

***CANADIAN MENTAL HEALTH ASSOCIATION,  
PETERBOROUGH BRANCH***

**AUDITED FINANCIAL STATEMENTS**

**AT MARCH 31, 2013**

**CANADIAN MENTAL HEALTH ASSOCIATION,  
PETERBOROUGH BRANCH**

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**INDEPENDENT AUDITOR'S REPORT**

**To the Board of Directors of the  
Canadian Mental Health Association, Peterborough Branch**

***Report on the Financial Statements***

I have audited the accompanying financial statements of Canadian Mental Health Association, Peterborough Branch, which comprises the statement of financial position as at March 31, 2013, March 31, 2012 and April 1, 2011 and the statements of changes in fund balances, operations and cash flows for the years 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***

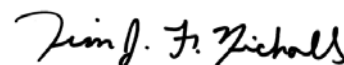
In common with many charitable organizations, the organization derives revenue from donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, my verification of these revenues was limited to the amounts recorded in the records of the organization 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, Peterborough Branch as at March 31, 2013, March 31, 2012, and April 1, 2011 and of its financial performance and its cash flows for the years 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 increased by \$4,541 (2012 - \$9,586), while the accounts receivable would have increased by \$28,535 (2012 - \$32,319) and the equity in capital assets would have increased by \$23,994 (2012 - \$22,733). The cumulative increase would have been \$1,519,676 (2012 - \$1,491,141) for the accounts receivable and \$1,265,402 (2012 - \$1,260,861) for the accumulated amortization. The closing fund balance for the equity in capital assets would have been \$379,274 (2012 - \$355,280).



Peterborough, Ontario  
June 17, 2013

Chartered Accountant  
Licensed Public Accountant

**CANADIAN MENTAL HEALTH ASSOCIATION,  
PETERBOROUGH BRANCH**

**STATEMENT OF FINANCIAL POSITION**

As at March 31, 2013

(with comparative figures for March 31, 2012 and April 1, 2011,

	Operating Fund \$	Reserve Fund \$	Total 2013 \$	Total 2012 \$	Total 2011 \$
<b>ASSETS</b>					
<b>Current</b>					
Cash and investments	2,221,928	496,929	2,718,857	2,383,288	1,956,033
Accounts receivable - Note 3	321,641	49	321,690	252,554	237,844
Prepaid expenses	107,103	-	107,103	15,589	38,555
Due from (to) other funds	(1,918)	1,918	-	-	-
	2,648,754	498,896	3,147,650	2,651,431	2,232,432
<b>Capital - Note 4</b>	3,571,421	-	3,571,421	2,428,708	2,491,016
<b>Total Assets</b>	6,220,175	498,896	6,719,071	5,080,139	4,723,448
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Current Liabilities</b>					
Accounts payable - Note 5	856,576	-	856,576	575,447	613,234
Payable to Province of Ontario	874,158	-	874,158	739,184	518,524
Deferred contributions - Note 6	900,042	-	900,042	593,121	529,510
Current portion of long-term debt - Note 7	1,040,183	-	1,040,183	95,467	84,099
	3,670,959	-	3,670,959	2,003,219	1,745,367
<b>Long-Term Debt - Note 7</b>	1,480,783	-	1,480,783	1,581,504	1,683,802
<b>Fund Balances</b>					
Unrestricted	411,413	-	411,413	437,086	357,967
Externally restricted	-	498,896	498,896	466,134	434,199
Equity in capital assets	125,000	-	125,000	125,000	125,000
Internally restricted - Note 9	532,020	-	532,020	467,196	377,113
	1,068,433	498,896	1,567,329	1,495,416	1,294,279
<b>Total Liabilities and Fund Balances</b>	6,220,175	498,896	6,719,071	5,080,139	4,723,448

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

**CANADIAN MENTAL HEALTH ASSOCIATION,  
PETERBOROUGH BRANCH**

**STATEMENT OF CHANGES IN FUND BALANCES  
For The Year Ended March 31, 2013**

	Unrestricted Operating Fund \$	Reserve Fund \$	Equity In Capital Assets \$	Internally Restricted Reserves \$	2013 \$	2012 \$
<b>Balance, beginning of year</b>	437,086	466,134	125,000	467,196	1,495,416	1,294,279
Excess of revenue over expenditures for the year	39,151	32,762	-	-	71,913	201,137
Inter-fund transfer - Note 9	(64,824)	-	-	64,824	-	-
<b>Balance, end of year</b>	411,413	498,896	125,000	532,020	1,567,329	1,495,416

