

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

AUDITED FINANCIAL STATEMENTS

AT MARCH 31, 2016

Tim J.F. Nicholls
Chartered Accountant

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

AUDITED FINANCIAL STATEMENTS

AT MARCH 31, 2016

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Tim J.F. Nicholls
Chartered Accountant

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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, 2016 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, 2016 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 \$32,011, while the accounts receivable would have increased by \$2,619 and the equity in capital assets would have increased by \$34,630. The cumulative increase would have been \$1,368,004 for the accounts receivable and \$1,318,137 for the accumulated amortization. The closing fund balance for the equity in capital assets would have been \$557,361.



Peterborough, Ontario
June 15, 2016

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, 2016**

	Operating Fund \$	Reserve Fund \$	Total 2016 \$	Total 2015 \$
ASSETS				
Current				
Cash	2,768,313	700,319	3,468,632	2,475,765
Accounts receivable - Note 3	223,105	-	223,105	314,379
Prepaid expenses	17,940	-	17,940	10,469
Due from (to) other funds	(3,988)	3,988	-	-
	3,005,370	704,307	3,709,677	2,800,613
Capital - Note 4	3,180,766	-	3,180,766	3,456,839
Total Assets	6,186,136	704,307	6,890,443	6,257,452
LIABILITIES AND FUND BALANCES				
Current Liabilities				
Accounts payable - Note 5	942,484	-	942,484	806,030
Payable to Province of Ontario	710,191	-	710,191	181,709
Deferred contributions - Note 7	724,767	-	724,767	826,713
Current portion of long-term debt - Note 6	159,739	-	159,739	154,061
Current Liabilities Before Callable Debt	2,537,181	-	2,537,181	1,968,513
Callable Debt - Note 6	849,013	-	849,013	871,406
	3,386,194	-	3,386,194	2,839,919
Long-Term Debt - Note 6	1,370,883	-	1,370,883	1,508,001
	4,757,077	-	4,757,077	4,347,920
Fund Balances				
Unrestricted	388,669	-	388,669	431,658
Externally restricted	-	704,307	704,307	647,584
Equity in capital assets	125,000	-	125,000	125,000
Internally restricted - Note 8	915,390	-	915,390	705,290
	1,429,059	704,307	2,133,366	1,909,532
Total Liabilities and Fund Balances	6,186,136	704,307	6,890,443	6,257,452

Tim J.F. Nicholls
Chartered Accountant

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, 2016**

	Unrestricted Operating Fund \$	Reserve Fund \$	Equity In Capital Assets \$	Internally Restricted Reserves \$	2016 \$	2015 \$
Balance, beginning of year	431,658	647,584	125,000	705,290	1,840,516	1,719,736
Excess of revenue over expenditures for the year	167,111	56,723	-	-	223,834	120,780
Inter-fund transfer - Note 8	(210,100)	-	-	210,100	-	-
Balance, end of year	388,669	704,307	125,000	915,390	2,064,350	1,840,516

