

THE CANADIAN MENTAL HEALTH ASSOCIATION-NOVA SCOTIA DIVISION
Financial Statements
Year Ended March 31, 2021

Draft for discussion purposes only

THE CANADIAN MENTAL HEALTH ASSOCIATION-NOVA SCOTIA DIVISION

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Year Ended March 31, 2021

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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, 2021, 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, 2021, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Association derives revenue from fundraising activities and 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 Association. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenditures, and cash flows from operations for the years ended March 31, 2021, and 2020, current assets as at March 31, 2021 and 2020, and net assets as at April 1 and March 31 for both the 2021 and 2020 years. Our audit opinion on the financial statements for the year ended March 31, 2020 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 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.

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 ASNPO, 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.

(continues)

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

In preparing the financial statements, management is responsible for assessing the Association'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 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.

THE CANADIAN MENTAL HEALTH ASSOCIATION-NOVA SCOTIA DIVISION

Statement of Financial Position

March 31, 2021

	2021	2020
ASSETS		
CURRENT		
Cash	\$ 171,389	\$ 67,076
Term deposits (Note 3)	505,420	204,142
Accounts receivable	8,442	7,097
Harmonized sales tax recoverable	10,579	11,864
Prepaid expenses	4,443	3,126
	700,273	293,305
CAPITAL ASSETS (Note 4)	2,357	329,310
	\$ 702,630	\$ 622,615
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities (Note 5)	\$ 60,210	\$ 56,180
Deferred revenue (Note 6)	101,402	10,954
	161,612	67,134
NET ASSETS		
Unrestricted net assets	450,360	155,602
Invested in capital assets	2,357	329,311
Internally restricted funds (Note 7)	88,301	70,568
	541,018	555,481
	\$ 702,630	\$ 622,615

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THE CANADIAN MENTAL HEALTH ASSOCIATION-NOVA SCOTIA DIVISION

Statement of Revenues and Expenditures

Year Ended March 31, 2021

	2021	2020
REVENUES (Schedule 1, Note 8)		
Project Hope	\$ 280,704	\$ 59,814
Cape Breton	189,287	-
At Work	145,222	95,156
Communities Addressing Suicide Together (CAST)	126,720	110,000
Social & Emotional Learning (SEL)	79,150	79,000
Other	78,508	98,936
Covid-related	60,250	-
Education and training	12,640	20,362
Social and Emotional Learning Symposium	-	127,461
Healthy and Vibrant Communities	-	43,838
	<u>972,481</u>	634,567
EXPENDITURES (Schedule 1)		
PROJECTS		
Project Hope	280,261	59,814
Cape Breton	186,456	-
At Work	145,222	95,156
Communities Addressing Suicide Together (CAST)	110,600	96,226
Social and Emotional Learning (SEL)	79,643	192,387
Education and training	80,320	20,362
Other	457	33,165
Healthy Vibrant Communities	-	43,838
	<u>882,959</u>	540,948
GENERAL, ADMINISTRATIVE, AND FUNDRAISING		
Amortization	802	1,591
Employee salaries	54,891	91,450
Membership dues - National	10,749	4,478
Office and administrative	8,273	16,104
Professional fees	26,670	27,276
Rental	3,777	14,129
	<u>105,162</u>	155,028
	<u>988,121</u>	695,976
DEFICIENCY OF REVENUES OVER EXPENDITURES FROM OPERATIONS	(15,640)	(61,409)
GAIN ON DISPOSAL OF CAPITAL ASSETS	1,177	-
DEFICIENCY OF REVENUES OVER EXPENDITURES	\$ (14,463)	\$ (61,409)

THE CANADIAN MENTAL HEALTH ASSOCIATION-NOVA SCOTIA DIVISION

Statement of Changes in Net Assets

Year Ended March 31, 2021

	Unrestricted Net Assets	Invested in Capital Assets	Internally Restricted Funds (Note 7)	2021	2020
NET ASSETS - BEGINNING OF YEAR	\$ 155,602	\$ 329,311	\$ 70,568	\$ 555,481	\$ 616,890
Excess (deficiency) of revenues over expenditures	(32,564)	368	17,733	(14,463)	(61,409)
Transfer	327,322	(327,322)	-	-	-
NET ASSETS - END OF YEAR	\$ 450,360	\$ 2,357	\$ 88,301	\$ 541,018	\$ 555,481

