

**CANADIAN MENTAL HEALTH ASSOCIATION  
ELGIN BRANCH**

**Financial Statements**

**March 31, 2019**

**CANADIAN MENTAL HEALTH ASSOCIATION  
ELGIN BRANCH**

**Financial Statements**

**For The Year Ended March 31, 2019**

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## **INDEPENDENT AUDITORS' REPORT**

To the Members of **Canadian Mental Health Association, Elgin Branch**:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of **Canadian Mental Health Association, Elgin Branch**, which comprise the balance sheet as at March 31, 2019, and the statements of operations, changes in net assets for the operating and replacement reserve funds, 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.

### **Auditors' 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 whether the financial statements are free of 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.

(Continued on next page)



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**INDEPENDENT AUDITORS' REPORT (CONTINUED)**

**Basis for Qualified Opinion**

The organization's tangible capital assets are amortized based on the annual principal payment of the mortgage over these assets. Management has not amortized these assets on the basis of their useful lives, and is also not capitalizing any tangible capital assets that are purchased and not financed by a mortgage, which constitutes a departure from Canadian accounting standards for not-for-profit organizations. It is not possible to quantify the financial effects of these misstatements.

**Qualified Opinion**

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the balance sheet of **Canadian Mental Health Association, Elgin Branch** as at March 31, 2019 and the statements of operations, changes in net assets for the general and replacement reserve funds, and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Aylmer, Ontario

June 27, 2019

*Graham Scott Enns LLP*  
CHARTERED PROFESSIONAL ACCOUNTANTS  
Licensed Public Accountants

# CANADIAN MENTAL HEALTH ASSOCIATION ELGIN BRANCH

## Balance Sheet

As At March 31, 2019

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|   | 2019                    | 2018                    |
|---|-------------------------|-------------------------|
|   | <u>\$</u>               | <u>\$</u>               |
| <b><u>ASSETS</u></b>  |                         |                         |
| <b>CURRENT ASSETS</b>   |                         |                         |
| Cash  | 751,176                 | 504,554                 |
| Short-term investments  | 1,000,000               | -                       |
| Accounts receivable (net of allowance of \$43,325; 2018 - \$16,812) | 50,155                  | 320,972                 |
| HST recoverable   | 49,516                  | 135,096                 |
| Prepaid expenses  | <u>7,875</u>            | <u>23,444</u>           |
|   | 1,858,722               | 984,066                 |
| <b>REPLACEMENT RESERVE (NOTE 2)</b>                                 | <b>281,778</b>          | <b>178,541</b>          |
| <b>TANGIBLE CAPITAL ASSETS (NOTE 4)</b>                             | <b><u>905,732</u></b>   | <b><u>1,044,158</u></b> |
| <b>TOTAL ASSETS</b>   | <b><u>3,046,232</u></b> | <b><u>2,206,765</u></b> |
| <b><u>LIABILITIES</u></b>   |                         |                         |
| <b>CURRENT LIABILITIES</b>  |                         |                         |
| Accounts payable and accrued liabilities                            | 1,314,547               | 1,057,685               |
| Payable on year-end settlements                                     | 666,393                 | 138,522                 |
| Due to capital reserve fund   | 175,800                 | 75,538                  |
| Current portion of long-term debt (Note 5)                          | <u>237,521</u>          | <u>68,231</u>           |
|   | 2,394,261               | 1,339,976               |
| <b>FORGIVABLE LOAN (NOTE 11)</b>                                    | <b>300,000</b>          | <b>300,000</b>          |
| <b>LONG-TERM DEBT (NOTE 5)</b>                                      | <b><u>355,166</u></b>   | <b><u>586,206</u></b>   |
|   | <b><u>3,049,427</u></b> | <b><u>2,226,182</u></b> |
| <b><u>FUND BALANCES</u></b>   |                         |                         |
| <b>OPERATING FUND (DEFICIT)</b>                                     | <b>(284,973)</b>        | <b>(197,958)</b>        |
| <b>REPLACEMENT RESERVE FUND</b>                                     | <b><u>281,778</u></b>   | <b><u>178,541</u></b>   |
|   | <b><u>(3,195)</u></b>   | <b><u>(19,417)</u></b>  |
| <b>TOTAL LIABILITIES AND FUND BALANCES</b>                          | <b><u>3,046,232</u></b> | <b><u>2,206,765</u></b> |

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See accompanying notes to the financial statements.

