

**Canadian Mental Health
Association, Simcoe County Branch
Financial Statements**
For the year ended March 31, 2020

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Financial Statements
For the year ended March 31, 2020

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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, 2020, 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, 2020, 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, 2020 and 2019, current assets as at March 31, 2020 and 2019, and net assets as at April 1 and March 31 for both the 2020 and 2019 years. Our audit opinion on the financial statements for the year ended March 31, 2019 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 Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Barrie, Ontario
June 24, 2020

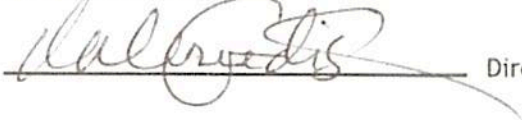
Canadian Mental Health Association, Simcoe County Branch
Statement of Financial Position

March 31	2020	2019
Assets		
Current assets		
Cash - general fund (Note 2)	\$ 3,831,929	\$ 3,400,286
Accounts receivable	221,916	423,810
Due to capital reserve fund from general fund	-	242
Prepaid expenses	92,149	140,101
	<u>4,145,994</u>	<u>3,964,439</u>
Capital assets (Note 3)	5,185,062	5,207,784
Capital reserve fund		
Cash (Note 4)	124,302	121,182
	<u>\$ 9,455,358</u>	<u>\$ 9,293,405</u>

Liabilities and Fund Balances

Current liabilities		
Accounts payable and accrued liabilities (Note 5)	\$ 1,114,438	\$ 1,781,089
Deferred revenue - operations	37,790	36,390
Deferred revenue - grants	158,278	118,920
Payable to capital reserve fund from general fund	-	242
Payable to government agencies (Note 10)	1,365,213	794,314
Current portion of long-term debt (Note 7)	559,178	1,510,877
	<u>3,234,897</u>	<u>4,241,832</u>
Long-term debt (Note 7)	2,196,189	1,421,252
Deferred contributions related to capital assets (Note 8)	888,125	758,699
	<u>6,319,211</u>	<u>6,421,783</u>
Commitments (Note 9)		
Contingencies (Note 10)		
Fund balances		
General	3,011,845	2,750,198
Capital Reserve	124,302	121,424
	<u>3,136,147</u>	<u>2,871,622</u>
	<u>\$ 9,455,358</u>	<u>\$ 9,293,405</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	2020	2019
Revenue		
Amortization of deferred contributions related to capital assets (Note 8)	\$ 115,449	\$ 137,792
Donations	154,178	119,043
Grants (Note 11)	18,700,209	19,641,759
Interest income	46,271	35,637
Other income	1,387,876	1,001,286
Rental income	806,707	823,185
	<u>21,210,690</u>	<u>21,758,702</u>
Expenses		
Advertising	54,931	12,186
Amortization of capital assets	271,118	300,153
Bank charges	6,532	7,021
Books and subscriptions	1,202	1,486
Christmas gifts	14,696	2,890
Client travel	14,507	11,923
Community education	46	654
Computer and vehicle maintenance	69,575	69,560
Contracted out services	451,367	335,913
Employee benefits (Note 12)	2,394,335	2,313,778
Fundraising expenses	31,769	58,629
General, other and sundry	195,195	177,055
Insurance	44,504	43,841
Interest on long-term debt	114,402	119,178
Management fees	158,938	129,177
Medical fees	239,015	308,331
Minor equipment and one-time expenses	112,133	476,411
Postage, stationery and other	37,929	54,106
Professional fees	56,836	66,792
Property and equipment rental	865,190	839,900
Property tax	64,660	68,512
Rent supplements	1,703,974	1,444,045
Repairs and maintenance	205,206	205,082
Salaries	12,815,576	12,336,358
Session fees	53,704	50,264
Staff education	62,754	76,787
Supplies	243,104	235,510
Telephone	174,445	162,002
Travel	217,276	223,489
Utilities	120,190	122,666
Volunteer and client needs	2,686	3,307
	<u>20,797,795</u>	<u>20,257,006</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	2020	2019
Excess of revenue over expenses for the year before other expense	412,895	1,501,696
Other expense - Paymaster	(151,248)	(1,246,099)
Excess of revenue over expenses	261,647	255,597
Fund balance, beginning of year	2,750,198	2,494,601
Fund balance, end of year	\$ 3,011,845	\$ 2,750,198

