

***CANADIAN MENTAL HEALTH ASSOCIATION,
HALIBURTON, KAWARTHA, PINE RIDGE BRANCH***

AUDITED FINANCIAL STATEMENTS

AT MARCH 31, 2017

**CANADIAN MENTAL HEALTH ASSOCIATION,
HALIBURTON, KAWARTHA, PINE RIDGE BRANCH**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the

Canadian Mental Health Association, Haliburton, Kawartha, Pine Ridge Branch

Report on the Financial Statements

I have audited the accompanying financial statements of Canadian Mental Health Association, Haliburton, Kawartha, Pine Ridge Branch, which comprises the statement of financial position as at March 31, 2017 and the statements of changes in fund balances, operations 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, as modified by the Ontario Ministry of Health requirements for the amortization of housing capital assets, 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based upon my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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 judgement, including the assessment of the risks of making 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, the organization derives revenue from donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, my verification of these revenues was limited to the amounts recorded in the records of the organization and I was not able to determine whether any adjustments might be necessary to donation and fundraising revenues, assets and fund balances.

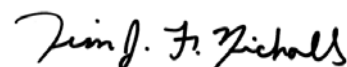
Qualified Opinion

In my 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 Canadian Mental Health Association, Haliburton, Kawartha, Pine Ridge Branch as at March 31, 2017 and of its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations, as modified by the Ontario Ministry of Health amortization policy.

Emphasis of Matter

Note 2 describes the amortization policy with respect to the Association's capital assets for the Housing program. The note also indicates that the organization is amortizing these assets in accordance with the Ministry of Health accounting policies which is not in accordance with Canadian generally accepted accounting principles. The estimated useful life of similar buildings is considered to be 20 years. If amortization had been provided on a straight-line basis, amortization expense, government grant revenue and accumulated amortization for the current year would have decreased by \$39,051, while the accounts receivable would have decreased by \$2,623 and the equity in capital assets would have increased by \$36,426. The cumulative increase would have been \$1,365,381 for the accounts receivable and \$1,279,086 for the accumulated amortization. The closing fund balance for the equity in capital assets would have been \$593,787.

Peterborough, Ontario
June 21, 2017



Tim J.F. Nicholls CPA, CA
Licensed Public Accountant

**CANADIAN MENTAL HEALTH ASSOCIATION,
HALIBURTON, KAWARTHA, PINE RIDGE BRANCH**

**STATEMENT OF FINANCIAL POSITION
As at March 31, 2017**

	Operating Fund \$	Reserve Fund \$	Total 2017 \$	Total 2016 \$
ASSETS				
Current				
Cash	3,399,868	733,714	4,133,582	3,468,632
Accounts receivable - Note 3	242,157	-	242,157	223,105
Prepaid expenses	22,091	-	22,091	17,940
Due from (to) other funds	9,974	(9,974)	-	-
	3,674,090	723,740	4,397,830	3,709,677
Capital - Note 4	2,852,394	-	2,852,394	3,180,766
Total Assets	6,526,484	723,740	7,250,224	6,890,443
LIABILITIES AND FUND BALANCES				
Current Liabilities				
Accounts payable - Note 5	855,528	-	855,528	942,484
Payable to Province of Ontario	1,109,313	-	1,109,313	710,191
Deferred contributions - Note 7	675,418	-	675,418	724,767
Current portion of long-term debt - Note 6	167,932	-	167,932	159,739
Current Liabilities Before Callable Debt	2,808,191	-	2,808,191	2,537,181
Callable Debt - Note 6	825,581	-	825,581	849,013
	3,633,772	-	3,633,772	3,386,194
Long-Term Debt - Note 6	1,224,151	-	1,224,151	1,370,883
	4,857,923	-	4,857,923	4,757,077
Fund Balances				
Unrestricted	368,774	-	368,774	388,669
Externally restricted	-	723,740	723,740	704,307
Equity in capital assets	125,000	-	125,000	125,000
Internally restricted - Note 8	1,174,787	-	1,174,787	915,390
	1,668,561	723,740	2,392,301	2,133,366
Total Liabilities and Fund Balances	6,526,484	723,740	7,250,224	6,890,443

The accompanying notes are an integral part of the financial statements.