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

**CANADIAN MENTAL HEALTH ASSOCIATION,  
PETERBOROUGH BRANCH**

**STATEMENT OF OPERATIONS  
For The Year Ended March 31, 2013**

	Operating Fund \$	Reserve Fund \$	Total 2013 \$	Total 2012 \$
<b>Revenue</b>				
Grants				
Ministry of Health and Long-Term Care/LHIN	6,813,063	-	6,813,063	6,447,357
Ministry of Health and Long-Term Care - Housing	777,756	28,129	805,885	763,144
Ministry of Community and Social Services	936,764	-	936,764	985,676
Ministry of Children and Youth Services	54,915	-	54,915	15,321
Ministry of Training, Colleges and Universities	158,093	-	158,093	165,187
Ministry of Health Promotion and Sport	20,247	-	20,247	11,221
City of Peterborough	96,732	-	96,732	42,571
United Way - Note 8	203,516	-	203,516	205,975
Other	49,650	-	49,650	23,885
Rental income	118,133	-	118,133	104,619
Donations and fundraising	121,420	-	121,420	141,294
Interest	17,194	4,633	21,827	14,189
Sales	107,747	-	107,747	90,696
Cleaning services	31,393	-	31,393	31,932
Training	13,962	-	13,962	6,975
Miscellaneous	6,559	-	6,559	20,968
	9,527,144	32,762	9,559,906	9,071,010
<b>Expenditures</b>				
Salary and benefits	6,062,371	-	6,062,371	5,821,414
Staff training and travel	288,312	-	288,312	276,132
Program costs	353,531	-	353,531	338,337
One-time OTN equipment	-	-	-	4,900
Payments to other organizations	1,050,763	-	1,050,763	1,055,221
General office expense	131,484	-	131,484	146,680
Professional fees	37,565	-	37,565	55,403
Professional fees - psychiatry	236,601	-	236,601	199,043
Repairs and maintenance	71,112	-	71,112	80,075
Occupancy costs - all facilities	307,005	-	307,005	260,429
Interest on long-term debt	70,954	-	70,954	70,921
Amortization	241,163	-	241,163	162,864
Fundraising	39,156	-	39,156	60,843
Rent supplement	411,752	-	411,752	352,278
Purchases	54,464	-	54,464	47,326
Amalgamation costs	85,034	-	85,034	-
Capital expenditures	37,012	-	37,012	-
Bad debt expense	9,714	-	9,714	1,184
	9,487,993	-	9,487,993	8,933,050
<b>Excess of Revenue Over Expenditures</b>				
<b>Before Other Item</b>	39,151	32,762	71,913	137,960
<b>Other Item - Note 10</b>	-	-	-	63,177
<b>Excess of Revenue Over Expenditures</b>				
<b>For The Year</b>	39,151	32,762	71,913	201,137

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

**CANADIAN MENTAL HEALTH ASSOCIATION,  
PETERBOROUGH BRANCH**

**STATEMENT OF CASH FLOWS  
For The Year Ended March 31, 2013**

	2013 \$	2012 \$
<b>CASH PROVIDED BY (USED IN)</b>		
<b>Operating Activities</b>		
Excess of revenue over expenditures for the year	71,913	201,137
Transfers to reserves	64,824	90,083
Amortization	241,163	162,864
Changes in non-cash working capital accounts		
Accounts receivable	(69,136)	(14,710)
Prepaid expenses	(91,514)	22,966
Accounts payable and accrued liabilities	281,129	(37,787)
Payable to the Province of Ontario	134,974	220,660
Deferred contributions	306,921	63,611
	940,274	708,824
<b>Financing Activities</b>		
Increase in long-term debt	939,970	-
Repayment of long-term debt	(95,975)	(90,930)
	843,995	(90,930)
<b>Investing Activities</b>		
Decrease (increase) in reserves	(64,824)	(90,083)
Purchase of capital assets	(1,383,876)	(100,556)
	(1,448,700)	(190,639)
<b>Increase In Cash During The Year</b>	335,569	427,255
<b>Cash, Beginning of Year</b>	2,383,288	1,956,033
<b>Cash, End of Year</b>	2,718,857	2,383,288

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

**CANADIAN MENTAL HEALTH ASSOCIATION,  
PETERBOROUGH BRANCH**

**NOTES TO THE FINANCIAL STATEMENTS  
For The Year Ended March 31, 2013**

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**NOTE 1: PURPOSE OF ORGANIZATION**

The Canadian Mental Health Association, Peterborough 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 26, 1988 and as such is prohibited from distributing any of its funds to, or for the personal benefit of, its members.

