

**Canadian Mental Health Association -
Calgary Region
Financial Statements
March 31, 2016**

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Independent Auditors' Report

To the Members
Canadian Mental Health Association - Calgary Region

We have audited the accompanying financial statements of Canadian Mental Health Association - Calgary Region, which comprise the statement of financial position as at March 31, 2016, 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

In common with many not-for-profit organizations, the Association derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Association and we were not able to determine whether any adjustments might be necessary to fund development revenue, excess of revenue over expenses and net assets.

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 Canadian Mental Health Association - Calgary Region as at March 31, 2016, 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.

Collins Barrow Calgary LLP

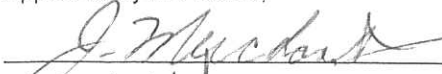
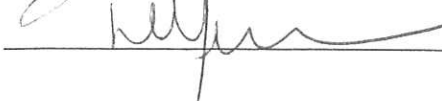
CHARTERED PROFESSIONAL ACCOUNTANTS

Calgary, Canada
June 1, 2016

Canadian Mental Health Association - Calgary Region
Statement of Financial Position
March 31, 2016

				Total	
	Operating Fund	Development Fund	Future Operations	2016	2015
Assets					
Current assets					
Cash (note 3)	\$ 233,427	\$ 1,070,702	\$ -	\$ 1,304,129	\$ 1,355,521
Short-term investments (note 4)	-	5,200	102,924	108,124	243,969
Accounts receivable	56,620	-	-	56,620	74,207
Prepaid expenses	<u>31,788</u>	<u>-</u>	<u>-</u>	<u>31,788</u>	<u>45,746</u>
	321,835	1,075,902	102,924	1,500,661	1,719,443
Mortgage receivable (note 5)	1	-	-	1	1
Long-term investments (note 6)	<u>-</u>	<u>-</u>	<u>1,083,251</u>	<u>1,083,251</u>	<u>1,314,034</u>
	<u>\$ 321,836</u>	<u>\$ 1,075,902</u>	<u>\$ 1,186,175</u>	<u>\$ 2,583,913</u>	<u>\$ 3,033,478</u>
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities (note 7)	\$ 746,791	\$ -	\$ -	\$ 746,791	\$ 878,694
Deferred revenue (note 8)	361,518	-	-	361,518	997,566
Interfund	<u>(357,363)</u>	<u>328,406</u>	<u>28,957</u>	<u>-</u>	<u>-</u>
	750,946	328,406	28,957	1,108,309	1,876,260
Net Assets					
Internally restricted net assets	<u>(429,110)</u>	<u>747,496</u>	<u>1,157,218</u>	<u>1,475,604</u>	<u>1,157,218</u>
	<u>\$ 321,836</u>	<u>\$ 1,075,902</u>	<u>\$ 1,186,175</u>	<u>\$ 2,583,913</u>	<u>\$ 3,033,478</u>
Commitments (note 9)					

Approved by the Board,

 , Director
 , Director

Canadian Mental Health Association - Calgary Region

Statement of Operations

Year Ended March 31, 2016

	Operating Fund	Development Fund	Total	
			2016	2015
Revenue				
Alberta Health Services	\$ 4,358,369	\$ -	\$ 4,358,369	\$ 4,156,895
Fund development	211,969	974,928	1,186,897	1,145,964
United Way	527,284	-	527,284	529,976
City of Calgary	307,667	-	307,667	300,912
Other revenue	<u>306,801</u>	<u>4,758</u>	<u>311,559</u>	<u>317,408</u>
	<u>5,712,090</u>	<u>979,686</u>	<u>6,691,776</u>	<u>6,451,155</u>
Expenses				
Salaries and benefits	4,697,019	145,967	4,842,986	4,678,105
Building occupancy	561,083	-	561,083	555,859
Other program expenditures	309,674	24,620	334,294	435,318
Purchased services	233,150	36,726	269,876	639,358
Office and administrative	130,865	10,654	141,519	161,235
Program travel and education	132,810	2,533	135,343	141,143
Divisional fees	59,392	2,004	61,396	67,301
Promotion and education materials	6,567	8,872	15,439	65,798
Recruitment and recognition	<u>10,640</u>	<u>814</u>	<u>11,454</u>	<u>23,490</u>
	<u>6,141,200</u>	<u>232,190</u>	<u>6,373,390</u>	<u>6,767,607</u>
Excess (deficiency) of revenue over expenses	<u>\$ (429,110)</u>	<u>\$ 747,496</u>	<u>\$ 318,386</u>	<u>\$ (316,452)</u>

Canadian Mental Health Association - Calgary Region
Statement of Changes in Net Assets
Year Ended March 31, 2016

