

**FILE COPY**

**THE CANADIAN MENTAL HEALTH ASSOCIATION, ALBERTA NORTH EAST REGION, 1994**  
**Financial Statements**  
**Year Ended March 31, 2023**

**THE CANADIAN MENTAL HEALTH ASSOCIATION, ALBERTA NORTH EAST REGION, 1994**

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**Year Ended March 31, 2023**

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## INDEPENDENT AUDITOR'S REPORT

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To the Members 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, 2023, and the statements of revenues and expenditures, 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 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, 2023, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

### *Basis for Qualified Opinion*

In common with many not-for-profit organizations, the Association derives revenue from fundraising activities 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 fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended March 31, 2023, current assets and net assets as at March 31, 2023. The predecessor auditor's opinion on the financial statements for the year ended March 31, 2022 was modified accordingly because of the possible effects of this limitation of 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 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 audit opinion.

### *Other Matter*

The financial statements for the year ended March 31, 2022 were audited by another auditor who expressed a qualified opinion on those financial statements on December 10, 2022 for the reasons described in the *Basis for Qualified Opinion* section.

### *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 ASNPO, 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.

(continues)

Independent Auditor's Report to the Members of The Canadian Mental Health Association, Alberta North East Region, 1994 (*continued*)

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.

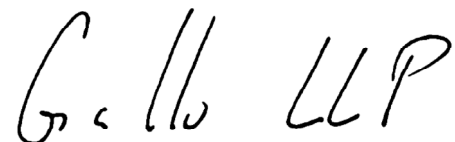
*Auditor's Responsibilities for the Audit of the Financial Statements*

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  
July 19, 2023

CHARTERED PROFESSIONAL ACCOUNTANTS

**THE CANADIAN MENTAL HEALTH ASSOCIATION, ALBERTA NORTH EAST REGION, 1994****Statement of Revenues and Expenditures****Year Ended March 31, 2023**

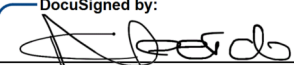
	2023	2022
<b>REVENUES</b>		
Grants and sponsorships	\$ 1,193,039	\$ 757,888
Government support	100,255	78,932
Fundraising	80,420	99,571
Public support - donations	53,412	224,393
Public support - gaming	49,332	96
Fee for service and workshops	46,412	17,318
	<u>1,522,870</u>	<u>1,178,198</u>
<b>EXPENSES</b>		
Salaries and benefits	1,067,145	802,161
Rent	159,165	103,557
Program expenses	85,343	87,221
Subcontracted services	67,783	53,747
Fundraising expenses	44,929	37,314
Amortization	28,301	28,286
Travel	27,506	3,024
Event expenses	23,927	231
Office	20,809	23,588
Professional fees	15,564	15,031
Interest and bank charges	13,434	7,796
Advertising and promotion	10,559	7,374
Insurance	8,681	8,001
Office equipment lease	8,575	8,576
Repairs and maintenance	7,682	12,162
Divisional fees	5,914	5,467
Utilities	5,694	5,445
Membership fees	5,511	1,543
	<u>1,606,522</u>	<u>1,210,524</u>
<b>DEFICIENCY OF REVENUES OVER EXPENSES</b>	<b>\$ (83,652)</b>	<b>\$ (32,326)</b>


**THE CANADIAN MENTAL HEALTH ASSOCIATION, ALBERTA NORTH EAST REGION, 1994****Statement of Financial Position****March 31, 2023**

	2023	2022
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash (Note 3)	\$ 512,552	\$ 496,902
Accounts receivable	1,410	109,440
Prepaid expenses and deposits	9,634	15,038
Goods and services tax recoverable	3,857	21,241
	<u>527,453</u>	642,621
CAPITAL ASSETS (Net of accumulated amortization) (Note 4)	<u>31,477</u>	51,794
	<u>\$ 558,930</u>	<u>\$ 694,415</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable and accruals	\$ 43,044	\$ 79,513
Deferred contributions (Note 5)	235,957	238,631
	<u>279,001</u>	318,144
DEFERRED CAPITAL CONTRIBUTIONS RELATED TO CAPITAL ASSETS (Note 6)	<u>12,690</u>	25,380
	<u>291,691</u>	343,524
<b>NET ASSETS</b>		
Unrestricted	184,806	261,382
Investment in capital assets	18,787	26,414
Internally restricted funds	63,646	63,095
	<u>267,239</u>	350,891
	<u>\$ 558,930</u>	<u>\$ 694,415</u>

