

CANADIAN MENTAL HEALTH ASSOCIATION-HALIFAX/DARTMOUTH BRANCH
Financial Statements
Year Ended March 31, 2017

CANADIAN MENTAL HEALTH ASSOCIATION-HALIFAX/DARTMOUTH BRANCH

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Year Ended March 31, 2017

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LYLE TILLEY DAVIDSON

Chartered Professional Accountants

INDEPENDENT AUDITOR'S REPORT

To the Members of Canadian Mental Health Association-Halifax/Dartmouth Branch

We have audited the accompanying financial statements of Canadian Mental Health Association-Halifax/Dartmouth Branch, which comprise the statement of financial position as at March 31, 2017 and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

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Independent Auditor's Report to the Members of Canadian Mental Health Association-Halifax/Dartmouth Branch *(continued)*

Basis for Qualified Opinion

In common with many not-for-profit organizations, Canadian Mental Health Association-Halifax/Dartmouth Branch 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 Canadian Mental Health Association-Halifax/Dartmouth Branch. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended March 31, 2017, current assets and net assets as at March 31, 2016 and March 31, 2017.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Canadian Mental Health Association-Halifax/Dartmouth Branch as at March 31, 2017 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.



Halifax, Nova Scotia
September 27, 2017

CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

CANADIAN MENTAL HEALTH ASSOCIATION-HALIFAX/DARTMOUTH BRANCH

Statement of Financial Position

March 31, 2017

	2017	2016
ASSETS		
CURRENT		
Cash	\$ 5,601	\$ 5,614
Accounts receivable	14,885	1,000
Inventory	2,649	2,649
Harmonized sales tax recoverable	-	7,276
Prepaid expenses	904	4,575
	<u>\$ 24,039</u>	<u>\$ 21,114</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 8,134	\$ 15,466
Harmonized sales tax payable	1,857	-
Employee deductions payable	5,225	2,442
Deferred revenue	-	7,500
	<u>15,216</u>	<u>25,408</u>
NET ASSETS	<u>8,823</u>	<u>(4,294)</u>
	<u>\$ 24,039</u>	<u>\$ 21,114</u>

LEASE COMMITMENTS (Note 3)

ON BEHALF OF THE BOARD

_____ Director

_____ Director

CANADIAN MENTAL HEALTH ASSOCIATION-HALIFAX/DARTMOUTH BRANCH**Statement of Revenues and Expenditures****Year Ended March 31, 2017**

	2017	2016
REVENUES		
United Way <i>(Note 4)</i>	\$ 93,595	\$ 107,681
Donations, fundraising and other	89,188	107,615
NSHA Central Zone	43,000	47,400
NSHA Central Zone - Among Friends Social Club	26,000	26,000
Department of Community Services - Building Bridges	21,000	24,500
Provincial and Federal Student Career Skills Grants	12,125	10,674
Nova Scotia Department of Health and Wellness	10,000	-
Mental Health Foundation of Nova Scotia	6,000	11,450
Other grants	4,012	6,034
Province of Nova Scotia - Creative Collaborative Communities	-	45,000
	<u>304,920</u>	<u>386,354</u>
EXPENSES		
Salaries and wages	186,058	219,277
Occupancy	22,567	37,161
Program centres	17,457	29,945
Professional fees	18,000	22,622
Project management	11,663	27,903
Honorariums	8,117	17,949
Telephone	7,746	7,857
General and administrative	5,745	16,299
Fundraising	4,553	8,753
Travel	3,917	4,866
Interest and bank charges	3,413	1,584
Insurance	2,567	2,784
	<u>291,803</u>	<u>397,000</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ 13,117	\$ (10,646)

CANADIAN MENTAL HEALTH ASSOCIATION-HALIFAX/DARTMOUTH BRANCH
Statement of Changes in Net Assets
Year Ended March 31, 2017

	2017	2016
NET ASSETS - BEGINNING OF YEAR		
As previously reported	\$ (13,267)	\$ (2,683)
Prior period adjustments <i>(Note 4)</i>	<u>8,973</u>	<u>9,035</u>
As restated	(4,294)	6,352
Excess (deficiency) of revenues over expenses	<u>13,117</u>	<u>(10,646)</u>
NET ASSETS - END OF YEAR	\$ 8,823	\$ (4,294)

CANADIAN MENTAL HEALTH ASSOCIATION-HALIFAX/DARTMOUTH BRANCH**Statement of Cash Flows****Year Ended March 31, 2017**

	2017	2016
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	\$ 13,117	\$ (10,646)
Changes in non-cash working capital:		
Accounts receivable	(13,885)	36,955
Inventory	-	2,300
Accounts payable and accrued liabilities	(7,332)	1,401
Deferred revenue	(7,500)	(51,434)
Prepaid expenses	3,671	(4,222)
Harmonized sales tax payable	9,133	471
Employee deductions payable	2,783	(1,754)
	<u>(13,130)</u>	<u>(16,283)</u>
DECREASE IN CASH FLOW	(13)	(26,929)
Cash - beginning of year	<u>5,614</u>	<u>32,543</u>
CASH - END OF YEAR	\$ 5,601	\$ 5,614

CANADIAN MENTAL HEALTH ASSOCIATION-HALIFAX/DARTMOUTH BRANCH

Notes to Financial Statements

Year Ended March 31, 2017

PURPOSE OF THE ASSOCIATION

Effective April 1, 2004 the Halifax and Dartmouth branches of The Canadian Mental Health Association amalgamated and commenced operations as the Halifax/Dartmouth Branch. The association is a community based voluntary organization dedicated to the maintenance and promotion of mental health. The association is a registered non-profit organization and is exempt from income taxes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

Cash and cash equivalents

Cash consists of deposits held in Canadian financial institutions net of outstanding cheques.

Inventory

Inventory is valued at the lower of cost and net realizable value with the cost being determined on a first-in, first-out basis.

Capital assets

Capital assets are expensed in the year of acquisition. During the current year \$0 (2016 - \$6,638) was expensed.

Revenue recognition

The association recognizes revenues on retail sales (included in donations, fundraising and other) when they are earned, specifically when all the following conditions are met:

- services are provided or products are delivered to customers
- there is clear evidence that an arrangement exists
- amounts are fixed or can be determined
- the ability to collect is reasonably assured.

The association 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.

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.

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CANADIAN MENTAL HEALTH ASSOCIATION-HALIFAX/DARTMOUTH BRANCH

Notes to Financial Statements

Year Ended March 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued, except for related party transactions, 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.

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. Significant estimates include allowance for doubtful accounts.

2. 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, accounts receivable, accounts payable and accrued liabilities. The following analysis provides information about the association's risk exposure and concentration as of March 31, 2017.

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 its funders and other government agencies. Credit risk is minimized due to the nature of the receivables.

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 its accounts payable and accrued liabilities.

CANADIAN MENTAL HEALTH ASSOCIATION-HALIFAX/DARTMOUTH BRANCH

Notes to Financial Statements

Year Ended March 31, 2017

3. LEASE COMMITMENTS

The association has a long term lease with respect to its premises. The lease contains renewal options and provides for payment of utilities, property taxes and maintenance costs. Future minimum lease payments as at March 31, 2017, are as follows:

2018	<u>\$ 8,829</u>
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4. PRIOR PERIOD ADJUSTMENT

During the audit the prior year's deferred revenue was discovered to be overstated in relation to funding from United Way Halifax. As such, the 2015 year-end deferred revenue was decreased by \$9,035, the 2016 year-end deferred revenue was decreased by \$8,973, and 2016 year-end United Way funding was decreased by \$62.