

**Canadian Mental Health
Association, Simcoe County
Branch
Financial Statements
For the year ended March 31, 2017**

Canadian Mental Health Association, Simcoe County Branch
Financial Statements
For the year ended March 31, 2017

Contents

| | |
|--|----------|
| Independent Auditor's Report | 2 |
| Financial Statements | |
| Statement of Financial Position | 4 |
| Statement of Operations and General Fund Balance | 5 |
| Statement of Operations and Capital Reserve Fund Balance | 7 |
| Statement of Cash Flows | 8 |
| Notes to Financial Statements | 9 |
| Supplementary Financial Information (unaudited) | |
| Statement of Operations and Fund Balance | |
| - General | 19 |
| - Ministry of Health and Long-Term Care | 20 |
| - Housing Program | 21 |
| - Family Health Team | 22 |
| - Ministry of Children and Youth Services | 23 |
| - The United Way of Barrie/South Simcoe | 24 |
| - Ontario Works | 25 |
| - Back on Track | 26 |
| - Ministry of Children and Youth Services - Addiction Services | 27 |
| - STACD Youth Project | 28 |
| - Transitional Rehabilitation Housing Program | 29 |
| - Nurse Practitioner | 30 |
| - Crisis Aftercare and Recovery Enhancement (CARE) Project | 31 |
| - Trillium | 32 |



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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, 2017 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, 2017 and March 31, 2016, current assets as at March 31, 2017 and March 31, 2016 and general fund balance as at April 1st and March 31 for both the 2017 and 2016 years. Our audit opinion on the financial statements for the year ended March 31, 2016 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, 2017 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 19 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 19, 2017

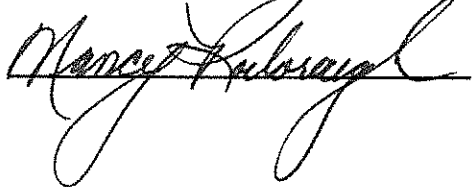
**Canadian Mental Health Association, Simcoe County Branch
Statement of Financial Position**

| March 31 | 2017 | 2016 |
|---|---------------------|---------------------|
| Assets | | |
| Current assets | | |
| Cash - general fund (Note 2) | \$ 1,955,476 | \$ 1,748,861 |
| Accounts receivable | 417,434 | 181,559 |
| Due to capital reserve fund from general fund | 1,400 | 1,815 |
| Prepaid expenses | 128,678 | 54,611 |
| | <u>2,502,988</u> | <u>1,986,846</u> |
| Capital assets (Note 3) | 5,429,962 | 5,580,795 |
| Capital reserve fund | | |
| Cash (Note 4) | 34,991 | 32,003 |
| | <u>\$ 7,967,941</u> | <u>\$ 7,599,644</u> |

