

Canadian Mental Health
Association, Simcoe County
Branch
Financial Statements
For the year ended March 31, 2019

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For the year ended March 31, 2019

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Independent Auditor's Report

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

Qualified Opinion

We have audited the accompanying financial statements of Canadian Mental Health Association, Simcoe County Branch (the "Organization"), which comprise the statement of financial position as at March 31, 2019, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Organization 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 the Organization. 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 years ended March 31, 2019 and 2018, current assets as at March 31, 2019 and 2018, and net assets as at April 1 and March 31 for both the 2019 and 2018 years. Our audit opinion on the financial statements for the year ended March 31, 2018 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Other Information

We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the schedules on pages 19 to 31 of the Organization's Financial Statements.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO CANADALLP

Chartered Professional Accountants, Licensed Public Accountants

Barrie, Ontario
June 17, 2019

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

March 31	2019	2018
Assets		
Current assets		
Cash - general fund (Note 2)	\$ 3,400,286	\$ 2,730,984
Accounts receivable	423,810	151,587
Due to capital reserve fund from general fund	242	800
Prepaid expenses	140,101	99,544
	3,964,439	2,982,915
Capital assets (Note 3)	5,207,784	5,188,935
Capital reserve fund		
Cash (Note 4)	121,182	31,913
	\$ 9,293,405	\$ 8,203,763
 Liabilities and Fund Balances		
Current liabilities		
Accounts payable and accrued liabilities (Note 5)	\$ 1,781,089	\$ 1,065,653
Deferred revenue - operations	36,390	40,990
Deferred revenue - grants	118,920	140,191
Payable to capital reserve fund from general fund	242	800
Payable to government agencies (Note 10)	794,314	727,968
Current portion of long-term debt (Note 7)	1,510,877	214,170
	4,241,832	2,189,772
Long-term debt (Note 7)	1,421,252	2,891,035
Deferred contributions related to capital assets (Note 8)	758,699	595,642
	6,421,783	5,676,449
Commitments (Note 9)		
Contingencies (Note 10)		
Fund balances		
General	2,750,198	2,494,601
Capital Reserve	121,424	32,713
	2,871,622	2,527,314
	\$ 9,293,405	\$ 8,203,763

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	2019	2018
Revenue		
Amortization of deferred contributions related to capital assets (Note 8)	\$ 137,792	\$ 126,406
Donations	119,043	146,179
Grants (Note 11)	19,641,759	17,795,297
Interest income	35,637	10,756
Other income	1,001,286	596,108
Rental income	823,185	837,400
	<u>21,758,702</u>	<u>19,512,146</u>
Expenses		
Advertising	12,186	7,769
Amortization of capital assets	300,153	296,241
Bank charges	7,021	6,990
Books and subscriptions	1,486	602
Christmas gifts	2,890	11,462
Client travel	11,923	8,640
Community education	654	4,160
Computer and vehicle maintenance	69,560	68,705
Contracted out services	335,913	206,808
Employee benefits (Note 12)	2,313,778	2,114,544
Fundraising expenses (Note 13)	58,629	58,157
General, other and sundry	177,055	152,453
Insurance	43,841	37,804
Interest on long-term debt	119,178	115,682
Management fees	129,177	88,344
Medical fees	308,331	305,060
Minor equipment and one-time expenses	476,411	135,543
Postage, stationery and other	54,106	41,897
Professional fees	66,792	40,827
Property and equipment rental	839,900	793,935
Property tax	68,512	69,314
Rent supplements	1,444,045	1,312,602
Repairs and maintenance	205,082	159,165
Salaries	12,336,358	11,104,338
Session fees	50,264	57,240
Staff education	76,787	43,544
Supplies	235,510	252,176
Telephone	162,002	150,512
Travel	223,489	210,582
Utilities	122,666	113,133
Volunteer and client needs	3,307	2,263
	<u>20,257,006</u>	<u>17,970,492</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	2019	2018
Excess of revenue over expenses for the year before other expense	1,501,696	1,541,654
Other expense - Paymaster	<u>(1,246,099)</u>	<u>(1,235,410)</u>
Excess of revenue over expenses	255,597	306,244
Fund balance, beginning of year	<u>2,494,601</u>	<u>2,188,357</u>
Fund balance, end of year	<u>\$ 2,750,198</u>	<u>\$ 2,494,601</u>

