

Financial statements of

**Canadian Mental Health
Association - Niagara Branch**

March 31, 2014

Canadian Mental Health Association - Niagara Branch

March 31, 2014

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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, 2014, 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, 2014, 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.

Deloitte LLP

Chartered Professional Accountants, Chartered Accountants
Licensed Public Accountants
May 27, 2014

Canadian Mental Health Association - Niagara Branch

Statement of operations
year ended March 31, 2014

	2014	2013
	\$	\$
Income		
Operating grants	7,077,733	7,140,143
One time funding	-	29,350
General donations and bequests	20,111	10,969
Rental property revenue	233,423	208,180
Bingo proceeds	17,712	25,766
Interest and other	96,376	63,638
Fundraising	35,656	22,878
	7,481,011	7,500,924
Expenses		
Building occupancy costs	462,245	437,620
Capital asset expenditures	28,197	159,624
Amortization	145,136	162,125
Flow through to other agencies	1,885,626	2,002,277
General and administrative	582,640	521,101
Payments from Discretionary Assistance Fund	328	1,281
Rental property	16,579	16,867
Interest on long-term debt	8,305	10,039
Miscellaneous club and home costs	19,171	21,474
Replacement fund	6,820	6,120
Salaries, purchased services and payroll taxes	4,278,983	4,157,581
	7,434,030	7,496,109
Operating excess of income over expenses	46,981	4,815
Net change in Capital Reserve Fund balance (Note 10)	8,262	7,780
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)	(1,478)	(4,355)
Net (repayable) recoverable from Ministry of Health - Housing (Note 6)	(2,985)	6,630
Excess of income over expenses	50,780	21,933

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, 2014

	2014	2013
	\$	\$
Funder Restricted Funds		
United Ways of St. Catharines and District, and Niagara Falls / Greater Fort Erie	(11,176)	(4,381)
Ministry of Health and Long-Term Care - Housing	78,806	75,655
Ministry of Health - Capital Reserve Fund (Note 10)	131,260	122,998
Ministry of Training, Colleges and Universities - Employment Ontario Fund	143,669	147,905
Manchester - Transitional Housing Program	(16,315)	(13,958)
S.S.O. Emergency Fund (Note 10)	25,597	25,597
	351,841	353,816
Municipality Restricted Funds		
Fort Erie Health Promotion Program - Fort Erie Bingo Fund	(1,425)	612
Niagara Falls Bingo Fund	38,277	39,099
St. Catharines Bingo Fund	162,225	159,736
	199,077	199,447
Donor and Board Restricted Funds		
Special Events Fund	191,643	136,421
Discretionary Assistance Fund	9,048	9,376
Research and Development Fund	76,412	75,983
Employment Services Restricted Donations Fund	1,684	1,684
	278,787	223,464
Invested in capital assets (Note 10)		
Building Fund - Investment	43,652	43,265
Special Projects - Building Fund	37,226	39,811
	80,878	83,076
Agency Program Development Fund (Note 10)		
Agency Program Development - Niagara Branch	(612)	(612)
Total fund balances, beginning of year	859,191	837,258
Excess of income over expenses	50,780	21,933
Total fund balances, end of year	909,971	859,191

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, 2014

	2014	2013
	\$	\$
Assets		
Current assets		
Cash	379,665	362,581
Short-term investments (Note 4)	242,992	501,562
Accounts receivable	311,699	126,362
Due from funding sources (Note 6)	-	2,275
Prepaid expenses	58,642	38,053
	992,998	1,030,833
Investments (Note 4)	462,372	194,791
Capital assets (Note 5)	504,302	649,439
	1,959,672	1,875,063
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	469,071	320,287
Government remittances payable	30,417	1,414
Residents' rent deposits	2,500	9,271
Due to funding sources (Note 6)	2,188	-
Deferred revenue (Note 7)	209,827	323,054
Current portion of long-term debt (Note 8)	26,742	26,108
	740,745	680,134
Long-term debt (Note 8)	308,956	335,738
	1,049,701	1,015,872
Commitments (Note 9)		
Fund balances		
Funder Restricted Funds	351,841	353,816
Municipality Restricted Funds	199,077	199,447
Donor and Board Restricted Funds	278,787	223,464
Invested in capital assets	80,878	83,076
Agency Program Development Funds	(612)	(612)
	909,971	859,191
	1,959,672	1,875,063

