

**CANADIAN MENTAL HEALTH ASSOCIATION,
WINDSOR-ESSEX COUNTY BRANCH**

FINANCIAL STATEMENTS

For The Year Ended March 31, 2021

CANADIAN MENTAL HEALTH ASSOCIATION, WINDSOR-ESSEX COUNTY BRANCH

FINANCIAL STATEMENTS

For The Year Ended March 31, 2021

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INDEPENDENT AUDITOR'S REPORT

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

Qualified Opinion

We have audited the financial statements of **CANADIAN MENTAL HEALTH ASSOCIATION, WINDSOR-ESSEX COUNTY BRANCH ("the Entity")**, which comprise the statements of financial position as at March 31, 2021 and the statements 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 our opinion, except for the possible effects of the matters 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 Entity as at March 31, 2021, 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 Entity derives revenue from donations and 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 Entity. Therefore, we were not able to determine whether any adjustments might be necessary to this revenue, excess of revenue over expenses, and cash flows from operations for the years ended March 31, 2021 and 2020, 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. The predecessor auditor's opinion on the financial statements for the year ended March 31, 2020 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 Entity 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 audit opinion.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

- 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 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 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.

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.

Other Matter

The financial statements for the year ended March 31, 2020 were audited by another auditor who expressed a qualified opinion on those financial statements for the reasons described in the *Basis for Qualified Opinion* section.

Roth Mosey & Partners LLP

**ROTH MOSEY & PARTNERS LLP
LICENSED PUBLIC ACCOUNTANTS**

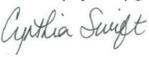
**Windsor, Ontario
June 7, 2021**

An Independent Member of the
**plante moran
ALLIANCE**

CANADIAN MENTAL HEALTH ASSOCIATION, WINDSOR-ESSEX COUNTY BRANCH

STATEMENT OF FINANCIAL POSITION

March 31, 2021 (with comparative figures for 2020)

	<u>2021</u>	<u>2020</u>
ASSETS (Note 4)		
<i>Current assets</i>		
Cash	\$ 3,883,802	\$ 3,100,102
Accounts receivable	260,266	205,133
Government remittances receivable	148,790	119,036
Prepaid expenses and deposits	233,251	92,899
	4,526,109	3,517,170
<i>Property and equipment (Notes 3, 7)</i>	1,523,702	1,427,916
<i>Endowment investment (Note 8)</i>	128,000	120,000
	\$ 6,177,811	\$ 5,065,086
LIABILITIES AND NET ASSETS		
<i>Current liabilities</i>		
Accounts payable and accrued liabilities	\$ 2,167,342	\$ 1,565,911
Government remittances payable	195,589	173,588
Current portion of deferred contributions (Note 5)	163,549	124,238
Current portion of long-term debt (Note 7)	98,886	24,524
	2,625,366	1,888,261
<i>Long-term liabilities</i>		
Deferred contributions, net of current portion (Note 5)	130,519	-
Long-term debt, net of current portion (Note 7)	-	98,886
	130,519	98,886
	2,755,885	1,987,147
<i>Net assets</i>		
Unrestricted	1,451,403	1,169,859
Internally restricted (Note 8)	650,485	545,867
Externally restricted (Note 8)	61,141	57,708
Invested in property and equipment (Note 3)	1,258,897	1,304,505
	3,421,926	3,077,939
On behalf of the Board:	\$ 6,177,811	\$ 5,065,086
 _____ Director		
 _____ Director		
<i>See accompanying notes</i>		

CANADIAN MENTAL HEALTH ASSOCIATION, WINDSOR-ESSEX COUNTY BRANCH

STATEMENT OF OPERATIONS

For The Year Ended March 31, 2021 (with comparative figures for 2020)