COMMITMENTS (Note 7)

**ON BEHALF OF THE BOARD**

DocuSigned by:  
 \_\_\_\_\_ Director

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 \_\_\_\_\_ Director

See notes to financial statements

**THE CANADIAN MENTAL HEALTH ASSOCIATION, ALBERTA NORTH EAST REGION, 1994****Statement of Changes in Net Assets****Year Ended March 31, 2023**

	Unrestricted	Investment in capital assets	Internally restricted funds	2023	2022
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 261,382	\$ 26,414	\$ 63,095	\$ <b>350,891</b>	\$ 383,217
DEFICIENCY OF REVENUES OVER EXPENSES	(83,652)	-	-	<b>(83,652)</b>	(32,326)
Capital asset additions/disposals	(7,984)	7,984	-	-	-
Amortization of capital assets	28,301	(28,301)	-	-	-
Amortization of deferred capital contributions	(12,690)	12,690	-	-	-
Interest earned	(551)	-	551	-	-
<b>NET ASSETS - END OF YEAR</b>	\$ 184,806	\$ 18,787	\$ 63,646	\$ <b>267,239</b>	\$ 350,891

**THE CANADIAN MENTAL HEALTH ASSOCIATION, ALBERTA NORTH EAST REGION, 1994****Statement of Cash Flows  
Year Ended March 31, 2023**

	2023	2022
<b>OPERATING ACTIVITIES</b>		
Deficiency of revenues over expenses	\$ (83,652)	\$ (32,326)
Item not affecting cash:		
Amortization of capital assets	28,301	28,286
	<u>(55,351)</u>	<u>(4,040)</u>
Changes in non-cash working capital:		
Accounts receivable	108,030	172,760
Accounts payable and accruals	(36,469)	(3,731)
Deferred contributions	(2,674)	(140,061)
Prepaid expenses and deposits	5,404	(5,136)
Goods and services tax payable	17,384	(6,662)
Deferred capital contributions related to capital assets	<u>(12,690)</u>	<u>(12,691)</u>
	<u>78,985</u>	<u>4,479</u>
Cash flow from operating activities	<u>23,634</u>	<u>439</u>
<b>INVESTING ACTIVITY</b>		
Purchase of capital assets	<u>(7,984)</u>	-
<b>INCREASE IN CASH FLOW</b>	<b>15,650</b>	<b>439</b>
Cash - beginning of year	<u>496,902</u>	<u>496,463</u>
<b>CASH - END OF YEAR</b>	<b>\$ 512,552</b>	<b>\$ 496,902</b>



**THE CANADIAN MENTAL HEALTH ASSOCIATION, ALBERTA NORTH EAST REGION, 1994****Notes to Financial Statements****Year Ended March 31, 2023****1. DESCRIPTION OF OPERATIONS**

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**Basis of presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPPO) 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 Canadian Mental Health Association, Alberta North East Region, 1994 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.

Fee for service and workshop revenue is recognized when services are performed 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 stated at cost or deemed cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution if fair value can be reasonably determined. Capital assets are amortized over their estimated useful lives at the following rates and methods:

Leasehold improvements	5 years	straight-line method
Office equipment	5 years	straight-line method
Computer equipment	55%	declining balance method
Computer software	33%	declining balance method

The Association regularly reviews its capital assets to eliminate obsolete items. Government grants are treated as a reduction of capital assets cost.

Capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

Impairment of long lived assets*(continues)*

**THE CANADIAN MENTAL HEALTH ASSOCIATION, ALBERTA NORTH EAST REGION, 1994****Notes to Financial Statements****Year Ended March 31, 2023**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

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

The Association tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

Contributed 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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Significant areas requiring the use of estimates include the determination of the useful life of capital assets and allowance for doubtful accounts.

