

**Canadian Mental Health Association Haldimand-Norfolk  
Audited Financial Statements  
Year Ending March 31, 2011**



---

## INDEPENDENT AUDITORS' REPORT

---

To the Board of Directors of Canadian Mental Health Association Haldimand-Norfolk

We have audited the accompanying financial statements of Canadian Mental Health Association Haldimand-Norfolk, which comprise the statement of financial position as at March 31, 2011, and the statements of operations, changes in net assets and cash flow for the year 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 of these financial statements in accordance with the basis of accounting described in Note 2 to the financial statements, 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 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 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*

In common with many not-for-profit organizations, the association derives revenue from donations, the completeness of which is not susceptible to complete audit verification. Accordingly, our verification of donation revenue was limited to the amounts recorded in the association's records. We were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenses for the year and net assets.

### *Qualified Opinion*

In our opinion, except for the 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 Haldimand-Norfolk as at March 31, 2011, and the results of its operations and its cash flow for the year then ended in accordance with the basis of accounting as described in Note 2 of these financial statements.

### *Basis of Accounting and Restrictions on Use and Distribution*

Without modifying our opinion, we draw attention to Note 2 of the financial statements, which describes the basis of accounting. These financial statements, which have not been, and were not intended to be, prepared in accordance with Canadian generally accepted accounting principles, are solely for the information and use of the directors of Canadian Mental Health Association Haldimand-Norfolk and the Ministry of Health and Long-Term Care and the Local Health Integration Network. The financial statements are not intended to be and should not be used by anyone other than the specified users or for any other purpose.

*Millard, Rowe & Rosebry LLP*

# Canadian Mental Health Association Haldimand-Norfolk

## Statement of Financial Position

As at March 31, 2011

	MIS Program	ENSH Inc. Program	MRS Program	2011 Total	2010 Total
<b>ASSETS</b>					
<b>Current</b>					
Cash	\$ 111,271	\$ 56,496	\$ 20,926	\$ 188,693	\$ 119,346
Investments - note 3	213,118	30,095	-	243,213	234,037
Accounts receivable	61,971	8,180	386	70,537	46,565
Interfund balances - note 4	(57,309)	57,309	-	-	-
	329,051	152,080	21,312	502,443	399,948
<b>Property and equipment - note 5</b>	419,157	682,884	-	1,102,041	1,132,571
	\$ 748,208	\$ 834,964	\$ 21,312	\$ 1,604,484	\$ 1,532,519
<b>LIABILITIES</b>					
<b>Current</b>					
Accounts payable	\$ 31,710	\$ 176	\$ -	\$ 31,886	\$ 47,504
Deferred revenue - note 6	17,380	-	12,306	29,686	-
Current portion of long term debt - note 7	20,994	5,520	-	26,514	20,305
	70,084	5,696	12,306	88,086	67,809
<b>Long term debt - note 7</b>	392,530	326	-	392,856	418,048
<b>Deferred capital donations and grants - note 8</b>	-	469,329	-	469,329	495,991
<b>NET ASSETS</b>					
Unrestricted	39,183	359,613	9,006	407,802	328,498
Unrestricted - promo and education program	25,224	-	-	25,224	17,156
Restricted for repairs and maintenance	221,187	-	-	221,187	205,017
	285,594	359,613	9,006	654,213	550,671
	\$ 748,208	\$ 834,964	\$ 21,312	\$ 1,604,484	\$ 1,532,519

BOARD PRESIDENT *B.A. Leod June 24/2011*  
 MR. BURNS macLeod

BOARD TREASURER *Marilyn Hibma June 24 2011*  
 MRS. MARILYN HIBMA



**Canadian Mental Health Association Haldimand-Norfolk**  
**Statement of Changes in Net Assets**  
**For the year ended March 31, 2011**

	MIS Program	Promo and Education Program	ENSH Inc. Program	MRS Program	2011 Total	2010 Total
<b>UNRESTRICTED</b>						
Balance - beginning of the year	\$ (7,340)	\$ 17,156	\$ 326,196	\$ 9,642	\$ 345,654	\$ 314,084
Excess (deficiency) of revenue over expenses for the year	-	8,068	33,417	(636)	40,849	15,090
Excess (deficiency) of revenue over expenses for the year - Admin and Support Program	(40)	-	-	-	(40)	-
Excess of revenue over expenses for the year - Physical Housing Program	47,648	-	-	-	47,648	48,330
Ministry of Health and Long Term Care adjustment - note 9	11,050	-	-	-	11,050	(20,735)
Transfer to reserve for repairs and maintenance	(12,135)	-	-	-	(12,135)	(11,115)
Balance - end of the year	39,183	25,224	359,613	9,006	433,026	345,654
<b>RESTRICTED FOR REPAIRS AND MAINTENANCE</b>						
Balance - beginning of the year	205,017	-	-	-	205,017	190,752
Interest earned	4,035	-	-	-	4,035	3,150
Transfer from unrestricted fund	12,135	-	-	-	12,135	11,115
Balance - end of the year	221,187	-	-	-	221,187	205,017
Totals	\$ 260,370	\$ 25,224	\$ 359,613	\$ 9,006	\$ 654,213	\$ 550,671



# Canadian Mental Health Association Haldimand-Norfolk

## Statement of Operations

For the year ended March 31, 2011

	MIS Admin and Support Program	MIS Physical Housing Program - Page 11 -	Other Programs - Page 12 -	ENSH Inc. Program	MRS Program	2011 Total	2010 Total
<b>REVENUE</b>							
Ministry of Health and Long Term Care	\$1,676,173	\$ 254,168	\$ -	\$ -	\$ -	<b>\$1,930,341</b>	\$1,917,065
Other programs (page 12)	-	-	112,444	-	-	<b>112,444</b>	67,470
Rentals	-	157,520	-	74,303	75,423	<b>307,246</b>	307,948
Miscellaneous	16,617	3,283	-	22,267	100	<b>42,267</b>	27,897
Amortization of deferred capital donations and grants	-	-	-	26,662	-	<b>26,662</b>	28,332
	<b>1,692,790</b>	<b>414,971</b>	<b>112,444</b>	<b>123,232</b>	<b>75,523</b>	<b>2,418,960</b>	<b>2,348,712</b>
<b>EXPENSES</b>							
Amortization	11,511	14,094	-	26,662	-	<b>52,267</b>	44,681
Bad debts	-	-	-	-	-	-	5,000
Buildings maintenance	5,859	54,645	-	20,175	-	<b>80,679</b>	98,461
Equipment maintenance	7,220	1,083	-	-	-	<b>8,303</b>	12,450
Insurance	27,097	-	-	-	-	<b>27,097</b>	17,205
Meeting expense	22,736	-	454	-	-	<b>23,190</b>	30,412
Membership fees	-	300	-	-	-	<b>300</b>	1,583
Minor equipment	23,655	526	-	-	-	<b>24,181</b>	18,995
Mortgage interest	-	11,939	-	1,188	-	<b>13,127</b>	22,199
Municipal taxes	-	4,476	-	11,412	-	<b>15,888</b>	16,260
Office supplies	34,934	3,163	7,230	-	210	<b>45,537</b>	51,366
Occupancy costs	80,964	-	-	-	-	<b>80,964</b>	78,380
Professional development	23,693	-	6,060	-	-	<b>29,753</b>	25,806
Professional fees	26,498	503	-	1,294	-	<b>28,295</b>	32,645
Promotion and advertising	1,737	-	22,439	-	-	<b>24,176</b>	25,316
Rent supplements	-	253,517	-	-	75,949	<b>329,466</b>	307,304
Salaries and benefits	1,339,926	4,582	61,718	-	-	<b>1,406,226</b>	1,322,749
Software maintenance	4,980	1,380	-	-	-	<b>6,360</b>	8,732
Staff travel	61,930	2,816	6,475	-	-	<b>71,221</b>	93,134
Telephone	20,090	3,128	-	4,386	-	<b>27,604</b>	28,311
Utilities	-	11,171	-	24,698	-	<b>35,869</b>	44,303
	<b>1,692,830</b>	<b>367,323</b>	<b>104,376</b>	<b>89,815</b>	<b>76,159</b>	<b>2,330,503</b>	<b>2,285,292</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR</b>							
	\$ (40)	\$ 47,648	\$ 8,068	\$ 33,417	\$ (636)	<b>\$ 88,457</b>	<b>\$ 63,420</b>