**CANADIAN MENTAL HEALTH ASSOCIATION,
HALIBURTON, KAWARTHA, PINE RIDGE BRANCH**

**STATEMENT OF CHANGES IN FUND BALANCES
For The Year Ended March 31, 2017**

	Unrestricted Operating Fund \$	Reserve Fund \$	Equity In Capital Assets \$	Internally Restricted Reserves \$	2017 \$	2016 \$
Balance, beginning of year	388,669	704,307	125,000	915,390	2,133,366	1,909,532
Excess of revenue over expenditures for the year	239,502	19,433	-	-	258,935	223,834
Inter-fund transfer - Note 8	(259,397)	-	-	259,397	-	-
Balance, end of year	368,774	723,740	125,000	1,174,787	2,392,301	2,133,366

The accompanying notes are an integral part of the financial statements.

**CANADIAN MENTAL HEALTH ASSOCIATION,
HALIBURTON, KAWARTHA, PINE RIDGE BRANCH**

**STATEMENT OF OPERATIONS
For The Year Ended March 31, 2017**

	Operating Fund \$	Reserve Fund \$	Total 2017 \$	Total 2016 \$
Revenue				
Grants				
Ministry of Health and Long-Term Care/LHIN	7,911,747	-	7,911,747	7,904,398
Ministry of Health and Long-Term Care - Housing	1,307,482	30,748	1,338,230	1,308,893
Ministry of Community and Social Services	1,247,137	-	1,247,137	1,162,266
Ministry of Children and Youth Services	52,198	-	52,198	32,679
Ministry of Advanced Education and Skills Development	166,805	-	166,805	166,805
City of Peterborough	111,094	-	111,094	162,903
City of Kawartha Lakes	15,347	-	15,347	12,953
United Way of Peterborough and District	38,203	-	38,203	46,942
United Way for the City of Kawartha Lakes	7,712	-	7,712	10,000
Ontario Trillium Foundation	50,000	-	50,000	75,000
Other	4,144	-	4,144	31,472
Rental income	134,141	-	134,141	140,506
Donations and fundraising	501,264	-	501,264	402,693
Interest	21,732	5,201	26,933	21,565
Sales	99,029	-	99,029	103,873
Training	100,675	-	100,675	61,234
Miscellaneous	124,257	-	124,257	124,430
	11,892,967	35,949	11,928,916	11,768,612
Expenditures				
Salary and benefits	8,224,938	-	8,224,938	7,830,999
Staff training and travel	345,973	-	345,973	327,211
Program costs	492,394	-	492,394	477,452
Payments to other organizations	-	-	-	297,151
General office expense	141,891	-	141,891	169,505
Professional fees	102,354	-	102,354	97,924
Professional fees - psychiatry	306,139	-	306,139	297,073
Repairs and maintenance	145,550	16,516	162,066	188,495
Occupancy costs - all facilities	516,499	-	516,499	488,094
Interest on long-term debt	83,058	-	83,058	94,507
Amortization	328,372	-	328,372	345,968
Fundraising	110,946	-	110,946	82,920
Rent supplement	803,926	-	803,926	769,831
Purchases	47,692	-	47,692	56,621
Bad debt expense	3,733	-	3,733	21,027
	11,653,465	16,516	11,669,981	11,544,778
Excess of Revenue Over Expenditures For The Year	239,502	19,433	258,935	223,834

The accompanying notes are an integral part of the financial statements.