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

For the year ended March 31	2019	2018
Revenue		
Interest income	\$ 422	\$ 216
Expenses		
Repairs and maintenance	2,786	5,769
Excess of expenses over revenue	(2,364)	(5,553)
Fund balance, beginning of year	32,713	36,391
Transfer from general fund	91,075	1,875
Fund balance, end of year	\$ 121,424	\$ 32,713

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

For the year ended March 31	2019	2018
Cash flows from operating activities		
Excess of revenue over expenses for the year	\$ 255,597	\$ 306,244
Items not involving cash		
Amortization of capital assets	300,153	296,241
Amortization of deferred contributions related to capital assets	(137,792)	(126,406)
	<u>417,958</u>	<u>476,079</u>
Net change in non-cash working capital balances		
Accounts receivable	(272,223)	265,847
Prepaid expenses	(40,556)	29,134
Accounts payable and accrued liabilities	715,436	(142,420)
Due to capital reserve fund	(558)	(600)
Deferred revenue - operations	(4,600)	(4,345)
Deferred revenue - grants	(21,271)	70,245
	<u>794,186</u>	<u>693,940</u>
Cash flows from investing activities		
Purchase of capital assets	(319,003)	(55,214)
Deferred contributions related to capital assets	300,849	46,628
	<u>(18,154)</u>	<u>(8,586)</u>
Cash flows from financing activities		
Increase in payable to Ministry of Health and Long-Term Care	66,346	261,808
Repayment of long-term debt	(173,076)	(171,654)
	<u>(106,730)</u>	<u>90,154</u>
Net Increase in cash during the year	669,302	775,508
Cash, beginning of year	<u>2,730,984</u>	<u>1,955,476</u>
Cash, end of year	<u>\$ 3,400,286</u>	<u>\$ 2,730,984</u>

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

March 31, 2019

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, 2019

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, 2019

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, 2019

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

	2019		2018	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 1,629,937	\$ -	\$ 1,629,937	\$ -
Buildings - housing	133,656	132,237	133,656	123,628
Buildings - other	4,936,631	1,560,227	4,805,279	1,382,521
Leasehold improvements	18,767	18,764	18,767	15,011
Office furniture and equipment	3,604,530	3,404,509	3,416,879	3,294,423
	\$10,323,521	\$ 5,115,737	\$ 10,004,518	\$ 4,815,583
Net book value		\$ 5,207,784		\$ 5,188,935

During the year, the Association acquired capital assets with an aggregate cost of \$319,003 (2018 - \$55,214).

During the year, the Association disposed of capital assets with a cost of \$Nil (2018 - \$52,351) and a net book value of \$NIL (2018 - \$NIL) for proceeds of \$NIL.

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 totaling \$636,508 (2018 - \$211,959).

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

March 31, 2019

6. Credit Facilities

The Association has a \$200,000 (2018 - \$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, 2019 was \$NIL (March 31, 2018 - \$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, 2019 was \$NIL (March 31, 2018 - \$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, 2019 was \$NIL (March 31, 2018 - \$NIL).

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; 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, 2019

7. Long-term Debt

	2019	2018
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 \$778,000 (2018 - \$759,000)	\$ 344,538	\$ 378,427
TD Bank mortgage payable, interest at 3.79%, blended payments of \$3,377 due monthly, maturing October 19, 2020, secured by land and building with a carrying amount of approximately \$602,000 (2018 - \$625,000)	430,454	454,301
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 \$1,658,000 (2018 - \$1,693,000)	1,395,150	1,453,633
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 \$955,000 (2018 - \$934,000)	536,379	569,729
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 \$286,000 (2018 - \$284,000)	184,896	199,794
ScotiaBank mortgage payable, interest at 2.04%, blended payments of \$836 due monthly, matured June 1, 2018, secured by land and building with a carrying amount of approximately \$51,000 as of March 31, 2018	-	49,321
TD Bank mortgage payable, interest at 5.48%, blended payments of \$910 due monthly, maturing June 1, 2023, secured by land and building with a carrying amount of approximately \$42,000 as of March 31, 2019	40,712	-
	2,932,129	3,105,205
Less: Current portion of long-term debt	1,510,877	214,170
Long-term debt	\$ 1,421,252	\$ 2,891,035

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

March 31, 2019

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:

2020	\$ 1,510,877
2021	497,245
2022	92,035
2023	92,591
2024	84,252
Thereafter	<u>655,129</u>
	<u>\$ 2,932,129</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.