See accompanying notes

## Canadian Mental Health Association Haldimand-Norfolk

### Statement of Cash Flow

For the year ended March 31, 2011

	2011	2010
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenue over expenses for the year	\$ 88,457	\$ 63,420
Increase in restricted net assets for interest income	-	3,150
Items not requiring an outlay of cash:		
Amortization	52,267	44,681
Amortization of deferred capital donations and grants	(26,662)	(28,332)
	<b>114,062</b>	<b>82,919</b>
Changes in non-cash working capital amounts:		
(Increase) decrease in accounts receivable	(23,972)	12,957
(Decrease) increase in accounts payable	(15,618)	3,539
Increase in deferred revenue	29,686	-
	<b>(9,904)</b>	<b>16,496</b>
Cash flow from operating activities	<b>104,158</b>	<b>99,415</b>
<b>INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(21,737)	(36,028)
Decrease (increase) in investments	(9,176)	4,348
	<b>(30,913)</b>	<b>(31,680)</b>
<b>FINANCING ACTIVITIES</b>		
Repayment of long term debt	(26,500)	(44,824)
Proceeds from long term debt	11,552	26,832
Ministry of Health and Long Term Care adjustment	11,050	(20,735)
	<b>(3,898)</b>	<b>(38,727)</b>
<b>INCREASE IN CASH DURING THE YEAR</b>	<b>69,347</b>	<b>29,008</b>
Cash - beginning of the year	119,346	90,338
<b>CASH - end of the year</b>	<b>\$ 188,693</b>	<b>\$ 119,346</b>



See accompanying notes

---

# Canadian Mental Health Association Haldimand-Norfolk

## Notes to the Financial Statements

For the year ended March 31, 2011

---

### 1. INCORPORATION AND ACTIVITIES

Canadian Mental Health Association Haldimand-Norfolk is incorporated without share capital under the Ontario Corporations Act and is exempt from income tax.

The objectives of the corporation include:

- To improve treatment and rehabilitation services for the mentally ill;
- To work for the promotion of mental health and the prevention of mental illness;
- To improve attitudes toward mental illness and community acceptance and understanding of and responsibility for the mentally ill;
- To provide and operate housing accommodation primarily for persons of low or modest income;
- To provide community support services to persons with serious and persistent mental illnesses;
- To provide court support services to persons with serious and persistent mental illnesses;
- To provide crisis intervention services to persons with serious and persistent mental illnesses; and
- To provide community services to people with substance abuse/addiction issues.

### 2. SIGNIFICANT ACCOUNTING POLICIES

The organization follows Canadian generally accepted accounting principles which are modified to comply with the MIS guidelines of the Ministry of Health and Long Term Care.

#### Revenue recognition

The organization follows the deferral method of accounting for revenue.

Unrestricted revenue is recognized in the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted revenue is recognized in the appropriate fund in the year in which the related expenses are incurred.

#### Expenses

Expenses are reported on the accrual basis of accounting, which records the cost of goods and services acquired in the period whether or not payment has been made for the invoices received.

#### Fund accounting

The association has 5 different funds described below:

*MIS Program* - Is the main operating fund used to deliver the core programs and administrative expenses and also the MIS physical housing program which provides and operates housing accommodations for persons of low or modest income.

*Promo and Education Program* - Provides resource materials for education about mental illness and the promotion of mental health.



---

## Canadian Mental Health Association Haldimand-Norfolk

### Notes to the Financial Statements

For the year ended March 31, 2011

---

#### 2. SIGNIFICANT ACCOUNTING POLICIES - Continued

##### Fund accounting - continued

*ENSH Inc. Program* - Owns assets to provide and operate housing accommodation for persons of low or modest income.

*MRS Program* - Used for money received from Norfolk County to pay for rent subsidy arrangements for persons of low or modest income.

*Reserve for Repairs and Maintenance* - Established pursuant to agreements with and guidelines of the Ministry of Health and Long Term Care. The organization is required to maintain and fund annually at prescribed amounts to a reserve for repairs to the buildings and other unforeseen expenses.

##### Property and equipment

Property and equipment are stated at historical cost less accumulated amortization. Amortization of land, buildings and equipment in the MIS program is equal to the principal payments on the mortgage in that program. Amortization of vehicles in the MIS program is recorded using the declining balance method at 30%, which is estimated to amortize the cost of these assets over their useful lives. Amortization of buildings and equipment in the ENSH Inc. program is recorded using the declining balance method at 4% and 20% respectively, which are estimated to amortize the cost of those assets over their useful lives. Land in the ENSH Inc. program is not amortized.

##### Investments

All of the investments are classified as held-for-trading and are recorded at market value. Any change in market value is recognized in income in the period in which the change occurs.

##### Adjustments

Any subsidy adjustments made by the Ministry of Health and Long Term Care to the prior years' financial statements are recorded as an adjustment to opening fund balances, of the appropriate fund, in the year the adjustment is made.

##### Use of estimates

The preparation of periodic financial statements occasionally requires management to make assumptions that affect reported amount of certain assets and liabilities at the year-end date and certain revenue and expenses for the year then ended. Actual amounts may differ from those estimates.



---

## Canadian Mental Health Association Haldimand-Norfolk

### Notes to the Financial Statements

For the year ended March 31, 2011

---

#### 3. INVESTMENTS

Investments consist of guaranteed investment certificates bearing interest at rates varying from 0.4% to 2% per annum and maturing on various dates from June 2011 to December 2012.

