

**CANADIAN MENTAL HEALTH ASSOCIATION
WINDSOR-ESSEX COUNTY BRANCH
AUDITED FINANCIAL STATEMENTS
MARCH 31, 2019**

CANADIAN MENTAL HEALTH ASSOCIATION

WINDSOR-ESSEX COUNTY BRANCH

FINANCIAL STATEMENTS

Year ended March 31, 2019

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INDEPENDENT AUDITOR'S REPORT

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

Qualified Opinion

We have audited the accompanying financial statements of CMHA Canadian Mental Health Association Windsor-Essex County Branch (the Entity), which comprise the statement of financial position as at March 31, 2019, 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 our opinion, except for the 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 Entity as at March 31, 2019, 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

During the year, the Entity deducted \$186,218 in equipment costs and recorded no amortization of office equipment or the building at 1400 Windsor Avenue., which constitutes a departure from Canadian accounting standards for not-for-profit organizations. Our audit opinion on the financial statements for the year ended March 31, 2018 was modified because of the effects of this departure from Canadian accounting standards for not-for-profit organizations.

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, our verification of these revenues was limited to the amounts recorded in the records of the organization. We were unable to determine whether any adjustments might be necessary to revenue, operating surplus, assets and net assets. Our audit opinion on the financial statements for the year ended March 31, 2018 was modified 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 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.

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 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 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.

Amherstburg, Ontario
May 17, 2019


Chartered Accountants
Licensed Public Accountants
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CANADIAN MENTAL HEALTH ASSOCIATION


WINDSOR-ESSEX COUNTY BRANCH

STATEMENT OF FINANCIAL POSITION

As at March 31, 2019

	2019	2018
	\$	\$
Assets		
Current assets		
Cash	2,118,389	2,560,946
Accounts receivable	274,752	242,837
Prepays	121,476	147,274
Total current assets	2,514,617	2,951,057
Capital assets (note 2)	2,272,674	2,296,653
Endowment	110,000	100,000
Total Assets	4,897,291	5,247,710
Liabilities and Fund Balances		
Accounts payable and accrued liabilities	410,292	796,403
Federal and provincial government remittances	520,310	597,231
Deferred revenue	104,111	115,705
Current portion of long-term debt	24,240	23,979
	1,058,953	1,533,318
Long-term debt (note 3)	123,434	147,674
Fund balances at the end of the year:		
Accumulated operating surplus (note 4)	623,929	600,378
Health Promotion	486,339	417,213
Planned gift reserve	117,170	113,005
Endowment Reserve	5,974	900
Replacement Reserve fund	54,907	35,351
Reserve fund (note 4)	190,395	248,148
Capital fund (note 5)	2,125,000	2,125,000
Housing reserve - Proceeds from Sale	111,190	126,723
Total fund balances	3,714,904	3,666,718
Total Liabilities and Fund Balances	4,897,291	5,347,710

APPROVED BY THE BOARD:



CANADIAN MENTAL HEALTH ASSOCIATION

WINDSOR-ESSEX COUNTY BRANCH

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE

Year ended March 31, 2019	2019 \$	2018 \$
REVENUES:		
LHIN funding	12,589,994	11,887,057
Ministry of Health, Provincial Programs	1,251,749	1,199,604
Ontario Works Employment Support	6,800	8,350
Hotel-Dieu Grace Healthcare	76,000	76,000
Ministry of Labour	34,294	-
Contribution from operations	229,061	109,822
Fundraising	641,714	754,025
Transfer from Capital Reserves	74,554	-
Proceeds from sale of facility	-	195,000
Other revenue	677,551	693,372
	15,581,717	14,923,230
EXPENDITURES:		
Salaries	10,055,436	9,507,397
Employee benefits	2,163,893	1,942,941
Office expenses	67,429	83,079
Building occupancy	576,758	389,885
Professional fees	136,283	89,969
Legal and audit	59,021	74,483
Sessional fees	48,645	69,480
Staff training	70,881	78,710
Staff travel	143,126	146,725
Client travel	188	424
Program supplies	199,545	168,916
One Time Expense	128,823	141,795
Sundry expenses	143,415	143,413
Advertising and promotion	42,992	34,661
Utilities	4,460	7,704
Mortgage interest	1,827	4,817
Mortgage principal	23,970	72,942
Fundraising direct expenses	162,112	154,213
Purchased service agreements	727,801	655,899
Transferred to replacement reserve	36,357	133,256
Transferred to reserve - Operating Reserves	135,907	380,859
Maintenance, materials and service	82,518	73,911
Equipment and capital	186,218	315,645
	15,197,605	14,671,124
OPERATING SURPLUS BEFORE REPAYMENT TO FUNDING SOURCES	384,112	252,106
Fund balance at beginning of year	600,378	606,712
	984,490	858,818
Accumulated surplus contributed to programs	(156,239)	(84,194)
Current surpluses repayable to funding sources	(204,323)	(174,246)
FUND BALANCE AT END OF YEAR	623,929	600,378

