

**CANADIAN MENTAL HEALTH ASSOCIATION-HALIFAX/DARTMOUTH BRANCH**  
**Financial Statements**  
**Year Ended March 31, 2016**

**CANADIAN MENTAL HEALTH ASSOCIATION-HALIFAX/DARTMOUTH BRANCH**

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**Year Ended March 31, 2016**

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# LYLE TILLEY DAVIDSON

Chartered Accountants



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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Canadian Mental Health Association-Halifax/Dartmouth Branch

We have audited the accompanying financial statements of Canadian Mental Health Association-Halifax/Dartmouth Branch, which comprise the statement of financial position as at March 31, 2016 and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility 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.

### 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.

*(continues)*

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

**Basis for Qualified Opinion**

In common with many charitable organizations, the association derives revenue from donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the association. Therefore, we were not able to determine whether any adjustments might be necessary to donation and fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2015 and March 31, 2016, current assets and net assets at March 31, 2015 and March 31, 2016.

**Qualified Opinion**

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the contributions referred to in the preceding paragraph, the financial statements present fairly, in all material respects, the financial position of Canadian Mental Health Association-Halifax/Dartmouth Branch as at March 31, 2016 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Halifax, Nova Scotia  
June 21, 2016



CHARTERED ACCOUNTANTS

## CANADIAN MENTAL HEALTH ASSOCIATION-HALIFAX/DARTMOUTH BRANCH

## Statement of Financial Position

March 31, 2016

	2016	2015
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 5,614	\$ 32,543
Accounts receivable (Note 3)	8,276	45,702
Inventory	2,649	4,949
Prepaid expenses	4,575	353
	<u>\$ 21,114</u>	<u>\$ 83,547</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 15,466	\$ 14,065
Employee deductions payable	2,442	4,196
Deferred revenue	16,473	67,969
	<u>34,381</u>	<u>86,230</u>
<b>NET ASSETS</b>	<u>(13,267)</u>	<u>(2,683)</u>
	<u>\$ 21,114</u>	<u>\$ 83,547</u>

LEASE COMMITMENTS (Note 5)

ON BEHALF OF THE BOARD

\_\_\_\_\_  
Director\_\_\_\_\_  
Director

**CANADIAN MENTAL HEALTH ASSOCIATION-HALIFAX/DARTMOUTH BRANCH**

**Statement of Revenues and Expenditures**

**For the Year Ended March 31, 2016**

	2016	2015
<b>REVENUE</b>		
United Way	\$ 107,743	\$ 108,247
Donations, fundraising and other	107,615	104,011
Nova Scotia Department of Health and Wellness	-	48,000
Capital District Health Authority	47,400	40,000
Capital District Health Authority - Among Friends Social Club	26,000	26,000
Department of Community Services - Building Bridges	24,500	21,000
Provincial and Federal Student Career Skills Grants	10,674	14,173
Mental Health Foundation of Nova Scotia	11,450	10,550
Province of Nova Scotia - Creative Collaborative Communities	45,000	55,000
Other grants	6,034	18,640
	<u>386,416</u>	<u>445,621</u>
<b>EXPENSES</b>		
Salaries and wages	219,277	254,159
Occupancy	37,161	38,214
Program centers	29,945	33,422
Project management	27,903	41,692
Professional fees	22,622	16,061
Honorariums	17,949	11,170
General and administrative	16,299	18,554
Fundraising	8,753	8,385
Telephone	7,857	7,997
Travel	4,801	6,892
Insurance	2,784	3,734
Interest and bank charges	1,584	1,389
Vehicle	65	5,608
	<u>397,000</u>	<u>447,277</u>
<b>DEFICIENCY OF REVENUE OVER EXPENSES</b>	\$ (10,584)	\$ (1,656)

**CANADIAN MENTAL HEALTH ASSOCIATION-HALIFAX/DARTMOUTH BRANCH**

**Statement of Changes in Net Assets**

**Year Ended March 31, 2016**

	2016	2015
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>\$ (2,683)</b>	<b>\$ (1,027)</b>
Deficiency of revenue over expenses	<u>(10,584)</u>	<u>(1,656)</u>
<b>NET ASSETS - END OF YEAR</b>	<b>\$ (13,267)</b>	<b>\$ (2,683)</b>

