

CHILDRENS MENTAL HEALTH SERVICES
Serving Children and Families in Hastings & Prince Edward Counties

Financial Statements

Year Ended March 31, 2016

ERIC REYNOLDS
CHARTERED ACCOUNTANT

CHILDRENS MENTAL HEALTH SERVICES

Index to the Financial Statements

Year Ended March 31, 2016

Contents

	Page
Auditors' Report	3-4
Statement of Financial Position	5
Statement of Operations and Changes in Net Assets	6
Statement of Cash Flows	7
Notes to the Financial Statements	8-11
Schedule of Expenses	12

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of CHILDREN'S MENTAL HEALTH SERVICES,

I have audited the accompanying financial statements of Children's Mental Health Services, which comprise the financial position as at March 31, 2016, and the statements of operations, net assets and cash flows of the operating, capital asset and general fund for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

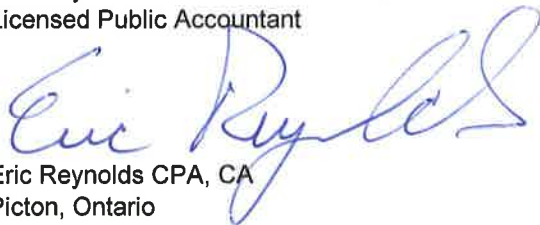
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion these financial statements present fairly, in all material respects, the financial position of Children's Mental Health Services as at March 31, 2016, and the results of its operations and its cash flows for the year then ended in accordance with Canadian standards for not-for-profit organizations.

Eric Reynolds Chartered Accountant
Licensed Public Accountant



Eric Reynolds CPA, CA
Picton, Ontario

June 22, 2016

CHILDRENS MENTAL HEALTH SERVICES

Financial Position as at March 31, 2016

	Program Fund \$	General Fund \$	Capital Fund \$	Total 2016 \$	Total 2015 \$
ASSETS					
Current					
Cash	122,789	70,778	-	193,567	48,828
Investments (note 8)	-	126,250	-	126,250	125,000
Accounts receivable, trade and other	26,854	27	-	26,881	52,480
Due from Governments	121,269	-	-	121,269	68,997
Due from related parties (note 3)	-	-	-	-	26,367
Interfund loans	26,926	(26,926)	-	-	-
Prepaid expenses and other assets	48,134	-	-	48,134	127,755
	<u>345,972</u>	<u>170,129</u>	<u>-</u>	<u>516,101</u>	<u>449,427</u>
Property, plant and equipment (note 4)	-	-	297,553	297,553	265,470
	<u>345,972</u>	<u>170,129</u>	<u>297,553</u>	<u>813,654</u>	<u>714,897</u>

LIABILITIES AND NET ASSETS

Current liabilities					
Bank indebtedness	-	-	-	-	68,893
Accounts payable and accrued liabilities	328,701	-	-	328,701	197,213
Ministry Recovery	9,493	-	-	9,493	-
Deferred contributions (note 5)	7,778	-	-	7,778	-
	<u>345,972</u>	<u>-</u>	<u>-</u>	<u>345,972</u>	<u>266,106</u>
Net asset					
Externally restricted	-	-	-	-	9,493
Unrestricted	-	170,129	-	170,129	173,828
Invested in capital assets	-	-	297,553	297,553	265,470
	<u>-</u>	<u>170,129</u>	<u>297,553</u>	<u>467,682</u>	<u>448,791</u>
	<u>345,972</u>	<u>170,129</u>	<u>297,553</u>	<u>813,654</u>	<u>714,897</u>

Commitments (Note 6) & Contingency (Note 7)

See accompanying notes to the financial statements

Approved by:

Director: _____

Director: _____

CHILDRENS MENTAL HEALTH SERVICES
Statement of Operations and Changes in Net Assets for the year ended March 31, 2016

