

THE CANADIAN MENTAL HEALTH ASSOCIATION-NOVA SCOTIA DIVISION
Financial Statements
Year Ended March 31, 2022

THE CANADIAN MENTAL HEALTH ASSOCIATION-NOVA SCOTIA DIVISION
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Year Ended March 31, 2022

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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, 2022, 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, 2022, 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, 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, 2021 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.

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.

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

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 14, 2022

CHARTERED PROFESSIONAL ACCOUNTANTS

THE CANADIAN MENTAL HEALTH ASSOCIATION-NOVA SCOTIA DIVISION

Statement of Financial Position

March 31, 2022

	2022	2021
ASSETS		
CURRENT		
Cash	\$ 58,456	\$ 171,389
Term deposits (Note 4)	508,120	505,420
Accounts receivable	14,248	8,442
Harmonized sales tax recoverable	7,204	10,579
Prepaid expenses	2,912	4,443
	<u>590,940</u>	<u>700,273</u>
CAPITAL ASSETS	<u>-</u>	<u>2,358</u>
	\$ 590,940	\$ 702,631
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities (Note 5)	\$ 61,327	\$ 60,210
Deferred revenue (Note 7)	52,957	101,402
	<u>114,284</u>	<u>161,612</u>
NET ASSETS		
Unrestricted net assets	380,848	450,360
Invested in capital assets	-	2,357
Internally restricted funds (note 6)	95,808	88,302
	<u>476,656</u>	<u>541,019</u>
	\$ 590,940	\$ 702,631

ON BEHALF OF THE BOARD

 _____ Director

 _____ Director

THE CANADIAN MENTAL HEALTH ASSOCIATION-NOVA SCOTIA DIVISION

Statement of Revenues and Expenditures

Year Ended March 31, 2022

	2022	2021
REVENUE (Schedule 1, Note 8)		
Project HOPE	\$ 322,011	\$ 280,704
At Work	154,208	145,222
Donations	150,976	71,524
Communities Addressing Suicide Together (CAST)	122,844	126,720
Education and training	116,593	12,640
Social & Emotional Learning (SEL)	101,839	79,150
Cape Breton	50,606	189,287
Other	13,485	6,984
COVID-related funding	-	60,250
	1,032,562	972,481
EXPENDITURES (Schedule 1)		
Project HOPE	321,644	280,261
Internet Project	40,707	186,456
At Work	154,208	145,222
Communities Addressing Suicide Together (CAST)	110,658	110,600
Social & Emotional Learning (SEL)	119,604	79,643
Education and training	130,781	80,320
Other	-	457
	877,602	882,959
GENERAL, ADMINISTRATIVE, AND FUNDRAISING		
Amortization	2,358	803
Computer costs	4,140	-
Dues & fees	15,914	10,748
Employee salaries	91,378	54,891
Office and administrative	17,101	8,273
Professional fees	83,788	26,670
Rental	2,838	3,777
Travel	1,806	-
	219,323	105,162
	1,096,925	988,121
DEFICIENCY OF REVENUE OVER EXPENDITURES FROM OPERATIONS	(64,363)	(15,640)
GAIN ON DISPOSAL OF CAPITAL ASSETS	-	1,177
DEFICIENCY OF REVENUE OVER EXPENDITURES	\$ (64,363)	\$ (14,463)

THE CANADIAN MENTAL HEALTH ASSOCIATION-NOVA SCOTIA DIVISION

Statement of Changes in Net Assets

Year Ended March 31, 2022

	Unrestricted Net Assets	Invested in Capital Assets	Internally Restricted Funds (Note 6)	2022	2021
NET ASSETS - BEGINNING OF YEAR	\$ 450,360	\$ 2,357	\$ 88,302	\$ 541,019	\$ 555,482
Excess (deficiency) of revenue over expenditures	<u>(69,512)</u>	<u>(2,357)</u>	7,506	(64,363)	<u>(14,463)</u>
NET ASSETS - END OF YEAR	\$ 380,848	\$ -	\$ 95,808	\$ 476,656	\$ 541,019