**CANADIAN MENTAL HEALTH ASSOCIATION ELGIN BRANCH**  
**Statement of Changes in Net Assets**  
**For The Year Ended March 31, 2019**

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|   | <b>2019</b>                    |   |                       |
|---|--------------------------------|---|-----------------------|
|   | Operating<br>Fund<br><u>\$</u> | Replacement<br>Reserve<br>Fund<br><u>\$</u> | Total<br><u>\$</u>    |
| <b>BALANCE, BEGINNING OF YEAR,<br/>AS PREVIOUSLY STATED</b> | (197,958)                      | 178,541                                     | <b>(19,417)</b>       |
| Prior period settlement (Note 9)                            | <u>7,205</u>                   | <u>-</u>                                    | <u>7,205</u>          |
| <b>BALANCE, BEGINNING OF YEAR</b>                           | (190,753)                      | 178,541                                     | <b>(12,212)</b>       |
| Excess from operations for the year                         | 5,388                          | 3,629                                       | <b>9,017</b>          |
| Transfer from Operating to Replacement Reserve Fund         | <u>(99,608)</u>                | <u>99,608</u>                               | <u>-</u>              |
| <b>BALANCE, END OF YEAR</b>                                 | <u>(284,973)</u>               | <u>281,778</u>                              | <u><b>(3,195)</b></u> |
|   | <b>2018</b>                    |   |                       |
|   | Operating<br>Fund<br><u>\$</u> | Replacement<br>Reserve<br>Fund<br><u>\$</u> | Total<br><u>\$</u>    |
| <b>BALANCE, BEGINNING OF YEAR</b>                           | (192,508)                      | 161,970                                     | (30,538)              |
| Excess from operations for the year                         | 5,961                          | 860   | 6,821                 |
| Transfer from Operating to Replacement Reserve Fund         | (11,411)                       | 11,411                                      | -                     |
| Advance from the Ministry of Health                         | <u>-</u>                       | <u>4,300</u>                                | <u>4,300</u>          |
| <b>BALANCE, END OF YEAR</b>                                 | <u>(197,958)</u>               | <u>178,541</u>                              | <u>(19,417)</u>       |

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See accompanying notes to the financial statements.

**CANADIAN MENTAL HEALTH ASSOCIATION ELGIN BRANCH**  
**Statement of Operations**  
**For The Year Ended March 31, 2019**

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|  | <b>2019</b>                   | <b>2018</b>                  |
|--|-------------------------------|------------------------------|
|  | <u>\$</u>                     | <u>\$</u>                    |
| <b>REVENUES</b>  |                               |                              |
| Ministry of Health and Long-Term Care  | 4,609,641                     | 4,734,990                    |
| Non-profit housing rental  | 1,279,263                     | 488,043                      |
| Community Homelessness Prevention Initiative                                   | 481,649                       | 481,649                      |
| Ministry of Health - Housing division  | 3,444,159                     | 398,391                      |
| Salt Creek Market sales  | -                             | 262,189                      |
| Early Psychosis Accord funding   | 123,018                       | 123,018                      |
| Association fundraising, donations, and other                                  | <u>155,323</u>                | <u>93,630</u>                |
|  | <b>10,093,053</b>             | <b>6,581,910</b>             |
| <b>EXPENDITURES (PAGE 7)</b>   | <u><b>9,507,237</b></u>       | <u><b>6,496,011</b></u>      |
| <b>EXCESS FROM OPERATIONS BEFORE AMOUNTS<br/>REPAYABLE TO FUNDING AGENCIES</b> | <b>585,816</b>                | <b>85,899</b>                |
| <b>NET AMOUNTS RECEIVABLE FROM (REPAYABLE TO)<br/>FUNDING AGENCIES</b>         | <u><b>(580,428)</b></u>       | <u><b>(79,938)</b></u>       |
| <b>NET EXCESS FROM OPERATIONS FOR THE YEAR</b>                                 | <b>5,388</b>                  | <b>5,961</b>                 |
| <b>TRANSFER TO REPLACEMENT RESERVE FUND</b>                                    | <u><b>99,608</b></u>          | <u><b>11,411</b></u>         |
| <b>EXCESS (DEFICIENCY) FOR THE YEAR AFTER<br/>REPLACEMENT RESERVE TRANSFER</b> | <u><u><b>(94,220)</b></u></u> | <u><u><b>(5,450)</b></u></u> |

