
Financial statements of
Canadian Mental Health
Association – Niagara Branch

March 31, 2020

Independent Auditor's Report	1-2
Statement of operations and changes in fund balances	3
Statement of financial position	4
Statement of cash flows	5
Notes to the financial statements	6-16

Independent Auditor's Report

To the Directors of
Canadian Mental Health Association – Niagara Branch

Qualified Opinion

We have audited the accompanying financial statements of Canadian Mental Health Association - Niagara Branch (the "Association"), which comprise the statement of financial position as at March 31, 2020, and the statements of operations and changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Association as at March 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with the accounting policies prescribed by the Ministry of Health (the "Financial Reporting Framework").

Basis for Qualified Opinion

In common with many non-profit organizations, the Association derives revenue from donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Association and we were not able to determine whether any adjustments might be necessary to recorded donations, the excess of revenues over expenses, and cash flows for the years ended March 31, 2020 and 2019, assets as at March 31, 2020 and 2019, and fund balances as at April 1 and March 31 for both the 2019 and 2020 years. Our audit opinion on the financial statements for the year ended March 31, 2020 was modified accordingly because of the possible effects of this scope limitation.

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). 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.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 3 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist the Association to meet the financial reporting provisions prescribed by the Ministry of Health. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of Management and the Board of Directors for the Financial Statements

Management is responsible for the preparation of the financial statements in accordance with the Financial Reporting Framework, 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.

The Board of Directors 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 GAAS 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 GAAS, 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 the Board of Directors 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.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
June 9, 2020

Canadian Mental Health Association – Niagara Branch
Statement of operations and changes in fund balances
Year ended March 31, 2020

Notes	MOH/ LHIN	MOH Housing	United Way	Employment	Niagara Region	Grants	Branch Development	Total 2020	Total 2019
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenue									
Operational funding and grants	6,845,411	596,589	138,240	596,005	105,600	214,135	—	8,495,980	8,060,834
Donations and memorials	—	—	—	—	—	—	90,745	90,745	70,041
Fundraising and other revenue	115,868	—	—	—	—	—	174,356	290,224	329,990
Interest income	—	19	—	—	—	—	37,616	37,635	24,466
Rent revenue	—	364,869	—	—	—	—	—	364,869	399,235
	6,961,279	961,477	138,240	596,005	105,600	214,135	302,717	9,279,453	8,884,566
Expenses									
Amortization	45,935	30,561	—	—	—	—	136,674	213,170	147,917
Building occupancy costs	351,272	654,764	221	35,998	—	—	—	1,042,255	935,828
Capital assets & minor equipment	67,534	—	—	—	—	—	27,539	95,073	224,187
Client assistance funds	—	—	—	—	—	—	2,185	2,185	692
Dues and memberships	16,360	—	—	—	—	—	—	16,360	17,432
Flow through to other agencies	502,516	186,500	—	—	—	—	—	689,016	723,739
General and administrative	463,640	37,856	24,120	33,289	4,054	9,667	19,534	592,160	579,032
Interest on long-term debt	—	1,841	—	—	—	—	—	1,841	2,153
Professional fees & contracted out	86,745	—	—	6,427	9,760	6,239	—	109,171	162,593
Replacement reserve fund	—	2,920	—	—	—	—	—	2,920	2,920
Salaries, purchased services and payroll taxes	5,188,176	5,528	112,927	498,400	91,546	190,831	29,751	6,117,159	5,577,471
Staff education and meeting expenses	97,469	—	2,683	8,425	145	895	—	109,617	139,202
Telephone expenses	81,066	3,034	1,391	10,402	721	2,654	39	99,307	100,197
Travel expenses	50,314	—	1,221	3,064	779	3,849	51	59,278	87,344
	6,951,027	923,004	142,563	596,005	107,005	214,135	215,773	9,149,512	8,700,707
Excess of revenue over expenses before other revenue	10,252	38,473	(4,323)	—	(1,405)	—	86,944	129,941	183,859
Other revenue									
Net gain on sale of property	—	—	—	—	—	—	396,518	396,518	—
Excess of revenues over expenses (expenses over revenues) before funding repayable to funding source	10,252	38,473	(4,323)	—	(1,405)	—	483,462	526,459	183,859
Net funding recoverable (payable) from (to) funding source	(10,252)	7,903	—	—	—	—	—	(2,349)	351
Excess of revenues over expenses (expenses over revenues)	—	46,376	(4,323)	—	(1,405)	—	483,462	524,110	184,210
Fund balance (deficit), beginning of year	—	98,311	(46,714)	140,850	(26,545)	—	1,355,638	1,521,540	1,325,020
Prior year recoveries	—	10,742	—	—	—	—	—	10,742	12,310
Inter-fund transfers during the year	—	—	—	—	—	—	—	—	—
Fund balance (deficit), end of year	—	155,429	(51,037)	140,850	(27,950)	—	1,839,100	2,056,392	1,521,540

