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**CANADIAN MENTAL HEALTH ASSOCIATION**

**WINDSOR-ESSEX COUNTY BRANCH**

**FINANCIAL STATEMENTS**

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**Year ended March 31, 2020**

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## INDEPENDENT AUDITOR'S REPORT

To the Directors  
Canadian Mental Health Association Windsor-Essex County Branch

### Qualified Opinion

I have audited the accompanying financial statements of Canadian Mental Health Association Windsor-Essex County Branch (the Entity), which comprise the statement of financial position as at March 31, 2020, and the statement of operations, statement of changes in net assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2020, 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 charitable organizations, the Entity derives revenue from donations and fundraising programs, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, my verification of these revenues was limited to the amounts recorded in the records of the organization. I was unable to determine whether any adjustments might be necessary to revenue, operating surplus, assets and net assets. My audit opinion on the financial statements for the year ended March 31, 2019 was modified because of the possible effects of this limitation of scope.

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Entity in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 Entity'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 Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity 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.

I 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 I identify during my audit.

June 12, 2020  
Amherstburg, Ontario

A handwritten signature in black ink, consisting of a stylized 'M' followed by a large, sweeping flourish that extends to the right and then loops back down.

Authorized to practice public accounting by the  
Chartered Professional Accountants of Ontario

**CANADIAN MENTAL HEALTH ASSOCIATION****WINDSOR-ESSEX COUNTY BRANCH****STATEMENT OF FINANCIAL POSITION**

As at March 31, 2020

	2020	2019
	\$	\$
<b>Assets</b>		
<b>Current assets</b>		
Cash	3,100,102	2,118,389
Accounts receivable	324,169	274,753
Prepays	92,899	121,474
<b>Total current assets</b>	<b>3,517,170</b>	<b>2,514,616</b>
<b>Capital assets (note 2)</b>		
Endowment investment	1,427,916	896,256
	120,000	110,000
<b>Total Assets</b>	<b>5,065,086</b>	<b>3,520,872</b>
<b>Liabilities and Net Assets</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	1,035,301	410,292
Federal and provincial government remittances	704,198	520,310
Deferred contributions (note 5)	124,238	104,111
Current portion of long-term debt	24,524	24,240
	1,888,261	1,058,953
<b>Long-term debt (note 3)</b>	<b>98,886</b>	<b>123,434</b>
	1,987,147	1,182,387
<b>Net Assets</b>		
Unrestricted	1,169,859	1,000,268
Internally restricted (note 6)	545,867	534,729
Replacement Reserve	57,708	54,907
Invested in capital assets (note 2)	1,304,505	748,581
	3,077,939	2,338,485
<b>Total Liabilities and Net Assets</b>	<b>5,065,086</b>	<b>3,520,872</b>

**APPROVED BY THE BOARD:**


**CANADIAN MENTAL HEALTH ASSOCIATION****WINDSOR-ESSEX COUNTY BRANCH****STATEMENT OF OPERATIONS**

Year ended March 31, 2020	2020 \$	2019 \$
<b>REVENUES:</b>		
Ministry of Health and Long-Term Care	14,546,549	13,841,743
Ontario Works - Employment Support	-	6,800
Ministry of Labour	129,528	34,294
Fundraising	805,761	641,714
Other revenue	1,379,011	753,551
	<b>16,860,849</b>	<b>15,278,102</b>
<b>EXPENSES:</b>		
Salaries and benefits	13,027,791	12,219,329
Building occupancy	346,512	232,696
Amortization expense	264,619	157,440
Professional fees	484,858	243,949
Supplies and other expenses	909,166	955,636
Equipment	79,460	45,094
Housing Rent Subsidies	686,661	727,801
	<b>15,799,067</b>	<b>14,581,945</b>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>1,061,782</b>	<b>696,157</b>

**CANADIAN MENTAL HEALTH ASSOCIATION**
**WINDSOR-ESSEX COUNTY BRANCH**
**STATEMENT OF CHANGES IN NET ASSETS**
**Year ended March 31, 2020**

	Unrestricted	Internally restricted	Replacement Reserve	Invested in capital assets	2020 Total	2019 Total
	\$	\$	\$	\$	\$	
Balance at beginning of year	1,000,268	534,729	54,907	748,581	2,338,485	1,822,015
Interfund transfers	(13,939)	11,138	2,801	-	-	-
Change in Invested in capital assets	(555,924)	-	-	555,924	-	-
Excess (deficiency) of revenue over expenses	1,061,782	-	-	-	1,061,782	696,157
Current surpluses repayable to funding sources	(322,328)	-	-	-	(322,328)	(179,687)
<b>Balance at end of year</b>	<b>1,169,859</b>	<b>545,867</b>	<b>57,708</b>	<b>1,304,505</b>	<b>3,077,939</b>	<b>2,338,485</b>