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See accompanying notes to the financial statements.

**CANADIAN MENTAL HEALTH ASSOCIATION ELGIN BRANCH**  
**Statement of Cash Flows**  
**For The Year Ended March 31, 2019**

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|   | <b>2019</b>             | <b>2018</b>      |
|---|-------------------------|------------------|
|   | <u>\$</u>               | <u>\$</u>        |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                   |                         |                  |
| Cash receipts from agencies, rentals, clients and fundraising | <b>10,449,452</b>       | 6,320,300        |
| Cash paid to suppliers and employees                          | <b>(9,147,052)</b>      | (5,650,004)      |
| Interest paid   | <u><b>(9,715)</b></u>   | <u>(10,539)</u>  |
| Cash flows from (used in) operating activities                | <u><b>1,292,685</b></u> | <u>659,757</u>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                   |                         |                  |
| Additions to tangible capital assets                          | -                       | (203,211)        |
| Proceeds on disposal of tangible capital assets               | <u><b>22,124</b></u>    | <u>-</u>         |
| Cash flows from (used in) investing activities                | <u><b>22,124</b></u>    | <u>(203,211)</u> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                   |                         |                  |
| Advances from Elgin Community Mental Health Foundation        | -                       | 25,041           |
| Repayment of long-term debt                                   | <u><b>(68,187)</b></u>  | <u>(67,424)</u>  |
| Cash flows (used in) financing activities                     | <u><b>(68,187)</b></u>  | <u>(42,383)</u>  |
| <b>NET INCREASE IN UNRESTRICTED CASH</b>                      | <b>1,246,622</b>        | 414,163          |
| <b>UNRESTRICTED CASH, BEGINNING OF YEAR</b>                   | <u><b>504,554</b></u>   | <u>90,391</u>    |
| <b>UNRESTRICTED CASH, END OF YEAR</b>                         | <u><b>1,751,176</b></u> | <u>504,554</u>   |
| <b>UNRESTRICTED CASH IS COMPRISED OF:</b>                     |                         |                  |
| Cash  | <b>751,176</b>          | 504,554          |
| Short-term investments  | <u><b>1,000,000</b></u> | <u>-</u>         |
|   | <u><b>1,751,176</b></u> | <u>504,554</u>   |

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See accompanying notes to the financial statements.



**CANADIAN MENTAL HEALTH ASSOCIATION ELGIN BRANCH**  
**Schedule of Expenditures**  
**For The Year Ended March 31, 2019**

