

**THE CANADIAN MENTAL HEALTH
ASSOCIATION NL DIVISION CORPORATION**

**FINANCIAL STATEMENTS
MARCH 31, 2014**

CANADIAN MENTAL HEALTH ASSOCIATION NL DIVISION CORPORATION

**FINANCIAL STATEMENTS
MARCH 31, 2014**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of:

Canadian Mental Health Association NL Division Corporation

We have audited the accompanying financial statements of **Canadian Mental Health Association NL Division Corporation** which comprise the statements of financial position as at **March 31, 2014** and **March 31, 2013**, and the statements of changes in fund balances, operations and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 judgement, 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 audit opinion.

Basis for qualified opinion

Canadian Mental Health Association NL Division Corporation derives a portion of its revenues from donations and other sources, the completeness of which is not susceptible to audit verification. Consequently, we were unable to obtain sufficient appropriate audit evidence to support the completeness of donation revenue and other revenue, and we were unable to determine whether any adjustments were necessary.

Qualified opinion

In our opinion, except for 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 NL Division Corporation** as at **March 31, 2014** and **March 31, 2013**, and its financial performance and its cash flows for the years then ended in accordance with Canadian accounting standards for not-for-profit organizations.



CERTIFIED GENERAL ACCOUNTANTS

June 9, 2014
Mount Pearl, NL

CANADIAN MENTAL HEALTH ASSOCIATION NL DIVISION CORPORATION

**STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2014**

ASSETS

	2014	2013
CURRENT		
Cash	\$ 674	\$ 106
Short term investments (Note 1 & 2)	117,879	237,584
Accounts receivable (Note 3)	26,617	75,212
Prepaid expenses	11,566	8,338
	156,736	321,240
CAPITAL ASSETS (Note 1 & 4)	11,482	16,817
DEFERRED CHARGES (Note 5)		3,741
LONG TERM INVESTMENT(S) (Note 1 & 6)	105,853	88,729
	\$ 274,071	\$ 430,527

LIABILITIES

CURRENT		
Bank overdraft	\$ 8,188	\$ 12,845
Accounts payable and accruals (Note 8)	47,514	12,237
	55,702	25,082
DEFERRED REVENUE (Note 9)	105,853	153,479
	161,555	178,561

FUND BALANCES

INVESTED IN CAPITAL ASSETS	11,482	16,817
UNRESTRICTED	101,034	235,149
	112,516	251,966
	\$ 274,071	\$ 430,527

APPROVED ON BEHALF OF THE BOARD

_____ Director _____ Director

See accompanying notes to financial statements

CANADIAN MENTAL HEALTH ASSOCIATION NL DIVISION CORPORATION

**STATEMENT OF CHANGES IN FUND BALANCES
FOR THE YEAR ENDED MARCH 31, 2014**

	Funds		2014	2013
	Capital Assets	General		
FUND BALANCES, beginning of year	\$ 16,817	\$ 235,149	\$ 251,966	\$ 280,673
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	(5,335)	(134,115)	(139,450)	(28,707)
FUND BALANCES, end of year	\$ 11,482	\$ 101,034	\$ 112,516	\$ 251,966

See accompanying notes to financial statements

CANADIAN MENTAL HEALTH ASSOCIATION NL DIVISION CORPORATION

**STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2014**

	2014	2013
REVENUES		
Grant revenue	\$ 717,320	\$ 829,218
Other revenue (Note 11)	132,937	123,805
Corporate donations	41,228	26,039
Individual donations	39,468	64,892
Interest	306	1,472
	931,259	1,045,426
EXPENSES		
Advertising and promotion	24,564	29,340
Amortization	5,335	10,557
Equipment expenses	13,317	8,625
Insurance	10,202	11,469
Interest and bank charges (Note 12)	5,239	5,620
Professional fees	8,005	7,421
Miscellaneous expenses	1,094	25
National support	5,494	5,521
Projects and events	63,328	35,569
Supplies	15,893	20,725
Rent	64,471	64,471
Repairs and maintenance	2,112	4,623
Training and development	3,828	6,015
Salaries and benefits (Note 13)	786,185	774,022
Travel and meetings	27,245	56,028
Utilities	34,397	34,102
	1,070,709	1,074,133
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ (139,450)	\$ (28,707)

See accompanying notes to financial statements

CANADIAN MENTAL HEALTH ASSOCIATION NL DIVISION CORPORATION

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2014**

	2014	2013
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ (139,450)	\$ (28,707)
Adjustments for:		
Amortization of capital assets	5,335	10,557
	(134,115)	(18,150)
CHANGES IN NON-CASH WORKING CAPITAL		
Decrease (increase) in accounts receivable	48,595	(9,465)
Increase in prepaid expenses	(3,228)	(4,849)
Increase (decrease) in accounts payable and accruals	35,277	(6,052)
(Decrease) increase in deferred revenue	(64,750)	59,750
	15,894	39,384
	(118,221)	21,234
INVESTING ACTIVITIES		
Acquisition of capital assets (Note 1)		(1,028)
Decrease in investments	3,741	
	3,741	(1,028)
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(114,480)	20,206
CASH AND CASH EQUIVALENTS, beginning of year	224,845	204,639
CASH AND CASH EQUIVALENTS, end of year	\$ 110,365	\$ 224,845
CASH AND CASH EQUIVALENTS ARE COMPRISED OF:		
Cash	\$ 674	\$ 106
Bank overdraft	(8,188)	(12,845)
Short term investments	117,879	237,584
	\$ 110,365	\$ 224,845

See accompanying notes to financial statements

CANADIAN MENTAL HEALTH ASSOCIATION NL DIVISION CORPORATION

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014**

2014 2013

GENERAL

The association is incorporated, without share capital, under The Corporations Act of the province of Newfoundland and Labrador. The association's status as a registered charity make it exempt from income tax under the Income Tax Act. Its mandate is to promote a better understanding of mental health and mental illness in the province. The association operates from rented premises located in St. John's, NL, Grand Falls - Windsor, NL and Stephenville, NL.

Canadian Mental Health Association NL Division Corporation is considered to be economically dependant on the Government of the Province of Newfoundland and Labrador from which the association depends for ongoing financial assistance.

1. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the association are in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO). Outlined below are those policies considered particularly significant.

(a) **Short term investments and Long term investments** - At the end of the current fiscal year, the association's investments, consisting of Guaranteed Investment Certificates (GICs) and Mutual Funds, are carried at fair market value. The association's GICs are classified as short term investments (See Note 2 below), while its mutual funds are considered Long-Term Investments (See Note 6 below).

(b) **Capital assets/Interfund transfers** - Capital assets are recorded in the capital asset fund at cost. Amortization is recorded in the capital asset fund on a declining balance or straight line basis as indicated at the undernoted rates except in the year of acquisition when one half of such rates are applied to the cost of additions. No amortization is recorded in the year of disposition.

		Additions (Disposals)	
Furniture & Fixtures	20%	\$	\$
Computer Equipment	30%, 100%		
Security system(s)	20%		1,028
Leaseholds	S/L, 5 years		
Increase in capital assets		\$	\$ 1,028

(c) **Use of estimates** - when preparing financial statements according to Canadian ASNPO, estimates and assumptions are made relating to reported amounts of revenue and expenses, reported amounts of assets and liabilities and disclosure of contingent assets and liabilities. Assumptions are based on a number of factors including historical experience, current events, actions that the association may undertake in the future, and other assumptions that are believed to be reasonable under the circumstances. Estimates were used when accounting for certain items, such as the useful lives of capital assets. Actual results could differ from these estimates.

(d) **Revenue recognition** - unrestricted contributions are recognized when the amount of the contribution is determinable and collection is reasonably assured. Restricted contributions are recognized using the deferral method of accounting. Contributions of goods in kind and services by volunteers are not recognized in the accounting records unless they represent goods and services which would otherwise be purchased by the organization, in which case they are recognized at fair market value.