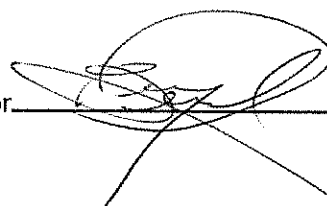
Liabilities and Fund Balances

| | | |
|--|---------------------|---------------------|
| Current liabilities | | |
| Accounts payable and accrued liabilities (Note 5) | \$ 1,208,073 | \$ 1,187,039 |
| Deferred revenue - operations | 45,335 | 40,054 |
| Deferred revenue - grants | 69,946 | 52,020 |
| Payable to capital reserve fund from general fund | 1,400 | 1,815 |
| Payable to government agencies (Note 10) | 466,160 | 234,880 |
| Scheduled cash repayments on callable debt (Note 7) | - | 11,146 |
| Current portion of long-term debt (Note 7) | 625,950 | 152,976 |
| | <u>2,416,864</u> | <u>1,679,930</u> |
| Current liabilities before callable debt | 2,416,864 | 1,679,930 |
| Callable debt (Note 7) | - | 215,365 |
| | <u>2,416,864</u> | <u>1,895,295</u> |
| Total current liabilities | 2,416,864 | 1,895,295 |
| Long-term debt (Note 7) | 2,650,909 | 3,062,173 |
| Deferred contributions related to capital assets (Note 8) | 675,420 | 726,381 |
| | <u>5,743,193</u> | <u>5,683,849</u> |
| Commitments (Note 9) | | |
| Contingencies (Note 10) | | |
| Fund balances | | |
| General | 2,188,357 | 1,881,977 |
| Capital Reserve | 36,391 | 33,818 |
| | <u>2,224,748</u> | <u>1,915,795</u> |
| | <u>\$ 7,967,941</u> | <u>\$ 7,599,644</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 | 2017 | 2016 |
|---|-------------------|-------------------|
| Revenue | | |
| Amortization of deferred contributions related to capital assets (Note 8) | \$ 134,511 | \$ 139,840 |
| Donations | 133,953 | 86,279 |
| Grants (Note 11) | 17,349,362 | 16,653,977 |
| Interest income | 4,437 | 4,126 |
| Other income | 607,105 | 452,145 |
| Rental income | 817,729 | 659,826 |
| | <u>19,047,097</u> | <u>17,996,193</u> |
| Expenses | | |
| Advertising | 17,020 | 17,158 |
| Amortization of capital assets | 312,815 | 319,693 |
| Bank charges | 5,410 | 6,796 |
| Bonding and insurance | 35,956 | 34,366 |
| Books and subscriptions | 2,626 | 1,595 |
| Christmas gifts | 9,911 | 7,214 |
| Client travel | 16,920 | 12,827 |
| Community education | 608 | (100) |
| Computer and vehicle maintenance | 61,639 | 44,770 |
| Contracted out services | 193,949 | 208,967 |
| Employee benefits (Note 12) | 2,044,041 | 1,899,704 |
| Fundraising expenses (Note 13) | 37,101 | 54,059 |
| General, other and sundry | 227,069 | 184,555 |
| Insurance | 1,844 | 1,723 |
| Interest on long-term debt | 118,007 | 70,336 |
| Medical fees | 293,685 | 276,071 |
| Minor equipment and one-time expenses | 274,291 | 67,915 |
| Postage, stationery and other | 47,147 | 46,209 |
| Professional fees | 32,683 | 29,622 |
| Property and equipment rental | 770,932 | 853,781 |
| Property tax | 71,881 | 40,219 |
| Rent supplements | 1,180,417 | 1,171,605 |
| Repairs and maintenance | 159,975 | 130,370 |
| Salaries | 10,747,396 | 10,357,312 |
| Session fees | 57,240 | 57,447 |
| Staff education | 55,876 | 47,180 |
| Supplies | 247,305 | 208,084 |
| Telephone | 147,745 | 155,805 |
| Travel | 204,075 | 252,265 |
| Utilities | 132,282 | 96,114 |
| Volunteer and client needs | 3,622 | 2,186 |
| | <u>17,511,468</u> | <u>16,655,848</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**

| <u>For the year ended March 31</u> | <u>2017</u> | <u>2016</u> |
|--|---------------------|---------------------|
| Excess of revenue over expenses for the year before other expense | 1,535,629 | 1,340,345 |
| Other expense - Paymaster | <u>(1,229,249)</u> | <u>(1,104,448)</u> |
| Excess of revenue over expenses | 306,380 | 235,897 |
| Fund balance, beginning of year | <u>1,881,977</u> | <u>1,646,080</u> |
| Fund balance, end of year | <u>\$ 2,188,357</u> | <u>\$ 1,881,977</u> |

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

| <u>For the year ended March 31</u> | <u>2017</u> | <u>2016</u> |
|--|------------------|------------------|
| Revenue | | |
| Interest income | \$ 90 | \$ - |
| Other income | 8 | 127 |
| | <hr/> | <hr/> |
| | 98 | 127 |
| Expenses | | |
| Repairs and maintenance | - | 4,444 |
| | <hr/> | <hr/> |
| Excess of expenses over revenue | 98 | (4,317) |
| Fund balance, beginning of year | 33,818 | 37,060 |
| Transfer from general fund | 2,475 | 1,075 |
| | <hr/> | <hr/> |
| Fund balance, end of year | \$ 36,391 | \$ 33,818 |

