

**CANADIAN MENTAL HEALTH ASSOCIATION
ALGOMA
FINANCIAL STATEMENTS**

YEAR ENDED MARCH 31, 2023

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INDEPENDENT AUDITOR'S REPORT

June 20, 2023

The Board of Directors

Qualified Opinion

I have audited the financial statements of Canadian Mental Health Association Algoma, which comprise the statement of financial position as at March 31, 2023 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, 2023 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 Algoma 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, 2023 and 2022, and assets and net assets as at March 31, 2023 and 2022.

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.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

CANADIAN MENTAL HEALTH ASSOCIATION ALGOMA
STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, **2023** **2022**

ASSETS

CURRENT ASSETS

Cash	\$ 2,711,591	\$ 2,633,632
Accounts receivable	286,193	292,288
Prepaid expenses	35,614	104,348
Government sales tax receivable	111,836	72,486
	<u>3,145,234</u>	<u>3,102,754</u>

CAPITAL ASSETS (note 2) 71,920 102,870

\$ 3,217,154 \$ 3,205,624

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued liabilities	\$ 257,340	\$ 192,719
Payable to the Ministry of Health and Long-Term Care (MOHLTC)	1,083,665	954,492
Government remittances payable	-	97,502
Deferred contributions (note 3)	-	473,162
	<u>1,341,005</u>	<u>1,717,875</u>

DEFERRED CAPITAL CONTRIBUTIONS (note 4) 71,920 102,870

1,412,925 1,820,745

NET ASSETS

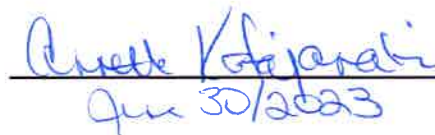
Unrestricted 1,804,229 1,384,879

\$ 3,217,154 \$ 3,205,624

Commitments (note 5)

Approved by the Board:


June 30/2023


June 30/2023

The accompanying notes are an integral part of these financial statements

CANADIAN MENTAL HEALTH ASSOCIATION ALGOMA
STATEMENT OF OPERATIONS AND NET ASSETS

YEAR ENDED MARCH 31,	General	MOHLTC	2023	2022
REVENUE				
Ontario Health (note 6)	\$ 406,452	\$5,946,309	\$6,352,761	\$6,131,000
United Way of Sault Ste. Marie	44,000	-	44,000	100,805
Interest	10,862	-	10,862	12,132
Donations	57,662	-	57,662	38,298
Amortization of deferred capital contributions	-	30,950	30,950	31,461
Other (note 7)	2,168,109	-	2,168,109	1,334,096
Rent supplement	-	741,045	741,045	263,341
	2,687,085	6,718,304	9,405,389	7,911,133
EXPENDITURES				
Salaries and benefits	1,752,188	4,941,149	6,693,337	5,682,450
Rent	53,868	184,471	238,339	229,360
Telephone	10,428	72,910	83,338	67,248
Office and general	-	117,732	117,732	71,718
Purchased services	119,269	166,573	285,842	341,969
Board and staff development	13,466	137,432	150,898	90,126
Audit and legal	-	72,680	72,680	15,021
Facilities and housekeeping	325	19,588	19,913	8,643
Membership fees	278	4,511	4,789	7,350
Amortization of capital assets	-	30,950	30,950	31,461
Program activities and supplies	71,778	358,172	429,950	261,372
Rent supplement expense	-	639,555	639,555	180,005
Youth Mental Health Court Worker Program	75,936	-	75,936	75,667
Mental Health Programs	-	9,274	9,274	13,841
Bad debt	4,333	-	4,333	4,402
	2,101,869	6,754,997	8,856,866	7,080,633
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES				
	585,216	(36,693)	548,523	830,500
Payable to Ministry of Health and Long-Term Care	-	129,173	129,173	507,202
	585,216	(165,866)	419,350	323,298
NET ASSETS, BEGINNING OF YEAR	-	-	1,384,879	1,061,581
NET ASSETS, END OF YEAR	\$ -	\$ -	\$1,804,229	\$1,384,879

