

**CANADIAN MENTAL HEALTH ASSOCIATION
SAULT STE. MARIE BRANCH
FINANCIAL STATEMENTS**

Year ended March 31, 2019

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors

Qualified Opinion

I have audited the financial statements of Canadian Mental Health Association Sault Ste. Marie Branch, which comprise the statement of financial position as at March 31, 2019 and its financial performance, changes in net assets and its cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of my report, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2019 and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many charitable organizations, Canadian Mental Health Association Sault Ste. Marie Branch derives revenue from donations, fundraising and other receipts, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, my verification of these revenues was limited to the amounts recorded in the records of the organization. Therefore I was not able to determine whether any adjustments might be necessary to revenues and excess of revenues over expenditures for the years ended March 31, 2019 and 2018, and assets and net assets as at March 31, 2019 and 2018.

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of Financial Statements* section of my report. I am independent of the Entity in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. As described in the *Basis for Qualified Opinion* section above, I was unable to obtain sufficient appropriate evidence regarding the completeness of revenue derived from donations, fundraising and other receipts. Accordingly, I am unable to conclude whether or not the other information is materially misstated with respect to this matter.

Responsibilities of Management and Those Charged with Governance 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, 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.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



Chartered Professional Accountant
Professional Corporation

Authorized to practice public accounting by The Chartered Professional Accountants of Ontario

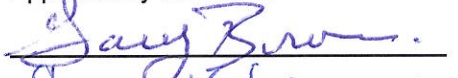

Sault Ste. Marie, Ontario

May 22, 2019

CANADIAN MENTAL HEALTH ASSOCIATION, SAULT STE. MARIE BRANCH
STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31,	2019	2018
ASSETS		
CURRENT ASSETS		
Cash	\$ 713,746	\$ 532,257
Accounts receivable	53,585	15,722
Government sales tax receivable	26,516	29,370
	<u>793,847</u>	<u>577,349</u>
CAPITAL ASSETS (note 2)	46,786	42,326
	<u>\$ 840,633</u>	<u>\$ 619,675</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 129,637	\$ 68,112
Deferred contributions	66,300	-
	<u>195,937</u>	<u>68,112</u>
DEFERRED CAPITAL CONTRIBUTIONS (note 3)	46,786	42,326
	<u>242,723</u>	<u>110,438</u>
NET ASSETS		
Unrestricted	597,910	509,237
	<u>\$ 840,633</u>	<u>\$ 619,675</u>

Approved by the Board:

The accompanying notes are an integral part of these financial statements

CANADIAN MENTAL HEALTH ASSOCIATION, SAULT STE. MARIE BRANCH
STATEMENT OF OPERATIONS AND NET ASSETS

FOR THE YEAR ENDED MARCH 31,	General	LHIN	2019	2018
REVENUE				
Local Health Integration Network (note 4)	\$ 156,782	\$2,067,452	\$2,224,234	\$2,124,752
United Way of Sault Ste. Marie	40,000	-	40,000	40,000
Interest	5,171	-	5,171	737
Donations (note 5)	18,621	-	18,621	62,393
Amortization of deferred capital contributions	-	15,633	15,633	18,053
Other (note 6)	429,681	54,524	484,205	366,524
	650,255	2,137,609	2,787,864	2,612,459
EXPENSES				
Salaries and benefits	332,788	1,679,589	2,012,377	1,929,172
Rent	-	168,328	168,328	169,098
Telephone	3,448	24,319	27,767	25,135
Office and general	435	17,593	18,028	14,237
Public awareness	1,036	20,686	21,722	24,684
Board and staff development	19,779	28,633	48,412	52,157
Audit and legal	470	11,656	12,126	38,160
Facilities and housekeeping	1,039	3,519	4,558	5,798
Membership fees	373	155	528	357
Amortization of capital assets	-	15,633	15,633	18,055
Program activities and supplies	60,174	153,945	214,119	173,426
Youth Mental Health Court Worker Program	73,432	-	73,432	72,551
Mental Health Programs	-	1,214	1,214	5,004
	492,974	2,125,270	2,618,244	2,527,834
EXCESS OF REVENUES OVER EXPENSES	157,281	12,339	169,620	84,625
Payable to Ministry of Health and Long-Term Care	5,561	69,879	75,440	416
Payable to Ministry of Children and Youth Services	5,507	-	5,507	6,643
EXCESS OF REVENUE OVER EXPENSES	146,213	(57,540)	88,673	77,566
UNRESTRICTED NET ASSETS, BEGINNING OF YEAR			509,237	431,671
UNRESTRICTED NET ASSETS, END OF YEAR			\$ 597,910	\$ 509,237