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

| For the year ended March 31 | 2017 | 2016 |
|---|---------------------|---------------------|
| Cash flows from operating activities | | |
| Excess of revenue over expenses for the year | \$ 306,380 | \$ 235,897 |
| Items not involving cash | | |
| Amortization of capital assets | 312,815 | 319,693 |
| Amortization of deferred contributions related to capital assets | (134,511) | (139,840) |
| | <u>484,684</u> | <u>415,750</u> |
| Net change in non-cash working capital balances | | |
| Accounts receivable | (235,875) | 244,014 |
| Prepaid expenses | (74,067) | 67,184 |
| Accounts payable and accrued liabilities | 21,034 | 169,392 |
| Due to capital reserve fund | (415) | (2,648) |
| Deferred revenue - operations | 5,281 | (3,804) |
| Deferred revenue - grants | 17,926 | 52,020 |
| | <u>218,568</u> | <u>941,908</u> |
| Cash flows from investing activities | | |
| Purchase of capital assets | (161,982) | (2,891,707) |
| Deferred funding related to capital assets | 83,550 | 29,084 |
| | <u>(78,432)</u> | <u>(2,862,623)</u> |
| Cash flows from financing activities | | |
| Increase (decrease) in payable to Ministry of Health and Long-Term Care | 231,280 | 143,209 |
| Repayment of callable debt | (226,511) | (10,809) |
| Repayment of long-term debt | (161,666) | (99,028) |
| Proceeds of long-term debt | 223,376 | 2,237,000 |
| | <u>66,479</u> | <u>2,270,372</u> |
| Net Increase in cash during the year | 206,615 | 349,657 |
| Cash, beginning of year | <u>1,748,861</u> | <u>1,399,204</u> |
| Cash, end of year | \$ 1,955,476 | \$ 1,748,861 |

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

Canadian Mental Health Association, Simcoe County Branch

Notes to Financial Statements

March 31, 2017

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, 2017

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, 2017

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, 2017

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

| | 2017 | | 2016 | |
|--------------------------------|----------------------|-----------------------------|---------------------|-----------------------------|
| | Cost | Accumulated Amortization | Cost | Accumulated Amortization |
| Land | \$ 1,629,937 | \$ - | \$ 1,629,937 | \$ - |
| Buildings - housing | 133,656 | 114,694 | 133,656 | 106,668 |
| Buildings - other | 4,774,460 | 1,202,376 | 4,685,865 | 1,014,372 |
| Leasehold improvements | 71,118 | 63,609 | 71,118 | 59,017 |
| Office furniture and equipment | 3,392,484 | 3,191,014 | 3,319,097 | 3,078,821 |
| | \$ 10,001,655 | \$ 4,571,693 | \$ 9,839,673 | \$ 4,258,878 |
| Net book value | | \$ 5,429,962 | | \$ 5,580,795 |

During the year, capital assets with an aggregate cost of \$161,982 (2016 - \$2,891,707) were acquired, of which \$161,982 (2016 - \$654,707) was paid for using cash and \$NIL (2016 - \$2,237,000) 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.

5. Accounts Payable and Accrued Liabilities

Included in accounts payable and accrued liabilities are government remittances totalling \$509,873 (2016 - \$440,880).

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

March 31, 2017

6. Credit Facilities

The Association has a \$200,000 (2016 - \$200,000) 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, 2017 was \$NIL (March 31, 2016 - \$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, 2017 was \$NIL (March 31, 2016 - \$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, 2017 was \$NIL (March 31, 2016 - \$463).

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. In the current year, the outstanding facility with HSBC was paid out and security released in August 2016.

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, 2017

7. Long-term Debt

| | 2017 | 2016 |
|---|--------------|--------------|
| HSBC Bank Canada demand loan, interest at 3.59%, blended payments of \$1,592 due monthly. During the year, the loan was refinanced with TD Bank. | \$ - | \$ 226,511 |
| TD Bank mortgage payable, interest at prime plus 0.75%, principal payments of \$2,824 plus interest due monthly, maturing May 1, 2029, secured by land and buildings with a carrying amount of approximately \$782,000 (2016 - \$805,000) | 412,315 | 446,204 |
| 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 \$650,000 (2016 - \$676,000) | 478,065 | 500,206 |
| 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 \$1,762,000 (2016 - \$1,834,000) | 1,510,453 | 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 \$966,000 (2016 - \$926,000) | 603,079 | 636,429 |
| TD Bank mortgage payable, interest at prime plus 0.75%, fixed principal payments of \$1,241 due monthly, maturing August 17, 2031, secured by land and building with a carrying amount of approximately \$292,000 (2016 - \$300,000) | 214,692 | - |
| 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 \$59,000 (2016 - \$68,000) | 58,255 | 67,010 |
| | 3,276,859 | 3,441,660 |
| Less: Current portion | | |
| Cash repayments required within 12 months | - | 11,146 |
| Callable debt | - | 215,365 |
| Current portion of long-term debt | 625,950 | 152,976 |
| | \$ 2,650,909 | \$ 3,062,173 |

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

March 31, 2017

7. Long-term Debt (continued)

See Note 6 for details regarding security and credit facility terms for TD Bank mortgages.