	2019	2018
Balance, beginning of year	\$ 595,642	\$ 675,420
Capital assets funded in the current year	300,849	46,628
Less: amount amortized to revenue in the year	<u>(137,792)</u>	<u>(126,406)</u>
	<u>\$ 758,699</u>	<u>\$ 595,642</u>

9. Commitments

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

The minimum annual lease payments for the next two fiscal years are \$92,696 and \$26,693.

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

March 31, 2019

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 2018 and 2019 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 years 2018 and 2019 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, 2019, there is \$794,314 (2018 - \$727,968) included in current liabilities for amounts owing to the above government agencies for the years subject to review, of which \$561,996 is payable to the Ministry of Health and Long-Term Care and \$232,318 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, 2019

11. Grant Revenue

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

	<u>2019</u>	<u>2018</u>
Local Health Integration Network	\$15,162,693	\$ 13,672,545
Ministry of Health and Long-term Care	3,504,509	3,252,771
County of Simcoe	404,051	434,381
Other agencies	430,390	267,918
Health Canada	-	-
Ministry of Children and Youth Services	<u>140,116</u>	<u>167,682</u>
	<u>\$19,641,759</u>	<u>\$ 17,795,297</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>2019</u>	<u>2018</u>
Current service cost	<u>\$ 368,205</u>	<u>\$ 336,701</u>

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 \$2,755 (2018 - \$2,610) 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, 2019

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, 2019 (2018 - \$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.

15. Comparative Figures

Certain of the 2018 comparative figures have been reclassified to conform to the financial presentation adopted in 2019.

