

**Canadian Mental Health
Association, Simcoe County
Branch**
Financial Statements
For the year ended March 31, 2016

Canadian Mental Health Association, Simcoe County Branch
Financial Statements
For the year ended March 31, 2016

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Tel: 705 726 6331
Fax: 705 722 6588
www.bdo.ca

BDO Canada LLP
300 Lakeshore Drive, Suite 300
Barrie ON L4N 0B4 Canada

Independent Auditor's Report

To the Members of
Canadian Mental Health Association, Simcoe County Branch

We have audited the accompanying financial statements of Canadian Mental Health Association, Simcoe County Branch, which comprise the statement of financial position as at March 31, 2016 and the statements of operations and general fund balance, operations and capital reserve fund balance 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, 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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we 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 judgment, including the assessment of the risks of 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.



Basis for Qualified Opinion

In common with many not-for-profit organizations, Canadian Mental Health Association, Simcoe County Branch derives revenue from donations the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of Canadian Mental Health Association, Simcoe County Branch. Therefore, we were not able to determine whether any adjustments might be necessary to donation revenue, excess of revenues over expenses and cash flows from operations for the year ended March 31, 2016 and March 31, 2015, current assets as at March 31, 2016 and March 31, 2015 and general fund balance as at April 1st and March 31 for both the 2016 and 2015 years. Our audit opinion on the financial statements for the year ended March 31, 2015 was modified accordingly because of the possible effects of this limitation in scope.

Qualified Opinion

In our opinion, except for the possible effects of the matters 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, Simcoe County Branch as at March 31, 2016 and the results of its operations and its cash flows for the year ended in accordance with the Canadian accounting standards for not-for-profit organizations.

Other Matters

We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the schedules on pages 20 to 32 of the Canadian Mental Health Association, Simcoe County Branch's Financial Statements.

BDO CANADA LLP

Chartered Professional Accountants, Licensed Public Accountants

Barrie, Ontario
June 20, 2016

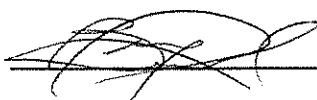
**Canadian Mental Health Association, Simcoe County Branch
Statement of Financial Position**

March 31	2016	2015
Assets		
Current assets		
Cash - general fund (Note 2)	\$ 1,748,861	\$ 1,399,204
Accounts receivable	181,559	425,573
Due to capital reserve fund from general fund	1,815	4,463
Prepaid expenses	54,611	121,795
	<u>1,986,846</u>	<u>1,951,035</u>
Capital assets (Note 3)	5,580,795	3,008,781
Capital reserve fund		
Cash (Note 4)	32,003	32,597
	<u>32,003</u>	<u>32,597</u>
	<u>\$ 7,599,644</u>	<u>\$ 4,992,413</u>

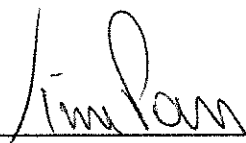
Liabilities and Fund Balances

Current liabilities		
Accounts payable and accrued liabilities (Note 6)	\$ 1,187,039	\$ 1,017,647
Deferred revenue - operations	40,054	43,858
Deferred revenue - grants	52,020	-
Payable to capital reserve fund from general fund	1,815	4,463
Payable to government agencies (Note 10)	234,880	91,671
Scheduled cash repayments on callable debt (Note 7)	11,146	10,754
Current portion of long-term debt (Note 7)	152,976	63,751
	<u>1,679,930</u>	<u>1,232,144</u>
Current liabilities before callable debt	1,679,930	1,232,144
Callable debt (Note 7)	215,365	226,566
	<u>215,365</u>	<u>226,566</u>
Total current liabilities	1,895,295	1,458,710
Long-term debt (Note 7)	3,062,173	1,013,426
Deferred contributions related to capital assets (Note 8)	726,381	837,137
	<u>726,381</u>	<u>837,137</u>
	<u>5,683,849</u>	<u>3,309,273</u>
Commitments (Note 9)		
Contingencies (Note 10)		
Fund balances		
General	1,881,977	1,646,080
Capital Reserve	33,818	37,060
	<u>1,915,795</u>	<u>1,683,140</u>
	<u>\$ 7,599,644</u>	<u>\$ 4,992,413</u>

On behalf of the Board:



Director



Director

Canadian Mental Health Association, Simcoe County Branch Statement of Operations and General Fund Balance

