

Financial Statements of

**CANADIAN MENTAL HEALTH ASSOCIATION  
CALGARY REGION**

And Independent Auditors' Report thereon

Year ended March 31, 2020



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## INDEPENDENT AUDITORS' REPORT

To the Members of Canadian Mental Health Association – Calgary Region.

### ***Qualified Opinion***

We have audited the financial statements of Canadian Mental Health Association – Calgary Region (the Entity), which comprise:

- the statement of financial position as at March 31, 2020
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”).

In our opinion, except for the possible effects of the matter described in the “***Basis for Qualified Opinion***” section of our auditors’ report, the financial statements present fairly, in all material respects, the financial position of Canadian Mental Health Association – Calgary Region as at March 31, 2020, and its results of 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***

In common with many not-for-profit organizations, Canadian Mental Health Association – Calgary Region 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 Entity.



Therefore, we were not able to determine whether, as at and for the years ended March 31, 2020 and March 31, 2019, any adjustments might be necessary to:

- the current assets reported in the statements of financial position as at end of March 31, 2020 and end of March 31, 2019
- the fundraising revenues and excess of expenses over revenue reported in the statements of operations for the years ended end of March 31, 2020 and end of March 31, 2019
- the unrestricted net assets, at the beginning and end of the year, reported in the statements of changes in net assets for the years ended end of March 31, 2020 and end of March 31, 2019
- the excess of expenses over revenue reported in the statements of cash flows for the years ended end of March 31, 2020 and end of March 31, 2019.

Our opinion on the financial statements for the year ended end of March 31, 2019 was qualified 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 **"Auditors' Responsibilities for the Audit of the Financial Statements"** section of our auditors' report.

We are independent of the Entity 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. Other information comprises the information, other than the financial statements and the auditors' report thereon, included in the annual report.

Our opinion on the financial statements does not cover the other information and we do not and will 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 identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditors' report thereon, included in the annual report as at the date of this auditors' report.



If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

As described in the "***Basis for Qualified Opinion***" section above, we were unable to obtain sufficient appropriate evidence about revenue from fundraising activities. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

***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 private enterprises, 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

***Auditors' 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 auditors' 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 the 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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.
- 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.

*KPMG LLP*

Chartered Professional Accountants

Calgary, Canada

July 2, 2020

# CANADIAN MENTAL HEALTH ASSOCIATION – CALGARY REGION

## Statement of Financial Position

March 31, 2020, with comparative figures for 2019

	2020	2019
<b>Assets</b>		
Current assets:		
Cash and cash equivalents (note 3)	\$ 832,452	\$ 950,393
Short-term investments (note 4)	227,700	209,520
Accounts receivable	72,895	48,412
Prepaid expenses	51,531	56,273
	<u>1,184,578</u>	<u>1,264,598</u>
Mortgage receivable (note 5)	1	1
Long-term investments (note 6)	2,025,496	1,993,599
Capital assets (note 7)	1,806,722	1,722,448
Intangible assets (note 7)	24,210	30,263
	<u>\$ 5,041,007</u>	<u>\$ 5,010,909</u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued liabilities (note 8)	\$ 927,654	\$ 780,006
Deferred revenue (notes 3 and 9)	2,203,125	2,146,711
Current portion of obligation under capital lease (note 10)	8,235	7,701
	<u>3,139,014</u>	<u>2,934,418</u>
Non-current liabilities:		
Obligation under capital lease (note 10)	19,369	27,604
Deferred capital contributions (note 11)	534,641	569,222
	<u>554,010</u>	<u>596,826</u>
Total liabilities	3,693,024	3,531,244
Net assets	1,347,983	1,479,665
Commitment (note 12)		
	<u>\$ 5,041,007</u>	<u>\$ 5,010,909</u>

See accompanying notes to financial statements.

