

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

AUDITED FINANCIAL STATEMENTS

AT MARCH 31, 2014

**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, 2014 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.

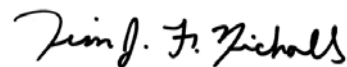
Qualified Opinion

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, 2014 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 \$21,135, while the accounts receivable would have increased by \$10,642 and the equity in capital assets would have increased by \$31,777. The cumulative increase would have been \$1,359,247 for the accounts receivable and \$1,377,419 for the accumulated amortization. The closing fund balance for the equity in capital assets would have been \$489,322.

Peterborough, Ontario
June 18, 2014



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, 2014**

	Operating Fund \$	Reserve Fund \$	2014 \$
ASSETS			
Current			
Cash and investments	1,709,953	642,927	2,352,880
Accounts receivable - Note 3	372,954	-	372,954
Prepaid expenses	10,171	-	10,171
Due from (to) other funds	(24,879)	24,879	-
	2,068,199	667,806	2,736,005
Capital - Note 4	3,715,344	-	3,715,344
Total Assets	5,783,543	667,806	6,451,349
LIABILITIES AND FUND BALANCES			
Current Liabilities			
Accounts payable - Note 5	797,698	-	797,698
Payable to Province of Ontario	272,564	-	272,564
Deferred contributions - Note 7	910,498	-	910,498
Current portion of long-term debt - Note 6	147,746	-	147,746
Current Liabilities Before Callable Debt	2,128,506	-	2,128,506
Callable Debt - Note 6	892,878	-	892,878
	3,021,384	-	3,021,384
Long-Term Debt - Note 6	1,641,213	-	1,641,213
Fund Balances			
Unrestricted	429,107	-	429,107
Externally restricted	-	667,806	667,806
Equity in capital assets	125,000	-	125,000
Internally restricted - Note 9	566,839	-	566,839
	1,120,946	667,806	1,788,752
Total Liabilities and Fund Balances	5,783,543	667,806	6,451,349

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, 2014**

	Unrestricted Operating Fund \$	Reserve Fund \$	Equity In Capital Assets \$	Internally Restricted Reserves \$	2014 \$
Balance, beginning of year	435,583	627,133	125,000	532,020	1,719,736
Excess of revenue over expenditures for the year	28,343	40,673	-	-	69,016
Inter-fund transfer - Note 9	(34,819)	-	-	34,819	-
Balance, end of year	429,107	667,806	125,000	566,839	1,788,752

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, 2014**

	Operating Fund \$	Reserve Fund \$	Total 2014 \$
Revenue			
Grants			
Ministry of Health and Long-Term Care/LHIN	8,453,517	-	8,453,517
Ministry of Health and Long-Term Care - Housing	1,069,434	34,348	1,103,782
Ministry of Community and Social Services	1,072,022	-	1,072,022
Ministry of Children and Youth Services	65,214	-	65,214
Ministry of Training, Colleges and Universities	197,800	-	197,800
Ministry of Health Promotion and Sport	1,855	-	1,855
City of Peterborough	170,393	-	170,393
City of Kawartha Lakes	62,072	-	62,072
United Way - Note 8	220,832	-	220,832
Other	114,663	-	114,663
Rental income	118,468	-	118,468
Donations and fundraising	238,665	-	238,665
Interest	17,915	6,325	24,240
Sales	95,723	-	95,723
Training	20,306	-	20,306
Miscellaneous	76,404	-	76,404
	11,995,283	40,673	12,035,956
Expenditures			
Salary and benefits	7,628,103	-	7,628,103
Staff training and travel	355,590	-	355,590
Program costs	599,511	-	599,511
Payments to other organizations	1,028,227	-	1,028,227
General office expense	169,467	-	169,467
Professional fees	101,362	-	101,362
Professional fees - psychiatry	302,957	-	302,957
Repairs and maintenance	132,651	-	132,651
Occupancy costs - all facilities	488,415	-	488,415
Interest on long-term debt	105,352	-	105,352
Amortization	312,005	-	312,005
Fundraising	89,833	-	89,833
Rent supplement	609,386	-	609,386
Purchases	43,078	-	43,078
Bad debt expense	1,003	-	1,003
	11,966,940	-	11,966,940
Excess of Revenue Over Expenditures For The Year	28,343	40,673	69,016

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, 2014**

	2014
	\$
CASH PROVIDED BY (USED IN)	
Operating Activities	
Excess of revenue over expenditures for the year	69,016
Transfers to reserves	34,819
Amortization	312,005
Changes in non-cash working capital accounts	
Accounts receivable	109,456
Prepaid expenses	(8,636)
Accounts payable and accrued liabilities	(229,508)
Payable to the Province of Ontario	(618,433)
Deferred contributions	(2,901)
	(334,182)
Financing Activities	
Repayment of long-term debt	(147,942)
Investing Activities	
Decrease (increase) in reserves	(34,819)
Purchase of capital assets	(134,249)
	(169,068)
Increase (Decrease) In Cash During The Year	(651,192)
Cash, Beginning of Year	3,004,072
Cash, End of Year	2,352,880

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, 2014**

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").