**CANADIAN MENTAL HEALTH ASSOCIATION****WINDSOR-ESSEX COUNTY BRANCH****STATEMENT OF CASH FLOWS**

As at March 31, 2020

	2020 \$	2019 \$
<b>Operating activities</b>		
Excess (deficiency) of revenue over expenses	1,061,782	696,157
Add items not affecting cash		
Amortization of capital assets	264,619	157,440
	1,326,401	853,597
Surpluses repayable to funding sources	(322,328)	(179,687)
Change in non-cash working capital balances	808,183	(481,660)
	1,812,256	192,250
<b>Financing activities</b>		
Repayments of long-term debt	(24,264)	(23,970)
	(24,264)	(23,970)
<b>Investing activities</b>		
Acquisition of capital assets	(796,279)	(600,837)
Increase in endowment investment	(10,000)	(10,000)
	(806,279)	(610,837)
Increase (decrease) in cash	981,713	(442,557)
Cash at beginning of year	2,118,389	2,560,946
<b>Cash at end of year</b>	<b>3,100,102</b>	<b>2,118,389</b>



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**CANADIAN MENTAL HEALTH ASSOCIATION****WINDSOR-ESSEX COUNTY BRANCH****NOTES TO FINANCIAL STATEMENTS**

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**MARCH 31, 2020****PURPOSE OF THE ORGANIZATION**

Canadian Mental Health Association - Windsor Essex County Branch operates programs for enhancing and promoting the optimum mental health of the Windsor - Essex County community through treatment, collaboration, education and community engagement.

Canadian Mental Health Association - Windsor Essex County Branch is incorporated under the Corporations Act (Ontario) as a not-for-profit organization and is a registered charity under the Income Tax Act.

**1. Summary of significant accounting policies:**

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are as follows:

*Capital assets:*

Capital assets are recorded at cost. Computer hardware under \$900 and furniture and equipment under \$5,000 are expensed and reported as equipment in the Statement of Operations.

Betterments which extend the estimated life of a building are capitalized.

Amortization is provided on a straight-line basis over the useful lives of the assets as follows:

Buildings	25 years
Building improvements	10 years
Furniture and equipment	5 years
Computers	3 years

*Government transfer payments*

The CMHA is funded primarily by the Erie St. Clair Local Health Integration Network ("ESC LHIN"). This funding is governed by a service accountability agreement entered into annually by both parties. The ESC LHIN is funded solely by the Province of Ontario through an accountability agreement with the Ministry of Health and Long-Term Care.

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**CANADIAN MENTAL HEALTH ASSOCIATION****WINDSOR - ESSEX COUNTY BRANCH****NOTES TO FINANCIAL STATEMENTS**

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**MARCH 31, 2020****1. Summary of significant accounting policies (continued):***Revenue recognition*

The organization follows the deferral method of accounting for contributions which includes donations and government grants. Contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when reasonably estimated and collection is reasonably assured.

Deferred contributions are funds received in the current period that relate to expenditures to be made in future periods.

Other revenues, which includes fees for services, are recognized when the services are provided.

*Contributed services:*

A substantial number of volunteers contribute a significant amount of their time each year. Because of the difficulty of determining the fair value, contributed services are not recognized in the consolidated financial statements.

*Sick Leave and Vacation Benefits*

Sick leave and vacation benefits are charged against operations when paid.

*Financial instruments*

CMHA-WECB initially measures its financial assets and financial liabilities at fair value and subsequently measures its financial assets and financial liabilities at amortized cost. Changes in fair value are recognized in net income.

Financial assets and financial liabilities measured at amortized cost include cash, accounts receivable and accounts payable and accrued liabilities.

*Capital management:*

CMHA-WECB considers its capital to be its net assets, restricted and unrestricted.

**CANADIAN MENTAL HEALTH ASSOCIATION**
**WINDSOR - ESSEX COUNTY BRANCH**
**NOTES TO FINANCIAL STATEMENTS**
**MARCH 31, 2020**
**1. Summary of significant accounting policies (continued):**
*Use of estimates:*

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 amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Significant items subject to such estimates and assumptions include the carrying amount of capital assets and valuation allowance for accounts receivable. Actual amounts could differ from those estimates.

