

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

**Financial Statements**

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Year Ended March 31, 2017

**ERIC REYNOLDS**  
**CHARTERED ACCOUNTANT**

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# CHILDRENS MENTAL HEALTH SERVICES

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Year Ended March 31, 2017

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## **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, 2017, 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.

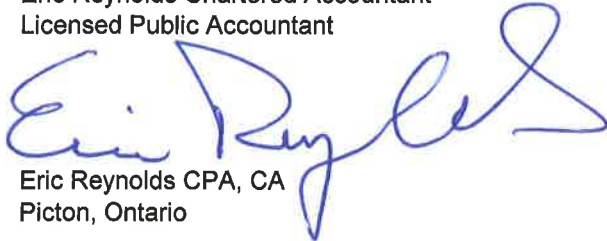
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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, 2017, 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 14, 2017

**CHILDRENS MENTAL HEALTH SERVICES**  
Financial Position as at March 31, 2017

	Program Fund \$	General Fund \$	Capital Fund \$	Total 2017 \$	Total 2016 \$
<b>ASSETS</b>					
Current					
Cash	313,559	92,461	-	406,020	193,567
Investments (note 7)	-	126,882	-	126,882	126,250
Accounts receivable, trade and other	46,485	-	-	46,485	26,856
Due from Governments	84,420	487	-	84,907	121,294
Interfund loans	(15,453)	15,453	-	-	-
Prepaid expenses and other assets	37,926	-	-	37,926	48,134
	<u>466,937</u>	<u>235,283</u>	<u>-</u>	<u>702,220</u>	<u>516,101</u>
Property, plant and equipment (note 3)	-	-	326,241	326,241	297,553
	<u>466,937</u>	<u>235,283</u>	<u>326,241</u>	<u>1,028,461</u>	<u>813,654</u>
<b>LIABILITIES AND NET ASSETS</b>					
Current liabilities					
Accounts payable and accrued liabilities	466,937	-	-	466,937	328,701
Ministry Recovery	-	-	-	-	9,493
Deferred contributions (note 4)	-	-	-	-	7,778
	<u>466,937</u>	<u>-</u>	<u>-</u>	<u>466,937</u>	<u>345,972</u>
Net asset					
Unrestricted	-	235,283	-	235,283	170,129
Invested in capital assets	-	-	326,241	326,241	297,553
	<u>-</u>	<u>235,283</u>	<u>326,241</u>	<u>561,524</u>	<u>467,682</u>
	<u>466,937</u>	<u>235,283</u>	<u>326,241</u>	<u>1,028,461</u>	<u>813,654</u>

**Commitments (Note 5) & Contingency (Note 6)**

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, 2017

	Program Fund \$	General Fund \$	Capital Fund \$	Total 2017 \$	Total 2016 \$
<b>Revenue</b>					
Province of Ontario	5,305,423	-	-	5,305,423	5,056,443
Other Agencies	35,000	-	-	35,000	27,000
Other revenue (Note 9)	71,944	27,176	-	99,120	50,679
Interest Revenue	-	632	-	632	1,250
Donations	-	61,338	-	61,338	28,173
	<u>5,412,367</u>	<u>89,146</u>	<u>-</u>	<u>5,501,513</u>	<u>5,163,545</u>
<b>Operating Expenses: see schedule 1</b>	5,349,058	23,992	34,621	5,407,671	5,135,161
<b>Net income before other items</b>	63,309	65,154	(34,621)	93,842	28,384
<b>Investment in capital assets</b>	(63,309)	-	63,309	-	-
<b>Net income for the year</b>	-	65,154	28,688	93,842	28,384
<b>Net assets, beginning of year</b>	-	170,129	297,553	467,682	448,791
	-	235,283	326,241	561,524	477,175
<b>Ministry recovery</b>	-	-	-	-	(9,493)
<b>Net assets, end of year</b>	-	235,283	326,241	561,524	467,682

