

CANADIAN MENTAL HEALTH ASSOCIATION-HALIFAX/DARTMOUTH BRANCH
Financial Statements
Year Ended March 31, 2018

CANADIAN MENTAL HEALTH ASSOCIATION-HALIFAX/DARTMOUTH BRANCH

Index to Financial Statements

Year Ended March 31, 2018

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Revenues and Expenses	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 8

INDEPENDENT AUDITOR'S REPORT

To the Members of Canadian Mental Health Association-Halifax/Dartmouth Branch

We have audited the accompanying financial statements of Canadian Mental Health Association-Halifax/Dartmouth Branch, which comprise the statement of financial position as at March 31, 2018 and the statements of revenues and expenses, 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.

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Independent Auditor's Report to the Members of Canadian Mental Health Association-Halifax/Dartmouth Branch (*continued*)

Basis for Qualified Opinion

In common with many not-for-profit organizations, Canadian Mental Health Association-Halifax/Dartmouth Branch derives revenue from 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 Canadian Mental Health Association-Halifax/Dartmouth Branch. 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, 2017 and March 31, 2018, current assets and net assets as at March 31, 2017 and March 31, 2018.

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 Canadian Mental Health Association-Halifax/Dartmouth Branch as at March 31, 2018 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
June 4, 2018

CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

CANADIAN MENTAL HEALTH ASSOCIATION-HALIFAX/DARTMOUTH BRANCH

Statement of Financial Position

March 31, 2018

	2018	2017
ASSETS		
CURRENT		
Cash	\$ 43,940	\$ 5,601
Marketable securities	3,981	-
Accounts receivable	76,045	14,885
Inventory	1,284	2,649
Harmonized sales tax recoverable	1,863	-
Prepaid expenses	-	904
	<u>\$ 127,113</u>	<u>\$ 24,039</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 7,181	\$ 8,134
Harmonized sales tax payable	-	1,857
Employee deductions payable	4,422	5,225
Deferred revenue	98,944	-
	<u>110,547</u>	<u>15,216</u>
NET ASSETS	<u>16,566</u>	<u>8,823</u>
	<u>\$ 127,113</u>	<u>\$ 24,039</u>

LEASE COMMITMENTS (Note 3)

ON BEHALF OF THE BOARD

_____ Director

_____ Director

CANADIAN MENTAL HEALTH ASSOCIATION-HALIFAX/DARTMOUTH BRANCH**Statement of Revenues and Expenses****Year Ended March 31, 2018**

	2018	2017
REVENUES		
Donations, fundraising and other	\$ 119,768	\$ 90,238
United Way	95,600	93,595
NSHA Central Zone	40,000	43,000
NSHA Central Zone - Among Friends Social Club	26,000	26,000
Department of Community Services - Building Bridges	21,000	21,000
Provincial and Federal Student Career Skills Grants	11,422	12,125
Nova Scotia Department of Health and Wellness	10,000	10,000
Mental Health Foundation of Nova Scotia	8,000	6,000
Other grants	-	4,012
	<u>331,790</u>	<u>305,970</u>
EXPENSES		
Salaries and wages	214,951	186,058
Occupancy	29,367	23,617
Program centres	20,949	17,199
Professional fees	14,833	18,000
Honorariums	8,984	8,117
General and administrative	8,471	7,120
Fundraising	7,458	4,553
Telephone	6,575	7,746
Interest and bank charges	4,376	3,413
Travel	3,797	2,800
Insurance	2,472	2,567
Project management	1,814	11,663
	<u>324,047</u>	<u>292,853</u>
EXCESS OF REVENUES OVER EXPENSES	\$ 7,743	\$ 13,117

CANADIAN MENTAL HEALTH ASSOCIATION-HALIFAX/DARTMOUTH BRANCH

Statement of Changes in Net Assets

Year Ended March 31, 2018

	2018	2017
NET ASSETS - BEGINNING OF YEAR	\$ 8,823	\$ (4,294)
EXCESS OF REVENUES OVER EXPENSES	7,743	13,117
NET ASSETS - END OF YEAR	\$ 16,566	\$ 8,823

CANADIAN MENTAL HEALTH ASSOCIATION-HALIFAX/DARTMOUTH BRANCH**Statement of Cash Flows****Year Ended March 31, 2018**

	2018	2017
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 7,743	\$ 13,117
Changes in non-cash working capital:		
Accounts receivable	(61,160)	(13,885)
Inventory	1,365	-
Accounts payable and accrued liabilities	(953)	(7,332)
Deferred revenue	98,944	(7,500)
Prepaid expenses	904	3,671
Harmonized sales tax payable	(3,720)	9,133
Employee deductions payable	(803)	2,783
Marketable securities	(3,981)	-
	<u>30,596</u>	<u>(13,130)</u>
INCREASE (DECREASE) IN CASH FLOW	38,339	(13)
Cash - beginning of year	<u>5,601</u>	<u>5,614</u>
CASH - END OF YEAR	\$ 43,940	\$ 5,601

CANADIAN MENTAL HEALTH ASSOCIATION-HALIFAX/DARTMOUTH BRANCH

Notes to Financial Statements

Year Ended March 31, 2018

PURPOSE OF THE ORGANIZATION

Effective April 1, 2004 the Halifax and Dartmouth branches of The Canadian Mental Health Association amalgamated and commenced operations as the Halifax/Dartmouth Branch. The association is a community based voluntary organization dedicated to the maintenance and promotion of mental health. The association is a registered non-profit organization and is exempt from income taxes.

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 (ASNFPO).

Cash

Cash consists of deposits held in Canadian financial institutions net of outstanding cheques.

Inventory

Inventory is valued at the lower of cost and net realizable value with the cost being determined on a first-in, first-out basis.

Capital assets

Capital assets are expensed in the year of acquisition. During the current year \$0 (2017 - \$0) was expensed.

Revenue recognition

The organization recognizes revenues on retail sales (included in donations, fundraising and other) when they are earned, specifically when all the following conditions are met:

- services are provided or products are delivered to customers
- there is clear evidence that an arrangement exists
- amounts are fixed or can be determined
- the ability to collect is reasonably assured.

The association follows the deferral method of accounting for contributions.

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

Contributed services and materials

The operations of the organization are depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

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CANADIAN MENTAL HEALTH ASSOCIATION-HALIFAX/DARTMOUTH BRANCH

Notes to Financial Statements

Year Ended March 31, 2018

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

Government grants

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

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued, except for transactions with 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.

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 estimate is the allowance for doubtful accounts.

2. FINANCIAL INSTRUMENTS

The organization 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, marketable securities, accounts receivable, and accounts payable and accrued liabilities. The following analysis provides information about the organization's risk exposure and concentration as of March 31, 2018.

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 its funders and other government agencies. Credit risk is minimized due to the nature of the receivables.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its and accounts payable and accrued liabilities.

3. LEASE COMMITMENTS

The organization has a long term lease with respect to its premises. The lease contains renewal options and provides for payment of utilities, property taxes and maintenance costs. Future minimum lease payments as at March 31, 2018, are as follows:

2019	<u>\$ 7,200</u>
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