
Financial statements of
Canadian Mental Health Association -
Saskatoon Branch Inc.

March 31, 2022

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Independent Auditor's Report

To the Members of
Canadian Mental Health Association – Saskatoon Branch Inc.

Qualified Opinion

We have audited the financial statements of Canadian Mental Health Association – Saskatoon Branch Inc. (the "Association"), which comprise the statement of financial position as at March 31, 2022, 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 (collectively 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 report, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at March 31, 2022, 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

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 recorded donations, the excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2022 and 2021, current assets as at March 31, 2022 and 2021, and net assets as at April 1 and March 31 for both the 2022 and 2021 years. The predecessor auditor's opinion on the financial statements for the year ended March 31, 2021 was modified accordingly because of the possible effects of this scope limitation.

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). 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 audit opinion.

Other matter

The financial statements for the year ended March 31, 2021 were audited by another auditor who expressed a qualified opinion on those financial statements on July 29, 2021 for 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 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 GAAS 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 GAAS, 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.

Deloitte LLP

Chartered Professional Accountants
June 27, 2022

Canadian Mental Health Association - Saskatoon Branch Inc.


Statement of financial position

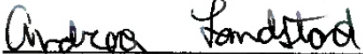
As at March 31, 2022

	Notes	2022 \$	2021 \$
Assets			
Current assets			
Cash - unrestricted		5,892	83,199
Cash - externally restricted		144,837	219,065
Cash - internally restricted		—	108,577
Short-term investments - internally restricted	3 and 9	168,526	51,965
Short-term investments - unrestricted	3	157,036	—
Accounts receivable		2,268	82,960
Prepaid expenses and deposits		318	137,123
Goods and services tax recoverable		1,881	5,293
		480,759	688,182
Intangible assets	5	40,545	—
Capital assets	4	319,274	258,031
Investments - internally restricted	3 and 9	123,238	119,849
		963,816	1,066,062
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		68,559	70,305
Deferred contributions related to operations	7	4,180	184,767
Deferred capital contributions	6	25,963	2,974
Current liabilities before callable debt		98,702	258,046
Callable debt	8	—	30,000
		98,702	288,046
Deferred capital contributions	6	114,694	31,903
		213,396	319,949
Net assets			
Net assets invested in capital and intangible assets		219,162	258,031
Internally restricted funds	9	291,765	280,391
Externally restricted funds		144,837	219,065
Unrestricted net assets		94,656	(11,374)
		750,420	746,113
		963,816	1,066,062

The accompanying notes are an integral part of the financial statements.

Approved by the Board

 _____, Director

 _____, Director

Canadian Mental Health Association - Saskatoon Branch Inc.

Statement of operations

Year ended March 31, 2022

	Notes	2022 \$	2021 \$
Revenue			
Federal grants	13	53,147	328,070
Fundraising		191,900	177,384
Interest income		4,135	4,044
Membership fees		854	818
Mental health first aid training		14,426	7,480
Miscellaneous		16,218	11,551
Municipal grants		25,000	15,000
Other grants		122,464	116,892
Provincial grants		556,315	513,493
Saskatchewan Parks and Recreation Association funding		10,647	9,537
United Way funding		—	5,679
		995,106	1,189,948
Expenses			
Amortization	4 and 5	26,946	18,522
Client programs		36,539	23,218
Fees and dues		2,515	2,518
Goods and Services Tax		4,321	6,351
Occupancy		32,732	17,854
Office		46,335	31,512
Promotion and publicity		60,071	40,491
Purchased services		73,323	15,423
Salaries and wages		551,473	528,892
Staff benefits	10	139,106	128,654
Staff recruitment and training		6,866	16,745
Staff travel		7,511	6,869
Volunteer expense		3,061	432
		990,799	837,481
Excess of revenue over expenses		4,307	352,467

The accompanying notes are an integral part of the financial statements.

Canadian Mental Health Association - Saskatoon Branch Inc.