For the year ended March 31	2016	2015
Revenue		
Amortization of deferred contributions related to capital assets (Note 8)	\$ 139,840	\$ 232,341
Amortization of LMR	-	12,803
Donations	86,279	63,697
Grants (Note 11)	16,653,977	16,176,289
Interest income	4,126	6,757
Other income	452,145	449,252
Rental income	659,826	392,582
	<u>17,996,193</u>	<u>17,333,721</u>
Expenses		
Advertising	17,158	33,041
Amortization of capital assets	319,693	248,447
Amortization of LMR	-	12,803
Bank charges	6,796	6,387
Bonding and insurance	34,366	30,162
Books and subscriptions	1,595	6,523
Christmas gifts	7,214	8,003
Client travel	12,827	8,318
Community education	(100)	2,488
Computer and vehicle maintenance	44,770	49,173
Contracted out services	208,967	186,854
Employee benefits (Note 12)	1,899,704	1,877,712
Fundraising expenses	54,059	36,480
General, other and sundry	184,555	198,837
Insurance	1,723	2,385
Interest on long-term debt	70,336	47,219
Medical fees	276,071	319,452
Minor equipment and one-time expenses	67,915	305,707
Postage, stationery and other	46,209	58,762
Professional fees	29,622	53,292
Property and equipment rental	853,781	693,248
Property tax	40,219	20,167
Rent supplements	1,171,605	1,153,329
Repairs and maintenance	130,370	100,388
Salaries	10,357,312	9,830,386
Session fees	57,447	45,623
Staff education	47,180	47,876
Supplies	208,084	163,819
Telephone	155,805	132,671
Travel	252,265	228,802
Utilities	96,114	81,724
Volunteer and client needs	2,186	4,096
	<u>16,655,848</u>	<u>15,994,174</u>

The accompanying notes are an integral part of these financial statements.

**Canadian Mental Health Association, Simcoe County Branch
Statement of Operations and General Fund Balance**

For the year ended March 31	2016	2015
Excess of revenue over expenses for the year before other expense	1,340,345	1,339,547
Other expense - Paymaster	<u>(1,104,448)</u>	<u>(1,019,249)</u>
Excess of revenue over expenses	235,897	320,298
Fund balance, beginning of year	<u>1,646,080</u>	<u>1,325,782</u>
Fund balance, end of year	<u>\$ 1,881,977</u>	<u>\$ 1,646,080</u>

**Canadian Mental Health Association, Simcoe County Branch
Statement of Operations and Capital Reserve Fund Balance**

For the year ended March 31	2016	2015
Revenue		
Interest income	\$ -	\$ 246
Other income	127	-
	127	246
Expenses		
Repairs and maintenance	4,444	1,752
	(4,317)	(1,506)
Excess of expenses over revenue	(4,317)	(1,506)
Fund balance, beginning of year	37,060	35,591
Transfer from general fund	1,075	2,975
	\$ 33,818	\$ 37,060
Fund balance, end of year	\$ 33,818	\$ 37,060

Canadian Mental Health Association, Simcoe County Branch Statement of Cash Flows

For the year ended March 31	2016	2015
Cash flows from operating activities		
Excess of revenue over expenses for the year	\$ 235,897	\$ 320,298
Items not involving cash		
Amortization of capital assets	319,693	248,447
Amortization of deferred contributions related to capital assets	(139,840)	(232,341)
	<u>415,750</u>	<u>336,404</u>
Net change in non-cash working capital balances		
Accounts receivable	244,014	(251,953)
Inventories	-	234
Prepaid expenses	67,184	(46,202)
Accounts payable and accrued liabilities	169,392	407,633
Due to capital reserve fund	(2,648)	6,289
Deferred revenue - operations	(3,804)	9,847
Deferred revenue - grants	52,020	(2,500)
	<u>941,908</u>	<u>459,752</u>
Cash flows from investing activities		
Decrease in short-term investments	-	8,831
Purchase of capital assets	(2,891,707)	(268,252)
Deferred funding related to capital assets	29,084	266,710
	<u>(2,862,623)</u>	<u>7,289</u>
Cash flows from financing activities		
Increase (decrease) in payable to Ministry of Health and Long-Term Care	143,209	(75,990)
Repayment of callable debt	(10,809)	(10,326)
Repayment of long-term debt	(99,028)	(48,321)
Proceeds of long-term debt	2,237,000	-
	<u>2,270,372</u>	<u>(134,637)</u>
Net Increase in cash during the year	349,657	332,404
Cash, beginning of year	<u>1,399,204</u>	<u>1,066,800</u>
Cash, end of year	\$ 1,748,861	\$ 1,399,204

The accompanying notes are an integral part of these financial statements.

Canadian Mental Health Association, Simcoe County Branch

Notes to Financial Statements

March 31, 2016

1. Significant Accounting Policies

Nature and Purpose of Organization

Canadian Mental Health Association, Simcoe County Branch is a not-for-profit organization incorporated without share capital under the laws of Ontario. The Association promotes the mental health of all and supports the resilience and recovery of people experiencing mental illness.

The Association is a registered charity and, as such, is exempt from income tax and may issue income tax receipts to donors.