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|                                  | 2019                    | 2018                    |
|----------------------------------|-------------------------|-------------------------|
|                                  | <u>\$</u>               | <u>\$</u>               |
| <b>EXPENDITURES</b>              |                         |                         |
| Advertising                      | 3,532                   | 8,863                   |
| Amortization                     | 116,303                 | 286,774                 |
| Bad debts                        | 10,458                  | 13,677                  |
| Bank charges                     | 30,214                  | 36,261                  |
| Building and grounds             | 230,359                 | 291,267                 |
| Meetings, education and training | 50,394                  | 108,139                 |
| Equipment expenses               | 167,263                 | 115,505                 |
| Flow through funds               | -                       | 180,000                 |
| Insurance                        | 57,633                  | 59,972                  |
| Interest on long-term debt       | 9,715                   | 10,539                  |
| Members' travel                  | 12,224                  | 14,492                  |
| Miscellaneous                    | 1,967                   | 2,235                   |
| Municipal taxes                  | 20,013                  | 28,698                  |
| Office and postage               | 23,042                  | 14,444                  |
| Other fees                       | 16,943                  | 16,132                  |
| Professional services            | 307,905                 | 130,268                 |
| Program supplies                 | 395,925                 | 230,022                 |
| Rent                             | 3,875,773               | 974,687                 |
| Salt Creek Market expenses       | 38,709                  | 159,355                 |
| Salaries and benefits            | 3,842,272               | 3,506,280               |
| Sessional fees                   | 65,490                  | 51,030                  |
| Staff travel                     | 76,754                  | 70,825                  |
| Telephone                        | 71,798                  | 96,462                  |
| Utilities                        | <u>82,551</u>           | <u>90,084</u>           |
| <b>TOTAL EXPENDITURES</b>        | <u><b>9,507,237</b></u> | <u><b>6,496,011</b></u> |

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See accompanying notes to the financial statements.

**CANADIAN MENTAL HEALTH ASSOCIATION ELGIN BRANCH**  
**Notes to the Financial Statements**  
**For The Year Ended March 31, 2019**

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**NATURE OF THE ORGANIZATION**

The Canadian Mental Health Association, Elgin Branch, is a not-for-profit organization that contributes to an integrated mental health system by providing community based mental health services and optimising mental well-being through education, advocacy, research and support services.

The Canadian Mental Health Association, Elgin Branch was incorporated without share capital in the Province of Ontario on February 22, 1988 under the name of Canadian Mental Health Association, Elgin Branch of the City of St. Thomas, in the County of Elgin. The Canadian Mental Health Association, Elgin Branch is a registered charity and as such is exempt from tax under the Income Tax Act.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements were prepared in accordance with the Housing Services Act and include the following significant accounting policies:

Tangible Capital Assets and Amortization

The land, building, and furniture and fixtures that were purchased with the initial capital funds are recorded at cost. Amortization is recorded on these tangible capital assets in an amount equal to the principal repaid on the corresponding mortgage during the year. Any tangible capital assets purchased in subsequent years are expensed when incurred.

The remaining policies are in accordance with Canadian accounting standards for not-for-profit organizations:

Accounting Estimates

The preparation of these 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, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the current period. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known. There were significant accounting estimates used in these financial statements. These significant accounting estimates include the following items:

In particular, the organization uses estimates when accounting for certain items, including:

Allowance for doubtful accounts

Employee compensation plans

Contributed Services

Volunteers contribute an indeterminable number of hours per year. Because of the difficulty in determining their fair value, contributed services and donations in kind are not recognized in the financial statements.

**CANADIAN MENTAL HEALTH ASSOCIATION ELGIN BRANCH**  
**Notes to the Financial Statements**  
**For The Year Ended March 31, 2019**

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

Fund Accounting

The organization uses fund accounting principles. Under these principles, resources are classified for accounting and reporting purposes into funds that are in accordance with specified activities or objectives. The organization uses two fund groups as follows:

*Operating Fund*

The operating fund accounts for revenues and expenditures relating to program delivery and administration. Unexpended grant revenues are recorded as deferred revenue of the operating fund.

*Replacement Reserve Fund*

The replacement reserve fund accounts for funds reserved, as required by the Canadian Mortgage and Housing Corporation, for tangible capital expenditures at the Steele Street and Highview Drive locations. The replacement reserve account is funded by an annual charge against operations.

Revenue Recognition

The organization follows the restricted fund method of accounting. Unrestricted contributions are recognized as part of the operating fund and restricted contributions relating to the replacement reserve are recognized in the replacement reserve fund when received.