This is the Association's first year of operations and as a result no comparative information has been presented.

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, 2014**

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 \$17,767.

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

**NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended March 31, 2014**

NOTE 4: CAPITAL ASSETS

The major categories are comprised of the following:

	Cost \$	Accumulated Amortization \$	Net Book Value 2014 \$
Housing program:			
Land, buildings and equipment:			
648 George Street, Peterborough	194,390	88,829	105,561
174-176 Rubidge Street, Peterborough	275,670	108,074	167,596
767 Water Street, Peterborough	159,385	59,779	99,606
568 Charlotte Street, Peterborough	269,040	120,692	148,348
267 Park Street, Peterborough	172,530	64,715	107,815
548 Barker Avenue, Peterborough	378,041	152,618	225,423
311 Stewart Street, Peterborough	267,542	122,876	144,666
564 Sherbrooke Street, Peterborough	185,803	75,194	110,609
60 McDonnel Street, Peterborough	434,917	176,167	258,750
674 Reid Street, Peterborough	158,941	64,424	94,517
604 Stewart Street, Peterborough	184,160	84,026	100,134
51 Adelaide Street, Lindsay	557,495	270,691	286,804
	3,237,914	1,388,085	1,849,829
Other programs:			
Land - 466 George Street, Peterborough	125,000	-	125,000
Land - 415 Water Street, Peterborough	200,000	-	200,000
Building - 466 George Street, Peterborough	780,180	413,476	366,704
Building - 415 Water Street, Peterborough	943,993	63,115	880,878
Automotive equipment	129,486	96,402	33,084
Office furniture and fixtures	1,057,093	798,608	258,485
Property improvements	97,409	96,045	1,364
Equipment	34,485	34,485	-
	3,367,646	1,502,131	1,865,515
	6,605,560	2,890,216	3,715,344

NOTE 5: ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The accounts payable and accrued liabilities includes payroll and sales tax remittances of \$111,076.

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

**NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended March 31, 2014**

NOTE 6: LONG-TERM DEBT

	2014 \$
Mortgage loans payable to TD Canada Trust	
Interest calculated at 6.0%, repayable in blended monthly payments of \$1,600, due November 1, 2023	161,646
Interest calculated at 3.423%, repayable in blended monthly payments of \$1,275, due July 1, 2014	141,158
Interest calculated at 3.432%, repayable in blended monthly payments of \$1,298, due July 1, 2014	143,714
Interest calculated at 2.245%, repayable in blended monthly payments of \$851, due October 1, 2017	100,134
Mortgage loans payable to Scotiabank	
Interest calculated at 3.048%, repayable in blended monthly payments of \$848, due May 1, 2016	81,323
Interest calculated at 3.048%, repayable in blended monthly payments of \$5,342, due May 1, 2016	651,704
Mortgage loan payable to the Great-West Life Assurance Company	
Interest calculated at 6.5%, repayable in blended monthly payments of \$2,023, due January 1, 2026	201,014
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	287,464
Demand loans payable to the Royal Bank of Canada	
Interest calculated at 4.54%, repayable in blended monthly payments of \$3,594	640,435
Interest calculated at 4.54%, repayable in blended monthly payments of \$1,533	273,245
	2,681,837
Scheduled repayments of long-term debt	147,746
Callable debt	892,878
Long-term	1,641,213

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

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

**NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended March 31, 2014**

NOTE 6: LONG-TERM DEBT (cont.)

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

2015	-	\$ 147,746
2016	-	152,927
2017	-	158,835
2018	-	164,732
2019	-	170,878

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:

	2014 \$
Balance, beginning of year	913,399
Funding received in the year related to capital assets	132,884
Funding received in the year related to operations	350,207
Revenue recognized in the year related to capital assets	(150,253)
Revenue recognized in the year related to operations	(335,739)
	910,498
Comprised of:	
Deferred contributions related to capital assets	764,630
Deferred contributions related to operating activities	145,868
	910,498

NOTE 8: UNITED WAY REVENUE

Included in the revenue from the United Way of Peterborough and District is \$118,554 which was provided by the Federal Government to the United Way to support the Homelessness Partnering Strategy.

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

**NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended March 31, 2014**

NOTE 9: INTERNALLY RESTRICTED FUNDS

	April 1, 2013 \$	Transfers \$	March 31, 2014 \$
Renovations	24,173	(24,173)	-
Suicide prevention	120,907	14,731	135,638
Cleaning services	2,624	-	2,624
Making It Work	99,954	13,903	113,857
EPI training	16,308	-	16,308
Reach Centre	19,219	(19,219)	-
Educational Bursary (Tam grant)	36,810	1,146	37,956
Homeless Donations	79,903	200	80,103
Capital	22,704	(10,934)	11,770
Individualized Specialized Supports	7,660	-	7,660
Kids On The Block	72,880	(12,934)	59,946
Alternative Businesses	19,452	2,353	21,805
Lighthouse Centre	5,970	4,000	9,970
Fundraising	-	21,652	21,652
Team 55	-	43,894	43,894
Training	3,456	200	3,656
	532,020	34,819	566,839

NOTE 10: 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 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.