

Financial statements of

**Canadian Mental Health
Association - Niagara Branch**

March 31, 2013

Canadian Mental Health Association - Niagara Branch

March 31, 2013

Table of contents

Independent Auditor's Report	1-2
Statement of operations	3
Statement of funds	4
Balance sheet	5
Statement of cash flows	6
Statement of operations United Ways of South Niagara, St. Catharines and District, Niagara Falls and Fort Erie	7
Statement of operations Ministry of Health and Long-Term Care/Hamilton Niagara Haldimand Brant Local Health Integration Network	8
Statement of operations Ministry of Health and Long-Term Care - Housing	9
Statement of operations Fort Erie Health Promotion Program - Fort Erie Bingo	10
Statement of operations 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 Ministry of Training, Colleges and Universities - Employment Ontario Fund	12
Statement of operations Manchester - Transitional Housing Program	13
Notes to the financial statements	14-22

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 balance sheet as at March 31, 2013, 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, 2013, 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 and the Ministry of Health and Long-Term Care and should not be distributed to or used by parties other than Canadian Mental Health Association - Niagara Branch, the Hamilton Niagara Haldimand Brant Local Health Integration Network or the Ministry of Health and Long-Term Care.

Deloitte LLP

Chartered Professional Accountants, Chartered Accountants
Licensed Public Accountants
May 27, 2013

Canadian Mental Health Association - Niagara Branch

Statement of operations
year ended March 31, 2013

	2013	2012
	\$	\$
Income		
Operating grants	7,140,143	6,440,121
One time funding	29,350	106,923
General donations and bequests	10,969	9,304
Rental property revenue	208,180	212,572
Bingo proceeds	25,766	27,206
Interest and other	63,638	15,434
Fundraising	22,878	18,073
	7,500,924	6,829,633
Expenses		
Building occupancy costs	437,620	416,986
Capital asset expenditures	159,624	188,140
Amortization	162,125	70,829
Flow through to other agencies	2,002,277	1,709,148
General and administrative	521,101	527,248
Payments from Discretionary Assistance Fund	1,281	402
Rental property	16,867	18,530
Interest on long-term debt	10,039	9,598
Miscellaneous club and home costs	21,474	17,716
Replacement fund	6,120	6,320
Salaries, purchased services and payroll taxes	4,157,581	4,010,434
	7,496,109	6,975,351
Operating excess of income over expenses (expenses over income)	4,815	(145,718)
Net change in Capital Reserve Fund balance (Note 10)	7,780	7,505
Disbursements from S.S.O. Emergency Fund balance (Note 10)	(1,040)	-
Transfer to Agency Program Development - Niagara Branch from Due to Funding Source (Note 6)	8,250	-
Amount paid to funding source from Ministry of Training, Colleges and Universities - Employment Ontario Fund	(147)	-
Net repayable to Ministry of Health and Long-Term Care (Note 6)	(4,355)	-
Net recoverable from Ministry of Health - Housing (Note 6)	6,630	8,353
Adjustment to the current fiscal year government subsidy for under funding (Note 6)	-	2,797
Excess of income over expenses (expenses over income)	21,933	(127,063)

