

Financial statements of

**Canadian Mental Health
Association - Niagara Branch**

March 31, 2017

Canadian Mental Health Association - Niagara Branch

March 31, 2017

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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 statement of financial position as at March 31, 2017, 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, 2017, 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
May 25, 2017

Canadian Mental Health Association - Niagara Branch

Statement of operations
year ended March 31, 2017

	2017	2016
	\$	\$
Income		
Operating grants	7,325,824	6,981,958
Receipted donations	58,257	27,408
Rental property revenue	465,991	451,102
Bingo proceeds	27,566	23,331
Interest and other	238,693	260,300
Fundraising	117,840	74,841
	8,234,171	7,818,940
Expenses		
Salaries, purchased services and payroll taxes	5,002,185	4,594,885
Flow through to other agencies	1,178,120	1,288,764
Building occupancy costs	1,025,202	973,393
General and administrative	788,657	749,597
Amortization	77,396	67,391
Capital asset expenditures	42,721	38,218
Miscellaneous home costs	33,715	27,458
Interest on long-term debt	2,767	5,475
Replacement fund	5,720	2,920
Payments from Discretionary Assistance Fund	1,391	1,583
	8,157,874	7,749,684
Operating excess of income over expenses	76,297	69,256
Net change in Capital Reserve Fund balance (Note 10)	(32,194)	10,227
Disbursements from S.S.O. Emergency Fund balance (Note 10)	(752)	(212)
Transfer to Agency Program Development - Niagara Branch from due to funding source (Note 6)	-	(4,355)
Adjustments to expected prior year receivable from funding source (Note 6)	-	3,442
Amount paid to funding source from Ministry of Advanced Education and <i>Skills Development</i>	-	(21,307)
Net repayable to Ministry of Health and Long-Term Care (Note 6)	(29)	(1,810)
Net recoverable from Ministry of Health - Housing (Note 6)	2,305	4,855
Excess of income over expenses	45,627	60,096

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, 2017

	2017	2016
	\$	\$
Funder Restricted Funds		
United Ways of St. Catharines and District, and Niagara Falls / Greater Fort Erie	(44,996)	(34,579)
Ministry of Health and Long-Term Care - Housing	84,474	95,179
Ministry of Health - Capital Reserve Fund (Note 10)	144,936	177,130
Ministry of Advanced Education and Skills Development Statement of operations and fund balance	140,850	141,008
Region - Transitional Housing Program	(26,545)	(25,358)
S.S.O. Emergency Fund (Note 10)	24,895	25,538
	323,614	378,918
Municipality Restricted Funds		
Fort Erie Health Promotion Program - Fort Erie Bingo Fund	(1,166)	(1,987)
Niagara Falls Bingo Fund	41,129	41,015
St. Catharines Bingo Fund	162,450	162,450
	202,413	201,478
Donor and Board Restricted Funds		
Special Events Fund	437,787	335,105
Discretionary Assistance Fund	5,874	7,265
Research and Development Fund	77,773	77,246
Employment Services Restricted Donations Fund	1,684	1,684
	523,118	421,300
Invested in capital assets (Note 10)		
Building Fund - Investment	45,220	44,457
Special Projects - Building Fund	29,471	32,056
	74,691	76,513
Agency Program Development Fund (Note 10)		
Agency Program Development - Niagara Branch	(612)	(612)
Total fund balances, beginning of year	1,077,597	1,017,501
Excess of income over expenses	45,627	60,096
Total fund balances, end of year	1,123,224	1,077,597