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

Canadian Mental Health Association – Niagara Branch

Statement of financial position

As at March 31, 2020

	Notes	2020 \$	2019 \$
Assets			
Current assets			
Cash		834,023	221,342
Cash – Trustee	14	38,461	30,938
Short-term investments	4	323,338	1,437,585
Accounts receivable		206,166	544,653
Government remittances receivable		72,707	196,492
Prepaid expenses		53,923	43,108
		1,528,618	2,474,118
Investments	4	1,187,239	8,415
Capital assets	5	1,338,366	1,580,327
		4,054,223	4,062,860
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		350,598	731,392
Government remittances payable		—	54,325
Payable – Trustee	14	38,165	30,938
Residents' rent deposits		354	354
Due to funding sources	6	16,339	24,732
Deferred revenue	7	268,547	308,639
Current portion of long-term debt	8	110,886	1,230,563
		784,889	2,380,943
Long-term debt	8	1,212,942	160,377
		1,997,831	2,541,320
Commitments	9		
Fund balances (deficiencies)			
Ministry of Health – Housing		155,429	98,311
United Way		(51,037)	(46,714)
Ministry of Labour, Training and Skills Development		140,850	140,850
Niagara Region – Transitional Housing Program		(27,950)	(26,545)
Branch Development	10	1,839,100	1,355,638
		2,056,392	1,521,540
		4,054,223	4,062,860

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

Approved by the Board

_____, Director

_____, Director

Canadian Mental Health Association – Niagara Branch

Statement of cash flows

Year ended March 31, 2020

	Notes	2020 \$	2019 \$
Operating activities			
Excess of revenues over expenses		524,110	184,210
Prior year funding recoveries		10,742	12,310
Adjustment for amortization		213,170	147,917
Gain on sale of capital assets		(396,518)	—
Changes in non-cash working capital items	12	(24,920)	(210,451)
		326,584	133,986
Investing activities			
Net increase of investments		(64,577)	(158,055)
Purchase of capital assets		(20,268)	(1,343,224)
Proceeds from sale of capital assets		439,344	—
		354,499	(1,501,279)
Financing activities			
Advance of debt		—	1,200,000
Repayment of long-term debt		(60,879)	(30,876)
		(60,879)	1,169,124
Net change in cash		620,204	(198,169)
Cash, beginning of year		252,280	450,449
Cash, end of year		872,484	252,280
Consisting of			
Cash		834,023	221,342
Cash – trustee		38,461	30,938
		872,484	252,280

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

Canadian Mental Health Association – Niagara Branch

Notes to the financial statements

March 31, 2020

1. Description of the Association

The Canadian Mental Health Association – Niagara Branch (“CMHA Niagara” or the “Association”) is an incorporated, registered, non-profit organization. The Association delivers mental health services to consumers through the management and operation of various programs that are funded by the United Way, the Provincial and Federal governments, and private and foundation donations. The Association was incorporated on June 1, 2001 as a result of the amalgamation of the Canadian Mental Health Association – Niagara South Branch and the Canadian Mental Health Association – St. Catharines Branch.

2. Description of funds

(a) *Ministry of Health (“MOH”) / Hamilton Niagara Haldimand Brant Local Health Integration Network (“LHIN”)*

The MOH/LHIN fund the following programs:

- Mental Health Urgent Support – Mental health counselors provide assistance to individuals in meeting non-emergency, non-medical urgent needs for problem solving, goal setting and linking to services. These services are provided at one location in St. Catharines and one location in Niagara Falls.
- Safe Beds – Eleven crisis beds staffed with crisis counselors are available 24 hours a day, seven days per week at 264 Welland Ave in St. Catharines.
- Community Support and Supportive Housing – Case management and counselling support, based on the needs of clients, is provided in their homes or in the community throughout Niagara.
- Justice Services – Individuals involved with the justice system are offered group counselling and individualized support. A Court Diversion program is provided in consultation with the Crown Attorney. Release from custody plans are developed with the Niagara Detention Centre.
- Intake and Assessment – Centralized intake, assessment and brief counselling is provided from the Niagara Falls office.
- Niagara Falls and Fort Erie Resource Centres – The programs provide intake, information, brief counselling and group counselling for the general public.
- Mobile Crisis Intervention Support – Mobile Crisis Rapid Response Team (“MCRRT”) partners police and counsellors operating from a squad car in St Catharines seven days per week. Crisis Outreach and Support Team (“COAST”) provides immediate telephone counselling and partners plain clothed officers and counsellors in unmarked cars for on-site crisis outreach in the home or community. Telephone counselling is available 24 hours a day, seven days per week.
- Mental Health and Addictions Access Line – Central coordinated access and warm transfer referrals to Addictions and Mental Health services in Niagara. Services are available 24 hours a day, seven days per week. Operational partner is Distress Centre of Niagara.
- Counselling and Treatment – Intense diagnostic treatment services for individuals with mental health or concurrent mental health and addictions issues. Services offered as group counselling.

All assets are externally restricted by the MOH and LHIN and to be used in accordance with the purposes of this fund as described above. Any excess of revenue over expense, excluding non-Ministry funded activities, is refundable to the Ministry of Health; see details in Note 6.

Canadian Mental Health Association – Niagara Branch

Notes to the financial statements

March 31, 2020

2. Description of funds (continued)

(b) Ministry of Health ("MOH") – Housing

CMHA Niagara operates a home in St. Catharines and a home in Niagara Falls supporting individuals with mental illness who are preparing to live independently. The former branches of CMHA Niagara assumed mortgages for the homes through the Canada Mortgage and Housing Corporation. The Supportive Housing Program is provided with the rent subsidy portion of the program through the Housing Funds.

All assets of this fund are externally restricted to use in accordance with this purpose by The Ministry of Health, Mental Health and Addictions Branch, which funds operating costs of these facilities including mortgage payments.

(c) United Way

United Way Niagara funds Mental Health Counselling programs in St. Catharines, Niagara Falls and Fort Erie. These programs provide specialized immediate individual and group counselling services one day per week in each community.

All assets of these funds are externally restricted by the United Way to use in accordance with these purposes. Any excess of revenues over expenses is refundable to the United Way. Excess may be recovered or may be held, with permission, for operating reserves.

(d) Employment

(i) Ministry of Labour, Training and Skills Development ("MLTSD")

Individuals living with mental illness are assisted with employment search, return to work plans and assistance in job search skills through the REAL Work Program funded by the MLTSD.

All assets of this fund are externally restricted by the MLTSD to use in accordance with this purpose. Any excess of revenues over expenses is refundable to the MLTSD.

(ii) Canadian Mental Health Association, Toronto National Employment Program

Individuals living with mental illness are assisted with employment search and job placement, job development. The funding also provides wage subsidies to employers and training subsidies to participants to build skill development. There are also rent subsidies available for eligible participants of the employment program. Services are provided through the REAL Work Program funded by Canadian Mental Health Association, Toronto ("CMHA Toronto").

All assets of this fund are externally restricted by CMHA Toronto to use in accordance with this purpose. Any excess of revenues over expenses is refundable to the CMHA Toronto.

(e) Niagara Region

(i) Transitional Housing Program

This is a 5 bedroom house for former homeless females with concurrent disorders (mental health and substance use). The transitional housing project prepares individuals for independent living. Funds are received from the Ministry of Community and Social Services through the homelessness initiative of Niagara Region.

All assets of this fund are externally restricted by the Niagara Region to use in accordance with this purpose. Any excess of revenues over expenses is refundable to the Niagara Region.

2. Description of funds (continued)

(f) Grants

(i) Branscombe Family Foundation – Mental Health and Addictions Youth Navigator

This is a one-time, short-term grant that has allowed for the hiring of a Youth Navigator. The purpose of this role is to identify the needs of transitioning youth and/or emerging adults, who may require adult mental health services, and develop protocols and programming that is welcoming, sensitive to youth needs, and collaborative with other community partners providing services to this population. This role will also facilitate capacity building in CMHA Niagara staff awareness and readiness to provide best practice response to youth in Niagara.

All assets of this fund are externally restricted by the Branscombe Family Foundation to use in accordance with this purpose. Any excess of revenues over expenses is refundable to the foundation or, with permission, used to extend services past the agreement completion date.

(ii) Niagara Prosperity Initiative – Mental Health Coach ("NPI")

This is a short-term grant that allows for a Mental Health Coach to work in shelters and in partnership with other agencies addressing homelessness. The Mental Health Coach provides short-term brief counselling and facilitates connections to other community resources based on the individual's needs.

All assets of this fund are externally restricted by the NPI to use in accordance with this purpose. Any excess of revenues over expenses is refundable to the NPI or, with permission, used to extend services past the agreement completion date.

(g) Branch Development

(i) Special Events, St. Catharines Bingo, Research and Development, Niagara Falls Bingo, Schizophrenia Society of Ontario (S.S.O) Emergency, Discretionary Assistance Fund, Employment Services Restricted Donations, and Operational Reserve

The Special Events Fund consists of fundraising revenue that supports programs not otherwise funded. These funds are, or have been raised principally through the Niagara Falls Bingo and St. Catharines Bingo. Additional funds are raised through special events such as Women and Wellness, Ride Don't Hide, third party fundraising events and various individual donations. Mental Health Works sponsored by CMHA Ontario provides fee based training for companies developing workplace accommodation policies and procedures. Various assets of these funds are internally restricted by the Board of Directors and externally restricted by the funding sources.

(ii) Fort Erie Mental Health Counselling Program and Capital Grant – Fort Erie Bingo

The program provides funds for the mental health counselling and public education program in Greater Fort Erie. The program, which is also funded by the United Way Niagara, provides specialized immediate individual and group counselling services one day per week to individuals experiencing emotional difficulties as well as education to the general public.

The Capital Grant provides funding for capital asset purchases for a regional service site that provides crisis services for the entire region, including residents of Greater Fort Erie.

The program and capital grants are funded by bingos at which CMHA Niagara volunteers in the Fort Erie area. The assets of this fund are externally restricted by the Town of Fort Erie to use in accordance with the purpose of this fund, described above.

Canadian Mental Health Association – Niagara Branch

Notes to the financial statements

March 31, 2020

3. Accounting policies

These financial statements have been prepared in accordance with the significant accounting policies set out below to comply with the requirements of the Ministry of Health. The basis of accounting used in these financial statements differs from Canadian accounting standards for not-for-profit organizations as a result of:

- (a) amortization being provided on the buildings at a rate equal to the annual principal reduction of the mortgage; and
- (b) approved capital expenditures less than \$5,000 are charged against operations in the year of acquisition in accordance with the recommendations of the funding source.

Fund accounting

CMHA Niagara uses fund accounting to report its activities carried on throughout the year.

Cash – Trustee

Amounts reported represent cash held in trust for external parties.

Financial instruments

Financial assets and financial liabilities are initially recognized at fair value when the Association becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at amortized cost.

Financial assets measured at amortized cost include cash, investments and accounts receivable. Investments include Guaranteed Income Certificates (“GICs”) with maturities of 3 months or more from acquisition date and are stated at amortized cost.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and debt.

Transaction costs are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the effective interest method.

With respect to financial assets measured at cost or amortized cost, the Association recognizes in the excess of revenues over expenses an impairment loss, if any, when there are indicators of impairment and it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to net excess of revenues over expenses in the period the reversal occurs.

Capital assets

Land and building relating to initial housing project acquisitions of the Ministry of Health – Housing Program are accounted for in accordance with the Ministry of Health (the “Ministry” or “MOH”) accounting policies.

Amortization is provided on buildings at a rate equal to the annual principal reduction of the mortgage with Canada Mortgage and Housing Corporation which has been paid during the year from funds provided by the Ministry of Health, Mental Health and Addictions Branch.

Canadian Mental Health Association – Niagara Branch

Notes to the financial statements

March 31, 2020

3. Accounting policies (continued)

Capital assets (continued)

It is the Association's policy to capitalize all capital acquisitions over \$5,000. All other approved capital expenditures not in excess of this threshold are charged against operations in the year of acquisition in accordance with the recommendations of the funding source.

