

**Canadian Mental Health Association - York and South Simcoe
Branch
Financial Statements
For the Year Ended March 31, 2021**

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Independent Auditor's Report

To the Directors of Canadian Mental Health Association - York and South Simcoe Branch

Opinion

We have audited the accompanying financial statements of Canadian Mental Health Association - York and South Simcoe Branch (the "Association"), which comprise the statement of financial position as at March 31, 2021, and the statements of revenues and expenses, 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at March 31, 2021, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

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 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 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.

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.

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.


Chartered Professional Accountants, Licensed Public Accountants

June 22, 2021
Newmarket, Ontario


**Canadian Mental Health Association - York and South Simcoe
Branch
Statement of Financial Position**

March 31	2021	2020
Assets		
Current		
Cash and cash equivalents (Note 2)	\$ 8,350,083	\$ 4,561,703
Accounts receivable	1,069,059	492,916
Prepaid expenses	582,363	325,687
	10,001,505	5,380,306
Tangible capital assets (Note 3)	637,099	810,563
	\$ 10,638,604	\$ 6,190,869
 Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities (Note 4)	\$ 6,132,090	\$ 3,059,874
Deferred contributions (Note 5)	1,800,400	705,444
Current portion of deferred capital contributions (Note 6)	254,518	279,019
	8,187,008	4,044,337
Long-term portion of deferred capital contribution (Note 6)	545,604	449,513
	8,732,612	4,493,850
 Commitments and contingencies (Note 14)		
Guarantees (Note 17)		
Net Assets		
Internally Restricted Mobile Youth Walk-In Clinic (MOBYSS) Reserve	591,373	489,820
Internally Restricted Director Indemnity Reserve	150,000	-
Unrestricted	1,164,619	1,207,199
	1,905,992	1,697,019
	\$ 10,638,604	\$ 6,190,869

On behalf of the Board:



Director
Ali Soheil, Chair of the Board



Director
Laura Bhoi, Vice-Chair

**Canadian Mental Health Association - York and South Simcoe Branch
Statement of Changes in Net Assets**

For the year ended March 31	Internally Restricted Mobile Youth Walk-In Clinic (MOBYSS) Reserve	Internally Restricted Director Indemnity Reserve	Unrestricted	2021	2020
Balance, beginning of the year	\$ 489,820	\$ -	\$ 1,207,199	\$ 1,697,019	\$ 1,369,884
Excess of revenues over expenses	-	-	208,973	208,973	327,135
Transfers	101,553	150,000	(251,553)	-	-
Balance, end of the year	\$ 591,373	\$ 150,000	\$ 1,164,619	\$ 1,905,992	\$ 1,697,019

The accompanying notes are an integral part of these financial statements.

**Canadian Mental Health Association - York and South Simcoe
Branch
Statement of Revenues and Expenses**

For the year ended March 31	2021	2020
Revenues		
Central Local Health Integration Network (“LHIN”) (Note 7)	\$ 15,130,485	\$ 15,032,347
CMHA - Ontario (Note 8)	9,156,956	7,702,884
Regional Municipality of York (Note 9)	1,723,379	1,776,875
Transfer payments - CMHA - Toronto and CMHA - Barrie (Note 10)	967,041	1,001,840
Ministry of Health and Long Term Care (Note 11)	3,527,405	921,093
Fundraising (Note 12)	639,543	378,438
Federal Government	455,213	-
Amortization of deferred capital contributions (Note 6)	298,949	366,548
United Way - Greater Toronto, York Region, South Simcoe	238,639	207,456
Other income	412,723	127,538
Ministry of Children, Community and Social Services (Note 13)	105,068	110,068
Interest	7,211	49,815
	<u>32,662,612</u>	<u>27,674,902</u>
Expenses		
Salaries and benefits	25,124,266	21,847,108
Program	2,189,480	2,601,682
Occupancy	1,210,471	1,152,128
Rent Supplement	2,586,507	825,058
Amortization	344,003	435,114
Administration, human resources and information systems	513,882	378,582
Equipment	485,030	108,095
	<u>32,453,639</u>	<u>27,347,767</u>
Excess of revenues over expenses	\$ 208,973	\$ 327,135

The accompanying notes are an integral part of these financial statements.

