

Financial Statements of

**CANADIAN MENTAL HEALTH  
ASSOCIATION - ONTARIO  
DIVISION**

And Independent Auditors' Report thereon

Year ended March 31, 2022



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## INDEPENDENT AUDITORS' REPORT

To the Members of Canadian Mental Health Association - Ontario Division

### ***Opinion***

We have audited the financial statements of Canadian Mental Health Association - Ontario Division (the Entity), which comprise:

- the statement of financial position as at March 31, 2022
- 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2022, 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 Opinion***

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 opinion.



### ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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.



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- 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*

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Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

June 21, 2022

# CANADIAN MENTAL HEALTH ASSOCIATION - ONTARIO DIVISION

## Statement of Financial Position

March 31, 2022, with comparative information for 2021

	2022	2021
<b>Assets</b>		
Current assets:		
Cash	\$ 1,614,994	\$ 4,096,846
Short-term investments (note 2)	3,531,051	3,857,916
Accounts receivable	2,047,707	694,129
Program in progress (note 3)	53,179	389,493
Prepaid expenses	144,895	93,637
	<u>7,391,826</u>	<u>9,132,021</u>
Investments (note 2)	15,124,224	14,175,700
Capital assets (note 4)	522,536	288,521
Step rent receivable (note 8)	31,976	51,885
	<u>\$ 23,070,562</u>	<u>\$ 23,648,127</u>

## Liabilities and Net Assets

### Current liabilities:

Accounts payable and accrued liabilities (notes 5 and 12)	\$ 1,083,884	\$ 661,943
Due to Government of Ontario (note 6)	2,760,747	3,199,606
	<u>3,844,631</u>	<u>3,861,549</u>
Deferred capital contributions (note 7)	84	691
Deferred contributions and deferred revenue (note 7)	324,781	1,082,955
Deferred rent (note 8)	596,116	477,009
	<u>4,765,612</u>	<u>5,422,204</u>
Net assets:		
Invested in capital assets (note 9)	522,852	287,830
Internally restricted (note 10)	13,700,000	13,700,000
Unrestricted	4,082,098	4,238,093
	<u>18,304,950</u>	<u>18,225,923</u>

Commitments and guarantees (notes 11 and 14)

	<u>\$ 23,070,562</u>	<u>\$ 23,648,127</u>
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See accompanying notes to financial statements.

# CANADIAN MENTAL HEALTH ASSOCIATION - ONTARIO DIVISION

## Statement of Operations

Year ended March 31, 2022, with comparative information for 2021

	2022	2021
<b>Revenue:</b>		
Government of Ontario - Bounce Back program (note 6)	\$ 8,846,821	\$ 9,629,179
Government of Ontario - special projects	2,222,278	1,371,989
Ministry of Health and Long-Term Care (note 6)	2,113,081	2,113,050
Fundraising	1,760,261	2,164,139
Other	766,147	514,919
Investment income	580,866	36,555
Rental income	511,202	478,009
Gain on sale of investments	345,789	428,356
Unrealized investment gains, net	316,309	2,192,966
Bequests	241,690	2,557,028
Branch membership fees	213,000	190,500
Other grants	186,104	-
Mental health works programs	154,779	34,879
Government of Canada - special projects	854	92,605
Amortization of deferred capital contributions (note 7(a.1))	607	679
	<u>18,259,788</u>	<u>21,804,853</u>
<b>Expenses:</b>		
Bounce Back program (note 6)	9,105,645	9,629,179
Mental health education and capacity building projects	2,848,468	1,888,337
Management, operations and support services (note 18)	2,348,764	2,171,871
Knowledge centre	2,104,469	1,976,215
Communications and marketing	940,639	974,675
Mental health works program	439,684	203,375
Fundraising	264,444	221,387
Amortization of capital assets	76,512	47,397
Revenue share program (note 12)	50,759	95,615
Loss on disposal of capital assets	1,377	-
	<u>18,180,761</u>	<u>17,208,051</u>
<b>Excess of revenue over expenses</b>	<b>\$ 79,027</b>	<b>\$ 4,596,802</b>

See accompanying notes to financial statements.

