

THE CANADIAN MENTAL HEALTH ASSOCIATION-NOVA SCOTIA DIVISION
Financial Statements
Year Ended March 31, 2016

THE CANADIAN MENTAL HEALTH ASSOCIATION-NOVA SCOTIA DIVISION
Index to Financial Statements
Year Ended March 31, 2016

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Revenues and Expenditures	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 10

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, 2016 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, 2015 and March 31, 2016, current assets and net assets as at March 31, 2015 and March 31, 2016.

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, 2015 and March 31, 2016 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
September 12, 2016



CHARTERED ACCOUNTANTS

THE CANADIAN MENTAL HEALTH ASSOCIATION-NOVA SCOTIA DIVISION

Statement of Financial Position

March 31, 2016

	2016	2015
ASSETS		
CURRENT		
Cash	\$ 143,664	\$ 194,742
Term deposits	333,473	136,970
Accounts receivable (Note 3)	4,701	82,258
Prepaid expenses	9,223	4,151
	<u>491,061</u>	<u>418,121</u>
CAPITAL ASSETS (Note 4)	<u>121,612</u>	<u>119,176</u>
	<u>\$ 612,673</u>	<u>\$ 537,297</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 65,772	\$ 21,730
Deferred revenue (Note 5)	68,750	38,585
	<u>134,522</u>	<u>60,315</u>
NET ASSETS		
Unrestricted net assets	356,539	357,806
Invested in capital assets	121,612	119,176
	<u>478,151</u>	<u>476,982</u>
	<u>\$ 612,673</u>	<u>\$ 537,297</u>
LEASE COMMITMENTS (Note 6)		

ON BEHALF OF THE BOARD

_____ Director

_____ Director

See notes to financial statements

THE CANADIAN MENTAL HEALTH ASSOCIATION-NOVA SCOTIA DIVISION

Statement of Revenues and Expenditures

For the Year Ended March 31, 2016

	2016	2015
REVENUE		
Socially and Emotionally Aware Kids		
Public Health Agency	\$ 362,956	\$ 536,051
Carthy Foundation	33,250	-
Max Bell Foundation	30,166	-
	<u>426,372</u>	536,051
Communities Addressing Suicide Together		
Province of Nova Scotia	120,002	135,000
Department of Community Services	79,000	79,000
Student wage subsidies	14,495	35,464
Fundraising and donations	48,874	35,472
Legacies and bequests	1,703	1,694
Gambling awareness project	16,655	25,794
Education and training	13,065	12,978
Other	28,808	14,480
Amateur sport and recreation	29,250	7,000
Rental income	10,813	14,775
Sexualization project	-	45,815
Wine, women, and wellness	-	9,455
	<u>789,037</u>	<u>952,978</u>
EXPENSES		
PROJECTS		
Socially and Emotionally Aware Kids	455,420	536,051
Communities Addressing Suicide Together	120,002	159,142
Gambling awareness project	16,655	25,794
Education and training	27,702	9,138
Amateur sport and recreation	34,000	7,000
Other	6,783	-
Sexualization project	-	45,815
Wine, women, and wellness	-	16,958
	<u>660,562</u>	<u>799,898</u>
GENERAL, ADMINISTRATIVE, AND FUNDRAISING		
Administrative salaries and benefits	84,175	101,874
Amortization	5,894	5,659
Building maintenance	1,868	3,481
Equipment leasing and maintenance	1,021	947
Meetings, workshops and conferences	1,607	3,613
Membership dues - National	10,678	12,578
Office and administrative	12,797	15,429
Professional fees	4,282	7,674
Utilities	4,984	7,217
	<u>787,868</u>	<u>958,370</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ 1,169	\$ (5,392)

See notes to financial statements

THE CANADIAN MENTAL HEALTH ASSOCIATION-NOVA SCOTIA DIVISION

Statement of Changes in Net Assets

Year Ended March 31, 2016

	Unrestricted Net Assets	Invested in Capital Assets	2016	2015
NET ASSETS - BEGINNING OF YEAR	\$ 357,806	\$ 119,176	\$ 476,982	\$ 482,374
Excess (deficiency) of revenue over expenses	7,063	(5,894)	1,169	(5,392)
Capital asset additions	(8,330)	8,330	-	-
NET ASSETS - END OF YEAR	\$ 356,539	\$ 121,612	\$ 478,151	\$ 476,982