**Canadian Mental Health Association - York and South Simcoe
Branch
Statement of Cash Flows**

For the year ended March 31	2021	2020
Cash flows from operating activities		
Excess of revenues over expenses	\$ 208,973	\$ 327,135
Items not affecting cash:		
Amortization of tangible capital assets	344,003	435,114
Amortization of deferred capital contributions	<u>(298,949)</u>	<u>(366,548)</u>
	254,027	395,701
Changes in non-cash working capital:		
Accounts receivable	(576,143)	(212,679)
Prepaid expenses	(256,676)	(144,192)
Accounts payable and accrued liabilities	3,072,216	786,698
Deferred contributions	<u>1,094,956</u>	<u>90,524</u>
	<u>3,588,380</u>	<u>916,052</u>
Cash flows used in investing activities		
Purchase of tangible capital assets	<u>(170,539)</u>	<u>(448,434)</u>
Cash flows from financing activities		
Deferred capital contributions received	<u>370,539</u>	<u>448,434</u>
Net increase in cash and cash equivalents	3,788,380	916,052
Cash and cash equivalents, beginning of the year	<u>4,561,703</u>	<u>3,645,651</u>
Cash and cash equivalents, end of the year	\$ 8,350,083	\$ 4,561,703

The accompanying notes are an integral part of these financial statements.

Canadian Mental Health Association - York and South Simcoe Branch

Notes to Financial Statements

March 31, 2021

1. Significant Accounting Policies

Nature and Purpose of Organization	<p>The Canadian Mental Health Association - York and South Simcoe Branch ("CMHA" or the "Association") is committed to being an Association of excellence in mental health and supports the resilience and recovery of people experiencing mental illness.</p> <p>The Association was incorporated as a not-for-profit organization under the laws of the Province of Ontario in 1988. As a non-profit organization, the Association is exempt from income taxes and has charitable status.</p>
Basis of Accounting	<p>The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.</p>
Cash and Cash Equivalents	<p>Cash and cash equivalents comprise cash balances and term deposits with maturities of three months or less.</p>
Financial Instruments	<p>Financial instruments are recorded at fair value at initial recognition.</p> <p>In subsequent periods, equities traded in an active market are reported at fair value, with any change in fair value reported in income. All other financial instruments are reported at cost or amortized cost less impairment. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost.</p> <p>Financial assets are tested for impairment when indicators of impairment exist. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in net income.</p> <p>The Association's financial instruments consist of cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities which are recorded at amortized cost.</p>

**Canadian Mental Health Association - York and South Simcoe
Branch
Notes to Financial Statements**

March 31, 2021

1. Significant Accounting Policies (continued)

Tangible Capital Assets

Purchased tangible capital assets are stated at cost less accumulated amortization. Contributed tangible capital assets are recorded at fair value at the date of contribution and are amortized, unless fair value is not determinable in which case contributed tangible capital assets are recorded at nominal value at the date of contribution. Expenditures for repairs and maintenance are expensed as incurred. Betterments that extend the useful life of the tangible capital asset are capitalized.

Amortization based on the estimated useful life of the asset is calculated as follows:

	Method	Rate
Computer equipment and software	Straight-line	3 years
Furniture, fixtures and other equipment	Straight-line	3-6 years
Leasehold improvements	Straight-line	Lease term

When a tangible capital asset no longer has any long-term service potential to the Association, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of revenues and expenses. Any unamortized deferred contribution amount related to the tangible capital asset is recognized in revenue in the statement of revenues and expenses, provided that all restrictions have been complied with.

When a tangible capital asset is disposed of, the difference between the net proceeds on disposition and the net carrying amount is recognized in the statement of revenues and expenses. Any unamortized deferred contribution amount related to the tangible capital asset disposed of is recognized in revenue in the statement of revenues and expenses, provided that all restrictions have been complied with.

**Canadian Mental Health Association - York and South Simcoe
Branch
Notes to Financial Statements**

March 31, 2021

1. Significant Accounting Policies (continued)

Revenue Recognition	<p>The Association follows the deferral method of accounting for contributions.</p> <p>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, and when the amount is determinable and collection is reasonably assured.</p> <p>Fundraising revenues are recorded as revenue when received. Fundraising revenues received for events occurring in the subsequent years are deferred until the event occurs.</p> <p>Grant revenues used to fund the acquisition of tangible capital assets are included in deferred capital contributions and are amortized on the same basis as the related tangible capital assets.</p>
Contributed Services	<p>Volunteers contribute many hours per year to assist the Association in carrying out its activities. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.</p>
Administrative Expenditures	<p>Certain administrative expenditures common to each program are allocated to the programs based on management's best estimate of the services provided or expenses incurred by the program.</p>
Use of Estimates	<p>The preparation of financial statements in accordance 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, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the year ended. The actual results may differ from those estimates. The principle estimates made in the preparation of the financial statements include the useful lives of tangible capital assets, amortization of deferred capital contributions and accrued liabilities.</p>

