

Financial statements of

**Canadian Mental Health
Association - Niagara Branch**

March 31, 2016

Canadian Mental Health Association - Niagara Branch

March 31, 2016

Table of contents

Independent Auditor's Report	1-2
Statement of operations	3
Statement of funds	4
Statement of financial position	5
Statement of cash flows	6
Statement of operations and fund balance United Ways of St. Catharines and District, and Niagara Falls / Greater Fort Erie	7
Statement of operations and fund balance Ministry of Health and Long-Term Care/Hamilton Niagara Haldimand Brant Local Health Integration Network	8
Statement of operations and fund balance Ministry of Health and Long-Term Care - Housing.....	9
Statement of operations and fund balance Fort Erie Health Promotion Program - Fort Erie Bingo.....	10
Statement of operations and fund balance Special Projects Fund - Niagara Falls Bingo, St. Catharines Bingo, Special Events, Employment Services Restricted Donations, Discretionary Assistance Fund and Research and Development.....	11
Statement of operations and fund balance Ministry of Training, Colleges and Universities, Region of Niagara and Canadian Mental Health Association Toronto - Employment Program Fund.....	12
Statement of operations and fund balance Region - Transitional Housing Program	13
Notes to the financial statements	14-23

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, 2016, and the statements of operations, funds 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 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 income over expenses (expenses over income), 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, 2016, 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 the Association'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 9, 2016

Canadian Mental Health Association - Niagara Branch

Statement of operations
year ended March 31, 2016

	2016	2015
	\$	\$
Income		
Operating grants	6,981,958	6,789,132
One-time funding	-	15,400
Receipted donations	27,408	20,436
Rental property revenue	451,102	433,708
Bingo proceeds	23,331	20,082
Interest and other	197,260	169,945
Fundraising	137,881	127,663
	7,818,940	7,576,366
Expenses		
Salaries, purchased services and payroll taxes	4,594,885	4,109,759
Flow through to other agencies	1,288,764	1,681,918
Building occupancy costs	973,393	885,235
General and administrative	749,597	659,755
Amortization	67,391	57,095
Capital asset expenditures	38,218	65,617
Miscellaneous home costs	27,458	27,609
Interest on long-term debt	5,475	7,727
Replacement fund	2,920	2,920
Payments from Discretionary Assistance Fund	1,583	200
	7,749,684	7,497,836
Operating excess of income over expenses	69,256	78,531
Net change in Capital Reserve Fund balance (Note 10)	10,227	35,643
Disbursements from S.S.O. Emergency Fund balance (Note 10)	(212)	(200)
Transfer to Agency Program Development - Niagara Branch from due to funding source (Note 6)	(4,355)	4,355
Adjustments to expected prior year receivable from funding source (Note 6)	3,442	(3,459)
Amount paid to funding source from Ministry of Training, Colleges and Universities, Region of Niagara and Canadian Mental Health Association Toronto - Employment Program Fund	(21,307)	(577)
Net repayable to Ministry of Health and Long-Term Care (Note 6)	(1,810)	(9,254)
Net recoverable from Ministry of Health - Housing (Note 6)	4,855	2,491
Excess of income over expenses	60,096	107,530

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

Canadian Mental Health Association - Niagara Branch

Statement of funds
year ended March 31, 2016

	2016	2015
	\$	\$
Funder Restricted Funds		
United Ways of St. Catharines and District, and Niagara Falls / Greater Fort Erie	(34,579)	(14,177)
Ministry of Health and Long-Term Care - Housing	95,179	76,980
Ministry of Health - Capital Reserve Fund (Note 10)	177,130	166,903
Ministry of Training, Colleges and Universities, Region of Niagara and Canadian Mental Health Association Toronto - Employment Program Fund	141,008	141,008
Region - Transitional Housing Program	(25,358)	(20,363)
S.S.O. Emergency Fund (Note 10)	25,538	25,542
	378,918	375,893
Municipality Restricted Funds		
Fort Erie Health Promotion Program - Fort Erie Bingo Fund	(1,987)	(2,646)
Niagara Falls Bingo Fund	41,015	40,451
St. Catharines Bingo Fund	162,450	162,461
	201,478	200,266
Donor and Board Restricted Funds		
Special Events Fund	335,926	271,546
Discretionary Assistance Fund	7,265	8,848
Research and Development Fund	77,246	76,841
Employment Services Restricted Donations Fund	1,684	1,684
	422,121	358,919
Invested in capital assets (Note 10)		
Building Fund - Investment	44,457	44,039
Special Projects - Building Fund	31,235	34,641
	75,692	78,680
Agency Program Development Fund (Note 10)		
Agency Program Development - Niagara Branch	(612)	3,743
Total fund balances, beginning of year	1,017,501	909,971
Excess of income over expenses	60,096	107,530
Total fund balances, end of year	1,077,597	1,017,501