Basis of Accounting

These financial statements were prepared using the accrual basis of accounting under Canadian accounting standards for not-for-profit organizations. The accrual basis of accounting recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

Use of Estimates

The preparation of financial statements in accordance 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. The principal estimates in the preparation of these financial statements are the allowance for doubtful accounts, the valuation and useful life of capital assets and accrued liabilities. Actual results could differ from management's best estimates as additional information becomes available in the future.

Interfund Balances

The Association's policies are to not charge interest between funds on the interfund balances and to pay the interfund balances within one year.

Deferred Contributions Related to Capital Assets

Grants and contributions for capital assets are recorded at the amounts received, which is not always the full cost of the related capital asset. Amortization is recorded at the same rates used for the capital asset.

Canadian Mental Health Association, Simcoe County Branch Notes to Financial Statements

March 31, 2016

1. Significant Accounting Policies (continued)

Capital Assets

Capital assets are stated at cost less accumulated amortization. Capital assets costing less than \$1,000 are expensed in the year purchased in the statements of operations and general fund balance.

Amortization based on the estimated useful life of the asset is calculated as follows:

Buildings - housing	- at an amount equal to the principal reduction on the related long-term debt
Buildings - other	- 5% diminishing balance basis
Leasehold improvements	- straight line basis over the term of the lease
Office furniture and equipment	- 20% straight line basis

Impairment of Long Lived Assets

In the event that facts and circumstances indicate that the Association's long lived assets may be impaired, an evaluation of recoverability would be performed. Such an evaluation entails comparing the estimated future undiscounted cash flows associated with the asset to asset's carrying amount to determine if a write down to market value or discounted cash flow value is required. The Association considers that no circumstances exist that would require such an evaluation.

Revenue Recognition

The Association follows the deferral method of accounting for contributions which includes grants, donations and government subsidies.

Operating revenue, including grants, and subsidies, is recorded as revenue in the period to which it relates. Revenue earned but not received at the end of an accounting period is accrued as a receivable. Where a portion of revenue received relates to a future period, it is deferred and recognized in that future period.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred.

Unrestricted investment income is recognized as revenue when earned.

Rental income and Back on Track income is recorded when earned on a monthly basis.

Fundraising income is recorded in the period in which the related fundraising activities were performed.

Canadian Mental Health Association, Simcoe County Branch Notes to Financial Statements

March 31, 2016

1. Significant Accounting Policies (continued)

Fund Accounting

The general fund reports all of the revenues and expenses of the Association's various programs.

The capital reserve fund is maintained to meet the reporting requirements of the Ministry of Health and Long-Term Care ("MOHLTC"). The purpose of the fund is to pay for replacing capital items or for making major renovations or repairs to them, specifically related to housing projects. Minimum annual contributions must be made to the capital reserve fund based on operating agreements/budgets with the MOHLTC. In addition, all special one-time payments for capital replacements provided by MOHLTC must be contributed to the capital reserve fund.

Investments in the capital reserve fund are restricted to deposit accounts, deposit receipts, deposit notes, certificates of deposits, acceptances, term deposits, guaranteed investment certificates and Canadian dollar money market mutual funds. Interest income earned on these investments must be contributed to the capital reserve fund.

Pension Plan

The Association accounts for its participation in a registered retirement savings plan as a defined contribution plan. Both the Association and participating employees are required to make plan contributions based on participating employees' contributory earnings. The Association recognizes the expense related to this plan as contributions are made.

Contributed Services

Directors, committee members and community members volunteer their time to assist in the Association's activities. While these services benefit the Association considerably, a reasonable estimate of their fair value cannot be made and, accordingly these contributed services are not recorded in the financial statements.

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, all other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are charged to the financial instrument for those measured at amortized cost.

Canadian Mental Health Association, Simcoe County Branch Notes to Financial Statements

March 31, 2016

2. Cash - General Fund

The Association's General Fund bank accounts are held at a chartered bank. The bank accounts earn interest at variable rates depending on the monthly minimum balances.

3. Capital Assets

	2016		2015	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 1,629,937	\$ -	\$ 926,937	\$ -
Buildings - housing	133,656	106,668	133,656	98,089
Buildings - other	4,685,865	1,014,372	2,519,692	821,135
Leasehold improvements	71,118	59,017	71,118	53,250
Office furniture and equipment	3,319,097	3,078,821	3,296,563	2,966,711
	\$ 9,839,673	\$ 4,258,878	\$ 6,947,966	\$ 3,939,185
Net book value		\$ 5,580,795		\$ 3,008,781

During the year, capital assets with an aggregate cost of \$2,891,707 (2015 - \$268,252) were acquired, of which \$654,707 (2015 - \$268,252) was paid for using cash and \$2,237,000 (2015 - \$NIL) were acquired through debt.

4. Cash - Capital Reserve Fund

The Association's Capital Reserve Fund bank accounts are held at a chartered bank. The bank accounts earn interest at variable rates depending on the monthly minimum balances.

Cash held in the capital reserve fund account is not available to pay operating expenses and therefore has been classified as a long-term asset.

