

CANADIAN MENTAL HEALTH ASSOCIATION-HALIFAX/DARTMOUTH BRANCH
Financial Statements
Year Ended March 31, 2023

CANADIAN MENTAL HEALTH ASSOCIATION-HALIFAX/DARTMOUTH BRANCH

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Year Ended March 31, 2023

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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

Qualified Opinion

We have audited the financial statements of Canadian Mental Health Association-Halifax/Dartmouth Branch (the "Organization"), which comprise the statement of financial position as at March 31, 2023, 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, 2023, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO)

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Association 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 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 years ended March 31, 2023 and 2022, current 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 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 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 ASNPO, 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 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 Association or to cease operations, or has no realistic alternative but to do so.

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

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
July 17, 2023

CHARTERED PROFESSIONAL ACCOUNTANTS

CANADIAN MENTAL HEALTH ASSOCIATION-HALIFAX/DARTMOUTH BRANCH

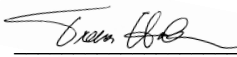
Statement of Financial Position

March 31, 2023

	2023	2022
ASSETS		
CURRENT		
Cash	\$ 268,779	\$ 165,493
Term deposits (Note 4)	101,000	35,514
Accounts receivable	6,297	9,915
Inventory	1,702	3,190
Harmonized sales tax recoverable	3,739	3,923
Prepaid expenses	-	1,065
	381,517	219,100
CAPITAL ASSETS (Note 5)	7,953	12,443
RESTRICTED CASH (Note 6)	24,722	24,722
	\$ 414,192	\$ 256,265
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 11,194	\$ 5,707
Employee deductions payable	5,419	5,761
Deferred revenue (Note 7)	306,646	153,988
	323,259	165,456
NET ASSETS		
Unrestricted net assets	66,211	66,087
Internally restricted net assets (Note 6)	24,722	24,722
	90,933	90,809
	\$ 414,192	\$ 256,265

LEASE COMMITMENTS (Note 8)

ON BEHALF OF THE BOARD

 Director

 Director

CANADIAN MENTAL HEALTH ASSOCIATION-HALIFAX/DARTMOUTH BRANCH

Statement of Revenues and Expenditures

Year Ended March 31, 2023

	2023	2022
REVENUE		
Donations, fundraising and other	\$ 224,409	\$ 148,096
United Way	86,300	90,000
NSHA Central Zone	66,000	66,000
Province of Nova Scotia	43,100	21,000
Other grants	38,919	10,504
Mental Health Foundation of Nova Scotia	24,000	24,000
Provincial and Federal Student Career Skills Grant	12,493	12,092
	<u>495,221</u>	<u>371,692</u>
EXPENDITURES		
Amortization	4,489	4,035
Digital literacy contractor	16,513	-
COVID-19 programs	10,001	-
Hurricane Fiona emergency expenditures	5,226	-
Fundraising	15,429	10,938
General and administrative	24,696	12,665
Honorariums	14,215	9,469
Insurance	2,929	2,308
Interest and bank charges	5,577	4,266
Occupancy	31,611	30,559
Professional fees	10,608	10,168
Program centres	27,929	13,379
Salaries and wages	306,063	259,694
Telephone	4,483	5,590
Travel	8,429	1,164
Vehicle	6,899	5,155
	<u>495,097</u>	<u>369,390</u>
EXCESS OF REVENUE OVER EXPENDITURES FROM OPERATIONS	<u>124</u>	<u>2,302</u>
OTHER INCOME (EXPENDITURES)		
Pandemic projects revenue	-	165,212
Pandemic projects expenditures	-	(165,761)
	<u>-</u>	<u>(549)</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u>\$ 124</u>	<u>\$ 1,753</u>

CANADIAN MENTAL HEALTH ASSOCIATION-HALIFAX/DARTMOUTH BRANCH

Statement of Changes in Net Assets

Year Ended March 31, 2023

	Unrestricted Net Assets	Internally Restricted Net Assets	2023	2022
NET ASSETS - BEGINNING OF YEAR	\$ 66,087	\$ 24,722	\$ 90,809	\$ 89,056
Excess (deficiency) of revenue over expenditures	124	-	124	1,753
NET ASSETS - END OF YEAR	\$ 66,211	\$ 24,722	\$ 90,933	\$ 90,809

CANADIAN MENTAL HEALTH ASSOCIATION-HALIFAX/DARTMOUTH BRANCH**Statement of Cash Flows
Year Ended March 31, 2023**

