



## Financial Statements

Canadian Mental Health Association -  
Colchester East Hants Branch

March 31, 2022

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# Independent Auditor's Report

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To the Board of Directors of  
**Canadian Mental Health Association – Colchester East Hants Branch**

## Qualified Opinion

We have audited the accompanying financial statements of Canadian Mental Health Association – Colchester East Hants Branch, which comprise the statement of financial position as at March 31, 2022, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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 Canadian Mental Health Association – Colchester East Hants Branch as at March 31, 2022, and its results of 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 Organization 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 Organization. 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, 2022 and 2021, current assets as at March 31, 2022 and 2021, and net assets as at April 1 and March 31 for both the 2022 and 2021 years. Our audit opinion on the financial statements for the year ended March 31, 2022 was modified accordingly because of the possible effects of this limitation in 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 Organization 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 these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

## Responsibilities of Management and Those Charged with Governance of 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.

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 Organization 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.



Truro, Canada  
June 28, 2022

Chartered Professional Accountants

# Canadian Mental Health Association - Colchester East Hants Branch

## Statement of Operations

Year ended March 31	2022	2021
<b>Revenues</b>		
Catering	\$ 2,688	\$ 2,391
Community Education Program	34,529	-
Community Housing Outreach	-	20,154
Community Living Program	959,798	942,566
Community Outreach Program	30,000	30,000
First Nation Communities	5,958	17,154
Friendship Program	190,953	191,205
Grants	9,288	10,995
Other revenue (Note 3)	110,665	223,110
Rental revenue	15,000	15,000
Youth Outreach Program	<u>142,442</u>	<u>136,170</u>
	<u>\$ 1,501,321</u>	<u>\$ 1,588,745</u>
<b>Expenses</b>		
Administration	3,568	1,117
Advertising and promotion	4,756	7,241
Amortization	105,441	110,627
Bad debts	-	2,500
Client personal needs	62,385	64,303
Comforts	18,630	20,125
Dues and fees	919	1,049
Food	36,323	35,286
Fundraising	2,087	2,947
Incentives	1,882	1,462
Insurance	20,088	17,868
Interest and bank charges	1,045	929
Interest on debt obligations	29,808	34,951
Office supplies	3,890	5,491
Professional fees	17,548	18,134
Programs	2,648	930
Property taxes	64,180	65,988
Rent	47,407	45,902
Repairs and maintenance	13,701	5,447
Telephone and utilities	30,172	32,158
Training	2,560	-
Travel	4,893	7,525
Wages and employee benefits	<u>905,947</u>	<u>965,726</u>
	<u>1,379,878</u>	<u>1,447,706</u>
Excess of revenues over expenses	<u>\$ 121,443</u>	<u>\$ 141,039</u>

**Canadian Mental Health Association  
- Colchester East Hants Branch  
Statement of Changes in Net Assets**

March 31

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Investment in Capital Assets</u>	<b><u>Total 2022</u></b>	<u>Total 2021</u>
Balance, beginning of year	\$ (145,829)	\$ 10,980	\$ 1,242,976	\$ <b>1,108,127</b>	\$ 967,088
Excess (deficiency) of revenue over expenses	187,313	5	(65,875)	<b>121,443</b>	141,039
Interfund transfers	<u>(4,708)</u>	<u>-</u>	<u>4,708</u>	<u>-</u>	<u>-</u>
Balance, end of year	\$ <u>36,776</u>	\$ <u>10,985</u>	\$ <u>1,181,809</u>	\$ <b><u>1,229,570</u></b>	\$ <u>1,108,127</u>

**Canadian Mental Health Association  
- Colchester East Hants Branch  
Statement of Financial Position**

March 31

2022

2021

**Assets**

Current

Cash and cash equivalents	\$ 760,754	\$ 554,433
Restricted cash	10,985	10,980
Receivables	61,411	71,191
Prepays	17,453	16,719
	<u>850,603</u>	<u>653,323</u>

Property and equipment (Note 4) 2,095,380 2,194,311

\$ 2,945,983 \$ 2,847,634

**Liabilities**

Current

Payables and accruals (Note 5)	\$ 42,436	\$ 42,431
Unearned revenue	24,471	33,612
Demand loans (Note 6)	913,571	951,335
	<u>980,478</u>	<u>1,027,378</u>

Deferred capital contributions 735,935 712,129

1,716,413 1,739,507

**Net Assets (Page 4)**

Unrestricted	36,776	(145,829)
Restricted	10,985	10,980
Investment in capital assets	1,181,809	1,242,976
	<u>1,229,570</u>	<u>1,108,127</u>

