

Financial statements of

**Canadian Mental Health
Association - Niagara Branch**

March 31, 2018

Canadian Mental Health Association - Niagara Branch

March 31, 2018

Table of contents

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

We have audited the accompanying financial statements of Canadian Mental Health Association - Niagara Branch, which comprise the statement of financial position as at March 31, 2018, and the statements of operations and changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. The financial statements have been prepared by management of Canadian Mental Health Association - Niagara Branch in accordance with the accounting policies prescribed by the Ministry of Health and Long-Term Care.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting policies prescribed by the Ministry of Health and Long-Term Care 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, Canadian Mental Health Association - Niagara Branch 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 Canadian Mental Health Association - Niagara Branch and we were not able to determine whether any adjustments might be necessary to donation revenue, excess of revenues over expenses, fund balances and assets.

Qualified Opinion

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 Canadian Mental Health Association - Niagara Branch as at March 31, 2018, 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 and Long-Term Care.

Basis of Accounting and Restrictions on Distribution and Use

Without modifying our opinion, we draw attention to Note 3 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist Hamilton Niagara Haldimand Brant Local Health Integration Network, the Ministry of Health and Long-Term Care and the other agencies as described in Note 2 to assess Canadian Mental Health Association - Niagara Branch's compliance with regulatory or legislative requirements. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Canadian Mental Health Association - Niagara Branch, the Hamilton Niagara Haldimand Brant Local Health Integration Network, the Ministry of Health and Long-Term Care and the other agencies as described in Note 2 and should not be distributed to or used by parties other than the Canadian Mental Health Association - Niagara Branch, the Hamilton Niagara Haldimand Brant Local Health Integration Network, the Ministry of Health and Long-Term Care or the other agencies as described in Note 2.



Chartered Professional Accountants
Licensed Public Accountants
June 7, 2018

Canadian Mental Health Association - Niagara Branch

Statement of operations and changes in fund balances
year ended March 31, 2018

	MOHLTC/ LHIN	MOHLTC Housing	United Way	Employment	Niagara Region	Grants	Branch Development	Total	
	\$	\$	\$	\$	\$	\$	\$	2018	2017
Revenues									
Operational funding and grants	5,923,813	528,087	142,091	640,854	122,702	82,454	1,143	7,441,144	7,377,337
Donations and memorials	-	-	242	-	-	-	46,752	46,994	34,495
Fundraising and other revenue	99,534	-	-	-	-	-	208,123	307,657	359,673
Interest income	-	-	-	-	-	-	7,431	7,431	4,482
Rent revenue	-	431,482	-	-	3,239	-	-	434,721	465,991
	6,023,347	959,569	142,333	640,854	125,941	82,454	263,449	8,237,947	8,241,978
Expenses									
Amortization	45,329	29,938	-	-	-	-	4,226	79,493	77,396
Building occupancy costs	241,410	684,164	8,689	31,026	6,063	-	1,143	972,495	999,048
Capital assets & minor equipment	48,122	-	-	-	-	-	-	48,122	70,877
Client assistance funds	-	-	-	-	-	-	4,178	4,178	752
Dues and memberships	25,293	-	-	-	-	-	1,310	26,603	23,540
Flow through to other agencies	539,660	186,500	-	-	-	-	-	726,160	1,253,119
General and administrative	208,572	35,922	11,500	44,522	-	-	44,989	345,505	395,667
Interest on long-term debt	-	2,465	-	-	-	-	-	2,465	2,767
Professional fees & contracted out	68,718	-	-	16,613	4,167	12,207	-	101,705	103,188
Replacement reserve fund	-	4,420	-	-	-	-	-	4,420	5,720
Salaries, purchased services and payroll taxes	4,602,346	4,927	114,479	528,217	112,669	68,384	28,847	5,459,869	5,002,183
Staff education and meeting expenses	72,437	1	292	1,089	532	133	15	74,499	67,016
Telephone expenses	80,286	921	3,398	11,607	676	437	39	97,364	85,714
Travel expenses	75,984	-	926	7,780	1,834	1,293	16	87,833	111,640
	6,008,157	949,258	139,284	640,854	125,941	82,454	84,763	8,030,711	8,198,627
Excess of revenues over expenses before funding repayable to funding source	15,190	10,311	3,049	-	-	-	178,686	207,236	43,351
Net funding (repayable to) recoverable from funding source (Note 6)	(15,190)	(9,895)	-	-	-	-	-	(25,085)	2,276
Excess of revenues over expenses	-	416	3,049	-	-	-	178,686	182,151	45,627
Fund balance (deficit), beginning of year (Note 10)	-	84,474	(44,996)	140,850	(26,545)	-	969,441	1,123,224	1,077,597
Prior year recoveries (Note 6)	15,027	4,618	-	-	-	-	-	19,645	-
Inter-fund transfers during the year	(15,027)	(4,618)	-	-	-	-	19,645	-	-
Fund balance (deficit), end of year (Note 10)	-	84,890	(41,947)	140,850	(26,545)	-	1,167,772	1,325,020	1,123,224