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

For the year ended March 31	2020	2019
Revenue		
Interest income	\$ 1,803	\$ 422
Expenses		
Repairs and maintenance	-	2,786
Excess of expenses over revenue	1,803	(2,364)
Fund balance, beginning of year	121,424	32,713
Transfer from general fund	1,075	91,075
Fund balance, end of year	\$ 124,302	\$ 121,424

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

For the year ended March 31	2020	2019
Cash flows from operating activities		
Excess of revenue over expenses for the year	\$ 261,647	\$ 255,597
Items not involving cash		
Amortization of capital assets	271,118	300,153
Amortization of deferred contributions related to capital assets	<u>(115,449)</u>	<u>(137,792)</u>
	417,316	417,958
Net change in non-cash working capital balances		
Accounts receivable	201,894	(272,223)
Prepaid expenses	47,951	(40,556)
Accounts payable and accrued liabilities	(666,651)	715,436
Due to capital reserve fund	(242)	(558)
Deferred revenue - operations	1,400	(4,600)
Deferred revenue - grants	<u>39,358</u>	<u>(21,271)</u>
	<u>41,026</u>	<u>794,186</u>
Cash flows from investing activities		
Purchase of capital assets	(248,395)	(319,003)
Deferred contributions related to capital assets	<u>244,875</u>	<u>300,849</u>
	<u>(3,520)</u>	<u>(18,154)</u>
Cash flows from financing activities		
Increase in payable to Ministry of Health and Long-Term Care	570,899	66,346
Repayment of long-term debt	<u>(176,762)</u>	<u>(173,076)</u>
	<u>394,137</u>	<u>(106,730)</u>
Net Increase in cash during the year	431,643	669,302
Cash, beginning of year	<u>3,400,286</u>	<u>2,730,984</u>
Cash, end of year	\$ 3,831,929	\$ 3,400,286

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

Canadian Mental Health Association, Simcoe County Branch

Notes to Financial Statements

March 31, 2020

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, 2020

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, 2020

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, 2020

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

	2020		2019	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 1,629,937	\$ -	\$ 1,629,937	\$ -
Buildings - housing	133,656	133,656	133,656	132,237
Buildings - other	5,046,238	1,741,975	4,936,631	1,560,227
Leasehold improvements	18,767	18,767	18,767	18,764
Office furniture and equipment	3,743,318	3,492,456	3,604,530	3,404,509
	<u>\$ 10,571,916</u>	<u>\$ 5,386,854</u>	<u>\$ 10,323,521</u>	<u>\$ 5,115,737</u>
Net book value		<u>\$ 5,185,062</u>		<u>\$ 5,207,784</u>

During the year, the Association acquired capital assets with an aggregate cost of \$248,395 (2019 - \$319,003).

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 \$136,295 (2019 - \$636,508).

Canadian Mental Health Association, Simcoe County Branch

Notes to Financial Statements

March 31, 2020

6. Credit Facilities

The Association has a \$200,000 (2019 - \$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, 2020 was \$NIL (March 31, 2019 - \$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, 2020 was \$NIL (March 31, 2019 - \$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, 2020 was \$NIL (March 31, 2019 - \$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, 2020

7. Long-term Debt

	2020	2019
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 \$761,000 (2019 - \$778,000)	\$ 310,649	\$ 344,538
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 \$585,000 (2019 - \$602,000)	405,610	430,454
TD Bank mortgage payable, interest at 3.751%, blended payments of \$9,261 due monthly, maturing February 22, 2036, secured by land and buildings with a carrying amount of approximately \$1,674,000 (2019 - \$1,658,000)	1,334,235	1,395,150
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 \$931,000 (2019 - \$955,000)	503,029	536,379
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 \$284,000 (2019 - \$286,000)	169,998	184,896
ScotiaBank mortgage payable, interest at 2.04%, blended payments of \$836 due monthly, matured June 1, 2018	-	40,712
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 \$41,000 (2019 - \$42,000)	31,846	-
	2,755,367	2,932,129
Less: Current portion of long-term debt	559,178	1,510,877
Long-term debt	<u>\$ 2,196,189</u>	<u>\$ 1,421,252</u>