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THE CANADIAN MENTAL HEALTH ASSOCIATION-NOVA SCOTIA DIVISION

**Statement of Cash Flows
Year Ended March 31, 2021**

	2021	2020
OPERATING ACTIVITIES		
Deficiency of revenues over expenditures	\$ (14,463)	\$ (61,409)
Items not affecting cash:		
Amortization	802	1,591
Gain on disposal of capital assets	(1,177)	-
	<u>(14,838)</u>	<u>(59,818)</u>
Changes in non-cash working capital:		
Accounts receivable	(1,345)	42,752
Accounts payable and accrued liabilities	4,030	(105,703)
Deferred revenue	90,448	(128,332)
Prepaid expenses	(1,317)	(820)
Harmonized sales tax recoverable	1,285	(11,864)
	<u>93,101</u>	<u>(203,967)</u>
Cash flow from (used by) operating activities	<u>78,263</u>	<u>(263,785)</u>
INVESTING ACTIVITIES		
Net proceeds on disposal of capital assets	327,930	-
Purchase of capital assets	(602)	(1,155)
Cash flow from (used by) investing activities	<u>327,328</u>	<u>(1,155)</u>
INCREASE (DECREASE) IN CASH FLOW	405,591	(264,940)
Cash - beginning of year	<u>271,218</u>	<u>536,158</u>
CASH - END OF YEAR	\$ 676,809	\$ 271,218
CASH CONSISTS OF:		
Cash	\$ 171,389	\$ 67,076
Term deposits	<u>505,420</u>	<u>204,142</u>
	<u>\$ 676,809</u>	<u>\$ 271,218</u>

THE CANADIAN MENTAL HEALTH ASSOCIATION-NOVA SCOTIA DIVISION

Notes to Financial Statements

Year Ended March 31, 2021

PURPOSE OF THE ASSOCIATION

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 Association's mission is to support the mental health of all Nova Scotians. This mission is achieved through the provision of community-based supports and services that promotes positive mental health- quality of life- and prevents mental health related injury and disease through:

- Strengthening our collective voice by developing collaborative and supportive relationships among multiple sectors and partners, in support of mental health for all;
- Ensuring quality services through the provision of quality and timely, evidence based mental health promotion, injury-disease (mental health and addictions) awareness, education, training, programs and initiatives that mental health and quality of life for all Nova Scotians; and,
- Enhancing organizations' health by providing provincial and local community leadership to pilot and deliver innovative evidence-based mental health promotion, injury-disease recovery based prevention supports and services for all Nova Scotians.

The Association receives funds and incurs expenditures for specific communities or purposes and includes the revenues and expenditures attributable to the Association's various branches. The funds are considered restricted in use for the purpose for which they were intended. Any unexpended funds held at the end of the fiscal year are classified as internally restricted funds and safeguarded for future use.

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, and a term deposit account consisting of guaranteed investment certificates maturing within the next fiscal year and related cash margin account.

Financial instruments

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.

(continues)

THE CANADIAN MENTAL HEALTH ASSOCIATION-NOVA SCOTIA DIVISION

Notes to Financial Statements

Year Ended March 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital assets

Capital assets are stated at cost less accumulated amortization and 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 calculated 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.

Revenue recognition

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

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

Donated goods

Donated goods are recorded at their fair market value at the time of the donation. No goods were donated in 2021.

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.

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.

THE CANADIAN MENTAL HEALTH ASSOCIATION-NOVA SCOTIA DIVISION

Notes to Financial Statements

Year Ended March 31, 2021

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, and long term investments. The following analysis provides information about the Association's risk exposure and concentration as of March 31, 2021.

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 consist of guaranteed investment certificates.

As at March 31, 2021, \$205,138 (2020 - \$204,142) is held in a cash savings accelerator account and earns interest at 0.53%. Due to the short term maturity of the cash savings accelerator account, the carrying amount approximates fair value.

As at March 31, 2021, \$300,000 is held in a 388 day guaranteed investment, earning interest at 0.78%, with a maturity date of March 11, 2022. The market value at March 31, 2021 is \$300,282.

THE CANADIAN MENTAL HEALTH ASSOCIATION-NOVA SCOTIA DIVISION

Notes to Financial Statements

Year Ended March 31, 2021

4. CAPITAL ASSETS

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Land	\$ -	\$ -	\$ -	\$ 326,151
Computer equipment	25,866	24,676	1,190	1,700
Furniture and fixtures	35,306	34,139	1,167	1,459
	\$ 61,172	\$ 58,815	\$ 2,357	\$ 329,310

The Association purchased land in the 2019 fiscal year for the purpose of developing to accommodate the Canadian Mental Health - Nova Scotia Division operations office. In the 2019 fiscal year, it was determined that the by-laws relating to building allowances changed, which affected the proposed development of the office and as a result, the Association sold the land in fiscal 2021 for proceeds of \$349,000 (\$327,930 net of selling costs).