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

Canadian Mental Health Association - Niagara Branch

Statement of financial position
as at March 31, 2016

	2016	2015
	\$	\$
Assets		
Current assets		
Cash	874,648	337,511
Cash - Trustee	12,869	12,143
Short-term investments (Note 4)	292,090	660,768
Accounts receivable	293,089	205,335
Prepaid expenses	53,387	54,091
	1,526,083	1,269,848
Investments (Note 4)	32,657	55,033
Capital assets (Note 5)	507,276	463,835
	2,066,016	1,788,716
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	381,514	183,041
Government remittances payable	-	41,101
Payable - Trustee	16,947	15,650
Residents' rent deposits	1,262	1,676
Due to funding sources (Note 6)	11,866	8,241
Due to Ministry of Training, Colleges and Universities	21,307	-
Deferred revenue (Note 7)	274,759	212,587
Current portion of long-term debt (Note 8)	29,624	27,391
	737,279	489,687
Long-term debt (Note 8)	251,140	281,528
	988,419	771,215
Commitments (Note 9)		
Fund balances		
Funder Restricted Funds	378,918	375,893
Municipality Restricted Funds	201,478	200,266
Donor and Board Restricted Funds	422,121	358,919
Invested in capital assets	75,692	78,680
Agency Program Development Funds	(612)	3,743
	1,077,597	1,017,501
	2,066,016	1,788,716

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, 2016

	2016	2015
	\$	\$
Operating activities		
Excess of income over expenses	60,096	107,530
Adjustment for amortization	67,391	57,095
Changes in non-cash working capital items (Note 11)	158,309	(140,792)
	285,796	23,833
Investing activities		
Purchase of investments	(245,064)	(337,504)
Proceeds on sale of investments	636,118	327,067
Purchase of capital assets	(110,832)	(16,628)
	280,222	(27,065)
Financing activity		
Repayment of long-term debt	(28,155)	(26,779)
Net change in cash	537,863	(30,011)
Cash, beginning of year	349,654	379,665
Cash, end of year	887,517	349,654
Consisting of:		
Cash	874,648	337,511
Cash - trustee	12,869	12,143
	887,517	349,654

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

Canadian Mental Health Association - Niagara Branch

United Ways of St. Catharines and District, and
Niagara Falls / Greater Fort Erie
Statement of operations and fund balance
year ended March 31, 2016

	2016	2015
	\$	\$
Income		
United Way of St. Catharines and District - operating grant	81,750	92,541
United Way of Fort Erie - operating grant	31,346	31,654
United Way of Niagara Falls - operating grant	40,432	39,154
Realtors Care Foundation - operating grant	1,234	-
Interest and other	47	-
Received donations	-	2,643
	154,809	165,992
Expenses		
Salaries, purchased services and payroll taxes	156,421	152,405
Computer supplies and maintenance	6,536	4,665
Office and miscellaneous	5,950	3,527
Telephone	2,967	4,211
Travel	2,122	1,126
Staff and consumer education programs	1,185	867
Memberships	30	30
Building occupancy costs	-	2,162
	175,211	168,993
Excess of expenses over income	(20,402)	(3,001)
United Way fund deficit, beginning of year	(14,177)	(11,176)
United Way fund deficit, end of year	(34,579)	(14,177)

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

Canadian Mental Health Association - Niagara Branch

Ministry of Health and Long-Term Care / Hamilton Niagara
Haldimand Brant Local Health Integration Network
Statement of operations and fund balance
year ended March 31, 2016