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

March 31, 2020

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:

2021	\$ 559,178
2022	156,605
2023	159,625
2024	153,740
2025	154,037
Thereafter	<u>1,572,182</u>
	<u>\$ 2,755,367</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>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 758,699	\$ 595,642
Capital assets funded in the current year	244,875	300,849
Less: amount amortized to revenue in the year	<u>(115,449)</u>	<u>(137,792)</u>
	<u>\$ 888,125</u>	<u>\$ 758,699</u>

Canadian Mental Health Association, Simcoe County Branch

Notes to Financial Statements

March 31, 2020

9. Commitments

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

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

2021	\$ 83,092
2022	28,327
2023	28,327
2024	7,082
	<hr/>
	\$ 146,828

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, 2019 and 2020 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, 2019 and 2020 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, 2020, there is \$1,365,213 (2019 - \$794,314) included in current liabilities for amounts owing to the above government agencies for the years subject to review, of which \$963,234 is payable to the Ministry of Health and Long-Term Care and \$401,979 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.
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Canadian Mental Health Association, Simcoe County Branch

Notes to Financial Statements

March 31, 2020

11. Grant Revenue

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

	2020	2019
Local Health Integration Network	\$ 14,322,643	\$ 15,162,693
Ministry of Health and Long-term Care	3,658,173	3,504,509
County of Simcoe	171,876	404,051
Other agencies	373,580	430,390
Ministry of Children, Community and Social Services	173,937	140,116
	<u>\$ 18,700,209</u>	<u>\$ 19,641,759</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:

	2020	2019
Current service cost	<u>\$ 383,930</u>	<u>\$ 368,205</u>

Canadian Mental Health Association, Simcoe County Branch

Notes to Financial Statements

March 31, 2020

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, 2020 (2019 - \$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.

14. Subsequent Events

Subsequent to year end, the impact of COVID-19 in Canada and on the global economy increased significantly due to both Federal and Provincial government restrictions put in place to mitigate the impact of this virus. During the initial period of the declaration of emergency in Ontario, The Association re-focused activities and resources to support the development of alternative service delivery methods where possible.

The global pandemic has disrupted economic activities and supply chains. However, as an essential service, The Association continues to operate and service the community. During fiscal 2021, The Association has experienced an increase in demand for mental health services in the community and correspondingly an increase in compensation and supply costs.

Although the disruption from the virus is expected to be temporary, given the dynamic nature of these ongoing and developing circumstances, the related financial impact on The Association cannot be reasonably estimated at this time.

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

General
(unaudited)

For the year ended March 31	2020	2019
Revenue		
Donations	\$ 154,178	\$ 119,043
Grants	-	17,086
Interest income	605	515
Other income	298,110	309,619
Rental income	783,299	793,526
	<u>1,236,192</u>	<u>1,239,789</u>
Expenses		
Advertising	30	-
Amortization of capital assets	141,226	148,882
Bank charges	1,465	1,657
Christmas gifts	14,696	2,890
Community education	46	654
Employee benefits	61,394	52,132
Fundraising expenses	31,769	58,629
General, other and sundry	26,087	17,877
Interest on long-term debt	112,347	117,090
Minor equipment and one-time expenses	5,968	1,199
Property tax	48,305	52,201
Repairs and maintenance	140,073	131,625
Salaries	224,413	231,316
Staff education	3,025	1,629
Supplies	82,776	60,705
Telephone	3,521	3,267
Travel	1,268	3,081
Utilities	89,154	88,880
Volunteer and client needs	2,686	3,307
	<u>990,249</u>	<u>977,021</u>
Excess of revenue over expenses for the year	245,943	262,768
Fund balance, beginning of year	2,145,362	1,882,594
Fund balance, end of year	\$ 2,391,305	\$ 2,145,362