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

| | | |
|------------|----|------------------|
| 2018 | \$ | 625,950 |
| 2019 | | 190,328 |
| 2020 | | 1,787,554 |
| 2021 | | 48,248 |
| 2022 | | 48,248 |
| Thereafter | | <u>576,531</u> |
| | \$ | <u>3,276,859</u> |

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.

| | <u>2017</u> | <u>2016</u> |
|---|-------------------|-------------------|
| Balance, beginning of year | \$ 726,381 | \$ 837,137 |
| Capital assets funded in the current year | 83,550 | 29,084 |
| Less: amount amortized to revenue in the year | <u>(134,511)</u> | <u>(139,840)</u> |
| | <u>\$ 675,420</u> | <u>\$ 726,381</u> |

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

March 31, 2017

9. Commitments

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

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

| | | |
|------|----|----------------|
| 2018 | \$ | 72,673 |
| 2019 | | <u>37,085</u> |
| | \$ | <u>109,758</u> |

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 2016 and 2017 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 2017 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, 2017, there is \$466,160 (2016 - \$243,880) included in current liabilities for amounts owing to the above government agencies for the years subject to review, of which \$188,676 is payable to the Ministry of Health and Long-Term Care and \$277,489 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, 2017

11. Grant Revenue

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

| | 2017 | 2016 |
|---|---------------|---------------|
| Local Health Integration Network | \$ 13,106,577 | \$ 12,843,225 |
| Ministry of Health and Long-term Care | 3,054,118 | 2,626,473 |
| County of Simcoe | 430,740 | 422,451 |
| Other agencies | 344,545 | 307,855 |
| Health Canada | 231,947 | 262,417 |
| Ministry of Children and Youth Services | 181,435 | 191,556 |
| | \$ 17,349,362 | \$ 16,653,977 |

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:

| | 2017 | 2016 |
|----------------------|------------|------------|
| Current service cost | \$ 309,010 | \$ 313,354 |

13. Related Party Transactions

The Association and Mental Health Programs Barrie ("MHPB") are related as the board of directors of the Association has the ability to influence the decisions made by MHPB by virtue of two of the three members of the board of directors of MHPB also being board members of the Association.

During the year, the Association contributed \$2,610 (2016 - \$2,486) to MHPB. All transactions are in the normal course of operations and are measured at the exchange value (the amount of consideration established and agreed to by the related parties).

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

March 31, 2017

14. 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, 2017 (2016 - \$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.

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

General
(unaudited)

For the year ended March 31 2017 2016

Revenue

| | | | |
|--|------------------|----------------|--|
| Amortization of deferred contributions related to capital assets | \$ 984 | \$ 1,468 | |
| Donations | 133,953 | 86,279 | |
| Grants | 6,712 | 40,593 | |
| Interest income | 71 | 154 | |
| Other income | 317,182 | 176,023 | |
| Rental income | 796,455 | 633,196 | |
| | 1,255,357 | 937,713 | |

Expenses

| | | | |
|---------------------------------------|------------------|----------------|--|
| Amortization of capital assets | 165,032 | 169,341 | |
| Bank charges | 1,081 | 1,258 | |
| Christmas gifts | 9,911 | 7,214 | |
| Community education | 608 | (100) | |
| Employee benefits | 49,202 | 22,765 | |
| Fundraising expenses | 37,101 | 54,059 | |
| General, other and sundry | 9,983 | 11,391 | |
| Interest on long-term debt | 116,734 | 68,887 | |
| Minor equipment and one-time expenses | 6,491 | 970 | |
| Property and equipment rental | 402 | 28,584 | |
| Property tax | 55,116 | 31,034 | |
| Repairs and maintenance | 87,567 | 67,021 | |
| Salaries | 263,127 | 156,768 | |
| Staff education | 63 | 127 | |
| Supplies | 98,192 | 68,290 | |
| Telephone | 2,217 | 1,835 | |
| Travel | 908 | 998 | |
| Utilities | 93,509 | 60,575 | |
| Volunteer and client needs | 3,622 | 2,186 | |
| | 1,000,866 | 753,203 | |

| | | | |
|--|---------------------|---------------------|--|
| Excess of revenue over expenses for the year | 254,491 | 184,510 | |
| Fund balance, beginning of year | 1,365,000 | 1,180,490 | |
| Fund balance, end of year | \$ 1,619,491 | \$ 1,365,000 | |

