

THE CANADIAN MENTAL HEALTH ASSOCIATION-NOVA SCOTIA DIVISION
Financial Statements
Year Ended March 31, 2015

THE CANADIAN MENTAL HEALTH ASSOCIATION-NOVA SCOTIA DIVISION

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Year Ended March 31, 2015

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LYLE TILLEY DAVIDSON

Chartered Accountants



INDEPENDENT AUDITOR'S REPORT

To the Members of The Canadian Mental Health Association-Nova Scotia Division

We have audited the accompanying financial statements of The Canadian Mental Health Association-Nova Scotia Division, which comprise the statement of financial position as at March 31, 2015 and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

(continues)

Independent Auditor's Report to the Members of The Canadian Mental Health Association-Nova Scotia Division (continued)

Basis for Qualified Opinion

In common with many not-for-profit organizations, The Canadian Mental Health Association-Nova Scotia Division derives revenue from donations and fundraising activities 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 Canadian Mental Health Association-Nova Scotia Division. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2014 and March 31, 2015, current assets and net assets as at March 31, 2014 and March 31, 2015.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of The Canadian Mental Health Association-Nova Scotia Division as at March 31, 2014 and March 31, 2015 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.

Halifax, Nova Scotia
October 20, 2015



CHARTERED ACCOUNTANTS

THE CANADIAN MENTAL HEALTH ASSOCIATION-NOVA SCOTIA DIVISION

Statement of Financial Position

March 31, 2015

	2015	2014
ASSETS		
CURRENT		
Cash	\$ 194,742	\$ 406,525
Term deposits	136,970	135,526
Accounts receivable (Note 3)	82,258	31,371
Prepaid expenses	4,151	18,762
	<u>418,121</u>	592,184
CAPITAL ASSETS (Note 4)	<u>119,176</u>	124,835
	<u>\$ 537,297</u>	\$ 717,019
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities (Note 5)	\$ 21,730	\$ 133,007
Deferred revenue (Note 6)	38,585	101,638
	<u>60,315</u>	234,645
NET ASSETS		
Unrestricted net assets	357,806	357,539
Invested in capital assets	119,176	124,835
	<u>476,982</u>	482,374
	<u>\$ 537,297</u>	\$ 717,019

LEASE COMMITMENTS (Note 7)

ON BEHALF OF THE BOARD

_____ Director

_____ Director

THE CANADIAN MENTAL HEALTH ASSOCIATION-NOVA SCOTIA DIVISION

Statement of Revenues and Expenditures

Year Ended March 31, 2015

	2015	2014
REVENUE		
Public Health Agency/Socially and Emotionally Aware Kids	\$ 536,051	\$ 714,854
Communities Addressing Suicide Together	135,000	174,436
Department of Community Services	114,464	80,050
Sexualization project	45,815	430
Fundraising and donations	35,472	42,952
Gambling awareness project	25,794	17,551
Rental income	14,775	14,206
Other	14,480	10,954
Mental health first aid	12,978	11,892
Wine, women, and wellness	9,455	-
Amateur sport and recreation	7,000	-
Legacies and bequests	1,694	6,440
Children and Youth Initiative	-	7,719
	952,978	1,081,484
EXPENSES		
PROJECTS		
Public Health Agency/Socially and Emotionally Aware Kids	536,051	766,558
Communities Addressing Suicide Together	159,142	175,673
Sexualization project	45,815	430
Gambling awareness project	25,794	17,551
Wine, women, and wellness	16,958	-
Amateur sport and recreation	7,000	-
Children and Youth Initiative	-	7,719
	790,760	967,931
GENERAL, ADMINISTRATIVE, AND FUNDRAISING		
Administrative salaries and benefits	101,874	91,559
Amortization	5,659	5,892
Building maintenance	3,481	3,460
Equipment leasing and maintenance	947	1,509
Meetings, workshops, and conferences	3,613	3,475
Membership dues - National	12,578	9,478
Mental health first aid	9,138	20,283
Office and administrative	15,429	12,717
Professional fees	7,674	14,749
Utilities	7,217	5,158
	167,610	168,280
	958,370	1,136,211
DEFICIENCY OF REVENUE OVER EXPENSES	\$ (5,392)	\$ (54,727)

THE CANADIAN MENTAL HEALTH ASSOCIATION-NOVA SCOTIA DIVISION

Statement of Changes in Net Assets

Year Ended March 31, 2015

	Unrestricted Net Assets	Invested in Capital Assets	2015	2014
NET ASSETS - BEGINNING OF YEAR	\$ 357,539	\$ 124,835	\$ 482,374	\$ 537,101
Excess (deficiency) of revenue over expenses	267	(5,659)	(5,392)	(54,727)
NET ASSETS - END OF YEAR	\$ 357,806	\$ 119,176	\$ 476,982	\$ 482,374

THE CANADIAN MENTAL HEALTH ASSOCIATION-NOVA SCOTIA DIVISION

Statement of Cash Flows

Year Ended March 31, 2015

	2015	2014
OPERATING ACTIVITIES		
Deficiency of revenue over expenses	\$ (5,392)	\$ (54,727)
Item not affecting cash:		
Amortization	5,659	5,892
	<u>267</u>	<u>(48,835)</u>
Changes in non-cash working capital:		
Accounts receivable	(50,887)	8,633
Accounts payable and accrued liabilities	(111,277)	31,026
Deferred revenue	(63,053)	(30,949)
Prepaid expenses	14,611	(15,337)
	<u>(210,606)</u>	<u>(6,627)</u>
Cash flow used by operating activities	<u>(210,339)</u>	<u>(55,462)</u>
INVESTING ACTIVITY		
Purchase of capital assets	-	(6,639)
DECREASE IN CASH FLOW	(210,339)	(62,101)
Cash - beginning of year	542,051	604,152
CASH - END OF YEAR	\$ 331,712	\$ 542,051
CASH CONSISTS OF:		
Cash	\$ 194,742	\$ 406,525
Term deposits	136,970	135,526
	<u>\$ 331,712</u>	<u>\$ 542,051</u>

