

The Canadian Mental Health Association, Alberta North East Region, 1994
Financial Statements
March 31, 2020

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 entirely 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.

November 23, 2020

signed by "Amanda Holloway"

Executive Director

signed by "Monica Viel"

Manager of Operations

To the 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, 2020, 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 matter(s) 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, 2020, 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, excess (deficiency) of revenue over expenses, and cash flows from operations for the years ended March 31, 2020 and March 31, 2019, current assets as at March 31, 2020 and March 31, 2019, and net assets as at April 1 and March 31 for both years. Our audit opinion on the financial statements for the year ended March 31, 2019 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.

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.

Fort McMurray, Alberta

November 23, 2020

MNP **LLP**

Chartered Professional Accountants

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

As at March 31, 2020

	2020	2019
Assets		
Current		
Cash (Note 3)	331,810	851,484
Accounts receivable	508,886	6,679
Prepaid expenses and deposits	9,272	75
Good and service taxes recoverable	8,900	4,421
	858,868	862,659
Capital assets (Note 4)	109,666	9,034
	968,534	871,693
Liabilities		
Current		
Accounts payable and accruals	78,346	125,288
Deferred contributions (Note 5)	499,762	408,928
	578,108	534,216
Deferred contributions related to capital assets (Note 6)	50,761	-
	628,869	534,216
Commitments (Note 7)		
Subsequent event (Note 11)		
Net Assets		
Unrestricted	217,280	195,840
Investment in capital assets	58,905	9,034
Internally restricted funds (Note 8)	63,480	132,603
	339,665	337,477
	968,534	871,693

Approved on behalf of the Board

signed by "Chuck MacDonald"
Director

signed by "Caitlin Harges"
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, 2020

	2020	2019
Revenue (Note 5)		
Grants and sponsorships	469,839	183,085
Public support - donations	325,251	163,050
Government support	285,408	216,181
Fee for service and workshops	36,397	45,863
Public support - gaming	6,661	64,820
Public support - United Way	1,831	414,445
Other	1,404	9,681
Fundraising	100	100
	1,126,891	1,097,225
Expenses		
Salaries and benefits	746,769	798,675
Program expenses	92,154	92,510
Rent	71,599	33,585
Travel	33,457	59,240
Amortization	30,764	5,547
Subcontracted services	28,459	42,354
Event expenses	28,132	21,735
Office expenses	26,772	20,055
Professional fees	12,108	12,315
Insurance	10,046	6,599
Membership fees	8,908	3,169
Utilities	8,775	1,517
Bank charges and interest	6,691	8,275
Advertising and promotion	5,933	10,099
Repairs and maintenance	5,459	-
Office equipment lease	4,771	6,604
Divisional fees	3,906	3,409
Donations	-	1,175
	1,124,703	1,126,863
Excess (deficiency) of revenue over expenses	2,188	(29,638)

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, 2020

	<i>Unrestricted</i>	<i>Investment in capital assets</i>	<i>Internally restricted funds</i>	2020	2019
Net assets, beginning of year	195,840	9,034	132,603	337,477	367,115
Excess (deficiency) of revenue over expenses	2,188	-	-	2,188	(29,638)
Amortization of internally funded capital assets	30,764	(30,764)	-	-	-
Internally restricted fund transfer (Note 8)	69,123	-	(69,123)	-	-
Capital asset purchases	(132,418)	132,418	-	-	-
Capital asset disposals	1,022	(1,022)	-	-	-
Capital grants received (Note 6)	63,451	(63,451)	-	-	-
Amortization of deferred capital contributions (Note 6)	(12,690)	12,690	-	-	-
Net assets, end of year	217,280	58,905	63,480	339,665	337,477

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, 2020

	2020	2019
Cash provided by (used for) the following activities		
Operating		
Cash receipts from contributions	764,874	1,323,133
Cash paid to suppliers	(407,787)	(218,559)
Cash paid for salaries and benefits	(746,769)	(920,322)
Cash receipts from interest	1,404	9,681
	(388,278)	193,933
Investing		
Purchase of capital assets	(132,418)	(4,304)
Proceeds on disposal of capital assets	1,022	-
Increase (decrease) in cash resources	(519,674)	189,629
Cash resources, beginning of year	851,484	661,855
Cash resources, end of year	331,810	851,484

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, 2020

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
Leasehold improvements	straight-line	lease term

Long-lived assets

Long-lived assets consist of capital assets held for use and measured and amortized as described in the applicable accounting policies.

The Association writes down long-lived assets held for use when conditions indicate that the asset no longer contributes to the Association's ability to provide goods and services. The assets are also written-down when the value of future economic benefits or service potential associated with the asset is less than its net carrying amount. When the Association determines that a long-lived asset is impaired, its carrying amount is written down to the asset's fair value.

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.

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

Notes to the Financial Statements

For the year ended March 31, 2020

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

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.

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.

Transaction costs and financing fees directly attributable to financial instruments subsequently measured at fair value are immediately recognized in the excess (deficiency) of revenues over expenses. Transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

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 (deficiency) of revenue over expenses.

3. Cash

	2020	2019
Unrestricted cash	215,570	694,730
Externally restricted cash - casino	52,760	24,151
Internally restricted cash <i>(Note 8)</i>	63,480	132,603
	331,810	851,484

The regulations of Alberta Gaming, Liquor and Cannabis 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	2020 Net book value	2019 Net book value
Computer equipment	14,191	10,578	3,613	2,825
Computer software	1,486	1,486	-	-
Office equipment	25,033	12,438	12,595	6,209
Leasehold improvements	116,823	23,365	93,458	-
	157,533	47,867	109,666	9,034

The Canadian Mental Health Association, Alberta North East Region, 1994
Notes to the Financial Statements
For the year ended March 31, 2020

5. Deferred contributions

	<i>Casino</i>	<i>Recovery College & welcome Center</i>	<i>Alberta Health Services</i>	<i>Canadian Red Cross - Suicide Prevention</i>	<i>Other</i>	2020	2019
Balance, beginning of year	24,151	250,550	93,722	-	40,505	408,928	185,410
Funding received or receivable	38,831	685,269	78,932	291,726	195,960	1,290,718	1,219,492
Recognized as revenue	(6,661)	(832,860)	(65,892)	(107,906)	(164,333)	(1,177,652)	(875,852)
Interest earned	10	-	-	-	-	10	416
Funding repaid or repayable	-	-	(13,041)	-	(9,201)	(22,242)	(120,538)
	56,331	102,959	93,721	183,820	62,931	499,762	408,928

6. Deferred contributions related to capital assets

Changes in deferred contributions are as follows:

	2020	2019
Add: Deferred contributions related to capital assets	63,451	-
Less: Amounts recognized as revenue during the period	(12,690)	-
	50,761	-

7. Commitments

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

2021	57,316
2022	57,316
2023	62,460
2024	66,134
2025	66,134

8. Internally restricted funds

The Association has internally restricted funds of \$63,480 (2019 - \$132,603) 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.

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

Notes to the Financial Statements

For the year ended March 31, 2020

10. Economic dependence

The Association's primary source of revenue is 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.

11. Subsequent event

As at and subsequent to year-end, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. In response to the pandemic, the Association closed the Welcome Centre and delivered programming virtually where possible. Due to public gathering limitations, in-person events and classes continue to be limited as of finalization of these financial statements.

At this time, it is unknown the full extent of the impact the COVID-19 outbreak may have on the Association as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.