See accompanying notes to the financial statements

**CHILDRENS MENTAL HEALTH SERVICES**  
Statement of Cash Flows for the year ended March 31, 2017

	2017 \$	2016 \$
<b>Cash flows from operating activities</b>		
Net income	93,842	28,384
Items not affecting cash:		
Amortization of property, plant and equipment	34,621	22,409
Changes in non-cash working capital:		
Accounts receivable, trade and other	(19,631)	25,626
Due from Governments	36,387	(52,297)
Due from related parties	-	26,367
Prepaid expenses and other assets	10,208	79,621
Accounts payable and accrued liabilities	138,237	131,489
Ministry Recovery	(9,493)	9,493
Deferred contributions	(7,778)	7,778
<b>Net cash provided by operating activities</b>	<b>276,393</b>	<b>278,870</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(63,309)	(54,492)
Purchase of short term investments	(126,881)	(126,250)
Proceeds from sale of short term investments	126,250	125,000
<b>Net cash used in investing activities</b>	<b>(63,940)</b>	<b>(55,742)</b>
<b>Cash flows from financing activities</b>		
Ministry Recovery	-	(9,493)
<b>Net cash provided by (used in) financing activities</b>	<b>-</b>	<b>(9,493)</b>
<b>Net increase in cash and cash equivalents</b>	<b>212,453</b>	<b>213,635</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>193,567</b>	<b>(20,068)</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>406,020</b>	<b>193,567</b>
<b>Cash and cash equivalents consists of:</b>		
Cash	406,020	193,567
	<b>406,020</b>	<b>193,567</b>

See accompanying notes to the financial statements

## CHILDRENS MENTAL HEALTH SERVICES

Notes to Financial Statements  
Year Ended March 31, 2017

### 1. Purpose of the organization

#### a) Mission statement

Children's Mental Health Services Hastings and Prince Edward, to be a leading provider of seamless, meaningful, mental health treatment services for children and their families.

#### 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%

#### 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.



## CHILDRENS MENTAL HEALTH SERVICES

Notes to Financial Statements  
Year Ended March 31, 2017

### 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 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 0.5%.

### 3. Property, Plant and Equipment

	Cost	Accumulated Amortization	2017 Net Book Value	2016 Net Book Value
	\$	\$	\$	\$
Land	44,373	-	44,373	44,373
Buildings	406,208	229,954	176,254	181,068
Motor vehicles	72,461	71,608	853	1,219
Computer equipment	335,754	317,678	18,076	2,497
Furniture and fixtures	339,528	252,843	86,685	68,396
	<u>1,198,324</u>	<u>872,083</u>	<u>326,241</u>	<u>297,553</u>

### 4. 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:

	2017 \$	2016 \$
Beginning balance	7,778	-
Less: current year's revenues	(7,778)	-
Add: amounts received relating to the following year	-	7,778
Ending balance	<u>-</u>	<u>7,778</u>

## CHILDRENS MENTAL HEALTH SERVICES

Notes to Financial Statements

Year Ended March 31, 2017

### 5. Lease commitments

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

	\$
2018	91,119
2019	68,850
2020	54,458
2021	48,400
2022	43,638
Total	306,465

### 6. Contingency

- a) The Ontario Ministry of Children & Youth Services is entitled to share in any proceeds on the disposition of capital assets.
- b) Vacation pay amounting to \$ 111,875 (2015 - \$108,117) has not been accrued on the financial statements. The organization is only accruing on a claim by claim basis as it is requested.

### 7. Investments

	2017	2016
	\$	\$
Five \$25,250 GICs issued August 13, 2015 for 1 year, redeemable, interest paid at maturity at 1%	-	126,250
Five \$25,376 GICs issued August 14, 2016 for 1 year, redeemable, interest paid at maturity at .5%	126,881	-

### 8. 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, 2017.

#### 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 would be 0.5%. The organization's revenue may be impacted by changes in market interest rates.

### 9. Other Revenue - General Fund

Included in this amount is \$19,765, which is a transfer of funds from the Program Fund to reimburse an expense payment made on its behalf from the General Fund in a previous year.

**CHILDRENS MENTAL HEALTH SERVICES**  
 Schedule of Expenses for the year ended March 31, 2017

	Program Fund \$	General Fund \$	Capital Fund \$	Total 2017 \$	Total 2016 \$
<b>Expenses</b>					
Amortization expense	-	-	34,621	34,621	22,409
Insurance	33,926	-	-	33,926	32,571
Memberships and licenses	22,140	-	-	22,140	20,265
Office	185,238	56	-	185,294	220,920
Premises Cost	292,407	-	-	292,407	276,853
Professional fees	154,155	458	-	154,613	97,104
Program Services	364,446	10,905	-	375,351	339,074
Program Supplies	105,462	6,892	-	112,354	58,640
Promotion and publications	29,679	5,226	-	34,905	21,690
Salaries and benefits	3,780,066	-	-	3,780,066	3,822,008
Telephone	77,121	-	-	77,121	52,036
Training	193,753	-	-	193,753	93,686
Travel expense	110,665	455	-	111,120	77,905
	<u>5,349,058</u>	<u>23,992</u>	<u>34,621</u>	<u>5,407,671</u>	<u>5,135,161</u>

See accompanying notes to the financial statements