	Operating Fund	Development Fund	Future Operations <i>(Internally restricted)</i>	Total	
				2016	2015
Balance, March 31, 2015	(928,137)	532,552	1,552,803	\$ 1,157,218	\$ 1,473,670
Interfund transfer	928,137	(532,552)	(395,585)	-	-
Excess (deficiency) of revenue over expenses	<u>(429,110)</u>	<u>747,496</u>	<u>-</u>	<u>318,386</u>	<u>(316,452)</u>
Balance, March 31, 2016	<u>\$ (429,110)</u>	<u>\$ 747,496</u>	<u>\$ 1,157,218</u>	<u>\$ 1,475,604</u>	<u>\$ 1,157,218</u>

Canadian Mental Health Association - Calgary Region
Statement of Cash Flows
Year Ended March 31, 2016

	2016	2015
Cash provided by (used in):		
Operating activities		
Excess (deficiency) of revenue over expenses	\$ 318,386	\$ (316,452)
Changes in non-cash working capital		
Accounts receivable	17,587	154,751
Prepaid expenses	13,958	(3,564)
Accounts payable and accrued liabilities	(131,903)	164,262
Deferred revenue	<u>(636,048)</u>	<u>705,117</u>
	<u>(736,406)</u>	<u>1,020,566</u>
	<u>(418,020)</u>	<u>704,114</u>
Investing activities		
Redemption of short-term investments	135,845	63,294
Redemption of long-term investments	310,783	-
Acquisition of long-term investments	<u>(80,000)</u>	<u>(26,564)</u>
	<u>366,628</u>	<u>36,730</u>
Cash inflow (outflow)	(51,392)	740,844
Cash, beginning of year	<u>1,355,521</u>	<u>614,677</u>
Cash, end of year	<u>\$ 1,304,129</u>	<u>\$ 1,355,521</u>

Canadian Mental Health Association - Calgary Region

Notes to Financial Statements

March 31, 2016

1. Nature of operations

The Canadian Mental Health Association - Calgary Region (the "Association") is a leader in reducing the impact of mental disorders and in promoting mental health and wellness through community based services.

2. Significant accounting policies

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

(a) Basis of presentation

The financial statements reflect the combined operations of all programs of the Association and do not include the assets, liabilities, revenue or expenditures of any affiliated organizations.

The Association, as a registered charity, is exempt from income taxes under Section 149(1)(l) of the *Income Tax Act* and may issue receipts to donors for tax deductible donations. Accordingly, no provision for income taxes has been made in these financial statements.

(b) Fund accounting

The Operating Fund reports revenue and expenditures related to general operations. The Development Fund reports the donations and fundraising revenues and the corresponding expenditures, as well as business development activities. The Future Operations Fund was established to provide for future years' operations and for the purchase of capital assets. Any deficit in the Operating Fund will be covered first by transfers of any excess revenue over expenditures in the Development Fund and secondly by transfers from the Future Operations Fund, subject to Board approval. Any excess revenue over expense amounts at the end of the fiscal year in the Development Fund will be transferred first to cover any deficit in the Operating Fund and then to the Future Operations Fund. The amounts in the Future Operations Fund may be transferred to the Operating Fund based on approval by the Board of Directors of the Association.

(c) Short-term investments

Short-term investments are placed with well-capitalized, high quality financial institutions. Short-term investments are reported at their fair value. Changes in fair value (not relating to interest earned), if any, are reported in the statement of operations as unrealized gains or losses.

(d) Long-term investments

Long-term investments are placed with well-capitalized, high quality financial institutions. Long-term investments are reported at amortized cost.

Canadian Mental Health Association - Calgary Region

Notes to Financial Statements

March 31, 2016

(e) Capital expenditures

Capital expenditures with a cost over \$5,000 are recorded on the statement of financial position. Contributed capital assets are recorded on the statement of financial position at fair value at the date of contribution, if their value exceeds \$5,000.

(f) Revenue recognition

The Association follows the deferral method of accounting for contributions. Externally 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.

Other revenue, including rental, service fees and investment income, is recognized as revenue in the year in which it is earned.

(g) Deferred revenue

Deferred revenue includes unexpended grants, donations and other contributions received prior to the year-end, which have a restriction on the use of the funds. Such restrictions are imposed by the contributor. These will be recorded as revenue in the year the Association complies with the restrictions.

(h) Financial instruments

The Association initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions that are measured at the exchange amount.

The Association subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value, if any, are recognized in excess (deficiency) of revenue over expenses.

Financial assets measured at amortized cost include cash, accounts receivable, mortgage receivable and long-term investments. Financial assets measured at fair value include short-term investments.

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

Canadian Mental Health Association - Calgary Region

Notes to Financial Statements

March 31, 2016

Financial assets measured at cost or amortized cost are tested for impairment, at the end of each year, to determine whether there are indicators that the asset may be impaired. The amount of the write-down, if any, is recognized in excess (deficiency) of revenue over expenses. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account. The reversal may be recorded provided it is no greater than the amount that had been previously reported as a reduction in the asset and it does not exceed original cost. The amount of the reversal is recognized in excess (deficiency) of revenue over expenses.