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, 2017

	2017	2016
	\$	\$
Assets		
Current assets		
Cash	409,616	874,648
Cash - Trustee	55,645	12,869
Short-term investments (Note 4)	705,004	292,090
Accounts receivable	251,906	293,601
Prepaid expenses	29,157	53,387
	1,451,328	1,526,595
Investments (Note 4)	76,942	32,657
Capital assets (Note 5)	429,880	507,276
	1,958,150	2,066,528
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	296,138	382,026
Payable - Trustee	60,045	16,947
Residents' rent deposits	354	1,262
Due to funding sources (Note 6)	7,428	11,866
Due to Ministry of Advanced Education and Skills Development	-	21,307
Deferred revenue (Note 7)	219,833	274,759
Current portion of long-term debt (Note 8)	29,934	29,624
	613,732	737,791
Long-term debt (Note 8)	221,194	251,140
	834,926	988,931
Commitments (Note 9)		
Fund balances		
Funder Restricted Funds	323,614	378,918
Municipality Restricted Funds	202,413	201,478
Donor and Board Restricted Funds	523,118	421,300
Invested in capital assets	74,691	76,513
Agency Program Development Funds	(612)	(612)
	1,123,224	1,077,597
	1,958,150	2,066,528

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, 2017

	2017	2016
	\$	\$
Operating activities		
Excess of income over expenses	45,627	60,096
Adjustment for amortization	77,396	67,391
Changes in non-cash working capital items (Note 11)	(58,444)	158,309
	64,579	285,796
Investing activities		
Purchase of investments	(781,945)	(245,064)
Proceeds on sale of investments	324,746	636,118
Purchase of capital assets	-	(110,832)
	(457,199)	280,222
Financing activity		
Repayment of long-term debt	(29,636)	(28,155)
Net change in cash	(422,256)	537,863
Cash, beginning of year	887,517	349,654
Cash, end of year	465,261	887,517
Consisting of:		
Cash	409,616	874,648
Cash - trustee	55,645	12,869
	465,261	887,517

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, 2017

	2017	2016
	\$	\$
Income		
United Way of St. Catharines and District - operating grant	78,000	81,750
United Way of Fort Erie - operating grant	33,858	31,346
United Way of Niagara Falls - operating grant	41,427	40,432
Receipted donations	460	-
Realtors Care Foundation - operating grant	-	1,234
Interest and other	-	47
	153,745	154,809
Expenses		
Salaries, purchased services and payroll taxes	144,357	156,421
Computer supplies and maintenance	6,080	6,536
Building occupancy costs	4,843	-
Telephone	3,465	2,967
Office and miscellaneous	3,302	5,950
Travel	1,413	2,122
Staff and consumer education programs	464	1,185
Advertising and promotion	208	-
Memberships	30	30
	164,162	175,211
Excess of expenses over income	(10,417)	(20,402)
United Way fund deficit, beginning of year	(34,579)	(14,177)
United Way fund deficit, end of year	(44,996)	(34,579)

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, 2017

	2017	2016
	\$	\$
Income		
Operating grant	5,823,657	5,631,472
Interest and other	106,085	146,966
	5,929,742	5,778,438
Expenses		
Salaries, purchased services and payroll taxes	4,047,366	3,828,902
Flow through to other agencies	991,620	1,123,664
Building occupancy costs	238,069	207,017
Computer supplies and maintenance	99,803	102,400
Amortization	43,534	35,830
Capital asset expenditures	42,721	38,218
Meetings and sundry	27,189	19,709
Insurance	11,389	12,369
Flex fund	1,431	2,576
Supplies and other expenses		
Professional fees	97,734	55,057
Travel	96,530	84,880
Telephone	64,227	89,265
Postage, stationery and office	45,056	34,907
Staff education programs	42,495	60,092
Advertising and promotion	20,737	24,406
Residential crisis bed food	18,427	19,018
Program supplies	16,553	18,136
Dues and membership	11,717	14,899
Maintenance supplies and services	9,290	2,036
Bank charges	3,825	3,247
	5,929,713	5,776,628
Operating excess of income over expenses	29	1,810
Net repayable to funding source (Note 6)	(29)	(1,810)
Excess of income over expenses	-	-
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, 2017