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,  
PETERBOROUGH BRANCH**

**NOTES TO THE FINANCIAL STATEMENTS  
For The Year Ended March 31, 2013**

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**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 \$18,341 (2012 - \$8,525).

**CANADIAN MENTAL HEALTH ASSOCIATION,  
PETERBOROUGH BRANCH**

**NOTES TO THE FINANCIAL STATEMENTS  
For The Year Ended March 31, 2013**

**NOTE 4: CAPITAL ASSETS**

The major categories are comprised of the following:

	Cost \$	Accumulated Amortization \$	Net Book Value	
			2013 \$	2012 \$
<b>Housing program:</b>				
Land, buildings and equipment:				
648 George Street	194,390	81,246	113,144	120,501
174-176 Rubidge Street	275,670	98,702	176,968	185,805
767 Water Street	159,385	54,491	104,894	109,856
568 Charlotte Street	269,040	110,379	158,661	168,630
267 Park Street	172,530	58,991	113,539	118,910
548 Barker Avenue	378,041	138,366	239,675	253,503
311 Stewart Street	267,542	112,377	155,165	165,315
564 Sherbrooke Street	185,803	68,188	117,615	124,411
60 McDonnel Street	434,917	159,770	275,147	291,056
674 Reid Street	158,941	58,431	100,510	106,323
604 Stewart Street	184,160	76,151	108,009	114,993
	2,680,419	1,017,092	1,663,327	1,759,303
<b>Other programs:</b>				
Land	325,000	-	325,000	125,000
Buildings	1,666,072	390,383	1,275,689	444,720
Automotive equipment	129,486	85,374	44,112	7,846
Office furniture and fixtures	888,905	628,930	259,975	85,203
Property improvements	96,045	96,045	-	-
Equipment	34,485	31,167	3,318	6,636
	3,139,993	1,231,899	1,908,094	669,405
	5,820,412	2,248,991	3,571,421	2,428,708

**NOTE 5: ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

The accounts payable and accrued liabilities includes payroll and sales tax remittances of \$82,130 (2012 - \$17,936).

**CANADIAN MENTAL HEALTH ASSOCIATION,  
PETERBOROUGH BRANCH**

**NOTES TO THE FINANCIAL STATEMENTS  
For The Year Ended March 31, 2013**

**NOTE 6: LONG-TERM DEBT**

	2013 \$	2012 \$
<b>Mortgage loans payable to TD Canada Trust</b>		
Interest calculated at 6.0%, repayable in blended monthly payments of \$1,600, due November 1, 2023	171,018	179,855
Interest calculated at 3.423%, repayable in blended monthly payments of \$1,275, due July 1, 2014	151,471	161,440
Interest calculated at 3.432%, repayable in blended monthly payments of \$1,298, due July 1, 2014	154,213	164,362
Interest calculated at 2.245%, repayable in blended monthly payments of \$851, due October 1, 2017	108,009	-
<b>Mortgage loans payable to Scotiabank</b>		
Interest calculated at 4.817%, repayable in blended monthly payments of \$986, due October 1, 2012	-	114,993
Interest calculated at 3.048%, repayable in blended monthly payments of \$848, due May 1, 2016	88,906	96,263
Interest calculated at 3.048%, repayable in blended monthly payments of \$5,342, due May 1, 2016	695,352	737,699
<b>Mortgage loan payable to the Great-West Life Assurance Company</b>		
Interest calculated at 6.5%, repayable in blended monthly payments of \$2,023, due January 1, 2026	212,027	222,359
<b>Mortgage loans payable to the Royal Bank of Canada</b>		
Interest only at prime + 0.95%, due June 2013	657,985	-
Interest only at prime + 0.95%, due June 2013	281,985	-
	<b>2,520,966</b>	<b>1,676,971</b>
<b>Current</b>	<b>1,040,183</b>	<b>95,467</b>
<b>Long-term</b>	<b>1,480,783</b>	<b>1,581,504</b>

