

The Canadian Mental Health Association, Alberta North East Region, 1994
Financial Statements
March 31, 2017

Management's Responsibility

To the Board of Directors of The Canadian Mental Health Association, Alberta North East Region, 1994:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is composed primarily of Directors who are neither management nor employees of the Association. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for recommending the appointment of the Association's external auditors.

MNP LLP is appointed by the Members to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

September 25, 2017

Director

Management

Independent Auditors' Report

To the Members of The Canadian Mental Health Association, Alberta North East Region, 1994:

We have audited the accompanying financial statements of The Canadian Mental Health Association, Alberta North East Region, 1994, which comprise the statement of financial position as at March 31, 2017, and the statements of operations, changes in net assets and cash flows 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 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.

Auditors' 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 auditors' 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

Due to staff turnover during the fiscal year, satisfactory audit evidence could not be provided for certain revenues relating to public support - donations and grants and sponsorships. As such, fulfillment of the revenue recognition criteria for these revenue streams could not be verified. Therefore, we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenses, and cash flows from operations for the year ended March 31, 2017, current liabilities as at March 31, 2017 and net assets as at March 31, 2017.

The Canadian Mental Health Association, Alberta North East Region, 1994 derives revenue from workshops, fundraising and public support - donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Association. Therefore, we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenses, and cash flows from operations for the years ended March 31, 2017 and 2016, current assets as at March 31, 2017 and 2016 and net assets as at April 1 and March 31 for both the 2017 and 2016 years. Our audit opinion on the financial statements for the year ended March 31, 2016 was modified accordingly because of the possible effects of this limitation in scope.

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 The Canadian Mental Health Association, Alberta North East Region, 1994 as at March 31, 2017 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Fort McMurray, Alberta

September 25, 2017

MNP LLP

Chartered Professional Accountants

The Canadian Mental Health Association, Alberta North East Region, 1994
Statement of Financial Position

As at March 31, 2017

	2017	2016
Assets		
Current		
Cash (Note 3)	469,322	400,002
Accounts receivable	73,408	-
Prepaid expenses and deposits	-	1,466
Good and service taxes recoverable	10,135	6,371
	552,865	407,839
Capital assets (Note 4)	5,311	8,959
	558,176	416,798
Liabilities		
Current		
Accounts payable and accruals	38,483	40,918
Deferred contributions (Note 5)	129,278	120,927
	167,761	161,845
Commitments (Note 7)		
Net Assets		
Unrestricted	303,693	245,994
Investment in capital assets	5,311	8,959
Internally restricted funds (Note 8)	81,411	-
	390,415	254,953
	558,176	416,798

Approved on behalf of the Board

Director

Director

The accompanying notes are an integral part of these financial statements

The Canadian Mental Health Association, Alberta North East Region, 1994

Statement of Operations

For the year ended March 31, 2017

	2017	2016
Revenue		
Public support - United Way	201,178	208,296
Government support	161,757	159,272
Public support - donations	155,605	85,061
Public support - gaming (Note 5)	48,537	86,913
Grants and sponsorships	24,274	7,520
Fundraising	18,716	54,120
Workshops	6,692	29,489
Other	1,417	2,038
Rental income	260	4,600
	618,436	637,309
Expenses		
Advertising and promotion	2,672	3,284
Amortization	3,648	2,873
Bank charges and interest	6,126	3,994
Divisional fees	3,766	3,766
Donations	1,000	1,000
Fundraising expenses	30,812	53,532
Gaming expenses	1,751	2,669
Goods and services tax expenses	-	3,588
Independent living duplex	2,165	7,675
Insurance	-	9,238
Office expenses	22,862	26,446
Professional fees	13,103	15,024
Program expenses	33,960	42,355
Renovation materials	-	704
Rent	22,965	25,744
Repairs and maintenance	239	1,832
Salaries and benefits	323,227	336,203
Subcontracted bookkeeping services	6,405	22,526
Travel	9,873	12,116
	484,574	574,569
Excess of revenue over expenses before other items	133,862	62,740
Other items		
Insurance proceeds (Note 6)	8,056	-
Fire related expenses (Note 6)	(6,456)	-
	1,600	-
Excess of revenue over expenses	135,462	62,740

The accompanying notes are an integral part of these financial statements

The Canadian Mental Health Association, Alberta North East Region, 1994
Statement of Changes in Net Assets

For the year ended March 31, 2017

	<i>Unrestricted</i>	<i>Investment in capital assets</i>	<i>Internally restricted funds</i>	2017	<i>2016</i>
Net assets, beginning of year	245,994	8,959	-	254,953	219,476
Excess of revenue over expenses	139,110	(3,648)	-	135,462	62,740
Internally restricted fund transfer (Note 8)	(81,411)	-	81,411	-	-
Net assets, end of year	303,693	5,311	81,411	390,415	282,216

The accompanying notes are an integral part of these financial statements

The Canadian Mental Health Association, Alberta North East Region, 1994

Statement of Cash Flows

For the year ended March 31, 2017

	2017	2016
Cash provided by (used for) the following activities		
Operating		
Cash receipts from contributions (Note 2)	538,039	569,876
Cash paid to suppliers (Note 2)	(143,462)	(202,182)
Cash paid for salaries and benefits	(323,227)	(337,001)
Cash paid for interest	(6,126)	(3,994)
Cash receipts from interest	1,417	2,038
Insurance proceeds (Note 6)	2,679	-
	69,320	28,737
Investing		
Purchase of capital assets	-	(11,100)
Increase in cash resources	69,320	17,637
Cash resources, beginning of year	400,002	382,365
Cash resources, end of year	469,322	400,002

The accompanying notes are an integral part of these financial statements

The Canadian Mental Health Association, Alberta North East Region, 1994

Notes to the Financial Statements

For the year ended March 31, 2017

1. Incorporation and nature of the organization

The Canadian Mental Health Association, Alberta North East Region, 1994 (the "Association") is a not-for-profit organization which was registered under the Alberta Societies Act on November 9, 1994 and is a registered charity under the Income Tax Act and thus is exempt from income taxes.