## CANADIAN MENTAL HEALTH ASSOCIATION-HALIFAX/DARTMOUTH BRANCH

**Statement of Cash Flows**  
**Year Ended March 31, 2016**

	2016	2015
<b>OPERATING ACTIVITIES</b>		
Deficiency of revenue over expenses	\$ (10,584)	\$ (1,656)
Changes in non-cash working capital:		
Accounts receivable	37,426	(30,233)
Inventory	2,300	(624)
Accounts payable and accrued liabilities	1,401	4,398
Deferred revenue	(51,496)	11,292
Prepaid expenses	(4,222)	292
Employee deductions payable	(1,754)	533
	<u>(16,345)</u>	<u>(14,342)</u>
<b>DECREASE IN CASH FLOW</b>	<b>(26,929)</b>	<b>(15,998)</b>
Cash - beginning of year	<u>32,543</u>	<u>48,541</u>
<b>CASH - END OF YEAR</b>	<b>\$ 5,614</b>	<b>\$ 32,543</b>



**PURPOSE OF THE ASSOCIATION**

Effective April 1, 2004 the Halifax and Dartmouth branches of The Canadian Mental Health Association amalgamated and commenced operations as the Halifax/Dartmouth Branch. The association is a community based voluntary organization dedicated to the maintenance and promotion of mental health. The association is a registered non-profit organization and is exempt from income taxes.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of presentation

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

Cash and cash equivalents

Cash consists of deposits held in Canadian financial institutions net of outstanding cheques.

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued, except for related party transactions, which are recorded at the exchange amount. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Inventory

Inventory is valued at the lower of cost and net realizable value with the cost being determined on a first-in, first-out basis.

Capital assets

Capital assets are expensed in the year of acquisition. During the current year \$6,638 (2015 - \$883) was expensed.

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)**

Revenue recognition

The association recognizes revenues on retail sales (included in donations, fundraising and other) when they are earned, specifically when all the following conditions are met:

- services are provided or products are delivered to customers
- there is clear evidence that an arrangement exists
- amounts are fixed or can be determined
- the ability to collect is reasonably assured.

The association follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributed services

The operations of the organization depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

Government grants

Government grants are recorded when there is a reasonable assurance that the association had complied with and will continue to comply with, all the necessary conditions to obtain the grants.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates. Significant estimates include allowance for doubtful accounts.

**2. FINANCIAL INSTRUMENTS**

The association is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. Financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities. The following analysis provides information about the association's risk exposure and concentration as of March 31, 2016.

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# CANADIAN MENTAL HEALTH ASSOCIATION-HALIFAX/DARTMOUTH BRANCH

## Notes to Financial Statements

Year Ended March 31, 2016

### 2. FINANCIAL INSTRUMENTS *(continued)*

#### Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The association is exposed to credit risk from its funders and other government agencies. Credit risk is minimized due to the nature of the receivables.

#### Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The association is exposed to this risk mainly in respect of its accounts payable and accrued liabilities.

### 3. ACCOUNTS RECEIVABLE

	2016	2015
Accounts receivable	\$ 1,000	\$ 702
Harmonized sales tax recoverable	7,276	7,747
Bequests receivable	-	37,253
	<u>\$ 8,276</u>	<u>\$ 45,702</u>

### 4. DEFERRED REVENUE

	Revenue	Expenses	2016	2015
Creative Collaborative Communities \$	45,000	\$ 45,000	\$ -	\$ 45,000
United Way	116,716	107,743	8,973	9,036
Mosaic 2016	6,000	-	6,000	-
Mindwriters	5,000	3,500	1,500	-
Sharing and Caring - Halifax Social Club	66,000	66,000	-	10,000
First Voice Digital Story	3,933	3,933	-	3,933
	<u>\$ 242,649</u>	<u>\$ 226,176</u>	<u>\$ 16,473</u>	<u>\$ 67,969</u>

### 5. LEASE COMMITMENTS

The association has a long term lease with respect to its premises. The lease contains renewal options and provides for payment of utilities, property taxes and maintenance costs. Future minimum lease payments as at March 31, 2016, are as follows:

2017	\$ 21,954
2018	5,229
	<u>\$ 27,183</u>