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	2020	2019
Revenue		
Amortization of deferred contributions related to capital assets	\$ 104,734	\$ 125,676
Grants	14,322,643	15,162,693
Interest income	40,470	32,203
Other income	143,032	163,625
	<u>14,610,879</u>	<u>15,484,197</u>
Expenses		
Advertising	52,382	6,993
Amortization of capital assets	104,735	125,675
Bank charges	5,067	5,364
Books and subscriptions	1,202	1,486
Client travel	14,507	10,046
Computer and vehicle maintenance	69,575	69,560
Contracted out services	189,104	188,324
Employee benefits	1,924,930	1,857,851
General, other and sundry	144,762	137,120
Insurance	41,096	40,858
Minor equipment and one-time expenses	64,496	329,268
Postage, stationery and other	37,929	53,248
Professional fees	53,400	63,342
Property and equipment rental	750,028	747,549
Property tax	16,355	16,311
Repairs and maintenance	50,876	56,260
Salaries	10,345,499	9,900,273
Session fees	53,704	50,264
Staff education	49,724	66,858
Supplies	125,092	137,254
Telephone	149,714	143,468
Travel	189,098	201,475
Utilities	26,356	29,251
	<u>14,459,631</u>	<u>14,238,098</u>
Excess of revenue over expenses for the year before other expense	151,248	1,246,099
Other expense - Paymaster	<u>(151,248)</u>	<u>(1,246,099)</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	2020	2019
Revenue		
Amortization of deferred contributions related to capital assets	\$ 2,519	\$ 2,519
Grants	2,191,393	1,999,679
Rental income	6,289	7,622
	<u>2,200,201</u>	<u>2,009,820</u>
Expenses		
Advertising	500	500
Amortization of office furniture and equipment	2,519	2,519
Amortization of buildings	8,866	8,609
Employee benefits	52,414	44,418
General, other and sundry	2,924	2,920
Insurance	1,635	1,210
Interest on long-term debt	2,055	2,088
Management fees	46,078	44,636
Minor equipment and one-time expenses	-	90,103
Professional fees	950	950
Property and equipment rental	18,000	18,000
Rent supplements	1,703,974	1,444,045
Repairs and maintenance	3,163	6,405
Salaries	325,275	320,289
Staff education	2,500	2,500
Supplies	4,421	5,646
Telephone	4,924	4,933
Travel	15,323	5,514
Utilities	4,680	4,535
	<u>2,200,201</u>	<u>2,009,820</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	2020	2019
Revenue		
Amortization of deferred contributions related to capital assets	\$ 3,078	\$ 433
Grants	1,303,916	1,348,094
	<u>1,306,994</u>	<u>1,348,527</u>
Expenses		
Amortization of capital assets	3,078	433
Employee benefits	154,978	182,852
General, other and sundry	4,644	5,704
Management fees	11,500	11,500
Medical fees	228,954	298,270
Minor equipment and one-time expenses	11,953	-
Repairs and maintenance	4,500	4,500
Salaries	880,552	840,025
Staff education	4,615	3,082
Telephone	907	718
Travel	1,313	1,443
	<u>1,306,994</u>	<u>1,348,527</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, Community and Social Services
(unaudited)

For the year ended March 31	2020	2019
Revenue		
Amortization of deferred contributions related to capital assets	\$ 412	\$ 412
Grants	173,937	140,116
	<u>174,349</u>	<u>140,528</u>
Expenses		
Amortization of capital assets	412	412
Client travel	-	1,877
Contracted out services	39,015	6,625
Employee benefits	18,379	17,206
Insurance	900	900
Minor equipment	-	778
Professional fees	1,000	1,000
Property and equipment rental	4,000	4,000
Repairs and maintenance	2,500	2,500
Salaries	98,047	90,601
Staff education	1,491	780
Supplies	1,555	7,428
Telephone	4,295	4,487
Travel	2,755	1,934
	<u>174,349</u>	<u>140,528</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	2020	2019
Revenue		
Amortization of deferred contributions related to capital assets	\$ 208	\$ 208
Grants	99,716	331,891
	<u>99,924</u>	<u>332,099</u>
Expenses		
Amortization of capital assets	208	208
Employee benefits	15,475	56,351
General, other and sundry	-	333
Postage, stationery and other	-	858
Salaries	79,213	289,771
Staff education	436	1,051
Supplies	-	429
Telephone	461	1,190
Travel	613	3,185
	<u>96,406</u>	<u>353,376</u>
Excess of revenue over expenses for the year	3,518	(21,277)
Fund balance, beginning of year	(6,895)	14,382
Fund balance, end of year	<u>\$ (3,377)</u>	<u>\$ (6,895)</u>