Approved by the Board of Directors:

  
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Director

  
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Director

# CANADIAN MENTAL HEALTH ASSOCIATION – CALGARY REGION

## Statement of Operations

Year ended March 31, 2020, with comparative figures for 2019

	2020	2019
<b>Revenue:</b>		
Alberta Health Services	\$ 4,165,811	\$ 4,081,463
Fund development	1,545,982	1,471,858
Province of Alberta	1,281,435	924,668
City of Calgary	894,188	544,753
United Way	546,000	600,000
Grants - other	449,202	425,568
Moving allowance	-	72,148
Other revenue	507,278	612,923
	<u>9,389,896</u>	<u>8,733,381</u>
<b>Expenses:</b>		
Salaries and benefits	6,631,145	5,739,225
Building occupancy	667,139	705,977
Purchased services	461,090	687,290
Purchased services – provincial project	689,826	555,824
Other program expenditures	455,045	336,379
Program travel and education	192,503	326,295
Office and administrative	171,437	120,242
Depreciation	150,350	135,751
Divisional fees	44,440	40,479
Promotion and education materials	46,494	72,910
Recruitment and recognition	12,109	14,016
	<u>9,521,578</u>	<u>8,734,388</u>
<b>Excess of expenses over revenue</b>	<u>\$ (131,682)</u>	<u>\$ (1,007)</u>

See accompany notes to the financial statements.

# CANADIAN MENTAL HEALTH ASSOCIATION – CALGARY REGION

## Statement of Changes in Net Assets

Year ended March 31, 2020, with comparative figures for 2019

	2020	2019
Balance, March 31, 2019	\$ 1,479,665	\$ 1,480,672
Excess of expenses over revenue	(131,682)	(1,007)
<b>Balance, March 31, 2020</b>	<b>\$ 1,347,983</b>	<b>\$ 1,479,665</b>

See accompany notes to the financial statements.



# CANADIAN MENTAL HEALTH ASSOCIATION – CALGARY REGION

## Statement of Cash Flows

Year ended March 31, 2020, with comparative figures for 2019

	2020	2019
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	\$ (131,682)	\$ (1,007)
Non-cash revenues and expenses:		
Depreciation expense	150,350	135,751
Amortization of deferred capital contributions (note 11)	(34,581)	(23,979)
Change in non-cash working capital:		
Accounts receivable	(24,483)	88,503
Prepaid expenses	4,742	9,481
Accounts payable and accrued liabilities	147,648	(186,844)
Deferred revenue	56,414	643,705
	<u>168,408</u>	<u>665,610</u>
Investments:		
Purchase (redemption) of short-term investments	(18,180)	691,658
Purchase of capital assets	(228,571)	(506,579)
Purchase of intangible assets	-	(30,263)
Purchase of long-term investments	(31,897)	(139,013)
	<u>(278,648)</u>	<u>15,803</u>
Financing:		
Payment on capital lease obligation	(7,701)	(6,620)
	<u>(7,701)</u>	<u>(6,620)</u>
(Decrease) increase in cash	<u>(117,941)</u>	<u>674,793</u>
Cash, beginning of year	950,393	275,600
Cash, end of year	<u>\$ 832,452</u>	<u>\$ 950,393</u>

See accompany notes to the financial statements.

# CANADIAN MENTAL HEALTH ASSOCIATION – CALGARY REGION

Notes to Financial Statements

Year ended March 31, 2020, with comparative figures for 2019

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## 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.

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.

## 2. Significant accounting policies:

The financial statements were prepared by management in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the Chartered Professional Accountants (“CPA”) Handbook 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.

On March 11, 2020, the World Health Organization declared the Coronavirus (COVID-19) outbreak a pandemic. This has resulted in governments worldwide, including the Canadian and Alberta governments, enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods, closures of non-essential businesses, and physical distancing, have caused material disruption to businesses in Calgary, resulting in an economic slowdown.

The ultimate duration and magnitude of the impact on the economy and the financial effect on the Association’s future revenues, operating results and overall financial performance is not known at this time. These impacts may include challenges on the Association’s ability to obtain funding, impairments in the value of the Association’s capital assets and disruptions to its operations, employee impacts from illness, school closures and other communication response measures.

As at the reporting date, the Association has determined that COVID-19 has had no impact on its contracts or lease agreements, the assessment of provisions and contingent liabilities, or the timing of revenue recognition.

