

**CANADIAN MENTAL HEALTH ASSOCIATION
ALGOMA
FINANCIAL STATEMENTS**

YEAR ENDED MARCH 31, 2024

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INDEPENDENT AUDITOR'S REPORT

July 25, 2024

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, 2024 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, 2024 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, 2024 and 2023, and assets and net assets as at March 31, 2024 and 2023.

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.

**CANADIAN MENTAL HEALTH ASSOCIATION ALGOMA
STATEMENT OF FINANCIAL POSITION**

AS AT MARCH 31,	2024	2023
ASSETS		
CURRENT ASSETS		
Cash	\$ 3,411,497	\$ 2,495,737
Short-term investments (note 3)	65,541	64,010
Accounts receivable (net of allowance for doubtful - \$4,189)	162,376	286,193
Prepaid expenses	24,202	35,614
Government sales tax receivable	188,942	111,836
	<u>3,852,558</u>	<u>2,993,390</u>
LONG-TERM INVESTMENTS (note 3)	160,321	151,844
CAPITAL ASSETS (note 2)	40,969	71,920
	<u>\$ 4,053,848</u>	<u>\$ 3,217,154</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued liabilities	\$ 295,657	\$ 247,630
Payable to the Ministry of Health and Long-Term Care (MOHLTC)	1,369,900	1,083,665
Government remittances payable	108,460	9,710
	<u>1,774,017</u>	<u>1,341,005</u>

DEFERRED CAPITAL CONTRIBUTIONS (note 4)

40,969	71,920
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<u>1,814,986</u>	<u>1,412,925</u>
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NET ASSETS

Unrestricted	2,238,862	1,804,229
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<u>\$ 4,053,848</u>	<u>\$ 3,217,154</u>
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Commitments (note 5)

Approved by the Board:

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	2024	2023
REVENUE				
Ontario Health (note 6)	\$ 379,666	\$6,208,967	\$6,588,633	\$6,352,761
United Way of Sault Ste. Marie	44,000	-	44,000	44,000
Donations	143,700	-	143,700	57,662
Amortization of deferred capital contributions	-	30,950	30,950	30,950
Other (note 7)	2,664,630	-	2,664,630	2,168,109
Rent supplement	-	664,462	664,462	741,045
	3,231,996	6,904,379	10,136,375	9,394,527
EXPENDITURES				
Salaries and benefits	2,133,874	4,978,635	7,112,509	6,693,337
Rent	67,192	184,766	251,958	238,339
Telecommunications	7,622	77,976	85,598	83,338
Office and general	-	250,753	250,753	117,732
Purchased services	297,411	58,841	356,252	285,842
Board and staff development	24,123	118,460	142,583	150,898
Audit and legal	-	81,038	81,038	72,680
Facilities and housekeeping	-	16,700	16,700	19,913
Membership fees	28	22,811	22,839	4,789
Amortization of capital assets	-	30,950	30,950	30,950
Program activities and supplies	170,405	194,314	364,719	429,950
Rent supplement expense	-	590,650	590,650	639,555
Youth Mental Health Court Worker Program	95,253	-	95,253	75,936
Mental Health Programs	-	12,250	12,250	9,274
Bad debt	11,471	-	11,471	4,333
	2,807,379	6,618,144	9,425,523	8,856,866
EXCESS OF REVENUE OVER EXPENDITURES FROM OPERATIONS				
	424,617	286,235	710,852	537,661
OTHER INCOME				
Investment income	10,016	-	10,016	10,862
EXCESS OF REVENUE OVER EXPENDITURES				
	434,633	286,235	720,868	548,523
PAYABLE TO MINISTRY OF HEALTH AND LONG-TERM CARE				
	-	286,235	286,235	129,173
	-	-	434,633	419,350
NET ASSETS, BEGINNING OF YEAR				
	-	-	1,804,229	1,384,879
NET ASSETS, END OF YEAR				
	\$ -	\$ -	\$2,238,862	\$1,804,229

The accompanying notes are an integral part of these financial statements

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

YEAR ENDED MARCH 31,	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenue over expenditures for the year	\$ 424,617	\$ 408,488
Add charges to income not involving cash:		
Amortization of capital assets	30,950	30,950
Amortization of deferred capital contributions	(30,950)	(30,950)
	<u>424,617</u>	<u>408,488</u>
Changes in non-cash operating working capital:		
Accounts receivable	123,817	6,095
Prepaid expenses	11,412	68,734
Government sales tax receivable	(77,106)	(39,350)
Accounts payable and accrued liabilities	48,027	64,621
Government remittances payable	98,758	(97,502)
Deferred contributions	-	(473,162)
Payable to the Ministry of Health and Long-Term Care	286,235	129,173
	<u>915,760</u>	<u>67,097</u>
INCREASE IN CASH POSITION DURING THE YEAR	915,760	67,097
CASH POSITION, BEGINNING OF YEAR	2,495,737	2,428,640
CASH POSITION, END OF YEAR	\$ 3,411,497	\$ 2,495,737

The accompanying notes are an integral part of these financial statements

**CANADIAN MENTAL HEALTH ASSOCIATION ALGOMA
NOTES TO FINANCIAL STATEMENTS**

YEAR ENDED MARCH 31, 2024

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Financial Instruments

The Association 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.