Specifically, the organization recognizes:

Funding revenues from the Ministry of Health in the time period to which the funds have been allocated

Rental and subsidy revenues at the end of each month as they are earned

Interest, fundraising, donation and other revenues when they are received

**CANADIAN MENTAL HEALTH ASSOCIATION ELGIN BRANCH**  
**Notes to the Financial Statements**  
**For The Year Ended March 31, 2019**

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

Financial Instruments

*Measurement of financial instruments*

The organization initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

The organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for cash which is measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include accounts receivable and replacement reserve investments.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, due to replacement reserve fund, payable to Ministry of Health and long-term debt.

*Impairment*

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

| <b>2. REPLACEMENT RESERVE</b>        | <b>2019</b>           | <b>2018</b>    |
|--------------------------------------|-----------------------|----------------|
|                                      | <u>\$</u>             | <u>\$</u>      |
| Bank - High Interest Savings Account | <b>589</b>            | 349            |
| 1.93% Cashable GIC, due October 2019 | <b>105,389</b>        | 102,654        |
| Due from Operating Fund              | <u><b>175,800</b></u> | <u>75,538</u>  |
|                                      | <u><b>281,778</b></u> | <u>178,541</u> |

**3. LINE OF CREDIT**

The organization has access to a line of credit that bears interest at a rate of 5.9% and is authorized to a maximum of \$250,000. None of these funds have been drawn on as at year end.

**CANADIAN MENTAL HEALTH ASSOCIATION ELGIN BRANCH**  
**Notes to the Financial Statements**  
**For The Year Ended March 31, 2019**

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**4. TANGIBLE CAPITAL ASSETS**

|                                 | Cost                    | Accumulated<br>Amortization | 2019                  | 2018                    |
|---------------------------------|-------------------------|-----------------------------|-----------------------|-------------------------|
|                                 | \$                      | \$                          | \$                    | \$                      |
| Land and Buildings              |                         |                             |                       |                         |
| St. Thomas, Ontario             |                         |                             |                       |                         |
| 8 Elizabeth Street              | 69,000                  | 69,000                      | -                     | -                       |
| 110 Centre Street               | 127,500                 | 127,500                     | -                     | -                       |
| 67 Hiawatha Street              | 155,556                 | 155,556                     | -                     | -                       |
| 25 Metcalfe Street              | 99,000                  | 99,000                      | -                     | -                       |
| 661 Talbot Street               | 99,900                  | 99,900                      | -                     | -                       |
| 655-659 Talbot Street (Note 11) | 744,976                 | 444,976                     | <b>300,000</b>        | 300,000                 |
| 50-52 Steele Street             | 623,625                 | 411,859                     | <b>211,766</b>        | 241,534                 |
| 282 Highview Drive              | 856,686                 | 484,326                     | <b>372,360</b>        | 410,779                 |
| Salt Creek Market               | -                       | -                           | -                     | 57,596                  |
| Vehicles                        | <u>253,785</u>          | <u>232,179</u>              | <u><b>21,606</b></u>  | <u>34,249</u>           |
|                                 | <u><b>3,030,028</b></u> | <u><b>2,124,296</b></u>     | <u><b>905,732</b></u> | <u><b>1,044,158</b></u> |

**5. LONG-TERM DEBT**

|   | 2019                  | 2018           |
|---|-----------------------|----------------|
|   | \$                    | \$             |
| 1.01% CMHC mortgage (Steele Street), repayable in blended monthly instalments of \$2,661, due February 1, 2020 (secured by land & buildings included in tangible capital assets with a carrying value of \$211,766) | <b>200,972</b>        | 228,080        |
| 1.855% Scotiabank mortgage (Highview), repayable in blended monthly instalments of \$3,836, due June 1, 2021 (secured by land and buildings included in tangible capital assets with a carrying value of \$372,360) | <u><b>391,715</b></u> | <u>426,357</u> |
|   | <b>592,687</b>        | 654,437        |
| Less: current portion   | <u><b>237,521</b></u> | <u>68,231</u>  |
|   | <u><b>355,166</b></u> | <u>586,206</u> |