The Association continues to use its capital assets and management has not assessed any impairment that needs to be recognized on these assets at March 31, 2020. The Association continues to manage liquidity risk by forecasting and assessing cash flow requirements on an ongoing basis. As at March 31, 2020, the Association continues to meet its contractual

# CANADIAN MENTAL HEALTH ASSOCIATION – CALGARY REGION

Notes to Financial Statements, page 2

Year ended March 31, 2020, with comparative figures for 2019

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## 2. Significant accounting policies (continued):

### (a) Basis of presentation (continued):

obligations within normal payment terms and the Association's exposure to credit risk remains largely unchanged.

### (b) Cash and cash equivalents:

Cash and cash equivalents include cash on hand and short-term deposits which are highly liquid with original maturities of less than three months.

### (c) Capital assets:

Capital assets are recorded at cost less accumulated amortization. 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.

Amortization is provided using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives as below.

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Buildings	25 years
Leasehold improvement	10 years
Office equipment	10 years
Photocopiers under capital lease	5 years

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Capital assets acquired during the first half of the fiscal year are depreciated for a full year. Capital assets acquired during the second half of the fiscal year are not depreciated until the following fiscal year.

The Association regularly reviews its capital assets to eliminate obsolete items. Capital assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable and exceeds its fair value. When a capital asset no longer contributes to the Association's ability to provide services, its carrying amount is written down to its residual value.

### (d) Intangible assets:

Intangible assets are recorded at cost less accumulated amortization. Intangible expenditures with a cost over \$5,000 are recorded on the statement of financial position.

# CANADIAN MENTAL HEALTH ASSOCIATION – CALGARY REGION

Notes to Financial Statements, page 3

Year ended March 31, 2020, with comparative figures for 2019

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## 2. Significant accounting policies (continued):

### (d) Intangible assets (continued):

Amortization is provided using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives as below.

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Software	5 years
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Intangible assets acquired during the first half of the fiscal year are depreciated for a full year. Intangible assets acquired during the second half of the fiscal year are not depreciated until the following fiscal year.

The Association regularly reviews its intangible assets to eliminate obsolete items. Intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable and exceeds its fair value. When an intangible asset no longer contributes to the Association's ability to provide services, its carrying amount is written down to its residual value.

### (e) 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. Contributions restricted for the acquisition of capital assets are recognized as revenue in the amounts that match the amortization expense of the related capital assets purchased with the contributions.

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.

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

### (f) 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.

# CANADIAN MENTAL HEALTH ASSOCIATION – CALGARY REGION

Notes to Financial Statements, page 4

Year ended March 31, 2020, with comparative figures for 2019

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## 2. Significant accounting policies (continued):

### (g) Deferred rent:

The Association is committed to an office lease which includes increases in base rent. Base rent cost, including rent free periods and inducements, is amortized on a straight-line basis over the life of the lease. Deferred rent liability represents the difference between amount paid and amount expensed and is included in account payable.

### (h) Financial instruments:

Financial instruments are recorded at fair value on initial recognition, except for certain non-arm's length transactions that are measured at the exchange amount. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value.

All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Association has elected to carry investments in equity instruments that are quoted in an active market at fair value. Changes in fair value, if any, are recognized in the statement of operations.

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 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 improvement, not exceeding the initial carrying value.

### (i) Liability for 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. The accrued liability is included in accounts payable and accrued liabilities.

# CANADIAN MENTAL HEALTH ASSOCIATION – CALGARY REGION

Notes to Financial Statements, page 5

Year ended March 31, 2020, with comparative figures for 2019

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## 2. Significant accounting policies (continued):

### (j) Measurement uncertainty:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant estimates include the valuation of accounts receivable and mortgage receivable, recoverability and useful life of capital assets, and amounts recorded for sick, short-term disability and wellness benefits in respect of sick time. Actual results could differ from those estimates.

### (k) Contributed services:

Volunteers assist the Association in carrying out certain activities. Due to uncertainty in determining fair value of the service and given that such assistance is generally not otherwise purchased, contributed services are not recognized in the financial statements.

### (l) Changes in accounting standards:

In March 2018, the Accounting Standards Board issued "Basis for Conclusions - Accounting Standards Improvements for Not-for-Profit Organizations" resulting in the introduction of new handbook sections in the Accounting Standards for Not-for-Profit Part III of the Handbook as follows:

Section 4433, Tangible capital assets held by not-for-profit organizations, which directs organizations to apply the accounting guidance of Section 3061, Property Plant and Equipment in Part II of the Handbook. In so doing, the new section requires that organizations annually assess for partial impairment of tangible capital assets, to be recorded where applicable, as a nonreversible impairment expense. In addition, where practical, to componentize capital assets when estimates can be made of the useful lives of the separate components.