Amortization on capital assets is calculated on a straight-line basis over the estimated useful life of the asset:

Computer hardware	3 years
Furniture and equipment	5 years
Leasehold improvements	10-15 years
Building – lodging homes	Over term of mortgage

Additions of capital assets during the year are amortized using the half-year-rule.

Revenue recognition

Grant revenue is recognized in the funding period when it is received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Rental revenue is recognized in the period it becomes contractually due.

All other revenue is recognized when earned or received and collection is reasonably assured.

Deferred revenue

The Ministry of Health has allowed CMHA Niagara to retain a portion of the surplus generated by capital costs as deferred revenue. The deferred revenue related to these capital items will be amortized over the estimated useful life of the respective capital assets.

The remaining deferred revenue balance represents operating grant monies that have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenue in the fiscal year that the services are performed and relevant expenses are incurred.

Contributed services

Volunteers contribute a substantial number of hours during the year to assist the Association in its provision of services to the community. As the total number of hours is not recorded in the records of the Association and due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements. CMHA Niagara issues receipts for goods contributed during the year. This amount is not recorded in the accounts of the Association.

Ministry of Health – Capital reserve fund

The Ministry of Health – Capital reserve fund is included within the Branch Development Fund as outlined in notes 10 and 11. This fund is in accordance with the operating agreement with the Ministry of Health dated July 10, 2012. The Ministry of Health determines the annual allocation to the fund. These funds, along with interest earned, must be held in financial instruments as defined by the Ministry of Health and accounted for separately from other funds.

Canadian Mental Health Association – Niagara Branch

Notes to the financial statements

March 31, 2020

3. Accounting policies (continued)

Use of estimates

The preparation of financial statements in conformity with the accounting policies prescribed by the Ministry of Health requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant financial statement areas which involve the use of estimates include the useful lives of capital assets and accrued liabilities. Due to the inherent uncertainty in making estimates, actual results could differ from these estimates.

4. Investments

	2020 \$	2019 \$
Guaranteed Investment Certificates – amortized cost bearing interest from 1.35% to 2.90%, maturing between January 12, 2021 and December 3, 2022	1,530,138	1,461,328
Less: accrued interest	19,561	15,328
	1,510,577	1,446,000
Less: GICs maturing within one year	323,338	1,437,585
	1,187,239	8,415

Included in the above carrying value are guaranteed investment certificates related specifically to the Ministry of Health– Housing Fund amounting to \$160,561 (\$152,728 in 2019). These investments have been externally restricted by the MOH to ensure there are sufficient funds to support capital projects as per MOH Directive 05-03 Capital/Replacement Reserve Funds.

Included in the above carrying value are guaranteed investment certificates related specifically to a request of funds directed for use by the Research and Development Fund amounting to \$78,200 (\$78,066 in 2019). These investments have been externally restricted by the Donor.

5. Capital assets

	Cost \$	Accumulated amortization \$	2020 Net book value \$	2019 Net book value \$
Land and buildings	626,988	465,423	161,565	242,477
Leasehold improvements	1,444,505	345,103	1,099,402	1,217,886
Furniture and equipment	203,536	131,801	71,735	102,964
Computer hardware	402,700	397,036	5,664	17,000
	2,677,729	1,339,363	1,338,366	1,580,327

Canadian Mental Health Association – Niagara Branch

Notes to the financial statements

March 31, 2020

6. Due to funding sources

	2020 \$	2019 \$
Due to MOH, beginning of the year	(15,190)	(15,219)
Prior year recoveries	—	29
Payable to MOH	(10,252)	—
Due to MOH, end of the year	<u>(25,442)</u>	<u>(15,190)</u>
Due to MOH – Housing, beginning of the year	(9,542)	(7,590)
Prior year recoveries	10,742	12,281
Net payments received during the year	—	(14,584)
Payable from MOH – Housing	7,903	351
Due to MOH – Housing, end of the year	<u>9,103</u>	<u>(9,542)</u>
Due to Community Infrastructure Renewal Fund, beginning of the year	—	(268,857)
Payments made during the year	—	268,857
Due to Community Infrastructure Renewal Fund, end of the year	—	—
Total due to funding sources	<u>(16,339)</u>	<u>(24,732)</u>

The Association has estimated the amount of government subsidies payable. This amount is subject to review by the MOH and the LHIN. Any revisions to this amount as a result of the review will be recorded as an adjustment in the year the review is completed. The reviews of the LHIN settlements for fiscals 2019 and 2020 are outstanding and the review of the MOH – Housing settlements for fiscals 2019 and 2020 is outstanding as at this fiscal year end date.

