

Financial Statements of

**CANADIAN MENTAL HEALTH
ASSOCIATION HASTINGS PRINCE
EDWARD ADDICTIONS AND
MENTAL HEALTH SERVICES**

Year ended March 31, 2023

CANADIAN MENTAL HEALTH ASSOCIATION HASTINGS PRINCE EDWARD ADDICTIONS AND MENTAL HEALTH SERVICES

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Year ended March 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Canadian Mental Health Association Hastings Prince Edward Addictions and Mental Health Services

Opinion

We have audited the financial statements of Canadian Mental Health Association Hastings Prince Edward Addictions and Mental Health Services (the "Entity"), which comprise:

- the statement of financial position as at March 31, 2023
- 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, 2023, and its results of operations and its cash flows year then ended in accordance with the basis of accounting described in Note 1 to the financial statements.

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 "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's 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.

Emphasis of Matter - Financial Reporting Framework

We draw attention to Note 1 in the financial statements, which describes the applicable financial reporting framework and the purpose of the financial statements.

As a result, the financial statements may not be suitable for another purpose.

Our opinion is not modified in respect of this matter.



Responsibilities of Management and Those Charged With Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting described in Note 1 to the financial statements 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.

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 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 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 Entity's 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

Chartered Professional Accountants, Licensed Public Accountants

Kingston, Canada

June 15, 2023

CANADIAN MENTAL HEALTH ASSOCIATION HASTINGS PRINCE EDWARD ADDICTIONS AND MENTAL HEALTH SERVICES

Statement of Financial Position

March 31, 2023, with comparative information for 2022

	2023	2022
Assets		
Current assets:		
Cash	\$ 11,735,529	\$ 6,964,285
Receivables from provincial ministries	31,046	1,680,000
Other receivables	225,088	276,875
Prepaid expenses	82,200	160,201
	<u>12,073,863</u>	<u>9,081,361</u>
Trust funds:		
Cash	25,200	40,761
Reserves:		
Cash (note 7)	128,130	91,966
Capital assets (note 2)	918,859	510,941
	<u>\$ 13,146,052</u>	<u>\$ 9,725,029</u>

Liabilities, Deferred Capital Contributions and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 952,310	\$ 586,408
Accrued wages and vacation	949,529	725,423
Deferred revenue	190,180	124,717
Due to capital reserve	35,015	1,777
Amounts payable to provincial ministries	9,736,894	7,446,848
Current portion of long-term debt (note 3)	41,571	18,951
	<u>11,905,499</u>	<u>8,904,124</u>
Trust liabilities	25,200	40,761
Long-term debt (note 3)	212,046	35,276
Deferred capital contributions (note 5)	622,105	434,616
Net assets:		
Capital reserve (note 8)	128,130	91,966
Investment in capital assets (note 6(a))	43,138	22,098
Unrestricted	209,934	196,188
	<u>381,202</u>	<u>310,252</u>

Commitments (note 10)

Contingent liabilities (note 11)

	<u>\$ 13,146,052</u>	<u>\$ 9,725,029</u>
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See accompanying notes to financial statements.

On behalf of the Board:



