

**Canadian Mental Health Association
Grey Bruce Branch
Financial Statements
For the year ended March 31, 2018**

Canadian Mental Health Association - Grey Bruce Branch
Financial Statements
For the year ended March 31, 2018

Contents

Independent Auditor's Report	2 - 3
Financial Statements	
Balance Sheet	4
Statement of Fund Balances	5
Statement of Operations	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 13
Schedule 1 - Ontario Ministry of Health Programs	14
Schedule 2 - Partner Assault Response Program - Ministry	15
Schedule 3 - Partner Assault Response Program - Total	16



Tel: 519 376 6110
Fax: 519 376 4741
www.bdo.ca

BDO Canada LLP
1717 2nd Avenue E, Third Floor
PO Box 397
Owen Sound ON N4K 5P7 Canada

Independent Auditor's Report

To the Members of the Canadian Mental Health Association - Grey Bruce Branch

We have audited the accompanying financial statements of the Canadian Mental Health Association - Grey Bruce Branch, which comprise the balance sheet as at March 31, 2018, and the statements of operations, fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal controls as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.



Basis for Qualified Opinion

In common with many charitable organizations, the entity derives revenue from donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization. We were unable to determine whether any adjustments might be necessary to fundraising and donation revenues, excess of revenue over expenses and cash flows from operations for the years ended March 31, 2017 and 2018 and current assets and fund balances as at April 1 and March 31 for both the 2017 and 2018 years. Our audit opinion on the financial statements for the year ended March 31, 2017 was modified accordingly because of the possible effects of this limitation in scope.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Canadian Mental Health Association - Grey Bruce Branch as at March 31, 2018 and the results of its operations and changes in fund balances and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Owen Sound, Ontario
June 25, 2018

Canadian Mental Health Association - Grey Bruce Branch
Balance Sheet

March 31	2018	2017
Assets		
Current		
Cash and bank (Note 2)	\$ 105,994	\$ 108,941
Accounts receivable (Note 3)	111,958	60,337
Prepaid expenses	18,025	16,785
	235,977	186,063
Capital assets (Note 4)	502,144	520,845
	\$ 738,121	\$ 706,908

Liabilities and Fund Balances

Current		
Accounts payable and accrued liabilities (Note 5)	\$ 166,946	\$ 62,994
Accrued vacation and compensatory liability	56,651	59,034
Due to Ontario Ministry of Health (Note 6)	41,288	31,025
Deferred revenue (Note 7)	18,213	52,259
	283,098	205,312
Deferred contributions relating to capital assets (Note 8)	321,364	352,808
	604,462	558,120
Fund balances (Page 5)		
Investment in capital assets (Note 9)	180,780	168,037
Unrestricted (Note 10)	(47,121)	(19,249)
	133,659	148,788
	\$ 738,121	\$ 706,908

Approved on behalf of the Board:

_____ Director

_____ Director

Canadian Mental Health Association - Grey Bruce Branch
Statement of Fund Balances

For the year ended March 31	Unrestricted	Invested in Capital Assets	Total 2018	Total 2017
Balance, beginning of the year	\$ (19,249)	\$ 168,037	\$ 148,788	\$ 144,597
Excess of (expenses over revenue) revenue over expenses for the year (Page 6)	1,847	(16,976)	(15,129)	4,191
Invested in capital assets	(29,719)	29,719	-	-
Balance, end of the year	\$ (47,121)	\$ 180,780	\$ 133,659	\$ 148,788

Canadian Mental Health Association - Grey Bruce Branch
Statement of Operations

For the year ended March 31	2018	2017
Revenue		
Ontario Ministry of Health	\$ 3,030,812	\$ 3,031,331
Ontario Ministry of Health - One-time funding	261,345	20,000
Funding adjusted as deferred contributions	(4,519)	-
Partner Assault Response Program (Schedule 3)	181,222	174,740
WES For Youth Online program	69,074	124,817
Fan Club and Let's Talk Program	240,290	190,672
My Dads Program	57,550	52,413
Fundraising and donations	248,005	160,247
Interest income	2,272	490
Amortization of deferred contributions	55,103	74,905
	<u>4,141,154</u>	<u>3,829,615</u>
Expenses		
Ontario Ministry of Health Expense (Schedule 1)	3,294,429	3,051,821
Capital asset additions	(4,519)	-
Partner Assault Response Program (Schedule 3)	185,227	167,476
WES For Youth Online program	69,074	124,817
Fan Club and Let's Talk Program	240,290	190,672
My Dads Program	57,550	52,413
Vacation pay and compensatory expense	(2,383)	9,975
Fundraising	244,536	160,247
Amortization	72,079	68,003
	<u>4,156,283</u>	<u>3,825,424</u>
Excess of (expenses over revenue)		
revenue over expenses for the year	\$ (15,129)	\$ 4,191

The accompanying summary of notes are an integral part of these financial statements.