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, 2013

	2013	2012
	\$	\$
Funder Restricted Funds		
United Ways of South Niagara, St. Catharines and District, Niagara Falls and Fort Erie	(4,381)	2,220
Ministry of Health and Long-Term Care / Hamilton Niagara Haldimand Brant Local Health Integration Network	-	-
Ministry of Health and Long-Term Care - Housing	75,655	72,320
Ministry of Health - Capital Reserve Fund (Note 10)	122,998	115,218
Ministry of Training, Colleges and Universities - Employment Ontario Fund	147,905	150,974
Manchester - Transitional Housing Program	(13,958)	(11,025)
S.S.O. Emergency Fund (Note 10)	25,597	25,838
	353,816	355,545
Municipality Restricted Funds		
Fort Erie Health Promotion Program - Fort Erie Bingo Fund	612	3,504
Niagara Falls Bingo Fund	39,099	38,342
St. Catharines Bingo Fund	159,736	155,524
	199,447	197,370
Donor and Board Restricted Funds		
Special Events Fund	136,421	110,465
Discretionary Assistance Fund	9,376	10,657
Research and Development Fund	75,983	75,031
Employment Services Restricted Donations Fund	1,684	1,684
	223,464	197,837
Invested in capital assets (Note 10)		
Building Fund - Investment	43,265	42,205
Special Projects - Building Fund	39,811	42,396
	83,076	84,601
Agency Program Development Fund (Note 10)		
Agency Program Development - Niagara Branch	(612)	1,905
Total fund balances, beginning of year	837,258	964,321
Excess of income over expenses (expenses over income)	21,933	(127,063)
Total fund balances, end of year	859,191	837,258

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

Canadian Mental Health Association - Niagara Branch

Balance sheet
as at March 31, 2013

	2013	2012
	\$	\$
Assets		
Current assets		
Cash	362,581	224,934
Investments (Note 4)	696,353	675,868
Accounts receivable	126,362	174,105
Due from funding sources (Note 6)	2,275	-
Prepaid expenses	38,053	52,172
	1,225,624	1,127,079
Capital assets (Note 5)	649,439	612,154
	1,875,063	1,739,233
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	320,287	273,569
Government remittances payable	1,414	1,273
Residents' rent deposits	9,271	9,684
Due to funding sources (Note 6)	-	26,405
Deferred revenue (Note 7)	323,054	203,647
Current portion of long-term debt (Note 8)	26,108	25,488
	680,134	540,066
Long-term debt (Note 8)	335,738	361,909
	1,015,872	901,975
Commitments (Note 9)		
Fund balances		
Funder Restricted Funds	353,816	355,545
Municipality Restricted Funds	199,447	197,370
Donor and Board Restricted Funds	223,464	197,837
Invested in capital assets	83,076	84,601
Agency Program Development Funds	(612)	1,905
	859,191	837,258
	1,875,063	1,739,233

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, 2013

	2013	2012
	\$	\$
Operating activities		
Excess of income over expenses (expenses over income)	21,933	(127,063)
Adjustment for amortization	162,125	70,829
Changes in non-cash working capital items (Note 11)	199,035	(32,091)
	383,093	(88,325)
Investing activities		
Purchase of investments	(696,353)	(635,405)
Proceeds on sale of investments	675,868	423,835
Purchase of capital assets	(199,410)	(80,099)
	(219,895)	(291,669)
Financing activity		
Repayment of long-term debt	(25,551)	(24,909)
Net change in cash	137,647	(404,903)
Cash, beginning of year	224,934	629,837
Cash, end of year	362,581	224,934

Refer to Note 11 for supplemental cash flow information.

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

Canadian Mental Health Association - Niagara Branch

United Ways of South Niagara, St. Catharines and District,
Niagara Falls and Fort Erie

Statement of operations
year ended March 31, 2013

	2013	2012
	\$	\$
Income		
United Way of St. Catharines and District - operating grant	89,187	88,497
United Way of Fort Erie - operating grant	20,199	20,084
United Way of Niagara Falls - operating grant	30,916	27,751
Realtors Care Foundation - operating grant	3,669	-
Interest and other	652	305
General donations and bequests	-	653
	144,623	137,290
Expenses		
Computer supplies and maintenance	3,909	1,646
Staff and consumer education programs	1,079	1,755
Travel	1,735	2,038
Office and miscellaneous	567	1,445
Professional fees	875	800
Memberships	258	-
Building occupancy costs	4,539	3,136
Salaries, purchased services and payroll taxes	134,584	157,173
Telephone	3,678	4,537
	151,224	172,530
Operating excess of expenses over income	(6,601)	(35,240)
United Way fund balance, beginning of year	2,220	37,460
United Way fund balance, end of year	(4,381)	2,220