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

**STATEMENT OF OPERATIONS
For The Year Ended March 31, 2016**

	Operating Fund \$	Reserve Fund \$	Total 2016 \$	Total 2015 \$
Revenue				
Grants				
Ministry of Health and Long-Term Care/LHIN	7,904,398	-	7,904,398	8,579,948
Ministry of Health and Long-Term Care - Housing	1,257,345	51,548	1,308,893	1,228,555
Ministry of Community and Social Services	1,162,266	-	1,162,266	1,108,088
Ministry of Children and Youth Services	32,679	-	32,679	45,593
Ministry of Training, Colleges and Universities	166,805	-	166,805	166,805
City of Peterborough	192,903	-	192,903	160,090
City of Kawartha Lakes	12,953	-	12,953	48,087
United Way	56,942	-	56,942	218,707
Ontario Trillium Foundation	75,000	-	75,000	77,294
Other	31,472	-	31,472	69,058
Rental income	140,506	-	140,506	136,988
Donations and fundraising	402,693	-	402,693	236,628
Interest	16,390	5,175	21,565	19,384
Sales	103,873	-	103,873	97,002
Training	61,234	-	61,234	42,924
Miscellaneous	94,430	-	94,430	61,164
	11,711,889	56,723	11,768,612	12,296,315
Expenditures				
Salary and benefits	7,830,999	-	7,830,999	7,793,822
Staff training and travel	327,211	-	327,211	344,091
Program costs	477,452	-	477,452	443,835
Payments to other organizations	297,151	-	297,151	1,033,695
General office expense	169,505	-	169,505	160,361
Professional fees	97,924	-	97,924	87,087
Professional fees - psychiatry	297,073	-	297,073	300,367
Repairs and maintenance	188,495	-	188,495	274,493
Occupancy costs - all facilities	488,094	-	488,094	486,450
Interest on long-term debt	94,507	-	94,507	100,516
Amortization	345,968	-	345,968	328,900
Fundraising	82,920	-	82,920	96,806
Rent supplement	769,831	-	769,831	674,858
Purchases	56,621	-	56,621	42,366
Bad debt expense	21,027	-	21,027	7,888
	11,544,778	-	11,544,778	12,175,535
Excess of Revenue Over Expenditures For The Year	167,111	56,723	223,834	120,780

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

**STATEMENT OF CASH FLOWS
For The Year Ended March 31, 2016**

	2016 \$	2015 \$
CASH PROVIDED BY (USED IN)		
Operating Activities		
Excess of revenue over expenditures for the year	223,834	120,780
Transfers to reserves	210,100	138,451
Amortization	345,968	328,900
Changes in non-cash working capital accounts		
Accounts receivable	91,274	58,575
Prepaid expenses	(7,471)	(298)
Accounts payable and accrued liabilities	136,454	8,332
Payable to the Province of Ontario	528,482	(90,855)
Deferred contributions	(101,946)	(83,785)
	1,426,695	480,100
Financing Activities		
Repayment of long-term debt	(153,833)	(148,369)
Investing Activities		
Increase in reserves	(210,100)	(138,451)
Purchase of capital assets	(69,895)	(70,395)
	(279,995)	(208,846)
Increase In Cash During The Year	992,867	122,885
Cash, Beginning of Year	2,475,765	2,352,880
Cash, End of Year	3,468,632	2,475,765

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**CANADIAN MENTAL HEALTH ASSOCIATION,
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**NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended March 31, 2016**

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.

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

**NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended March 31, 2016**

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 \$2,675 (2015 - \$6,423).

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**CANADIAN MENTAL HEALTH ASSOCIATION,
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**NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended March 31, 2016**

NOTE 4: CAPITAL ASSETS

The major categories are comprised of the following:

	Cost \$	Accumulated Amortization \$	Net Book Value	
			2016 \$	2015 \$
Housing program:				
Land, buildings and equipment:				
648 George Street, Peterborough	194,390	104,701	89,689	97,745
174-176 Rubidge Street, Peterborough	275,670	128,554	147,116	157,657
767 Water Street, Peterborough	159,385	71,426	87,959	93,968
568 Charlotte Street, Peterborough	269,040	143,347	125,693	137,268
267 Park Street, Peterborough	172,530	77,322	95,208	101,712
548 Barker Avenue, Peterborough	378,041	182,451	195,590	210,731
311 Stewart Street, Peterborough	267,542	145,942	121,600	133,385
564 Sherbrooke Street, Peterborough	185,803	89,856	95,947	103,389
60 McDonnell Street, Peterborough	434,917	210,488	224,429	241,848
524 Charlotte Street, Peterborough	158,941	76,964	81,977	88,343
604 Stewart Street, Peterborough	184,160	100,313	83,847	92,082
51 Adelaide Street, Lindsay	557,495	317,034	240,461	263,913
	3,237,914	1,648,398	1,589,516	1,722,041
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	491,492	288,688	327,696
Building - 415 Water Street, Peterborough	943,993	157,515	786,478	833,678
Automotive equipment	147,427	125,634	21,793	36,410
Office furniture and fixtures	1,179,441	1,011,514	167,927	210,650
Property improvements	97,409	96,045	1,364	1,364
Equipment	34,485	34,485	-	-
	3,507,935	1,916,685	1,591,250	1,734,798
	6,745,849	3,565,083	3,180,766	3,456,839

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

**NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended March 31, 2016**

NOTE 5: ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The accounts payable and accrued liabilities includes payroll and sales tax remittances of \$102,641 (2015 - \$101,799).