Canadian Mental Health Association - Grey Bruce Branch
Statement of Cash Flows

For the year ended March 31	2018	2017
Cash provided by (used in)		
Operating activities		
Income (loss) for the year	\$ (15,129)	\$ 4,191
Items not involving cash		
Amortization of capital assets	72,079	68,003
Amortization of deferred contributions relating to capital assets	(55,103)	(74,905)
	1,847	(2,711)
Changes in non-cash working capital balances		
Accounts receivable	(51,621)	67,522
Prepaid expenses	(1,240)	(1,529)
Accounts payable and accrued liabilities	103,952	(38,777)
Accrued vacation and compensatory liability	(2,383)	9,975
Due to Ontario Ministry of Health	10,263	(7,718)
Deferred revenue	(34,046)	19,601
	26,772	46,363
Investing activities		
Purchase of capital assets	(53,378)	-
Financing activities		
Increase in deferred contributions relating to capital assets	23,659	-
Increase (decrease) in cash during the year	(2,947)	46,363
Cash, beginning of the year	108,941	62,578
Cash, end of the year	\$ 105,994	\$ 108,941

The accompanying summary of notes are an integral part of these financial statements.

Canadian Mental Health Association - Grey Bruce Branch
Notes to Financial Statements

March 31, 2018

1. Summary of Significant Accounting Policies

Nature of Business	<p>The purpose of the Canadian Mental Health Association - Grey Bruce Branch (CMHA) is to advocate with and provide programs and services for people with mental disorders, and to enhance, maintain and promote the mental and emotional health of all individuals in Grey and Bruce Counties.</p> <p>The organization is a registered charity and is exempt from tax under the Income Tax Act.</p>										
Basis of Accounting	<p>These statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations.</p> <p>These financial statements have been prepared using the accrual basis of accounting. The accrual basis recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.</p>										
Capital Assets	<p>Capital assets are recorded at cost. Amortization is provided over the estimated useful life of the assets using the straight-line basis. The useful life of the assets is based on management estimates. The following rates are used:</p> <table><tr><td>Buildings</td><td>- 25 yrs. straight-line basis</td></tr><tr><td>Equipment</td><td>- 5 yrs. straight-line basis</td></tr><tr><td>Computer equipment</td><td>- 3 yrs. straight-line basis</td></tr><tr><td>Leasehold improvements</td><td>- 10 yrs. straight-line basis</td></tr><tr><td>Vehicles</td><td>- 3 yrs. straight-line basis</td></tr></table>	Buildings	- 25 yrs. straight-line basis	Equipment	- 5 yrs. straight-line basis	Computer equipment	- 3 yrs. straight-line basis	Leasehold improvements	- 10 yrs. straight-line basis	Vehicles	- 3 yrs. straight-line basis
Buildings	- 25 yrs. straight-line basis										
Equipment	- 5 yrs. straight-line basis										
Computer equipment	- 3 yrs. straight-line basis										
Leasehold improvements	- 10 yrs. straight-line basis										
Vehicles	- 3 yrs. straight-line basis										
Revenue Recognition	<p>The Association follows the deferral method of accounting for contributions. Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recorded as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.</p>										
Deferred Contributions	<p>Contributions received for a capital asset are deferred and are amortized at the same rate as the underlying asset.</p>										

Canadian Mental Health Association - Grey Bruce Branch
Notes to Financial Statements

March 31, 2018

1. Summary of Significant Accounting Policies - (continued)

**Due to Ontario Ministry
of Health**

The Ontario Ministry of Health provides operating funds based upon an approved budget. The funding received from the government must be fully utilized within the fiscal year and any unspent funds are reported as a liability and recovered by the government. The Association is subject to review of the year-end submission of actual expenditures, and adjustments by the Ministry could occur. Adjustments to funding, if any, are recorded in the year in which they occur.

Contributed Services

Volunteers contribute numerous hours per year to assist the organization 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.

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are charged to the financial instruments for those measured at amortized cost.

2. Cash and Bank

The organization had deposits of \$114,482 in a Canadian Financial Institution on March 31, 2018. The deposits earn interest at 1.35%. The Canadian Deposit Insurance Corporation insures deposits up to a maximum of \$100,000 per depositor.

3. Accounts Receivable

There are no impairment allowances relating to accounts receivable.