# CANADIAN MENTAL HEALTH ASSOCIATION - ONTARIO DIVISION

## Statement of Changes in Net Assets

Year ended March 31, 2022, with comparative information for 2021

2022	Invested in capital assets (note 9)	Internally restricted (note 10)	Unrestricted	Total
Balance, beginning of year	\$ 287,830	\$ 13,700,000	\$ 4,238,093	\$ 18,225,923
Excess (deficiency) of revenue over expenses	(77,282)	–	156,309	79,027
Purchase of capital assets	312,304	–	(312,304)	–
<b>Balance, end of year</b>	<b>\$ 522,852</b>	<b>\$ 13,700,000</b>	<b>\$ 4,082,098</b>	<b>\$ 18,304,950</b>

2021	Invested in capital assets (note 9)	Internally restricted (note 10)	Unrestricted	Total
Balance, beginning of year	\$ 298,229	\$ 13,700,000	\$ (369,108)	\$ 13,629,121
Excess (deficiency) of revenue over expenses	(46,718)	–	4,643,520	4,596,802
Purchase of capital assets	36,319	–	(36,319)	–
<b>Balance, end of year</b>	<b>\$ 287,830</b>	<b>\$ 13,700,000</b>	<b>\$ 4,238,093</b>	<b>\$ 18,225,923</b>

See accompanying notes to financial statements.

# CANADIAN MENTAL HEALTH ASSOCIATION - ONTARIO DIVISION

## Statement of Cash Flows

Year ended March 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 79,027	\$ 4,596,802
Items not involving cash:		
Loss on disposal of capital assets	1,377	-
Gain on sale of investments	(345,789)	(428,356)
Unrealized investment gains	(316,309)	(2,192,966)
Amortization of deferred capital contributions	(607)	(679)
Amortization of capital assets	76,512	47,397
	(505,789)	2,022,198
Change in non-cash operating working capital:		
Accounts receivable	(1,353,578)	(9,302)
Program in progress	336,314	37,466
Prepaid expenses	(51,258)	1,216
Step rent receivable	19,909	1,313
Accounts payable and accrued liabilities	421,941	(378,910)
Due to Government of Ontario	(438,859)	1,624,964
Deferred contributions and deferred revenue	(758,174)	778,315
Deferred rent	119,107	78,479
	(2,210,387)	4,155,739
Investing activities:		
Change in investments, net	40,439	(1,872,721)
Purchase of capital assets	(312,304)	(36,319)
Proceeds from disposal of capital assets	400	-
	(271,465)	(1,909,040)
Increase (decrease) in cash	(2,481,852)	2,246,699
Cash, beginning of year	4,096,846	1,850,147
Cash, end of year	\$ 1,614,994	\$ 4,096,846

See accompanying notes to financial statements.



# CANADIAN MENTAL HEALTH ASSOCIATION - ONTARIO DIVISION

Notes to Financial Statements

Year ended March 31, 2022

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Canadian Mental Health Association - Ontario Division (the "Association") is a provincial organization, with a mandate to advocate with and provide programs and services for people with mental disorders and to enhance, maintain and promote the mental health of all individuals and communities in Ontario. The Association is incorporated under the Corporations Act (Ontario) as a not-for-profit organization and is a registered charity under the Income Tax Act (Canada). The Association is exempt from income taxes under the Income Tax Act (Canada) provided the specified disbursement quota is achieved.

## 1. Significant accounting policies:

### (a) Basis of presentation:

These financial statements comprise the accounts of Canadian Mental Health Association - Ontario Division's Provincial office. The results of the Canadian Mental Health Association ("CMHA") National Division and branches are not included in these financial statements, as they are not controlled by the Association.

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO"), using the deferral method of accounting for contributions.

### (b) Revenue recognition:

Restricted contributions are recognized as deferred contributions and taken into revenue in the year in which the related expenses are incurred or the specified milestones have been achieved. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue at rates corresponding to the rates used to amortize the related capital assets.

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.

Restricted interest income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted interest income is recognized as revenue when earned.

# CANADIAN MENTAL HEALTH ASSOCIATION - ONTARIO DIVISION

Notes to Financial Statements (continued)

Year ended March 31, 2022

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## 1. Significant accounting policies (continued):

Tenant rental income is recognized using the straight-line method over the term of the related lease. The difference between the rental revenue recognized and the amounts contractually due under the lease agreements is recorded as step rent receivable.