**2. Capital assets:**

			2020	2019
	Cost	Accumulated	Net Book	Net Book
	\$	Amortization	Value	Value
		\$	\$	\$
Buildings				
354 Aylmer Avenue	859,692	406,154	453,538	161,518
1400 Windsor Ave	3,131,593	2,319,734	811,859	613,885
Furniture and fixtures	121,078	42,900	78,178	56,715
Computers	234,893	150,552	84,341	64,138
	4,347,256	2,919,340	1,427,916	896,256

Investment in capital assets is calculated as follows:

	2020	2019
	\$	\$
Balance at beginning of year	748,581	281,214
Capital acquisitions	796,279	600,837
Amortization of capital assets	(264,619)	(157,440)
Repayments of long-term debt	24,264	23,970
Balance at end of year	1,304,505	748,581

**CANADIAN MENTAL HEALTH ASSOCIATION****WINDSOR-ESSEX COUNTY BRANCH****NOTES TO FINANCIAL STATEMENTS****MARCH 31, 2020****3. Long-term debt:**

	2020	2019
	\$	\$
354 Aylmer Avenue	123,410	147,674
	123,410	147,674
Less principal due within one year	(24,524)	(24,240)
	98,886	123,434

The 354 Aylmer Avenue mortgage is payable in monthly installments of \$2,149 including interest at 1.14%, secured by the real estate, maturing in June 2021.

Principal repayments are scheduled as follows:

	\$
2021	24,262
2022	98,886

**4. Change in Accounting Policy**

CMHA-WECEB changed its accounting policy for the recording and amortization of capital assets. In prior years, the Association expensed all capital assets, other than buildings, at the time of purchase. The Association has applied the recording and amortization of capital assets as follows:

Building improvements, furniture and equipment and computers acquired in fiscal years ended March 31, 2018 & 2019 have been retrospectively added to Capital Assets and Net Assets.

Amortization expense has been provided for retrospectively for fiscal years ended March 31, 2018 and March 31, 2019.

Capital assets and Net Assets as at March 31, 2019 were decreased by \$844,758. Equipment expense for the year ended March 31, 2019 was decreased by \$141,124. Amortization expense (previously equal to mortgage principal payments) for the year ended March 31, 2019 was increased by \$133,470.

**5. Deferred contributions**

Deferred contributions represent operating funding received in the current period that is related to the subsequent period.

	2020	2019
	\$	\$
Balance at beginning of year	104,111	115,705
Recognized as revenue during the year	(104,111)	(115,705)
Amount received	124,238	104,111
Balance at end of year	124,238	104,111

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**CANADIAN MENTAL HEALTH ASSOCIATION**
**WINDSOR-ESSEX COUNTY BRANCH**
**NOTES TO FINANCIAL STATEMENTS**


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**MARCH 31, 2020**
**6. Internally restricted net assets**

The Board of Directors has resolved to restrict Net Assets for the following purposes:

	2020	2019
	\$	\$
Planned gift reserve	122,464	117,170
Endowment Reserve	120,000	110,000
Endowment Revenue	1,818	5,974
Major building repairs	190,395	190,395
Housing reserve	111,190	111,190
	<b>545,867</b>	<b>534,729</b>

During the year, the transfers between net assets were recorded as follows:

\$3,433 from unrestricted to replacement reserve to provide for future repairs to 354 Aylmer.

\$632 from replacement reserve to unrestricted to reimburse repair expenses paid.

\$11,138 from unrestricted to internally restricted to provide for the above noted restrictions.

**7. Pension Plan:**

The organization belonged solely to a defined contribution group benefit plan administered by CMHA National for the period of April 1, 2019 until June 30, 2019. The employer contributions made during the year to this plan were \$240,324 (2019 - \$519,990). As of July 1, 2019 all employees became eligible to be members of the Healthcare of Ontario Pension Plan, which is a multi-employer final average pay contributory pension plan. Employer contributions made to this plan during the year were \$532,096.

**8. Fair value of financial assets and financial liabilities:**

The fair value of the CMHA-WECEB'S cash, accounts receivable, accounts payable and accrued liabilities and long-term debt approximate their carrying amount due to immediate or short maturity of these financial instruments or they bear interest at rates which approximate current market rates.

**9. Contingencies:**

In the ordinary course of business, the CMHA-WECEB may be subject to various possible legal actions. Management believes that the outcome of such matters would not have a material adverse effect on the financial position or future operating results of the Agency.

**10. Comparative figures**

Certain of the comparative figures have been reclassified to conform with the financial statement for the current year.