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
year ended March 31, 2013

	2013	2012
	\$	\$
Income		
Operating grant	5,709,675	5,105,984
One time funding	29,350	106,923
Interest and other	40,691	50
	5,779,716	5,212,957
Expenses		
Capital asset expenditures	159,624	188,140
Building occupancy costs	169,060	154,068
Computer supplies and maintenance	63,703	71,364
Flex fund	1,202	162
Flow through to other agencies	1,327,663	1,137,486
Insurance	11,948	11,367
Office and miscellaneous	15,622	9,135
Salaries, purchased services and payroll taxes	3,536,633	3,364,172
Sessional fees	-	109
Supplies and other expenses		
Advertising and promotion	9,469	4,524
Bank charges	2,815	2,961
Books, periodicals and subscriptions	10,103	5,354
Maintenance supplies and services	18,250	35,551
Residential crisis bed food	21,474	17,716
Postage, stationery and office	44,812	32,543
Professional fees	57,045	38,861
Program supplies	8,292	8,484
Staff education programs	42,309	51,875
Telephone	67,169	50,738
Travel	82,573	68,320
Amortization	136,362	43,336
	5,786,128	5,296,266
Operating excess of expenses over income	(6,412)	(83,309)
Transfer from Agency Program Development Fund	10,767	129
Transfer from Special Projects Fund - Special Event Reserves	-	83,180
Net repayable to funding source (Note 6)	(4,355)	-
Excess of expenses over income	-	-
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
year ended March 31, 2013

	2013	2012
	\$	\$
Income		
Ministry of Health and Long-Term Care - Housing funding	767,274	660,181
Rental property revenue	208,180	204,572
Interest and other	7,491	-
	982,945	864,753
Expenses		
Building occupancy costs	31,191	21,171
Rental property expenses	16,867	15,504
Building occupancy costs - housing units	210,925	204,860
Amortization	23,178	24,908
Flow through to other agencies	674,614	571,662
Insurance	7,298	6,942
Interest on long-term debt	10,039	9,598
Replacement fund	6,120	6,320
Salaries, purchased services and payroll taxes	4,616	3,632
Staff education programs	12	-
Office and miscellaneous	1,380	695
	986,240	865,292
Operating excess of expense over income	(3,295)	(539)
Net receivable from funding source (Note 6)	6,630	8,353
Adjustment to the current fiscal year government subsidy for under funding (Note 6)	-	2,797
Excess of income over expenses	3,335	10,611
Ministry of Health and Long-Term Care - Housing fund balance, beginning of year	72,320	61,709
Ministry of Health and Long-Term Care - Housing fund balance, end of year	75,655	72,320

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
year ended March 31, 2013

	2013	2012
	\$	\$
Income		
Bingo proceeds	12,807	14,000
Expense		
Salaries, purchased services and payroll taxes	15,699	15,176
Excess of expenses over income	(2,892)	(1,176)
Fort Erie Bingo fund balance, beginning of year	3,504	4,680
Fort Erie Bingo fund balance, end of year	612	3,504