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, 2014

	2014	2013
	\$	\$
Operating activities		
Excess of income over expenses	50,780	21,933
Adjustment for amortization	145,136	162,125
Changes in non-cash working capital items (Note 11)	(143,673)	199,035
	52,243	383,093
Investing activities		
Purchase of investments	(510,573)	(696,353)
Proceeds on sale of investments	501,562	675,868
Purchase of capital assets	-	(199,410)
	(9,011)	(219,895)
Financing activity		
Repayment of long-term debt	(26,148)	(25,551)
Net change in cash	17,084	137,647
Cash, beginning of year	362,581	224,934
Cash, end of year	379,665	362,581

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 St. Catharines and District, and
Niagara Falls / Greater Fort Erie
Statement of operations and fund balance
year ended March 31, 2014

	2014	2013
	\$	\$
Income		
United Way of St. Catharines and District - operating grant	90,641	89,187
United Way of Fort Erie - operating grant	24,731	20,199
United Way of Niagara Falls - operating grant	32,274	30,916
Realtors Care Foundation - operating grant	383	3,669
Interest and other	712	652
	148,741	144,623
Expenses		
Computer supplies and maintenance	3,378	3,909
Staff and consumer education programs	2,176	1,079
Travel	2,051	1,735
Office and miscellaneous	5,700	567
Professional fees	-	875
Memberships	-	258
Building occupancy costs	4,066	4,539
Salaries, purchased services and payroll taxes	133,831	134,584
Telephone	4,334	3,678
	155,536	151,224
Operating excess of expenses over income	(6,795)	(6,601)
United Way fund balance, beginning of year	(4,381)	2,220
United Way fund balance, end of year	(11,176)	(4,381)

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, 2014

	2014	2013
	\$	\$
Income		
Operating grant	5,595,742	5,709,675
One time funding	-	29,350
Interest and other	72,947	40,691
	5,668,689	5,779,716
Expenses		
Capital asset expenditures	28,197	159,624
Building occupancy costs	165,747	170,370
Computer supplies and maintenance	93,409	63,703
Flex fund	6,198	1,202
Flow through to other agencies	1,230,669	1,327,663
Insurance	11,480	11,948
Office and miscellaneous	14,587	15,623
Salaries, purchased services and payroll taxes	3,620,874	3,536,632
Supplies and other expenses		
Advertising and promotion	19,302	9,469
Bank charges	2,250	2,815
Books, periodicals and subscriptions	13,738	10,103
Maintenance supplies and services	17,425	18,250
Residential crisis bed food	19,171	20,164
Postage, stationery and office	28,547	44,812
Professional fees	85,437	57,045
Program supplies	13,546	8,292
Staff education programs	43,283	42,309
Telephone	60,958	67,169
Travel	75,989	82,573
Amortization	116,404	136,362
	5,667,211	5,786,128
Operating excess of income over expenses (expenses over income)	1,478	(6,412)
Transfer from Agency Program Development Fund	-	10,767
Net repayable to funding source (Note 6)	(1,478)	(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 and fund balance
year ended March 31, 2014

	2014	2013
	\$	\$
Income		
Ministry of Health and Long-Term Care - Housing funding	770,274	767,274
Rental property revenue	233,423	208,180
Interest and other	-	7,491
	1,003,697	982,945
Expenses		
Building occupancy costs	25,039	31,191
Rental property expenses	16,579	16,867
Building occupancy costs - housing units	245,844	210,925
Amortization	26,147	23,178
Flow through to other agencies	654,957	674,614
Insurance	8,529	7,298
Interest on long-term debt	8,305	10,039
Replacement fund	6,820	6,120
Salaries, purchased services and payroll taxes	4,887	4,616
Staff education programs	-	12
Office and miscellaneous	454	1,380
	997,561	986,240
Operating excess of income over expenses (expense over income)	6,136	(3,295)
Net (repayable) receivable from funding source (Note 6)	(2,985)	6,630
Excess of income over expenses	3,151	3,335
Ministry of Health and Long-Term Care - Housing fund balance, beginning of year	75,655	72,320
Ministry of Health and Long-Term Care - Housing fund balance, end of year	78,806	75,655