NOTE 6: LONG-TERM DEBT

	2016 \$	2015 \$
Mortgage loans payable to TD Canada Trust		
Interest calculated at 6.0%, repayable in blended monthly payments of \$1,600, due November 1, 2023	141,166	151,707
Interest calculated at 2.245%, repayable in blended monthly payments of \$851, due October 1, 2017	83,847	92,082
Mortgage loans payable to Scotiabank		
Interest calculated at 3.048%, repayable in blended monthly payments of \$848, due May 1, 2016	65,451	73,507
Interest calculated at 3.048%, repayable in blended monthly payments of \$5,342, due May 1, 2016	560,347	606,717
Interest calculated at 2.35%, repayable in blended monthly payments of \$1,208, due July 1, 2019	118,503	130,078
Interest calculated at 2.35%, repayable in blended monthly payments of \$1,230, due July 1, 2019	120,648	132,433
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	176,761	189,274
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	241,120	264,572
Demand loans payable to the Royal Bank of Canada		
Interest calculated at 4.54%, repayable in blended monthly payments of \$3,594	611,074	626,008
Interest calculated at 4.54%, repayable in blended monthly payments of \$1,533	260,718	267,090
	2,379,635	2,533,468
Scheduled repayments of long-term debt	159,739	154,061
Callable debt	849,013	871,406
Long-term	1,370,883	1,508,001

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

**NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended March 31, 2016**

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:

2017	-	\$	159,739
2018	-		165,407
2019	-		171,307
2020	-		177,262
2021	-		183,840

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:

	2016 \$	2015 \$
Balance, beginning of year	826,713	910,498
Funding received in the year related to capital assets	69,894	70,394
Funding received in the year related to operations	333,200	593,879
Revenue recognized in the year related to capital assets	(173,341)	(161,013)
Revenue recognized in the year related to operations	(331,699)	(587,045)
	<u>724,767</u>	<u>826,713</u>
Comprised of:		
Deferred contributions related to capital assets	570,564	674,011
Deferred contributions related to operating activities	154,203	152,702
	<u>724,767</u>	<u>826,713</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended March 31, 2016**

NOTE 8: INTERNALLY RESTRICTED FUNDS

	April 1, 2015 \$	Transfers \$	March 31, 2016 \$
Suicide prevention	135,638	5,145	140,783
Suicide prevention - Donor specific	-	100,000	100,000
Cleaning services	2,624	-	2,624
Making It Work	155,007	(3,204)	151,803
EPI training	16,308	-	16,308
Educational Bursary (Tam grant)	37,956	(170)	37,786
Homeless Donations	80,103	-	80,103
Capital	11,770	-	11,770
Individualized Specialized Supports	7,660	2,894	10,554
Kids On The Block	96,997	-	96,997
Alternative Businesses	22,297	(16,927)	5,370
Lighthouse Centre	2,806	7,019	9,825
Fundraising	55,819	(13,134)	42,685
Team 55	58,225	81,848	140,073
Training	5,006	9,321	14,327
Healthy Communities	3,528	-	3,528
OTN Rental Income	1,715	250	1,965
Peer Support Donations	968	5,014	5,982
EPI Donations	2,000	-	2,000
Four Counties Crisis Donations	4,754	2,600	7,354
Release From Custody	500	-	500
Community Training	-	24,128	24,128
Consumer Initiative Advisory Group	-	841	841
Trustee Services CKL	-	975	975
Transgender Services	-	3,500	3,500
Health Promotion revenue	3,609	-	3,609
	705,290	210,100	915,390

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**NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended March 31, 2016**

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.

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