	2017	2016
	\$	\$
Income		
Ministry of Health and Long-Term Care - Housing funding	520,965	516,306
Rental property revenue	445,768	448,490
Interest and other	13	5,769
	966,746	970,565
Expenses		
Building occupancy costs - housing units	693,376	711,572
Flow through to other agencies	186,500	165,100
Amortization	29,636	28,155
Rental property expenses	24,039	17,713
Building occupancy costs	22,435	16,244
Insurance	9,000	8,000
Replacement fund	5,720	2,920
Salaries, purchased services and payroll taxes	5,429	5,287
Interest on long-term debt	2,767	5,475
Office and miscellaneous	812	122
Staff education programs	42	75
	979,756	960,663
Operating excess of (expenses over income) income over expenses	(13,010)	9,902
Net receivable from funding source (Note 6)	2,305	4,855
Adjustments to expected prior year receivable from funding source (Note 6)	-	3,442
Excess of (expenses over income) income over expenses	(10,705)	18,199
Ministry of Health and Long-Term Care - Housing fund balance, beginning of year	95,179	76,980
Ministry of Health and Long-Term Care - Housing fund balance, end of year	84,474	95,179

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, 2017

	2017	2016
	\$	\$
Income		
Bingo proceeds	18,121	14,059
Expenses		
Salaries, purchased services and payroll taxes	17,300	13,400
Excess of expenses over income	821	659
Fort Erie Bingo fund deficit, beginning of year	(1,987)	(2,646)
Fort Erie Bingo fund deficit, end of year	(1,166)	(1,987)

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, 2017

	2017	2016
	\$	\$
Income		
Bingo proceeds	9,445	9,272
Receipted donations	57,797	27,408
Fundraising	117,840	74,841
Interest and other	132,595	107,518
	317,677	219,039
Expenses		
Salaries, purchased services and payroll taxes	82,820	47,576
Flow through to other agencies	75,000	63,040
Office and miscellaneous	52,287	37,467
Amortization	4,226	3,406
Payments from Discretionary Assistance Fund	1,391	1,583
Travel	1,065	515
Telephone	447	209
Staff education programs	222	15
Bingo expenses	-	110
Mental Health Coach	-	4,143
	217,458	158,064
Operating excess of income over expenses	100,219	60,975
Transfer to S.S.O. Emergency Fund - Investment	(109)	(208)
Transfer to Building Fund - Investment	(763)	(418)
Transfer from Special Projects - Building Fund	2,585	2,585
Excess of income over expenses	101,932	62,934
Reserve balance, beginning of year		
Niagara Falls Bingo	41,015	40,451
St. Catharines Bingo	162,450	162,461
Special Events	335,105	271,546
Discretionary Assistance Fund	7,265	8,848
Research and Development	77,246	76,841
Employment Services Restricted Donations	1,684	1,684
	624,765	561,831
Allocation of excess of income over expenses (expenses over income)		
Niagara Falls Bingo	114	564
St. Catharines Bingo	-	(11)
Special Events	102,682	63,559
Discretionary Assistance Fund	(1,391)	(1,583)
Research and Development	527	405
	101,932	62,934
Reserve balance, end of year		
Niagara Falls Bingo	41,129	41,015
St. Catharines Bingo	162,450	162,450
Special Events	437,787	335,105
Discretionary Assistance Fund	5,874	7,265
Research and Development Fund	77,773	77,246
Employment Services Restricted Donations Fund	1,684	1,684
	726,697	624,765

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

Canadian Mental Health Association - Niagara Branch

Ministry of Advanced Education and Skills Development
Statement of operations and fund balance
year ended March 31, 2017

	2017	2016
	\$	\$
Income		
Ministry of Advanced Education and Skills Development - operating grant	429,698	429,698
Canadian Mental Health Association Toronto - Opportunities Fund		
- Human Resources and Skills Development Canada - operating grant	169,482	79,450
Region of Niagara - Employment Opportunities - operating grant	-	21,178
	599,180	530,326
Expenses		
Salaries, purchased services and payroll taxes	504,448	420,072
Office and miscellaneous	61,602	56,501
Building occupancy costs	16,125	16,095
Staff education programs	10,500	8,597
Travel	6,124	6,424
Advertising and promotion	539	1,330
	599,338	509,019
Excess of (expenses over income) income over expenses	(158)	21,307
Amount paid to funding source for excess of income over expenses	-	(21,307)
Excess of expense over income	(158)	-
Ministry of Advanced Education and Skills Development	141,008	141,008
Ministry of Advanced Education and Skills Development	140,850	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, 2017