(i) Donated revenue

Donation revenue is recognized in the current year only when funds have been committed within the year and when collections of funds has been made within 30 days of the year end; otherwise it is recorded in the year in which it is received.

Volunteers contribute time to the activities of the Association. These financial statements do not reflect the value of such donated services because, although substantial, no reliable basis exists for determining their fair value.

(j) Sick, short-term disability and wellness

The Association tracks and accrues the liability for employee sick time and short-term disability as it is earned.

(k) Measurement uncertainty

The amounts recorded as accounts receivable and mortgage receivable are based on management's best estimate of collectibility of individual accounts.

The amounts recorded for sick, short-term disability and wellness benefits in respect of sick time are based on management's best estimate of the amount that will be utilized by employees.

By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

3. Cash

Cash includes \$3,286 (2015 - \$3,269) raised from regulated gaming activities. The use of these funds is restricted to certain expenditures approved by regulatory authorities and, accordingly, is reported in deferred revenue.

Canadian Mental Health Association - Calgary Region

Notes to Financial Statements

March 31, 2016

4. Short-term investments

Short-term investments are comprised of funds held in mutual funds comprised of high interest savings accounts. The fair value of these mutual funds does not generally fluctuate.

Included in short-term investments is \$5,200 (2015 - \$5,200) required to be invested in The Bingo Barn Association ("Bingo Barn") in order to use their services for fundraising. The investment is not structured to generate a return and the carrying value reflects the amount expected to be returned when the Association ceases to use Bingo Barn for fundraising in the future.

5. Mortgage receivable

On August 26, 1998, the Association advanced \$40,000 to Horizon Housing Society to assist in the acquisition of a new group home. The advance is non-interest bearing and, as security, the borrower provided a mortgage on the property. The balance is payable upon demand if certain events occur but the entire balance has been classified as a long-term receivable because the Association does not anticipate that events will occur which will allow it to demand repayment over the next twelve months. The advance was revalued at anticipated net realizable value effective April 1, 2011.

6. Long-term investments

Long-term investments are comprised of Guaranteed Investment Certificates with yields ranging from 2.1% - 2.9% per annum, maturing on various dates between July 2016 and March 2021 with a maturity value of \$1,144,377 (2015 - \$1,392,270).

7. Government remittances

Accounts payable and accrued liabilities includes payroll remittances of \$48,174 (2015 - \$36,970).

8. Deferred revenue

Deferred revenue is comprised of the unspent portion of externally restricted operating funding received in the current period from various government and community sources.

	Balance March 31, 2015	Additions	Amount recognized as revenue	Balance March 31, 2016
Alberta Health Services	\$ 779,213	\$ 4,009,874	\$ 4,607,459	\$ 181,628
Municipal grants	75,227	341,439	307,667	108,999
United Way	9,000	-	8,859	141
Calgary Learns	14,260	10,000	20,730	3,530
Calgary Poppy Fund	58,278	-	58,278	-
Other	61,588	82,500	76,868	67,220
	<u>\$ 997,566</u>	<u>\$ 4,443,813</u>	<u>\$ 5,079,861</u>	<u>\$ 361,518</u>

Canadian Mental Health Association - Calgary Region

Notes to Financial Statements

March 31, 2016

9. Lease commitments

The Association is committed under leases for office space and rental properties, which expire on various dates. The future minimum rental payments, exclusive of occupancy costs, required under the various leases are as follows:

	Office Space	Rental Properties	Total
2017	\$ 235,371	\$ 163,620	\$ 398,991
2018	<u>153,890</u>	<u>-</u>	<u>153,890</u>
	<u>\$ 389,261</u>	<u>\$ 163,620</u>	<u>\$ 552,881</u>

10. Financial instruments

The Association is exposed to the following significant financial risks:

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Association has credit risk with respect to its cash, short term investments, accounts receivable and mortgage receivable. The Association mitigates its exposure to credit loss by placing its cash and short term investments with a major financial institution.

Accounts receivable is comprised mainly of amounts receivable from Alberta Health Services and Goods and Services Rebate therefore credit risk is low. Mortgage receivable has already been revalued to its anticipated net realizable value.

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Association is exposed to interest rate price risk to the extent that investments are at fixed rates of interest.

(c) Liquidity risk

Liquidity risk is the risk that the Association will encounter difficulty in meeting obligations associated with financial liabilities. The financial liabilities on its balance sheet consist of accounts payable and accrued liabilities. Management closely monitors cash flow requirements to ensure that it has sufficient cash on demand to meet operational obligations.

Canadian Mental Health Association - Calgary Region

Notes to Financial Statements

March 31, 2016

11. Additional information

As required under section 7(2) of the Alberta Charitable Fundraising Regulation, the following amounts are disclosed:

	2016	2015
Amounts paid during the year as remuneration to employees whose principal duties include fundraising	\$ <u>129,209</u>	\$ <u>262,500</u>