Statement of changes in net assets

Year ended March 31, 2022

	Invested in capital and intangible assets	Internally restricted	Externally restricted	Unrestricted	2022 Total	2021 Total
	\$	\$	\$	\$	\$	\$
	(Note 9)					
Balance, beginning of year	258,031	280,391	219,065	(11,374)	746,113	393,646
Excess of revenues over expenses	—	—	—	4,307	4,307	352,467
Purchase of capital and intangible assets	128,734	—	—	(128,734)	—	—
Interest earned on reserve funds	—	4,135	—	(4,135)	—	—
Amortization	(26,946)	—	—	26,946	—	—
Transfers between funds	(140,657)	7,239	(74,228)	207,646	—	—
Balance, end of year	219,162	291,765	144,837	94,656	750,420	746,113

The accompanying notes are an integral part of the financial statements.

Canadian Mental Health Association - Saskatoon Branch Inc.**Statement of cash flows**

Year ended March 31, 2022

	2022	2021
	\$	\$
Operating activities		
Excess of revenue over expenses	4,307	352,467
Amortization	26,946	18,522
Amortization of deferred capital contributions	(14,469)	(3,572)
Accrued investment income	(4,135)	(4,044)
	12,649	363,373
Changes in working capital accounts		
Accounts receivable	80,692	(49,355)
Prepaid expenses and deposits	136,805	(135,270)
Accounts payable and accrued liabilities	(1,746)	14,624
Deferred contributions related to operations	(180,587)	119,023
Goods and services tax recoverable	3,412	(597)
Deferred capital contributions	120,249	9,500
	171,474	321,298
Financing activities		
Proceeds from callable debt	—	40,000
Repayment of callable debt	(30,000)	(10,000)
	(30,000)	30,000
Investing activities		
Purchase of capital assets	(83,684)	(24,347)
Purchase of intangible assets	(45,050)	—
Purchase of investments	(272,852)	—
	(401,586)	(24,347)
(Decrease) increase in cash and cash equivalents	(260,112)	326,951
Cash and cash equivalents, beginning of year	410,841	83,890
Cash and cash equivalents, end of year	150,729	410,841
Cash and cash equivalents consist of:		
Cash - unrestricted	5,892	83,199
Cash - externally restricted	144,837	219,065
Cash - internally restricted	—	108,577
	150,729	410,841

The accompanying notes are an integral part of the financial statements.

Canadian Mental Health Association - Saskatoon Branch Inc.

Notes to the financial statements

March 31, 2022

1. Purpose of the organization

The Canadian Mental Health Association - Saskatoon Branch Inc. (the "Association") was incorporated on September 24, 1997 under the Saskatchewan Non-Profit Corporations Act. It is a branch of Canadian Mental Health Association - Saskatchewan Division, which in turn is a member of Canadian Mental Health Association - National. The Association is a registered charity and is exempt from income taxes under section 149(1)(f) of the Income Tax Act. The Association is an organization that assists and supports people with mental illness to maximize their potential and to achieve positive mental health in their lives as community members. The enhancement of mental health in the community is achieved through programs and services, public education and advocacy.

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:

Cash and cash equivalents

Cash and cash equivalents include amounts on deposit with financial institutions and term deposits that mature within three months or less from the date of acquisition. Term deposits that the organization cannot use for current transactions because they are held to fund reserves are excluded from cash and cash equivalents and are included in internally restricted short-term investments.

Investments

Investments are interest-bearing redeemable deposits and are measured at cost.

Fund accounting

The Association maintains its accounts in accordance with the principles of fund accounting. For financial reporting purposes, accounts with similar characteristics have been combined into the following major funds:

The Capital and Intangible Asset Fund reports the assets, liabilities, revenues and expenses related to the Association's capital and intangible assets.

The Internally Restricted Fund reports amounts allocated for future projects and have been grouped according to function.

The Externally Restricted Fund reports restricted operating grants allocated to be used on specific projects based on the funder's' requirements.

The Unrestricted Fund accounts for the organization's program delivery and administrative activities. The Association maintains categories within this fund in its internal accounts to assist in program delivery.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles for not-for-profit organizations requires management to make estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as reported amounts of revenues and expenses during the reporting period.

Canadian Mental Health Association - Saskatoon Branch Inc.