Canadian Mental Health Association - Niagara Branch

Statement of financial position
as at March 31, 2018

	2018	2017
	\$	\$
Assets		
Current assets		
Cash	400,957	409,616
Cash - Trustee	49,492	55,645
Short-term investments (Note 4)	1,129,011	705,004
Accounts receivable	362,140	251,906
Prepaid expenses	35,966	29,157
	1,977,566	1,451,328
Investments (Note 4)	158,934	76,942
Capital assets (Note 5)	385,022	429,880
	2,521,522	1,958,150
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	322,565	296,138
Government remittances payable	51,729	-
Payable - Trustee	48,149	60,045
Residents' rent deposits	354	354
Due to funding sources (Note 6)	291,666	7,428
Deferred revenue (Note 7)	260,221	219,833
Current portion of long-term debt (Note 8)	29,938	29,934
	1,004,622	613,732
Long-term debt (Note 8)	191,880	221,194
	1,196,502	834,926
Commitments (Note 9)		
Fund balances (deficiencies)		
Ministry of Health and Long-Term Care - Housing	84,890	84,474
United Way	(41,947)	(44,996)
Ministry of Advanced Education and Skills Development	140,850	140,850
Niagara Region - Transitional Housing Program	(26,545)	(26,545)
Branch Development (Note 10)	1,167,772	969,441
	1,325,020	1,123,224
	2,521,522	1,958,150

Approved by the Board

_____ Director

_____ Director

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

Canadian Mental Health Association - Niagara Branch

Statement of cash flows
year ended March 31, 2018

	2018	2017
	\$	\$
Operating activities		
Excess of revenues over expenses	182,151	45,627
Prior year funding recoveries	19,645	-
Adjustment for amortization	79,493	77,396
Changes in non-cash working capital items (Note 12)	273,843	(58,444)
	555,132	64,579
Investing activities		
Net increase of investments	(505,999)	(457,199)
Purchase of capital assets	(34,635)	-
	(540,634)	(457,199)
Financing activity		
Repayment of long-term debt	(29,310)	(29,636)
Net change in cash	(14,812)	(422,256)
Cash, beginning of year	465,261	887,517
Cash, end of year	450,449	465,261
Consisting of:		
Cash	400,957	409,616
Cash - trustee	49,492	55,645
	450,449	465,261

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

Canadian Mental Health Association - Niagara Branch

Notes to the financial statements

March 31, 2018

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 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 and Long-Term Care (“MOHLTC”) / Hamilton Niagara Haldimand Brant Local Health Integration Network (“LHIN”)

The MOHLTC/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 - Seven crisis beds staffed with crisis counselors are available 24 hours a day, seven days per week at 15 Wellington St. in St. Catharines.
- Community Support and Phase II Homelessness Initiative - Case management and counselling support, based on the needs of clients, is provided in their homes 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.
- 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.