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

Back on Track
(unaudited)

For the year ended March 31	2020	2019
Revenue		
Interest income	\$ 5,196	\$ 2,919
Other income	127,348	112,257
	<u>132,544</u>	<u>115,176</u>
Expenses		
Amortization of capital assets	5,575	4,871
Employee benefits	13,491	14,344
General, other and sundry	423	652
Minor equipment and one-time expenses	14,191	-
Salaries	84,995	80,370
Staff education	79	61
Supplies	1,114	400
Travel	490	372
	<u>120,358</u>	<u>101,070</u>
Excess of revenue over expenses for the year	12,186	14,106
Fund balance, beginning of year	584,599	570,493
Fund balance, end of year	\$ 596,785	\$ 584,599

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

For the year ended March 31	2020	2019
Revenue		
Amortization of deferred contributions related to capital assets	\$ 415	\$ 5,406
Grants	257,256	251,841
Rental income	17,119	22,037
	<u>274,790</u>	<u>279,284</u>
Expenses		
Amortization of capital assets	416	5,406
Contracted out services	54,375	50,843
Employee benefits	24,956	25,005
General, other and sundry	6,521	6,525
Management fees	32,208	32,208
Minor equipment and one-time expenses	662	1,276
Professional fees	1,000	500
Property and equipment rental	45,759	45,759
Repairs and maintenance	1,000	1,000
Salaries	105,276	106,717
Supplies	468	1,733
Travel	2,149	2,312
	<u>274,790</u>	<u>279,284</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
Nurse Practitioner
(unaudited)

For the year ended March 31	2020	2019
Revenue		
Amortization of deferred contributions related to capital assets	\$ 1,070	\$ 536
Grants	162,864	156,736
	<u>163,934</u>	<u>157,272</u>
Expenses		
Amortization of capital assets	1,070	536
Employee benefits	25,089	21,739
General, other and sundry	3,265	2,223
Insurance	873	873
Medical expenses	10,061	10,061
Minor equipment and one-time expenses	-	947
Professional fees	486	1,000
Property and equipment rental	4,992	4,992
Repairs and maintenance	750	750
Salaries	111,720	111,468
Supplies	5,015	2,312
Travel	613	371
	<u>163,934</u>	<u>157,272</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
Crisis Aftercare and Recovery Enhancement (CARE) Project
(unaudited)

For the year ended March 31	2020	2019
Revenue		
Grants	\$ 72,160	\$ 72,160
Expenses		
Employee benefits	9,365	13,415
Salaries	52,092	44,313
Staff education	-	215
Supplies	9,245	12,946
Telephone	712	651
Travel	746	620
	<u>72,160</u>	<u>72,160</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

Trillium
(unaudited)

For the year ended March 31	2020	2019
Revenue		
Amortization of deferred contributions related to capital assets	\$ 1,235	\$ 1,081
Grants	116,324	161,463
	<u>117,559</u>	<u>162,544</u>
Expenses		
Advertising	2,019	3,157
Amortization of capital assets	1,235	1,081
Contracted out services	873	2,621
Employee benefits	7,046	10,066
Minor equipment and one-time expenses	14,619	28,716
Salaries	75,409	108,328
Staff education	-	20
Supplies	13,418	6,657
Telephone	2,391	1,703
Travel	549	195
	<u>117,559</u>	<u>162,544</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
Increasing Access to Structured Psychotherapy
(unaudited)