Notes to the financial statements

March 31, 2022

2. Significant accounting policies (continued)

Use of estimates (continued)

Significant estimates used in the preparation of the financial statements include the collectability and allowance for doubtful accounts, amortization of capital and intangible assets, and the estimated useful lives of capital and intangible assets related to deferred capital contributions. Actual results could differ from those estimates.

In order to maintain its status as a registered charity under the Income Tax Act (the "Act"), the Association must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

Recognition of revenue

The Association follows the deferral method of accounting for contributions. The Association receives certain amounts during the year from corporations, charities, and individuals, the proceeds of which may only be used in the conduct of certain programs or completion of specific work. These amounts are recognized as revenue in the fiscal year that the related expenses are incurred or services performed.

Grants and funding are recognized as revenue proportionately over the time period to which they relate.

Mental health first aid training seminar fees are recognized as revenue when the seminars are held.

Fundraising, donations and interest are recognized as revenue when received or when it is earned and collection is reasonably assured.

Other income is recognized as revenue when it is earned and collection is reasonably assured.

Memberships fees are recognized as revenue in the fiscal year to which they relate.

Government assistance

Government assistance is recorded in the financial statements when there is reasonable assurance that the Association has complied with, and will continue to comply with, all conditions necessary to obtain the assistance.

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 recorded using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives.

Building	4%
Computer hardware	20%
Furniture and equipment	10%

Intangible assets

Intangible assets consist of website development costs. They are recorded at cost and amortized using the straight-line method at a rate of 20%.

2. Significant accounting policies (continued)

Long-lived assets

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

Long-lived assets are tested for recoverability whenever events or change in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized when the carrying value of long-lived assets exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of the impairment loss is determined as the excess of the carrying value and the asset over its fair value or replacement cost at the date of impairment.

Donated materials and services

Donated materials and services are recognized only when a fair value can be reasonably estimated and when the material and services are used in the normal course of the Association's operations and would otherwise have been purchased.

The Association receives a significant amount of donated services from its directors and volunteers. Because of the difficulty in determining the fair value of these services, they are not recognized in the financial statements.

Income taxes

The Association is registered as a charitable organization under the Act and as such is exempt from income taxes and is able to issue donation receipts for income tax purposes.

Financial instruments

Financial assets and financial liabilities are initially recognized at fair value when the Association becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at amortized cost.

With respect to financial assets measured at cost or amortized cost, the Association recognizes in the statement of operations an impairment loss, if any, when it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss shall be reversed in the statement of operations in the period the reversal occurs.

The Association reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in the statement of operations in the year the reversal occurs.

3. Investments

Investments consist of GIC's and term deposits held at Affinity Credit Union bearing interest between 0.35% to 4.0% (1.5% to 2.5% in 2021) maturing between November 29, 2022 and November 29, 2023 (October 1, 2021 and July 25, 2023 in 2021). Interest earned on investments is added to the internally restricted net asset reserve annually.

Canadian Mental Health Association - Saskatoon Branch Inc.

Notes to the financial statements

March 31, 2022

4. Capital assets

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
	\$	\$	\$	\$
Computer hardware	94,685	31,910	62,775	3,857
Furniture and equipment	61,054	22,161	38,893	29,082
Building	297,495	117,863	179,632	187,118
Land	37,974	—	37,974	37,974
	491,208	171,934	319,274	258,031

Amortization expense included in the statement of operations is \$22,441 (\$18,522 in 2021).

5. Intangible assets

	Cost	Accumulated Amortization	2022 Net book value	2021 Net book value
	\$	\$	\$	\$
Website	45,050	4,505	40,545	-
	45,050	4,505	40,545	-

Amortization expense included in the statement of operations is \$4,505 (\$nil in 2021).

6. Deferred capital contributions

Deferred contributions related to capital assets consists of restricted contributions received by the Association for use in the acquisition of equipment and building improvements. The changes in the deferred contributions balance for the year are as follows:

	2022 \$	2021 \$
Beginning balance	34,877	28,949
Purchases	—	9,500
Transfer from deferred contributions related to operations	120,249	—
Recognized as revenue during the year	(14,469)	(3,572)
	140,657	34,877
Less: current portion	25,963	2,974
Non-current portion	114,694	31,903

Recognition of these amounts as revenue is deferred to periods when the related capital assets are amortized, and revenues recognized are included in provincial grants revenue on the statement of operations. Contributions restricted and used for the acquisition of non-amortized property are recognized as a direct increase in net assets.

