

Financial Statements of

**CANADIAN MENTAL HEALTH
ASSOCIATION (NATIONAL)**

Year ended March 31, 2016



KPMG LLP
Yonge Corporate Centre
4100 Yonge Street, Suite 200
Toronto ON M2P 2H3
Canada
Tel 416-228-7000
Fax 416-228-7123

INDEPENDENT AUDITORS' REPORT

To the Members of Canadian Mental Health Association (National)

We have audited the accompanying financial statements of Canadian Mental Health Association (National), which comprise the statement of financial position as at March 31, 2016, the statements of operations, changes in fund balances and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.



Page 2

Basis for Qualified Opinion

In common with many charitable organizations, Canadian Mental Health Association (National) derives part of its revenue from the general public in the form of 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 Canadian Mental Health Association (National). Therefore, we were not able to determine whether as at and for the years ended March 31, 2016 and March 31, 2015, any adjustments might be necessary to donation revenue, excess (deficiency) of revenue over expenses reported in the statements of operations, excess of revenue over expenses reported in the statements of cash flows and current assets and fund balances reported in the statements of financial position. This caused us to qualify our audit opinion on the financial statements as at and for the year ended March 31, 2015.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Canadian Mental Health Association (National) as at March 31, 2016, 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

June 5, 2016
Toronto, Canada

CANADIAN MENTAL HEALTH ASSOCIATION (NATIONAL)

Statement of Financial Position

March 31, 2016, with comparative information for 2015

			2016	2015
	General funds	Externally restricted fund	Total	Total
Assets				
Current assets:				
Cash	\$ 241,520	\$ 179,463	\$ 420,983	\$ 264,913
Short-term investments (note 2)	43,978	—	43,978	54,107
Receivables (notes 5 and 9)	63,784	—	63,784	123,266
Publications inventory	17,085	—	17,085	8,752
Prepaid expenses	5,270	—	5,270	1,479
	371,637	179,463	551,100	452,517
Investments (note 2)	1,196,009	—	1,196,009	1,178,668
Capital assets (note 3)	9,790	—	9,790	12,331
	\$ 1,577,436	\$ 179,463	\$ 1,756,899	\$ 1,643,516
Liabilities and Fund Balances				
Current liabilities:				
Accounts payable and accrued liabilities (notes 8 and 9)	\$ 170,387	\$ —	\$ 170,387	\$ 147,423
Deferred revenue (note 4)	—	179,463	179,463	200,575
	170,387	179,463	349,850	347,998
Fund balances:				
Operating fund	746,666	—	746,666	567,994
Capital assets fund	9,790	—	9,790	12,331
Internally restricted fund	650,593	—	650,593	715,193
	1,407,049	—	1,407,049	1,295,518
Commitments (note 6)				
	\$ 1,577,436	\$ 179,463	\$ 1,756,899	\$ 1,643,516

See accompanying notes to financial statements.

On behalf of the Board:

_____ Member

_____ Member

CANADIAN MENTAL HEALTH ASSOCIATION (NATIONAL)

Statement of Operations

Year ended March 31, 2016, with comparative information for 2015

					2016	2015
	Operating fund	Externally restricted fund	Capital assets fund	Internally restricted fund	Total	Total
Revenue:						
Support from provincial divisions	\$ 232,686	\$ —	\$ —	\$ —	\$ 232,686	\$ 246,058
Corporation sponsorship	—	450,555	—	—	450,555	467,669
Donations	474,661	—	—	—	474,661	489,333
Bequests	50,000	—	—	93,749	143,749	143,870
Publication sales	37,529	—	—	—	37,529	55,120
Investment income	7,532	—	—	—	7,532	87,732
Charges to pension plan (note 5)	129,731	—	—	—	129,731	165,000
Other	118,666	—	—	—	118,666	15,947
	1,050,805	450,555	—	93,749	1,595,109	1,670,729
Expenses:						
Salaries and benefits	380,923	119,477	—	125,025	625,425	686,594
Public education materials	75,712	115,945	—	—	191,657	150,843
Purchased services	106,056	215,133	—	32,650	353,839	581,243
National board and committees	166,677	—	—	674	167,351	86,357
Postage, telephone and courier	27,879	—	—	—	27,879	28,833
Building occupancy	13,797	—	—	—	13,797	14,933
Equipment leasing and maintenance	224	—	—	—	224	—
Memberships, subscriptions and fees	25,584	—	—	—	25,584	19,032
Bad debts	675	—	—	—	675	14,977
Office and administration cost	73,423	—	—	—	73,423	23,407
Amortization of capital assets	—	—	3,724	—	3,724	4,421
	870,950	450,555	3,724	158,349	1,483,578	1,610,640
Excess (deficiency) of revenue over expenses	\$ 179,855	\$ —	\$ (3,724)	\$ (64,600)	\$ 111,531	\$ 60,089

See accompanying notes to financial statements.