The Association's purpose is to promote the mental health of all and support people experiencing mental illness. The Association is a member of a nation-wide voluntary organization.

2. Significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada which are part of Canadian generally accepted accounting principles, and include the following significant accounting policies:

Revenue recognition

The Association follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.

Cash and cash equivalents

Cash and cash equivalents include balances with banks. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution if fair value can be reasonably determined.

Amortization is provided using methods and rates intended to amortize the cost of assets over their estimated useful lives.

	Method	Rate
Computer equipment	declining balance	55 %
Office equipment	straight-line	5 years

Contributed materials and services

Contributions of materials and services are recognized both as contributions and expenses in the statement of operations when a fair value can be reasonably estimated and when the materials and services are used in the normal course of the Association's operations and would otherwise have been purchased.

During the year, the Association recorded \$13,923 (2016 - \$28,163) in contributed materials and services. These amounts have been excluded from the statement of cash flows.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues and expenses in the periods in which they become known.

The Canadian Mental Health Association, Alberta North East Region, 1994

Notes to the Financial Statements

For the year ended March 31, 2017

2. Significant accounting policies *(Continued from previous page)*

Financial instruments

The Association recognizes its financial instruments when the Association becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value except for certain related party transactions that are initially measured at their carrying or exchange amount in accordance with CPA Section 3840 *Related Party Transactions*.

The Association subsequently measures all of its financial assets and liabilities at cost or amortized cost, except for equity instruments that are quoted in an active market which are measured at fair value. Fair value is determined by published price quotations.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the excess of revenues over expenses. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Financial asset impairment:

The Association assesses impairment of all of its financial assets measured at cost or amortized cost when there are indicators of impairment. Any impairment, which is not considered temporary, is recognized in excess of revenue over expenses.

3. Cash

	2017	2016
Unrestricted cash	331,432	297,825
Externally restricted cash	56,479	102,177
Internally restricted cash	81,411	-
	469,322	400,002

The regulations of Alberta Gaming and Liquor Commission provide that the use of the net proceeds from bingos and casinos are restricted to certain approved expenditures of the Association. The Association defers recognition of bingo and casino revenues until such time as the allowable expenditures are incurred.

4. Capital assets

		2017	2016
	Cost	Accumulated amortization	Net book value
Computer equipment	6,265	4,221	2,044
Office equipment	5,750	2,483	3,267
	12,015	6,704	5,311
			8,959

The Canadian Mental Health Association, Alberta North East Region, 1994 Notes to the Financial Statements

For the year ended March 31, 2017

5. Deferred contributions

	<i>Regional Municipality of Wood Buffalo</i>	<i>Casino</i>	<i>Heart Math</i>	<i>2017</i>	<i>2016</i>
Balance, beginning of year	18,750	102,177	-	120,927	159,625
Funding received	56,250	45,638	30,000	131,888	123,215
Funding recognized as revenue	(75,000)	(48,537)	-	(123,537)	(161,913)
Balance, end of year	-	99,278	30,000	129,278	120,927

6. Insurance claim

On May 3, 2016, the City of Fort McMurray was evacuated due to a forest wildfire. The Association's location was impacted by smoke damage from the wildfire. These costs are covered expenditures under the Association's insurance policy. As a result, the Company incurred total costs of \$6,456 and recognized insurance proceeds of \$6,456. Of the total proceeds, \$5,377 was paid directly to the cleaning agency and as such has been excluded from the statement of cash flows.

In addition, the Association's rental unit was uninhabitable for the months of May and June 2016, resulting in rental losses of approximately \$1,600. These losses were claimed back from the Association's insurance provider under the Association's business interruption coverage, and were received prior to year end.

7. Commitments

The Association has entered into an equipment lease and a rental lease agreement for the use of office space with estimated minimum annual payments as follows:

2018	26,565
2019	26,565
2020	26,525

8. Internally restricted funds

During the year ended March 31, 2017, the Association internally restricted certain revenues to be set aside for future disaster recovery.

9. Financial instruments

The Association, as part of its operations, carries a number of financial instruments. It is management's opinion that the Association is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Credit concentration

Accounts receivable from the Alberta Gaming and Liquor Commission in connection with the net proceeds from a casino represents 58% of total accounts receivable as at March 31, 2017. All amounts have been collected subsequent to year-end.

10. Economic dependence

The Association's primary sources of revenue are United Way, Alberta Government and Alberta Health Services. The funding can be cancelled if the Association does not observe certain established guidelines. The Association's ability to continue viable operations is dependent upon the funding and following the guidelines. As at the date of these financial statements, the Association believes that it is in compliance with the guidelines.