Canadian Mental Health Association - Grey Bruce Branch
Notes to Financial Statements

March 31, 2018

4. Capital Assets

	2018		2017	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 73,000	\$ -	\$ 73,000	\$ -
Buildings	602,923	295,734	602,923	271,617
Equipment	429,304	415,327	429,304	400,906
Computer equipment	231,105	231,103	231,105	221,180
Leasehold improvements	241,275	138,600	187,897	121,958
Vehicles	20,927	15,626	20,927	8,650
	<u>\$ 1,598,534</u>	<u>\$ 1,096,390</u>	<u>\$ 1,545,156</u>	<u>\$ 1,024,311</u>
Net book value		<u>\$ 502,144</u>		<u>\$ 520,845</u>

5. Accounts Payable and Accrued Liabilities

There are \$64,519 (2017 - \$58,772) in government remittances payable at year-end.

6. Due to (from) Ontario Ministry of Health

	2018	2017
2011/2012 one-time funding	\$ (1,148)	\$ (1,148)
2013/2014 sessional fees	(10,359)	(10,359)
2014/2015 sessional fees	(10,359)	(10,359)
2015/2016 sessional fees	-	21,470
2015/2016 operating	-	57
2015/2016 one-time funding	-	47
2016/2017 sessional fees	31,308	31,308
2016/2017 operating	9	9
2017/2018 one-time transition funding	(14,148)	-
2017/2018 operating	84	-
2017/2018 sessional fees	45,901	-
	<u>\$ 41,288</u>	<u>\$ 31,025</u>

Canadian Mental Health Association - Grey Bruce Branch
Notes to Financial Statements

March 31, 2018

7. Deferred Revenue

Deferred revenue represents unspent resources externally restricted for programs and unspent fundraising funds as follows:

	2018	2017
Fan Club and Youth Net Fundraising	\$ -	\$ 1,362
	18,213	50,897
	\$ 18,213	\$ 52,259

8. Deferred Contributions Relating to Capital Assets

Deferred contributions relating to capital assets represent contributions by the Ministry of Health to purchase various equipment, leasehold improvements and the Kincardine property. The changes in the deferred contributions balance for the year are as follows:

	2018	2017
Balance beginning	\$ 352,808	\$ 427,713
Add: Contributions in the year	23,659	-
Less: Amounts amortized to revenue	(55,103)	(74,905)
	\$ 321,364	\$ 352,808

9. Net Assets Invested in Capital Assets

(a) Net Assets Invested in Capital Assets is calculated as follows:

	2018	2017
Capital assets	\$ 502,144	\$ 520,845
Amounts financed by:		
Deferred contributions	(321,364)	(352,808)
	\$ 180,780	\$ 168,037

(b) Change in Net Assets Invested in Capital Assets is calculated as follows:

Excess of expenses over revenues:		
Amortization of capital assets	\$ (72,079)	\$ (68,003)
Amortization of deferred contributions	55,103	74,905
	\$ (16,976)	\$ 6,902

Canadian Mental Health Association - Grey Bruce Branch
Notes to Financial Statements

March 31, 2018

10. Unrestricted Fund Balance

	2018	2017
Unrestricted surplus (deficit)	\$ -	\$ 26,250
Partner Assault Response Program surplus	9,530	13,535
Unfunded accrued vacation and compensatory liability	(56,651)	(59,034)
	\$ (47,121)	\$ (19,249)

11. Pension Agreements

The Canadian Mental Health Association - Grey Bruce Branch makes contributions to the Canadian Mental Health Association Pension Plan or the Healthcare of Ontario Pension Plan (HOOPP).

The Canadian Mental Health Association Pension Plan is a defined benefit plan. Employer contributions made to the plan during the year on behalf of 6 employees were \$13,750 and are included as an expenditure on the Statement of Operations.

The Healthcare of Ontario Pension Plan (HOOPP) is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on length of service and on the average annualized earnings during the best five consecutive years prior to retirement, termination or death. Employer contributions made to the HOOPP plan during the year on behalf of 42 employees were \$192,247 and are included as an expenditure on the Statement of Operations. HOOPP is a multi-employer plan, therefore, any pension plan surpluses or deficits are a joint responsibility of the employers and employees. The Association does not recognize any share of the HOOPP pension surplus or deficit. The plan has reported a \$18.2 billion (2017 - \$15.9 billion) actuarial surplus at December 31, 2017, based on actuarial liabilities of \$59.6 billion (2016 - \$54.5 billion) and actuarial net assets of \$77.8 billion (2016 - \$70.4 billion).