CANADIAN MENTAL HEALTH ASSOCIATION (NATIONAL)

Statement of Changes in Fund Balances

Year ended March 31, 2016, with comparative information for 2015

2016	Operating fund	Externally restricted fund	Capital assets fund	Internally restricted fund	Total
Fund balances, beginning of year	\$ 567,994	\$ -	\$ 12,331	\$ 715,193	\$ 1,295,518
Excess (deficiency) of revenue over expenses	179,855	-	(3,724)	(64,600)	111,531
Purchase of capital assets	(1,183)	-	1,183	-	-
Fund balances, end of year	\$ 746,666	\$ -	\$ 9,790	\$ 650,593	\$ 1,407,049

2015	Operating fund	Externally restricted fund	Capital assets fund	Internally restricted fund	Total
Fund balances, beginning of year	\$ 333,019	\$ -	\$ 13,993	\$ 888,417	\$ 1,235,429
Excess (deficiency) of revenue over expenses	237,734	-	(4,421)	(173,224)	60,089
Purchase of capital assets	(2,759)	-	2,759	-	-
Fund balances, end of year	\$ 567,994	\$ -	\$ 12,331	\$ 715,193	\$ 1,295,518

See accompanying notes to financial statements.

CANADIAN MENTAL HEALTH ASSOCIATION (NATIONAL)

Statement of Cash Flows

Year ended March 31, 2016, with comparative information for 2015

			2016	2015
	General funds	Externally restricted fund	Total	Total
Cash flows from operating activities:				
Excess of revenue over expenses	\$ 111,531	\$ –	\$ 111,531	\$ 60,089
Amortization of capital assets	3,724	–	3,724	4,421
Change in non-cash operating working capital:				
Receivables	59,482	–	59,482	(66,502)
Publications inventory	(8,333)	–	(8,333)	(109)
Prepaid expenses	(3,791)	–	(3,791)	81
Accounts payable and accrued liabilities	22,964	–	22,964	11,520
Deferred revenue	–	(21,112)	(21,112)	14,331
Cash flows provided by (used in) operating activities	185,577	(21,112)	164,465	23,831
Cash flows from investing activities:				
Increase in investments	(7,212)	–	(7,212)	(87,158)
Purchase of capital assets	(1,183)	–	(1,183)	(2,759)
Cash flows used in investing activities	(8,395)	–	(8,395)	(89,917)
Increase (decrease) in cash	177,182	(21,112)	156,070	(66,086)
Cash, beginning of year	64,338	200,575	264,913	330,999
Cash, end of year	\$ 241,520	\$ 179,463	\$ 420,983	\$ 264,913

See accompanying notes to financial statements.

CANADIAN MENTAL HEALTH ASSOCIATION (NATIONAL)

Notes to Financial Statements

Year ended March 31, 2016

Canadian Mental Health Association (National) (the "Association") was incorporated under Letters Patent of Canada in 1926 as a registered charity. The Association is a national voluntary association that exists to promote mental health of all and support the recovery and resilience of people experiencing mental illness.

Provincial/territorial divisions of the Association were established to deal with the affairs of the Association, which are deemed to be of a provincial or territorial nature. The Association is responsible for the affairs at the national level and works closely with all levels of the Association to achieve its mandate. These financial statements comprise the accounts of Canadian Mental Health Association (National). The results of Canadian Mental Health Association provincial/territorial divisions are not included in these financial statements as they are not controlled by the Association.

1. Significant accounting policies:

(a) Basis of presentation:

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:

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. Donation revenue is recognized when received, since pledges are not legally enforceable claims. Publication sales are recognized when the related products are delivered to customers.

(c) Contributed materials and services:

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

CANADIAN MENTAL HEALTH ASSOCIATION (NATIONAL)

Notes to Financial Statements (continued)

Year ended March 31, 2016

1. Significant accounting policies (continued):

(d) Externally restricted fund:

Externally restricted contributions are deferred and recognized as revenue of the appropriate fund in the year in which the related expenses are recognized or the specified milestones have been achieved.

(e) Internally restricted funds:

All bequests received in excess of \$50,000 per annum that do not have any restrictions imposed on the use of the funds or the income, if any, generated thereon, are treated as internally restricted funds to be used to ensure the future viability of the Association, or any other purposes as may be determined by the Board of Directors from time to time.

(f) Capital assets fund:

All capital assets are reported in the capital assets fund. Amortization expense is reported in this fund.

(g) Operating fund:

The operating fund accounts for the Association's program delivery and administrative activities.

(h) Deferred revenue:

The Association receives certain amounts during the year from corporations 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 the related expenses are incurred or services performed.