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 | 2017 | 2016 |
|---|--------------------|--------------------|
| Revenue | | |
| Amortization of deferred contributions related to capital assets | \$ 122,047 | \$ 127,643 |
| Grants | 13,106,577 | 12,843,225 |
| Interest income | 3,863 | 3,580 |
| Other income | 156,330 | 136,846 |
| | <u>13,388,817</u> | <u>13,111,294</u> |
| Expenses | | |
| Advertising | 14,139 | 15,861 |
| Amortization of capital assets | 122,047 | 127,643 |
| Bank charges | 4,329 | 5,538 |
| Bonding and insurance | 35,956 | 34,366 |
| Books and subscriptions | 2,626 | 1,595 |
| Client travel | 15,420 | 9,263 |
| Computer and vehicle maintenance | 61,639 | 44,770 |
| Contracted out services | 100,000 | 155,263 |
| Employee benefits | 1,602,184 | 1,541,070 |
| General, other and sundry | 106,942 | 96,636 |
| Minor equipment and one-time expenses | 160,647 | 61,437 |
| Postage, stationery and other | 45,731 | 45,370 |
| Professional fees | 29,058 | 26,072 |
| Property and equipment rental | 666,737 | 674,821 |
| Property tax | 16,765 | 9,185 |
| Repairs and maintenance | 58,970 | 51,180 |
| Salaries | 8,562,656 | 8,513,710 |
| Session fees | 57,240 | 57,447 |
| Staff education | 49,235 | 39,306 |
| Supplies | 106,140 | 107,594 |
| Telephone | 132,212 | 136,480 |
| Travel | 175,173 | 222,465 |
| Utilities | 33,722 | 29,774 |
| | <u>12,159,568</u> | <u>12,006,846</u> |
| Excess of revenue over expenses for the year before other expense | 1,229,249 | 1,104,448 |
| Other expense - Paymaster | <u>(1,229,249)</u> | <u>(1,104,448)</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 | 2017 | 2016 |
|--|---------------------|---------------------|
| Revenue | | |
| Amortization of deferred contributions related to capital assets | \$ 4,077 | \$ 2,934 |
| Grants | 1,605,963 | 1,197,751 |
| Rental income | 6,904 | 9,494 |
| | <u>1,616,944</u> | <u>1,210,179</u> |
| Expenses | | |
| Advertising | 250 | - |
| Amortization of office furniture and equipment | 4,077 | 2,934 |
| Amortization of buildings | 8,026 | 8,579 |
| Employee benefits | 40,341 | - |
| General, other and sundry | 39,159 | 2,581 |
| Insurance | 250 | - |
| Interest on long-term debt | 1,273 | 1,449 |
| Minor equipment and one-time expenses | 98,207 | 132 |
| Professional fees | 950 | 450 |
| Property and equipment rental | 13,500 | - |
| Rent supplements | 1,180,417 | 1,171,605 |
| Repairs and maintenance | 7,192 | 4,565 |
| Salaries | 203,144 | 11,632 |
| Staff education | 420 | - |
| Supplies | 6,494 | - |
| Telephone | 2,338 | 487 |
| Travel | 5,855 | - |
| Utilities | 5,051 | 5,765 |
| | <u>1,616,944</u> | <u>1,210,179</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 | 2017 | 2016 |
|--|------------------|------------------|
| Revenue | | |
| Amortization of deferred contributions related to capital assets | \$ 995 | \$ 1,309 |
| Grants | 1,322,027 | 1,303,505 |
| | <u>1,323,022</u> | <u>1,304,814</u> |
| Expenses | | |
| Advertising | 917 | 597 |
| Amortization of capital assets | 995 | 1,309 |
| Employee benefits | 168,290 | 152,646 |
| General, other and sundry | 18,876 | 20,599 |
| Medical fees | 283,624 | 266,010 |
| Minor equipment and one-time expenses | 1,915 | 2,228 |
| Property and equipment rental | 25,795 | 83,660 |
| Repairs and maintenance | 2,496 | 2,496 |
| Salaries | 815,616 | 765,932 |
| Staff education | 2,780 | 2,710 |
| Telephone | 1,021 | 5,924 |
| Travel | 697 | 703 |
| | <u>1,323,022</u> | <u>1,304,814</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 | 2017 | 2016 |
|--|----------------|----------------|
| Revenue | | |
| Amortization of deferred contributions related to capital assets | \$ 566 | \$ 966 |
| Grants | 152,838 | 128,882 |
| | <u>153,404</u> | <u>129,848</u> |
| Expenses | | |
| Amortization of capital assets | 566 | 966 |
| Client travel | 1,500 | 3,564 |
| Contracted out services | 41,438 | - |
| Employee benefits | 13,148 | 15,546 |
| Insurance | 1,000 | 750 |
| Minor equipment | 312 | - |
| Professional fees | 1,000 | 750 |
| Property and equipment rental | 4,000 | 3,840 |
| Repairs and maintenance | 3,000 | 2,500 |
| Salaries | 69,928 | 83,951 |
| Staff education | 2,095 | 1,800 |
| Supplies | 9,995 | 10,490 |
| Telephone | 4,779 | 4,200 |
| Travel | 643 | 1,491 |
| | <u>153,404</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 | 2017 | 2016 |
|--|---------------|---------------|
| Revenue | | |
| Grants | \$ 30,379 | \$ 21,812 |
| Expenses | | |
| Employee benefits | 2,596 | 2,006 |
| Salaries | 27,254 | 19,804 |
| Supplies | 431 | 13 |
| Travel | 98 | (11) |
| | <u>30,379</u> | <u>21,812</u> |
| 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
Ontario Works
(unaudited)