	Program Fund \$	General Fund \$	Capital Fund \$	Total 2016 \$	Total 2015 \$
Revenue					
Province of Ontario	5,056,443	-	-	5,056,443	4,869,021
Other Agencies	27,000	-	-	27,000	30,000
Other revenue	49,046	1,633	-	50,679	13,211
Interest Revenue	-	1,250	-	1,250	1,513
Donations	-	28,173	-	28,173	1,834
	<u>5,132,489</u>	<u>31,056</u>	<u>-</u>	<u>5,163,545</u>	<u>4,915,579</u>
Operating Expenses: see schedule 1	5,077,997	34,755	22,409	5,135,161	4,864,733
Net income before other items	54,492	(3,699)	(22,409)	28,384	50,846
Investment in capital assets	(54,492)	-	54,492	-	-
Net income for the year	-	(3,699)	32,083	28,384	50,846
Net assets, beginning of year	9,493	173,828	265,470	448,791	397,945
	<u>9,493</u>	<u>170,129</u>	<u>297,553</u>	<u>477,175</u>	<u>448,791</u>
Ministry recovery	(9,493)	-	-	(9,493)	-
Net assets, end of year	-	170,129	297,553	467,682	448,791

See accompanying notes to the financial statements

CHILDRENS MENTAL HEALTH SERVICES
Statement of Cash Flows for the year ended March 31, 2016

	2016	2015
	\$	\$
Cash flows from operating activities		
Net income	28,384	50,846
Items not affecting cash:		
Amortization of property, plant and equipment	22,409	18,883
Changes in non-cash working capital:		
Accounts receivable, trade and other	25,626	(645)
Due from Governments	(52,299)	(36,855)
Due from related parties	26,367	3,159
Prepaid expenses and other assets	79,621	(92,930)
Accounts payable and accrued liabilities	131,489	34,236
Ministry Recovery	9,493	-
Deferred contributions	7,777	(21,686)
Net cash provided by (used in) operating activities	278,867	(44,992)
Cash flows from investing activities		
Purchase of property, plant and equipment	(54,492)	(47,507)
Purchase of short term investments	(126,250)	(125,000)
Proceeds from sale of short term investments	125,000	-
Net cash used in investing activities	(55,742)	(172,507)
Cash flows from financing activities		
Ministry Recovery	(9,493)	-
Net cash provided by (used in) financing activities	(9,493)	-
Net increase (decrease) in cash and cash equivalents	213,632	(217,499)
Cash and cash equivalents at the beginning of the year	(20,065)	197,434
Cash and cash equivalents at the end of the year	193,567	(20,065)
Cash and cash equivalents consists of:		
Cash	193,567	48,828
Bank indebtedness	-	(68,893)
	193,567	(20,065)

See accompanying notes to the financial statements

CHILDRENS MENTAL HEALTH SERVICES

Notes to Financial Statements

Year Ended March 31, 2016

1. Purpose of the organization

a) **Mission Statement**

To intervene in the least intrusive way with community based mental health services.

To ensure the provision of a full range of children's mental health services, including specialized and residential treatment.

To develop and maintain high quality service programs that are accessible, reliable, available and cost effective.

To ensure meaningful consumer and community participation in the development and delivery of services, as well as evaluate the effectiveness of services.

To build on and strengthen the services currently available.

To develop close partnerships with other agencies linked in serving children and their families.

To mobilize volunteers and other resources to strengthen the delivery of services.

b) The organization is a not-for-profit organization and is a registered charity under the income tax act.

2. Summary of Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. Outlined below are those policies considered particularly significant for the organization.

Fund Accounting

The organization follows the restricted fund method of accounting for contributions.

The Program Fund reports only restricted resources that are to be used for residential and non-residential mental health services.

The Capital Assets Fund reports the assets, liabilities, revenues and expenses related to the organization's capital assets.

The General fund reports the receipt and disbursement of resources which have been generated from donations and volunteer activities based on the restrictions imposed by the contributors.

Capital Assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Amortization is provided on the basis over the assets' estimated useful lives as follows

<u>Asset</u>	<u>Basis</u>	<u>Rate</u>
Automotive	Declining balance	30%
Building	Declining balance	5%
Computer equipment	Declining balance	30%
Furniture and equipment	Declining balance	20%

CHILDRENS MENTAL HEALTH SERVICES

Notes to Financial Statements

Year Ended March 31, 2016

2. Summary of Significant Accounting Policies Continued...

Cash and cash equivalents

Cash and cash equivalents consists of cash held with financial institutions and term deposits of three months or less.

Revenue Recognition

Contributions relating to the Program Fund are recognized as revenue the year the related expenses are incurred.

Contributions relating to the General Fund are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Use of Estimates

The preparation of financial statements, in conformity with Canadian accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Differences in actual results from prior estimates are taken into account at the time the differences are determined. Significant financial statement items that require the use of estimates are useful life of property plant and equipment and accrued liabilities.