7. Deferred revenue

	2020 \$	2019 \$
MOH/LHIN	132,744	158,411
Region of Niagara	—	1,860
MOH Housing – last months rent advance	36,134	36,134
Mental Health Navigator for Youth	67,024	75,953
Mental Health Coach	3,059	—
Social Club	13,920	13,126
National Employment Project (NEP)	2,112	9,601
Green Shield Grant	6,000	6,000
Externally restricted funds	5,000	5,000
Wellness Realtor	2,554	2,554
	<u>268,547</u>	<u>308,639</u>

Included in deferred revenue for the MOH is funding received for capital expenditures which were approved by the MOH to be capitalized and amortized. This revenue is being deferred and amortized over the same term that the related capital assets are being amortized.

When the expenditure is incurred, the capital expenditure is set up as a capital asset and the respective revenue will be amortized into income over the estimated useful life of the asset.

Canadian Mental Health Association – Niagara Branch

Notes to the financial statements

March 31, 2020

8. Long-term debt

	2020 \$	2019 \$
Canada Mortgage and Housing Corporation, mortgage payable, bearing interest at 1.04%, payable in blended monthly payments of \$2,700, maturing April 2025, and reviewing October 2020. The mortgage is secured by land, buildings and by an assignment of rents	160,378	190,940
Meridian Credit Union, construction demand loan, bearing interest at prime plus 0.25% (currently 2.70%), payable in interest-only payments until January 2020. In January 2020, the loan converted to a non revolving loan with monthly interest and principal payment bearing interest at the current prime rate. The loan is secured by general security agreement over present and after acquired personal property, security on deposits in amount of \$1,200,000 and evidence of fire and liability insurance	1,163,450	1,200,000
	1,323,828	1,390,940
Less current portion	110,886	1,230,563
	1,212,942	160,377

In addition to the security requirements noted above, the Association must satisfy certain restrictive covenants under its Meridian Credit Union credit agreement. These covenants include, but are not exclusive to, a minimum debt service coverage ratio calculation.

During the year, the Association complied with all these requirements.

Principal payments required are as follows:

	\$
2021	110,886
2022	111,209
2023	111,535
2024	111,864
2025	112,197
Thereafter	766,137
	<u>1,323,828</u>

9. Commitments

Under the terms of various operating leases in existence at March 31, 2020, the Association is committed to future minimum annual rent payments as follows:

	\$
2021	225,957
2022	197,201
2023	188,576
2024	185,886
2025	178,987
Thereafter	748,244
	<u>1,724,851</u>

Canadian Mental Health Association – Niagara Branch

Notes to the financial statements

March 31, 2020

10. Branch Development fund balances

The total fund balance, as presented in Branch Development, is broken down into individual funds, as follows:

	2020 \$	2019 \$
Special Events Fund	1,258,226	769,359
St. Catharines Bingo Fund	1,294	68,904
Ministry of Health - Capital reserve fund (Note 11)	134,209	155,886
Research and Development Fund	81,345	79,559
Invested in capital assets (Note 11)	220,691	154,374
Niagara Falls Bingo Fund	39,867	40,493
Schizophrenia Society of Ontario (S.S.O) Emergency Fund (Note 11)	23,010	24,124
Discretionary Assistance Funds	4,443	3,390
Employment Services Restricted Donations Fund	1,684	1,684
Fort Erie Mental Health Conselling Program and Capital Grant - Fort Erie Bingo (Note 11)	42,988	26,522
Operational Reserve	31,343	31,343
Balance, end of year	1,839,100	1,355,638

Transfers are made from the Operational Reserve to the United Way Funds and MOH to cover any excess of expenses over revenue incurred on the individual programs. Transfers are made to the Operational Reserve from the Special Events Fund for any excess of revenues over expenses not designated to a specific fund, or if there is an adjustment to an expected prior year payable to funding source under the MOH. For the Funds noted above with reporting requirements to their respective funder, Note 11 explains the change in the fund balance during the year.