The accompanying notes are an integral part of these financial statements

**CANADIAN MENTAL HEALTH ASSOCIATION ALGOMA
STATEMENT OF CASH FLOWS**

YEAR ENDED MARCH 31,	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 419,350	\$ 323,298
Adjustments for:		
Amortization of capital assets	30,950	31,461
Amortization of deferred capital contributions	(30,950)	(31,461)
Accounts receivable	6,095	52,546
Prepaid expenses	68,734	(104,348)
Government sales tax receivable	(39,350)	(34,955)
Accounts payable and accrued liabilities	193,794	468,979
Government remittances payable	(97,502)	97,502
Deferred contributions	(473,162)	(225,143)
INCREASE IN CASH POSITION DURING THE YEAR	77,959	577,879
CASH POSITION, BEGINNING OF YEAR	2,633,632	2,055,753
CASH POSITION, END OF YEAR	\$ 2,711,591	\$ 2,633,632

The accompanying notes are an integral part of these financial statements

CANADIAN MENTAL HEALTH ASSOCIATION ALGOMA
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2023

The Canadian Mental Health Association Algoma, (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 ALGOMA
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2023

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

	2023		2022	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Leasehold improvements	\$ 30,881	\$ 30,881	\$ -	\$ -
Furniture and equipment	229,552	192,218	37,334	46,249
Computer equipment	283,567	248,981	34,586	56,621
	\$ 544,000	\$ 472,080	\$ 71,920	\$ 102,870

3. Deferred contributions

Deferred contributions represent unspent resources restricted for specific purposes. The deferred contributions balance at year end is as follows:

	2023	2022
District of Sault Ste. Marie Social Services Board (Community Homelessness Prevention Initiative)	\$ -	\$ 473,162
Balance, end of year	\$ -	\$ 473,162

CANADIAN MENTAL HEALTH ASSOCIATION ALGOMA
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2023

4. 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 capital contributions balance for the year are as follows:

	2023	2022
Balance, beginning of year	\$ 102,870	\$ 84,127
Amortization of deferred capital contributions	(30,950)	(31,460)
Addition to deferred capital contributions	-	50,203
Balance, end of year	\$ 71,920	\$ 102,870

5. Commitments

The Association is under lease obligation at the following premises:

- i. 386 Queen Street East in Sault Ste. Marie, lease expiring May 31, 2027. The annual lease commitment is \$124,509, plus HST, plus a proportionate share of Realty Tax and Utilities calculated as (Total Area Leased/Total Building Area).
- ii. 334 Queen Street East in Sault Ste. Marie, lease expiring March 31, 2024. The annual lease commitment is \$43,200 annually, plus HST.

6. Ontario Health revenue

Ontario Health funding recognized in the current year is as follows:

	2023	2022
Fiscal Allocation	\$ 6,280,261	\$ 6,181,203
Deferred capital contributions	-	(50,203)
One time funding receivable	72,500	-
	\$ 6,352,761	\$ 6,131,000

7. Other revenue

	2023	2022
Canada Summer Jobs	\$ 27,932	\$ 16,182
Community Homelessness Prevention Initiative Program	1,283,643	640,938
Human Service Justice Coordinating Committee	7,917	7,300
Seminars and fundraising	98,384	85,666
Service agreements	613,510	447,287
Youth Mental Health Court Worker	88,199	88,199
Court Support Program/Case Management	48,524	48,524
	\$ 2,168,109	\$ 1,334,096

CANADIAN MENTAL HEALTH ASSOCIATION ALGOMA
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2023

8. 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 2022.

(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.

9. Economic dependence

Approximately 75% of the association's operating revenue is received from Ontario Health. The continuation of the association is dependant on this funding.

10. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation.