

Canadian Mental Health Association - York and South Simcoe
Branch
Financial Statements
For the Year Ended March 31, 2022

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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, 2022, 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, 2022, 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 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.

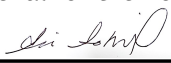
Chartered Professional Accountants, Licensed Public Accountants

June 6, 2022
Barrie, Ontario


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

March 31	2022	2021
Assets		
Current		
Cash and cash equivalents (Note 2)	\$ 9,753,037	\$ 8,350,083
Accounts receivable	1,022,933	1,069,059
Prepaid expenses	545,985	582,363
	11,321,955	10,001,505
Tangible capital assets (Note 3)	530,233	637,099
	\$ 11,852,188	\$ 10,638,604
 Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities (Note 4)	\$ 7,530,353	\$ 6,132,090
Deferred contributions (Note 5)	2,183,863	1,800,400
Current portion of capital contributions (Note 6)	221,612	254,518
	9,935,828	8,187,008
Long-term portion of deferred capital contribution (Note 6)	456,259	545,604
	10,392,087	8,732,612
 Commitments and contingencies (Note 14)		
Guarantees (Note 17)		
Net Assets		
Internally Restricted Mobile Youth Walk-In Clinic (MOBYSS) Reserve	380,797	591,373
Internally Restricted Director Indemnity Reserve	150,000	150,000
Unrestricted	929,304	1,164,619
	1,460,101	1,905,992
	\$ 11,852,188	\$ 10,638,604

On behalf of the Board:



Ali Soheil, Chair of the Board



Brian Edmonds, Treasurer

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	2022	2021
Balance, beginning of the year	\$ 591,373	\$ 150,000	\$ 1,164,619	\$ 1,905,992	\$ 1,697,019
Excess (deficiency) of revenues over expenses	-	-	(445,891)	(445,891)	208,973
Transfers	(210,576)	-	210,576	-	-
Balance, end of the year	\$ 380,797	\$ 150,000	\$ 929,304	\$ 1,460,101	\$ 1,905,992

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	2022	2021
Revenues		
Ontario Health ("OH") (Note 7)	\$17,069,188	\$ 15,130,485
CMHA - Ontario (Note 8)	8,834,556	9,156,956
Regional Municipality of York (Note 9)	1,879,776	1,723,379
Transfer payments - CMHA - Toronto and CMHA - Barrie (Note 10)	977,820	967,041
Ministry of Health and Long Term Care (Note 11)	7,081,566	3,527,405
Fundraising (Note 12)	483,677	639,543
Federal Government	534,875	455,213
Amortization of deferred capital contributions (Note 6)	292,284	298,949
United Way - Greater Toronto, York Region, South Simcoe	224,174	238,639
Other income	1,600,937	412,723
Ministry of Children, Community and Social Services (Note 13)	106,068	105,068
Interest	8,561	7,211
	<u>39,093,482</u>	<u>32,662,612</u>
Expenses		
Salaries and benefits	27,411,132	25,124,266
Program	3,353,185	2,189,480
Occupancy	1,275,295	1,210,471
Rent supplement	6,257,415	2,586,507
Amortization	307,570	344,003
Administration, human resources and information systems	577,770	513,882
Equipment	357,006	485,030
	<u>39,539,373</u>	<u>32,453,639</u>
Excess (deficiency) of revenues over expenses	\$ (445,891)	\$ 208,973

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	2022	2021
Cash flows from operating activities		
Excess (deficiency) of revenues over expenses	\$ (445,891)	\$ 208,973
Items not affecting cash:		
Amortization of tangible capital assets	307,570	344,003
Amortization of deferred capital contributions	(292,284)	(298,949)
	<u>(430,605)</u>	<u>254,027</u>
Changes in non-cash working capital:		
Accounts receivable	46,126	(576,143)
Prepaid expenses	36,378	(256,676)
Accounts payable and accrued liabilities	1,398,263	3,072,216
Deferred contributions	383,463	1,094,956
	<u>1,433,625</u>	<u>3,588,380</u>
Cash flows used in investing activities		
Purchase of tangible capital assets	(200,704)	(170,539)
Cash flows from financing activities		
Deferred capital contributions received	170,033	370,539
Net increase in cash and cash equivalents	1,402,954	3,788,380
Cash and cash equivalents, beginning of the year	<u>8,350,083</u>	<u>4,561,703</u>
Cash and cash equivalents, end of the year	<u>\$ 9,753,037</u>	<u>\$ 8,350,083</u>

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, 2022

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. 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, 2022

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, 2022

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, 2022

2. Cash and Cash Equivalents

	2022	2021
Cash	\$ 6,749,149	\$ 2,850,083
Term deposits	3,003,888	5,500,000
	\$ 9,753,037	\$ 8,350,083

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, 2022, \$150,000 is available, and no amounts have been drawn against the line of credit since 2019.

3. Tangible Capital Assets

	2022		2021	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer equipment and software	\$ 1,370,094	\$ 1,293,248	\$ 1,330,628	\$ 1,149,683
Furniture, fixtures and other equipment	1,077,023	877,951	946,456	791,410
Leasehold improvements	1,121,925	898,281	1,121,925	820,817
Planning Capital Grant - Crisis Hub	30,671	-	-	-
	3,599,713	3,069,480	3,399,009	2,761,910
Net book value		\$ 530,233		\$ 637,099

The investment in tangible capital assets is calculated as follows:

	2022	2021
Tangible capital assets	\$ 530,233	\$ 637,099
Less: Amounts funded by deferred capital contributions	477,871	600,122
	\$ 52,362	\$ 36,977

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

March 31, 2022

4. Accounts Payable and Accrued Liabilities

	2022	2021
Trade payables and accrued liabilities	\$ 1,614,222	\$ 2,044,496
Salaries and benefits payable	872,896	279,588
Payable to funders (i)	4,285,161	3,158,632
Vacation accrual	407,018	539,462
Annual general meeting	20,000	25,000
Government remittances	331,056	84,912
	\$ 7,530,353	\$ 6,132,090

(i)

	2022	2021
Ministry of Health	\$ 3,302,036	\$ 2,177,027
Ontario Health	694,319	471,317
CMHA - Ontario	166,429	389,493
Other	122,377	120,795
	\$ 4,285,161	\$ 3,158,632

5. Deferred Contributions

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

	2022	2021
Beginning balance	\$ 1,800,400	\$ 705,400
Less: amounts recognized as revenue in the year	(1,097,732)	(705,400)
Less: amounts included in payable to funders (Note 4)	(225,751)	-
Add: amounts received related to expenses of a subsequent period	1,706,946	1,800,400
	\$ 2,183,863	\$ 1,800,400

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

March 31, 2022

6. Deferred Capital Contributions

Deferred contributions related to tangible capital assets represent the unamortized amount of grants received from the MOHLTC, OH 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:

	2022	2021
Beginning balance	\$ 800,122	\$ 728,532
Add: grants received	170,033	370,539
Less: amounts amortized to revenue	<u>(292,284)</u>	<u>(298,949)</u>
Ending balance	677,871	800,122
Less: current portion	<u>(221,612)</u>	<u>(254,518)</u>
Non-current portion	<u>\$ 456,259</u>	<u>\$ 545,604</u>

In 2020 the Association received a one-time capital grant in the amount of \$200,000 to support early planning for the Crisis Hub Project. At March 31, 2022, early capital planning stage costs accumulated to amount of \$30,671. The costs were capitalized on the balance sheet (Note 3).

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

March 31, 2022

7. Contract with Ontario Health

Pursuant to a transfer order made by the Minister of Health under subsection 40 (1) of the *Connecting Care Act, 2019*, the Multi-Sector Service Accountability Agreement between The Canadian Mental Health Association, York Region and the Central Local Health Integration Network dated effective March 31, 2021, as amended, was transferred to Ontario Health, effective April 1, 2021 (the "MSAA"). All references in the MSAA to the Central Local Health Integration Network shall refer to Ontario Health. All other terms and conditions in the MSAA will remain the same.

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

	2022	2021
Funding received	\$18,185,124	\$ 16,123,598
Payable to OH, included in payable to funders (Note 4)	(263,439)	(421,214)
Deferred contributions (Note 5)	(1,133,297)	(483,000)
Deferred contributions of prior year recognized	82,249	-
Deferred contributions of prior year included in payable to funder (Note 4)	225,751	-
	17,096,388	15,219,384
Additions to deferred capital contributions (Note 6)	(27,200)	(88,898)
Amortization of deferred capital contributions (Note 6)	52,860	53,946
	17,122,048	15,184,432
OH revenue	17,122,048	15,184,432
Salaries and benefits	14,708,312	13,259,474
Communications and public relations	44,591	30,649
Administration, human resources and information systems	248,790	47,893
Occupancy	854,554	812,752
Supplies and general	1,069,530	830,000
Equipment	143,411	149,718
Amortization	52,860	53,946
	17,122,048	15,184,432
Surplus	\$ -	\$ -

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

March 31, 2022

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>2022</u>	<u>2021</u>
Funding received	\$ 8,900,000	\$ 9,705,000
Previous year accounts receivable	-	(125,000)
Payable to CMHA - Ontario, included in payable to funders (Note 4)	<u>(53,179)</u>	<u>(389,493)</u>
	8,846,821	9,190,507
Additions to deferred capital contributions (Note 6)	(12,265)	(33,551)
Amortization of deferred capital contributions (Note 6)	<u>124,365</u>	<u>131,050</u>
CMHA - Ontario Bounce Back revenue	8,958,921	9,288,006
Salaries and benefits	7,853,132	8,030,976
Communication and public relations	3,616	814
Administration, human resources and information systems	134,358	190,570
Occupancy	362,000	343,899
Supplies and general	425,495	475,171
Equipment	55,955	115,526
Amortization	<u>124,365</u>	<u>131,050</u>
	<u>8,958,921</u>	<u>9,288,006</u>
Surplus	<u>\$ -</u>	<u>\$ -</u>

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

March 31, 2022

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.

	2022	2021
Funding received	\$ 2,005,288	\$ 1,625,424
Pandemic payment	-	756
Current year accounts receivable	199,685	131,487
Previous year accounts receivable	(101,916)	(29,430)
Deferred contributions of prior year recognized (Note 5)	24,200	19,342
Deferred contributions (Note 5)	(247,481)	(24,200)
	1,879,776	1,723,379
Amortization of deferred capital contributions (Note 6)	-	21,733
York Region revenue	1,879,776	1,745,112
Salaries and benefits	1,079,260	986,719
Communication and public relations	1,371	343
Administration, human resources and information systems	30,982	13,400
Other - rent supplement	590,716	542,416
Supplies and general	146,656	144,753
Equipment	30,791	35,748
Amortization	-	21,733
	1,879,776	1,745,112
Surplus	\$ -	\$ -

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

March 31, 2022

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 OH Contract.

A summary of the Transfer Payments Contract is as follows:

	2022	2021
Funding received	\$ 1,021,492	\$ 1,013,046
Deferred contributions of prior year recognized (Note 5)	803	2,313
Deferred contributions (Note 5)	(6,383)	(803)
Payable to funder (Note 4)	(38,092)	(47,515)
	<u>977,820</u>	<u>967,041</u>
Amortization of deferred capital contributions (Note 6)	3,333	3,333
Revenue from transfer payments	981,153	970,374
Salaries and benefits	839,381	871,206
Supplies and general	90,329	51,072
Other	14,061	16,678
Administration, human resources and information systems	21,508	10,573
Occupancy	9,000	12,000
Equipment	3,234	5,394
Communication and public relations	307	118
Amortization	3,333	3,333
	<u>981,153</u>	<u>970,374</u>
Surplus	<u>\$ -</u>	<u>\$ -</u>

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

March 31, 2022

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 Supplement	Ontario Structured Psychotherapy	2022	2021
Funding received	\$ 6,378,500	\$ -	\$ -	\$ 6,378,500	\$ 6,018,915
Current year accounts receivable	446,100	-	-	446,100	500,000
Funding received - Rent Supplement	-	754,615	-	754,615	
Current year payable to MOHLTC, included in payable to funders (Note 4)	(598,190)	(172,791)	(354,029)	(1,125,010)	(2,026,967)
Prior year deferred contributions recognized (Note 5)	403,900	-	354,029	757,929	470,950
Deferred contributions (Note 5)	-	-	-	-	(1,234,700)
	6,630,310	581,824	-	7,212,134	3,728,198
Amortization of deferred capital contributions (Note 6)	95,891	-	-	95,891	69,777
Additions to deferred capital contributions (Note 6)	(130,568)	-	-	(130,568)	(200,000)
MOHLTC revenue	6,595,633	581,824	-	7,177,457	3,597,975
Other - rent supplement	3,627,365	581,824	-	4,209,189	1,702,168
Occupancy	39,366	-	-	39,366	33,793
Supplies and general	1,107,759	-	-	1,107,759	527,391
Salaries and benefits	1,649,769	-	-	1,649,769	973,850
Amortization	95,891	-	-	95,891	69,777
Administration, human resources and information systems	43,731	-	-	43,731	161,681
Communications and public relations	10,000	-	-	10,000	129,315
Equipment	21,752	-	-	21,752	
	6,595,633	581,824	-	7,177,457	3,597,975
Surplus	\$ -	\$ -	\$ -	\$ -	\$ -

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

March 31, 2022

12. Fundraising

	2022	2021
Fundraising revenue	\$ 433,824	\$ 362,923
Fundraising expenses and HUB capital project	(421,552)	(179,082)
	12,272	183,841
Grant revenue	49,853	276,620
Amortization of deferred capital contributions, included in deferred capital contributions (Note 6)	9,685	9,885
Grant expenses	(59,538)	(232,850)
	-	53,655
	\$ 12,272	\$ 237,496

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

March 31, 2022

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	2022	2021
Total CFSA Contract revenue	\$ 85,068	\$ 25,000	\$ 110,068	\$ 105,068
Payable to funder (Note 4)	(2,500)	(1,500)	(4,000)	-
Revenue recognized	82,568	23,500	106,068	105,068
Salaries	59,068	15,368	74,436	75,270
Benefits	15,360	3,995	19,355	16,298
Building accommodation	3,000	500	3,500	3,500
Office and miscellaneous	5,140	3,637	8,777	10,000
	82,568	23,500	106,068	105,068
Surplus	\$ -	\$ -	\$ -	\$ -

Canadian Mental Health Association - York and South Simcoe
Branch
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14. Commitments and Contingencies

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

2023	\$	770,441
2024		731,170
2025		719,659
2026		716,356
2027		463,027
Thereafter		<u>397,167</u>
	\$	<u>3,797,820</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

Sunlife

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 \$526,876 (2021 - \$641,794).

HOOPP

Healthcare of Ontario Pension Plan (HOOPP) provides pension services to more than 419,000 active and retired members and approximately 624 employers. The plan is a multi-employer plan and therefore the Association's contributions are accounted for as if the plan were a defined contribution plan with the Association's contributions being expensed in the period they come due.

Every three years, an independent actuary determines the funding status of HOOPP by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date.

The results of the most recent valuation as at December 31, 2021 disclosed a surplus position with value of net assets of \$114.4 billion and value of pensions obligations of \$85.9 billion. HOOPP is a multi-employer plan, therefore any pension plan surpluses or deficits are a joint responsibility of Ontario member organizations and their employees. As a result, the Association does not recognize any share of the HOOPP surplus or deficit. Contributions made by the Association to HOOPP for 2022 were \$426,232.

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16. Economic Dependence

The Association derives approximately 88% (2021 - 90%) of its annual funding from the MOHLTC and Ontario Health.

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.