**Canadian Mental Health Association - York and South Simcoe
Branch
Notes to Financial Statements**

March 31, 2021

2. Cash and Cash Equivalents

	2021	2020
Cash	\$ 2,850,083	\$ 2,989,541
Term deposits	5,500,000	1,572,162
	\$ 8,350,083	\$ 4,561,703

The Association has an operating line of credit in the amount of \$150,000. The line bears interest at prime plus 2% and is payable on demand. At March 31, 2021, no amounts had been drawn against the line of credit.

3. Tangible Capital Assets

	2021		2020	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer equipment and software	\$ 1,330,628	\$ 1,149,683	\$ 1,179,023	\$ 969,948
Furniture, fixtures and other equipment	946,456	791,410	927,522	729,423
Leasehold improvements	1,121,925	820,817	1,121,925	718,536
	3,399,009	2,761,910	3,228,470	2,417,907
Net book value		\$ 637,099		\$ 810,563

The investment in tangible capital assets is calculated as follows:

	2021	2020
Tangible capital assets	\$ 637,099	\$ 810,563
Amounts funded by deferred capital contributions (Note 6)	600,122	728,532
	\$ 36,977	\$ 82,031

**Canadian Mental Health Association - York and South Simcoe
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Notes to Financial Statements**

March 31, 2021

4. Accounts Payable and Accrued Liabilities

	<u>2021</u>	<u>2020</u>
Trade payables and accrued charges	\$ 2,044,496	\$ 824,728
Salaries and benefits payable	279,588	598,280
Payable to funders (i)	3,158,632	753,164
Vacation accrual	539,462	499,772
Annual general meeting	25,000	30,000
Government remittances	84,912	353,930
	<u>\$ 6,132,090</u>	<u>\$ 3,059,874</u>

(i)

	<u>2021</u>	<u>2020</u>
Ministry of Health	\$ 2,177,027	\$ 150,060
Local Health Integration Network	471,317	50,102
CMHA - Ontario	389,493	551,958
Other	120,795	1,044
	<u>\$ 3,158,632</u>	<u>\$ 753,164</u>

5. Deferred Contributions

Deferred contributions represent unspent resources externally restricted for specific purposes. Changes in the deferred contributions balance are as follows:

	<u>2021</u>	<u>2020</u>
Beginning balance	\$ 705,444	\$ 614,920
Less: amounts recognized as revenue in the year	(705,444)	(614,920)
Add: amounts received related to expenses of a subsequent period	<u>1,800,400</u>	<u>705,444</u>
Ending balance	<u>\$ 1,800,400</u>	<u>\$ 705,444</u>

**Canadian Mental Health Association - York and South Simcoe
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Notes to Financial Statements**

March 31, 2021

6. Deferred Capital Contributions

Deferred contributions related to tangible capital assets represent the unamortized amount of grants received from the MOHLTC, LHIN and other funders for the purchase of tangible capital assets. The amortization of deferred capital contributions is recorded as revenue in the statement of revenues and expenses.

The changes in the deferred contributions balance for the year are as follows:

	<u>2021</u>	<u>2020</u>
Beginning balance	\$ 728,532	\$ 646,646
Add: grants received	370,539	448,434
Less: amounts amortized to revenue	<u>(298,949)</u>	<u>(366,548)</u>
Ending balance	800,122	728,532
Less: current portion	<u>(254,518)</u>	<u>(279,019)</u>
Non-current portion	<u>\$ 545,604</u>	<u>\$ 449,513</u>

**Canadian Mental Health Association - York and South Simcoe
Branch
Notes to Financial Statements**

March 31, 2021

7. Contract with Local Health Integration Network

The Association has a service contract with the Local Health Integration Network ("LHIN Contract"). The reconciliation summarizes all revenues and expenditures and identifies any resulting surplus or deficit that relates to the LHIN Contract.