Canadian Mental Health Association, Simcoe County Branch Notes to Financial Statements

March 31, 2016

5. Credit Facilities

The Association has a \$200,000 (2015 - \$100,000) demand revolving operating loan available through TD Bank with an interest rate of prime, which is available for general corporate purposes. The balance drawn on this overdraft facility as at March 31, 2016 was \$NIL (March 31, 2015 - \$NIL).

The Association has a \$225,000 demand revolving operating loan available through TD Bank with an interest rate of prime, which is to allow for equity withdrawals against real-estate equity. The balance drawn on this credit facility as at March 31, 2016 was \$NIL (March 31, 2015 - \$NIL).

The Association has Visa Business card(s) available through TD Bank with a maximum credit limit of \$45,000 available to assist in financing day-to-day operations. The balance drawn on this credit facility as at March 31, 2016 was \$463 (March 31, 2015 - \$8,732).

All of the credit facilities available through TD Bank, including the mortgages disclosed in note 7, are secured by: a general security agreement representing a third charge on all the Association's present and after acquired personal property; a continuing collateral mortgage, representing a first charge, on real property located at 128 Anne Street, Barrie, Ontario in the principal amount of \$725,000; a continuing collateral mortgage, representing a blanket first charge, on real property located on 4 residential properties (60 Shanty Bay Road, Barrie, Ontario; 76 Nottawasaga Street, Orillia, Ontario; 286 Georgian Drive, Barrie, Ontario; 50 Nottawasaga Street, Orillia, Ontario) in the principal amount of \$1,000,000; a continuing collateral mortgage, representing a first charge, on real property located at 88/90 Mulcaster Street, Barrie, Ontario in the principal amount of \$1,800,000; a continuing collateral mortgage, representing a first charge, on real property located at 134 Anne Street and 140 Tiffin Street, Barrie, Ontario in the principal amount of \$670,000; and assignment of fire insurance in the amount of \$3,795,780.

In addition, the Association shall not, without TD Bank's prior written consent: permit subsequent encumbrances of any of the subject properties; acquire additional advances or provide further security to HSBC, with exposure to HSBC to be paid-out in full and related security released by August 2016; acquire additional advances or provide further security to Bank of Nova Scotia / Scotia Mortgage Corporation; incur any other indebtedness or guarantee the debts of any other person; merge, consolidate, or acquire a subsidiary; dispose of any of its now owned or hereafter acquired assets, except for inventory disposed of in the ordinary course of business; terminate any lease of any property mortgaged; cease to carry on the business; or permit any change of ownership.

The credit facility agreement contains a financial covenant that at all times the Association must maintain a debt service coverage ratio of not less than 100%.

Canadian Mental Health Association, Simcoe County Branch Notes to Financial Statements

March 31, 2016

6. Accounts Payable and Accrued Liabilities

Included in accounts payable and accrued liabilities are government remittances totalling \$440,880 (2015 - \$391,541).

7. Long-term Debt

	2016	2015
HSBC Bank Canada demand loan, interest at 3.59%, blended payments of \$1,592 due monthly, maturing August 16, 2016 secured by land and building with a carrying amount of approximately \$300,000 (2015 - \$308,000)	\$ 226,511	\$ 237,320
TD Bank mortgage payable, interest at prime plus 0.75%, principal payments of \$2,824 plus interest due monthly, maturing May 1, 2019, secured by land and buildings with a carrying amount of approximately \$805,000 (2015 - \$830,000)	446,204	480,093
TD Bank mortgage payable, interest at prime plus 0.75%, blended payments of \$3,356 due monthly, maturing October 19, 2017, secured by land and building with a carrying amount of approximately \$676,000 (2015 - \$703,000)	500,206	521,495
TD Bank mortgage payable, interest at 3.54%, blended payments of \$9,115 due monthly, maturing February 22, 2020, secured by land and buildings with a carrying amount of approximately \$1,834,000	1,565,300	-
TD Bank mortgage payable, interest at prime plus 0.75%, fixed principal payments of \$2,779 due monthly, maturing April 30, 2020, secured by land and buildings with a carrying amount of approximately \$926,000	636,429	-
ScotiaBank mortgage payable, interest at 2.04%, blended payments of \$836 due monthly, maturing June 1, 2018, secured by land and building with a carrying amount of approximately \$68,000 (2015 - \$76,000)	67,010	75,589
	3,441,660	1,314,497
Less: Current portion		
Cash repayments required within 12 months	11,146	10,754
Callable debt	215,365	226,566
Current portion of long-term debt	152,976	63,751
Long-term debt	\$ 3,062,173	\$ 1,013,426

Canadian Mental Health Association, Simcoe County Branch Notes to Financial Statements

March 31, 2016

7. Long-term Debt (continued)

See Note 5 for details regarding security and credit facility terms for TD Bank mortgages.