	2017	2016
	\$	\$
Income		
Region of Niagara – operating grants	228,737	149,092
Rental property revenue	20,223	2,612
	248,960	151,704
Expenses		
Salaries, purchased services and payroll taxes	200,465	123,227
Building occupancy costs	41,603	13,192
Telephone	2,999	742
Travel	2,223	1,442
Miscellaneous program costs	2,119	17,546
Staff education programs	738	550
	250,147	156,699
Excess of expenses over income	(1,187)	(4,995)
Transitional Housing Program fund deficit, beginning of year	(25,358)	(20,363)
Transitional Housing Program fund deficit, end of year	(26,545)	(25,358)

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, 2017

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 had operated 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 at two locations in St. Catharines and one location in Niagara Falls.
- Safe Beds - Seven crisis beds staffed with crisis counselors are available 24 hours a day, 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 justice system are offered group counselling and individualized support. 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, 2017

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.
- 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 - Police and counsellors operate from a squad car in St Catharines seven days per week.
- Centralized Access – Central coordinated access and warm transfer referrals to Addictions and Mental Health services in Niagara. Services are available 24 hours a day, 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 Advanced Education and Skills Development ("MAESD")

Individuals living with mental illness are assisted with employment search, return to work plans and assistance in job search skills through the REAL Work Program funded by the Ministry of Advanced Education and Skills Development.

All assets of this fund are externally restricted by the Ministry of Advanced Education and Skills Development to use in accordance with this purpose. Any excess of income over expenses is refundable to the Ministry of Advanced Education and Skills Development.

(e) Canadian Mental Health Association, Toronto National Employment Program

Individuals living with mental illness are assisted with employment search and job placement, job development. The funding also provides wages subsidies to employers and training subsidies to participants to build skill development. Services are provided through the REAL Work Program funded by Canadian Mental Health Association, Toronto.

All assets of this fund are externally restricted by CMHA Toronto to use in accordance with this purpose. Any excess of income over expenses is refundable to the CMHA Toronto.

(f) 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.

Canadian Mental Health Association - Niagara Branch

Notes to the financial statements

March 31, 2017

2. Description of funds (continued)

(f) Fort Erie Health Promotion Program - Fort Erie Bingo (continued)

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.

(g) 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.

(h) Region - Transitional Housing Program

This is a 5 bedroom house for former homeless females with concurrent disorders (mental health and substance abuse). The transitional housing project prepares individuals for independent living. Funds are 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 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.

Canadian Mental Health Association - Niagara Branch

Notes to the financial statements

March 31, 2017

3. Accounting policies (continued)

Financial instruments (continued)

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.

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.

Canadian Mental Health Association - Niagara Branch

Notes to the financial statements
March 31, 2017

3. Accounting policies (continued)

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

	2017	2016
	\$	\$
Guaranteed Investment Certificates - amortized cost bearing interest from 0.40% to 1.66%, maturing between April 7, 2017 and May 21, 2018	783,816	328,898
Less: accrued interest	1,871	4,151
	781,945	324,747
Less: GICs maturing within one year	705,004	292,090
	76,942	32,657

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 \$149,904 (2016 - \$144,787). 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 \$76,942 (2016 - \$75,659). These investments have been externally restricted by the Donor.