	2021	2020
Total funding received	\$ 16,123,598	\$ 15,099,840
Payable to LHIN, included in payable to funders (Note 4)	(421,214)	(30,304)
Deferred contributions (Note 5)	(483,000)	-
	15,219,384	15,069,536
Additions to deferred capital contributions (Note 6)	(88,898)	(37,189)
Amortization of deferred capital contributions (Note 6)	53,946	52,891
	15,184,432	15,085,238
LHIN revenue	15,184,432	15,085,238
Salaries and benefits	13,259,474	13,057,545
Communications and public relations	30,649	10,879
Administration, human resources and information systems	47,893	63,699
Occupancy	812,752	793,827
Supplies and general	830,000	1,080,231
Equipment	149,718	26,166
Amortization	53,946	52,891
	15,184,432	15,085,238
Surplus	\$ -	\$ -

**Canadian Mental Health Association - York and South Simcoe
Branch
Notes to Financial Statements**

March 31, 2021

8. Contract with CMHA - Ontario

The Association has a service contract with the Canadian Mental Health Association - Ontario branch ("CMHA - Ontario Contract") to provide program support for the Bounce Back Program. The reconciliation summarizes all revenues and expenditures and identifies any resulting surplus or deficit that relates to the CMHA - Ontario Contract.

A summary of the CMHA - Ontario Contract is as follows:

	<u>2021</u>	<u>2020</u>
Total funding received	\$ 9,705,000	\$ 8,244,872
Current year accounts receivable	-	125,000
Previous year accounts receivable	(125,000)	-
Payable to CMHA - Ontario, included in payable to funders (Note 4)	<u>(389,493)</u>	<u>(551,958)</u>
	9,190,507	7,817,914
Additions to deferred capital contributions (Note 6)	(33,551)	(115,030)
Amortization of deferred capital contributions (Note 6)	<u>131,050</u>	<u>214,858</u>
CMHA - Ontario Bounce Back revenue	9,288,006	7,917,742
Salaries and benefits	8,030,976	6,480,399
Communication and public relations	814	178,929
Administration, human resources and information systems	190,570	166,300
Occupancy	343,899	299,107
Supplies and general	475,171	535,369
Equipment	115,526	42,780
Amortization	<u>131,050</u>	<u>214,858</u>
	<u>9,288,006</u>	<u>7,917,742</u>
Surplus	<u>\$ -</u>	<u>\$ -</u>

**Canadian Mental Health Association - York and South Simcoe
Branch
Notes to Financial Statements**

March 31, 2021

9. Contracts with Regional Municipality of York

The Association has a service contract with the Regional Municipality of York ("York Region Contract"). The reconciliation summarizes all revenues and expenditures and identifies any resulting surplus or deficit that relates to the York Region Contract.

	<u>2021</u>	<u>2020</u>
Total funding received	\$ 1,625,424	\$ 1,178,781
Pandemic payment	756	-
Current year accounts receivable	131,487	29,430
Previous year accounts receivable	(29,430)	-
Deferred contributions of prior year recognized (Note 5)	19,342	588,006
Deferred contributions (Note 5)	(24,200)	(19,342)
	<u>1,723,379</u>	<u>1,776,875</u>
Amortization of deferred capital contributions (Note 6)	<u>21,733</u>	<u>21,733</u>
York Region revenue	1,745,112	1,798,608
Salaries and benefits	986,719	1,190,980
Communication and public relations	343	1,343
Administration, human resources and information systems	13,400	60,150
Other - rent supplement	542,416	347,507
Supplies and general	144,753	145,307
Equipment	35,748	31,588
Amortization	21,733	21,733
	<u>1,745,112</u>	<u>1,798,608</u>
Surplus	<u>\$ -</u>	<u>\$ -</u>

**Canadian Mental Health Association - York and South Simcoe
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Notes to Financial Statements**

March 31, 2021

10. Transfer Payments - CMHA Toronto and Barrie

The Association has a service contract with CMHA - Toronto and CMHA - Barrie ("Transfer Payments Contract"). The reconciliation summarizes all revenues and expenditures and identifies any resulting surplus or deficit that relates to the Transfer Payments Contract. These transfers relate to amounts received from the LHIN.

