

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

FINANCIAL STATEMENTS

For The Year Ended March 31, 2023

CANADIAN MENTAL HEALTH ASSOCIATION, WINDSOR-ESSEX COUNTY BRANCH

FINANCIAL STATEMENTS

For The Year Ended March 31, 2023

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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 statement of financial position as at March 31, 2023 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 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, 2023, 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 (deficiency) of revenue over expenses, and cash flows from operations for the years ended March 31, 2023 and 2022, assets as at March 31, 2023 and 2022, and net assets as at April 1 and March 31 for both the 2023 and 2022 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 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.

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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.

Roth Mosey & Partners LLP

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

**Windsor, Ontario
June 19, 2023**

An Independent Member of the
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ALLIANCE**

CANADIAN MENTAL HEALTH ASSOCIATION, WINDSOR-ESSEX COUNTY BRANCH

STATEMENT OF FINANCIAL POSITION

March 31, 2023 (with comparative figures for 2022)

	<u>2023</u>	<u>2022</u>
ASSETS (Note 4)		
<i>Current assets</i>		
Cash	\$ 6,399,732	\$ 4,797,999
Accounts receivable	388,659	327,897
Government remittances receivable	108,940	130,645
Prepaid expenses and deposits	268,891	220,444
	<u>7,166,222</u>	<u>5,476,985</u>
<i>Property and equipment (Notes 3, 7)</i>	1,608,918	1,690,828
<i>Endowment investment (Note 8)</i>	137,000	128,000
	<u>\$ 8,912,140</u>	<u>\$ 7,295,813</u>
LIABILITIES AND NET ASSETS		
<i>Current liabilities</i>		
Accounts payable and accrued liabilities	\$ 3,394,372	\$ 2,653,345
Government remittances payable	373,304	246,064
Current portion of deferred contributions (Note 5)	778,564	162,338
Current portion of long-term debt (Note 7)	25,349	25,115
	<u>4,571,589</u>	<u>3,086,862</u>
<i>Long-term liabilities</i>		
Deferred contributions, net of current portion (Note 5)	785,584	474,056
Long-term debt, net of current portion (Note 7)	23,446	48,795
	<u>809,030</u>	<u>522,851</u>
	<u>5,380,619</u>	<u>3,609,713</u>
<i>Net assets</i>		
Unrestricted	1,774,147	1,795,791
Internally restricted (Note 8)	668,794	695,152
Externally restricted (Note 8)	88,965	64,574
Invested in property and equipment (Note 3)	999,615	1,130,583
	<u>3,531,521</u>	<u>3,686,100</u>
	<u>\$ 8,912,140</u>	<u>\$ 7,295,813</u>

On behalf of the Board:

Cynthia Swift

Director

B. Davis

Director

See accompanying notes

CANADIAN MENTAL HEALTH ASSOCIATION, WINDSOR-ESSEX COUNTY BRANCH

STATEMENT OF OPERATIONS

For The Year Ended March 31, 2023 (with comparative figures for 2022)

	<u>2023</u>	<u>2022</u>
Revenue		
Ontario Health (West) (Note 12)	\$ 17,240,433	\$ 15,867,244
Fundraising	723,447	979,183
Other revenue (Note 6)	2,544,710	1,543,707
Amortization of deferred contributions (Notes 3, 5)	176,017	137,485
	<u>20,684,607</u>	<u>18,527,619</u>
Expenses		
Amortization	405,024	388,401
Building occupancy	378,965	313,998
Equipment repairs, replacement and mobile clinic	177,927	655,876
Housing rent subsidies	897,510	868,500
Professional and consulting fees	190,856	120,857
Salaries and benefits (Note 9)	16,936,998	14,695,920
Supplies and other expenses (Note 7)	1,851,906	1,219,893
	<u>20,839,186</u>	<u>18,263,445</u>
Excess (deficiency) of revenue over expenses	<u>\$ (154,579)</u>	<u>\$ 264,174</u>