	<u>2021</u>	<u>2020</u>
Revenue		
Ontario Health (West) (Notes 13, 14)	\$ 14,371,474	\$ 14,224,221
Ontario Health (West) - COVID-19 funding (Note 13)	109,989	-
Fundraising	729,552	790,355
Ministry of Labour	-	129,528
Other revenue (Note 6)	1,195,480	1,290,306
Amortization of deferred contributions (Note 5)	76,653	104,111
Government assistance (Note 10)	35,970	-
	16,519,118	16,538,521
Expenses		
Amortization	305,472	264,619
Building occupancy	313,842	378,578
Equipment repairs and replacement	78,562	88,015
Housing rent subsidies	796,868	686,661
Professional and consulting fees	241,477	403,960
Salaries and benefits (Note 9)	13,644,164	13,101,633
Supplies and other expenses (Note 7)	794,746	875,601
	16,175,131	15,799,067
Excess of revenue over expenses	\$ 343,987	\$ 739,454

See accompanying notes

CANADIAN MENTAL HEALTH ASSOCIATION, WINDSOR-ESSEX

STATEMENT OF CHANGES IN NET ASSETS

For The Year Ended March 31, 2021 (with comparative figures for 2020)

	Unrestricted	Internally restricted	Externally restricted
Net assets, beginning of year	\$ 1,169,859	\$ 545,867	\$ 57,708
Excess of revenue over expenses <i>(Note 14)</i>	343,987	-	-
Interfund transfers <i>(Note 11)</i>	(108,051)	104,618	3,433
Invested in property and equipment	45,608	-	-
<i>Net assets, end of year</i>	\$ 1,451,403	\$ 650,485	\$ 61,141

See accompanying notes

Invested in property and equipment	Total 2021	Total 2020
\$ 1,304,505	\$ 3,077,939	\$ 2,338,485
-	343,987	739,454
-	-	-
(45,608)	-	-
\$ 1,258,897	\$ 3,421,926	\$ 3,077,939

CANADIAN MENTAL HEALTH ASSOCIATION, WINDSOR-ESSEX COUNTY BRANCH

STATEMENT OF CASH FLOWS

For The Year Ended March 31, 2021 (with comparative figures for 2020)

	<u>2021</u>	<u>2020</u>
<i>Operating activities</i>		
Excess of revenue over expenses	\$ 343,987	\$ 739,454
Adjustments to reconcile excess of revenue over expenses to cash flow from operations		
Amortization of property and equipment	305,472	264,619
Amortization of deferred contributions	(76,653)	(104,111)
<i>Cash flow from operations</i>	572,806	899,962
Change in:		
Accounts receivable	(55,133)	69,620
Government remittances receivable/payable	(7,753)	54,552
Prepaid expenses and deposits	(140,352)	28,575
Accounts payable and accrued liabilities	601,431	635,309
<i>Cash provided by operating activities</i>	970,999	1,688,018
<i>Financing activities</i>		
Repayment of long-term debt	(24,524)	(24,264)
Net deferred contributions received	246,483	124,238
<i>Cash provided by financing activities</i>	221,959	99,974
<i>Investing activities</i>		
Contributions to endowment investment	(8,000)	(10,000)
Acquisition of property and equipment	(401,258)	(796,279)
<i>Cash used in investing activities</i>	(409,258)	(806,279)
<i>Net increase in cash for the year</i>	783,700	981,713
Cash, beginning of year	3,100,102	2,118,389
<i>Cash, end of year</i>	\$ 3,883,802	\$ 3,100,102

See accompanying notes

CANADIAN MENTAL HEALTH ASSOCIATION, WINDSOR-ESSEX COUNTY BRANCH

NOTES TO FINANCIAL STATEMENTS

For The Year Ended March 31, 2021

1 | NATURE OF ORGANIZATION

Canadian Mental Health Association, Windsor-Essex County Branch is a charitable organization incorporated without share capital in the Province of Ontario. The primary purpose of the Entity is to provide programs for enhancing and promoting the optimum mental health of the Windsor-Essex County community through treatment, collaboration, education and community engagement. The corporation is classified as a registered charity under the Income Tax Act of Canada and as such is exempt from income taxes.