**CANADIAN MENTAL HEALTH ASSOCIATION,
HALIBURTON, KAWARTHA, PINE RIDGE BRANCH**

**STATEMENT OF CASH FLOWS
For The Year Ended March 31, 2017**

	2017	2016
	\$	\$
CASH PROVIDED BY (USED IN)		
Operating Activities		
Excess of revenue over expenditures for the year	258,935	223,834
Transfers to reserves	259,397	210,100
Amortization	328,372	345,968
Changes in non-cash working capital accounts		
Accounts receivable	(19,052)	91,274
Prepaid expenses	(4,151)	(7,471)
Accounts payable and accrued liabilities	(86,956)	136,454
Payable to the Province of Ontario	399,122	528,482
Deferred contributions	(49,349)	(101,946)
	1,086,318	1,426,695
Financing Activities		
Repayment of long-term debt	(161,971)	(153,833)
Investing Activities		
Increase in reserves	(259,397)	(210,100)
Purchase of capital assets	-	(69,895)
	(259,397)	(279,995)
Increase In Cash During The Year	664,950	992,867
Cash, Beginning of Year	3,468,632	2,475,765
Cash, End of Year	4,133,582	3,468,632

The accompanying notes are an integral part of the financial statements.

**CANADIAN MENTAL HEALTH ASSOCIATION,
HALIBURTON, KAWARTHA, PINE RIDGE BRANCH**

**NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended March 31, 2017**

NOTE 1: PURPOSE OF ORGANIZATION

The Canadian Mental Health Association, Haliburton, Kawartha, Pine Ridge Branch is a non-profit organization, with a mission to work towards and foster a community in which all persons can obtain the best possible services and preventative resources for their mental health. The Association was incorporated under the Corporations Act (Ontario) as a corporation without share capital on April 1, 2013 and as such is prohibited from distributing any of its funds to, or for the personal benefit of, its members. The Association is the resulting organization after the amalgamation/merger of the former Kawartha Lakes Branch and the Peterborough Branch.

Upon dissolution of the corporation, any remaining assets are to be distributed to the Canadian Mental Health Association, Ontario Division.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNFP").

Fund Accounting

The Association uses the deferral method of accounting and reports on a fund accounting basis. The two funds maintained are the operating fund and the reserve fund.

In order to ensure observance of limitations and restrictions placed on the use of the resources available to the Association, the accounts are maintained in accordance with the principles of fund accounting. Under these principles, resources are classified for accounting purposes into funds that are in accordance with particular activities or objectives specified. These funds are classified as follows:

- (i) Operating fund - includes results of day-to-day administrative and operating transactions and specific internally restricted reserves established by the Board;
- (ii) Reserve fund - includes contributions for special purposes which are externally restricted.

Realization of Revenues and Expenses

Restricted contributions are recognized as revenue of the operating fund in the year in which the related expenses are incurred. Restricted contributions of the reserve fund are recorded as revenue when received in accordance with the Ministry of Health - Housing Program accounting policies.

Restricted and unrestricted investment income is recognized as revenue when earned in the appropriate fund.

**CANADIAN MENTAL HEALTH ASSOCIATION,
HALIBURTON, KAWARTHA, PINE RIDGE BRANCH**

**NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended March 31, 2017**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Operating Grants

The Association receives provincial government subsidies for allowable operating costs for several programs. The subsidies are recorded as revenue in the current year. The reimbursement for allowable operating costs is ultimately dependent upon their acceptance by the various Ministries which fund the programs.

Donated Materials and Services

No amounts have been recorded in the current year financial statements for donated materials and services.

Capital Assets

Buildings, automotive and office equipment are recorded at cost and amortized in the operating fund. For the capital assets not funded by the Ministry of Health - Housing Program, amortization is provided on a straight-line basis over the assets' estimated useful lives, which is 5 years with the exception of the building which is being amortized over 20 years. Land is not being amortized.

Capital assets valued at less than \$750 are expensed in the year of amortization.

For the capital assets funded by the Ministry of Health - Housing Program, an amount equal to the mortgage principal repayment is recorded as amortization in the operating fund, in accordance with Ministry of Health - Housing Program accounting policies.

Income Taxes

The Association qualifies as a non-profit, charitable organization as defined by the Federal and Ontario Income Tax Acts, and, as such, is not subject to Federal and Provincial income taxes.