Director



Director

CANADIAN MENTAL HEALTH ASSOCIATION HASTINGS PRINCE EDWARD ADDICTIONS AND MENTAL HEALTH SERVICES

Statement of Operations

Year ended March 31, 2023, with comparative information for 2022

	2023	2022
Revenue:		
Ontario Health East	\$ 16,029,147	\$ 16,129,147
Ontario Health East one-time funding (note 12)	387,200	885,656
Ontario Ministry of Health funding	1,713,157	1,760,026
Ontario Ministry of Health one-time funding	21,300	176,641
Other provincial government funding	70,103	120,128
Sessional fees	121,749	90,249
	<u>18,342,656</u>	<u>19,161,847</u>
Recoveries and other income:		
Rental	257,838	314,233
Recoveries	120,073	49,677
Donations	12,598	16,443
Interest	334,934	32,322
Other	45,764	17,117
	<u>771,207</u>	<u>429,792</u>
	<u>19,113,863</u>	<u>19,591,639</u>
Expenses:		
Salaries and wages	8,560,985	7,929,996
Employee benefits	1,959,185	1,837,485
Purchased psychiatry services	121,310	86,221
Staff education and travel	179,989	107,864
Contributions to capital reserves	33,238	12,272
Occupancy costs and repairs	1,818,793	1,886,016
Other supplies and services	2,451,393	2,096,733
	<u>15,124,893</u>	<u>13,956,587</u>
Excess of revenue over expenses before the undernoted	3,988,970	5,635,052
Amortized grant revenue	115,022	130,024
Amortization expense	(141,859)	(148,757)
Subsidies payable to funders	(3,927,347)	(5,976,669)
Surplus (deficiency) of revenue over expenses	<u>\$ 34,786</u>	<u>\$ (360,350)</u>

See accompanying notes to financial statements.

CANADIAN MENTAL HEALTH ASSOCIATION HASTINGS PRINCE EDWARD ADDICTIONS AND MENTAL HEALTH SERVICES

Statement of Changes in Net Assets

Year ended March 31, 2023, with comparative information for 2022

	Capital reserve (note 8)	Invested in capital assets internally restricted (note 6)	Unrestricted	2023 Total	2022 Total
Balance, beginning of year	\$ 91,966	\$ 22,098	\$ 196,188	\$ 310,252	\$ 668,666
Surplus (deficiency) of revenue over expenses (note 6(b))	–	(26,836)	61,622	34,786	(360,349)
Net change in investment capital assets (note 6(b))	–	47,876	(47,876)	–	–
Contribution - Ministry of Health	33,238	–	–	33,238	12,272
Interest earned	2,926	–	–	2,926	468
Qualifying capital expenditures	–	–	–	–	(10,805)
Balance, end of year	\$ 128,130	\$ 43,138	\$ 209,934	\$ 381,202	\$ 310,252

See accompanying notes to financial statements.

CANADIAN MENTAL HEALTH ASSOCIATION HASTINGS PRINCE EDWARD ADDICTIONS AND MENTAL HEALTH SERVICES

Statement of Cash Flows

Year ended March 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operating activities:		
Surplus (deficiency) of revenue over expenses	\$ 34,786	\$ (360,350)
Items not involving cash:		
Amortized grant revenue	(115,022)	(130,024)
Amortization expense	141,859	148,757
	61,623	(341,617)
Changes in non-cash operating working capital:		
Receivables from provincial ministries	1,648,954	(1,608,600)
Other receivables	51,787	9,717
Trust liabilities	15,561	(13,076)
Prepaid expenses	78,001	(59,792)
Accounts payable and accrued liabilities	365,902	(985,776)
Amounts payable to provincial ministries	2,290,046	4,189,359
Accrued wages and vacation	224,106	149,125
Deferred revenue	65,463	113,889
	4,801,443	1,453,229
Capital activities:		
Purchase of capital assets	(549,777)	(136,658)
Capital funding received	302,511	136,658
Transfers to capital reserve and trust funds	38,280	15,010
	(208,986)	15,010
Financing activities:		
Issuance of long-term debt	327,880	-
Repayment of long-term debt	(128,490)	(18,728)
	199,390	(18,728)
Increase in cash	4,791,847	1,449,572
Cash, beginning of year	7,097,012	5,647,500
Cash, end of year	\$ 11,888,859	\$ 7,097,012
Cash represented by:		
Cash	\$ 11,735,529	\$ 6,964,285
Trust funds - cash	25,200	40,761
Reserves - cash	128,130	91,966
	\$ 11,888,859	\$ 7,097,012

See accompanying notes to financial statements.

CANADIAN MENTAL HEALTH ASSOCIATION HASTINGS PRINCE EDWARD ADDICTIONS AND MENTAL HEALTH SERVICES

Notes to Financial Statements

Year ended March 31, 2023

These financial statements reflect the activities of Canadian Mental Health Association Hastings Prince Edward Addictions and Mental Health Services (the “Organization”), a non-profit organization incorporated without share capital. The Organization provides client-focused addictions and mental health care in the form of programs, case management, housing and housing supports, counselling, court diversion, networking, education and assessments to individuals 16 years and older in Hastings and Prince Edward Counties. The Organization is exempt from income tax under paragraph 149(I) of the Income Tax Act (Canada).