THE CANADIAN MENTAL HEALTH ASSOCIATION-NOVA SCOTIA DIVISION

Statement of Cash Flows

Year Ended March 31, 2022

	2022	2021
OPERATING ACTIVITIES		
Deficiency of revenue over expenditures	\$ (64,363)	\$ (14,463)
Items not affecting cash:		
Amortization	2,358	802
Gain on disposal of assets	-	(1,177)
	<u>(62,005)</u>	<u>(14,838)</u>
Changes in non-cash working capital:		
Accounts receivable	(5,806)	(1,345)
Accounts payable and accrued liabilities	1,117	4,030
Deferred revenue	(48,445)	90,448
Prepaid expenses	1,531	(1,317)
Harmonized sales tax recoverable	3,375	1,285
	<u>(48,228)</u>	<u>93,101</u>
Cash flow from (used by) operating activities	<u>(110,233)</u>	<u>78,263</u>
INVESTING ACTIVITIES		
Purchase of capital assets	-	(602)
Proceeds on disposal of capital assets	-	327,930
	<u>-</u>	<u>327,328</u>
Cash flow from investing activities	<u>-</u>	<u>327,328</u>
INCREASE (DECREASE) IN CASH FLOW	(110,233)	405,591
Cash - beginning of year	<u>676,809</u>	<u>271,218</u>
CASH - END OF YEAR	\$ 566,576	\$ 676,809
CASH CONSISTS OF:		
Cash	\$ 58,456	\$ 171,389
Term deposits (Note 4)	<u>508,120</u>	<u>505,420</u>
	<u>\$ 566,576</u>	<u>\$ 676,809</u>

THE CANADIAN MENTAL HEALTH ASSOCIATION-NOVA SCOTIA DIVISION

Notes to Financial Statements

Year Ended March 31, 2022

1. 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. 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.

2. 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 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.

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THE CANADIAN MENTAL HEALTH ASSOCIATION-NOVA SCOTIA DIVISION

Notes to Financial Statements

Year Ended March 31, 2022

2. 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. 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.

Donated goods

Donated goods are recorded at their fair market value at the time of the donation. During the year, no goods were donated (2021 - \$nil).

Contributed services

The operations of the organization 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.

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. Note, at March 31, 2022, there was no allowance for doubtful accounts (2021 - \$nil).

3. 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, 2022.

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THE CANADIAN MENTAL HEALTH ASSOCIATION-NOVA SCOTIA DIVISION

Notes to Financial Statements

Year Ended March 31, 2022

3. FINANCIAL INSTRUMENTS *(continued)*

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 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.

4. TERM DEPOSITS

Term deposits consist of guaranteed investment certificates.

As at March 31, 2022, \$205,227 (2021 - \$205,138) is held in a guaranteed investment account, earning interest at 0.20%, with a maturity date of May 2, 2022. The market value at March 31, 2022 is \$205,604.

As at March 31, 2022, \$302,488 is held in a guaranteed investment account, earning interest at 0.20%, with a maturity date of March 11, 2023. The market value at March 31, 2022 is \$302,893.

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2022</u>	<u>2021</u>
Accounts payable and accrued liabilities	\$ 61,327	\$ 59,310
Source deductions payable	-	900
	<u>\$ 61,327</u>	<u>\$ 60,210</u>