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
year ended March 31, 2013

	2013	2012
	\$	\$
Income		
Bingo proceeds	12,959	13,206
General donations and bequests	10,969	8,651
Fundraising	22,878	18,073
Interest and other	14,804	15,079
	61,610	55,009
Expenses		
Bingo expenses	5,404	6,061
Payment of TAMI funds to other agency from Special Events Fund	-	31,443
Payments from Discretionary Assistance Fund	1,281	402
Staff education programs	546	370
Salaries, purchased services and payroll taxes	4,863	8,508
Telephone	831	557
Travel	110	18
Office and miscellaneous	16,120	16,896
Amortization	2,585	2,585
	31,740	66,840
Operating excess of income over expenses (expenses over income)	29,870	(11,831)
Transfer to Building Fund - Investment	(1,060)	(741)
Transfer to S.S.O. Emergency Fund	(799)	-
Transfer to Ministry of Health and Long-Term Care / Hamilton Niagara Haldimand Brant Local Health Integration Network operating deficiency	-	(83,180)
Transfer from Special Projects - Building Fund	2,585	2,585
Excess of income over expenses (expenses over income)	30,596	(93,167)
Reserve balance, beginning of year		
Niagara Falls Bingo	38,342	39,452
St. Catharines Bingo	155,524	151,624
Special Events	110,465	208,303
Discretionary Assistance Fund	10,657	11,059
Research and Development	75,031	72,748
Employment Services Restricted Donations	1,684	1,684
	391,703	484,870
Allocation of excess of income over expenses (expenses over income)		
Niagara Falls Bingo	757	(1,110)
St. Catharines Bingo	4,212	3,900
Special Events	25,956	(97,838)
Discretionary Assistance Fund	(1,281)	(402)
Research and Development	952	2,283
	30,596	(93,167)
Reserve balance, end of year		
Niagara Falls Bingo	39,099	38,342
St. Catharines Bingo	159,736	155,524
Special Events	136,421	110,465
Discretionary Assistance Fund	9,376	10,657
Research and Development Fund	75,983	75,031
Employment Services Restricted Donations Fund	1,684	1,684
	422,299	391,703

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 - Employment Ontario Fund
Statement of operations
year ended March 31, 2013

	2013	2012
	\$	\$
Income		
Ministry of Training, Colleges and Universities - operating grant	429,698	429,845
Region of Niagara - Employment Opportunities - operating grant	9,525	30,000
	439,223	459,845
Expenses		
Advertising and promotion	545	2,218
Staff education programs	1,891	4,536
Office and miscellaneous	24,360	37,939
Building occupancy costs	21,905	24,101
Salaries, purchased services and payroll taxes	385,652	382,341
Travel	7,792	5,654
	442,145	456,789
Operating excess of (expenses over income) income over expenses	(2,922)	3,056
Amount paid to funding source for prior year excess of income over expenses	(147)	-
Excess of (expenses over income) income over expenses	(3,069)	3,056
Ministry of Training, Colleges and Universities Operating Fund, beginning of year	150,974	147,918
Ministry of Training, Colleges and Universities Operating Fund, end of year	147,905	150,974

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

Canadian Mental Health Association - Niagara Branch

Manchester - Transitional Housing Program

Statement of operations
year ended March 31, 2013

	2013	2012
	\$	\$
Income		
Region of Niagara – operating grant	80,000	77,779
Rental property revenue	-	8,000
	80,000	85,779
Expenses		
Computer supplies and maintenance	2,365	1,598
Staff education programs	661	840
Office and miscellaneous	178	1,193
Residents' food	-	63
Rental property expenses	-	3,026
Building occupancy costs	-	9,650
Salaries, purchased services and payroll taxes	75,534	79,432
Maintenance supplies and services	-	2,073
Telephone	1,690	2,129
Travel	2,505	2,454
	82,933	102,458
Excess of expenses over income	(2,933)	(16,679)
Manchester fund balance, beginning of year	(11,025)	5,654
Manchester fund (deficit) balance, end of year	(13,958)	(11,025)

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, 2013

1. Description of Branch

The Canadian Mental Health Association – Niagara Branch (“CMHA Niagara” or the “Branch”) is an incorporated, registered, non-profit organization. The Branch 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 Branch 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 South Niagara, St. Catharines and District, Niagara Falls and Fort Erie*

Various United Way Funds provide the following:

- The United Way of St. Catharines and District funds the St. Catharines Resource Centre, brief counseling, outreach and other services at their St. Catharines locations. Public Education and Health Promotion and Information and Referral provide assistance to the general public seeking mental health services. Volunteer Training and Development locates and supports volunteers in administrative support functions and in direct support to clients.
- The United Ways of Niagara South, Greater Fort Erie and Niagara Falls fund the Mental Health Counseling and Public Education Programs in their areas. These programs provide individual and group counseling 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, counseling, 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 walk-in services for the general public. The St. Catharines location is funded by the United Way of St. Catharines and District.