### (c) Financial instruments:

The Association has classified each of its financial instruments and recorded them as follows:

Asset/liability	Measurement
Cash	Fair value
Investments	Fair value
Accounts receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Due to Government of Ontario	Amortized cost

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### (d) Capital assets:

Purchased capital assets are recorded at cost. Donated capital assets are recorded at fair value at the date of contribution to the extent that fair value is readily available. Amortization is provided on a declining-balance basis at a rate of 30% for computer hardware and software and 20% for office equipment and furniture and fixtures. Leasehold improvements are recorded at cost and amortized on a straight-line basis over the term of the lease.

### (e) Allocation of expenses:

Certain employees perform a combination of program, fundraising and administrative functions. As a result, salaries and benefits are allocated based on the budgeted resources dedicated to the functional activity. Occupancy costs and office overhead costs are allocated to programs based on the head count employed by each function. Those costs, which cannot be readily allocated to functions, are classified as management, operations and support services. Such allocations are reviewed regularly by the Association.

# CANADIAN MENTAL HEALTH ASSOCIATION - ONTARIO DIVISION

Notes to Financial Statements (continued)

Year ended March 31, 2022

## 1. Significant accounting policies (continued):

### (f) Contributed services:

Much of the work of the Association is dependent on voluntary services. Due to the difficulty of determining fair value, contributed services are not recognized in the financial statements.

### (g) Management estimates:

The preparation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the year. Actual results could differ from such estimates.

## 2. Investments:

### (a) An analysis of the carrying value of investments is as follows:

2022	Remaining term to maturity					Carrying value
	Within 3 months	Within 3 to 12 months	1 to 5 years	Over 5 Years	No specific maturity	
Fixed income	\$ 2,182,431	\$ 1,088,435	\$ 3,787,721	\$ 633,540	\$ –	\$ 7,692,127
Equities	260,185	–	518,046	–	10,184,917	10,963,148
	\$ 2,442,616	\$ 1,088,435	\$ 4,305,767	\$ 633,540	\$ 10,184,917	\$ 18,655,275

2021	Remaining term to maturity					Carrying value
	Within 3 months	Within 3 to 12 months	1 to 5 years	No specific maturity		
Fixed income	\$ 2,742,945	\$ 1,114,971	\$ 3,902,667	\$ –	\$ –	\$ 7,760,583
Equities	–	–	776,873	9,496,160	–	10,273,033
	\$ 2,742,945	\$ 1,114,971	\$ 4,679,540	\$ 9,496,160	\$ –	\$ 18,033,616

# CANADIAN MENTAL HEALTH ASSOCIATION - ONTARIO DIVISION

Notes to Financial Statements (continued)

Year ended March 31, 2022

## 2. Investments (continued):

(b) The cost and fair value of investments are as follows:

	2022		2021	
	Cost	Fair value	Cost	Fair value
Fixed income	\$ 7,792,814	\$ 7,692,127	\$ 7,554,848	\$ 7,760,583
Equities	8,821,725	10,963,148	8,754,340	10,273,033
	\$ 16,614,539	\$ 18,655,275	\$ 16,309,188	\$ 18,033,616

## 3. Program in progress:

Program in progress reflects advances recorded under the terms of a contract pertaining to the Bounce Back program (note 6(b)) between the Association and Canadian Mental Health Association York and South Simcoe ("CMHA YSS") whereby project milestones are in process of completion and funds had not been expended by CMHA YSS.

## 4. Capital assets:

	2022		2021	
	Cost	Accumulated amortization	Net book value	Net book value
Computer hardware	\$ 274,969	\$ 187,684	\$ 87,285	\$ 58,227
Computer software	131,328	119,415	11,913	13,977
Office equipment	70,878	54,997	15,881	7,463
Furniture and fixtures	184,648	94,925	89,723	22,045
Leasehold improvements	448,936	131,202	317,734	186,809
	\$ 1,110,759	\$ 588,223	\$ 522,536	\$ 288,521

## 5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable in the amount of \$102,426 (2021 - \$9,500), which relate to payroll remittances.

