

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

AUDITED FINANCIAL STATEMENTS

AT MARCH 31, 2018

***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, 2018 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.

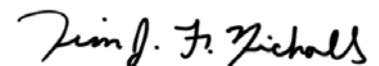
Qualified Opinion

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, 2018 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 \$43,568, while the accounts receivable would have decreased by \$5,974 and the equity in capital assets would have increased by \$37,594. The cumulative increase would have been \$1,359,407 for the accounts receivable and \$1,235,518 for the accumulated amortization. The closing fund balance for the equity in capital assets would have been \$631,381.

Peterborough, Ontario
June 20, 2018



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, 2018**

	Operating Fund \$	Reserve Fund \$	Total 2018 \$	Total 2017 \$
ASSETS				
Current				
Cash	3,681,150	758,954	4,440,104	4,133,582
Accounts receivable - Note 3	259,357	-	259,357	242,157
Prepaid expenses	18,888	-	18,888	22,091
Due from (to) other funds	3,054	(3,054)	-	-
	3,962,449	755,900	4,718,349	4,397,830
Capital - Note 4	2,593,515	-	2,593,515	2,852,394
Total Assets	6,555,964	755,900	7,311,864	7,250,224
LIABILITIES AND FUND BALANCES				
Current Liabilities				
Accounts payable - Note 5	938,669	-	938,669	855,528
Payable to Province of Ontario	1,143,604	-	1,143,604	1,109,313
Deferred contributions - Note 7	630,393	-	630,393	675,418
Current portion of long-term debt - Note 6	173,072	-	173,072	167,932
Current Liabilities Before Callable Debt	2,885,738	-	2,885,738	2,808,191
Callable Debt - Note 6	801,064	-	801,064	825,581
	3,686,802	-	3,686,802	3,633,772
Long-Term Debt - Note 6	1,076,004	-	1,076,004	1,224,151
	4,762,806	-	4,762,806	4,857,923
Fund Balances				
Unrestricted	519,181	-	519,181	368,774
Externally restricted	-	755,900	755,900	723,740
Equity in capital assets	125,000	-	125,000	125,000
Internally restricted - Note 8	1,148,977	-	1,148,977	1,174,787
	1,793,158	755,900	2,549,058	2,392,301
Total Liabilities and Fund Balances	6,555,964	755,900	7,311,864	7,250,224

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, 2018**

	Unrestricted Operating Fund \$	Reserve Fund \$	Equity In Capital Assets \$	Internally Restricted Reserves \$	2018 \$	2017 \$
Balance, beginning of year	368,774	723,740	125,000	1,174,787	2,392,301	2,133,366
Excess of revenue over expenditures for the year	124,597	32,160	-	-	156,757	258,935
Inter-fund transfer - Note 8	25,810	-	-	(25,810)	-	-
Balance, end of year	519,181	755,900	125,000	1,148,977	2,549,058	2,392,301

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, 2018**

	Operating Fund \$	Reserve Fund \$	Total 2018 \$	Total 2017 \$
Revenue				
Grants				
Ministry of Health and Long-Term Care/LHIN	8,172,359	-	8,172,359	7,911,747
Ministry of Health and Long-Term Care - Housing	1,639,094	24,948	1,664,042	1,338,230
Ministry of Community and Social Services	1,212,395	-	1,212,395	1,247,137
Ministry of Children and Youth Services	60,517	-	60,517	52,198
Ministry of Advanced Education and Skills Development	166,792	-	166,792	166,805
City of Peterborough	18,630	-	18,630	111,094
City of Kawartha Lakes	15,719	-	15,719	15,347
United Way of Peterborough and District	39,075	-	39,075	38,203
United Way for the City of Kawartha Lakes	10,150	-	10,150	7,712
Ontario Trillium Foundation	10,266	-	10,266	50,000
Other	3,873	-	3,873	4,144
Rental income	138,994	-	138,994	134,141
Donations and fundraising	251,693	-	251,693	501,264
Interest	33,133	7,212	40,345	26,933
Sales	115,438	-	115,438	99,029
Training	37,055	-	37,055	100,675
Miscellaneous	116,987	-	116,987	124,257
	12,042,170	32,160	12,074,330	11,928,916
Expenditures				
Salary and benefits	8,486,355	-	8,486,355	8,224,938
Staff training and travel	359,575	-	359,575	345,973
Program costs	359,618	-	359,618	492,394
General office expense	150,173	-	150,173	141,891
Professional fees	53,531	-	53,531	102,354
Professional fees - psychiatry	308,430	-	308,430	306,139
Repairs and maintenance	419,136	-	419,136	162,066
Occupancy costs - all facilities	497,312	-	497,312	516,499
Interest on long-term debt	76,899	-	76,899	83,058
Amortization	337,606	-	337,606	328,372
Fundraising	83,125	-	83,125	110,946
Rent supplement	841,919	-	841,919	803,926
Purchases	48,915	-	48,915	47,692
Bad debt expense	594	-	594	3,733
	12,023,188	-	12,023,188	11,669,981
Excess of Revenue Over Expenditures Before Other Item				
	18,982	32,160	51,142	258,935
Other Item - Note 10	105,615	-	105,615	-
Excess of Revenue Over Expenditures For The Year	124,597	32,160	156,757	258,935