CANADIAN MENTAL HEALTH ASSOCIATION**WINDSOR-ESSEX COUNTY BRANCH
CANADA MORTGAGE AND HOUSING PROGRAMS****STATEMENT OF CHANGES IN REPLACEMENT RESERVE FUND****Year ended March 31, 2019**

	2018/2019 Total	2017/2018 Total
	\$	\$
1120 Dougall & 354 Aylmer		
Balance at beginning of year	35,351	28,818
Transferred from operating fund	26,357	6,533
Transferred to operating fund	(6,801)	-
Balance, end of year	54,907	35,351

CANADIAN MENTAL HEALTH ASSOCIATION

WINDSOR-ESSEX COUNTY BRANCH

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019

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:

(a) Basis of reporting

These consolidated financial statements reflect the assets, liabilities, revenues and expenditures of the Association's programs: Provincially funded programs, prevention programs and fund raising programs.

(b) Basis of accounting:

In accordance with practices common to Ontario charitable organizations, the CMHA follows the fund basis of accounting. Within this framework, the CMHA maintains its accounts on a modified accrual basis which is consistent with practices employed by Ontario charitable organizations whose funding is provided only to meet current expenditures; expenditures are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

The operating fund reports the revenues and expenditures related to current operations.

The capital fund reports the assets, liabilities, revenues and expenditures related to capital assets.

The reserve fund reports reserves set aside for specific purposes by the Board of Directors.

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

MARCH 31, 2019**1. Summary of significant accounting policies (continued):****(d) 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.

Government transfer payments are recognized in the consolidated financial statements in the year in which the payment is authorized and the events giving rise to the transfer occur, performance criteria are met, and reasonable estimates of the amount can be made. Certain amounts are received pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs or in the completion of specific work. Funding is only recognized as revenue in the fiscal year the related expenses are incurred or services performed. Unspent amounts are recorded as repayable to the ESC LHIN unless otherwise authorized.

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 reasonably estimated and collection is reasonably assured.

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

(e) 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.

(f) Sick Leave and Vacation Benefits

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

CANADIAN MENTAL HEALTH ASSOCIATION
WINDSOR - ESSEX COUNTY BRANCH
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019
1. Summary of significant accounting policies (continued):
(h) Capital management:

CMHA-WECB considers its capital to be its net assets, restricted and unrestricted. CMHA-WECB's objectives when managing its capital are to safeguard its ability to continue to provide services to its clients. The strategic plan and annual budgets are developed and performance is measured against these documents to ensure the CMHA's capital is maintained at an appropriate level.

(i) 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:

			2019	2018
	Cost	Accumulated	Net Book	Net Book
	\$	Amortization	Value	Value
		\$	\$	\$
Group Homes:				
1120 Dougall Avenue	144,790	144,790	-	-
354 Aylmer Avenue	490,455	342,781	147,674	171,653
	635,245	487,571	147,674	171,653
Main Office:				
1400 Windsor Avenue	2,125,000	-	2,125,000	2,125,000
	2,760,245	487,571	2,272,674	2,296,653

During the year, amortization of \$23,979 (2018 - \$73,038) was recorded in the statement of operations.