	2023	2022
OPERATING ACTIVITIES		
Excess of revenue over expenditures	\$ 124	\$ 1,753
Item not affecting cash:		
Amortization	4,489	6,081
	<u>4,613</u>	<u>7,834</u>
Changes in non-cash working capital:		
Accounts receivable	3,618	454
Inventory	1,488	341
Accounts payable and accrued liabilities	5,488	(3,054)
Deferred revenue	152,658	(40,628)
Prepaid expenses	1,065	(1,065)
Harmonized sales tax payable	184	384
Employee deductions payable	(342)	(1,972)
	<u>164,159</u>	<u>(45,540)</u>
Cash flow from (used by) operating activities	<u>168,772</u>	<u>(37,706)</u>
INVESTING ACTIVITY		
Purchase of capital assets	-	(2,707)
INCREASE (DECREASE) IN CASH FLOW	168,772	(40,413)
Cash - beginning of year	<u>201,007</u>	<u>241,420</u>
CASH - END OF YEAR	\$ 369,779	\$ 201,007
CASH CONSISTS OF:		
Cash	\$ 268,779	\$ 165,493
Term deposits	<u>101,000</u>	<u>35,514</u>
	\$ 369,779	\$ 201,007

CANADIAN MENTAL HEALTH ASSOCIATION-HALIFAX/DARTMOUTH BRANCH

Notes to Financial Statements

Year Ended March 31, 2023

1. PURPOSE OF THE ASSOCIATION

Effective April 1, 2004 the Halifax and Dartmouth branches of The Canadian Mental Health Association (the "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 charity and is exempt from income taxes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

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

Cash and cash equivalents

Cash includes cash on hand and deposits within Canadian financial institutions, net of outstanding transactions. Term deposits consist of cashable guaranteed investment certificates maturing on August 14, 2023 and January 25, 2024 with rates of 0.75% and 3.25% respectively.

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 stated at cost less accumulated amortization and are amortized over their estimated useful lives on a declining balance basis at the following rates:

Motor vehicles	30%
Computer equipment	55%

Amortization is calculated at half the normal annual rate in the year of acquisition. No amortization is recorded in the year of disposal.

Revenue recognition

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 Association 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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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Government grants

Government grants are recorded in revenue or other income 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

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, accrued liabilities and useful life of capital assets.

3. 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, restricted cash, term deposits, 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, 2023.

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.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Association is mainly exposed to interest rate risk.

CANADIAN MENTAL HEALTH ASSOCIATION-HALIFAX/DARTMOUTH BRANCH

Notes to Financial Statements

Year Ended March 31, 2023

4. TERM DEPOSITS

	<u>2023</u>	<u>2022</u>
One year cashable Guaranteed Income Certificate maturing January 25, 2024 bearing interest at 3.25% per annum	\$ 100,000	\$ -
One year cashable Guaranteed Income Certificate maturing August 14, 2023 bearing interest at 0.75% per annum	1,000	-
Matured during the year	-	35,514
	<u>\$ 101,000</u>	<u>\$ 35,514</u>

5. CAPITAL ASSETS

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Motor vehicles	\$ 32,294	\$ 25,703	\$ 6,591	\$ 9,416
Computer equipment	8,117	6,755	1,362	3,027
	<u>\$ 40,411</u>	<u>\$ 32,458</u>	<u>\$ 7,953</u>	<u>\$ 12,443</u>

6. INTERNALLY RESTRICTED NET ASSETS

Internally restricted net assets are funds set aside to be utilized for of emergencies or unforeseen contingencies.

7. DEFERRED REVENUE

Deferred revenue consists of:

	<u>2023</u>	<u>2022</u>
Department of Health and Wellness pandemic response	\$ 238,626	\$ -
Estate donations for the Sharing and Caring program	51,520	131,888
Nova Scotia Department of Health and Wellness	16,500	-
Province of Nova Scotia age friendly grant	-	17,100
Province of Nova Scotia building vibrant communities	-	5,000
	<u>\$ 306,646</u>	<u>\$ 153,988</u>

8. LEASE COMMITMENTS

The Association has an annual lease renewal with respect to its premises. The year to year lease contains renewal options and provides for payment of utilities, property taxes and maintenance costs. Future minimum lease payments as at March 31, 2023, for the year end March 31, 2023 are \$12,403.