The aggregate amount of estimated principal payments required in each of the next three years to meet retirement provisions is as follows:

|      |                       |
|------|-----------------------|
|      | <u>\$</u>             |
| 2020 | 237,521               |
| 2021 | 39,926                |
| 2022 | <u>315,240</u>        |
|      | <u><b>592,687</b></u> |

**CANADIAN MENTAL HEALTH ASSOCIATION ELGIN BRANCH**  
**Notes to the Financial Statements**  
**For The Year Ended March 31, 2019**

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**6. OPERATING LEASE AGREEMENTS**

The organization has entered into various operating lease agreements for premises as follows:

|                                   | Monthly Rental | Expiry         |
|-----------------------------------|----------------|----------------|
|                                   | <u>\$</u>      | <u>Date</u>    |
| 51-53 Hiawatha Street, St. Thomas | 2,257          | June 2021      |
| 113 Sydenham Street, Aylmer       | 2,551          | Month to Month |
| 37 Steele Street, St. Thomas      | 1,900          | Month to Month |
| 112 Centre Street, St. Thomas     | 2,000          | January 2020   |

The minimum lease payments for premises over the next three fiscal years are as follows:

|      | <u>\$</u> |
|------|-----------|
| 2020 | 47,084    |
| 2021 | 27,084    |
| 2022 | 6,772     |

**7. ECONOMIC DEPENDENCE**

The organization receives the majority of its revenue from one main source, the Ministry of Health and Long-Term Care, and would be unable to operate at the current level without this funding.

**8. FINANCIAL INSTRUMENTS**

Risks and Concentrations

The organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the organization's risk exposure and concentrations at the balance sheet date.

Liquidity Risk

Liquidity risk is the risk that an organization will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its accounts payable and accrued liabilities and long-term debt. Management has chosen to absorb this risk.

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 organization's main credit risks relate to its accounts receivable. It is management's opinion that this exposure is not significant.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The organization is mainly exposed to interest rate risk.

**CANADIAN MENTAL HEALTH ASSOCIATION ELGIN BRANCH**  
**Notes to the Financial Statements**  
**For The Year Ended March 31, 2019**

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**8. FINANCIAL INSTRUMENTS (CONTINUED)**

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 organization is exposed to interest rate risk on its fixed and floating interest rate financial instruments. The organization is exposed to this risk in relation to its fixed rate investments and long-term debt. It is management's opinion this this exposure is not significant.

It is management's opinion that the entity is not exposed to any significant foreign currency or other price risk.

No financial liabilities of the organization were in default during the period.

The organization is not subject to any covenants.

**9. PRIOR PERIOD ADJUSTMENT**

During the year, the Ministry of Health completed its review of the annual settlements for the 2017 fiscal year. The net adjustment resulting from this review was a increase of \$29,205 to the organization's surplus as at March 31, 2018. In addition rental expense of \$22,000 that was related to February and March 2018 was missed and then also treated as a prior period adjustment. As such the net prior period adjustment is \$7,205.

**10. DEFINED CONTRIBUTION PENSION PLAN**

The organization has a defined contribution pension plan that provides pension benefits to most of its employees. The organization contributes 4.5% of employee gross wages to the plan on behalf of employees, and employees may make additional contributions if they choose. Total cash payments for employee future benefits for 2019 to fund its pension plan were \$100,258 (2018 - \$113,885).

**11. FORGIVABLE LOAN**

In 2013 the organization renovated the second storey of its building at 657 Talbot Street, St Thomas, Ontario and that resulted in 7 transitional residential units. The cost of the project was \$513,602 and the organization received grants totaling \$213,602. The difference was funded by a forgivable loan from the City of St Thomas in the total amount of \$300,000. The loan is non-interest bearing and will be forgiven in its entirety at the end of 20 years. The net renovation costs and the forgivable loan will remain on the balance sheet until August 2033, and then (assuming all the necessary conditions are met) both the asset and the forgivable loan will be removed from the balance sheet.