This section is applied on a prospective basis with the exception of the transitional provision to recognize an adjustment to opening net assets for partial impairments of tangible assets that existed as at April 1, 2019.

Section 4434, Intangible assets held by not-for-profit organizations, which directs organizations to annually assess intangible assets, and where applicable to record an impairment expenses should the net carrying value be higher than the asset's fair value or replacement cost.

This section is applied on a prospective basis with the exception of the transitional provision to recognize an adjustment to opening net assets for partial impairment of intangible assets that existed as at April 1, 2019.

# CANADIAN MENTAL HEALTH ASSOCIATION – CALGARY REGION

Notes to Financial Statements, page 6

Year ended March 31, 2020, with comparative figures for 2019

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## 2. Significant accounting policies (continued):

### (l) Changes in accounting standards (continued):

Section 4441, Collections held by not-for-profit organizations, which defines a collection and directs organizations to record such assets on the statement of financial position at either cost or nominal value. It is anticipated that all collections will be accounted for using the same method, with the exception of organizations that opt to account for collections at cost, whereby the cost for certain collections either held or contributed cannot be determined. Such items are to be accounted for at a nominal value. In addition, collections are written down when there is evidence that the net carrying amount exceeds fair value.

Organizations are permitted to retrospectively capitalize collections at their cost or fair value at the date of acquisition, or fair value or replacement cost as at April 1, 2019, based on the most readily determinable value. In addition, an adjustment to opening net assets is permitted to recognize any partial impairment of the value of collections that existed as at April 1, 2019.

The amendments are effective for financial statements for fiscal years beginning on or after January 1, 2019. The implementation of these changes had no impact on the financial statements.

## 3. Cash and cash equivalents:

Cash includes \$240,815 (2019 – \$84,939) 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.

## 4. Short-term investments:

Short-term investments are comprised of funds held in mutual funds comprised of high interest savings accounts, with interest rates approximating at 1.1% per annum.

Included in short-term investments is \$5,200 (2019 – \$5,200) required to be invested in The Bingo Bar Association ("Bingo Bar") 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. The cost of the short-term investments as at March 31, 2020, is \$227,699 (2019 – \$209,067).

# CANADIAN MENTAL HEALTH ASSOCIATION – CALGARY REGION

Notes to Financial Statements, page 7

Year ended March 31, 2020, with comparative figures for 2019

## 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 1.6% – 3.35% per annum, maturing on various dates between July 2019 and February 2024 with a market value of \$2,025,496 (2019 – \$1,993,599). Upon maturity, Guaranteed Investment Certificates are intended to be reinvested. The cost of the long-term investments as at March 31, 2020, is \$1,944,993 (2019 – \$1,922,959).

## 7. Capital and intangible assets:

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Land	\$ 385,000	\$ –	\$ 385,000	\$ 385,000
Building	420,282	12,608	407,674	191,711
Leasehold improvements	1,106,931	225,211	881,720	992,294
Office equipment	132,050	25,226	106,824	119,437
Photocopiers under capital lease	42,507	17,003	25,504	34,006
	\$ 2,086,770	\$ 280,048	\$ 1,806,722	\$ 1,722,448

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Software	\$ 30,263	\$ 6,053	\$ 24,210	\$ 30,263



# CANADIAN MENTAL HEALTH ASSOCIATION – CALGARY REGION

Notes to Financial Statements, page 8

Year ended March 31, 2020, with comparative figures for 2019

## 8. Government remittances:

Included in accounts payable and accrued liabilities are government remittances of \$3,154 (2019 – \$nil), which include amounts payable for payroll related taxes.