5. Capital assets

			2017	2016
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Land and buildings	731,829	423,994	307,835	340,057
Leasehold improvements	173,931	118,421	55,510	68,217
Furniture and equipment	109,990	66,178	43,812	57,432
Computer hardware	144,627	121,904	22,723	41,570
Computer software	224,069	224,069	-	-
	1,384,446	954,566	429,880	507,276

Canadian Mental Health Association - Niagara Branch

Notes to the financial statements
March 31, 2017

6. Due to funding sources

	2017	2016
	\$	\$
Due to Ministry of Health and Long-Term Care, beginning of the year	(17,189)	(10,732)
Ministry of Health and Long-Term Care	(29)	(1,810)
Payments made during the year	881	(292)
Transfer (from) to Agency Program Development Fund (Note 10)	-	(4,355)
Other adjustments	1,281	-
Due to Ministry of Health and Long-Term Care, end of the year	(15,056)	(17,189)
Due from Ministry of Health - Housing, beginning of the year	5,323	2,491
Ministry of Health - Housing	2,305	4,855
Recoveries made during the year	-	(5,465)
Other adjustments	-	3,442
Due from Ministry of Health - Housing, end of the year	7,628	5,323
Total due to funding sources	(7,428)	(11,866)

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 2016 are outstanding and the review of the Ministry of Health and Long-Term Care – Housing settlement for 2016 is outstanding as at this fiscal year end date.

7. Deferred revenue

	2017	2016
	\$	\$
MOHLTC/LHIN	116,304	167,786
Region of Niagara	-	46,106
MOH Housing - last months rent advance	36,108	36,108
MH Coach	35,130	-
Social Club	11,809	11,205
NEP	6,928	-
Green Shield Grant	6,000	6,000
Restricted funds	5,000	5,000
Wellness Realtor	2,554	2,554
	219,833	274,759

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.

Canadian Mental Health Association - Niagara Branch

Notes to the financial statements
March 31, 2017

8. Long-term debt

	2017	2016
	\$	\$
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.	251,128	280,764
Current portion	29,934	29,624
Long-term portion	221,194	251,140

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

	\$
2018	29,934
2019	30,246
2020	30,562
2021	30,882
2022	31,204
Thereafter	98,300
Total	251,128

9. Commitments

Under the terms of various operating leases in existence at March 31, 2017, the Association is committed to future minimum annual rent payments as follows:

	\$
2018	54,523
2019	52,823
2020	39,456
2021	26,304

10. Funds

Ministry of Health - Capital reserve fund

	2017	2016
	\$	\$
Balance, beginning of year	177,130	166,903
Annual funding	2,920	2,920
One-time funding	2,800	18,000
Capital expenditures	(40,001)	(12,540)
Interest income	2,087	1,847
Balance, end of year	144,936	177,130

Canadian Mental Health Association - Niagara Branch

Notes to the financial statements
March 31, 2017

10. Funds (continued)

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

	2017	2016
	\$	\$
Balance, beginning of year	25,538	25,542
Disbursements	(752)	(212)
Interest income	109	208
Balance, end of year	24,895	25,538

Invested in capital assets

	2017	2016
	\$	\$
Balance, beginning of year	76,513	78,680
Amortization	(2,585)	(2,585)
Interest income	763	418
Balance, end of year	74,691	76,513

Agency Program Development Fund

	2017	2015
	\$	\$
Balance, beginning of year	(612)	3,743
Transfer from due to funding source (Note 6)	-	(4,355)
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, or if there is an adjustment to an expected prior year payable to funding source under the MOHLTC.

Canadian Mental Health Association - Niagara Branch

Notes to the financial statements
March 31, 2017

11. Supplemental cash flow information

Changes in non-cash working capital

	2017	2016
	\$	\$
Accounts receivable	41,695	(87,754)
Prepaid expenses	24,230	704
Accounts payable and accrued liabilities	(85,888)	198,473
Government remittances payable	-	(41,101)
Payable - Trustee	43,098	1,297
Residents' rent deposits	(908)	(414)
Due to funding sources	(4,438)	3,625
Due to Ministry of Training, Colleges and Universities	(21,307)	21,307
Deferred revenue	(54,926)	62,172
	(58,444)	158,309

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, 2017, the most significant financial liabilities are accounts payable and accrued liabilities, deferred revenue and long-term debt.

13. Comparative figures

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