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.

Included in the United Ways of South Niagara, St. Catharines and District, Niagara Falls and Fort Erie statement of operations are funds from Trauma Counselling - Canada Post Foundation for Mental Health. This is a one-time grant, funding enhancements to existing counselling services. The funding is to provide trauma counseling for individuals who are new to Canada as well as those individuals who have experienced recent loss of work.

(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, 2013

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 Health System, Niagara Regional Police Services, Distress Centre of Niagara, Pathstone Mental Health and CMHA 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 - Employment Ontario

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 statement of operations are funds from 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.

(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 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.

Canadian Mental Health Association - Niagara Branch

Notes to the financial statements

March 31, 2013

2. Description of funds (continued)

- (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 the membership requests 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.

Also included in the Special Projects Fund statement of operations are Ontario Trillium Foundation funds. The Foundation funds TAMI (Talking About Mental Illness); a multi-agency project that provides public education seminars in high schools to raise awareness of mental illness.

- (g) *Manchester - Transitional Housing Program*

Manchester 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.

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

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.

Canadian Mental Health Association - Niagara Branch

Notes to the financial statements

March 31, 2013

3. Accounting policies (continued)

Financial instruments (continued)

With respect to financial assets measured at cost or amortized cost, the Company recognizes in net earnings 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 earnings 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. CMHA Niagara has adopted the Ministry's policy to write-off all approved capital expenditures of this program subsequent to initial project acquisition in the year acquired as a charge against the operating budget.

Amortization is provided on land and 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 Branch'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

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 did issue receipts for goods contributed during the year. This amount is not recorded in the accounts of the Association.

Ministry of Health - Capital reserve fund

This fund was established in accordance with the terms and conditions of the operating agreement with the Ministry of Municipal Affairs and Housing. The Ministry of Health and Long-Term Care has adopted these agreements. The Ministry determines the annual allocation to the fund. These funds, along with interest earned, must be held in financial instruments as defined by the Ministry and accounted for separately from other funds.

Canadian Mental Health Association - Niagara Branch

Notes to the financial statements
March 31, 2013

3. Accounting policies (continued)

Revenue recognition

Grant revenue is recognized in the funding period for which it is approved.

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

	2013	2012
	\$	\$
Guaranteed Investment Certificates - carrying value bearing interest from 1.1% to 2.0%, maturing between July 4, 2013 and October 9, 2015 (market value \$705,914 (2012 - \$685,432))	696,353	675,868

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 \$122,629 (2012 - \$112,325). These investments have been externally restricted by the MOHLTC to ensure there are sufficient funds to afford a capital project 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 (2012 - \$73,101). These investments have been externally restricted by the Donor.

5. Capital assets

			2013	2012
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Land and buildings	731,841	302,948	428,893	455,843
Leasehold improvements	165,600	71,760	93,840	104,880
Furniture and equipment	47,399	39,662	7,737	9,946
Computer hardware	88,088	57,082	31,006	17,412
Computer software	224,069	136,106	87,963	24,073
	1,256,997	607,558	649,439	612,154

Canadian Mental Health Association - Niagara Branch

Notes to the financial statements
March 31, 2013

6. Due to funding sources

	2013	2012
	\$	\$
Due to Ministry of Health and Long-Term Care, beginning of the year	34,758	38,965
Ministry of Health and Long-Term Care	4,355	-
Payments made during the year	(26,508)	(4,207)
Transfer to Agency Program Development	(8,250)	(129)
Other adjustments	-	129
Due to Ministry of Health and Long-Term Care, end of the year	4,355	34,758
Due from Ministry of Health - Housing, beginning of the year	(8,353)	(16,929)
Ministry of Health - Housing	(6,630)	(8,353)
Recoveries made during the year	8,353	19,726
Other adjustments	-	(2,797)
Due from Ministry of Health - Housing, end of the year	(6,630)	(8,353)
Total due (from) to funding sources	(2,275)	26,405

The Branch 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 2012 and 2013 are outstanding and the review of the Ministry of Health and Long-Term Care - Housing settlement for 2013 is outstanding as at this fiscal year end date.