All assets are externally restricted by the MOHLTC 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 and Long-Term Care, see details in Note 6.

(b) Ministry of Health and Long-Term Care (“MOHLTC”) - 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 Phase II Homelessness initiative 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.

Canadian Mental Health Association - Niagara Branch

Notes to the financial statements

March 31, 2018

2. Description of funds (continued)

(c) *United Way*

Various United Way Funds of St. Catharines and District, and Niagara Falls / Greater Fort Erie provide the following:

The United Way of St. Catharines and District funds the St. Catharines Resource Centre, support, outreach and other services at their St. Catharines location, and had funded the Volunteer Training and Development. This program trained and supported volunteers in administrative support functions and in direct support to clients, but funding for this program ended in June 2017.

The United Way of Niagara Falls/Greater Fort Erie fund the Mental Health Counselling and Public Education Programs in their areas. These programs provide individual and group counselling and mental health education.

- Public Education provides preventative services through educational sessions, media events, individual consultation, and resource distribution. One of the key programs is the public speakers bureau. Public speakers are volunteers living with mental illness who speak publicly about their life story. The program had operated with the funding support of United Way of St. Catharines and District.
- Resource Centres provide information, resources, support, group work and advocacy. They are located in CMHA Niagara offices located in Fort Erie, Niagara Falls and St. Catharines. They provide visibility and convenient services to the general public. Both the Niagara Falls and Fort Erie offices provide specialized immediate counselling services one day per week, with a St. Catharines location being added in 2017 at the Branscombe Mental Health building.

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 for operating, with permission, for operating reserves.

Included in the United Ways of St. Catharines and District, and Niagara Falls/Greater Fort Erie statement of operations fund balance are funds from donations and designated funds for Life Skills programs for clients.

(d) *Employment*

i) *Ministry of Advanced Education and Skills Development ("MAESD")*

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 Ministry of Advanced Education and Skills Development.

All assets of this fund are externally restricted by the Ministry of Advanced Education and Skills Development to use in accordance with this purpose. Any excess of revenues over expenses is refundable to the Ministry of Advanced Education and Skills Development.

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 wages 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.

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.

Canadian Mental Health Association - Niagara Branch

Notes to the financial statements
March 31, 2018

2. Description of funds (continued)

(e) *Niagara Region*

i) *Transitional Housing Program*

This is a 5 bedroom house for former homeless females with concurrent disorders (mental health and substance abuse). 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.

ii) *Transition from Hospital program*

This was a pilot project providing individual apartment units, with daily support from mental health staff, for individuals transitioning out of a psychiatric hospital stay and working towards independent living in the community.

(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.

ii) *Niagara Prosperity Initiative – Mental Health Coach*

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.

(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 Agency Program Development*

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 Health Promotion Program - 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 of Niagara Falls / Greater Fort Erie, provides individual counselling and group counselling to individuals experiencing emotional difficulties as well as education to the general public.

The program is funded by bingos conducted by CMHA Niagara 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, 2018

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 and Long-Term Care. 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.

Investments

Investments include Guaranteed Income Certificates (“GICs”) with maturities of 3 months or more from acquisition date and are stated at amortized cost.

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.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and long-term 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 and Long-Term Care - Housing Program are accounted for in accordance with the Ministry of Health and Long-Term Care (the “Ministry” or “MOHLTC”) 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.

Amortization on 15 Wellington St., which is included in land and buildings, is calculated on a straight-line basis over 25 years.

Canadian Mental Health Association - Niagara Branch

Notes to the financial statements

March 31, 2018

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	15 years
Building - 15 Wellington	25 years
Building - lodging homes	Over term of mortgage

Deferred revenue

The Ministry of Health and Long-Term Care 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 and Long-Term Care dated July 10, 2012. The Ministry of Health and Long-Term Care 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 Long-Term Care and accounted for separately from other funds.