## 9. Deferred revenue:

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

	Balance March 31, 2019	Additions	Amount recognized as revenue	Balance March 31, 2020
Alberta Health Services	\$ 7,742	\$ 1,089,934	\$ 1,097,676	\$ –
Province of Alberta	445,332	1,200,000	1,307,554	337,778
Municipal grants	399,734	419,740	621,811	197,663
Estate of Steven Blitz	969,604	65,217	175,000	859,821
Community Initiatives	50,000	67,500	80,025	37,475
Calgary Foundation	93,750	522,500	203,541	412,709
RBC Foundation	50,000	100,000	60,000	90,000
Other	130,549	289,789	152,659	267,679
	<u>\$ 2,146,711</u>	<u>\$ 3,754,680</u>	<u>\$ 3,698,266</u>	<u>\$ 2,203,125</u>

## 10. Obligation under capital lease:

During 2019, the Association entered into a lease agreement for several photocopiers. The agreement is repayable in monthly installments of \$820 (2019 – \$820) and carries an interest rate of 6.72%. The maturity date of the lease agreement is March 1, 2023. The capital lease payable is comprised as follows:

	2020	2019
Current liabilities:		
Current portion of capital lease payable	\$ 8,235	\$ 7,701
Non-current liabilities:		
Capital lease payable	19,369	27,604
	<u>\$ 27,604</u>	<u>\$ 35,305</u>

# CANADIAN MENTAL HEALTH ASSOCIATION – CALGARY REGION

Notes to Financial Statements, page 9

Year ended March 31, 2020, with comparative figures for 2019

## 10. Obligation under capital lease (continued):

The annual scheduled repayment of the capital lease payable is as follows:

	Amount
2021	\$ 8,235
2022	8,805
2023	9,417
2024	1,147
2025	–
	<b>\$ 27,604</b>

## 11. Deferred capital contributions:

The Association's contributors and funders have provided the following amounts for acquisition of capital assets. Recognition of these amounts is deferred and amortized into revenues on the same basis as the amortization expense recognized on the capital assets the contributions were used to purchase.

	2020	2019
Balance, beginning of year	\$ 569,222	\$ 239,790
Capital assets purchased with restricted contributions provided by funders	–	353,411
Amounts recognized as revenue during the year	(34,581)	(23,979)
Balance, end of year	<b>\$ 534,641</b>	<b>\$ 569,222</b>

# CANADIAN MENTAL HEALTH ASSOCIATION – CALGARY REGION

Notes to Financial Statements, page 10

Year ended March 31, 2020, with comparative figures for 2019

## 12. Commitment:

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
2021	\$ –	\$ 257,600	\$ 257,600
2022	11,720	–	11,720
2023	140,640	–	140,640
2024	140,640	–	140,640
2025	140,640	–	140,640
Thereafter	410,200	–	410,200
	<u>\$ 843,840</u>	<u>\$ 257,600</u>	<u>\$ 1,101,440</u>

On March 17, 2017, the Association signed a new lease agreement for office space, commencing from March 2018 until February 2028. Minimum rental payments for the first four years of the lease have been waived.

## 13. 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, investments, accounts receivable and mortgage receivable. The Association mitigates its exposure to credit loss by placing its cash and investments with a major financial institution.

Accounts receivable is comprised mainly of amounts receivable from Alberta Health Services and a Goods and Services Tax 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 risk to the extent that investments are at fixed rates of interest.

# CANADIAN MENTAL HEALTH ASSOCIATION – CALGARY REGION

Notes to Financial Statements, page 11

Year ended March 31, 2020, with comparative figures for 2019

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## 13. Financial instruments (continued):

### (c) Liquidity risk:

Liquidity risk is the risk that the Association will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Association does not believe it is subject to any significant concentration of liquidity risk.

The Association manages its liquidity risk by monitoring its operating requirements. The Association prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

There has been no significant changes in risk profiles of the Association, as compared to prior year. Refer to basis of presentation note for COVID-19 considerations.

## 14. Additional information:

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

	2020	2019
Amounts paid during the year as remuneration to employees whose principal duties include fundraising	\$ 84,417	\$ 91,849
Direct fundraising expenses for the purpose of soliciting contributions	9,854	69,641

## 15. Related party transactions:

The Association is an affiliate of the Canadian Mental Health Association - Alberta. During the year the Association paid affiliation fees of \$44,440 (2019 – \$40,479) to Canadian Mental Health Association - Alberta.

## 16. Comparative information:

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year.