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

For the year ended March 31	2019	2018
Revenue		
Amortization of deferred contributions related to capital assets	\$ -	\$ 1
Donations	119,043	146,179
Grants	17,086	5,844
Interest income	515	242
Other income	309,619	338,892
Rental income	793,526	808,857
	<u>1,239,789</u>	<u>1,300,015</u>
Expenses		
Amortization of capital assets	148,882	156,031
Bank charges	1,657	1,736
Christmas gifts	2,890	11,462
Community education	654	4,160
Employee benefits	52,132	51,855
Fundraising expenses	58,629	58,157
General, other and sundry	17,877	17,511
Interest on long-term debt	117,090	114,588
Minor equipment and one-time expenses	1,199	4,742
Professional fees	-	2,610
Property tax	52,201	52,456
Repairs and maintenance	131,625	96,981
Salaries	231,316	286,336
Staff education	1,629	904
Supplies	60,705	92,517
Telephone	3,267	3,945
Travel	3,081	1,477
Utilities	88,880	77,181
Volunteer and client needs	3,307	2,263
	<u>977,021</u>	<u>1,036,912</u>
Excess of revenue over expenses for the year	262,768	263,103
Fund balance, beginning of year	<u>1,882,594</u>	<u>1,619,491</u>
Fund balance, end of year	<u>\$ 2,145,362</u>	<u>\$ 1,882,594</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	2019	2018
Revenue		
Amortization of deferred contributions related to capital assets	\$ 125,676	\$ 118,011
Grants	15,162,693	13,672,545
Interest income	32,203	9,336
Other income	163,625	130,572
	<u>15,484,197</u>	<u>13,930,464</u>
Expenses		
Advertising	6,993	4,909
Amortization of capital assets	125,675	118,011
Bank charges	5,364	5,254
Books and subscriptions	1,486	602
Client travel	10,046	7,551
Computer and vehicle maintenance	69,560	68,705
Contracted out services	188,324	121,000
Employee benefits	1,857,851	1,695,082
General, other and sundry	137,120	113,271
Insurance	40,858	35,524
Minor equipment and one-time expenses	329,268	118,465
Postage, stationery and other	53,248	41,510
Professional fees	63,342	34,267
Property and equipment rental	747,549	721,762
Property tax	16,311	16,858
Repairs and maintenance	56,260	48,107
Salaries	9,900,273	8,949,136
Session fees	50,264	57,240
Staff education	66,858	39,756
Supplies	137,254	144,404
Telephone	143,468	134,615
Travel	201,475	189,418
Utilities	29,251	29,607
	<u>14,238,098</u>	<u>12,695,054</u>
Excess of revenue over expenses for the year before other expense	1,246,099	1,235,410
Other expense - Paymaster	<u>(1,246,099)</u>	<u>(1,235,410)</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	2019	2018
Revenue		
Amortization of deferred contributions related to capital assets	\$ 2,519	\$ 1,220
Grants	1,999,679	1,775,818
Rental income	7,622	8,285
	<u>2,009,820</u>	<u>1,785,323</u>
Expenses		
Advertising	500	504
Amortization of office furniture and equipment	2,519	1,220
Amortization of buildings	8,609	8,934
Employee benefits	44,418	48,844
General, other and sundry	2,920	3,792
Insurance	1,210	504
Interest on long-term debt	2,088	1,094
Management fees	44,636	44,636
Minor equipment and one-time expenses	90,103	1,213
Professional fees	950	950
Property and equipment rental	18,000	18,000
Rent supplements	1,444,045	1,312,602
Repairs and maintenance	6,405	6,831
Salaries	320,289	315,191
Staff education	2,500	590
Supplies	5,646	4,558
Telephone	4,933	4,673
Travel	5,514	4,842
Utilities	4,535	6,345
	<u>2,009,820</u>	<u>1,785,323</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	2019	2018
Revenue		
Amortization of deferred contributions related to capital assets	\$ 433	\$ 1,102
Grants	1,348,094	1,375,327
	<u>1,348,527</u>	<u>1,376,429</u>
Expenses		
Amortization of capital assets	433	1,102
Employee benefits	182,852	170,312
General, other and sundry	5,704	7,233
Management fees	11,500	11,500
Medical fees	298,270	294,999
Minor equipment and one-time expenses	-	3,655
Repairs and maintenance	4,500	2,496
Salaries	840,025	880,449
Staff education	3,082	1,131
Telephone	718	796
Travel	1,443	2,756
	<u>1,348,527</u>	<u>1,376,429</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	2019	2018
Revenue		
Amortization of deferred contributions related to capital assets	\$ 412	\$ 230
Grants	140,116	167,682
	<u>140,528</u>	<u>167,912</u>
Expenses		
Amortization of capital assets	412	230
Client travel	1,877	1,089
Contracted out services	6,625	32,681
Employee benefits	17,206	16,952
Insurance	900	900
Minor equipment	778	1,892
Professional fees	1,000	1,000
Property and equipment rental	4,000	4,000
Repairs and maintenance	2,500	3,000
Salaries	90,601	95,790
Staff education	780	163
Supplies	7,428	2,522
Telephone	4,487	5,457
Travel	1,934	2,236
	<u>140,528</u>	<u>167,912</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	2019	2018
Revenue		
Amortization of deferred contributions related to capital assets	\$ 208	\$ -
Grants	331,891	364,700
	<u>332,099</u>	<u>364,700</u>
Expenses		
Amortization of capital assets	208	-
Employee benefits	56,351	67,680
General, other and sundry	333	80
Postage, stationery and other	858	387
Salaries	289,771	273,255
Staff education	1,051	705
Supplies	429	-
Telephone	1,190	790
Travel	3,185	4,044
	<u>353,376</u>	<u>346,941</u>
Excess of revenue over expenses for the year	(21,277)	17,759
Fund balance, beginning of year	14,382	(3,377)
Fund balance, end of year	<u>\$ (6,895)</u>	<u>\$ 14,382</u>

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

For the year ended March 31	2019	2018
Revenue		
Interest income	\$ 2,919	\$ 1,178
Other income	112,257	126,644
	<u>115,176</u>	<u>127,822</u>
Expenses		
Amortization of capital assets	4,871	4,871
Employee benefits	14,344	12,442
General, other and sundry	652	889
Minor equipment and one-time expenses	-	979
Salaries	80,370	71,021
Staff education	61	6
Supplies	400	717
Travel	372	542
	<u>101,070</u>	<u>91,467</u>
Excess of revenue over expenses for the year	14,106	36,355
Fund balance, beginning of year	570,493	534,138
Fund balance, end of year	<u>\$ 584,599</u>	<u>\$ 570,493</u>