See accompanying notes

CANADIAN MENTAL HEALTH ASSOCIATION, WINDSOR-ESSEX COUNTY

STATEMENT OF CHANGES IN NET ASSETS

For The Year Ended March 31, 2023 (with comparative figures for 2022)

	<u>Unrestricted</u>	<u>Internally restricted</u>	<u>Externally restricted</u>
Net assets, beginning of year	\$ 1,795,791	\$ 695,152	\$ 64,574
Excess (deficiency) of revenue over expenses	(154,579)	-	-
Interfund transfers (<i>Note 10</i>)	1,967	(26,358)	24,391
Invested in property and equipment	130,968	-	-
<i>Net assets, end of year</i>	<u>\$ 1,774,147</u>	<u>\$ 668,794</u>	<u>\$ 88,965</u>

See accompanying notes

Invested in property and equipment	Total 2023	Total 2022
\$ 1,130,583	\$ 3,686,100	\$ 3,421,926
-	(154,579)	264,174
-	-	-
(130,968)	-	-
\$ 999,615	\$ 3,531,521	\$ 3,686,100

CANADIAN MENTAL HEALTH ASSOCIATION, WINDSOR-ESSEX COUNTY BRANCH

STATEMENT OF CASH FLOWS

For The Year Ended March 31, 2023 (with comparative figures for 2022)

	<u>2023</u>	<u>2022</u>
Operating activities		
Excess (deficiency) of revenue over expenses	\$ (154,579)	\$ 264,174
Adjustments to reconcile excess (deficiency) of revenue over expenses to cash flow from operations		
Amortization of property and equipment	405,024	388,401
Amortization of deferred contributions	(176,017)	(137,485)
Cash flow from operations	74,428	515,090
Change in:		
Accounts receivable	(60,762)	(67,631)
Government remittances receivable/payable	148,945	68,620
Prepaid expenses and deposits	(48,447)	12,807
Accounts payable and accrued liabilities	741,027	486,003
Cash provided by operating activities	855,191	1,014,889
Financing activities		
Repayment of long-term debt	(25,115)	(24,976)
Net deferred contributions received	1,103,771	479,811
Cash provided by financing activities	1,078,656	454,835
Investing activities		
Contributions to endowment investment	(9,000)	-
Acquisition of property and equipment	(323,114)	(555,527)
Cash used in investing activities	(332,114)	(555,527)
Net increase in cash for the year	1,601,733	914,197
Cash, beginning of year	4,797,999	3,883,802
Cash, end of year	\$ 6,399,732	\$ 4,797,999

See accompanying notes

CANADIAN MENTAL HEALTH ASSOCIATION, WINDSOR-ESSEX COUNTY BRANCH

NOTES TO FINANCIAL STATEMENTS

For The Year Ended March 31, 2023

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
Leasehold 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, 2023

2 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 estimates and assumptions that affect certain reported amounts and disclosures. Significant estimates include the determination of allowance for doubtful accounts, the useful life of property and equipment and amortization recorded into income from deferred contributions. 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 2023	Net Book Value 2022
Buildings				
354 Aylmer Avenue	\$ 918,132	\$ 605,275	\$ 312,857	\$ 362,351
1400 Windsor Avenue	3,612,032	2,703,254	908,778	912,019
Leasehold improvements in progress	50,000	-	50,000	-
Furniture and fixtures	148,040	111,913	36,127	65,734
Computer equipment	390,746	227,284	163,462	160,865
Vehicles	260,829	123,135	137,694	189,859
	\$ 5,379,779	\$ 3,770,861	\$ 1,608,918	\$ 1,690,828

Investment in property and equipment is calculated as follows:

	2023	2022
Balance, beginning of year	\$ 1,130,583	\$ 1,258,897
Acquisition of property and equipment	323,114	555,527
Amortization of property and equipment	(405,024)	(388,401)
Repayments of long-term debt	25,115	24,976
Advance of deferred contributions	(199,055)	(414,731)
Amortization of deferred contributions	124,882	94,315
Balance, end of year	\$ 999,615	\$ 1,130,583

During the year, property and equipment in the amount of \$199,055 (2022 - \$414,731) were acquired through restricted contributions. The amortization of \$124,882 (2022 - \$94,315) 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, 2023

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. The balance at March 31, 2023 was \$NIL.