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, 2014

	2014	2013
	\$	\$
Income		
Bingo proceeds	9,840	12,807
Expense		
Salaries, purchased services and payroll taxes	11,877	15,699
Excess of expenses over income	(2,037)	(2,892)
Fort Erie Bingo fund balance, beginning of year	612	3,504
Fort Erie Bingo fund balance, end of year	(1,425)	612

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, 2014

	2014	2013
	\$	\$
Income		
Bingo proceeds	7,872	12,959
General donations and bequests	20,111	10,969
Fundraising	35,656	22,878
Interest and other	22,717	14,804
	86,356	61,610
Expenses		
Bingo expenses	2,742	5,404
Payments from Discretionary Assistance Fund	328	1,281
Staff education programs	416	546
Salaries, purchased services and payroll taxes	4,014	4,863
Telephone	37	831
Travel	37	110
Office and miscellaneous	21,405	16,120
Amortization	2,585	2,585
	31,564	31,740
Operating excess of income over expenses	54,792	29,870
Transfer to Building Fund - Investment	(387)	(1,060)
Transfer to S.S.O. Emergency Fund	-	(799)
Transfer from Special Projects - Building Fund	2,585	2,585
Excess of income over expenses	56,990	30,596
Reserve balance, beginning 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	75,983	75,031
Employment Services Restricted Donations	1,684	1,684
	422,299	391,703
Allocation of excess of income over expenses (expenses over income)		
Niagara Falls Bingo	(822)	757
St. Catharines Bingo	2,489	4,212
Special Events	55,222	25,956
Discretionary Assistance Fund	(328)	(1,281)
Research and Development	429	952
	56,990	30,596
Reserve balance, end of year		
Niagara Falls Bingo	38,277	39,099
St. Catharines Bingo	162,225	159,736
Special Events	191,643	136,421
Discretionary Assistance Fund	9,048	9,376
Research and Development Fund	76,412	75,983
Employment Services Restricted Donations Fund	1,684	1,684
	479,289	422,299

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 and fund balance
year ended March 31, 2014

	2014	2013
	\$	\$
Income		
Ministry of Training, Colleges and Universities - operating grant	437,573	429,698
Region of Niagara - Employment Opportunities - operating grant	46,115	9,525
	483,688	439,223
Expenses		
Advertising and promotion	774	545
Staff education programs	1,923	1,891
Office and miscellaneous	29,856	24,360
Building occupancy costs	21,549	21,905
Salaries, purchased services and payroll taxes	426,732	385,652
Travel	7,090	7,792
	487,924	442,145
Operating excess of expenses over income	(4,236)	(2,922)
Amount paid to funding source for prior year excess of expenses over income	-	(147)
Excess of expenses over income	(4,236)	(3,069)
Ministry of Training, Colleges and Universities Operating Fund, beginning of year	147,905	150,974
Ministry of Training, Colleges and Universities Operating Fund, end of year	143,669	147,905

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 and fund balance
year ended March 31, 2014

	2014	2013
	\$	\$
Income		
Region of Niagara – operating grant	80,000	80,000
Expenses		
Computer supplies and maintenance	1,689	2,365
Staff education programs	100	661
Office and miscellaneous	248	178
Salaries, purchased services and payroll taxes	76,768	75,534
Telephone	900	1,690
Travel	2,652	2,505
	82,357	82,933
Excess of expenses over income	(2,357)	(2,933)
Manchester fund deficit, beginning of year	(13,958)	(11,025)
Manchester fund deficit, end of year	(16,315)	(13,958)

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, 2014

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 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, 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 Way of Niagara Falls / Greater Fort Erie 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 St. Catharines and District, and Niagara Falls / Greater Fort Erie statement of operations and fund balance are funds from Realtors Care Foundation, funding a Wellness project for clients of the Residential Crisis Support Beds program.

(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, 2014

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, 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 - 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 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, 2014

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) 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.

Canadian Mental Health Association - Niagara Branch

Notes to the financial statements

March 31, 2014

3. Accounting policies (continued)

Financial instruments (continued)

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.