| For the year ended March 31 | 2017 | 2016 |
|--|-------------------|-------------------|
| Revenue | | |
| Amortization of deferred contributions related to capital assets | \$ - | \$ 214 |
| Grants | 361,034 | 354,111 |
| | <u>361,034</u> | <u>354,325</u> |
| Expenses | | |
| Amortization of capital assets | - | 214 |
| Employee benefits | 64,754 | 65,997 |
| General, other and sundry | 20 | 52 |
| Minor equipment and one-time expenses | - | 2,340 |
| Postage, stationery and other | 510 | 821 |
| Salaries | 289,713 | 285,908 |
| Staff education | 376 | 251 |
| Supplies | 283 | 141 |
| Telephone | 1,399 | 2,344 |
| Travel | 2,695 | 4,295 |
| | <u>359,750</u> | <u>362,363</u> |
| Excess of revenue over expenses (expenses over revenue) for the year | 1,284 | (8,038) |
| Fund balance, beginning of year | (4,661) | 3,377 |
| Fund balance, end of year | <u>\$ (3,377)</u> | <u>\$ (4,661)</u> |

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

Back on Track
(unaudited)

| For the year ended March 31 | 2017 | 2016 |
|--|-------------------|-------------------|
| Revenue | | |
| Interest income | \$ 503 | \$ 392 |
| Other income | 133,593 | 137,934 |
| | <u>134,096</u> | <u>138,326</u> |
| Expenses | | |
| Amortization of capital assets | 6,230 | 3,401 |
| Employee benefits | 11,950 | 6,030 |
| General, other and sundry | 438 | 2,695 |
| Minor equipment and one-time expenses | 3,359 | 677 |
| Salaries | 74,601 | 62,089 |
| Staff education | 217 | 48 |
| Supplies | 516 | 61 |
| Travel | 629 | 312 |
| | <u>97,940</u> | <u>75,313</u> |
| Excess of revenue over expenses for the year | 36,156 | 63,013 |
| Fund balance, beginning of year | 497,982 | 434,969 |
| Fund balance, end of year | <u>\$ 534,138</u> | <u>\$ 497,982</u> |

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

| For the year ended March 31 | 2017 | 2016 |
|--|---------------|---------------|
| Revenue | | |
| Grants | \$ 28,597 | \$ 62,674 |
| Expenses | | |
| Advertising | 50 | 100 |
| Employee benefits | 5,123 | 11,581 |
| Insurance | 50 | 100 |
| Professional fees | 175 | 350 |
| Property and equipment rental | 378 | 756 |
| Salaries | 22,162 | 47,693 |
| Supplies | 500 | 1,066 |
| Telephone | 159 | 345 |
| Travel | - | 683 |
| | 28,597 | 62,674 |
| 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
STACD Youth Project
(unaudited)