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, 2018**

	2018	2017
	\$	\$
CASH PROVIDED BY (USED IN)		
Operating Activities		
Excess of revenue over expenditures for the year	156,757	258,935
Transfers to reserves	(25,810)	259,397
Amortization	337,606	328,372
Changes in non-cash working capital accounts		
Accounts receivable	(17,200)	(19,052)
Prepaid expenses	3,203	(4,151)
Accounts payable and accrued liabilities	83,141	(86,956)
Payable to the Province of Ontario	34,291	399,122
Deferred contributions	(45,025)	(49,349)
	526,963	1,086,318
Financing Activities		
Repayment of long-term debt	(167,524)	(161,971)
Investing Activities		
Increase in reserves	25,810	(259,397)
Purchase of capital assets	(78,727)	-
	(52,917)	(259,397)
Increase In Cash During The Year	306,522	664,950
Cash, Beginning of Year	4,133,582	3,468,632
Cash, End of Year	4,440,104	4,133,582

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, 2018**

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, 2018**

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 acquisition.

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 (2017 - \$4,251).

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

**NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended March 31, 2018**

NOTE 4: CAPITAL ASSETS

The major categories are comprised of the following:

	Cost	Accumulated	Net Book Value	
	\$	Amortization	2018	2017
	\$	\$	\$	\$
Housing program:				
Land, buildings and equipment:				
648 George Street, Peterborough	194,390	122,061	72,329	81,120
174-176 Rubidge Street, Peterborough	275,670	151,591	124,079	135,936
767 Water Street, Peterborough	159,385	84,659	74,726	81,554
568 Charlotte Street, Peterborough	269,040	167,324	101,716	113,844
267 Park Street, Peterborough	172,530	91,647	80,883	88,274
548 Barker Avenue, Peterborough	378,041	215,657	162,384	179,223
311 Stewart Street, Peterborough	267,542	170,353	97,189	109,537
564 Sherbrooke Street, Peterborough	185,803	106,176	79,627	87,903
60 McDonnell Street, Peterborough	434,917	248,690	186,227	205,600
524 Charlotte Street, Peterborough	158,941	90,925	68,016	75,096
604 Stewart Street, Peterborough	184,160	117,290	66,870	75,427
51 Adelaide Street, Lindsay	557,495	365,674	191,821	216,435
	3,237,914	1,932,047	1,305,867	1,449,949
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	569,508	210,672	249,680
Building - 415 Water Street, Peterborough	943,993	251,915	692,078	739,278
Automotive equipment	147,427	143,838	3,589	7,177
Office furniture and fixtures	1,258,166	1,203,221	54,945	79,946
Property improvements	97,409	96,045	1,364	1,364
Equipment	34,485	34,485	-	-
	3,586,660	2,299,012	1,287,648	1,402,445
	6,824,574	4,231,059	2,593,515	2,852,394

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

**NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended March 31, 2018**

NOTE 5: ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The accounts payable and accrued liabilities includes payroll and sales tax remittances of \$180,817 (2017 - \$172,709).