Canadian Mental Health Association - Saskatoon Branch Inc.

Notes to the financial statements

March 31, 2022

7. Deferred contributions related to operations

Deferred contributions represent unspent resources received in the current period that are related to the subsequent period. Changes in the deferred contributions balance are as follows:

	2022	2021
	\$	\$
Balance, beginning of year	184,767	65,744
Amount received during the year	620,922	184,767
Transfer to deferred capital contributions	(120,249)	—
Less: Amount recognized as revenue in the year	(681,260)	(65,744)
Balance, end of year	4,180	184,767

The deferred contributions are from the following sources:

Workforce Development program funding	—	50,116
Workforce Development capital funding	—	54,794
Saskatoon Community Foundation	3,293	62,858
Saskatoon Health Region	—	16,420
Mental Health First Aid courses	855	495
Memberships	32	84
	4,180	184,767

8. Callable debt

During the year, the Association repaid the remaining \$30,000 (\$nil in 2021) of a Canada Emergency Business Account loan in order to meet the conditions of the loan.

9. Internally restricted funds

The Association uses reserves as a means of stabilizing operations. The amounts allocated from operations are recorded as reserves for future costs. When actual expenditures occur, they are deducted from the respective reserve accounts. The total reserves for future costs on the statement of financial position represent the cumulative unexpended amounts of allocations from operations and appropriations by the Board of Directors to the following reserves:

	2022	2021
	\$	\$
Building maintenance reserve	56,479	49,240
Cash flow reserve	80,000	80,000
General reserve	146,097	141,962
Sick time/staffing time	9,189	9,189
	291,765	280,391

10. Defined contribution pension plan

The Association's employees are enrolled in a compulsory defined contribution plan once they have completed probation. The Association contributes either 7% or 8% of the employee's salary plus administration fees into the plan depending on the level of employee contributions. Annual contributions by the Association to the plan are reported in salaries and wages on the statement of operations and were \$44,439 (\$45,170 in 2021).

Canadian Mental Health Association - Saskatoon Branch Inc.

Notes to the financial statements

March 31, 2022

11. Lease commitments

The Association has entered into a lease agreement for an all in one printer with quarterly payments of \$927 plus taxes expiring on July 1, 2024. Minimum lease payments for the term of the lease are as follows:

	\$
2023	4,115
2024	1,030
	<u>5,145</u>

12. 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 credit, currency, interest, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

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's credit risk consists principally of cash and cash equivalents and accounts receivable. Credit risk associated with cash is minimized substantially by ensuring that reputable and major financial institutions are used. The Association performs regular credit assessments and provides allowance for potentially uncollectible accounts. The Association has not incurred any bad debts during the year and has a \$nil allowance for bad debts (\$nil in 2021).

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk is not considered significant because the Association does not regularly have transactions based in foreign currency and does not maintain a balance in foreign bank accounts.

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. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Association is exposed to interest rate risk due to fluctuations in the market interest rates it earns on cash held in its bank accounts and investments. The Association does not use financial instruments to reduce its interest rate risk exposure.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Association enters into transactions to purchase goods and services on credit for which repayment is required at various maturity dates. Liquidity is measured by reviewing the Association's future net cash flows for the possibility of a negative cash flow. The Association is exposed to this risk mainly from its accounts payable.

12. Financial instruments (continued)

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Association is mainly exposed to interest rate risk, as described above.

13. Government assistance

In response to COVID-19, the Government of Canada announced the CEWS program in March 2020. CEWS provides a wage subsidy on eligible remuneration, subject to a maximum per employee, to eligible employers based on meeting certain eligibility criteria, including demonstration of revenue declines as a result of COVID-19. The Association has assessed its eligibility related to CEWS and determined it has qualified for the subsidy. Government assistance in the amount of \$53,147 (\$318,070 in 2021) was received during the year and is included in federal grants revenue in the statement of operations.

14. Comparative figures

Certain of the prior year's figures have been reclassified to conform to the current year's presentation.