	\$ 933,238	862,996
Government remittances payable	60,110	47,446
Deferred contributions – operating (Note 5(a))	137,320	185,736
	1,130,668	1,096,178
Deferred contributions – capital (Note 5(b))	199,081	227,072
	1,329,749	1,323,250
Fund balance	595,444	548,429
	\$ 1,925,193	1,871,679

Approved by the Board

DocuSigned by:

Michele Sparling

Michele Sparling, Board Chair

6/28/2022

Date

DocuSigned by:

J Singh

Jasvinder Singh, Chair of the Audit and Finance Committee

6/28/2022

Date

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

Statement of operations and changes in fund balance
For the year ended March 31, 2022

	Ontario Health funded programs	Other programs	2022	2021
Revenues				
Ontario Health	\$ 6,223,537	-	6,223,537	5,929,451
Grants	-	882,101	882,101	729,121
Donations	1,995	102,540	104,535	152,700
Fundraising	-	12,410	12,410	20,928
Public education seminars	-	38,540	38,540	4,305
Cost recoveries	133,929	425	134,354	185,939
Amortization of deferred contributions – capital	27,991	-	27,991	36,467
Other	4,015	4,316	8,331	8,772
Total revenues	6,391,467	1,040,332	7,431,799	7,067,683
Less direct costs				
Fundraising	-	11,099	11,099	8,423
Public education seminars	-	3,803	3,803	8,624
	6,391,467	1,025,430	7,416,897	7,050,636
Expenditures				
Administrative support	1,188,799	-	1,188,799	1,204,742
Amortization	27,991	27,627	55,618	68,817
Communications and information technology	143,836	106,747	250,583	207,688
Employment	4,228,546	731,344	4,959,890	4,714,542
Occupancy	390,474	34,140	424,614	398,695
Program	411,821	78,557	490,378	454,414
Total expenditures	6,391,467	978,415	7,369,882	7,048,898
Excess of revenues over expenditures for year	\$ <u>Nil</u>	<u>47,015</u>	47,015	1,738
Fund balance, beginning of year	-	-	548,429	546,691
Fund balance, end of year	\$ -	-	595,444	548,429

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

Statement of cash flows

For the year ended March 31, 2022

	2022	2021
Cash flows from (used in) operating activities		
Excess of revenues over expenditures for year	\$ 47,015	1,738
Adjustments for non-cash items		
Amortization of capital assets	55,618	68,817
Amortization of deferred contributions – capital	(27,991)	(36,467)
	74,642	34,088
Changes in non-cash working capital		
Decrease in short-term investments	-	52,321
(Increase) decrease in HST receivable	(4,145)	32,026
Increase in accounts receivable	(35,038)	(2,466)
Decrease (increase) in prepaid expenses	2,065	(13,066)
Increase (decrease) in accounts payable and accrued liabilities	70,242	(94,310)
Increase in government remittances payable	12,664	7,419
(Decrease) increase in deferred contributions – operating	(48,416)	98,957
Cash flows from operating activities	72,014	114,969
Cash flows used in investing activities		
Acquisition of capital assets	-	(246,283)
Cash flows used in investing activities	-	(246,283)
Cash flows from financing activities		
Increase in deferred contributions – capital	-	99,070
Cash flows from financing activities	-	99,070
Net increase (decrease) in cash and cash equivalents during the year	72,014	(32,244)
Cash and cash equivalents, beginning of year	1,380,058	1,412,302
Cash and cash equivalents, end of year	\$ 1,452,072	1,380,058

CANADIAN MENTAL HEALTH ASSOCIATION, HALTON REGION BRANCH

Notes to financial statements

As at March 31, 2022

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

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, 2022

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 typically 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, 2022

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. Capital assets

		2022		2021
		Cost	Accumulated amortization	Net
				Net
Office equipment	\$	17,815	15,509	2,306
Computer equipment		8,691	6,480	2,211
Computer software		2,530	2,530	-
Leasehold improvements		373,046	142,568	230,478
	\$	<u>402,082</u>	<u>167,087</u>	<u>234,995</u>
				<u>290,613</u>

Amortization recorded during the year amounted to \$55,618.

5. Deferred contributions

		2022	2021
a) Operating			
Balance, beginning of year	\$	185,736	86,779
Contributions received in advance for future years		817,538	856,414
Recognized as revenue, included in statement of operations and changes in fund balance		<u>(865,954)</u>	<u>(757,457)</u>
Balance, end of year	\$	<u>137,320</u>	<u>185,736</u>
b) Capital			
Balance, beginning of year	\$	227,072	164,469
Restricted contributions received for the purchase of capital assets		-	99,070
Amortization of deferred contributions – capital		<u>(27,991)</u>	<u>(36,467)</u>
Balance, end of year	\$	<u>199,081</u>	<u>227,072</u>

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

Notes to financial statements

As at March 31, 2022

6. Operating lease commitments

Future minimum rental payments required under operating leases are:

2023	\$	502,145
2024		201,048
2025		86,564
2026		89,492
2027		91,583
Thereafter		<u>221,325</u>
	\$	<u>1,192,157</u>

7. Income taxes

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

8. Economic dependence

The Association is dependent on the operating subsidy provided by Ontario Health.