**CANADIAN MENTAL HEALTH ASSOCIATION ELGIN BRANCH**  
**SCHEDULE OF OPERATIONS**  
**For The Year Ended March 31, 2019**

Schedule 1

|  | Ministry<br>of<br>Health<br>(MOHLTC) | LHIN             | Community<br>Homelessness<br>Prevention<br>Initiative<br>(CHPI) | Salt<br>Creek<br>Market<br>(SCM) | Other          | 2019<br>\$        | 2018<br>\$       |
|--|--------------------------------------|------------------|---|----------------------------------|----------------|-------------------|------------------|
| <b>REVENUE</b>   |                                      |                  |   |                                  |                |                   |                  |
| Funding  | 3,485,844                            | 4,444,831        | 481,649   | -                                | -              | 8,412,324         | 5,745,924        |
| Recoveries - External Sources  | -                                    | 1,096            | -   | -                                | -              | 1,096             | -                |
| Recoveries - in Legal Entity   | 1,232,030                            | 50               | -   | -                                | 46,001         | 1,278,081         | 489,426          |
| Donations  | -                                    | 2,500            | -   | -                                | 65,061         | 67,561            | 23,823           |
| Investment Revenue   | -                                    | -                | -   | -                                | -              | -                 | -                |
| Other Revenue  | 100                                  | 326,358          | -   | 781                              | 6,752          | 333,991           | 322,737          |
| Gain on sale of property   | -                                    | -                | -   | -                                | -              | -                 | -                |
|  | <u>4,717,974</u>                     | <u>4,774,835</u> | <u>481,649</u>  | <u>781</u>                       | <u>117,814</u> | <u>10,093,053</u> | <u>6,581,910</u> |
| <b>EXPENSES</b>  |                                      |                  |   |                                  |                |                   |                  |
| Management, Operational  |                                      |                  |   |                                  |                |                   |                  |
| Compensation   | 127,902                              | 721,367          | -   | -                                | -              | 849,269           | 507,111          |
| Unit Producing Personnel   | 150,450                              | 2,842,552        | -   | -                                | -              | 2,993,002         | 3,181,758        |
| Medical Personnel  | -                                    | 65,490           | -   | -                                | -              | 65,490            | 51,030           |
| Supplies Expense   | 44,145                               | 54,547           | -   | 1,200                            | 7,542          | 107,434           | 268,337          |
| Sundry - Departmental  | 332,116                              | 697,871          | -   | 25,812                           | 46,523         | 1,102,322         | 806,894          |
| Equipment Expenses   | 42,302                               | 136,807          | -   | -                                | 2,177          | 181,286           | 322,497          |
| Building and Grounds Expense   | 3,501,203                            | 194,462          | 435,732   | 11,697                           | 64,911         | 4,208,005         | 1,356,276        |
| Education and training   | -                                    | 429              | -   | -                                | -              | 429               | 2,108            |
| Transfer to replacement reserve fund   | 99,608                               | -                | -   | -                                | -              | 99,608            | 11,411           |
|  | <u>4,297,726</u>                     | <u>4,713,525</u> | <u>435,732</u>  | <u>38,709</u>                    | <u>121,153</u> | <u>9,606,845</u>  | <u>6,507,422</u> |
| <b>EXCESS (DEFICIENCY)<br/>FROM OPERATIONS</b>                               | 420,248                              | 61,310           | 45,917  | (37,928)                         | (3,339)        | 486,208           | 74,488           |
| <b>NET AMOUNTS RECEIVABLE<br/>FROM (REPAYABLE TO)<br/>MINISTRY OF HEALTH</b> | <u>(432,767)</u>                     | <u>(101,744)</u> | <u>(45,917)</u>   | <u>-</u>                         | <u>-</u>       | <u>(580,428)</u>  | <u>(79,938)</u>  |
| <b>NET EXCESS (DEFICIENCY)<br/>FROM OPERATIONS FOR<br/>THE YEAR</b>          | <u>(12,519)</u>                      | <u>(40,434)</u>  | <u>-</u>  | <u>(37,928)</u>                  | <u>(3,339)</u> | <u>(94,220)</u>   | <u>(5,450)</u>   |