Canadian accounting standards for not-for-profit organizations require that loans that the lender can request to be repaid on demand be classified as current liabilities.

Management does not believe that the demand features of the callable debt will be exercised in the current period. Assuming payment of the callable debt is not demanded, regular principal payments required on the callable debt for the next five years and thereafter are due as follows:

2017	\$	11,146
2018		11,553
2019		11,975
2020		12,412
2021		12,865
Thereafter		166,560
	\$	226,511

Principal repayments on long-term debt for the next five years are as follows:

2017	\$	152,976
2018		611,052
2019		175,440
2020		1,772,652
2021		503,029
	\$	3,215,149

The HSBC Bank Canada demand loan is secured by: a first equity power mortgage in the amount of \$400,000 over the lands and premises at 60 Shanty Bay Road, Barrie, Ontario; a general security agreement creating a first priority security interest in all present and after acquired personal property of the Association and a floating charge over all of the Association's present and after acquired real property; and assignment/endorsements by the Association to HSBC Bank Canada of all risk insurance in amounts and from an insurer acceptable to the bank, on all of the Association's real and personal property including, without limitation, lands, buildings, equipment and inventory owned by the Association, showing HSBC Bank Canada as first loss payee by way of standard mortgage endorsement, such policy to include business interruption, lost profit and public liability insurance.

Canadian Mental Health Association, Simcoe County Branch Notes to Financial Statements

March 31, 2016

7. Long-term Debt (continued)

In addition, the Association shall not, without the prior written consent of HSBC Bank Canada: grant or allow any lien, charge, security interest, privilege, hypothec or other encumbrance, whether fixed or floating, to be registered against or exist on any of its assets and in particular, without limiting the generality of the foregoing, shall not grant a trust deed or other instrument in favour of a trustee; become guarantor or endorser or otherwise become liable upon any note or other obligation other than in the normal course of business of the Association; or amalgamate with or permit all or substantially all of its assets to be acquired by any other person, firm or corporation or permit any reorganization or change of control.

8. Deferred Contributions Related to Capital Assets

Deferred contributions related to capital assets represent the unamortized amount of donations and grants received for the capital assets. These contributions are amortized and recorded as revenue in the statement of operations on the same basis as the amortization of the related asset.

	2016	2015
Balance, beginning of year	\$ 837,137	\$ 802,768
Capital assets funded in the current year	29,084	266,710
Less: amount amortized to revenue in the year	(139,840)	(232,341)
	<u>\$ 726,381</u>	<u>\$ 837,137</u>

9. Commitments

The Association has various operating leases for its premises, expiring at various times.

The minimum annual lease payments for the next year are as follows:

2017	\$ <u>72,176</u>
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Canadian Mental Health Association, Simcoe County Branch Notes to Financial Statements

March 31, 2016

10. Contingencies

- i) The Association receives funding from the Local Health Integration Network ("LHIN"), and is economically dependant upon them. The amount of funding provided to the Association is subject to final review and approval by the LHIN. As at the date of these financial statements, funding for the fiscal years 2015 and 2016 has not been subject to this review process. Any future adjustments required as a result of a review will be accounted for at that time as an adjustment to the excess of revenues over expenses for the year on the Statement of Operations and General Fund Balance.

The Association also receives funding from the Ministry of Health and Long-Term Care. The amount of funding provided to the Association is subject to final review and approval by the Ministry. As at the date of these financial statements, funding for the fiscal year 2016 has not been subject to this review process. Any future adjustments required as a result of a review will be accounted for at that time as an adjustment to the excess of revenues over expenses for the year on the Statement of Operations and General Fund Balance.

As at March 31, 2016, there is \$243,880 (2015 - \$91,671) included in current liabilities for amounts owing to the above government agencies for the years subject to review, of which \$35,838 is payable to the Ministry of Health and Long-Term Care and \$199,042 is payable to the LHIN.

- ii) The Association has been named the defendant in a wrongful dismissal claim. Based on management's assessment of the facts of the claim, in conjunction with consultation with legal counsel, management proposed a settlement offer of \$50,000. This offer was rejected by the claimant and the ultimate resolution remains uncertain. Accordingly, no amounts have been included in the financial statements related to this claim.
-

**Canadian Mental Health Association, Simcoe County Branch
Notes to Financial Statements**

March 31, 2016

11. Grant Revenue

The Association received grant revenue during the year from the following sources:

	<u>2016</u>	<u>2015</u>
Local Health Integration Network	\$ 12,843,225	\$ 12,478,242
Ministry of Health and Long-term Care	2,626,473	2,628,933
County of Simcoe	422,451	393,142
Other agencies	307,855	178,999
Health Canada	262,417	305,417
Ministry of Children and Youth Services	191,556	191,556
	<u>\$ 16,653,977</u>	<u>\$ 16,176,289</u>

12. Pension Plan

The Association contributes to a registered retirement savings plan for participating full time employees at a rate of 4% of the employees' regular gross earnings. The amounts are contributed each payroll period.