2. SHORT TERM INVESTMENTS

Short term investments at fair value	\$ 117,879	\$ 237,584
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CANADIAN MENTAL HEALTH ASSOCIATION NL DIVISION CORPORATION

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014**

	2014		2013	
3. ACCOUNTS RECEIVABLE				
Trade and other receivables	\$	18,424	\$	55,414
Federal & provincial sales taxes receivable		8,193		19,798
	\$	26,617	\$	75,212
4. CAPITAL ASSETS				
	Cost	Accumulated Amortization	Net 2014	Net 2013
Furniture & Fixtures	\$ 70,080	\$ 60,922	\$ 9,158	\$ 11,446
Computer Equipment	24,664	23,532	1,132	1,618
Security system(s)	1,028	288	740	925
Leaseholds	9,051	8,599	452	2,828
	\$ 104,823	\$ 93,341	\$ 11,482	\$ 16,817
5. DEFERRED CHARGES				
Final month's rent for St. John's office paid in advance- lease expires in August 2014		\$	\$	3,741
6. LONG TERM INVESTMENT(S)				
Long term investments at fair value		\$ 105,853	\$	88,729
7. OPERATING LINE OF CREDIT				
The Association has available to it an operating line of credit from the Canadian Imperial Bank of Commerce in the amount of \$40,000, bearing interest at an annual rate of prime plus 2.5% and secured by a Borrowing Resolution signed by the executive officers of the Association. As at March 31, 2014 the balance outstanding on the line of credit was nil.				
8. ACCOUNTS PAYABLE AND ACCRUALS				
Trade and other payables		\$ 20,432	\$	7,029
Payroll and (or) related withholdings		27,082		5,208
		\$ 47,514	\$	12,237

CANADIAN MENTAL HEALTH ASSOCIATION NL DIVISION CORPORATION

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014**

	2014	2013
9. DEFERRED REVENUE		
Represents the balance of amounts received against which future expenditures will be charged in accordance with the fund's purpose:		
Seniors program receipts	\$	\$ 48,750
Straight talk program receipts		16,000
		<hr/> 64,750
Bequests from the estates of Clare Neville Smith & Catherine Strong (internally restricted)	105,853	88,729
	\$ 105,853	\$ 153,479

10. FINANCIAL INSTRUMENTS

The association's financial instruments consist of cash, short term investments, receivables, long term investments and payables and accruals. Risk management is used by the association to monitor and manage its risk arising from financial instruments. These risks include credit risk, interest rate risk, liquidity risk and market risk. The association does not use any derivative financial instruments to mitigate these risks.

Credit risk

Credit risks arise from four sources: cash and cash equivalents, accounts receivable, short term investments and long term investments. Cash and cash equivalents are deposited with reputable, major financial institutions to limit the credit risk exposure. The credit risk from counter parties not paying accounts receivable is not considered to be significant. The short term investments consist of GICs and the long term investments consist of Mutual Funds, and the risk of non-performance of these instruments is considered to be remote.

Interest rate risk

The association is exposed to interest rate risk with respect to the following financial instruments: cash and cash equivalents and investments in interest bearing securities. Changes in interest rates can affect the fair value of investments and the cash flows related to interest income and expense.

Liquidity risk

Liquidity risk exposure is dependent on the receipt of funds from government grants, donations and other sources to enable the association to pay its liabilities as they become due.

Market risk

The association is exposed to market risk as some of the investments it holds are subject to fluctuations due to changes in market conditions.

CANADIAN MENTAL HEALTH ASSOCIATION NL DIVISION CORPORATION

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014**

	2014	2013
11. OTHER REVENUE		
Think twice	\$ 39,800	\$ 32,000
Gala and events	37,821	53,890
Changing minds	5,695	949
Bequests	6,413	21,707
Tattered teddies/Straight talk	26,212	
Book sales, Giclee cards and other	16,996	15,259
	\$ 132,937	\$ 123,805
12. INTEREST AND BANK CHARGES		
Interest on short term loans and bank charges	\$ 5,135	\$ 5,620
Interest & penalties on federal taxes	104	
	\$ 5,239	\$ 5,620
13. SALARIES AND BENEFITS		
Salaries and benefits	\$ 775,849	\$ 762,368
Group insurance	10,336	11,654
	\$ 786,185	\$ 774,022

14. COMMITMENTS

The office lease for the St. John's location commenced September 1, 2009 and covers a sixty month period at a cost of \$3,741 per month. The office lease for the Grand Falls location commenced November 14, 2011 and covers a twenty four month period at a cost of \$989 per month including HST, with an option to extend the lease term an additional twenty four months, which the organization exercised during 2014. The office lease for the Stephenville location commenced October 1, 2011 and covers a twenty four month period at a cost of \$742 per month including HST, with an option to extend the lease term an additional twenty four months, which the organization exercised during 2014.