12. Commitments

The organization has various operating leases for its premises and equipment. The minimum annual lease payments for the next five years and thereafter are as follows:

2019	\$	82,722
2020	\$	35,180
2021	\$	35,180
2022	\$	35,180
2023	\$	35,180
Thereafter	\$	18,680

Canadian Mental Health Association - Grey Bruce Branch

Notes to Financial Statements

March 31, 2018

13. Contingencies

The Canadian Mental Health Association - Grey Bruce Branch has been named as defendant in a legal action for damages of \$95,000. The likelihood of the success of this action is undeterminable at the present time.

14. Subsequent Events

The Canadian Mental Health Association - Grey Bruce Branch has signed a transition agreement with other local mental health care providers. Effective September 1, 2018 the organization will be undergoing an amalgamation with other community organizations. The impact of those changes will be recorded in subsequent financial statements.

15. Economic Dependence

The organization is dependant upon government operating subsidies primarily from the Ontario Ministry of Health to deliver its programs.

16. Endowment Fund

The Canadian Mental Health Association - Grey Bruce established a designated Agency Fund with the Community Foundation Grey Bruce to be maintained in perpetuity by the Foundation. The Association contributed \$10,000 which was matched in a 1:2 ratio by the Foundation. The income earned is to be used to fund grants for Mental Health issues.

17. Financial Instrument Risk

The organization is exposed to risks that arise from its use of financial instruments. The organization's financial instruments consist of cash and bank, accounts receivable, accounts payable and accrued liabilities, accrued vacation and compensatory liability and due to Ontario Ministry of Health. It is management's opinion that the organization is not exposed to significant interest or currency arising from these financial instruments. The organization is exposed to credit risk arising from its accounts receivable and liquidity risk arising from its accounts payable and accrued liabilities, accrued vacation and compensatory liability and due to Ontario Ministry of Health.

Canadian Mental Health Association - Grey Bruce Branch
Schedule 1 - Ontario Ministry of Health Programs

For the year ended March 31	2018	2017
Program Expenses		
Salaries and benefits	\$ 2,585,202	\$ 2,591,043
Session fees	-	14,593
Supplies and sundry		
Office and administration	36,913	42,833
Program costs	12,679	16,528
Telephone	44,791	43,636
Staff education	11,862	10,846
Travel	88,828	82,635
Professional fees	17,832	19,942
Equipment expense	39,558	41,203
Building rent, utilities and maintenance	181,270	168,562
One-time expenses	21,668	20,000
Total program expenses	3,040,603	3,051,821
Transition Expenses		
Salaries and benefits	111,164	-
Supplies and sundry		
Office and administration	3,435	-
Travel	1,439	-
Professional fees	108,860	-
Equipment expense	28,928	-
Total transition expenses	253,826	-
Total Ministry of Health expenses	\$ 3,294,429	\$ 3,051,821

This schedule includes amounts that were capitalized according to Canadian accounting standards for not-for-profit organizations

Canadian Mental Health Association - Grey Bruce Branch
Schedule 2 - Partner Assault Response Program - Ministry

For the year ended March 31	2018	2017
Revenue		
Grants - Ministry of Attorney General	\$ 130,851	\$ 130,851
Grant - Bruce Power	5,000	5,000
Grant - United Way	15,000	15,000
Client fees	16,646	14,348
Other	800	800
	<hr/>	<hr/>
	168,297	165,999
Expenses		
Salaries and benefits	144,852	126,075
Supplies and sundry	14,589	9,772
Equipment	1,200	610
Building and grounds	9,260	8,742
	<hr/>	<hr/>
	169,901	145,199
Excess of expenses over revenue for the year	<hr/> \$ (1,604)	<hr/> \$ 20,800

Canadian Mental Health Association - Grey Bruce Branch
Schedule 3 - Partner Assault Response Program - Total

For the year ended March 31	Ministry	Non-Ministry	2018	2017
	(Schedule 2)			
Revenue				
Grants - Ministry of Attorney General	\$ 130,851	\$ -	\$ 130,851	\$ 130,851
Grant - Bruce Power	5,000	-	5,000	5,000
Grant - United Way	15,000	-	15,000	15,000
Client fees	16,646	-	16,646	14,348
Other	800	12,925	13,725	9,541
	<u>168,297</u>	<u>12,925</u>	<u>181,222</u>	<u>174,740</u>
Expenses				
Salaries and benefits	144,852	8,170	153,022	135,461
Supplies and sundry	14,589	7,156	21,745	9,928
Equipment	1,200	-	1,200	610
Building and grounds	9,260	-	9,260	8,742
Other	-	-	-	12,735
	<u>169,901</u>	<u>15,326</u>	<u>185,227</u>	<u>167,476</u>
Excess of revenue over expenses				
(expenses over revenue) for the year	\$ (1,604)	\$ (2,401)	\$ (4,005)	\$ 7,264