

THE CANADIAN MENTAL HEALTH ASSOCIATION-NOVA SCOTIA DIVISION
Financial Statements
Year Ended March 31, 2019

THE CANADIAN MENTAL HEALTH ASSOCIATION-NOVA SCOTIA DIVISION
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Year Ended March 31, 2019

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LYLE TILLEY DAVIDSON
Chartered Professional Accountants

INDEPENDENT AUDITOR'S REPORT

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

Qualified Opinion

We have audited the financial statements of The Canadian Mental Health Association-Nova Scotia Division (the Association), which comprise the statement of financial position as at March 31, 2019, and the statements of revenues and expenditures, 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 Association as at March 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Association 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 the Association. 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 year ended March 31, 2019, current assets and net assets as at March 31, 2019. Our audit opinion on the financial statements for the year ended March 31, 2018 was modified accordingly because of the possible effects of this limitation of 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 Association 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 those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

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

Management is responsible for the preparation and fair presentation of the 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 Association's ability to
(continues)

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

continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association'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 Association'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 Association'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 Association 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.

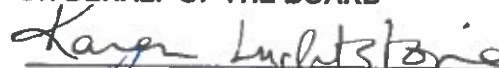

Halifax, Nova Scotia
June 17, 2019


CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

THE CANADIAN MENTAL HEALTH ASSOCIATION-NOVA SCOTIA DIVISION
Statement of Financial Position
March 31, 2019

	2019	2018
ASSETS		
CURRENT		
Cash	\$ 203,500	\$ 669,667
Restricted cash	15,882	15,409
Term deposits (Note 3)	316,777	-
Accounts receivable (Note 4)	49,849	25,982
Prepaid expenses	2,306	2,306
	<u>588,314</u>	<u>713,364</u>
CAPITAL ASSETS (Note 5)	<u>329,746</u>	<u>328,270</u>
	<u>\$ 918,060</u>	<u>\$ 1,041,634</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities (Note 9)	\$ 161,884	\$ 143,091
Deferred revenue (Note 7)	170,250	201,310
Amounts held in trust	15,882	15,409
	<u>348,016</u>	<u>359,810</u>
NET ASSETS		
Unrestricted net assets	240,298	353,554
Invested in capital assets	329,746	328,270
	<u>570,044</u>	<u>681,824</u>
	<u>\$ 918,060</u>	<u>\$ 1,041,634</u>

ON BEHALF OF THE BOARD

 Director
 Director

THE CANADIAN MENTAL HEALTH ASSOCIATION-NOVA SCOTIA DIVISION
Statement of Revenues and Expenditures
Year Ended March 31, 2019

	2019	2018
REVENUE		
Socially and Emotionally Aware Kids		
Public Health Agency	\$ 74,298	\$ 316,420
Carthy Foundation	38,573	26,568
Max Bell Foundation	38,752	30,354
	<u>151,623</u>	<u>373,342</u>
Communities Addressing Suicide Together		
Province of Nova Scotia	110,000	110,000
Other		
Department of Community Services	79,000	79,000
Fundraising and donations	43,004	28,424
CMHA - Annapolis Branch	20,784	18,298
Education and training	16,499	35,653
Other	6,561	9,988
Fountain of Health	-	15,809
CMHA - Lunenburg/Queens Branch	3,461	-
Community Health Board Initiatives	36,002	-
	<u>466,934</u>	<u>670,514</u>
EXPENDITURES		
PROJECTS		
Socially and Emotionally Aware Kids	151,623	395,906
Communities Addressing Suicide Together	110,719	110,000
Education and training	82,809	36,875
CMHA - Annapolis Branch	20,784	18,298
CMHA - Lunenburg/Queens Branch	6,753	-
GENERAL, ADMINISTRATIVE, AND FUNDRAISING		
Amortization	1,710	2,362
Bad debts	-	8,726
Employee salaries	159,136	64,145
Membership dues - National	5,364	7,424
Office and administrative	15,981	7,961
Professional fees (Note 8)	9,797	-
Rental	7,691	5,029
Travel	6,347	-
	<u>578,714</u>	<u>656,726</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	\$ (111,780)	\$ 13,788

THE CANADIAN MENTAL HEALTH ASSOCIATION-NOVA SCOTIA DIVISION
Statement of Changes in Net Assets
Year Ended March 31, 2019

	Unrestricted Net Assets	Invested in Capital Assets	2019	2018
NET ASSETS - BEGINNING OF YEAR				
As previously reported	\$ 475,293	\$ 328,270	\$ 803,563	\$ 761,446
Prior period adjustments <i>(Note 9)</i>	(121,739)	-	(121,739)	(93,410)
As restated	353,554	328,270	681,824	668,036
Excess (deficiency) of revenue over expenditures	(110,070)	(1,710)	(111,780)	13,788
Additions to capital assets	(3,186)	3,186	-	-
NET ASSETS - END OF YEAR	\$ 240,298	\$ 329,746	\$ 570,044	\$ 681,824

THE CANADIAN MENTAL HEALTH ASSOCIATION-NOVA SCOTIA DIVISION
Statement of Cash Flows
Year Ended March 31, 2019