	2016	2015
	\$	\$
Income		
Operating grant	5,631,472	5,303,381
One-time funding	-	15,400
Interest and other	146,966	122,627
	5,778,438	5,441,408
Expenses		
Salaries, purchased services and payroll taxes	3,828,902	3,417,164
Flow through to other agencies	1,123,664	1,190,918
Building occupancy costs	207,017	213,796
Computer supplies and maintenance	102,400	52,094
Capital asset expenditures	38,218	65,617
Amortization	35,830	27,731
Office and miscellaneous	19,709	24,617
Insurance	12,369	12,261
Flex fund	2,576	3,768
Supplies and other expenses		
Telephone	89,265	60,078
Travel	84,880	81,400
Staff education programs	60,092	37,842
Professional fees	55,057	77,522
Postage, stationery and office	34,907	32,163
Advertising and promotion	24,406	31,815
Residential crisis bed food	19,018	19,494
Program supplies	18,136	14,535
Books, periodicals and subscriptions	14,899	13,347
Bank charges	3,247	2,474
Maintenance supplies and services	2,036	53,518
	5,776,628	5,432,154
Operating excess of income over expenses	1,810	9,254
Net repayable to funding source (Note 6)	(1,810)	(9,254)
Excess of income over expenses	-	-
Ministry of Health and Long-Term Care / Hamilton Niagara Haldimand Brant Local Health Integration Network fund balance, beginning of year	-	-
Ministry of Health and Long-Term Care / Hamilton Niagara Haldimand Brant Local Health Integration Network fund balance, end of year	-	-

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

Canadian Mental Health Association - Niagara Branch

Ministry of Health and Long-Term Care - Housing
Statement of operations and fund balance
year ended March 31, 2016

	2016	2015
	\$	\$
Income		
Ministry of Health and Long-Term Care - Housing funding	516,306	771,379
Rental property revenue	448,490	433,708
Interest and other	5,769	-
	970,565	1,205,087
Expenses		
Building occupancy costs - housing units	711,572	618,990
Flow through to other agencies	165,100	491,000
Amortization	28,155	26,779
Rental property expenses	17,713	20,219
Building occupancy costs	16,244	24,516
Insurance	8,000	8,000
Interest on long-term debt	5,475	7,727
Salaries, purchased services and payroll taxes	5,287	5,268
Replacement fund	2,920	2,920
Office and miscellaneous	122	526
Staff education programs	75	-
	960,663	1,205,945
Operating excess of income over expenses (expenses over income)	9,902	(858)
Net receivable from funding source (Note 6)	4,855	2,491
Adjustments to expected prior year receivable from funding source (Note 6)	3,442	(3,459)
Excess of (expenses over income) income over expenses	18,199	(1,826)
Ministry of Health and Long-Term Care - Housing fund balance, beginning of year	76,980	78,806
Ministry of Health and Long-Term Care - Housing fund balance, end of year	95,179	76,980

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

Canadian Mental Health Association - Niagara Branch

Fort Erie Health Promotion Program - Fort Erie Bingo
Statement of operations and fund balance
year ended March 31, 2016

	2016	2015
	\$	\$
Income		
Bingo proceeds	14,059	12,179
Expenses		
Salaries, purchased services and payroll taxes	13,400	13,400
Excess of expenses over income	659	(1,221)
Fort Erie Bingo fund (deficit), beginning of year	(2,646)	(1,425)
Fort Erie Bingo fund deficit, end of year	(1,987)	(2,646)

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

Canadian Mental Health Association - Niagara Branch

Special Projects Fund - Niagara Falls Bingo, St. Catharines Bingo,
Special Events, Employment Services Restricted Donations, Discretionary
Assistance Fund and Research and Development
Statement of operations and fund balance
year ended March 31, 2016