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

Principal payments for the next five years are anticipated to be as follows:

2014	-	\$	1,040,183
2015	-		103,250
2016	-		108,473
2017	-		111,966
2018	-		116,224

**CANADIAN MENTAL HEALTH ASSOCIATION,  
PETERBOROUGH BRANCH**

**NOTES TO THE FINANCIAL STATEMENTS**  
For The Year Ended March 31, 2013

**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:

	2013 \$	2012 \$
Balance, beginning of year	593,121	529,510
Funding received in the year related to capital assets	415,785	100,556
Funding received in the year related to operations	212,229	114,622
Revenue recognized in the year related to capital assets	(135,728)	(79,633)
Revenue recognized in the year related to operations	(185,365)	(71,934)
	900,042	593,121
Comprised of:		
Deferred contributions related to capital assets	768,750	488,694
Deferred contributions related to operating activities	131,292	104,427
	900,042	593,121

**NOTE 8: UNITED WAY REVENUE**

Included in the revenue from the United Way of Peterborough and District is \$118,554 (2012 - \$118,554) which was provided by the Federal Government to the United Way to support the Homelessness Partnering Strategy.

**CANADIAN MENTAL HEALTH ASSOCIATION,  
PETERBOROUGH BRANCH**

**NOTES TO THE FINANCIAL STATEMENTS  
For The Year Ended March 31, 2013**

**NOTE 9: INTERNALLY RESTRICTED FUNDS**

	April 1, 2012 \$	Transfers \$	March 31, 2013 \$
Renovations	24,173	-	24,173
Suicide prevention	110,036	10,871	120,907
Cleaning services	920	1,704	2,624
Making It Work	81,256	18,698	99,954
EPI training	16,308	-	16,308
Reach Centre	19,219	-	19,219
Educational Bursary (Tam grant)	35,984	826	36,810
Homelessness Partnering Strategy	79,164	739	79,903
Capital	19,729	2,975	22,704
Individualized Specialized Supports	7,660	-	7,660
Kids On The Block	59,634	13,246	72,880
Alternative Businesses	11,409	8,043	19,452
Lighthouse Centre	-	5,970	5,970
Training	1,704	1,752	3,456
	467,196	64,824	532,020

**NOTE 10: OTHER ITEM**

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

**NOTE 11: SUBSEQUENT EVENT**

In the prior year, the Board of Directors of the Canadian Mental Health Association - Peterborough Branch and the Canadian Mental Health Association - Kawartha Lakes Branch endorsed the amalgamation/merger of both organizations effective April 1, 2013. The Integration Plan was endorsed by the Central East Local Health Integration Network in January 2012.

**NOTE 12: 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.

**CANADIAN MENTAL HEALTH ASSOCIATION,  
PETERBOROUGH BRANCH**

**NOTES TO THE FINANCIAL STATEMENTS  
For The Year Ended March 31, 2013**

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**NOTE 13: 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.

**NOTE 14: ADOPTION OF ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT ORGANIZATIONS**

Effective April 1, 2012, the organization adopted the requirements of the Canadian Institute of Chartered Accountants (CICA) Handbook - Accounting, electing to adopt the new accounting framework: Canadian Accounting Standards for Not-For-Profit Organizations ("ASNFPPO"). These are the organization's first financial statements prepared in accordance with ASNFPPO and the transitional provisions of Section 1501, First-time Adoption have been applied. Section 1501 requires retrospective application of the accounting standards with certain elective exemptions and limited retrospective exceptions. The accounting policies set out in the significant accounting policies note have been applied in preparing the financial statements for the year ended March 31, 2013, the comparative information for the year ended March 31, 2012 and the statement of financial position at April 1, 2011 which was the organization's date of transition.

The organization issued financial statements for the year ended March 31, 2012 using generally accepted accounting principles prescribed by CICA Handbook - Accounting XFI. The adoption of ASNFPPO had no impact on the previously reported assets, liabilities and fund balances of the organization, and accordingly, no adjustments have been recorded in the comparative statement of financial position, the statement of operations and changes in fund balance and the cash flows statement. Certain of the organization's disclosures included in these financial statements reflect the new disclosure requirements of ASNFPPO.