	2019	2018
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenditures	\$ (111,780)	\$ 13,788
Item not affecting cash:		
Amortization	1,710	2,362
	<u>(110,070)</u>	<u>16,150</u>
Changes in non-cash working capital:		
Accounts receivable	(23,867)	38,694
Accounts payable and accrued liabilities	18,793	(22,989)
Deferred revenue	(31,060)	107,029
Prepaid expenses	-	4,906
Amounts held in trust	473	15,409
	<u>(35,661)</u>	<u>143,049</u>
Cash flow from (used by) operating activities	<u>(145,731)</u>	<u>159,199</u>
INVESTING ACTIVITY		
Purchase of capital assets	<u>(3,186)</u>	<u>(321,808)</u>
DECREASE IN CASH FLOW	(148,917)	(162,609)
Cash - beginning of year	<u>685,076</u>	<u>847,685</u>
CASH - END OF YEAR	\$ 536,159	\$ 685,076
CASH CONSISTS OF:		
Cash and short term deposits	\$ 203,500	\$ 669,667
Restricted cash	15,882	15,409
Term deposits	<u>316,777</u>	<u>-</u>
	\$ 536,159	\$ 685,076

THE CANADIAN MENTAL HEALTH ASSOCIATION-NOVA SCOTIA DIVISION

Notes to Financial Statements

Year Ended March 31, 2019

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, restricted cash held in a Canadian financial institution for Annapolis Branch program use, and a term deposit which consists of a cashable guaranteed investment certificate.

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:

Computer equipment	30%
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.

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THE CANADIAN MENTAL HEALTH ASSOCIATION-NOVA SCOTIA DIVISION
Notes to Financial Statements
Year Ended March 31, 2019

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, the estimated useful life of capital assets and accrued liabilities.

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.

THE CANADIAN MENTAL HEALTH ASSOCIATION-NOVA SCOTIA DIVISION

Notes to Financial Statements

Year Ended March 31, 2019

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 and short 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, 2019.

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 deposits.

3. TERM DEPOSITS

Term deposits consists of a guaranteed investment certificate maturing at December 19, 2019, earning interest at a rate of 1.47%. Due to the short term maturity of this investment, the carrying amount approximates fair value.

4. ACCOUNTS RECEIVABLE

	2019	2018
Harmonized sales tax receivable	\$ 4,097	\$ 5,871
Accounts receivable	45,752	20,111
	<u>\$ 49,849</u>	<u>\$ 25,982</u>

THE CANADIAN MENTAL HEALTH ASSOCIATION-NOVA SCOTIA DIVISION

Notes to Financial Statements

Year Ended March 31, 2019

5. CAPITAL ASSETS

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Land	\$ 324,995	\$ -	\$ 324,995	\$ 321,808
Computer equipment	25,866	22,939	2,927	4,182
Furniture and fixtures	35,306	33,482	1,824	2,280
	<u>\$ 386,167</u>	<u>\$ 56,421</u>	<u>\$ 329,746</u>	<u>\$ 328,270</u>

The Association purchased land in the prior year for the purpose of developing to accommodate the Canadian Mental Health - Nova Scotia Division operations office. During the year, the by-laws relating to building allowances changed which affected the proposed development of the office. As a result, the Association intends to sell the land and is currently seeking a purchaser.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2019	2018
Accounts payable and accrued liabilities	\$ 47,068	\$ 35,803
Payable to Public Health Agency of Canada	114,816	107,288
	<u>\$ 161,884</u>	<u>\$ 143,091</u>

7. DEFERRED REVENUE

	March 31, 2018	Receipts	Expenditures	March 31, 2019
Community Health Board initiatives	\$ 34,791	\$ 2,000	\$ 36,002	\$ 789
Communities Addressing Suicide Together	-	110,000	110,000	-
Public Health Agency/Socially and Emotionally Aware Kids	125,708	111,032	236,740	-
Fountain of Health	4,192	-	-	4,192
Building Vibrant Communities	-	43,838	-	43,838
CMHA - Annapolis branch	34,308	13,249	20,784	26,773
CHMA - Lunenburg/Queens branch	2,311	1,150	3,461	-
SEL Symposium	-	94,658	-	94,658
	<u>\$ 201,310</u>	<u>\$ 375,927</u>	<u>\$ 406,987</u>	<u>\$ 170,250</u>

8. PROFESSIONAL FEES

	2019	2018
Professional fees	\$ 21,317	\$ 23,831
Amounts reclassified to projects	(11,520)	(23,831)
	<u>\$ 9,797</u>	<u>\$ -</u>

THE CANADIAN MENTAL HEALTH ASSOCIATION-NOVA SCOTIA DIVISION
Notes to Financial Statements
Year Ended March 31, 2019

9. PRIOR PERIOD ADJUSTMENT

During the year, the Association had a compliance audit for their projects funded by Public Health Agency of Canada covering the 2017 and 2018 fiscal years. As a result of the compliance audit, the Association has to provide a repayment of unspent funds of \$84,725 from the fiscal 2017 funding and \$22,563 from the fiscal 2018 funding. As a result, the opening net assets for 2018 decreased \$84,725 and excess (deficiency) of revenue over expenditures decreased \$22,563.

During the year, the Association approved retroactive employment benefits. As a result, a prior period adjustment has been made to record \$8,685 as a prior period adjustment for benefits earned prior to the 2018 fiscal year. Additionally, an adjustment to increase employee benefits expense and decrease excess (deficiency) of revenue over expenditures by \$5,767 has been made for employee benefits earned during the 2018 year.

Overall, the prior year opening unrestricted net asset decreased \$93,410, and excess (deficiency) of revenue over expenditures decreased \$28,330 and the current year opening net asset position decreased \$121,740.

10. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.