\$ 2,945,983 \$ 2,847,634

Subsequent event (Note 10)

On behalf of the Board

\_\_\_\_\_ Director

\_\_\_\_\_ Director

**Canadian Mental Health Association  
- Colchester East Hants Branch**

**Statement of Cash Flows**

Year ended March 31 2022 2021

Increase (decrease) in cash and cash equivalents

**Operating**

Excess of revenues over expenses	\$ 121,443	\$ 141,039
Item not affecting cash		
Amortization	<u>105,441</u>	<u>110,627</u>
	<b>226,884</b>	251,666
Change in non-cash working capital item		
Receivables	9,780	117,983
Prepays	(734)	(1,683)
Payables and accruals	5	(28,021)
Unearned revenue	<u>(9,141)</u>	<u>(3,999)</u>
	<b>226,794</b>	335,946

**Financing**

Deferred capital contributions	23,806	60,390
Repayment of demand loans	<u>(37,764)</u>	<u>(530,582)</u>
	<b>(13,958)</b>	(470,192)

**Investing**

Purchase of property and equipment	<u>(6,510)</u>	<u>(1,350)</u>
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Increase (decrease) in cash and cash equivalents **206,326** (135,596)

Cash and cash equivalents

Beginning of year	<u>565,413</u>	<u>701,009</u>
End of year	<b>\$ <u>771,739</u></b>	<b>\$ <u>565,413</u></b>

Cash represented by:

Cash and cash equivalents	\$ 760,754	\$ 554,433
Restricted cash	<u>10,985</u>	<u>10,980</u>
	<b>\$ <u>771,739</u></b>	<b>\$ <u>565,413</u></b>

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# Canadian Mental Health Association - Colchester East Hants Branch

## Notes to the Financial Statements

March 31, 2022

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### 1. Nature of operations

Canadian Mental Health Association - Colchester East Hants Branch promotes mental health to the community through advocacy, public education and by providing community resources and direct service programming.

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### 2. Summary of significant accounting policies Basis of presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies.

#### Use of estimates

The preparation of the financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires the Association's management to make estimates and assumptions that affect the amounts and liabilities and disclosure of contingent liabilities at the date of the financial statements and reported amounts of revenue and expenses during the year. Actual results could differ from those reported.

#### Revenue recognition

The Association follows the deferral method of accounting for contributions.

Deferred capital contributions relating to equipment are deferred and recognized as income on the same basis as amortization expense over the relating assets' useful lives.

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

Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

#### Income tax status

Canadian Mental Health Association - Colchester East Hants Branch is a not-for-profit organization, registered with Canada Revenue Agency as a charity and as such, is not subject to income taxes.

#### Donated Services

Donated services are recognized in the period the services are performed provided fair value can be reasonably determined; otherwise such amounts are not recognized.

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# Canadian Mental Health Association

## - Colchester East Hants Branch

### Notes to the Financial Statements

March 31, 2022

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#### 2. Summary of significant accounting policies (continued) Property and equipment

Property and equipment is initially measured at cost. Rates and bases of amortization applied to write-off the cost of property and equipment over their estimated lives are as follows:

Buildings	5%	declining balance
Equipment	20%	declining balance
Furniture and fixtures	20%	declining balance
Computer	30%	declining balance

Property and equipment are separated into their component parts, when practicable, and when estimates can be made of the lives of the separate components.

Property and equipment are written down to their fair value or replacement cost when conditions indicate that property and equipment no longer contribute to the Association's ability to provide goods and services, or that the value of future economic benefits or service potential associated with the tangible capital assets are less than their net carrying amounts.

#### Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and short-term investments. Bank borrowings are considered to be financing activities.

#### Financial instruments

The Association considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in certain limited circumstances. The Association accounts for the following as financial instruments:

- Cash and cash equivalents
- Restricted cash
- Receivables
- Payables and accruals
- Demand loans

A financial asset or liability is recognized when the Association becomes party to contractual provisions of the instrument.

Financial assets or liabilities obtained in arm's length transactions are initially measured at their fair value.

Financial assets or liabilities obtained in related party transactions are measured in accordance with the accounting policy for related party transactions except for those transactions that are with a person or entity whose sole relationship with the Association is in the capacity of management in which case they are accounted for in accordance with the accounting policy for financial instruments.

The Association subsequently measures its financial assets and financial liabilities at amortized cost.

The Association removes financial liabilities, or a portion thereof, when the obligation is discharged, cancelled or expires.