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>2023</u>	<u>2022</u>
Beginning balance	\$ 636,394	\$ 294,068
Deferred contributions received during the year	1,103,771	484,611
Less amount recognized as revenue in the year	(176,017)	(137,485)
Less returned contributions	-	(4,800)
	<u>1,564,148</u>	<u>636,394</u>
Current portion, ending balance	778,564	162,338
Long-term portion, ending balance	<u>\$ 785,584</u>	<u>\$ 474,056</u>

Deferred contributions received were from Ontario Health (West) in the amount of \$153,650 (2022 - \$279,267) for purchase of building improvements to 1400 Windsor Avenue and 354 Aylmer Avenue, the Solcz Family Foundation in the amount \$500,000 (2022 - \$NIL) for establishment of a permanent site location for the Youth Wellness Hub, and from various other organizations totaling \$450,121 (2022 - \$205,344) for specific program costs, fundraising activities and computer equipment.

6 OTHER REVENUE

Other revenue consists of the following:

	<u>2023</u>	<u>2022</u>
Interest income	\$ 166,729	\$ 48,829
Centre for Addiction and Mental Health	527,501	188,171
Hotel-Dieu Grace Hospital geriatric services	76,000	76,000
Ontario Trillium Foundation grant	75,808	-
Program recoveries	1,146,922	740,521
Service fees and other	551,750	490,186
	<u>\$ 2,544,710</u>	<u>\$ 1,543,707</u>

CANADIAN MENTAL HEALTH ASSOCIATION, WINDSOR-ESSEX COUNTY BRANCH

NOTES TO FINANCIAL STATEMENTS

For The Year Ended March 31, 2023

7 LONG-TERM DEBT

Long-term debt consists of the following:

	<u>2023</u>	<u>2022</u>
Mortgage payable to Canada Mortgage Housing Corporation with interest at 0.93%, repayable in monthly blended payments of \$2,141, due February 2025, secured by 354 Aylmer Avenue.	\$ 48,795	\$ 73,910
Less current portion due within one year	<u>25,349</u>	<u>25,115</u>
Long-term portion	<u>\$ 23,446</u>	<u>\$ 48,795</u>

The amount of principal payments required on the above long-term debt is as follows:

Year ending March 31,	2024	\$ 25,349
	2025	<u>23,446</u>
		<u>\$ 48,795</u>

During the year, interest of \$580 (2022 - \$745) was paid on the mortgage payable.

8 RESTRICTED NET ASSETS

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

	<u>2023</u>	<u>2022</u>
Planned gift reserve	\$ 128,121	\$ 123,894
Endowment reserve	137,000	128,000
Endowment interest	31,080	38,763
First responders reserve	129,994	103,681
Major building repairs - 1400 Windsor Avenue	183,137	190,395
Housing reserve	<u>59,462</u>	<u>110,419</u>
	<u>\$ 668,794</u>	<u>\$ 695,152</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, 2023

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 \$975,013 (2022 - \$900,491). In addition, the organization made contributions for its remaining employees to a defined contribution group benefit plan administered by CMHA National totaling \$70,923 (2022 - \$71,424).

10 INTERFUND TRANSFERS

Interfund transfers are made between net asset accounts to fund building repairs.

11 FINANCIAL INSTRUMENTS

Financial instruments consist of cash, accounts receivable, endowment investment, 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.

12 ECONOMIC DEPENDENCE

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

13 LEASE COMMITMENT

During the year, the organization entered into a lease agreement for premises at 215 Eugenie St W., Windsor, ON. Under the terms of the lease, the organization may occupy the premises for a ten year term, with two options to extend the term for five years each. Commencement of the agreement is expected to occur in fiscal 2024, upon completion of the leasehold improvements. The organization has agreed to basic rent of \$8 per square foot and additional rent estimated at \$8 per square foot per annum for years 1-5 and \$10 per square foot per annum for years 6-10. The total square footage of space anticipated to be occupied is approximately 10,300.