Financial Instruments

The organization initially measures its financial assets and financial liabilities at fair value. The organization subsequently measures all its financial assets at amortized cost except for investments which it chose to measure at fair value. Changes in fair value are recognized in the statement of operations.

Financial assets measured at amortized cost include cash, accounts receivable, due from governments, due from related parties, prepaid expenses and property, plant and equipment.

Financial liabilities measured at amortized cost include bank indebtedness, accounts payable and deferred contributions.

The organization's financial assets measured at fair value include investments. The fair value of these investments has been measured at cost plus accrued interest of 1%

3. Due from related party

Advances to Building Positive Horizons (a foundation that share similar directors) is non-interest bearing with no specific terms for repayment. Building Positive Horizons was dissolved during the year and all related party loans have been repaid.

CHILDRENS MENTAL HEALTH SERVICES

Notes to Financial Statements
Year Ended March 31, 2016

4. Property, Plant and Equipment

	Cost	Accumulated Amortization	2016 Net Book Value	2015 Net Book Value
	\$	\$	\$	\$
Land	44,373	-	44,373	44,373
Buildings	401,745	220,677	181,068	182,598
Motor vehicles	72,461	71,242	1,219	1,741
Computer equipment	312,428	309,931	2,497	3,567
Furniture and fixtures	304,008	235,612	68,396	33,191
	<u>1,135,015</u>	<u>837,462</u>	<u>297,553</u>	<u>265,470</u>

5. Deferred Contributions

Deferred contributions represent unspent resources from Non-Ministry sources received in the current or prior period that is related to the subsequent period. Changes in the deferred contributions balance are as follows:

	2016 \$	2015 \$
Beginning balance	-	21,686
Less: current year's revenues	-	(21,686)
Add: amounts received relating to the following year	<u>7,778</u>	-
Ending balance	<u><u>7,778</u></u>	-

6. Lease commitments

The organization has lease commitments for premises and equipment as follows:

	\$
2017	143,452
2018	84,827
2019	62,558
2020	51,312
2021	48,400
Total	<u><u>390,549</u></u>

7. Contingency

- a) The Ontario Ministry of Children & Youth Services is entitled to share in any proceeds on disposition of capital assets.
- b) Vacation pay amounting to \$108,117 (2015 - \$146,000) has not been accrued on the financial statements. The organization is only accruing on a claim by claim basis as it is requested.

CHILDRENS MENTAL HEALTH SERVICES

Notes to Financial Statements
Year Ended March 31, 2016

8. Investments

	2016	2015
	\$	\$
Five \$25,250 GICs issued August 13, 2015 for 1 year, redeemable, interest paid at maturity at 1%	126,250	-
Five \$25,000 GICs issued August 14, 2014 for 1 year, redeemable, interest paid at maturity at 1%	-	125,000

9. Financial Risks

The organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the risks at March 31, 2016.

a.) Liquidity risk

Liquidity risk is the risk that the organization will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect to government funding should expenses exceed revenues. This risk is reduced as the government has demonstrated it will finance operational losses.

b.) Interest rate risk

Investments

Current market interest rates for similar investments range from 1% to 2%. The organization's revenue may be impacted by changes in market interest rates.

CHILDRENS MENTAL HEALTH SERVICES
Schedule of Expenses for the year ended March 31, 2016

	Program Fund \$	General Fund \$	Capital Fund \$	Total 2016 \$	Total 2015 \$
Expenses					
Amortization expense	-	-	22,409	22,409	18,883
Insurance	32,571	-	-	32,571	30,793
Memberships and licenses	20,265	-	-	20,265	14,532
Office	200,596	20,325	-	220,921	105,584
Premises Cost	276,853	-	-	276,853	264,245
Professional fees	97,104	-	-	97,104	90,933
Program Services	326,271	12,841	-	339,112	349,264
Program Supplies	58,601	-	-	58,601	54,593
Promotion and publications	20,101	1,589	-	21,690	15,518
Salaries and benefits	3,822,008	-	-	3,822,008	3,720,480
Telephone	52,036	-	-	52,036	45,977
Training	93,686	-	-	93,686	73,742
Travel expense	77,905	-	-	77,905	80,189
	<u>5,077,997</u>	<u>34,755</u>	<u>22,409</u>	<u>5,135,161</u>	<u>4,864,733</u>

See accompanying notes to the financial statements