

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

Year ended March 31, 2020

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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, 2020 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, 2020 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, 2020 and 2019, and assets and net assets as at March 31, 2020 and 2019.

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.

Emphasis of Matter

I draw attention to note 9 to the financial statements, which describe the potential impact of the COVID-19 pandemic to the organization. My opinion is not modified in respect of this matter.

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.

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.

- 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.

John R. Rumsfeld

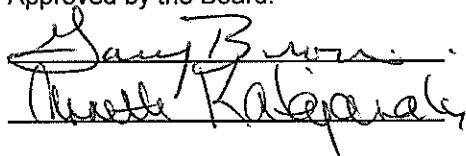
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CANADIAN MENTAL HEALTH ASSOCIATION, SAULT STE. MARIE BRANCH
STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31,	2020	2019
ASSETS		
CURRENT ASSETS		
Cash	\$ 886,948	\$ 713,746
Accounts receivable	12,400	53,585
Government sales tax receivable	30,747	26,516
	<u>930,095</u>	<u>793,847</u>
CAPITAL ASSETS (note 2)	36,658	46,786
	<u>\$ 966,753</u>	<u>\$ 840,633</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 178,674	\$ 129,637
Government remittances payable	6,515	-
Deferred contributions	-	66,300
	<u>185,189</u>	<u>195,937</u>
DEFERRED CAPITAL CONTRIBUTIONS (note 3)	36,658	46,786
	<u>221,847</u>	<u>242,723</u>
NET ASSETS		
Unrestricted	744,906	597,910
	<u>\$ 966,753</u>	<u>\$ 840,633</u>

Commitment (note 4)

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

YEAR ENDED MARCH 31,	General	LHIN	2020	2019
REVENUE				
Local Health Integration Network (note 5)	\$ 163,234	\$2,110,111	\$2,273,345	\$2,224,234
United Way of Sault Ste. Marie	40,000	-	40,000	40,000
Interest	1,794	-	1,794	5,171
Donations	11,355	-	11,355	18,621
Amortization of deferred capital contributions	-	10,128	10,128	15,633
Other (note 6)	445,913	-	445,913	484,205
Rent supplement	33,100	-	33,100	-
	695,396	2,120,239	2,815,635	2,787,864
EXPENSES				
Salaries and benefits	338,734	1,639,233	1,977,967	2,012,377
Rent	-	171,409	171,409	168,328
Telephone	6,867	30,297	37,164	27,767
Office and general	-	16,971	16,971	18,028
Purchased services	6,990	37,464	44,454	21,722
Board and staff development	15,597	34,888	50,485	48,412
Audit and legal	135	16,412	16,547	12,126
Facilities and housekeeping	1,439	4,627	6,066	4,558
Membership fees	225	-	225	528
Amortization of capital assets	-	10,128	10,128	15,633
Program activities and supplies	55,317	158,701	214,018	214,119
Rent supplement expense	3,189	-	3,189	-
Youth Mental Health Court Worker Program	68,911	-	68,911	73,432
Mental Health Programs	-	1,714	1,714	1,214
Bad debt	1,200	-	1,200	-
	498,604	2,121,844	2,620,448	2,618,244
EXCESS OF REVENUES OVER EXPENSES	196,792	(1,605)	195,187	169,620
Payable to Ministry of Health and Long-Term Care	29,911	8,252	38,163	75,440
Payable to MCCSS	10,028	-	10,028	5,507
	156,853	(9,857)	146,996	88,673
UNRESTRICTED NET ASSETS, BEGINNING OF YEAR			597,910	509,237
UNRESTRICTED NET ASSETS, END OF YEAR			\$ 744,906	\$ 597,910

The accompanying notes are an integral part of these financial statements

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

YEAR ENDED MARCH 31,	2020	2019
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CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenue over (under) expenses	\$ 146,996	\$ 88,673
Adjustments for:		
Amortization of capital assets	10,128	15,633
Amortization of deferred capital contributions	(10,128)	(15,633)
Accounts receivable	41,185	(37,863)
Government sales tax receivable	(4,231)	2,854
Accounts payable and accrued liabilities	49,037	61,525
Government remittances payable	6,515	-
Deferred contributions	(66,300)	66,300
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INCREASE IN CASH POSITION DURING THE YEAR	173,202	181,489
CASH POSITION, BEGINNING OF YEAR	713,746	532,257
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CASH POSITION, END OF YEAR	\$ 886,948	\$ 713,746
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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, 2020

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, 2020

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

	2020		2019	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Leasehold improvements	\$ 30,881	\$ 30,881	\$ -	\$ 3,088
Furniture and equipment	200,601	163,943	36,658	43,698
Computer equipment	195,427	195,427	-	-
	\$ 426,909	\$ 390,251	\$ 36,658	\$ 46,786

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:

	2020	2019
Balance, beginning of year	\$ 46,786	\$ 42,326
Amortization of deferred capital contributions	(10,128)	(15,633)
Addition to deferred capital contributions	-	20,093
Balance, end of year	\$ 36,658	\$ 46,786

4. Commitment

The Association leases their current premises under lease agreement that expires May 31, 2027. The annual lease commitment is \$124,509 plus a proportionate share of Realty Tax and Utilities calculated as (Total Area Leased/Total Building Area).

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

YEAR ENDED MARCH 31, 2020

5. Local Health Integration Network Revenue

	2020	2019
Fiscal Allocation	\$ 2,273,345	\$ 2,244,327
Deferred capital contributions	-	(20,093)
	\$ 2,273,345	\$ 2,224,234

6. Other Revenue

	2020	2019
General		
Canada Summer Jobs	\$ 22,170	\$ 22,159
Community Homeless Prevention Initiative Program	66,300	65,000
Human Service Justice Coordinating Committee	7,000	7,000
Northern Ontario Heritage Fund Corporation	2,260	29,240
Ministry of Health and Long Term Care	-	20,300
Seminars and fundraising	93,541	98,210
Service agreements	112,919	99,573
Youth Mental Health Court Worker	88,199	88,199
Court Support Program/Case Management	53,524	54,524
	\$ 445,913	\$ 484,205

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 2019.

(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, 2020

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.

9. Subsequent Events

Since its declaration as a pandemic, COVID-19 has had a significant impact in Canada and in the global economy. As the situation develops, there could be further impact on the organization, its fundraising activities, its service revenue, and donations received. Management is actively monitoring the affect on its financial condition, operations, and workforce. Due to the nature of operations, management does not anticipate a decrease in government funding, which is its main source of income. However, a temporary decline in income from services and essential fundraisers is possible. Given the daily evolution of the COVID-19 situation and global responses to curb its spread, the Organization is not able to fully estimate the effects of the COVID-19 outbreak.