See notes to financial statements

THE CANADIAN MENTAL HEALTH ASSOCIATION-NOVA SCOTIA DIVISION

Statement of Cash Flows

Year Ended March 31, 2016

	2016	2015
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ 1,169	\$ (5,392)
Item not affecting cash:		
Amortization	5,894	5,659
	<u>7,063</u>	<u>267</u>
Changes in non-cash working capital:		
Accounts receivable	77,557	(50,887)
Accounts payable and accrued liabilities	44,042	(111,277)
Deferred revenue	30,165	(63,053)
Prepaid expenses	(5,072)	14,611
	<u>146,692</u>	<u>(210,606)</u>
Cash flow from (used by) operating activities	<u>153,755</u>	<u>(210,339)</u>
INVESTING ACTIVITY		
Purchase of capital assets	<u>(8,330)</u>	-
INCREASE (DECREASE) IN CASH FLOW	145,425	(210,339)
Cash - beginning of year	<u>331,712</u>	<u>542,051</u>
CASH - END OF YEAR	\$ 477,137	\$ 331,712
CASH CONSISTS OF:		
Cash	\$ 143,664	\$ 194,742
Term deposits	<u>333,473</u>	<u>136,970</u>
	<u>\$ 477,137</u>	<u>\$ 331,712</u>

See notes to financial statements

THE CANADIAN MENTAL HEALTH ASSOCIATION-NOVA SCOTIA DIVISION

Notes to Financial Statements

Year Ended March 31, 2016

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).

Cash and cash equivalents

Cash consists of cash on hand and deposits held in Canadian financial institutions net of outstanding cheques.

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.

(continues)

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

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.

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 party transactions, 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.

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, accounts payable and accrued liabilities. The following analysis provides information about the Association's risk exposure and concentration as of March 31, 2016.

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>2016</u>	<u>2015</u>
Accounts receivable	\$ -	\$ 55,246
Harmonized sales tax receivable	4,701	27,012
	<u>\$ 4,701</u>	<u>\$ 82,258</u>

THE CANADIAN MENTAL HEALTH ASSOCIATION-NOVA SCOTIA DIVISION

Notes to Financial Statements

Year Ended March 31, 2016

4. CAPITAL ASSETS

	Cost	Accumulated amortization	2016 Net book value	2015 Net book value
Land	\$ 50,028	\$ -	\$ 50,028	\$ 50,028
Building	206,175	146,686	59,489	62,620
Computer equipment	25,866	17,334	8,532	2,074
Furniture and fixtures	35,306	31,743	3,563	4,454
	<u>\$ 317,375</u>	<u>\$ 195,763</u>	<u>\$ 121,612</u>	<u>\$ 119,176</u>

Subsequent to the year end the Association moved to leased premises. The land and building, located at 63 King Street, Dartmouth, Nova Scotia, has been listed for sale at a price of \$350,000.

5. DEFERRED REVENUE

	Revenue	Expenses	2016	2015
Halifax Assistance Fund	\$ 4,975	\$ 4,975	\$ -	\$ 4,975
Public Health Agency/Socially and Emotionally Aware Kids	524,170	455,420	68,750	205
Sexualization project	10,000	10,000	-	10,000
Gambling awareness	16,655	16,655	-	10,655
Amateur sport and recreation	36,750	36,750	-	12,750
	<u>\$ 592,550</u>	<u>\$ 523,800</u>	<u>\$ 68,750</u>	<u>\$ 38,585</u>

6. LEASE COMMITMENTS

The Association has a long term lease with respect to equipment. Future minimum lease payments as at March 31, 2016, are as follows:

2017	\$ 2,217
2018	<u>2,217</u>
	<u>\$ 4,434</u>