2 | SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and are in accordance with Canadian generally accepted accounting principles.

Revenue Recognition

The organization 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.

All other revenue is recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Property and Equipment

Property and equipment are recorded at cost. Amortization is recorded on the straight-line basis over the estimated useful life of the asset as follows:

Buildings	25 years
Building improvements	10 years
Furniture and fixtures	5 years
Computer equipment	3 years
Vehicles	5 years

Donated Services

The organization receives services from volunteers. Since those services are not normally purchased by the Entity and due to the difficulty of determining their fair value, donated services are not recognized in these financial statements.

CANADIAN MENTAL HEALTH ASSOCIATION, WINDSOR-ESSEX COUNTY BRANCH

NOTES TO FINANCIAL STATEMENTS

For The Year Ended March 31, 2021

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government Assistance

The Entity records government assistance from the Canada Emergency Wage Subsidy and the Temporary Wage Subsidy based on wages incurred during the year in which the subsidies apply.

Use of Estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management estimates and assumptions that affect certain reported amounts and disclosures. Significant estimates include the determination of allowance for doubtful accounts and the useful life of property and equipment. Accordingly, actual amounts could differ from those estimates.

3 PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	Cost	Accumulated Amortization	Net Book Value 2021	Net Book Value 2020
Buildings				
354 Aylmer Avenue	\$ 899,742	\$ 471,606	\$ 428,136	\$ 453,538
1400 Windsor Avenue	3,131,593	2,420,394	711,199	811,859
Furniture and fixtures	121,078	67,115	53,963	78,178
Computer equipment	305,639	172,061	133,578	84,341
Vehicles	215,630	18,804	196,826	-
	\$ 4,673,682	\$ 3,149,980	\$ 1,523,702	\$ 1,427,916

Investment in property and equipment is calculated as follows:

	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 1,304,505	\$ 748,581
Acquisition of property and equipment	401,258	796,279
Amortization of property and equipment	(305,472)	(264,619)
Repayments of long-term debt	24,524	24,264
Advance of deferred contributions	(171,456)	-
Amortization of deferred contributions	5,538	-
Balance, end of year	\$ 1,258,897	\$ 1,304,505

During the year, vehicles in the amount of \$171,456 (2020 - \$NIL) were acquired through restricted contributions. The amortization of \$5,538 (2020 - \$NIL) was included in amortization of deferred contributions.

CANADIAN MENTAL HEALTH ASSOCIATION, WINDSOR-ESSEX COUNTY BRANCH

NOTES TO FINANCIAL STATEMENTS

For The Year Ended March 31, 2021

4 OPERATING LOAN

The Entity has available a revolving operating loan to a maximum of \$750,000 which bears interest at the Toronto-Dominion Bank prime rate. It is secured by a general security agreement constituting a first ranking security interest in all personal property of the Entity, assignment of insurance and subordination agreement from the Canada Mortgage and Housing Corporation.

5 DEFERRED CONTRIBUTIONS

Deferred contributions represent restricted funding which was received to assist in specific program costs and in fundraising activities.

The activity for the year in this balance is as follows:

	<u>2021</u>	<u>2020</u>
Beginning balance	\$ 124,238	\$ 104,111
Deferred contributions received during the year	273,596	124,238
Less amount recognized as revenue in the year	(76,653)	(104,111)
Less returned contributions	(27,113)	-
	<hr/> 294,068	<hr/> 124,238
Current portion, ending balance	163,549	124,238
	<hr/>	<hr/>
Long-term portion, ending balance	<u>\$ 130,519</u>	<u>\$ -</u>

Deferred contributions received were from Ontario Health (West) in the amount of \$214,418 (2020 - \$74,335) for purchase of a vehicle, specific program costs, and building improvements and from various other organizations totaling \$59,178 (2020 - \$49,903) for specific program costs, fundraising activities, a contributed vehicle and development of a documentary.