The total cost recorded for the Association's defined contribution plan is as follows:

	<u>2016</u>	<u>2015</u>
Current service cost	\$ 313,354	\$ 310,587

Canadian Mental Health Association, Simcoe County Branch Notes to Financial Statements

March 31, 2016

13. Financial Instrument Risk

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk typically arises due to significant concentrations of accounts receivable from a particular industry, geographic region or limited number of customers. Management believes that credit risk is limited as the Association's accounts receivable is not made up of a limited number of counterparties and includes several balances from government agencies.

The Association's cash is all held at a major institution. The Association has cash deposits in financial institutions in excess of the amount insured by agencies of the federal government in the amounts of \$100,000 at March 31, 2016 (2015 - \$100,000).

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Association is exposed to this risk through long-term debt which bears interest at a variable rate. Fluctuations in the banks' prime interest rates will result in fluctuations in the cash flow requirements of this financial instrument via increases or decreases in the related interest expense. The association is also exposed to interest rate risk through fixed rate long-term debt that matures during the next fiscal year and will be refinanced.

Liquidity Risk

Liquidity risk is the risk that the Association encounters difficulty in meeting obligations associated with financial liabilities. Liquidity risk included the risk that, as a result of operational liquidity requirements, the Association will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. Liquidity risk arises in the Association from callable debt, in the event that the Association violates one of the covenants in the future and repayment of the full debt is demanded.

14. Comparative Figures

Certain of the 2015 comparative figures have been reclassified to conform to the financial presentation adopted in 2016.

Canadian Mental Health Association, Simcoe County Branch
Statement of Operations and Fund Balance

General
(unaudited)

For the year ended March 31	2016	2015
Revenue		
Amortization of deferred contributions related to capital assets	\$ 1,468	\$ 62,103
Donations	86,279	63,697
Grants	40,593	11,729
Interest income	154	399
Other income	176,023	181,983
Rental income	633,196	379,759
	<u>937,713</u>	<u>699,670</u>
Expenses		
Advertising	-	7,751
Amortization of capital assets	169,341	66,401
Bank charges	1,258	1,611
Christmas gifts	7,214	8,003
Community education	(100)	2,488
Employee benefits	22,765	19,329
Fundraising expenses	54,059	36,480
General, other and sundry	11,391	15,906
Interest on long-term debt	68,887	45,598
Minor equipment and one-time expenses	970	797
Professional fees	-	6,467
Property and equipment rental	28,584	18,190
Property tax	31,034	13,935
Repairs and maintenance	67,021	26,502
Salaries	156,768	92,520
Staff education	127	101
Supplies	68,290	25,084
Telephone	1,835	674
Travel	998	574
Utilities	60,575	43,087
Volunteer and client needs	2,186	4,096
	<u>753,203</u>	<u>435,594</u>
Excess of revenue over expenses for the year	184,510	264,076
Fund balance, beginning of year	<u>1,180,490</u>	<u>916,414</u>
Fund balance, end of year	<u>\$ 1,365,000</u>	<u>\$ 1,180,490</u>

Canadian Mental Health Association, Simcoe County Branch
Statement of Operations and Fund Balance
 Ministry of Health and Long-Term Care
 (unaudited)

For the year ended March 31	2016	2015
Revenue		
Amortization of deferred contributions related to capital assets	\$ 127,643	\$ 157,450
Grants	12,843,225	12,478,242
Interest income	3,580	5,721
Other income	136,846	133,143
	<u>13,111,294</u>	<u>12,774,556</u>
Expenses		
Advertising	15,861	24,404
Amortization of capital assets	127,643	157,450
Bank charges	5,538	4,776
Bonding and insurance	34,366	30,162
Books and subscriptions	1,595	6,523
Client travel	9,263	7,048
Computer and vehicle maintenance	44,770	49,173
Contracted out services	155,263	161,463
Employee benefits	1,541,070	1,529,269
General, other and sundry	96,636	104,025
Minor equipment and one-time expenses	61,437	275,719
Postage, stationery and other	45,370	57,472
Professional fees	26,072	41,755
Property and equipment rental	674,821	595,065
Property tax	9,185	6,232
Repairs and maintenance	51,180	65,061
Salaries	8,513,710	8,106,913
Session fees	57,447	45,623
Staff education	39,306	37,714
Supplies	107,594	102,002
Telephone	136,480	109,226
Travel	222,465	205,912
Utilities	29,774	32,320
	<u>12,006,846</u>	<u>11,755,307</u>
Excess of revenue over expenses for the year before other expense	1,104,448	1,019,249
Other expense - Paymaster	<u>(1,104,448)</u>	<u>(1,019,249)</u>
Excess of revenue over expenses for the year	-	-
Fund balance, beginning of year	<u>220,492</u>	<u>220,492</u>
Fund balance, end of year	<u>\$ 220,492</u>	<u>\$ 220,492</u>