11. Supplementary Branch Development fund information

Ministry of Health – Capital reserve fund

	2020 \$	2019 \$
Balance, beginning of year	155,886	150,334
Annual funding	2,920	2,920
Capital expenditures	(27,539)	—
Interest income	2,942	2,632
Balance, end of year	134,209	155,886

Invested in capital assets

	2020 \$	2019 \$
Balance, beginning of year	154,374	72,305
Transfer from St. Catharines Bingo Fund	67,610	93,546
Amortization	(1,293)	(11,940)
Interest income	—	463
Balance, end of year	220,691	154,374

Canadian Mental Health Association – Niagara Branch

Notes to the financial statements

March 31, 2020

11. Supplementary Branch Development fund information (continued)

Schizophrenia Society of Ontario (S.S.O.) Emergency Fund

	2020 \$	2019 \$
Balance, beginning of year	24,124	23,363
Net (disbursements) recoveries	(1,807)	255
Interest income	693	506
Balance, end of year	23,010	24,124

Fort Erie Mental Health Counselling Program and Capital Grant – Fort Erie Bingo

	2020 \$	2019 \$
Operating balance, beginning of year	(466)	(466)
Bingo proceeds	20,000	20,000
Salaries, purchased services and payroll taxes	(20,000)	(20,000)
Operating balance, end of year	(466)	(466)
Capital grant balance, beginning of year	26,988	2,000
Capital grant	16,466	24,988
Capital grant balance, end of year	43,454	26,988
Total operating and capital balances	42,988	26,522

Operational Reserve

	2020 \$	2019 \$
Balance, beginning of year	31,343	19,033
Transfer from due to funding source (Note 6)	—	12,310
Balance, end of year	31,343	31,343

12. Supplemental cash flow information

Changes in non-cash working capital

	2020 \$	2019 \$
Accounts receivable	338,487	(256,106)
Government remittances receivable	123,785	(122,899)
Prepaid expenses	(10,815)	(7,142)
Accounts payable and accrued liabilities	(380,794)	408,827
Government remittances payable	(54,325)	2,596
Payable – Trustee	7,227	(17,211)
Due to funding sources	(8,393)	(266,934)
Deferred revenue	(40,092)	48,418
	(24,920)	(210,451)

Canadian Mental Health Association – Niagara Branch

Notes to the financial statements

March 31, 2020

13. Pension

The Association provides a defined contribution plan to its eligible employees. The plan is a contributory plan with funding of benefits based on the related employee's earnings. Contributions vest after three years of service to the Association. Once the contributions vest, employees will receive benefits upon retirement or termination of their employment. Annual contributions made to the plan by the Association during the year amounted to \$195,397 (\$242,763 in 2019).

14. Niagara – Ontario Health Team

The CMHA Niagara holds funds in trust from Niagara - Ontario Health Team partners for future costs related to the development of the Health Team. As at March 31, 2020, \$9,225 (nil in 2019) was held in trust related to the Niagara – Ontario Health Team.

15. Financial instruments

Interest rate risk

The investments mature within the next three fiscal years and are renewable at prevailing market rates. Accordingly, CMHA Niagara is exposed to interest rate risk relating to potential changes in market interest rates. The Association does not actively manage this risk.

Credit risk

CMHA Niagara is exposed to credit risk from consumers occupying their rental units. A thorough assessment of credit is conducted prior to committing to the consumer.

Liquidity risk

CMHA Niagara's objective is to have sufficient liquidity to meet its liabilities when due. CMHA Niagara monitors its cash balances and cash flows generated from operations to meet its requirements. As at March 31, 2020, the most significant financial liabilities are accounts payable and accrued liabilities and long term debt.

16. Pandemic response

On March 11, 2020, The World Health Organization characterized the outbreak of a strain of the novel corona virus ("COVID-19") as a pandemic which has resulted in a series of public health and emergency measures that have been put into place to combat the spread of the virus. The duration and impact of the COVID-19 pandemic is unknown at this time and it is not possible to reliably estimate the impact that the severity and length of the pandemic will have on the financial results and condition of the Organization in future periods.