	2016	2015
	\$	\$
Income		
Bingo proceeds	9,272	7,903
Receipted donations	27,408	17,793
Fundraising	137,881	127,663
Interest and other	44,478	35,754
	219,039	189,113
Expenses		
Flow through to other agencies	63,040	59,960
Salaries, purchased services and payroll taxes	47,576	24,675
Office and miscellaneous	37,467	13,815
Mental Health Coach	4,143	4,671
Amortization	3,406	2,585
Travel	515	1,195
Staff education programs	15	756
Bingo expenses	110	623
Payments from Discretionary Assistance Fund	1,583	200
Telephone	209	144
	158,064	108,624
Operating excess of income over expenses	60,975	80,489
Transfer to S.S.O. Emergency Fund - Investment	(208)	(145)
Transfer to Building Fund - Investment	(418)	(387)
Transfer from Special Projects - Building Fund	3,406	2,585
Excess of income over expenses	63,755	82,542
Reserve balance, beginning of year		
Niagara Falls Bingo	40,451	38,277
St. Catharines Bingo	162,461	162,225
Special Events	271,546	191,643
Discretionary Assistance Fund	8,848	9,048
Research and Development	76,841	76,412
Employment Services Restricted Donations	1,684	1,684
	561,831	479,289
Allocation of excess of income over expenses (expenses over income)		
Niagara Falls Bingo	564	2,174
St. Catharines Bingo	(11)	236
Special Events	64,380	79,903
Discretionary Assistance Fund	(1,583)	(200)
Research and Development	405	429
	63,755	82,542
Reserve balance, end of year		
Niagara Falls Bingo	41,015	40,451
St. Catharines Bingo	162,450	162,461
Special Events	335,926	271,546
Discretionary Assistance Fund	7,265	8,848
Research and Development Fund	77,246	76,841
Employment Services Restricted Donations Fund	1,684	1,684
	625,586	561,831

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

Canadian Mental Health Association - Niagara Branch

Ministry of Training, Colleges and Universities, Region of Niagara and
Canadian Mental Health Association Toronto - Employment Program Fund
Statement of operations and fund balance
year ended March 31, 2016

	2016	2015
	\$	\$
Income		
Ministry of Training, Colleges and Universities - operating grant	429,698	429,698
Canadian Mental Health Association Toronto - Opportunities Fund		
- Human Resources and Skills Development Canada - operating grant	79,450	-
Region of Niagara - Employment Opportunities - operating grant	21,178	33,182
	530,326	462,880
Expenses		
Salaries, purchased services and payroll taxes	420,072	405,207
Office and miscellaneous	56,501	33,105
Building occupancy costs	16,095	13,667
Travel	6,424	7,870
Staff education programs	8,597	4,946
Advertising and promotion	1,330	169
	509,019	464,964
Excess of income over expenses (expenses over income)	21,307	(2,084)
Amount paid to funding source for excess of income over expenses	(21,307)	(577)
Excess of income over expenses (expenses over income)	-	(2,661)
Ministry of Training, Colleges and Universities, Region of Niagara and Canadian Mental Health Association Toronto - Employment Program Fund, beginning of year	141,008	143,669
Ministry of Training, Colleges and Universities, Region of Niagara and Canadian Mental Health Association Toronto - Employment Program Fund, end of year	141,008	141,008

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

Canadian Mental Health Association - Niagara Branch

Region - Transitional Housing Program
Statement of operations and fund balance
year ended March 31, 2016

	2016	2015
	\$	\$
Income		
Region of Niagara – operating grants	149,092	88,143
Interest and other	-	11,564
Rental property revenue	2,612	-
	151,704	99,707
Expenses		
Salaries, purchased services and payroll taxes	123,227	91,640
Miscellaneous program costs	17,546	8,210
Building occupancy costs	13,192	-
Travel	1,442	2,270
Telephone	742	465
Staff education programs	550	494
Computer supplies and maintenance	-	676
	156,699	103,755
Excess of expenses over income	(4,995)	(4,048)
Transitional Housing Program fund deficit, beginning of year	(20,363)	(16,315)
Transitional Housing Program fund deficit, end of year	(25,358)	(20,363)

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, 2016

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) *United Ways of St. Catharines and District, and Niagara Falls / Greater Fort Erie*

Various United Way Funds 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 the Volunteer Training and Development. This program trains and supports volunteers in administrative support functions and in direct support to clients.

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 operates 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.

All assets of these funds are externally restricted by the United Way to use in accordance with these purposes. Any excess of income 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.

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

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 in St. Catharines and Niagara Falls.
- Safe Beds - Seven crisis beds staffed with crisis counselors are available seven days per week at 15 Wellington St. in St. Catharines.
- Community Support and Phase II Homelessness Initiative - Case management and counseling support, based on the needs of clients, is provided in their homes throughout Niagara.
- Justice Services - Individuals involved with the law are offered support. Training is provided for Niagara Regional Police. A Court Diversion program is provided in consultation with the Crown Attorney. Release from custody plans are developed with the Niagara Detention Centre.