#### 4. INTERFUND BALANCES

Occasionally expenses belonging to one fund are paid by another fund. At the year end date, these amounts had not been repaid between the respective funds.

#### 5. PROPERTY AND EQUIPMENT

	MIS Program	ENSH Inc. Program	Total 2011	Total 2010
Cherry Street - land	\$ 35,194	\$ -	\$ 35,194	\$ 35,194
Cherry Street - building	105,583	-	105,583	105,583
King Street - land	42,507	-	42,507	42,507
King Street - building	127,522	-	127,522	127,522
Woodhouse Street - land	40,934	-	40,934	40,934
Woodhouse Street - building	121,040	-	121,040	121,040
Norfolk Street - land	-	90,524	90,524	90,524
Norfolk Street - building	-	271,572	271,572	271,572
Chapel Street - land	-	34,324	34,324	34,324
Chapel Street - building	-	102,971	102,971	102,971
Elm Street - land	-	33,642	33,642	33,642
Elm Street - building	-	100,927	100,927	100,927
Scott Street - land	-	48,813	48,813	48,813
Scott Street - building	-	146,439	146,439	146,439
Furniture and equipment	53,164	59,790	112,954	112,954
Vehicles	51,520	6,243	57,763	36,026
	<b>577,464</b>	<b>895,245</b>	<b>1,472,709</b>	<b>1,450,972</b>
Accumulated amortization	<b>(158,307)</b>	<b>(212,361)</b>	<b>(370,668)</b>	<b>(318,401)</b>
	<b>\$ 419,157</b>	<b>\$ 682,884</b>	<b>\$ 1,102,041</b>	<b>\$ 1,132,571</b>



## Canadian Mental Health Association Haldimand-Norfolk

### Notes to the Financial Statements

For the year ended March 31, 2011

#### 6. DEFERRED REVENUE

Deferred revenue consists of funding received during the year and will be matched against the related expenses in the subsequent year.

	MIS Program	MRS Program	Total 2011	Total 2010
Deferred revenue - beginning of year	\$ -	\$ -	\$ -	\$ -
Current year additions	17,380	12,306	29,686	-
<b>Deferred revenue - end of year</b>	<b>\$ 17,380</b>	<b>\$ 12,306</b>	<b>\$ 29,686</b>	<b>\$ -</b>

#### 7. LONG TERM DEBT

	Total 2011	Total 2010
i) First mortgage bearing interest at 3.044% per annum and repayable in blended monthly installments of principal and interest of \$2,169. The mortgage is secured by land and buildings and is due for renewal in October 2014.	\$ 384,550	\$ 398,644
ii) First mortgage bearing interest at 6.55% per annum and repayable in blended monthly installments of principal and interest of \$573. The mortgage is secured by land and buildings and is due in October 2011.	3,516	12,878
iii) Vehicle loan bearing interest at 3.4% per annum and repayable in blended monthly installments of principal and interest of \$487. The loan is secured by the vehicle and is due in April 2015.	21,824	26,831
iv) Vehicle loan bearing interest at 9.29% per annum and repayable in blended monthly installments of principal and interest of \$158. The loan is secured by the vehicle and is due in December 2015.	7,150	-
v) Vehicle loan bearing interest at 3.5% per annum and repayable in monthly installments of principal of \$167. The loan is secured by the vehicle and is due in May 2012.	2,330	-
	<b>419,370</b>	<b>438,353</b>
LESS - current portion due within one year	<b>26,514</b>	<b>20,305</b>
	<b>\$ 392,856</b>	<b>\$ 418,048</b>



**Canadian Mental Health Association Haldimand-Norfolk**  
**Notes to the Financial Statements**  
**For the year ended March 31, 2011**

**7. LONG TERM DEBT (continued)**

Approximate annual repayments prior to scheduled refinancing are as follows:

2012	\$	26,514
2013		22,072
2014		22,530
2015		23,839
2016		18,134
Thereafter		306,281
	\$	<u>419,370</u>

**8. DEFERRED CAPITAL DONATIONS AND GRANTS**

Deferred capital donations and grants represents funds received for buildings and equipment and is being recognized at the same amount as the amortization on those buildings and equipment.