The accompanying notes are an integral part of these financial statements

CANADIAN MENTAL HEALTH ASSOCIATION, SAULT STE. MARIE BRANCH
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31,	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenue over (under) expenses	\$ 88,673	\$ 77,566
Adjustments for:		
Amortization of capital assets	15,633	18,055
Amortization of deferred capital contributions	(15,633)	(18,053)
Accounts receivable	(37,863)	12,117
Government sales tax receivable	2,854	(3,372)
Accounts payable and accrued liabilities	61,525	(58,036)
Deferred contributions	66,300	-
INCREASE IN CASH POSITION DURING THE YEAR	181,489	28,277
CASH POSITION, BEGINNING OF YEAR	532,257	503,980
CASH POSITION, END OF YEAR	\$ 713,746	\$ 532,257

The accompanying notes are an integral part of these financial statements

CANADIAN MENTAL HEALTH ASSOCIATION, SAULT STE. MARIE BRANCH
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2019

The Canadian Mental Health Association, Sault Ste. Marie Branch, (the "Association") in partnership with consumers, volunteers and service providers, strives to make a significant difference in the mental health of persons living in the Algoma District through a range of services that include support programs, advocacy, mental health promotion and education. The Association is incorporated under the Laws of Ontario and is a registered charity under the Income Tax Act.

1. Significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

(a) Financial Instruments

The organization initially measures its financial assets and financial liabilities at fair value and subsequently measures all its financial assets and liabilities at amortized cost.

Financial assets measured at amortized cost include cash and term deposits and accounts receivable.

Financial liabilities measured at cost include accounts payable.

(b) Revenue recognition:

The Association follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions and other revenues are recognized as revenue when received or receivable if the amounts to be received can be reasonably estimated and collection is reasonably assured. Contributions related to expenses not yet incurred are deferred.

(c) Contributed services:

Volunteers contribute a considerable number of hours during the year to assist the Association in carrying out its service delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

(d) Capital assets:

Purchased capital assets are recorded at cost. Capital assets are amortized on the straight-line basis using the assets' estimated useful lives as per below:

Leasehold Improvements	5 years
Computer equipment	4 years
Furniture and equipment	10 years

CANADIAN MENTAL HEALTH ASSOCIATION, SAULT STE. MARIE BRANCH
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2019

1. Significant accounting policies (continued)

(e) Use of Estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. Significant areas requiring the use of estimates relate to the assessment of impairment of capital assets and the useful lives of assets for amortization.

2. Capital Assets

	2019		2018	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Leasehold improvements	\$ 30,881	\$ 27,793	\$ 3,088	\$ 9,265
Furniture and equipment	200,601	156,903	43,698	29,639
Computer equipment	195,427	195,427	-	3,422
	\$ 426,909	\$ 380,123	\$ 46,786	\$ 42,326

3. Deferred capital contributions

Deferred capital contributions represent restricted contributions with which the organization's furniture, equipment, computers and leasehold improvements were purchased. The changes in the deferred contributions balance for the year are as follows:

	2019	2018
Balance, beginning of year	42,326	60,380
Amortization of deferred capital contributions	(15,633)	(18,053)
Addition to deferred capital contributions	20,093	-
Balance, end of year	\$ 46,786	\$ 42,326

CANADIAN MENTAL HEALTH ASSOCIATION, SAULT STE. MARIE BRANCH
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2019

4. Local Health Integration Network Revenue

	2019	2018
Fiscal Allocation	2,244,327	2,124,752
Deferred capital contributions	(20,093)	-
	2,224,234	2,124,752

5. Donations

Donations included a bequest of \$50,000 in each of the years ended March 31, 2018, March 31, 2017 and March 31, 2016 to establish a fund to be used for member activities, special events and scholarships.

6. Other Revenue

	2019	2018
General		
Canada Summer Jobs	22,159	13,366
Community Homeless Prevention Initiative Program	65,000	61,930
Human Service Justice Coordinating Committee	7,000	7,000
Northern Ontario Heritage Fund Corporation	29,240	-
Ministry of Health and Long Term Care	20,300	-
Seminars and fundraising	98,210	91,783
Service agreements	99,573	54,722
Youth Mental Health Court Worker	88,199	88,699
	429,681	317,500
LHIN		
Court Support Program/Case Management	54,524	49,024
	484,205	366,524

7. Financial Risks

(a) Liquidity risk:

Liquidity risk is the risk that the Association will be unable to fulfil its obligations on a timely basis or at a reasonable cost. The Association manages to liquidity risk by monitoring its operating requirements. The Association prepares budget and cash forecasts to ensure it has sufficient funds to fulfil its obligations. There has been no change to the risk exposures from 2018.

(b) Interest rate risk:

Interest rate risk is the risk of potential financial loss caused by fluctuations in fair value of future cash flow of financial instruments due to changes in market interest rates. The organization is exposed to this risk through its interest bearing deposits. The organization manages this risk through investing in fixed-rate deposits of short to medium term maturity.

CANADIAN MENTAL HEALTH ASSOCIATION, SAULT STE. MARIE BRANCH
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2019

8. Economic Dependence

Approximately 75% of the organization's operating revenue is received from the Local Health Integration Network. The continuation of this organization is dependant on this funding.