6 OTHER REVENUE

Other revenue consists of the following:

	<u>2021</u>	<u>2020</u>
Interest income	\$ 76,274	\$ 59,720
Hotel-Dieu Grace Hospital residential housing	-	275,000
Hotel-Dieu Grace Hospital geriatric services	76,000	76,000
Program recoveries	737,521	766,156
Service fees and other	305,685	113,430
	<hr/>	<hr/>
	<u>\$ 1,195,480</u>	<u>\$ 1,290,306</u>

CANADIAN MENTAL HEALTH ASSOCIATION, WINDSOR-ESSEX COUNTY BRANCH

NOTES TO FINANCIAL STATEMENTS

For The Year Ended March 31, 2021

7 ***LONG-TERM DEBT***

Long-term debt consists of the following:

	<u>2021</u>	<u>2020</u>
Mortgage payable to Canada Mortgage Housing Corporation with interest at 1.14%, repayable in monthly blended payments of \$2,149, due June 2021, secured by 354 Aylmer Avenue.	\$ 98,886	\$ 123,410
Less current portion due within one year	98,886	24,524
Long-term portion	<u>\$ -</u>	<u>\$ 98,886</u>

During the year, interest of \$1,273 (2020 - \$1,686) was paid on the mortgage payable.

8 ***RESTRICTED NET ASSETS***

Net assets with internal restrictions have been designated for the following purposes:

	<u>2021</u>	<u>2020</u>
Planned gift reserve	\$ 123,894	\$ 122,464
Endowment reserve	128,000	120,000
Endowment interest	35,277	1,818
First responders reserve	62,500	-
Major building repairs - 1400 Windsor Avenue	190,395	190,395
Housing reserve	110,419	111,190
	<u>\$ 650,485</u>	<u>\$ 545,867</u>

Amounts restricted towards the endowment are invested with the WindsorEssex Community Foundation for purposes of creating future programs.

Net assets with external restrictions have been designated for future repairs for premises at 354 Aylmer Avenue.

CANADIAN MENTAL HEALTH ASSOCIATION, WINDSOR-ESSEX COUNTY BRANCH

NOTES TO FINANCIAL STATEMENTS

For The Year Ended March 31, 2021

9 | PENSION PLAN

During the year the organization made contributions for most of its employees to 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 \$825,962 (2020 - \$532,096). In addition, the organization made contributions for its remaining employees to a defined contribution group benefit plan administered by CMHA National totaling \$87,669 (2020 - \$240,324).

10 | GOVERNMENT ASSISTANCE

During the year the organization recorded government assistance income of \$35,970 (2020 - \$NIL) relating to the Canada Emergency Wage Subsidy and the Temporary Wage Subsidy programs. This assistance amount is provided in relation to wages incurred up to March 31, 2021.

11 | INTERFUND TRANSFERS

Interfund transfers are made between net asset accounts to fund building repairs, first responders wages and contribution to the endowment investment.

12 | FINANCIAL INSTRUMENTS

Financial instruments consist of cash, accounts receivable, accounts payables and accrued liabilities and long-term debt. It is management's opinion that the organization is not exposed to significant risks arising from its financial instruments.

13 | ECONOMIC DEPENDENCE

The organization is economically dependent on Ontario Health (West) for the funding of its mental health programs.

CANADIAN MENTAL HEALTH ASSOCIATION, WINDSOR-ESSEX COUNTY BRANCH

NOTES TO FINANCIAL STATEMENTS

For The Year Ended March 31, 2021

14 | *COMPARATIVE FIGURES*

Certain of the comparative figures have been reclassified to conform to the financial statement presentation adopted in the current year. The comparative figures were audited by another accounting firm. Surpluses repayable to Ontario Health (West) in the amount of \$322,328 for the year ended March 31, 2020 have been reclassified from the statement of changes in net assets to the statement of operations.