Use of Accounting Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 expenditures during the reporting periods. Actual results could differ from those estimates.

NOTE 3: ACCOUNTS RECEIVABLE

The accounts receivable is shown net of an allowance for doubtful accounts of \$4,251 (2016 - \$2,675).

**CANADIAN MENTAL HEALTH ASSOCIATION,
HALIBURTON, KAWARTHA, PINE RIDGE BRANCH**

**NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended March 31, 2017**

NOTE 4: CAPITAL ASSETS

The major categories are comprised of the following:

	Cost	Accumulated Amortization	Net Book Value	
	\$	\$	2017	2016
	\$	\$	\$	\$
Housing program:				
Land, buildings and equipment:				
648 George Street, Peterborough	194,390	113,270	81,120	89,689
174-176 Rubidge Street, Peterborough	275,670	139,734	135,936	147,116
767 Water Street, Peterborough	159,385	77,831	81,554	87,959
568 Charlotte Street, Peterborough	269,040	155,196	113,844	125,693
267 Park Street, Peterborough	172,530	84,256	88,274	95,208
548 Barker Avenue, Peterborough	378,041	198,818	179,223	195,590
311 Stewart Street, Peterborough	267,542	158,005	109,537	121,600
564 Sherbrooke Street, Peterborough	185,803	97,900	87,903	95,947
60 McDonnell Street, Peterborough	434,917	229,317	205,600	224,429
524 Charlotte Street, Peterborough	158,941	83,845	75,096	81,977
604 Stewart Street, Peterborough	184,160	108,733	75,427	83,847
51 Adelaide Street, Lindsay	557,495	341,060	216,435	240,461
	3,237,914	1,787,965	1,449,949	1,589,516
Other programs:				
Land - 466 George Street, Peterborough	125,000	-	125,000	125,000
Land - 415 Water Street, Peterborough	200,000	-	200,000	200,000
Building - 466 George Street, Peterborough	780,180	530,500	249,680	288,688
Building - 415 Water Street, Peterborough	943,993	204,715	739,278	786,478
Automotive equipment	147,427	140,250	7,177	21,793
Office furniture and fixtures	1,179,441	1,099,495	79,946	167,927
Property improvements	97,409	96,045	1,364	1,364
Equipment	34,485	34,485	-	-
	3,507,935	2,105,490	1,402,445	1,591,250
	6,745,849	3,893,455	2,852,394	3,180,766

**CANADIAN MENTAL HEALTH ASSOCIATION,
HALIBURTON, KAWARTHA, PINE RIDGE BRANCH**

**NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended March 31, 2017**

NOTE 5: ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The accounts payable and accrued liabilities includes payroll and sales tax remittances of \$172,709 (2016 - \$102,641).

NOTE 6: LONG-TERM DEBT

	2017 \$	2016 \$
Mortgage loans payable to TD Canada Trust		
Interest calculated at 5.3967%, repayable in blended monthly payments of \$1,600, due November 1, 2023	129,986	141,166
Interest calculated at 2.245%, repayable in blended monthly payments of \$851, due October 1, 2017	75,427	83,847
Mortgage loans payable to Scotiabank		
Interest calculated at 1.85%, repayable in blended monthly payments of \$814, due May 1, 2021	56,881	65,451
Interest calculated at 1.85%, repayable in blended monthly payments of \$5,045, due May 1, 2021	510,227	560,347
Interest calculated at 2.35%, repayable in blended monthly payments of \$1,208, due July 1, 2019	106,654	118,503
Interest calculated at 2.35%, repayable in blended monthly payments of \$1,230, due July 1, 2019	108,585	120,648
Mortgage loan payable to the Great-West Life Assurance Company		
Interest calculated at 6.49%, repayable in blended monthly payments of \$2,023, due January 1, 2026	163,421	176,761
Mortgage loan payable to the Royal Bank of Canada		
Interest calculated at 2.433%, repayable in blended monthly payments of \$2,466, due March 1, 2019	217,094	241,120
Demand loans payable to the Royal Bank of Canada		
Interest calculated at 4.54%, repayable in blended monthly payments of \$3,594	595,371	611,074
Interest calculated at 4.54%, repayable in blended monthly payments of \$1,533	254,018	260,718
	2,217,664	2,379,635
Scheduled repayments of long-term debt	167,932	159,739
Callable debt	825,581	849,013
Long-term	1,224,151	1,370,883