# CANADIAN MENTAL HEALTH ASSOCIATION - ONTARIO DIVISION

Notes to Financial Statements (continued)

Year ended March 31, 2022

## 6. Due to Government of Ontario:

Due to Government of Ontario represent unspent funding for specific purposes, payable to the Government of Ontario. Changes in the Due to Government of Ontario are as follows:

	Opening balance, due to Government of Ontario	Contributions	Interest earned on ministry funding	Recognized into revenue	Recouped by Government of Ontario	Closing balance, due to Government of Ontario
Base funding (a)	\$ 123,743	\$ 2,113,081	\$ 9,332	\$ (2,113,081)	\$ –	\$ 133,075
Bounce Back program (b)	2,046,507	8,900,000	19,676	(8,846,821)	(528,650)	1,590,712
COVID Emergency program (c)	1,000,000	–	7,500	–	–	1,007,500
Campus Mental Health project (d)	29,356	–	104	–	–	29,460
	<b>\$ 3,199,606</b>	<b>\$ 11,013,081</b>	<b>\$ 36,612</b>	<b>\$ (10,959,902)</b>	<b>\$ (528,650)</b>	<b>\$ 2,760,747</b>

# CANADIAN MENTAL HEALTH ASSOCIATION - ONTARIO DIVISION

Notes to Financial Statements (continued)

Year ended March 31, 2022

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## 6. Due to Government of Ontario (continued):

### (a) Base funding:

Funding received from the Ministry of Health ("MOH"), to undertake work in two areas: health system development and mental health promotion, education and awareness.

### (b) Bounce Back program:

The Bounce Back program is funded by MOH. The project, which seeks to teach effective skills to help individuals (aged 15+) overcome symptoms of mild to moderate depression or anxiety, and improve their mental health, was launched in fiscal 2018, and will run until the end of fiscal year 2025.

### (c) COVID Emergency program:

On December 18, 2020 the Ministry of Mental Health ("Ministry") provided one time funding of \$1,750,000 for the 2020-21 funding year to implement up to 500 temporary supportive housing units on an emergency basis should there be an outbreak in the Ministry-funded congregate care supportive housing between November 2020 and March 2021. As at March 31, 2021, none of these funds were spent and the Ministry served notice that \$1,000,000 of these unspent funds were to be recouped and that the other \$750,000 could be carried over to be used in fiscal 2021-22 for specific COVID measures as specified in the funding agreement. As such, this amount has been reflected in deferred contributions and deferred revenue (note 7(a)).

During March 2022, \$750,000 was disbursed to 24 branches to be spent for the purposes it was provided, including additional costs related to COVID. As at March 31, 2022 the Ministry had not yet recouped the \$1,000,000.

### (d) Campus Mental Health project:

The Campus Mental Health project is funded by the Ministry of Training, Colleges and Universities. The project, which seeks to address the mental health needs of college and university students, has been extended to March 31, 2023, based on a written confirmation from the Government of Ontario.

# CANADIAN MENTAL HEALTH ASSOCIATION - ONTARIO DIVISION

Notes to Financial Statements (continued)

Year ended March 31, 2022

## 7. Deferred contributions and deferred revenue:

	2022	2021
Deferred contribution relating to unspent resources externally restricted (a)	\$ 324,781	\$ 1,082,955
Deferred capital contributions (a.1)	\$ 84	\$ 691

(a) Deferred contributions represent unspent resources externally restricted for specific purposes. Changes in the deferred contributions balance are as follows:

	Opening balance	Transfer to branches (note 6(c))	Contributions	Recognized in revenue	Due from Government of Ontario	Ending balance
Government of Ontario (b)	\$ 750,000	\$ (750,000)	\$ 75,000	\$ (640,809)	\$ 565,809	\$ -
Other deferred amounts (c)	235,251	-	281,786	(258,292)	-	258,745
Campus Mental Health project (d)	96,850	-	604,190	(635,004)	-	66,036
Government of Canada (e)	854	-	-	(854)	-	-
	\$ 1,082,955	\$ (750,000)	\$ 960,976	\$ (1,534,959)	\$ 565,809	\$ 324,781

(a.1) Ministry of Health and Long-Term Care - capital assets (f)	\$ 691	\$ -	\$ -	\$ (607)	\$ -	\$ 84
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(b) Government of Ontario:

These funds provided by the various government of Ontario ministries, fund programs designed to educate and increase awareness; improve system design and build capacity within the community mental health sector.