For the year ended March 31	2020	2019
Revenue		
Amortization of deferred contributions related to capital assets	\$ 1,778	\$ 1,521
Other income	819,386	415,785
	<u>821,164</u>	<u>417,306</u>
Expenses		
Advertising	-	1,536
Amortization of capital assets	1,778	1,521
Contracted out services	168,000	87,500
Employee benefits	86,818	18,399
General, other and sundry	6,569	3,701
Management fees	69,152	40,833
Minor equipment and one-time expenses	244	24,124
Property and equipment rental	42,411	19,600
Repairs and maintenance	2,344	2,042
Salaries	433,085	212,887
Staff education	884	591
Telephone	7,520	1,585
Travel	2,359	2,987
	<u>821,164</u>	<u>417,306</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
128 Anne Street S
Barrie, ON
L4N 6A2

June 24, 2020

BDO Canada LLP
Chartered Professional Accountants
300 - 300 Lakeshore Drive
Barrie, ON
L4N 0B4

SIGN & RETURN TO BDO

FAX: 705-722-6588

Email: barrie@bdo.ca

This representation letter is provided in connection with your audit of the financial statements of Canadian Mental Health Association, Simcoe County Branch for the year ended March 31, 2020, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with Canadian accounting standards for not-for-profit organizations.

We confirm that to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated February 1, 2018, for the preparation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations; in particular, the financial statements are fairly presented in accordance therewith.

- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of Canadian accounting standards for not-for-profit organizations.
- All events subsequent to the date of the financial statements and for which Canadian accounting standards for not-for-profit organizations require adjustment or disclosure have been adjusted or disclosed.
- The financial statements of the entity use appropriate accounting policies that have been properly disclosed and consistently applied.
- The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to the representation letter.
- We have reviewed and approved all journal entries recommended by the practitioners during the audit. A list of the journal entries is attached to the representation letter.

Information Provided

- We have provided you with:
 - access to all information of which we are aware that is relevant to the preparation of the financial statements, such as records, documentation and other matters;
 - additional information that you have requested from us for the purpose of the audit; and

- unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- We are responsible for the design, implementation and maintenance of internal controls to prevent, detect and correct fraud and error, and have communicated to you all deficiencies in internal control of which we are aware.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

Fraud and Error

- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements.
- We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators, or others.

General Representations

- The entity has complied with all provisions in its agreements related to debt and there were no defaults in principal or interest, or in the covenants and conditions contained in such agreements.
- There have been no plans or intentions that may materially affect the recognition, measurement, presentation or disclosure of assets and liabilities (actual and contingent).
- There were no direct contingencies or provisions (including those associated with guarantees or indemnification provisions), unusual contractual obligations nor any substantial commitments, whether oral or written, other than in the ordinary course of business, which would materially affect the financial statements or financial position of the entity, except as disclosed in the financial statements.

Other Representations Where the Situation Exists

- We have informed you of all known actual or possible litigation and claims, whether or not they have been discussed with legal counsel. Since there are no actual, outstanding or possible litigation and claims, no disclosure is required in the financial statements.
- We will provide to you, when available and prior to issuance by the entity, the final version of the documents comprising the annual report.

Canadian Mental Health Association, Simcoe County Branch
Summary of Unadjusted Misstatements
March 31, 2020

Account	Identified Misstatements	Projections of Identified Misstatements	Estimates	Proposed Adjustments			
				Assets Dr(Cr)	Liabilities Dr(Cr)	Opening R/E Dr(Cr)	Income Dr(Cr)
	95,248				(95,248)		95,248
	25,243			25,243		(25,153)	(90)
More Effect of	120,491	-	-	25,243	(95,248)	(25,153)	95,158
				-	-	1,358	(1,358)
				25,243	(95,248)	(23,795)	93,800

been made to the financial statements for the above items:


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- To the extent that our normal procedure and controls related to our financial statement close process or other reporting processes at any of our locations were adversely impacted by the COVID-19 outbreak, we took appropriate actions and safeguards to reasonably ensure the fair presentation of the financial statements in accordance with the Canadian accounting standards for not-for-profit organizations.

Other than as disclosed in note 12 to the financial statements, no other impacts from the COVID-19 outbreak need to be reflected in the financial statements.


- Disclosures included in the financial statements regarding the relevant significant business, financial, and reporting impacts of the COVID-19 outbreak accurately reflect management's full consideration of such impact.

Yours truly,


Signature


Position

SIGN HERE


Signature

Board President
Position