

**Canadian Mental Health Association
Grey Bruce Branch
Financial Statements
For the year ended March 31, 2017**

Canadian Mental Health Association - Grey Bruce Branch
Financial Statements
For the year ended March 31, 2017

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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, 2017, 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, 2016 and 2017 and current assets and fund balances as at April 1 and March 31 for both the 2016 and 2017 years. Our audit opinion on the financial statements for the year ended March 31, 2016 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, 2017 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

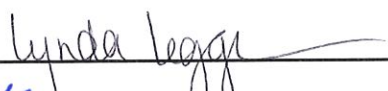
Chartered Professional Accountants, Licensed Public Accountants

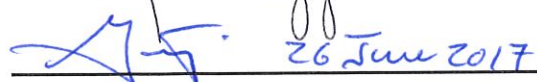
Owen Sound, Ontario
June 23, 2017

Canadian Mental Health Association - Grey Bruce Branch
Balance Sheet

| March 31 | 2017 | 2016 |
|-------------------------------------------------------------------|------------|------------|
| Assets | | |
| Current | | |
| Cash and bank (Note 2) | \$ 108,941 | \$ 62,578 |
| Accounts receivable (Note 3) | 60,337 | 127,859 |
| Prepaid expenses | 16,785 | 15,256 |
| | 186,063 | 205,693 |
| Capital assets (Note 4) | 520,845 | 588,848 |
| | \$ 706,908 | \$ 794,541 |
| Liabilities and Fund Balances | | |
| Current | | |
| Accounts payable and accrued liabilities (Note 5) | \$ 62,994 | \$ 101,771 |
| Accrued vacation and compensatory liability | 59,034 | 49,059 |
| Due to Ontario Ministry of Health (Note 6) | 31,025 | 38,743 |
| Deferred revenue (Note 7) | 52,259 | 32,658 |
| | 205,312 | 222,231 |
| Deferred contributions relating to capital assets (Note 8) | 352,808 | 427,713 |
| | 558,120 | 649,944 |
| Fund balances (Page 5) | | |
| Investment in capital assets (Note 9) | 168,037 | 161,135 |
| Unrestricted (Note 10) | (19,249) | (16,538) |
| | 148,788 | 144,597 |
| | \$ 706,908 | \$ 794,541 |

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 2017 | Total 2016 |
|----------------------------------------------------------------------------------|--------------------|----------------------------------|-------------------|-------------------|
| Balance, beginning of the year | \$ (16,538) | \$ 161,135 | \$ 144,597 | \$ 143,598 |
| Excess of revenue over expenses (expenses over revenue) for the year (Page 6) | (2,711) | 6,902 | 4,191 | 999 |
| Invested in capital assets | - | - | - | - |
| Balance, end of the year | \$ (19,249) | \$ 168,037 | \$ 148,788 | \$ 144,597 |

Canadian Mental Health Association - Grey Bruce Branch
Statement of Operations

| For the year ended March 31 | 2017 | 2016 |
|-----------------------------------------------------|------------------|------------------|
| Revenue | | |
| Ontario Ministry of Health | \$ 3,031,331 | \$ 3,041,286 |
| Ontario Ministry of Health - One-time funding | 20,000 | 58,153 |
| Funding adjusted as deferred contributions | - | (52,188) |
| Partner Assault Response Program (Schedule 3) | 174,740 | 173,763 |
| WES For Youth Online program | 124,817 | 137,588 |
| Fan Club and Let's Talk Program | 190,672 | 101,080 |
| My Dads Program | 52,413 | 66,000 |
| Fundraising and donations | 160,247 | 119,928 |
| Interest income | 490 | 1,578 |
| Amortization of deferred contributions | 74,905 | 79,741 |
| | <u>3,829,615</u> | <u>3,726,929</u> |
| Expenses | | |
| Ontario Ministry of Health Programs (Schedule 1) | 3,051,821 | 3,101,017 |
| Capital asset additions | - | (52,188) |
| Partner Assault Response Program (Schedule 3) | 167,476 | 167,396 |
| WES For Youth Online program | 124,817 | 137,588 |
| Fan Club and Let's Talk Program | 190,672 | 101,080 |
| My Dads Program | 52,413 | 66,000 |
| Vacation pay and compensatory expense | 9,975 | 12,374 |
| Fundraising | 160,247 | 119,828 |
| Amortization | 68,003 | 72,835 |
| | <u>3,825,424</u> | <u>3,725,930</u> |
| Excess of revenue over expenses for the year | <u>\$ 4,191</u> | <u>\$ 999</u> |