**CANADIAN MENTAL HEALTH ASSOCIATION,
HALIBURTON, KAWARTHA, PINE RIDGE BRANCH**

**NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended March 31, 2017**

NOTE 6: LONG-TERM DEBT (cont.)

The loans payable are secured by specific charges on the land and buildings of the Association.

Although the demand instalment loans are of a demand nature, management does not believe the demand feature will be exercised, accordingly the scheduled principal repayments are anticipated to be:

2018	-	\$	167,932
2019	-		173,179
2020	-		178,458
2021	-		184,300
2022	-		190,203

NOTE 7: DEFERRED CONTRIBUTIONS

Deferred contributions reported in the operating fund are restricted operating funding that is related to a subsequent period. Changes in deferred contributions balances in the operating fund are as follows:

	2017	2016
	\$	\$
Balance, beginning of year	724,767	826,713
Funding received in the year related to capital assets	-	69,894
Funding received in the year related to operations	295,862	333,200
Revenue recognized in the year related to capital assets	(148,705)	(173,341)
Revenue recognized in the year related to operations	(196,506)	(331,699)
	675,418	724,767
Comprised of:		
Deferred contributions related to capital assets	421,859	570,564
Deferred contributions related to operating activities	253,559	154,203
	675,418	724,767

**CANADIAN MENTAL HEALTH ASSOCIATION,
HALIBURTON, KAWARTHA, PINE RIDGE BRANCH**

**NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended March 31, 2017**

NOTE 8: INTERNALLY RESTRICTED FUNDS

	April 1, 2016 \$	Transfers \$	March 31, 2017 \$
Suicide prevention	140,783	(7,532)	133,251
Suicide prevention - Donor specific	100,000	-	100,000
Cleaning services	2,624	-	2,624
Making It Work	151,803	4,515	156,318
EPI training	16,308	-	16,308
Educational Bursary (Tam grant)	37,786	935	38,721
Homeless Donations	80,103	-	80,103
Capital	11,770	-	11,770
Individualized Specialized Supports	10,554	-	10,554
Kids On The Block	96,997	30,943	127,940
Alternative Businesses	5,370	7,753	13,123
Lighthouse Centre	9,825	1,160	10,985
Fundraising	42,685	(5,315)	37,370
Team 55	140,073	10,666	150,739
Training	14,327	100	14,427
Healthy Communities	3,528	-	3,528
OTN Equipment	1,965	2,750	4,715
Peer Support Donations	5,982	2,408	8,390
EPI Donations	2,000	1,544	3,544
Four Counties Crisis Donations	7,354	75	7,429
Release From Custody	500	-	500
Community Training	24,128	26,873	51,001
Consumer Initiative Advisory Group	841	1,022	1,863
Trustee Services CKL	975	-	975
Transgender Services	3,500	1,500	5,000
Health Promotion revenue	3,609	-	3,609
Assertive Outreach Suicide Prevention	-	180,000	180,000
	915,390	259,397	1,174,787

**CANADIAN MENTAL HEALTH ASSOCIATION,
HALIBURTON, KAWARTHA, PINE RIDGE BRANCH**

**NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended March 31, 2017**

NOTE 9: ECONOMIC DEPENDENCE

The Association receives a significant amount of funding from the Province of Ontario and as such is economically dependent on this source of revenue.

NOTE 10: FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Liquidity Risk

Liquidity risk is the risk that the organization will not be able to meet its obligations associated with financial liabilities. Cash flow from operations provides a substantial portion of the organization's cash requirements. Additional cash requirements are met with the use of the cash and short-term investments.