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. Contributions related to capital assets are added to deferred capital contributions and recognized as revenue on the same basis as amortization on the related asset.

Investment income is recognized as revenue when earned and are recognized as direct increases in net assets.

Cash

Cash and cash equivalents consist of cash on hand, bank balances and short-term deposits.

Contributed Services

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

**CANADIAN MENTAL HEALTH ASSOCIATION ALGOMA
NOTES TO FINANCIAL STATEMENTS**

YEAR ENDED MARCH 31, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Purchased capital assets are accounted for at cost and amortized on the basis of their useful life using the straight-line method based on the following:

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

Capital assets are amortized in full in the year of acquisition.

Funding

Ministry of Health and Long-term Care ("MOHLTC") partially funds the Association according to an approved budget. Advances in excess of related expenditures are reported on the *statement of financial position* as amounts payable to the MOHLTC. These financial statements reflect the agreed funding arrangement approved by the MOHLTC but subject to review with respect to the year ended March 31, 2024.

Funds received for projects which are not completed at year end, and are unspent, are reported as deferred contributions.

Allocation of Expenditures

The Association allocates some of its expenditures to the programs funded by the Ministry of Health and Long-Term Care.

Wages and payroll costs are prorated based on the hours worked for each program.

Operating costs are prorated based on the percentage used by each program.

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.

**CANADIAN MENTAL HEALTH ASSOCIATION ALGOMA
NOTES TO FINANCIAL STATEMENTS**

YEAR ENDED MARCH 31, 2024

2. CAPITAL ASSETS

			2024	2023
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Leasehold improvements	\$ 30,881	\$ 30,881	\$ -	\$ -
Furniture and equipment	229,552	201,134	28,418	37,334
Computer equipment	283,567	271,016	12,551	34,586
	\$ 544,000	\$ 503,031	\$ 40,969	\$ 71,920

3. INVESTMENTS

Short-term investments consist of non-redeemable guaranteed investment certificates (GICs) with interest rates ranging from 0.7% to 4.5%, and maturity dates ranging from August 20, 2024 to March 20, 2025.

Long-term investments consist of non-redeemable guaranteed investment certificates (GICs) with interest rates ranging from 0.5% to 2.1%, and maturity dates ranging from August 20, 2026 to January 8, 2028.

4. DEFERRED CAPITAL CONTRIBUTIONS

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

	2024	2023
Balance, beginning of year	\$ 71,919	\$ 102,869
Amortization of deferred capital contributions	(30,950)	(30,950)
Balance, end of year	\$ 40,969	\$ 71,919

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).

**CANADIAN MENTAL HEALTH ASSOCIATION ALGOMA
NOTES TO FINANCIAL STATEMENTS**

YEAR ENDED MARCH 31, 2024

6. ONTARIO HEALTH REVENUE

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

	2024	2023
Fiscal Allocation	\$ 6,588,633	\$ 6,280,261
One time funding receivable	-	72,500
	\$ 6,588,633	\$ 6,352,761

7. OTHER REVENUE

	2024	2023
Canada Summer Jobs	\$ 9,650	\$ 27,932
Community Homelessness Prevention Initiative Program	1,729,509	1,283,643
Downtown Ambassadors	135,123	-
Human Service Justice Coordinating Committee	7,788	7,917
Seminars and fundraising	108,024	98,384
Service agreements	537,813	613,510
Youth Mental Health Court Worker	88,199	88,199
Court Support Program/Case Management	48,524	48,524
	\$ 2,664,831	\$ 2,168,109

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 2023.

(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 Association is exposed to this risk through its interest bearing deposits. The Association manages this risk through investing in fixed-rate deposits of short to medium term maturity. There has been no change to the risk exposures from 2023.

Concentration of Risk:

(a) Industry risk:

The Association is affected by general economic trends. The Association relies heavily on various funding, donations and fundraising efforts. Its ability to continue as a going concern depends on its ongoing ability to raise funds through these different sources.

**CANADIAN MENTAL HEALTH ASSOCIATION ALGOMA
NOTES TO FINANCIAL STATEMENTS**

YEAR ENDED MARCH 31, 2024

9. ECONOMIC DEPENDENCE

Approximately 68% (2023 - 71%) 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.