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 | 2017 | 2016 |
|-------------------------------------------------------------------|-------------------|------------------|
| Cash provided by (used in) | | |
| Operating activities | | |
| Income for the year | \$ 4,191 | \$ 999 |
| Items not involving cash | | |
| Amortization of capital assets | 68,003 | 72,835 |
| Amortization of deferred contributions relating to capital assets | (74,905) | (79,741) |
| | (2,711) | (5,907) |
| Changes in non-cash working capital balances | | |
| Accounts receivable | 67,522 | (49,889) |
| Prepaid expenses | (1,529) | (13,121) |
| Accounts payable and accrued liabilities | (38,777) | (64,239) |
| Accrued vacation and compensatory liability | 9,975 | 12,374 |
| Due to Ontario Ministry of Health | (7,718) | (6,564) |
| Deferred revenue | 19,601 | 6,617 |
| | 46,363 | (120,729) |
| Investing activities | | |
| Purchase of capital assets | - | (52,188) |
| Financing activities | | |
| Increase in deferred contributions relating to capital assets | - | 52,188 |
| Increase (decrease) in cash during the year | 46,363 | (120,729) |
| Cash, beginning of the year | 62,578 | 183,307 |
| Cash, end of the year | \$ 108,941 | \$ 62,578 |

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

March 31, 2017

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, 2017

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 \$168,543 in a Canadian Financial Institution on March 31, 2017. 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, 2017

4. Capital Assets

| | 2017 | | 2016 | |
|------------------------|---------------------|-----------------------------|---------------------|-----------------------------|
| | Cost | Accumulated Amortization | Cost | Accumulated Amortization |
| Land | \$ 73,000 | \$ - | \$ 73,000 | \$ - |
| Buildings | 602,923 | 271,617 | 602,923 | 247,500 |
| Equipment | 429,304 | 400,906 | 429,304 | 383,160 |
| Computer equipment | 231,105 | 221,180 | 231,105 | 207,181 |
| Leasehold improvements | 187,897 | 121,958 | 187,897 | 110,654 |
| Vehicles | 20,927 | 8,650 | 20,927 | 7,813 |
| | \$ 1,545,156 | \$ 1,024,311 | \$ 1,545,156 | \$ 956,308 |
| Net book value | | \$ 520,845 | | \$ 588,848 |

5. Accounts Payable and Accrued Liabilities

There are \$58,772 (2016 - \$Nil) in government remittances payable at year-end.

6. Due to Ontario Ministry of Health

| | 2017 | 2016 |
|----------------------------|------------------|------------------|
| 2011/2012 one-time funding | \$ (1,148) | \$ (1,148) |
| 2014/2015 sessional fees | - | 18,296 |
| 2014/2015 operating | - | 21 |
| 2015/2016 sessional fees | 752 | 21,470 |
| 2015/2016 operating | 57 | 57 |
| 2015/2016 one-time funding | 47 | 47 |
| 2016/2017 sessional fees | 31,308 | - |
| 2016/2017 operating | 9 | - |
| | \$ 31,025 | \$ 38,743 |

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

March 31, 2017

7. Deferred Revenue

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

| | 2017 | 2016 |
|------------------------------------|-----------|-----------|
| Fan Club and Youth Net Fundraising | \$ 1,362 | \$ 6,512 |
| | 50,897 | 26,146 |
| | \$ 52,259 | \$ 32,658 |

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:

| | 2017 | 2016 |
|------------------------------------|------------|------------|
| Balance beginning | \$ 427,713 | \$ 455,266 |
| Add: Contributions in the year | - | 52,188 |
| Less: Amounts amortized to revenue | (74,905) | (79,741) |
| | \$ 352,808 | \$ 427,713 |

9. Net Assets Invested in Capital Assets

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

| | 2017 | 2016 |
|------------------------|------------|------------|
| Capital assets | \$ 520,845 | \$ 588,848 |
| Amounts financed by: | | |
| Deferred contributions | (352,808) | (427,713) |
| | \$ 168,037 | \$ 161,135 |

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

| | | |
|----------------------------------------|-------------|-------------|
| Excess of expenses over revenues: | | |
| Amortization of capital assets | \$ (68,003) | \$ (72,835) |
| Amortization of deferred contributions | 74,905 | 79,741 |
| | \$ 6,902 | \$ 6,906 |

