

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

FINANCIAL STATEMENTS

AS AT

MARCH 31, 2023

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 - 9

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, 2023, 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, 2023 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.

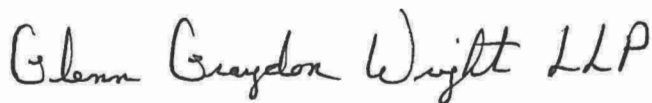
Auditors' Responsibilities for the Audit of the Financial Statements

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 27, 2023

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

Statement of financial position

As at March 31, 2023

	2023	2022
Assets		
Current assets		
Cash and cash equivalents	\$ 1,378,540	1,452,072
HST receivable	49,994	58,679
Accounts receivable	795,690	92,794
Prepaid expenses	87,562	86,653
	2,311,786	1,690,198
Capital assets (Note 4)	237,604	234,995
	\$ 2,549,390	1,925,193
Liabilities and fund balance		
Current liabilities		
Accounts payable and accrued liabilities	\$ 1,464,709	933,238
Government remittances payable	71,133	60,110
Deferred contributions – operating (Note 5(a))	110,997	137,320
	1,646,839	1,130,668
Deferred contributions – capital (Note 5(b))	221,379	199,081
	1,868,218	1,329,749
Fund balance	681,172	595,444
	\$ 2,549,390	1,925,193

Approved by the Board

DocuSigned by:

Michele Sparling

Michele Sparling, Board Chair

6/27/2023

Date

DocuSigned by:

Jasvinder Singh

Jasvinder Singh, Chair of the Audit and Finance Committee

6/27/2023

Date

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

Statement of operations and changes in fund balance
For the year ended March 31, 2023

		Ontario Health funded programs	Other programs	2023	2022
Revenues					
Ontario Health	\$	6,541,959	-	6,541,959	6,223,537
Grants		27,880	1,029,175	1,057,055	882,101
Donations		3,836	130,337	134,173	104,535
Fundraising		-	28,375	28,375	12,410
Public education seminars		-	53,135	53,135	38,540
Cost recoveries		138,803	-	138,803	134,354
Amortization of deferred contributions – capital		29,041	-	29,041	27,991
Other		25,476	2,094	27,570	8,331
Total revenues		6,766,995	1,243,116	8,010,111	7,431,799
Less direct costs					
Fundraising		-	12,708	12,708	11,099
Public education seminars		-	11,296	11,296	3,803
		6,766,995	1,219,112	7,986,107	7,416,897
Expenditures					
Administrative support		1,373,230	-	1,373,230	1,188,799
Amortization		29,041	24,975	54,016	55,618
Communications and information technology		126,374	40,128	166,502	250,583
Employment		4,479,609	947,878	5,427,487	4,959,890
Occupancy		376,423	54,225	430,648	424,614
Program		382,318	66,178	448,496	490,378
Total expenditures		6,766,995	1,133,384	7,900,379	7,369,882
Excess of revenues over expenditures for year	\$	Nil	85,728	85,728	47,015
Fund balance, beginning of year				595,444	548,429
Fund balance, end of year	\$	-	-	681,172	595,444

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

Statement of cash flows

For the year ended March 31, 2023

	2023	2022
Cash flows from (used in) operating activities		
Excess of revenues over expenditures for year	\$ 85,728	47,015
Adjustments for non-cash items		
Amortization of capital assets	54,016	55,618
Amortization of deferred contributions – capital	(29,041)	(27,991)
	110,703	74,642
Changes in non-cash working capital		
Decrease (increase) in HST receivable	8,685	(4,145)
Increase in accounts receivable	(702,896)	(35,038)
(Increase) decrease in prepaid expenses	(909)	2,065
Increase in accounts payable and accrued liabilities	531,471	70,242
Increase in government remittances payable	11,023	12,664
Decrease in deferred contributions – operating	(26,323)	(48,416)
Cash flows (used in) from operating activities	(68,246)	72,014
Cash flows from (used in) investing activities		
Acquisition of capital assets	(56,625)	-
Cash flows used in investing activities	(56,625)	-
Cash flows from (used in) financing activities		
Increase in deferred contributions – capital	51,339	-
Cash flows from financing activities	51,339	-
Net (decrease) increase in cash and cash equivalents during the year	(73,532)	72,014
Cash and cash equivalents, beginning of year	1,452,072	1,380,058
Cash and cash equivalents, end of year	\$ 1,378,540	1,452,072

CANADIAN MENTAL HEALTH ASSOCIATION, HALTON REGION BRANCH

Notes to financial statements

As at March 31, 2023

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 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, 2023

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, 2023

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

		2023		2022
		Cost	Accumulated amortization	Net
Office equipment	\$	3,218	1,555	1,663
Computer equipment		15,381	8,803	6,578
Leasehold improvements		373,046	190,823	182,223
		391,645	201,181	190,464
Assets not in use – restricted		47,140	-	47,140
	\$	438,785	201,181	237,604
				234,995

Amortization recorded during the year amounted to \$54,016.

During the year, capital assets were acquired at an aggregate cost of \$56,625, of which \$5,286 were for cash and \$51,339 were by way of government funding.

5. Deferred contributions

		2023	2022
a) Operating			
Balance, beginning of year	\$	137,320	185,736
Contributions received in advance for future years		773,066	817,538
Recognized as revenue, included in statement of operations and changes in fund balance		(799,389)	(865,954)
Balance, end of year	\$	110,997	137,320
b) Capital			
Balance, beginning of year	\$	199,081	227,072
Restricted contributions received for the purchase of capital assets		51,339	-
Amortization of deferred contributions – capital		(29,041)	(27,991)
Balance, end of year	\$	221,379	199,081

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

Notes to financial statements

As at March 31, 2023

6. Operating lease commitments

Future minimum rental payments required under operating leases are:

2024	\$	241,834
2025		114,394
2026		89,492
2027		91,583
2028		91,583
Thereafter		<u>129,742</u>
	\$	<u>758,628</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.