A summary of the Transfer Payments Contract is as follows:

	<u>2021</u>	<u>2020</u>
Revenue	\$ 1,013,046	\$ 1,009,438
Deferred contributions of prior year recognized (Note 5)	2,313	4,715
Deferred contributions (Note 5)	(803)	(2,313)
Payable to funder (Note 4)	(47,515)	-
	967,041	1,011,840
Additions to deferred capital contributions (Note 6)	-	(10,000)
Amortization of deferred capital contributions (Note 6)	3,333	3,333
	970,374	1,005,173
Revenue from transfer payments	970,374	1,005,173
Salaries and benefits	871,206	859,344
Supplies and general	51,072	84,612
Other	16,678	22,894
Administration, human resources and information systems	10,573	22,300
Occupancy	12,000	12,000
Equipment	5,394	403
Communication and public relations	118	287
Amortization	3,333	3,333
	970,374	1,005,173
Surplus	\$ -	\$ -

**Canadian Mental Health Association - York and South Simcoe
Branch
Notes to Financial Statements**

March 31, 2021

11. Ministry of Health and Long Term Care

The Association has a service contract with the Ministry of Health and Long Term Care ("MOHLTC Contract"). The reconciliation summarizes all revenues and expenditures and identifies any resulting surplus or deficit that relates to the MOHLTC Contract.

	Homes for Opportunity	Rent Supple- ment	Ontario Structured Psycho- therapy	Crisis Hub	2021	2020
Funding received	\$ 5,118,900	\$ 700,015	\$ -	\$ 200,000	\$ 6,018,915	\$ 1,742,115
Current year accounts receivable	-	-	500,000	-	500,000	-
Current year payable to MOHLTC, included in payable to funders (Note 4)	(1,832,636)	(194,331)	-	-	(2,026,967)	(63,858)
Prior year deferred contributions recognized (Note 5)	470,950	-	-	-	470,950	-
Deferred contributions (Note 5)	(880,671)	-	(354,029)	-	(1,234,700)	(470,950)
	2,876,543	505,684	145,971	200,000	3,728,198	1,207,307
Amortization of deferred capital contributions (Note 6)	69,777	-	-	-	69,777	69,777
Additions to deferred capital contributions (Note 6)	-	-	-	(200,000)	(200,000)	(286,215)
MOHLTC revenue	2,946,320	505,684	145,971	-	3,597,975	990,869
Other - rent supplement	1,196,484	505,684	-	-	1,702,168	454,657
Occupancy	33,793	-	-	-	33,793	-
Supplies and general	527,391	-	-	-	527,391	434,795
Salaries and benefits	827,879	-	145,971	-	973,850	-
Amortization	69,777	-	-	-	69,777	69,777
Administration, human resources and information systems	161,681	-	-	-	161,681	31,640
Equipment	129,315	-	-	-	129,315	-
	2,946,320	505,684	145,971	-	3,597,975	990,869
Surplus	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**Canadian Mental Health Association - York and South Simcoe
Branch
Notes to Financial Statements**

March 31, 2021

12. Fundraising

	2021	2020
Fundraising revenue	\$ 362,923	\$ 378,438
Fundraising expenses	(179,082)	(109,471)
	183,841	268,967
Grant revenue	276,620	-
Amortization of deferred capital contributions, included in deferred capital contributions (Note 6)	9,685	-
Grant expenses	(232,850)	-
	53,455	-
	\$ 237,296	\$ 268,967

**Canadian Mental Health Association - York and South Simcoe
Branch
Notes to Financial Statements**

March 31, 2021

13. Contracts with Ministry of Children, Community and Social Services

The Association has a service contract/CFSA (Child and Family Services Act) Approval ("CFSA Contract") with the Ministry of Children, Community and Social Services. The reconciliation summarizes all revenues and expenditures and identifies any resulting surplus or deficit that relates to the CFSA Contract.

A summary of the CFSA Contract is as follows:

	Youth Mental Health Court Worker	Other Counselling Services	2021	2020
Total CFSA Contract revenue	\$ 82,068	\$ 23,000	\$ 105,068	\$ 110,068
Salaries	59,068	16,202	75,270	74,902
Benefits	13,000	3,298	16,298	16,667
Travel	-	-	-	4,164
Building accommodation	3,000	500	3,500	3,500
Office and miscellaneous	7,000	3,000	10,000	10,835
	82,068	23,000	105,068	110,068
Surplus	\$ -	\$ -	\$ -	\$ -

**Canadian Mental Health Association - York and South Simcoe
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Notes to Financial Statements**

March 31, 2021

14. Commitments and Contingencies

The Association is committed to the following minimum annual lease payments under operating leases for its premises.