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

MARCH 31, 2019
3. Long-term debt:

	2019	2018
	\$	\$
354 Aylmer Avenue	147,674	171,653
	147,674	171,653
Less principal due within one year	(24,240)	(23,979)
	123,434	147,674

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:

	\$
2020	24,240
2021	24,522
2022	98,912

4. Fund balances:

The total balance of reserves of \$190,395 (2018 - \$248,148) is made up of the following:

Reserves set aside for specific purposes by the Board of Directors:

	\$
Major building repairs	190,395

The accumulated operating surplus at the end of the year \$623,929 (2018 - \$600,378) is made up of the following:

Client Assistance	23,653
Fundraiser	179,791
Future Years' Operating Reserve	410,533
Group Home Operating Reserve	9,952

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

MARCH 31, 2019
5. Capital fund:

The capital fund consists of:		\$
	Capital assets, net	2,272,674
	Long-term debt	(147,674)
		<u>2,125,000</u>

6. Pension Plan:

The organization belongs to a defined contribution group benefit plan administered by CMHA National. The employer contributes a defined percentage of employees' earnings to the plan and employees may contribute an additional defined percentage. Employer contributions during the fiscal year were \$519,990 (2018 - \$496,307).

7. Fair value of financial assets and financial liabilities:

The fair value of the CMHA'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.

8. Contingencies:

In the ordinary course of business, the CMHA 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.

9. Statement of Cash Flows:

A Statement of Cash Flows has not been included along with these financial statements, as it would not provide any additional, meaningful information.

CANADIAN MENTAL HEALTH ASSOCIATION

WINDSOR-ESSEX COUNTY BRANCH

SCHEDULE OF OPERATIONS - MINISTRY OF HEALTH PROGRAMS

Year ended March 31, 2019	2019 \$	2018 \$
REVENUES:		
LHIN funding	10,358,201	9,837,464
Ministry of Health, Provincial Programs	83,921	80,000
Ontario Works - Employment Support	6,800	8,350
Ministry of Labour	34,294	-
Hotel-Dieu Grace Healthcare	76,000	76,000
Contributions from operations	229,061	109,822
Transfer from Capital Building Reserve	67,753	-
Other income	574,549	628,274
	<u>11,430,579</u>	<u>10,739,910</u>
EXPENDITURES:		
Salaries	8,145,181	7,899,100
Employee benefits	1,797,874	1,649,199
Office expenses	54,757	64,504
Building occupancy	497,508	431,868
Legal and audit	48,304	56,806
Sessional fees	48,645	69,480
Staff training	56,164	71,418
Staff travel	140,005	144,599
Client travel	188	424
Program supplies	98,763	67,318
One Time Expense	121,823	91,795
Sundry expenses	121,237	114,820
Advertising and promotion	39,939	32,549
Transfer to Capital	10,000	-
Equipment and capital	68,232	32,952
	<u>11,248,620</u>	<u>10,726,832</u>
OPERATING SURPLUS (DEFICIT)	<u>181,959</u>	<u>13,078</u>

CANADIAN MENTAL HEALTH ASSOCIATION**WINDSOR-ESSEX COUNTY BRANCH****SCHEDULE OF OPERATIONS - 1120 DOUGALL & 354 AYLMER**

Year ended March 31, 2019	2019 \$	2018 \$
REVENUES:		
Capital Reserve Funding	-	3,100
Ministry of Health, Provincial Programs	44,662	52,621
Other revenue	57	15,105
Proceeds from sale of facility	-	195,000
Transfer from Reserve	6,801	-
	<u>51,520</u>	<u>265,826</u>
EXPENDITURES:		
Utilities	4,460	7,704
Maintenance materials and services	16,617	31,709
Office Supplies	1,213	1,314
Mortgage interest	1,827	4,817
Mortgage principal	23,970	72,942
Transferred to replacement reserve fund	3,433	6,533
Transferred to Operating Reserve	-	126,723
Legal and Audit Fees	-	9,664
	<u>51,520</u>	<u>261,406</u>
OPERATING SURPLUS	0	4,420

CANADIAN MENTAL HEALTH ASSOCIATION
WINDSOR-ESSEX COUNTY BRANCH
SCHEDULE OF OPERATIONS - NURSE PRACTITIONERS

Year ended March 31, 2019	2019 \$	2018 \$
REVENUES:		
Ministry of Health, Provincial Programs	145,452	140,161
Other revenue	1,858	408
	<u>147,310</u>	<u>140,569</u>
EXPENDITURES:		
Salaries	108,683	107,770
Employee benefits	24,284	21,951
Program supplies	363	420
Professional fees	5,000	4,500
Legal and audit	520	500
Office expenses	980	980
Staff training	1,204	2,290
Building occupancy	5,700	-
	<u>146,734</u>	<u>138,411</u>
OPERATING SURPLUS	<u>576</u>	<u>2,158</u>