THE CANADIAN MENTAL HEALTH ASSOCIATION-NOVA SCOTIA DIVISION

Notes to Financial Statements

Year Ended March 31, 2022

6. INTERNALLY RESTRICTED FUNDS

	Opening	Receipts	Expenditures	Ending
CAST	\$ 16,120	\$ 12,844	\$ 658	\$ 28,306
CMHA - Annapolis	41,096	75	4,262	36,909
CMHA - Antigonish	-	100	4	96
CMHA - Kings	3,035	1,718	168	4,585
CMHA - Lunenburg/Queens	626	50	-	676
CMHA - Cumberland	3,661	175	7	3,829
CMHA - Pictou County	393	-	-	393
CMHA - Cape Breton	2,830	10,057	158	12,729
CMHA - Halifax	1,224	2,019	80	3,163
CMHA - East Hants	48	-	-	48
CMHA - Colchester	53	50	2	101
CMHA - Shelburne County	-	250	10	240
Fountain of Health	4,192	-	-	4,192
Project Hope	1,441	100	1,000	541
Social & Emotional Learning	13,582	50	13,632	-
	\$ 88,301	\$ 27,488	\$ 19,981	\$ 95,808

7. DEFERRED REVENUE

	Opening	Receipts	Expenditures	Ending
Project HOPE	\$ 8,967	\$ 313,223	\$ 321,644	\$ 546
ESDC - At Work	12,435	141,773	154,208	-
Department of Health & Wellness - Literacy Project	80,000	-	40,000	40,000
Circle of Friends Grant	-	25,000	22,789	2,211
Training Revenue	-	10,200	-	10,200
	\$ 101,402	\$ 490,196	\$ 538,641	\$ 52,957

8. REVENUES

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

	2022	2021
Affordable Housing Association of Nova Scotia (AHANS) - Project HOPE	\$ 146,447	\$ 148,946
Department of Community Services (DCS) - Project HOPE	175,564	130,676
United Way - Cape Breton	40,549	186,447
Employment and Social Development Canada (ESDC) - At Work	154,204	145,222
Department of Health & Wellness (DHW) - CAST	110,000	110,000
Department of Community Services (DCS) - Social & Emotional Learning (SEL)	79,000	79,000
Mental Health Foundation of Nova Scotia - Circle of Friends	25,000	-
Mental Health Foundation of Nova Scotia - Resilience	21,000	-
Other sources	280,798	172,190
	\$ 1,032,562	\$ 972,481

THE CANADIAN MENTAL HEALTH ASSOCIATION-NOVA SCOTIA DIVISION

Notes to Financial Statements

Year Ended March 31, 2022

9. 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 on-going events, these financial statements do not reflect any potential future impact. It is 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, 2022

(Schedule 1)

	At Work	CAST	Education and Training	Cape Breton	Project HOPE	SEL	Other	Administrative	Total
REVENUES									
Government grant funding	\$ 154,208	\$ 110,000	\$ 40,000	\$ -	\$ 175,564	\$ 79,000	\$ -	\$ -	\$ 558,772
Non-government grant funding	-	-	31,593	40,549	146,447	22,789	-	-	241,378
Donations and fundraising	-	12,844	1,460	10,057	-	50	150,976	-	175,387
Other	-	-	6,099	-	-	-	10,243	-	16,342
Education & training	-	-	37,440	-	-	-	-	-	37,440
Interest	-	-	-	-	-	-	3,243	-	3,243
	154,208	122,844	116,592	50,606	322,011	101,839	164,462	-	1,032,562
EXPENDITURES									
Amortization	-	-	-	-	-	-	-	2,358	2,358
Client support	9,476	-	-	37,549	31,595	-	-	-	78,620
Computer costs	-	-	-	-	-	-	-	4,140	4,140
Employee salaries	126,972	75,739	113,657	-	262,856	87,701	-	91,378	758,303
Dues & fees	1,308	260	1,800	-	-	1,215	-	15,914	20,497
Office and administrative	7,202	30,792	9,938	3,158	24,014	22,351	-	17,101	114,556
Professional fees	8,580	2,200	4,800	-	-	4,000	-	83,788	103,368
Rental	445	-	-	-	531	3,000	-	2,838	6,814
Travel	225	1,667	586	-	2,648	1,337	-	1,806	8,269
	154,208	110,658	130,781	40,707	321,644	119,604	-	219,323	1,096,925
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ -	\$ 12,186	\$ (14,189)	\$ 9,899	\$ 367	\$ (17,765)	\$ 164,462	\$ (219,323)	\$ (64,363)