With respect to financial assets measured at cost or amortized cost, the Branch 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.

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.

Canadian Mental Health Association - Niagara Branch

Notes to the financial statements
March 31, 2014

3. Accounting policies (continued)

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.

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

	2014	2013
	\$	\$
Guaranteed Investment Certificates - carrying value bearing interest from 1.1% to 2.5%, maturing between January 4, 2015 and April 23, 2016 (market value \$719,659 (2013 - \$705,914))	705,364	696,353
Less: GICs maturing within one year	242,992	501,562
	462,372	194,791

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 \$126,418 (2013 - \$122,629). 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 (2013 - \$73,101). These investments have been externally restricted by the Donor.

Canadian Mental Health Association - Niagara Branch

Notes to the financial statements
March 31, 2014

5. Capital assets

			2014	2013
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Land and buildings	731,841	331,681	400,160	428,893
Leasehold improvements	165,600	82,800	82,800	93,840
Furniture and equipment	47,399	41,874	5,525	7,737
Computer hardware	88,088	72,273	15,815	31,006
Computer software	224,069	224,067	2	87,963
	1,256,997	752,695	504,302	649,439

6. Due to funding sources

	2014	2013
	\$	\$
Due to Ministry of Health and Long-Term Care, beginning of the year	(4,355)	(34,758)
Ministry of Health and Long-Term Care	(1,478)	(4,355)
Payments made during the year	-	26,508
Transfer to Agency Program Development	-	8,250
Due to Ministry of Health and Long-Term Care, end of the year	(5,833)	(4,355)
Due from Ministry of Health - Housing, beginning of the year	6,630	8,353
Ministry of Health - Housing	(2,985)	6,630
Recoveries made during the year	-	(8,353)
Due from Ministry of Health - Housing, end of the year	3,645	6,630
Total due (to) from funding sources	(2,188)	2,275

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

	2014	2013
	\$	\$
MOHLTC/LHIN	130,496	253,609
Social Club	11,183	10,558
Green Shield Grant	6,000	6,000
Region of Niagara (EES)	54,360	45,475
Wellness Realtor	2,788	2,412
Restricted funds	5,000	5,000
	209,827	323,054

Canadian Mental Health Association - Niagara Branch

Notes to the financial statements
March 31, 2014

7. Deferred revenue (continued)

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.

8. Long-term debt

	2014	2013
	\$	\$
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.	335,698	361,846
Current portion	26,742	26,108
Long-term portion	308,956	335,738

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

	\$
2015	26,742
2016	27,381
2017	28,045
2018	28,726
2019	29,423
Thereafter	195,381
Total	335,698

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.

Canadian Mental Health Association - Niagara Branch

Notes to the financial statements
March 31, 2014

10. Funds

Ministry of Health - Capital reserve fund

	2014	2013
	\$	\$
Balance, beginning of year	122,998	115,218
Annual funding	2,920	2,920
One-time funding	3,900	3,200
Interest income	1,442	1,660
Balance, end of year	131,260	122,998

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

	2014	2013
	\$	\$
Balance, beginning of year	25,597	25,838
Disbursements	-	(1,040)
Interest income	-	799
Balance, end of year	25,597	25,597

Invested in capital assets

	2014	2013
	\$	\$
Balance, beginning of year	83,076	84,601
Amortization	(2,585)	(2,585)
Interest income	387	1,060
Balance, end of year	80,878	83,076

Agency Program Development Fund - Niagara Branch

	2014	2013
	\$	\$
Balance, beginning of year	(612)	1,905
Transfer to MOHLTC	-	(10,767)
Transfer from due to funding source	-	8,250
Balance, end of year	(612)	(612)

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, 2014

11. Supplemental cash flow information

Changes in non-cash working capital

	2014	2013
	\$	\$
Accounts receivable	(185,337)	47,743
Prepaid expenses	(20,589)	14,119
Accounts payable and accrued liabilities	148,785	46,718
Government remittances payable	29,003	141
Residents' rent deposits	(6,771)	(413)
Due from/to funding sources	4,463	(28,680)
Deferred revenue	(113,227)	119,407
	(143,673)	199,035

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.

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, 2014, the most significant financial liabilities are accounts payable and accrued liabilities, and long-term debt.