NOTE 6: LONG-TERM DEBT

	2018 \$	2017 \$
Mortgage loans payable to TD Canada Trust		
Interest calculated at 5.3967%, repayable in blended monthly payments of \$1,600, due November 1, 2023	118,129	129,986
Interest calculated at 2.245%, repayable in blended monthly payments of \$851, due October 1, 2017	-	75,427
Mortgage loans payable to Scotiabank		
Interest calculated at 1.85%, repayable in blended monthly payments of \$814, due May 1, 2021	48,090	56,881
Interest calculated at 1.85%, repayable in blended monthly payments of \$5,045, due May 1, 2021	458,658	510,227
Interest calculated at 2.35%, repayable in blended monthly payments of \$1,208, due July 1, 2019	94,526	106,654
Interest calculated at 2.35%, repayable in blended monthly payments of \$1,230, due July 1, 2019	96,237	108,585
Interest calculated at 2.62%, repayable in blended monthly payments of \$862, due October 1, 2022	66,870	-
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	149,202	163,421
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	192,480	217,094
Demand loans payable to the Royal Bank of Canada		
Interest calculated at 4.54%, repayable in blended monthly payments of \$3,594	578,940	595,371
Interest calculated at 4.54%, repayable in blended monthly payments of \$1,533	247,008	254,018
	2,050,140	2,217,664
Scheduled repayments of long-term debt	173,072	167,932
Callable debt	801,064	825,581
Long-term	1,076,004	1,224,151

**CANADIAN MENTAL HEALTH ASSOCIATION,
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**NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended March 31, 2018**

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:

2019	-	\$	173,072
2020	-		178,384
2021	-		184,254
2022	-		190,190
2023	-		196,371

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:

	2018 \$	2017 \$
Balance, beginning of year	675,418	724,767
Funding received in the year related to capital assets	78,725	-
Funding received in the year related to operations	204,211	295,862
Revenue recognized in the year related to capital assets	(153,422)	(148,705)
Revenue recognized in the year related to operations	(174,539)	(196,506)
	630,393	675,418
Comprised of:		
Deferred contributions related to capital assets	347,162	421,859
Deferred contributions related to operating activities	283,231	253,559
	630,393	675,418

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

**NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended March 31, 2018**

NOTE 8: INTERNALLY RESTRICTED FUNDS

	April 1, 2017 \$	Transfers \$	March 31, 2018 \$
Suicide prevention	133,251	6,784	140,035
Suicide prevention - Donor specific	100,000	-	100,000
Cleaning services	2,624	-	2,624
Making It Work	156,318	(6,416)	149,902
EPI training	16,308	-	16,308
Educational Bursary (Tam grant)	38,721	(603)	38,118
Homeless Donations	80,103	-	80,103
Capital	11,770	-	11,770
Individualized Specialized Supports	10,554	-	10,554
Kids On The Block	127,940	(28,107)	99,833
Alternative Businesses	13,123	8,726	21,849
Lighthouse Centre	10,985	-	10,985
Fundraising	37,370	(36,989)	381
Team 55	150,739	(47,836)	102,903
Training	14,427	1,080	15,507
Healthy Communities	3,528	-	3,528
OTN Equipment	4,715	-	4,715
Peer Support Donations	8,390	2,086	10,476
EPI Donations	3,544	1,440	4,984
Four County Crisis Donations	7,429	5,300	12,729
Release From Custody	500	-	500
Community Training	51,001	8,341	59,342
Consumer Initiative Advisory Group	1,863	-	1,863
Trustee Services CKL	975	-	975
Transgender Services	5,000	-	5,000
Health Promotion revenue	3,609	(7,568)	(3,959)
Assertive Outreach Suicide Prevention	180,000	-	180,000
DDCC Clinics	-	3,926	3,926
Family Support	-	13,036	13,036
Housing Bricks and Mortar Maintenance	-	11,084	11,084
Gaskell Cup	-	39,906	39,906
	1,174,787	(25,810)	1,148,977

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

**NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended March 31, 2018**

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: PROVINCIAL GOVERNMENT SETTLEMENT

The balance represents the reconciling of multiple fiscal years for several provincial ministries outstanding payable balances. The reconciliation occurred in the current fiscal year.

NOTE 11: 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.