# CANADIAN MENTAL HEALTH ASSOCIATION - ONTARIO DIVISION

Notes to Financial Statements (continued)

Year ended March 31, 2022

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## 7. Deferred contributions and deferred revenue (continued):

### (c) Other deferred amounts:

The other deferred amounts balance comprises funds received from non-government sources and are designated to be applied to fund various specific projects and conferences.

### (d) Campus Mental Health project:

The Campus Mental Health project is funded by the Ministry of Training, Colleges and Universities. The project, which seeks to address the mental health needs of college and university students, has been extended to March 31, 2023, based on a written confirmation from the Government of Ontario.

### (e) Government of Canada:

These funds provided by the Government of Canada, are used to fund the Living Life to the Full project.

### (f) Deferred capital contributions:

Deferred capital contributions related to capital assets represent the unamortized amount of grants received from the MOH for the purchase of capital assets. The amortization of deferred capital contributions is recorded as revenue in the statement of operations.



# CANADIAN MENTAL HEALTH ASSOCIATION - ONTARIO DIVISION

Notes to Financial Statements (continued)

Year ended March 31, 2022

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## 8. Step rent receivable and deferred rent liability:

The Association has entered into the following lease agreements:

- (a) On April 10, 2017, the Association entered into an agreement with Healthcare Properties Holdings Ltd. for an extension to the current lease agreement relating to four units (suite #2301, #2303, #2305 and #2308), at 180 Dundas Street West, Toronto, which was scheduled to end on April 30, 2031 and to obtain additional office space. The agreement is effective June 1, 2018 until May 31, 2033.
- (b) On June 26, 2017, the Association entered into a lease agreement with Healthcare Properties Holdings Ltd. to lease two units (suite #1400 and #1410), at 180 Dundas Street West, Toronto. The agreement is effective September 1, 2017 until May 31, 2033.
- (c) On October 22, 2018, the Association entered into a lease agreement with DEC Nominee Inc. to lease one unit (suite #1420), at 180 Dundas Street West, Toronto. Rental payments commence on May 1, 2019 until May 31, 2033.
- (d) On April 3, 2020, the Association entered into an additional lease agreement with DEC Nominee Inc. to lease one unit (suite #1508), at 180 Dundas Street West, Toronto. Rental payments commence on November 1, 2020 until October 31, 2025.
- (e) On October 1, 2021, the Association entered into a lease agreement with DEC Nominee Inc. to lease one unit (suite #2601), at 180 Dundas Street West, Toronto. Rental payments commence on February 1, 2022 until May 31, 2033.

The Association has adopted the straight-line method of recognizing rental expenses whereby the total amount of rental expenses to be paid to the landlord(s) is accounted for on a straight-line basis over the term of the related lease. The difference between the rental expenses recognized and the amount contractually payable under the lease agreement is charged to deferred rent.

# CANADIAN MENTAL HEALTH ASSOCIATION - ONTARIO DIVISION

Notes to Financial Statements (continued)

Year ended March 31, 2022

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## 8. Step rent receivable and deferred rent liability (continued):

The Association has entered into the following sub-lease agreements:

- (a) On June 27, 2017 and June 28, 2017, the Association entered into two sub-lease agreements, to sub-lease the two units (suite #1400 and #1410), at 180 Dundas Street West, Toronto. The agreements are effective September 1, 2017 until August 31, 2022.
- (b) On June 27, 2017, the Association entered into a sub-lease agreement, to sub-lease the one unit (suite #2305) at 180 Dundas Street West, Toronto. The agreement is effective May 1, 2017 until April 30, 2022.
- (c) On November 14, 2018 and January 13, 2019, the Association entered into two sub-lease agreements, to sub-lease the one unit (suite #1420) at 180 Dundas Street West, Toronto. The agreements are effective January 1, 2019 and February 1, 2019 until December 31, 2023.
- (d) On March 31, 2020, the Association entered into a sub-lease agreement, to sub-lease the one unit (suite #1508) at 180 Dundas Street West, Toronto. The agreement is effective March 31, 2020 until October 31, 2025.

The Association has adopted the straight-line method of recognizing rental income whereby the total amount of rental income to be received from all leases is accounted for on a straight-line basis over the term of the related leases. The difference between the rental income recognized and the amount contractually due under the sub-lease agreements are charged to step rent receivable.

