

CANADIAN MENTAL HEALTH ASSOCIATION-HALIFAX/DARTMOUTH BRANCH
Financial Statements
Year Ended March 31, 2019

CANADIAN MENTAL HEALTH ASSOCIATION-HALIFAX/DARTMOUTH BRANCH

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Year Ended March 31, 2019

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INDEPENDENT AUDITOR'S REPORT

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

Qualified Opinion

We have audited the financial statements of Canadian Mental Health Association-Halifax/Dartmouth Branch (the Association), which comprise the statement of financial position as at March 31, 2019, and the statements of revenues and expenditures, changes in net assets and 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 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 Association 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

In common with many not-for-profit organizations, the Association derives revenue from 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 Association. 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, 2019, current assets and net assets as at March 31, 2019. Our audit opinion on the financial statements for the year ended March 31, 2018 was modified accordingly 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 Association 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 those 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 Association's ability to
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Independent Auditor's Report to the Members of Canadian Mental Health Association-Halifax/Dartmouth Branch *(continued)*

continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association'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 Association'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 Association'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 Association 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.



Halifax, Nova Scotia
June 12, 2019

CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

CANADIAN MENTAL HEALTH ASSOCIATION-HALIFAX/DARTMOUTH BRANCH

Statement of Financial Position

March 31, 2019

	2019	2018
ASSETS		
CURRENT		
Cash	\$ 27,990	\$ 43,940
Marketable securities	-	3,981
Accounts receivable	4,258	76,045
Inventory	3,030	1,284
Harmonized sales tax recoverable	3,013	1,863
	<u>\$ 38,291</u>	<u>\$ 127,113</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 6,373	\$ 7,181
Employee deductions payable	6,667	4,422
Deferred revenue	-	98,944
	<u>13,040</u>	<u>110,547</u>
NET ASSETS	<u>25,251</u>	<u>16,566</u>
	<u>\$ 38,291</u>	<u>\$ 127,113</u>

ON BEHALF OF THE BOARD


 _____ Director


 _____ Director

CANADIAN MENTAL HEALTH ASSOCIATION-HALIFAX/DARTMOUTH BRANCH

Statement of Revenues and Expenditures

Year Ended March 31, 2019

	2019	2018
REVENUES		
Donations, fundraising and other	\$ 112,990	\$ 119,768
United Way	96,823	95,600
Department of Community Services - Social Clubs Access Project	45,000	-
NSHA Central Zone	40,000	40,000
Collaborative Kitchen and Grocery Bus Project	32,720	-
Nova Scotia Department of Health and Wellness	29,000	10,000
Other grants	28,644	-
NSHA Central Zone - Among Friends Social Club	26,000	26,000
Department of Community Services - Building Bridges	21,000	21,000
Provincial and Federal Student Career Skills Grants	8,590	11,422
Mental Health Foundation of Nova Scotia	8,400	8,000
	449,167	331,790
EXPENDITURES		
Fundraising	7,236	7,458
General and administrative	18,057	8,471
Honorariums	6,826	8,984
Insurance	2,272	2,472
Interest and bank charges	5,074	4,376
Occupancy	31,236	29,367
Professional fees	14,372	14,833
Program centres	36,382	20,949
Project management	-	1,814
Salaries and wages	269,855	214,951
Telephone	6,818	6,575
Travel	8,214	3,797
Vehicle	34,140	-
	440,482	324,047
EXCESS OF REVENUES OVER EXPENDITURES	\$ 8,685	\$ 7,743

CANADIAN MENTAL HEALTH ASSOCIATION-HALIFAX/DARTMOUTH BRANCH

Statement of Changes in Net Assets

Year Ended March 31, 2019

	2019	2018
NET ASSETS - BEGINNING OF YEAR	\$ 16,566	\$ 8,823
EXCESS OF REVENUES OVER EXPENDITURES	8,685	7,743
NET ASSETS - END OF YEAR	\$ 25,251	\$ 16,566

CANADIAN MENTAL HEALTH ASSOCIATION-HALIFAX/DARTMOUTH BRANCH

**Statement of Cash Flows
Year Ended March 31, 2019**

	2019	2018
OPERATING ACTIVITIES		
Excess of revenues over expenditures	\$ 8,685	\$ 7,743
Changes in non-cash working capital:		
Accounts receivable	71,787	(61,160)
Inventory	(1,746)	1,365
Accounts payable and accrued liabilities	(808)	(953)
Deferred revenue	(98,944)	98,944
Prepaid expenses	-	904
Harmonized sales tax recoverable	(1,150)	(3,720)
Employee deductions payable	2,245	(803)
Marketable securities	3,981	(3,981)
	<u>(24,635)</u>	30,596
INCREASE (DECREASE) IN CASH FLOW	(15,950)	38,339
Cash - beginning of year	<u>43,940</u>	5,601
CASH - END OF YEAR	\$ 27,990	\$ 43,940

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

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 \$34,987 (2018 - \$0) of capital purchases were 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 and materials

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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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 transactions with related parties 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. The most significant estimates are the allowance for doubtful accounts and accrued liabilities.

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, marketable securities, accounts receivable, and accounts payable and accrued liabilities. The following analysis provides information about the Association's risk exposure and concentration as of March 31, 2019.

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.