CANADIAN MENTAL HEALTH ASSOCIATION

WINDSOR-ESSEX COUNTY BRANCH

SCHEDULE OF OPERATIONS - NURSE PRACTITIONERS
UNDERSERVED AREA PROGRAM

Year ended March 31, 2019	2019 \$	2018 \$
REVENUES:		
Ministry of Health, Provincial Programs	145,452	140,161
Other revenue	313	-
	<u>145,765</u>	<u>140,161</u>
EXPENDITURES:		
Salaries	107,238	102,957
Employee benefits	24,184	23,060
Program supplies	200	420
Building occupancy	5,700	-
Professional fees	5,375	4,500
Legal and audit	520	500
Office expenses	980	980
Staff training	140	339
	<u>144,337</u>	<u>132,756</u>
OPERATING SURPLUS	<u>1,428</u>	<u>7,405</u>

CANADIAN MENTAL HEALTH ASSOCIATION**WINDSOR-ESSEX COUNTY BRANCH****SCHEDULE OF OPERATIONS - HOMELESSNESS INITIATIVE RENT SUBSIDY**

Year ended March 31, 2019	2019 \$	2018 \$
REVENUES:		
Ministry of Health, Provincial Programs	789,201	768,500
One Time Funding	33,000	5,000
Miscellaneous income	4,101	-
	<u>826,302</u>	<u>773,500</u>
EXPENDITURES:		
Purchased service agreements	727,801	655,899
Maintenance	65,901	42,202
Program supplies	1,043	175
Transfer to Housing Reserve	22,924	-
	<u>817,669</u>	<u>698,276</u>
OPERATING SURPLUS	<u>8,633</u>	<u>75,224</u>

CANADIAN MENTAL HEALTH ASSOCIATION

WINDSOR-ESSEX COUNTY BRANCH

SCHEDULE OF OPERATIONS - FUNDRAISING

Year ended March 31, 2019	2019 \$	2018 \$
REVENUES:		
Fundraising activities	641,714	750,525
Fundraising grants	-	3,500
	<u>641,714</u>	<u>754,025</u>
EXPENDITURES:		
Salaries	34,751	53,172
Employee benefits	7,833	11,468
Direct Cost of Fundraising	162,112	154,213
Office expenses	1,306	2,284
Professional fees	99,239	57,639
Legal and audit	1,039	1,039
Staff training	3,509	125
Volunteer training	634	-
Staff Travel	2,737	1,330
Program supplies	10,913	11,882
Transferred to Planned Gift Reserve	4,165	3,481
Sundry expenses	1,943	2,153
Transferred to Health Promotion Reserve	108,668	361,414
Transferred to Endowment Reserve	5,074	900
Transferred to Client Assistance Reserve	18,000	15,064
	<u>461,923</u>	<u>676,164</u>
	<u>179,791</u>	<u>77,861</u>

CANADIAN MENTAL HEALTH ASSOCIATION
WINDSOR-ESSEX COUNTY BRANCH
SCHEDULE OF OPERATIONS - CITY CENTRE HEALTH CARE

Year ended March 31, 2019	2019 \$	2018 \$
REVENUES:		
Ministry of Health, Provincial Programs	10,061	10,061
LHIN Funding	2,231,793	2,004,593
Other funding	96,673	49,585
	<u>2,338,527</u>	<u>2,064,239</u>
EXPENDITURES:		
Salaries	1,659,582	1,344,397
Employee benefits	309,718	237,263
Office expenses	8,193	13,017
Building occupancy	67,850	67,487
Professional fees	26,669	27,853
Legal and audit	8,638	5,974
Staff training	9,230	4,538
Staff Travel	384	796
Program Supplies	88,263	88,701
One Time expenses	7,000	50,000
Sundry expenses	20,235	21,917
Advertising and promotion	3,053	2,112
Equipment and capital	117,986	173,223
	<u>2,326,801</u>	<u>2,037,278</u>
OPERATING SURPLUS	<u>11,726</u>	<u>26,961</u>