CANADIAN MENTAL HEALTH ASSOCIATION (NATIONAL)

Notes to Financial Statements (continued)

Year ended March 31, 2016

1. Significant accounting policies (continued):

(i) Financial instruments:

The Association records each of its financial instruments as follows:

Asset/liability	Measurement
Cash	Fair value
Investments	Fair value
Receivables	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

(j) Capital assets:

Capital assets are stated at cost less accumulated amortization. Amortization is provided on a declining-balance basis over the estimated lives of the assets using the following annual rates:

Office furniture	20%
Computers and equipment	30%

(k) 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, and 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. Accounts requiring estimates and assumptions include amortization expense and accrued liabilities.

CANADIAN MENTAL HEALTH ASSOCIATION (NATIONAL)

Notes to Financial Statements (continued)

Year ended March 31, 2016

2. Investments:

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

2016	Within 1 year	Over 1 year	No specific maturity	Carrying value
Cash and cash equivalents	\$ 43,978	\$ —	\$ —	\$ 43,978
Fixed income	—	723,793	—	723,793
Equities	—	—	472,216	472,216
	\$ 43,978	\$ 723,793	\$ 472,216	\$ 1,239,987

2015	Within 1 year	Over 1 year	No specific maturity	Carrying value
Cash and cash equivalents	\$ 54,107	\$ —	\$ —	\$ 54,107
Fixed income	—	650,364	—	650,364
Equities	—	—	528,304	528,304
	\$ 54,107	\$ 650,364	\$ 528,304	\$ 1,232,775

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

	2016		2015	
	Cost	Fair value	Cost	Fair value
Cash and cash equivalents	\$ 43,978	\$ 43,978	\$ 54,107	\$ 54,107
Fixed income	721,573	723,793	633,662	650,364
Equities	373,443	472,216	417,224	528,304
	\$ 1,138,994	\$ 1,239,987	\$ 1,104,993	\$ 1,232,775

CANADIAN MENTAL HEALTH ASSOCIATION (NATIONAL)

Notes to Financial Statements (continued)

Year ended March 31, 2016

3. Capital assets:

			2016	2015
	Cost	Accumulated amortization	Net book value	Net book value
Office furniture	\$ 7,702	\$ 6,481	\$ 1,221	\$ 1,526
Computers and equipment	225,287	216,718	8,569	10,805
	\$ 232,989	\$ 223,199	\$ 9,790	\$ 12,331

4. Deferred revenue:

Deferred revenue relates to programs and research projects. Each of these projects is defined in its own funding agreement, which provides conditions for grant/contribution and the eligible expenditure budget.

The following summary reports the activity related to each of these deferred revenues:

	Balance, beginning of year	Grants and other income	Disbursements	Balance, end of year
Freddie Ford Fund	\$ 13,309	\$ —	\$ —	\$ 13,309
Other	255	37,500	37,500	255
National Congress	—	120,000	50,000	70,000
National Website Platform	52,436	18,498	52,618	18,316
Mental Health Week	—	115,945	115,945	—
National Workplace Initiative	97,075	100,000	119,492	77,583
Bottom Line Conference & Mental Health Works	37,500	37,500	75,000	—
	\$ 200,575	\$ 429,443	\$ 450,555	\$ 179,463

CANADIAN MENTAL HEALTH ASSOCIATION (NATIONAL)

Notes to Financial Statements (continued)

Year ended March 31, 2016

5. Pension plan:

After completing 12 months of service, all full-time employees of the Association are offered the option to become members of The Canadian Mental Health Association Pension Plan, which is a multi-employer defined contribution pension plan for the Association's employees across the country. Employer contributions made to the pension plan during the year by the Association amounted to \$ 8,226 (2015 - \$12,581). These amounts are included in salaries and benefits in the statement of operations.

During the year, the Association charged the pension plan \$129,731 (2015 - \$165,000) for expenses relating to its administration, of which \$33,639 (2015 - \$89,238) was included in receivables as at year end.

6. Commitments:

The Association pays rent on a month-to-month basis in the amount of \$1,250.

7. Financial risks:

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

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.

CANADIAN MENTAL HEALTH ASSOCIATION (NATIONAL)

Notes to Financial Statements (continued)

Year ended March 31, 2016

7. Financial risks (continued):

(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 seeks to minimize the adverse effects of this risk by regularly monitoring the performance of investments and diversifying the investment portfolio within the constraints of the Association's investment policies.

(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.

(d) Currency risk:

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Association's investments include approximately \$152,210 (2015 - \$173,560) in U.S. equities, the value of which fluctuates in part due to changes in foreign exchange rates

8. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable in the amount of \$15,715 (2015 - \$20,044), which relates to payroll remittances.

9. Inter-divisional services agreement:

The Canadian Mental Health Association - Ontario Division provides corporate services to the Association in accordance with a Purchase of Services Agreement ("Agreement"). The Association was charged \$99,331 (2015 - \$93,685) relating to corporate services under the Agreement and other incidental costs and services. An amount of \$6,681 (2015 - \$6,879) is included in accounts payable and accrued liabilities relating to this Agreement.

All inter-divisional transactions and balances are recorded at exchange amount.