Deferred capital donations and grants is comprised of the following:

	<b>Total 2011</b>	<b>Total 2010</b>
Deferred capital donations and grants - beginning of the year	\$ 495,991	\$ 524,323
Amortized during the year	(26,662)	(28,332)
Deferred capital donations and grants - end of the year	\$ 469,329	\$ 495,991

**9. MINISTRY OF HEALTH AND LONG TERM CARE ADJUSTMENT**

During the year the association received \$11,050 from the Ministry of Health and Long Term Care relating to an adjustment for the 2009 year-end. During the 2010 prior fiscal year, an amount of \$20,735 was repaid to the Ministry relating to an adjustment for the 2008 year-end. These adjustments have been treated as adjustments to the MIS program fund balances.

**10. ECONOMIC DEPENDENCE**

The Ministry of Health and Long Term Care (MHLTC) provides the majority of the required funds for the organization, and is therefore dependent on continued funding from the Ministry for its ongoing existence.



---

## Canadian Mental Health Association Haldimand-Norfolk

### Notes to the Financial Statements

For the year ended March 31, 2011

---

#### 11. LEASEHOLD COMMITMENTS

The association has a vehicle lease expiring in 2016. Anticipated annual costs to the expiry of the lease is approximately \$4,800.

The association leases its office space expiring in September 2013. Lease payments are \$5,000 per month to September 2011 and increasing to \$5,500 per month to September 2013. At the end of the term the association has a renewal option at a rental amount to be negotiated.

#### 12. FINANCIAL INSTRUMENTS

Cash, accounts receivable, interfund balances and accounts payable are all short term in nature and as such, their carrying amounts approximate fair value. Investments as described in Note 2 are stated at market value and as such represents their fair values. Mortgages and the vehicle loans are at prevailing market rates and therefore approximate fair value.

#### 13. COMPARATIVE AMOUNTS

Certain comparative figures have been reclassified to conform to the method of presentation adopted for the current year.



**Canadian Mental Health Association Haldimand-Norfolk**  
**Schedule of Revenue and Expenses - MIS Physical Housing Program**  
**For the year ended March 31, 2011**

	Housing	Rent Supplement	2011	2010
<b>REVENUE</b>				
Ministry of Health and Long Term Care	\$ 109,304	\$ 144,864	\$ 254,168	\$ 266,882
Rentals	17,636	139,884	157,520	156,311
Miscellaneous	1,392	1,891	3,283	2,044
	128,332	286,639	414,971	425,237
<b>EXPENSES</b>				
Amortization	14,094	-	14,094	16,349
Buildings and grounds maintenance	50,576	4,069	54,645	76,700
Equipment maintenance	1,083	-	1,083	585
Membership fees	300	-	300	300
Minor equipment purchases	526	-	526	399
Mortgage interest	11,939	-	11,939	20,208
Municipal taxes	4,476	-	4,476	4,983
Office supplies	3,163	-	3,163	3,821
Professional fees	503	-	503	-
Rent supplements	-	253,517	253,517	230,217
Salaries and benefits	4,582	-	4,582	2,050
Software maintenance	1,380	-	1,380	-
Staff travel	2,816	-	2,816	9,328
Telephone	3,128	-	3,128	1,225
Utilities	11,171	-	11,171	10,742
	109,737	257,586	367,323	376,907
<b>EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR</b>	<b>\$ 18,595</b>	<b>\$ 29,053</b>	<b>\$ 47,648</b>	<b>\$ 48,330</b>



## Canadian Mental Health Association Haldimand-Norfolk

### Schedule of Revenue and Expenses - Other Programs

For the year ended March 31, 2011

	Promo and Education	Healthy Communities	Fundraising	2011	2010
<b>REVENUE</b>					
CMHA - Family Initiatives	\$ 16,716	\$ -	\$ -	\$ 16,716	\$ 18,716
Ministry of Health and Promotion	-	53,895	-	53,895	26,873
Trillium grant	-	-	24,220	24,220	-
Donations	3,449	-	-	3,449	10,710
Miscellaneous	13,660	-	504	14,164	11,171
	<b>33,825</b>	<b>53,895</b>	<b>24,724</b>	<b>112,444</b>	<b>67,470</b>
<b>EXPENSES</b>					
Meetings	105	349	-	454	446
Memberships	-	-	-	-	1,583
Office supplies	490	5,525	1,215	7,230	2,695
Professional development	5,630	-	430	6,060	9,667
Professional fees	-	-	-	-	5,672
Promotion and advertising	3,199	19,240	-	22,439	22,349
Salaries and benefits	15,046	24,059	22,613	61,718	23,860
Staff travel	1,287	4,722	466	6,475	1,198
	<b>25,757</b>	<b>53,895</b>	<b>24,724</b>	<b>104,376</b>	<b>67,470</b>
<b>EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR</b>	<b>\$ 8,068</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 8,068</b>	<b>\$ -</b>



See accompanying notes