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.

Use of estimates

The preparation of financial statements in conformity with the accounting policies prescribed by the Ministry of Health and Long-Term Care 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 expenses. Due to the inherent uncertainty in making estimates, actual results could differ from these estimates.

Canadian Mental Health Association - Niagara Branch

Notes to the financial statements
March 31, 2018

4. Investments

	2018	2017
	\$	\$
Guaranteed Investment Certificates - amortized cost bearing interest from 0.60% to 1.90%, maturing between May 11, 2018 and January 12, 2021	1,289,660	783,816
Less: accrued interest	1,715	1,871
	1,287,944	781,945
Less: GICs maturing within one year	1,129,011	705,004
	158,934	76,942

Included in the above carrying value are guaranteed investment certificates related specifically to the Ministry of Health and Long-Term Care - Housing Fund amounting to \$150,519 (2017 - \$149,904). These investments have been externally restricted by the MOHLTC to ensure there are sufficient funds to afford capital projects as per MOHLTC Directive 05-03 Capital/Replacement Reserve Funds.

Included in the above carrying value are guaranteed investment certificates related specifically to a bequest of funds directed for use by the Research and Development Fund amounting to \$76,942 (2017 - \$76,942). These investments have been externally restricted by the Donor.

5. Capital assets

	2018		2017	
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Land and buildings	731,829	455,888	275,941	307,835
Leasehold improvements	173,931	131,128	42,803	55,510
Furniture and equipment	109,990	78,698	31,292	43,812
Computer hardware	178,634	143,648	34,986	22,723
	1,194,384	809,362	385,022	429,880

Canadian Mental Health Association - Niagara Branch

Notes to the financial statements
March 31, 2018

6. Due to funding sources

	2018	2017
	\$	\$
Due to MOHLTC, beginning of the year	(15,056)	(17,189)
Prior year recoveries	15,027	-
Payments made during the year	-	881
Other adjustments	-	1,281
Payable to MOHLTC	(15,190)	(29)
Due to MOHLTC, end of the year	(15,219)	(15,056)
Due from MOHLTC - Housing, beginning of the year	7,628	5,323
Prior year recoveries	4,618	-
Net payments received during the year	(9,941)	-
Payable to MOHLTC - Housing	(9,895)	2,305
Due to MOHLTC - Housing, end of the year	(7,590)	7,628
Due to Community Infrastructure Renewal Fund, beginning of the year	-	-
Funding received during the year	(270,000)	-
Net expenditures	1,143	-
Due to Community Infrastructure Renewal Fund, end of the year	(268,857)	-
Total due to funding sources	(291,666)	(7,428)

The Association has estimated the amount of government subsidies payable. This amount is subject to review by the MOHLTC 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 review of the LHIN settlements for fiscal 2017 are outstanding and the review of the MOHLTC – Housing settlement for fiscal 2017 is outstanding as at this fiscal year end date.

7. Deferred revenue

	2018	2017
	\$	\$
MOHLTC/LHIN	104,981	116,304
MOH Housing - last months rent advance	36,968	36,108
Mental Health and Addictions Coach Project	-	35,130
Mental Health Navigator for Youth	66,173	-
Social Club	12,197	11,809
National Employment Project (NEP)	26,348	6,928
Green Shield Grant	6,000	6,000
Externally restricted funds	5,000	5,000
Wellness Realtor	2,554	2,554
	260,221	219,833

Canadian Mental Health Association - Niagara Branch

Notes to the financial statements
March 31, 2018

7. Deferred revenue (continued)

Included in deferred revenue for the MOHLTC is funding received for capital expenditures which were approved by the MOHLTC 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.