Canadian Mental Health Association - Niagara Branch

Notes to the financial statements

March 31, 2016

2. Description of funds (continued)

(b) Ministry of Health and Long-Term Care ("MOHLTC") / Hamilton Niagara Haldimand Brant Local Health Integration Network ("LHIN") Funds (continued)

- Intake and Assessment - Centralized intake, assessment and brief counseling is provided from the Niagara Falls office. The service is also provided for partner mental health agencies.
- Niagara Falls and Fort Erie Resource Centres - The programs provide intake, information, brief counseling and group counseling for the general public.
- Mobile Crisis Support Services - Combined community effort to support individuals in crisis out in the community. Services are mobile and available seven days per week. Collaborative program with Niagara Regional Police Services, Distress Centre of Niagara, and CMHA Niagara.
- Centralized Access – Central coordinated access and warm transfer referrals to Addictions and Mental Health services in Niagara. Services are available 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 income over expense, excluding non-Ministry funded activities, is refundable to the Ministry of Health and Long-Term Care, see details in Note 6.

(c) Ministry of Health and Long-Term Care - 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.

(d) Ministry of Training, Colleges and Universities, Region of Niagara and Canadian Mental Health Association Toronto - Employment Program Fund

Individuals living with mental illness are assisted with job skill development, employment search and placement through the REAL Work Program funded by the Ministry of Training, Colleges and Universities.

All assets of this fund are externally restricted by the Ministry of Training, Colleges and Universities to use in accordance with this purpose. Any excess of income over expenses is refundable to the Ministry of Training, Colleges and Universities.

Included in the Ministry of Training, Colleges and Universities, Region of Niagara and Canadian Mental Health Association Toronto - Employment Program Fund statement of operations and fund balance are funds from the Region of Niagara - Employment Opportunities. This is an employment readiness program to provide upfront intensive supports to reconnect and prepare vulnerable populations to increase their readiness to obtain and maintain appropriate training with Employment Ontario mainstream services, access post-secondary opportunities and/or find and maintain employment. This is a one-time grant through the Niagara Region.

Canadian Mental Health Association - Niagara Branch

Notes to the financial statements

March 31, 2016

2. Description of funds (continued)

(e) Fort Erie Health Promotion Program - Fort Erie Bingo

The program provides funds for the mental health counseling 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 counseling and group counseling 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.

(f) Special Projects Fund - Niagara Falls Bingo, St. Catharines Bingo, Special Events, Employment Services Restricted Donations, Discretionary Assistance Fund and Research and Development

The Special Projects Fund consists of fundraising revenue that supports programs not otherwise funded. These funds are raised principally through the Niagara Falls Bingo and St. Catharines Bingo. Additional funds are raised through special events such as Women and Wellness 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.

(g) Region - Transitional Housing Program

Region House is a 4 bedroom house for former homeless males with concurrent disorders (mental health and substance abuse). The transitional housing project prepares individuals for independent living. This is a program with funds received from the Ministry of Community and Social Services through the homelessness initiative of Niagara Region.

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 land and 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.

Investments

Investments include Guaranteed Income Certificates ("GICs") with maturities of 3 months or more 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.

Canadian Mental Health Association - Niagara Branch

Notes to the financial statements

March 31, 2016

3. Accounting policies (continued)

Financial instruments (continued)

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 expenses over income 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 expenses over income 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.

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 software	1 year
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 will be amortized over the estimated useful life of the respective capital assets.

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.

Canadian Mental Health Association - Niagara Branch

Notes to the financial statements
March 31, 2016

3. Accounting policies (continued)

Ministry of Health - Capital reserve fund

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 amounts due to funding sources, useful lives of capital assets and accrued expenses. Due to the inherent uncertainty in making estimates, actual results could differ from these estimates.

4. Investments

	2016	2015
	\$	\$
Guaranteed Investment Certificates - amortized cost bearing interest from 1.05% to 1.66%, maturing between June 2, 2016 and January 12, 2018	328,898	739,286
Less: accrued interest	4,151	23,485
	324,747	715,801
Less: GICs maturing within one year	292,090	660,768
	32,657	55,033

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 \$144,787 (2015 - \$136,681). 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 \$75,659 (2015 - \$75,659). These investments have been externally restricted by the Donor.