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

March 31, 2017

10. Unrestricted Fund Balance

| | 2017 | 2016 |
|------------------------------------------------------|--------------------|--------------------|
| Unrestricted surplus | \$ 26,250 | \$ 26,250 |
| Partner Assault Response Program surplus | 13,535 | 6,271 |
| Unfunded accrued vacation and compensatory liability | (59,034) | (49,059) |
| | <u>\$ (19,249)</u> | <u>\$ (16,538)</u> |

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 \$21,566 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 38 employees were \$177,050 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 \$15.9 billion (2015 - \$14.8 billion) actuarial surplus at December 31, 2016, based on actuarial liabilities of \$54.5 billion (2015 - \$49.1 billion) and actuarial net assets of \$70.4 billion (2015 - \$63.9 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:

| | | |
|------------|----|--------|
| 2018 | \$ | 78,222 |
| 2019 | \$ | 66,222 |
| 2020 | \$ | 15,462 |
| 2021 | \$ | 17,180 |
| 2022 | \$ | 17,180 |
| Thereafter | \$ | 34,360 |

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

March 31, 2017

13. Subsequent Events

The Canadian Mental Health Association - Grey Bruce Branch has signed a transition agreement with other local mental health care providers.

14. Economic Dependence

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

15. 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.

16. 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 | 2017 | 2016 |
|------------------------------------------|---------------------|---------------------|
| Ministry of Health Expenses | | |
| Salaries and benefits | \$ 2,591,043 | \$ 2,589,325 |
| Session fees | 14,593 | 24,597 |
| Supplies and sundry | | |
| Office and administration | 42,833 | 47,004 |
| Program costs | 16,528 | 12,017 |
| Telephone | 43,636 | 42,126 |
| Staff education | 10,846 | 12,669 |
| Travel | 82,635 | 99,668 |
| Professional fees | 19,942 | 18,163 |
| Equipment expense | 41,203 | 43,713 |
| Building rent, utilities and maintenance | 168,562 | 153,582 |
| One-time expenses | 20,000 | 58,153 |
| Total program expenses | \$ 3,051,821 | \$ 3,101,017 |

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 | Grey | Bruce | 2017 | 2016 |
|-----------------------------------------------------|---------------|---------------|----------------|----------------|
| Revenue | | | | |
| Grants - Ministry of Attorney General | \$ 71,373 | \$ 59,478 | \$ 130,851 | \$ 118,955 |
| Client fees | 8,402 | 5,946 | 14,348 | 12,498 |
| | <u>79,775</u> | <u>65,424</u> | <u>145,199</u> | <u>131,453</u> |
| Expenses | | | | |
| Salaries and benefits | 69,378 | 56,697 | 126,075 | 112,230 |
| Supplies and sundry | 5,312 | 4,460 | 9,772 | 9,666 |
| Equipment | 140 | 470 | 610 | 457 |
| Building and grounds | 4,945 | 3,797 | 8,742 | 9,100 |
| | <u>79,775</u> | <u>65,424</u> | <u>145,199</u> | <u>131,453</u> |
| Excess of revenue over expenses for the year | - | - | - | - |

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

| For the year ended March 31 | Ministry Non-Ministry | | 2017 | | 2016 | |
|---------------------------------------------------------|-----------------------|-----------------|-----------------|-----------------|------|--|
| | (Schedule 2) | | | | | |
| Revenue | | | | | | |
| Grants - Ministry of Attorney General | \$ 130,851 | \$ - | \$ 130,851 | \$ 118,955 | | |
| Grant - County | - | - | - | 10,000 | | |
| Grant - Bruce Power | - | 5,000 | 5,000 | 5,000 | | |
| Grant - United Way | - | 15,000 | 15,000 | 15,000 | | |
| Client fees | 14,348 | - | 14,348 | 12,498 | | |
| Other | - | 9,541 | 9,541 | 12,310 | | |
| | <u>145,199</u> | <u>29,541</u> | <u>174,740</u> | <u>173,763</u> | | |
| Expenses | | | | | | |
| Salaries and benefits | 126,075 | 9,386 | 135,461 | 124,325 | | |
| Supplies and sundry | 9,772 | 156 | 9,928 | 9,881 | | |
| Equipment | 610 | - | 610 | 457 | | |
| Building and grounds | 8,742 | - | 8,742 | 9,100 | | |
| Other | - | 12,735 | 12,735 | 23,633 | | |
| | <u>145,199</u> | <u>22,277</u> | <u>167,476</u> | <u>167,396</u> | | |
| Excess of revenue over expenses for the year | \$ - | \$ 7,264 | \$ 7,264 | \$ 6,367 | | |