THE CANADIAN MENTAL HEALTH ASSOCIATION-NOVA SCOTIA DIVISION

Notes to Financial Statements

Year Ended March 31, 2015

NATURE OF OPERATIONS

The Canadian Mental Health Association-Nova Scotia Division (the "Association") was incorporated by Chapter 142 of the Acts of Nova Scotia Legislature of 1931 under the name of "The Nova Scotia Society for Mental Hygiene". The name was changed and the objectives of the association expanded by an amendment of the Act, March 13, Chapter 118 of the Acts of 1961. The Association is a registered charity under federal income tax legislation. The objectives of the association include:

Promotion of mental health in Nova Scotia regarding cultural diversity;

Support of providers of mental health care, in so far as they are in congruence with the Association's philosophy;

Encouragement and promotion of active consumer participation within the Association;

Advocacy for mental health promotion and on behalf of people who experience mental health illness;

Encouragement of and participation in research, programs and projects to enhance mental health, help prevent mental health illness and improve the quality of life with mental illness.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Capital assets

Capital assets are stated at cost less accumulated amortization. Capital assets are amortized over their estimated useful lives on a declining balance basis at the following rates:

Buildings	5%
Computer equipment	30%
Computer software	100%
Furniture and fixtures	20%

Capital assets purchased under the terms of funding agreements have been expensed.

Amortization is recorded at one half of the normal annual rate in the year of acquisition. No amortization is recorded in the year of disposal.

Impairment of long lived assets

The Association tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

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THE CANADIAN MENTAL HEALTH ASSOCIATION-NOVA SCOTIA DIVISION

Notes to Financial Statements

Year Ended March 31, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition

The Canadian Mental Health Association-Nova Scotia Division follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Rental income and 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.

Government grants

Government grants are recorded when there is a reasonable assurance that the association had complied with and will continue to comply with, all the necessary conditions to obtain the grants.

Contributed services

Volunteers contribute a significant amount of their time each year. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

Donated goods

Donated goods are recorded at their fair market value at the time of the donation.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates. The most significant estimates in these financial statements include the allowance for doubtful accounts and the estimated useful life of capital assets.

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued, except for related parties, which are recorded at the exchange amount. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

THE CANADIAN MENTAL HEALTH ASSOCIATION-NOVA SCOTIA DIVISION

Notes to Financial Statements

Year Ended March 31, 2015

2. FINANCIAL INSTRUMENTS

The Association is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. Financial instruments consist of cash, term deposits, accounts receivable, and accounts payable. The following analysis provides information about the Association's risk exposure and concentration as of March 31, 2015.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The association is exposed to credit risk from funders. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. Due to the nature of the funding credit risk is minimized.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Association is exposed to this risk mainly in respect of its receipt of funds from its funders and other related sources and accounts payable and accrued liabilities.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Association is mainly exposed to interest rate risk.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Association manages exposure through its normal operating and financing activities. The Association is exposed to interest rate risk primarily through its term deposit.

3. ACCOUNTS RECEIVABLE

	<u>2015</u>	<u>2014</u>
Accounts receivable	\$ 55,246	\$ -
HST receivable	27,012	31,371
	<u>\$ 82,258</u>	<u>\$ 31,371</u>

THE CANADIAN MENTAL HEALTH ASSOCIATION-NOVA SCOTIA DIVISION

Notes to Financial Statements

Year Ended March 31, 2015

4. CAPITAL ASSETS

	Cost	Accumulated amortization	2015 Net book value	2014 Net book value
Land	\$ 50,028	\$ -	\$ 50,028	\$ 50,028
Buildings	206,175	143,555	62,620	65,916
Computer equipment	17,536	15,462	2,074	2,963
Computer software	8,627	8,627	-	360
Furniture and fixtures	35,306	30,852	4,454	5,568
	<u>\$ 317,672</u>	<u>\$ 198,496</u>	<u>\$ 119,176</u>	<u>\$ 124,835</u>

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2015	2014
Accounts payable	\$ 16,330	\$ 122,222
Accrued liabilities	5,400	5,673
Source deductions payable	-	5,112
	<u>\$ 21,730</u>	<u>\$ 133,007</u>

6. DEFERRED REVENUE

	Revenue	Expenses	2015	2014
Halifax Assistance Fund	\$ 5,375	\$ 400	\$ 4,975	\$ 5,375
Public Health Agency/Socially and Emotionally Aware Kids	536,256	536,051	205	20,000
Sexualization project	55,815	45,815	10,000	55,815
Gambling awareness	36,449	25,794	10,655	19,448
Wine, Women and Wellness	-	-	-	1,000
Amateur sport and recreation	19,750	7,000	12,750	-
	<u>\$ 653,645</u>	<u>\$ 615,060</u>	<u>\$ 38,585</u>	<u>\$ 101,638</u>

7. LEASE COMMITMENTS

The Association has a long term lease with respect to equipment. Future minimum lease payments as at March 31, 2015, are as follows:

2016	\$ 2,217
2017	2,217
2018	2,217
2019	2,217
	<u>\$ 8,868</u>