Canadian Mental Health Association, Simcoe County Branch
Statement of Operations and Fund Balance
Housing Program
(unaudited)

For the year ended March 31	2016	2015
Revenue		
Amortization of deferred contributions related to capital assets	\$ 2,934	\$ 3,047
Amortization of LMR	-	12,803
Grants	1,197,751	1,180,057
Rental income	9,494	11,386
	<u>1,210,179</u>	<u>1,207,293</u>
Expenses		
Amortization of office furniture and equipment	2,934	3,047
Amortization of buildings	8,579	8,407
Amortization of LMR	-	12,803
General, other and sundry	2,581	4,024
Insurance	-	1,135
Interest on long-term debt	1,449	1,621
Minor equipment and one-time expenses	132	1,437
Professional fees	450	450
Rent supplements	1,171,605	1,153,329
Repairs and maintenance	4,565	4,483
Salaries	11,632	10,000
Telephone	487	240
Utilities	5,765	6,317
	<u>1,210,179</u>	<u>1,207,293</u>
Excess of revenue over expenses for the year	-	-
Fund balance, beginning of year	<u>(193,360)</u>	<u>(193,360)</u>
Fund balance, end of year	<u>\$ (193,360)</u>	<u>\$ (193,360)</u>

Canadian Mental Health Association, Simcoe County Branch
Statement of Operations and Fund Balance
Family Health Team
(unaudited)

For the year ended March 31	2016	2015
Revenue		
Amortization of deferred contributions related to capital assets	\$ 1,309	\$ 2,206
Grants	1,303,505	1,388,171
	<u>1,304,814</u>	<u>1,390,377</u>
Expenses		
Advertising	597	244
Amortization of capital assets	1,309	2,206
Employee benefits	152,646	168,118
General, other and sundry	20,599	22,903
Medical fees	266,010	314,841
Minor equipment and one-time expenses	2,228	-
Property and equipment rental	83,660	31,626
Repairs and maintenance	2,496	2,498
Salaries	765,932	831,600
Staff education	2,710	6,846
Telephone	5,924	8,127
Travel	703	1,368
	<u>1,304,814</u>	<u>1,390,377</u>
Excess of revenue over expenses for the year	-	-
Fund balance, beginning of year	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>

Canadian Mental Health Association, Simcoe County Branch
Statement of Operations and Fund Balance
Ministry of Children and Youth Services
(unaudited)

For the year ended March 31	2016	2015
Revenue		
Amortization of deferred contributions related to capital assets	\$ 966	\$ 966
Grants	128,882	128,882
	<u>129,848</u>	<u>129,848</u>
Expenses		
Amortization of capital assets	966	966
Client travel	3,564	1,270
Employee benefits	15,546	14,869
Insurance	750	750
Minor equipment	-	2,389
Professional fees	750	750
Property and equipment rental	3,840	3,840
Repairs and maintenance	2,500	1,500
Salaries	83,951	84,627
Staff education	1,800	1,800
Supplies	10,490	10,163
Telephone	4,200	4,200
Travel	1,491	2,724
	<u>129,848</u>	<u>129,848</u>
Excess of revenue over expenses for the year	-	-
Fund balance, beginning of year	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>

Canadian Mental Health Association, Simcoe County Branch
Statement of Operations and Fund Balance
The United Way of Barrie/South Simcoe
(unaudited)

For the year ended March 31	2016	2015
Revenue		
Grants	\$ 21,812	\$ 32,000
Expenses		
Employee benefits	2,006	4,295
Salaries	19,804	27,705
Supplies	13	-
Travel	(11)	-
	<u>21,812</u>	<u>32,000</u>
Excess of revenue over expenses for the year	-	-
Fund balance, beginning of year	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>

Canadian Mental Health Association, Simcoe County Branch
Statement of Operations and Fund Balance
Ontario Works
(unaudited)

For the year ended March 31	2016	2015
Revenue		
Amortization of deferred contributions related to capital assets	\$ 214	\$ 1,263
Grants	354,111	376,142
	<u>354,325</u>	<u>377,405</u>
Expenses		
Amortization of capital assets	214	1,263
Employee benefits	65,997	69,951
General, other and sundry	52	-
Minor equipment and one-time expenses	2,340	2,596
Postage, stationery and other	821	1,106
Salaries	285,908	285,097
Staff education	251	764
Supplies	141	1,539
Telephone	2,344	3,134
Travel	4,295	4,966
	<u>362,363</u>	<u>370,416</u>
Excess of revenue over expenses (expenses over revenue) for the year	(8,038)	6,989
Fund balance, beginning of year	3,377	(3,612)
Fund balance, end of year	<u>\$ (4,661)</u>	<u>\$ 3,377</u>

Canadian Mental Health Association, Simcoe County Branch
Statement of Operations and Fund Balance
Back on Track
(unaudited)