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Association determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Association expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

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**THE CANADIAN MENTAL HEALTH ASSOCIATION, ALBERTA NORTH EAST REGION, 1994****Notes to Financial Statements****Year Ended March 31, 2023****2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Leases

Leases are classified as capital or operating leases. A lease that transfers substantially all of the benefits and risks incidental to the ownership of property is classified as a capital lease. At the inception of a capital lease, an asset and an obligation are recorded at an amount equal to the lesser of the present value at the beginning of the lease. All other leases are accounted for as operating leases; wherein, rental payments are expensed as incurred.

**3. CASH**

	<u>2023</u>	<u>2022</u>
Unrestricted cash	\$ 468,688	\$ 405,560
Externally restricted cash - casino	43,865	28,247
Internally restricted cash	-	63,095
	<u>\$ 512,553</u>	<u>\$ 496,902</u>

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	<b>2023 Net book value</b>	2022 Net book value
Leasehold improvements	\$ 116,823	\$ 93,458	\$ 23,365	\$ 46,729
Office equipment	19,283	17,042	2,241	4,881
Computer equipment	19,358	13,487	5,871	184
Computer software	1,486	1,486	-	-
	<u>\$ 156,950</u>	<u>\$ 125,473</u>	<u>\$ 31,477</u>	<u>\$ 51,794</u>

**5. DEFERRED CONTRIBUTIONS**

	<u>2022</u>	Contributions received	Contributions recognized as revenue	<u>2023</u>
Casino	\$ 28,427	\$ 68,023	\$ (52,585)	\$ 43,865
Recovery College and Welcome Centre	160,148	315,345	(343,077)	132,416
Canadian Red Cross - Caregiver Connection	18,460	37,465	(41,828)	14,097
Other	31,596	970,047	(956,064)	45,579
	<u>\$ 238,631</u>	<u>\$ 1,390,880</u>	<u>\$ (1,393,554)</u>	<u>\$ 235,957</u>

Funding received from the various grant programs noted above are restricted to the eligible operating and capital projects as approved in the funding agreements. Deferred revenue and deposits are held in cash (Note 3).

**THE CANADIAN MENTAL HEALTH ASSOCIATION, ALBERTA NORTH EAST REGION, 1994****Notes to Financial Statements****Year Ended March 31, 2023****6. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS**

	<u>2023</u>	<u>2022</u>
Balance beginning of period	\$ 25,380	\$ 38,071
Less: Amounts recognized as revenue during the period	(12,690)	(12,691)
	-	-
	-	-
	<u>\$ 12,690</u>	<u>\$ 25,380</u>

**7. COMMITMENTS**

The Association has long term leases with respect to its premises and office services. The lease contains renewal options and provides for payment of utilities, property taxes and maintenance costs. Future minimum lease payments as at March 31, 2023, are as follows:

2024	\$ 115,153
2025	<u>47,981</u>
	<u>\$ 163,134</u>

**8. 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.

**9. FINANCIAL INSTRUMENTS**

The Association is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Association's risk exposure and concentration as of March 31, 2023.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Association is exposed to credit risk from customers. In order to reduce its credit risk, the Association reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The Association is exposed to minimal credit risk.

Liquidity risk

The Association's objective is to have sufficient liquidity to meet its liabilities when due. The Association monitors its cash balances and cash flows generated from operations to meet its requirements. As at March 31, 2023, the Association's most significant liabilities are accounts payable and accrued liabilities, all of which fall due for payment within one year of the statement of financial position date. The Association manages liquidity risk through ongoing review of accounts receivable balances and the management of its cash and debt positions.

*(continues)*

**THE CANADIAN MENTAL HEALTH ASSOCIATION, ALBERTA NORTH EAST REGION, 1994**

**Notes to Financial Statements**

**Year Ended March 31, 2023**

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9. FINANCIAL INSTRUMENTS *(continued)*

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Association manages exposure through its normal operating and financing activities. The Association is exposed to minimal interest rate risk.

Unless otherwise noted, it is management's opinion that the Association is not exposed to significant other price risks arising from these financial instruments.

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10. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

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