## 9. Invested in capital assets:

- (a) Invested in capital assets is calculated as follows:

	2022	2021
Capital assets	\$ 522,536	\$ 288,521
Amounts financed by deferred capital contributions	(84)	(691)
	<u>\$ 522,452</u>	<u>\$ 287,830</u>

# CANADIAN MENTAL HEALTH ASSOCIATION - ONTARIO DIVISION

Notes to Financial Statements (continued)

Year ended March 31, 2022

## 9. Invested in capital assets (continued):

(b) The change in net assets invested in capital assets is calculated as follows:

	2022	2021
Excess of revenue over expenses:		
Amortization of deferred capital contributions	\$ (607)	\$ (679)
Amortization of capital assets	76,512	47,397
Loss on disposal of capital assets	1,377	–
	<u>\$ 77,282</u>	<u>\$ 46,718</u>
Net investment in capital assets:		
Purchase of capital assets	\$ 312,304	\$ 36,319

## 10. Internally restricted net assets:

	2022	2021
Contingency and working capital reserve	\$ 9,200,000	\$ 9,200,000
Reserve for strategic initiatives	4,400,000	4,400,000
Management strategic initiatives reserve	100,000	100,000
	<u>\$ 13,700,000</u>	<u>\$ 13,700,000</u>

Except in the case of the management strategic initiatives reserve, funds from internally restricted net assets may not be withdrawn without Board approval. In the case of the management strategic initiatives reserve, funds may be removed and utilized at the discretion of the Chief Executive Officer after consultation with the Executive Committee.

# CANADIAN MENTAL HEALTH ASSOCIATION - ONTARIO DIVISION

Notes to Financial Statements (continued)

Year ended March 31, 2022

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## 11. Commitments:

The Association rents premises and equipment under operating leases which extend until 2033, with minimum aggregate annual commitments, exclusive of harmonized sales tax, realty taxes and operating costs, as follows:

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2023	\$	589,896
2024		590,988
2025		609,676
2026		603,033
2027		606,648
Thereafter		3,987,362
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	\$	6,987,603

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## 12. Revenue share program:

The Association shares 50% of direct mail receipts after related expenses and 35% of specific amounts received through the monthly giving program, with participating CMHA branches.

The amount due to the branches at year end in the amount of \$57,593 (2021 - \$95,615), has been included in accounts payable and accrued liabilities.

## 13. Pension plan:

Effective June 1, 2020 the Association joined the Healthcare of Ontario Pension Plan ("HOOPP"). Existing employees had an option to become a member of the HOOPP or maintain membership in the existing defined contribution pension plan. New employees will automatically become members of the HOOPP. The pension expense relating to the HOOPP plan for the year was \$408,234 (2021 - \$259,958).

In addition to the HOOPP plan, the Association continues to participate in the defined contribution pension plan administered by a board of trustees appointed by the CMHA National Division ("CMHA National"). The expense for this plan is equal to the Association's required contribution for the year. The pension expense relating to the defined contribution plan for the year was \$25,277 (2021 - \$33,455).

# CANADIAN MENTAL HEALTH ASSOCIATION - ONTARIO DIVISION

Notes to Financial Statements (continued)

Year ended March 31, 2022

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## **14. Guarantees:**

In the normal course of business, the Association enters into agreements that meet the definition of a guarantee.

- (a) The Association has provided indemnities under various lease agreements for the use of its premises. Under the terms of this agreement, the Association agrees to indemnify the counterparty for various items including, but not limited to, all liabilities, loss, suits, and damages arising during, on or after the term of the agreement.
- (b) The Association indemnifies all directors, officers, employees and volunteers acting on behalf of the Association for various items including, but not limited to, all costs to settle suits or actions due to services provided to the Association, subject to certain restrictions.

The nature of these indemnification agreements prevents the Association from making a reasonable estimate of the maximum exposure due to the difficulties in assessing the amount of liability which stems from the unpredictability of future events and the unlimited coverage offered to counterparties.

Historically, the Association has not made any payments under such or similar indemnification agreements and, therefore, no amount has been accrued with respect to these agreements. The Association has purchased liability insurance to mitigate the cost of any potential future suits or actions.

## **15. Capital management:**

In managing capital (net assets), the Association focuses on liquid resources available for operations and program delivery. The need for sufficient cash flow is considered in the preparation of the annual budget and in monitoring cash flows and actual expenditures compared to budget. The Association also has externally restricted funds (recorded in deferred contributions), with conditions stipulated in grant or donor agreements, and believes that it has complied with the requirements of these restricted funds.