Canadian Mental Health Association - Niagara Branch

Notes to the financial statements
March 31, 2016

5. Capital assets

			2016	2015
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Land and buildings	731,841	391,784	340,057	370,797
Leasehold improvements	173,931	105,714	68,217	71,760
Furniture and equipment	109,990	52,558	57,432	3,313
Computer hardware	144,627	103,057	41,570	17,965
Computer software	224,069	224,069	-	-
	1,384,458	877,182	507,276	463,835

6. Due to funding sources

	2016	2015
	\$	\$
Due to Ministry of Health and Long-Term Care, beginning of the year	(10,732)	(5,833)
Ministry of Health and Long-Term Care	(1,810)	(9,254)
Payments made during the year	(292)	-
Transfer (from) to Agency Program Development Fund (Note 10)	(4,355)	4,355
Due to Ministry of Health and Long-Term Care, end of the year	(17,189)	(10,732)
Due from Ministry of Health - Housing, beginning of the year	2,491	3,645
Ministry of Health - Housing	4,855	2,491
Recoveries made during the year	(5,465)	(186)
Other adjustments	3,442	(3,459)
Due from Ministry of Health - Housing, end of the year	5,323	2,491
Total due to funding sources	(11,866)	(8,241)

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 2014 and 2015 are outstanding and the review of the Ministry of Health and Long-Term Care – Housing settlement for 2015 is outstanding as at this fiscal year end date.

Canadian Mental Health Association - Niagara Branch

Notes to the financial statements
March 31, 2016

7. Deferred revenue

	2016	2015
	\$	\$
MOHLTC/LHIN	167,786	111,020
Region of Niagara	46,106	21,178
MOH Housing - last months rent advance	36,108	30,624
Social Club	11,205	10,437
Green Shield Grant	6,000	6,000
Restricted funds	5,000	5,000
Wellness Realtor	2,554	2,788
Trillium Foundation	-	25,540
	274,759	212,587

Included in deferred revenue for the MOHLTC is revenue 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 expense 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

	2016	2015
	\$	\$
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.	280,764	308,919
Current portion	29,624	27,391
Long-term portion	251,140	281,528

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

	\$
2017	29,624
2018	29,934
2019	30,246
2020	30,562
2021	130,774
Thereafter	-
Total	251,140

Canadian Mental Health Association - Niagara Branch

Notes to the financial statements
March 31, 2016

9. Commitments

Under the terms of various operating leases in existence at March 31, 2016, the Association is committed to future minimum annual rent payments as follows:

	\$
2017	50,260
2018	13,100
2019	11,400

10. Funds

Ministry of Health - Capital reserve fund

	2016	2015
	\$	\$
Balance, beginning of year	166,903	131,260
Annual funding	2,920	2,920
One-time funding	18,000	37,100
Capital expenditures	(12,540)	(6,529)
Interest income	1,847	2,152
Balance, end of year	177,130	166,903

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

	2016	2015
	\$	\$
Balance, beginning of year	25,542	25,597
Disbursements	(212)	(200)
Interest income	208	145
Balance, end of year	25,538	25,542

Invested in capital assets

	2016	2015
	\$	\$
Balance, beginning of year	78,680	80,878
Amortization	(3,406)	(2,585)
Interest income	418	387
Balance, end of year	75,692	78,680

Canadian Mental Health Association - Niagara Branch

Notes to the financial statements
March 31, 2016

10. Funds (continued)

Agency Program Development Fund

	2016	2015
	\$	\$
Balance, beginning of year	3,743	(612)
Transfer from due to funding source (Note 6)	(4,355)	4,355
Balance, end of year	(612)	3,743

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

Transfers are paid to the Agency Program Development Fund from the Special Projects Fund for any excess of income 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.

11. Supplemental cash flow information

Changes in non-cash working capital

	2016	2015
	\$	\$
Accounts receivable	(87,754)	106,364
Prepaid expenses	704	4,551
Accounts payable and accrued liabilities	198,473	(273,073)
Government remittances payable	(41,101)	10,684
Payable - Trustee	1,297	2,693
Residents' rent deposits	(414)	(824)
Due to funding sources	3,625	6,053
Due to Ministry of Training, Colleges and Universities	21,307	-
Deferred revenue	62,172	2,760
	158,309	(140,792)

12. 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 issues 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, 2016, the most significant financial liabilities are accounts payable and accrued liabilities and long-term debt.

Canadian Mental Health Association - Niagara Branch

Notes to the financial statements

March 31, 2016

13. Comparative figures

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