For the year ended March 31	2016	2015
Revenue		
Interest income	\$ 392	\$ 637
Other income	137,934	134,126
	<u>138,326</u>	<u>134,763</u>
Expenses		
Amortization of capital assets	3,401	3,401
Employee benefits	6,030	9,499
General, other and sundry	2,695	11,890
Minor equipment and one-time expenses	677	-
Professional fees	-	3,062
Salaries	62,089	57,300
Staff education	48	45
Supplies	61	136
Travel	312	309
	<u>75,313</u>	<u>85,642</u>
Excess of revenue over expenses for the year	63,013	49,121
Fund balance, beginning of year	434,969	385,848
Fund balance, end of year	\$ 497,982	\$ 434,969

Canadian Mental Health Association, Simcoe County Branch
Statement of Operations and Fund Balance
Ministry of Children and Youth Services - Addiction Services
(unaudited)

<u>For the year ended March 31</u>	<u>2016</u>	<u>2015</u>
Revenue		
Grants	\$ 62,674	\$ 62,674
Expenses		
Advertising	100	100
Employee benefits	11,581	11,736
Insurance	100	100
Professional fees	350	350
Property and equipment rental	756	756
Salaries	47,693	47,538
Supplies	1,066	876
Telephone	345	418
Travel	683	800
	<u>62,674</u>	<u>62,674</u>
Excess of revenue over expenses for the year	-	-
Fund balance, beginning of year	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>

Canadian Mental Health Association, Simcoe County Branch
Statement of Operations and Fund Balance
STACD Youth Project
(unaudited)

For the year ended March 31	2016	2015
Revenue		
Amortization of deferred contributions related to capital assets	\$ 312	\$ 312
Grants	262,417	305,417
Other income	1,342	-
	<u>264,071</u>	<u>305,729</u>
Expenses		
Amortization of capital assets	312	312
Contracted out services	-	8,000
Employee benefits	34,797	36,192
General, other and sundry	10,054	19,978
Minor equipment and one-time expenses	251	-
Postage, stationery and other	18	184
Property and equipment rental	12,000	13,800
Salaries	169,713	189,726
Staff education	2,818	606
Supplies	15,224	19,656
Telephone	4,190	6,652
Travel	14,694	10,623
	<u>264,071</u>	<u>305,729</u>
Excess of revenue over expenses for the year	-	-
Fund balance, beginning of year	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>

Canadian Mental Health Association, Simcoe County Branch
Statement of Operations and Fund Balance
Transitional Rehabilitation Housing Program
(unaudited)

For the year ended March 31	2016	2015
Revenue		
Amortization of deferred contributions related to capital assets	\$ 4,994	\$ 4,994
Grants	245,450	135,270
Rental income	17,136	1,437
	<u>267,580</u>	<u>141,701</u>
Expenses		
Advertising	-	267
Amortization of capital assets	4,994	4,994
Contracted out services	53,704	17,391
Employee benefits	22,769	6,355
General, other and sundry	37,047	18,587
Minor equipment and one-time expenses	(120)	22,769
Professional fees	1,000	-
Property and equipment rental	45,120	27,680
Repairs and maintenance	1,000	-
Salaries	98,298	40,973
Supplies	441	1,442
Travel	3,327	1,243
	<u>267,580</u>	<u>141,701</u>
Excess of revenue over expenses for the year	-	-
Fund balance, beginning of year	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>

Canadian Mental Health Association, Simcoe County Branch
Statement of Operations and Fund Balance
Nurse Practitioner
(unaudited)

For the year ended March 31	2016	2015
Revenue		
Grants	\$ 125,217	\$ 60,705
Expenses		
Advertising	600	275
Employee benefits	14,596	6,080
General, other and sundry	3,500	1,524
Insurance	873	400
Medical expenses	10,061	4,611
Professional fees	1,000	458
Property and equipment rental	5,000	2,291
Repairs and maintenance	1,608	344
Salaries	82,638	41,801
Supplies	4,741	2,921
Travel	600	-
	125,217	60,705
Excess of revenue over expenses for the year	-	-
Fund balance, beginning of year	-	-
Fund balance, end of year	\$ -	\$ -

Canadian Mental Health Association, Simcoe County Branch
Statement of Operations and Fund Balance
Crisis Aftercare and Recovery Enhancement (CARE) Project
(unaudited)

For the year ended March 31	2016	2015
Revenue		
Grants	\$ 68,340	\$ 17,000
Expenses		
Employee benefits	9,901	2,019
Salaries	59,176	14,586
Staff education	120	-
Supplies	23	-
Travel	2,708	283
	<u>71,928</u>	<u>16,888</u>
Excess of revenue over expenses (expenses over revenue) for the year	(3,588)	112
Fund balance, beginning of year	<u>112</u>	-
Fund balance, end of year	\$ (3,476)	\$ 112