# CANADIAN MENTAL HEALTH ASSOCIATION - ONTARIO DIVISION

Notes to Financial Statements (continued)

Year ended March 31, 2022

## 16. Allocation of expenses:

The Association records its expenses by function. Costs that relate directly to each function are charged directly to that function. Certain costs relating to general administration and fundraising personnel, occupancy and office overhead are subject to allocations on the following basis:

- costs of personnel are allocated based on the resources budgeted for each function; and
- costs of occupancy and office overhead are allocated based on the headcount employed by each function.

The amount of allocated costs attributed to each function is as follows:

	Personnel		Occupancy		Office overhead	
	2022	2021	2022	2021	2022	2021
Knowledge centre	\$ 701,917	\$ 639,852	\$ 173,943	\$ 185,055	\$ 43,390	\$ 39,785
Mental health works program	–	–	36,678	47,541	9,149	10,221
Management, operations and support services	230,777	210,364	132,263	94,251	32,993	20,263
Communications and marketing	90,313	83,584	73,912	79,632	18,437	17,120
Fundraising	61,535	52,786	8,892	9,508	2,218	2,044
<b>Total</b>	<b>\$ 1,084,542</b>	<b>\$ 986,586</b>	<b>\$ 425,688</b>	<b>\$ 415,987</b>	<b>\$ 106,187</b>	<b>\$ 89,433</b>

## 17. Financial risks:

The investments held by the Association (note 2) are exposed to a variety of financial risks. The Association seeks to minimize the potential adverse effects of these risks by regularly monitoring the position of the investments, market events and the diversifying of the investment portfolio within the constraints of the Association's investment policies.

# CANADIAN MENTAL HEALTH ASSOCIATION - ONTARIO DIVISION

Notes to Financial Statements (continued)

Year ended March 31, 2022

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## 17. Financial risks (continued):

Significant risks that are relevant to the Association's investments are as follows:

### (a) Interest rate risk:

Interest rate risk arises from the possibility that changes in interest rates will affect the value of fixed income securities held by the Association. The short-term interest bearing investments held by the Association have a limited exposure to interest rate risk due to their short-term maturity. The Association has formal policies and procedures that establish target asset mix, minimum credit ratings and varying terms of the securities held.

### (b) Credit risk:

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Association's investment in fixed income securities are primarily with banking institutions, none of which individually exceeded the greater of 10% of the total portfolio at fair value or 15% of the fixed income portfolio at fair value. In addition, the Association's investment in equity securities are primarily with mid-to-large companies as measured by market capitalization, none of which individually exceeded the greater of 10% of the total portfolio at fair value or 15% of the equity portfolio at fair value.

### (c) Market risk:

Market risk arises as a result of trading in equity securities and fixed income securities. Fluctuations in the market exposes the Association to a risk of loss. The Association mitigates this risk through controls to monitor and limit concentration levels. In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus. The situation is constantly evolving, and the measures put in place are having a significant impact on economic and social matters.

Management continues to closely monitor the situation and evaluate the impact of guidance and regulations implemented by medical and government bodies across the country. As this new information becomes available, management has continued to evaluate the impact on the financial statements. The Association has been able to continue operations and service offerings as mandated and receives the majority of funding through formal funding agreements with various government agencies.

# CANADIAN MENTAL HEALTH ASSOCIATION - ONTARIO DIVISION

Notes to Financial Statements (continued)

Year ended March 31, 2022

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## 17. Financial risks (continued):

### (d) 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. The Association's investments include approximately \$4,376,632 (2021 - \$4,852,594) in U.S. equities, the value of which fluctuates in part due to changes in foreign exchange rates.

### (e) Liquidity risk:

Investments in fixed income, pooled funds and equities securities are liquid and traded in the public market.

## 18. Inter-divisional transactions:

Included in management, operations and support services is \$93,878 (2021 - \$93,878) relating to annual fees paid to CMHA National, all of which was paid as of year end.

An amount of \$14,001 (2021 - nil) is included in accounts payable and accrued liabilities relating to other incidental costs and services.

All inter-divisional transactions and balances between the Association and CMHA National are recorded at the exchange amount.