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# Canadian Mental Health Association - Colchester East Hants Branch

## Notes to the Financial Statements

March 31, 2022

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### 2. Summary of significant accounting policies (continued)

#### Financial instruments (continued)

Financial assets measured at cost are tested for impairment when there are indicators of impairment. Previously recognized impairment losses are reversed to the extent of the improvement provided the asset is not carried at an amount, at the date of the reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of any write-downs or reversals are recognized in net income.

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3. Other revenue	<u>2022</u>	<u>2021</u>
Administration	\$ 100	\$ 3,487
Community Health Boards	701	4,000
Donations	85,604	189,021
Fundraising	3,050	6,527
Interest	236	408
Monthly Billings	<u>20,974</u>	<u>19,667</u>
	<u>\$ 110,665</u>	<u>\$ 223,110</u>

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4. Property and equipment			<u>2022</u>	<u>2021</u>
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Land	\$ 134,500	\$ -	\$ 134,500	\$ 134,500
Buildings	2,229,305	282,950	1,946,355	2,048,794
Equipment	36,638	28,143	8,495	3,295
Furniture and fixtures	34,382	29,375	5,007	6,260
Computer	<u>35,885</u>	<u>34,862</u>	<u>1,023</u>	<u>1,462</u>
	<u>\$ 2,470,710</u>	<u>\$ 375,330</u>	<u>\$ 2,095,380</u>	<u>\$ 2,194,311</u>

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### 5. Payables and accruals

Government remittances payable as at March 31, 2022 total \$2,686 (2021 – \$2,383) and are included in payables and accruals.

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# Canadian Mental Health Association - Colchester East Hants Branch

## Notes to the Financial Statements

March 31, 2022

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<b>6. Demand loans</b>	<u><b>2022</b></u>	<u><b>2021</b></u>
Demand loan, bearing interest at a fixed rate of 3.19%, repayable in blended monthly instalments of principal and interest of \$5,634, amortized to May 24, 2024.	<b>\$ 913,571</b>	\$ 951,335

The demand loan above is secured by the following key items:

- Registered "blanket" collateral mortgage giving first and second charge on the 859 Prince Street property;
- Registered general security agreement giving first charge on all assets of the Association, including inventory, equipment, and receivables;
- Nova Scotia Social Enterprises Loan Guarantee (90% deficiency guarantee for 10 years);
- Registered assignment of rents giving first and second charge on the 859 Prince Street property; and
- Assignment of fire insurance over the 859 Prince Street property with the lender listed as first and second mortgagee.

Canadian accounting standards for not-for-profit organizations require loans due on demand be classified as current liabilities, despite scheduled repayments over the term of the loans. Management does not believe that the demand features of the callable debt will be exercised in the current period. Assuming payment of the debt is not demanded, regular principal repayments required over the next five years are as follows:

2023	\$ 38,992
2024	\$ 40,254
2025	\$ 43,180
2026	\$ 44,907
2027	\$ 46,361

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### **7. Employee benefits**

The Association operates a defined contribution savings plan for certain of their employees. The assets of the plan are held separate from those of the Association in independently administered funds.

Contributions paid and expensed by the Association in the current year amounted to \$12,835 (2021 – \$16,660).

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# Canadian Mental Health Association

## - Colchester East Hants Branch

### Notes to the Financial Statements

March 31, 2022

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#### 8. Financial instruments

The Association is exposed to various risks through its financial instruments. The following analysis provides a measure of the Association's risk exposures at March 31, 2022.

##### a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Association's main credit risk relates to its receivables. Management closely evaluates the collectability of its receivables which are assessed on a regular basis. Most of the receivables are from government funding agencies and credit risk is mitigated by ensuring that most if not all funding agreements are entered into by way of contract. There was no significant change in exposure from the prior year.

##### b) Liquidity risk

Liquidity risk is the risk that the Association will encounter difficulty in meeting the obligations associated with its financial liabilities. The Association is exposed to this risk mainly in respect of its demand loans and payables and accruals. The Association mitigates this risk by monitoring cash flow payment requirements.

##### c) Market risk

Market risk is the risk that the fair value or expected 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 is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Association is exposed to interest rate risk on its demand loan. This risk, however, is considered to be low at March 31, 2022 as the interest rate on the demand loan is fixed until 2024.

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#### 9. Comparative figures

Comparative figures have been adjusted to conform to the current year financial statement presentation.

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#### 10. Subsequent Event

Subsequent to year end \$300,000 was repaid on the demand loan.