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2021	2020
Accounts payable and accrued liabilities	\$ 59,310	\$ 56,180
Source deductions payable	900	-
	\$ 60,210	\$ 56,180

6. DEFERRED REVENUE

	Opening	Receipts	Expenditures	Ending
AHANS - Project Hope	\$ 1,083	\$ 139,611	\$ 148,946	\$ -
DMA - Project Hope	-	139,643	130,676	8,967
ESDC - At Work	9,871	147,786	145,222	12,435
Department of Health & Wellness - Literacy Project	-	80,000	-	80,000
	\$ 10,954	\$ 507,040	\$ 424,844	\$ 101,402

THE CANADIAN MENTAL HEALTH ASSOCIATION-NOVA SCOTIA DIVISION

Notes to Financial Statements

Year Ended March 31, 2021

7. INTERNALLY RESTRICTED FUNDS

	Opening	Receipts	Expenditures	Ending
CAST	\$ -	\$ 16,720	\$ 600	\$ 16,120
CMHA - Annapolis	44,886	277	4,067	41,096
CMHA - Kings	2,173	1,574	712	3,035
CMHA - Lunenburg/Queens	581	45	-	626
CMHA - Cumberland	3,661	-	-	3,661
CMHA - Pictou County	-	400	7	393
CMHA - Cape Breton	-	2,840	10	2,830
CMHA - Halifax	-	1,275	51	1,224
CMHA - East Hants	-	50	2	48
CMHA - Colchester	-	55	2	53
Fountain of Health	4,192	-	-	4,192
Project Hope donations	1,000	1,941	1,500	1,441
Social and Emotional Learning	14,075	150	643	13,582
	\$ 70,568	\$ 25,327	\$ 7,594	\$ 88,301

8. REVENUES

During the year, the Association recognized revenues from the following sources:

	2021	2020
Affordable Housing Association of Nova Scotia (AHANS)		
- Project Hope	\$ 148,946	\$ 59,814
Department of Municipal Affairs (DMA) - Project Hope	130,676	-
United Way - Cape Breton	186,447	-
Employment and Social Development Canada (ESDC) - At Work	145,222	95,156
Department of Health & Wellness (DHW) - CAST	110,000	110,000
Department of Community Services (DCS) - Social & Emotional Learning (SEL)	79,000	79,000
Other sources	172,190	290,597
	\$ 972,481	\$ 634,567

9. COMPARATIVE FIGURES

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

10. COVID-19

Beginning in March 2020 the Governments of Canada and Nova Scotia, as well as foreign governments instituted emergency measures as a result of the COVID-19 virus. The virus has had a major impact on Canadian and international securities and currency markets and consumer activity which may impact the Association's financial position, its results of operations and its cash flows significantly. As these are primarily ongoing events, these financial statements do not reflect any potential future impact. It is also not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Association as at the report date.

THE CANADIAN MENTAL HEALTH ASSOCIATION-NOVA SCOTIA DIVISION
Schedule of Project Revenues and Expenditures by Category
Year Ended March 31, 2021

(Schedule 1)

	At Work	CAST	Education and Training	Cape Breton	Project Hope	SEL	Covid-related	Other	Administrative	Total
REVENUES										
Government grant funding	\$ 145,222	\$ 110,000	\$ -	\$ -	\$ 130,676	\$ 79,000	\$ -	\$ -	\$ -	\$ 464,898
Non-government grant funding	-	-	-	186,447	148,946	-	-	-	-	335,393
Donations and fundraising	-	16,720	3,950	2,840	1,082	150	60,250	71,524	-	156,516
Other	-	-	-	-	-	-	-	4,266	-	4,266
Education & training	-	-	8,690	-	-	-	-	-	-	8,690
Interest	-	-	-	-	-	-	-	2,718	-	2,718
	145,222	126,720	12,640	189,287	280,704	79,150	60,250	78,508	-	972,481
EXPENDITURES										
Amortization	-	-	-	-	-	-	-	-	802	802
Client support	10,702	-	-	158,791	24,190	-	-	457	-	194,140
Employee salaries	118,492	89,934	80,267	27,502	249,739	70,620	-	-	54,891	691,445
Membership dues	-	1,200	-	-	-	-	-	-	10,749	11,949
Office and administrative	3,944	2,687	16	163	3,516	1,731	-	-	8,273	20,330
Professional fees	8,320	10,550	-	-	-	6,000	-	-	26,670	51,540
Rental	3,660	5,208	-	-	2,647	66	-	-	3,777	15,358
Travel	104	1,021	37	-	169	1,226	-	-	-	2,557
	145,222	110,600	80,320	186,456	280,261	79,643	-	457	105,162	988,121
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ -	\$ 16,120	\$ (67,680)	\$ 2,831	\$ 443	\$ (493)	\$ 60,250	\$ 78,051	\$ (105,162)	\$ (15,640)