

The Canadian Mental Health Association, Alberta North East Region, 1994
Financial Statements
March 31, 2019

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.

October 28, 2019



Director



Management

Independent Auditor's Report

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

Qualified Opinion

We have audited the financial statements of The Canadian Mental Health Association, Alberta North East Region, 1994 (the "Association"), which comprise the statement of financial position as at March 31, 2019, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at March 31, 2019, 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.

Basis for Qualified Opinion

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, deficiency of revenue over expenses, and cash flows from operations for the year ended March 31, 2019, current assets as at March 31, 2019, and net assets as at April 1, 2018 and March 31, 2019. Our audit's opinion on the financial statements for the year ended March 31, 2018 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Other Information

Management is responsible for the other information. The other information comprises the Association's annual report. The annual report is expected to be made available to us after the date of this auditor's report..

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Edmonton, Alberta

October 28, 2019

MNP LLP

Chartered Professional Accountants

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

As at March 31, 2019

| | 2019 | 2018 |
|--------------------------------------|----------------|----------------|
| Assets | | |
| Current | | |
| Cash (Note 3) | 851,484 | 661,855 |
| Accounts receivable | 6,679 | 18,750 |
| Prepaid expenses and deposits | 75 | 836 |
| Good and service taxes recoverable | 4,421 | 4,044 |
| | 862,659 | 685,485 |
| Capital assets (Note 4) | 9,034 | 10,276 |
| | 871,693 | 695,761 |
| Liabilities | | |
| Current | | |
| Accounts payable and accruals | 125,288 | 143,236 |
| Deferred contributions (Note 5) | 408,928 | 185,410 |
| | 534,216 | 328,646 |
| Commitments (Note 6) | | |
| Net Assets | | |
| Unrestricted | 195,840 | 275,428 |
| Investment in capital assets | 9,034 | 10,276 |
| Internally restricted funds (Note 7) | 132,603 | 81,411 |
| | 337,477 | 367,115 |
| | 871,693 | 695,761 |

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, 2019

| | 2019 | 2018 |
|--|------------------|----------------|
| Revenue | | |
| Public support - United Way (Note 5) | 414,445 | 249,826 |
| Government support | 216,181 | 154,061 |
| Grants and sponsorships | 183,085 | 63,647 |
| Public support - donations | 163,050 | 89,239 |
| Public support - gaming (Note 5) | 64,820 | 67,364 |
| Fee for service and workshops | 45,863 | 44,077 |
| Other | 9,681 | 3,923 |
| Fundraising | 100 | 490 |
| | 1,097,225 | 672,627 |
| Expenses | | |
| Advertising and promotion | 11,173 | 13,959 |
| Amortization | 5,547 | 4,852 |
| Bank charges and interest | 8,275 | 6,915 |
| Divisional fees | 3,409 | 4,283 |
| Donations | 1,175 | 519 |
| Event expenses | 21,735 | 65,739 |
| Insurance | 6,599 | 5,773 |
| Office equipment lease | 6,947 | - |
| Office expenses | 20,255 | 23,746 |
| Professional fees | 12,418 | 12,941 |
| Program expenses | 92,566 | 39,350 |
| Rent | 33,585 | 27,184 |
| Repairs and maintenance | 1,393 | 2,265 |
| Salaries and benefits | 798,675 | 434,120 |
| Subcontracted services | 42,354 | 14,546 |
| Travel | 59,240 | 20,248 |
| Utilities | 1,517 | - |
| | 1,126,863 | 676,440 |
| Deficiency of revenue over expenses | (29,638) | (3,813) |

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, 2019

| | <i>Unrestricted</i> | <i>Investment in capital assets</i> | <i>Internally restricted funds</i> | 2019 | 2018 |
|---|---------------------|---|--|-----------------|---------|
| Net assets, beginning of year | 275,428 | 10,276 | 81,411 | 367,115 | 370,928 |
| Deficiency of revenue over expenses | (29,638) | - | - | (29,638) | (3,813) |
| Amortization of internally funded capital assets | 5,547 | (5,547) | - | - | - |
| Internally restricted fund transfer (Note 7) | (51,192) | - | 51,192 | - | - |
| Capital asset purchases | (4,305) | 4,305 | - | - | - |
| Net assets, end of year | 195,840 | 9,034 | 132,603 | 337,477 | 367,115 |

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, 2019

| | 2019 | 2018 |
|---|----------------|----------------|
| Cash provided by (used for) the following activities | | |
| Operating | | |
| Cash receipts from contributions | 1,323,133 | 760,007 |
| Cash paid to suppliers | (210,283) | (233,079) |
| Cash paid for salaries and benefits | (920,322) | (321,586) |
| Cash paid for interest | (8,275) | (6,915) |
| Cash receipts from interest | 9,681 | 3,923 |
| | 193,934 | 202,350 |
| Investing | | |
| Purchase of capital assets | (4,305) | (9,817) |
| Increase in cash resources | 189,629 | 192,533 |
| Cash resources, beginning of year | 661,855 | 469,322 |
| Cash resources, end of year | 851,484 | 661,855 |

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, 2019

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.

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 % |
| Computer software | declining balance | 33 % |
| 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.

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, 2019

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 deficiency 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 deficiency of revenue over expenses.

3. Cash

| | 2019 | 2018 |
|----------------------------|----------------|-------------|
| Unrestricted cash | 694,730 | 548,504 |
| Externally restricted cash | 24,151 | 31,940 |
| Internally restricted cash | 132,603 | 81,411 |
| | 851,484 | 661,855 |

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

4. Capital assets

| | Cost | Accumulated amortization | 2019 Net book value | 2018 Net book value |
|--------------------|---------------|-------------------------------------|------------------------------------|------------------------------------|
| Computer equipment | 10,827 | 8,002 | 2,825 | 2,550 |
| Computer software | 1,486 | 1,486 | - | 743 |
| Office equipment | 13,823 | 7,614 | 6,209 | 6,983 |
| | 26,136 | 17,102 | 9,034 | 10,276 |

The Canadian Mental Health Association, Alberta North East Region, 1994
Notes to the Financial Statements
For the year ended March 31, 2019

5. Deferred contributions

| | <i>Casino</i> | <i>Recovery College donations</i> | <i>Regional Municipality of Wood Buffalo</i> | <i>Alberta Health Services</i> | <i>United Way</i> | <i>Canadian Red Cross</i> | <i>Other</i> | 2019 | 2018 |
|-------------------------------|---------------|---|--|--|-----------------------|-------------------------------|---------------|------------------|----------------|
| Balance, beginning of year | 51,940 | - | - | - | 52,377 | 56,093 | 25,000 | 185,410 | 148,765 |
| Funding received | 55,762 | 300,000 | 60,400 | 250,045 | 423,108 | 65,177 | 65,000 | 1,219,492 | 454,681 |
| Funding recognized as revenue | (63,967) | (49,450) | (59,857) | (156,323) | (414,445) | (107,315) | (24,495) | (875,852) | (418,036) |
| Interest earned | 416 | - | - | - | - | - | - | 416 | - |
| Funding repaid or repayable | (20,000) | - | (543) | - | (61,040) | (13,955) | (25,000) | (120,538) | - |
| | 24,151 | 250,550 | - | 93,722 | - | - | 40,505 | 408,928 | 185,410 |

6. 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:

| | |
|------|--------|
| 2020 | 35,152 |
| 2021 | 3,259 |

7. Internally restricted funds

The Association has internally restricted funds of \$132,603 (2018 - \$81,411) set aside for future disaster recovery.

8. 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.

9. Economic dependence

The Association's primary sources of revenue are United Way 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.