| For the year ended March 31 | 2017 | 2016 |
|---|----------------|----------------|
| Revenue | | |
| Amortization of deferred contributions related to capital assets | \$ 312 | \$ 312 |
| Grants | 231,947 | 262,417 |
| Other income | - | 1,342 |
| | <u>232,259</u> | <u>264,071</u> |
| Expenses | | |
| Amortization of capital assets | 312 | 312 |
| Employee benefits | 29,459 | 34,797 |
| General, other and sundry | 13,238 | 10,054 |
| Minor equipment and one-time expenses | - | 251 |
| Postage, stationery and other | 906 | 18 |
| Property and equipment rental | 10,000 | 12,000 |
| Salaries | 146,015 | 169,713 |
| Staff education | 28 | 2,818 |
| Supplies | 18,702 | 15,224 |
| Telephone | 3,216 | 4,190 |
| Travel | 10,383 | 14,694 |
| | <u>232,259</u> | <u>264,071</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 | 2017 | 2016 |
|--|----------------|----------------|
| Revenue | | |
| Amortization of deferred contributions related to capital assets | \$ 4,994 | \$ 4,994 |
| Grants | 252,798 | 245,450 |
| Rental income | 14,370 | 17,136 |
| | <u>272,162</u> | <u>267,580</u> |
| Expenses | | |
| Amortization of capital assets | 4,994 | 4,994 |
| Contracted out services | 52,511 | 53,704 |
| Employee benefits | 23,350 | 22,769 |
| General, other and sundry | 36,799 | 37,047 |
| Minor equipment and one-time expenses | 919 | (120) |
| Professional fees | 500 | 1,000 |
| Property and equipment rental | 45,120 | 45,120 |
| Repairs and maintenance | - | 1,000 |
| Salaries | 103,285 | 98,298 |
| Supplies | 990 | 441 |
| Travel | 3,694 | 3,327 |
| | <u>272,162</u> | <u>267,580</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 | 2017 | 2016 |
|--|----------------|----------------|
| Revenue | | |
| Amortization of deferred contributions related to capital assets | \$ 536 | \$ - |
| Grants | 126,128 | 125,217 |
| | <u>126,664</u> | <u>125,217</u> |
| Expenses | | |
| Advertising | 618 | 600 |
| Amortization of capital assets | 536 | - |
| Employee benefits | 15,662 | 14,596 |
| General, other and sundry | 1,614 | 3,500 |
| Insurance | 544 | 873 |
| Medical expenses | 10,061 | 10,061 |
| Minor equipment and one-time expenses | 1,794 | - |
| Professional fees | 1,000 | 1,000 |
| Property and equipment rental | 5,000 | 5,000 |
| Repairs and maintenance | 750 | 1,608 |
| Salaries | 85,162 | 82,638 |
| Supplies | 3,636 | 4,741 |
| Travel | 287 | 600 |
| | <u>126,664</u> | <u>125,217</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
Crisis Aftercare and Recovery Enhancement (CARE) Project
(unaudited)

| For the year ended March 31 | 2017 | 2016 |
|--|-------------------|-------------------|
| Revenue | | |
| Grants | \$ 69,707 | \$ 68,340 |
| Expenses | | |
| Employee benefits | 14,871 | 9,901 |
| Salaries | 51,601 | 59,176 |
| Staff education | 662 | 120 |
| Supplies | - | 23 |
| Travel | 1,905 | 2,708 |
| | <u>69,039</u> | <u>71,928</u> |
| Excess of revenue over expenses (expenses over revenue) for the year | 668 | (3,588) |
| Fund balance, beginning of year | <u>(3,476)</u> | 112 |
| Fund balance, end of year | <u>\$ (2,808)</u> | <u>\$ (3,476)</u> |

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

Trillium
(unaudited)

| For the year ended March 31 | 2017 | 2016 |
|---|-----------|------|
| Revenue | | |
| Grants | 54,655 | - |
| Expenses | | |
| Advertising | 1,046 | - |
| Employee benefits | 3,111 | - |
| Minor equipment and one-time expenses | 647 | - |
| Salaries | 33,132 | - |
| Supplies | 1,426 | - |
| Telephone | 404 | - |
| Travel | 1,108 | - |
| | 40,874 | - |
| Excess of revenue over expenses for the year | 13,781 | - |
| Fund balance, beginning of year | - | - |
| Fund balance, end of year | \$ 13,781 | \$ - |