2022	\$	726,100
2023		672,400
2024		672,500
2025		686,800
2026		557,300
Thereafter		<u>526,600</u>
	<u>\$</u>	<u>3,841,700</u>

In the normal course of operations, the Association may be party to lawsuits, claims and contingencies. Provisions are made in instances where it is probable that liabilities have been incurred and where such liabilities can be estimated. While the outcome of such matters may not be estimated with certainty, management will actively defend against such claims.

15. Pension Plan

The Association participates in a multi-employer defined contribution pension plan administered by the Canadian Mental Health Association. The expense for this plan is equal to the Association's required contribution for the year. The pension expense for the year was \$641,794 (2020 - \$493,538).

16. Economic Dependence

The Association derives approximately 90% (2020 - 87%) of its annual funding from the MOHLTC and LHIN.

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17. Guarantees

In the normal course of operations, the Association enters into agreements that meet the definition of a guarantee. The Association's primary guarantees subject to disclosure requirements are as follows:

(a) The Association has provided indemnities under lease agreements for the use of various operating facilities. Under the terms of these agreements the Association agrees to indemnify the counterparties for various items including, but not limited to, all liabilities, loss, suits, and damages arising during, on or after the term of the agreement. The maximum amount of any potential future payment cannot be reasonably estimated.

(b) Indemnity has been provided to all directors and or officers of the Association for various items including, but not limited to, all costs to settle suits or actions due to association with the Association, subject to certain restrictions. The Association has purchased directors' and officers' liability insurance to mitigate the cost of any potential future suits or actions. The term of the indemnification is not explicitly defined, but is limited to the period over which the indemnified party served as a director or officer of the Association. The maximum amount of any potential future payment cannot be reasonably estimated.

The nature of these indemnification agreements prevent the Association from making a reasonable estimate of the maximum exposure due to the difficulties in assessing the amount of liability which stems from the unpredictability of future events and the unlimited coverage offered to counterparties. Historically, the Association has not made any payments under such or similar indemnification agreements and therefore no amount has been accrued in the statement of financial position with respect to these agreements.

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18. Financial Instruments

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Association is exposed to credit risk resulting from the possibility that a customer or counterparty to a financial instrument defaults on their financial obligations; if there is a concentration of transactions carried out with the same counterparty; or of financial obligations which have similar economic characteristics such that they could be similarly affected by changes in economic conditions. The Association's financial instruments that are exposed to concentrations of credit risk relate primarily to its accounts receivable. The majority of the Association's receivables are from government sources and the Association works to ensure it meets all eligibility criteria in order to qualify to receive the funding.

The Association is also exposed to credit risk arising from all of its bank accounts being held at one financial institution and which exceed insured deposits of up to \$100,000.

There have not been any changes in the risk from the prior year.

Liquidity risk

Liquidity risk is the risk that the Association will encounter difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Association will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. The Association is exposed to this risk mainly in respect of its accounts payable and accrued liabilities.

The Association's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash flows to fund its operations and to meet its liabilities when due, under both normal and stressed conditions. The Association maintains all of its invested assets in liquid instruments.

There have not been any changes in the risk from the prior year.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Association is exposed to interest rate risk on its fixed rate financial instruments. Fixed-interest instruments subject the Association to a fair value risk.

The Association is exposed to changes in interest rates related to its term deposits. The Association's primary objective is to ensure the security of principal amounts invested and provide for a high degree of liquidity, while achieving a satisfactory return.

The Association mitigates interest rate risk on investments through risk management policies which specify various investment parameters including eligible types of investment, maximum maturity dates, maximum exposure by counterparties and maximum credit ratings.

There have not been any changes in the risk from the prior year.

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19. Uncertainty due to COVID-19

On January 30, 2020 the World Health Organization (WHO) announced global health emergency because of a new stem of coronavirus the "COVID-19 outbreak". In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on rapid increase in global exposure.

The Association's funding is primarily from government sources and as such the funding is so far being maintained during the global pandemic. Programs are being offered and run remotely in an effort to maintain services. If the impacts of COVID-19 continue there could be further impact on the Association and its major funders, participants, employers, suppliers and other third party business associates that could impact the timing and amounts realized on the Association's assets and future operations. At this time, the full potential impact of COVID-19 on the Association is not known.