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

For the year ended March 31	2019	2018
Revenue		
Amortization of deferred contributions related to capital assets	\$ -	\$ 312
Expenses		
Amortization of capital assets	-	312
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
Transitional Rehabilitation Housing Program
(unaudited)

For the year ended March 31	2019	2018
Revenue		
Amortization of deferred contributions related to capital assets	\$ 5,406	\$ 4,994
Grants	251,841	243,062
Rental income	22,037	20,258
	<u>279,284</u>	<u>268,314</u>
Expenses		
Advertising	-	500
Amortization of capital assets	5,406	4,994
Contracted out services	50,843	53,127
Employee benefits	25,005	21,729
General, other and sundry	6,525	5,155
Management fees	32,208	32,208
Minor equipment and one-time expenses	1,276	-
Professional fees	500	1,000
Property and equipment rental	45,759	45,173
Repairs and maintenance	1,000	1,000
Salaries	106,717	100,420
Supplies	1,733	555
Travel	2,312	2,453
	<u>279,284</u>	<u>268,314</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	2019	2018
Revenue		
Amortization of deferred contributions related to capital assets	\$ 536	\$ 536
Grants	156,736	101,626
	<u>157,272</u>	<u>102,162</u>
Expenses		
Amortization of capital assets	536	536
Employee benefits	21,739	15,288
General, other and sundry	2,223	2,433
Insurance	873	876
Medical expenses	10,061	10,061
Minor equipment and one-time expenses	947	-
Professional fees	1,000	1,000
Property and equipment rental	4,992	5,000
Repairs and maintenance	750	750
Salaries	111,468	63,587
Supplies	2,312	2,370
Travel	371	261
	<u>157,272</u>	<u>102,162</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	2019	2018
Revenue		
Grants	\$ 72,160	\$ 69,681
Expenses		
Employee benefits	13,415	12,862
General, other and sundry	-	421
Salaries	44,313	51,232
Staff education	215	6
Supplies	12,946	-
Telephone	651	-
Travel	620	2,352
	72,160	66,873
Excess of revenue over expenses for the year	-	2,808
Fund balance, beginning of year	-	(2,808)
Fund balance, end of year	\$ -	\$ -

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

For the year ended March 31	2019	2018
Revenue		
Amortization of deferred contributions related to capital assets	\$ 1,081	\$ -
Grants	\$ 161,463	\$ 19,012
	162,544	19,012
Expenses		
Advertising	3,157	1,856
Amortization of capital assets	1,081	-
Contracted out services	2,621	-
Employee benefits	10,066	1,498
General, other and sundry	-	1,668
Minor equipment and one-time expenses	28,716	4,597
Salaries	108,328	17,921
Staff education	20	283
Supplies	6,657	4,533
Telephone	1,703	236
Travel	195	201
	162,544	32,793
Excess of revenue over expenses for the year	-	(13,781)
Fund balance, beginning of year	-	13,781
Fund balance, end of year	\$ -	\$ -

Canadian Mental Health Association, Simcoe County Branch
Statement of Operations and Fund Balance
Increasing Access to Structured Psychotherapy
(unaudited)

For the year ended March 31	2019	2018
Revenue		
Amortization of deferred contributions related to capital assets	\$ 1,521	\$ -
Other income	415,785	-
	<u>417,306</u>	-
Expenses		
Advertising	1,536	-
Amortization of capital assets	1,521	-
Contracted out services	87,500	-
Employee benefits	18,399	-
General, other and sundry	3,701	-
Management fees	40,833	-
Minor equipment and one-time expenses	24,124	-
Property and equipment rental	19,600	-
Repairs and maintenance	2,042	-
Salaries	212,887	-
Staff education	591	-
Telephone	1,585	-
Travel	2,987	-
	<u>417,306</u>	-
Excess of revenue over expenses for the year	-	-
Fund balance, beginning of year	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>