7. Deferred revenue

	2013	2012
	\$	\$
MOHLTC/LHIN	(253,609)	(188,642)
Social Club	(10,558)	(10,005)
Green Shield Grant	(6,000)	-
Region of Niagara (EES)	(45,475)	-
Wellness Realtor	(2,412)	-
Restricted funds	(5,000)	(5,000)
Total	(323,054)	(203,647)

Included in deferred revenue for the MOHLTC are capital expenditure costs which were approved by the MOHLTC.

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.

Canadian Mental Health Association - Niagara Branch

Notes to the financial statements
March 31, 2013

8. Long-term debt

	2013	2012
	\$	\$
Canada Mortgage and Housing Corporation 2.4% mortgage, payable in equal monthly instalments of principal and interest of \$2,875, maturing April 2025 and renewing October 2015. The mortgage is secured by land, buildings and by an assignment of rents.	361,846	387,397
Current portion	26,108	25,488
Long-term portion	335,738	361,909

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

	\$
2014	26,108
2015	26,732
2016	27,381
2017	28,045
2018	28,726
Thereafter	224,854
Total	361,846

9. Commitments

CMHA Niagara has a Campus Space Agreement with Goodwill Niagara for its office facilities in St. Catharines, Ontario for a monthly rate of \$3,381, including common area charges. The rent is allocated to various programs.

CMHA Niagara has a 10-year lease ending October 31, 2016 for its Niagara Falls facilities at a monthly rate of \$3,211, plus applicable taxes including common area charges.

CMHA Niagara has a 2-year lease ending January 30, 2015 for its Welland facilities at a monthly rate of \$196.67 plus HST, including utilities.

10. Funds

Ministry of Health - Capital reserve fund

	2013	2012
	\$	\$
Balance, beginning of year	115,218	107,713
Annual funding	2,920	2,920
One-time funding	3,200	3,400
Interest income	1,660	1,185
Balance, end of year	122,998	115,218

Canadian Mental Health Association - Niagara Branch

Notes to the financial statements
March 31, 2013

10. Funds (continued)

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

	2013	2012
	\$	\$
Balance, beginning of year	25,838	25,838
Disbursements	(1,040)	-
Interest income	799	-
Balance, end of year	25,597	25,838

Invested in capital assets

	2013	2012
	\$	\$
Balance, beginning of year	84,601	86,445
Amortization	(2,585)	(2,585)
Interest income	1,060	741
Balance, end of year	83,076	84,601

Agency Program Development Fund - Niagara Branch

	2013	2012
	\$	\$
Balance, beginning of year	1,905	2,034
Transfer to MOHLTC	(10,767)	(129)
Transfer from Due to Funding Source	8,250	-
Balance, end of year	(612)	1,905

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.

Canadian Mental Health Association - Niagara Branch

Notes to the financial statements
March 31, 2013

11. Supplemental cash flow information

Changes in non-cash working capital

	2013	2012
	\$	\$
Accounts receivable	47,743	(44,413)
Prepaid expenses	14,119	4,640
Accounts payable and accrued liabilities	46,718	3,218
Government remittances payable	141	1,273
Residents' rent deposits	(413)	154
Due from/to funding sources	(28,680)	4,369
Deferred revenue	119,407	(1,332)
	199,035	(32,091)
	2013	2012
	\$	\$
Interest received	11,470	9,766
Interest paid	10,039	9,598

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 Branch 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.

13. Comparative figures

Certain of the prior year's figures have been reclassified to conform to the current year's financial statement presentation.