8. Long-term debt

	2018	2017
	\$	\$
Canada Mortgage and Housing Corporation 1.04% mortgage, payable in equal monthly instalments of principal and interest of \$2,700, maturing April 2025 and renewing October 2020. The mortgage is secured by land, buildings and by an assignment of rents.	221,818	251,128
Current portion	29,938	29,934
Long-term portion	191,880	221,194

Principal payments required are as follows, assuming the mortgage is renewed on similar terms:

	\$
2019	29,938
2020	30,562
2021	30,882
2022	31,204
2023	31,204
Thereafter	68,028
Total	221,818

9. Commitments

Under the terms of various operating leases in existence at March 31, 2018, the Association is committed to future minimum annual rent payments as follows:

	\$
2019	62,439
2020	49,256
2021	36,194
2022	9,066

Canadian Mental Health Association - Niagara Branch

Notes to the financial statements
March 31, 2018

10. Branch Development fund balances

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

	2018	2017
	\$	\$
Special Events Fund	614,840	437,787
St. Catharines Bingo Fund	162,450	162,450
Ministry of Health - Capital reserve fund (Note 11)	150,334	144,936
Research and Development Fund	77,773	77,773
Invested in capital assets (Note 11)	72,305	74,691
Niagara Falls Bingo Fund	41,119	41,129
Schizophrenia Society of Ontario (S.S.O) Emergency Fund (Note 11)	23,363	24,895
Discretionary Assistance Funds	3,337	5,874
Employment Services Restricted Donations Fund	1,684	1,684
Fort Erie Health Promotion Program - Fort Erie Bingo (Note 11)	1,534	(1,166)
Agency Program Development Fund (Note 11)	19,033	(612)
Total	1,167,772	969,441

Transfers are made from the Agency Program Development Fund to the United Way Funds and MOHLTC to cover any excess of revenues over expenses incurred on the individual programs. Transfers are made to the Agency Program Development Fund 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 MOHLTC. 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

	2018	2017
	\$	\$
Balance, beginning of year	144,936	177,130
Annual funding	2,920	2,920
One-time funding	1,500	2,800
Capital expenditures	-	(40,001)
Interest income	978	2,087
Balance, end of year	150,334	144,936

Canadian Mental Health Association - Niagara Branch

Notes to the financial statements

March 31, 2018

11. Supplementary Branch Development fund information (continued)

Invested in capital assets

	2018	2017
	\$	\$
Balance, beginning of year	74,691	76,513
Amortization	(2,585)	(2,585)
Interest income	199	763
Balance, end of year	72,305	74,691

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

	2018	2017
	\$	\$
Balance, beginning of year	24,895	25,538
Net disbursements	(1,641)	(752)
Interest income	109	109
Balance, end of year	23,363	24,895

Fort Erie Health Promotion Program – Fort Erie Bingo

	2018	2017
	\$	\$
Balance, beginning of year	(1,166)	(1,987)
Bingo proceeds	22,440	18,121
Salaries, purchased services and payroll taxes	(19,740)	(17,300)
Balance, end of year	1,534	(1,166)

Agency Program Development Fund

	2018	2017
	\$	\$
Balance, beginning of year	(612)	(612)
Transfer from due to funding source (Note 6)	19,645	-
Balance, end of year	19,033	(612)

Canadian Mental Health Association - Niagara Branch

Notes to the financial statements
March 31, 2018

12. Supplemental cash flow information

Changes in non-cash working capital

	2018	2017
	\$	\$
Accounts receivable	(110,234)	41,695
Prepaid expenses	(6,809)	24,230
Accounts payable and accrued liabilities	26,427	(85,888)
Government remittances payable	51,729	-
Payable - Trustee	(11,896)	43,098
Residents' rent deposits	-	(908)
Due to funding sources	284,238	(4,438)
Due to Ministry of Advanced Education and Skills Development	-	(21,307)
Deferred revenue	40,388	(54,926)
	273,843	(58,444)

13. 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, 2018, the most significant financial liabilities are accounts payable and accrued liabilities, deferred revenue and long-term debt.

14. Comparative figures

Certain comparative figures have been reclassified to conform to current year's presentation.