On November 1, 2022, the Organization became a branch of the Canadian Mental Health Association and began operating under the name Canadian Mental Health Association Hastings Prince Edward. The former name of the Organization was Addictions and Mental Health Services - Hastings Prince Edward.

1. Significant accounting policies:

(a) Basis of accounting:

These financial statements have been prepared in accordance with the significant accounting policies set out below to comply with the basis of accounting required by the Ontario Ministry of Health (the “Ministry”) / Ontario Health East (“OHE”). The basis of accounting used in these financial statements materially differs from Canadian generally accepted accounting principles as described below:

(i) Land and buildings:

Costs of a new project are capitalized up to the “interest adjustment date”, which is the date of the completion of the project. All projects are 100% financed by long-term debt up to the interest adjustment date, after which all costs are considered current expenditures. Amortization of buildings is provided in an amount equivalent to the principal repayment of debt in the year.

(ii) Capital reserve:

Appropriations to the reserve fund are reported as a component of expenses on the Statement of Operations.

Interest income earned on the reserve fund is reported as direct revenue of the reserve.

Capital expenditures are reported as direct expenditures of the reserve fund.

(iii) Interest expense:

Interest expense is recorded based on interest expense paid on long-term debt. No accrual is made.

CANADIAN MENTAL HEALTH ASSOCIATION HASTINGS PRINCE EDWARD ADDICTIONS AND MENTAL HEALTH SERVICES

Notes to Financial Statements

Year ended March 31, 2023

1. Significant accounting policies (continued):

(a) Basis of accounting (continued):

(iv) Expenses:

Certain expenses that yield benefits over future periods are recorded in the year they are paid when granted approval from the Ministry.

(b) Capital assets:

Capital assets are recorded at cost. When a capital asset no longer contributes to the Organization's ability to provide services, its carrying amount is written down to its residual value. Amortization is provided using the straight-line method over the following estimated useful lives:

Asset	Useful life
Buildings	25 years
Parking lot	13 years
Furniture and fixtures	5 years
Leasehold improvements	5 years
Vehicles	5 years
Computer hardware	3 years
Computer software	3 years

The costs incurred for major capital projects, including interest costs, are classified separately as construction-in-progress until the project is complete. Costs incurred for programs not yet implemented are classified separately as work-in-progress. When construction is complete or the program is launched, the costs are transferred to the appropriate capital asset category and amortization commences.

The carrying value of an item of capital assets is tested for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount is not recoverable and exceeds its fair value. Capital assets have been reviewed for full or partial impairment. Management has determined there are none.

CANADIAN MENTAL HEALTH ASSOCIATION HASTINGS PRINCE EDWARD ADDICTIONS AND MENTAL HEALTH SERVICES

Notes to Financial Statements (continued)

Year ended March 31, 2023

1. Significant accounting policies (continued):

(c) Revenue recognition:

The Organization follows the deferral method of accounting for contributions, which includes donations and government grants.

Under various Province of Ontario Acts and Regulations thereto, the Organization is funded primarily in accordance with budget arrangements established by the Ministry/OHE. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period. These financial statements reflect agreed arrangements approved by the Ministry/OHE with respect to the year ended March 31, 2023.

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.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

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

Other revenue is recognized when the goods are sold or the service is provided.

(d) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Organization has not elected to subsequently carry any such financial instruments at fair value.

Financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

CANADIAN MENTAL HEALTH ASSOCIATION HASTINGS PRINCE EDWARD ADDICTIONS AND MENTAL HEALTH SERVICES

Notes to Financial Statements (continued)

Year ended March 31, 2023

1. Significant accounting policies (continued):

(d) Financial instruments (continued):

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Organization determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Organization expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(e) Employee future benefit liabilities:

The Organization is an employer member of the Health Care of Ontario Pension Plan, which is a multi-employer, defined benefit pension plan. The Organization accounts for this plan on a defined contribution plan basis as contributions to the benefit plan are determined by the plan administrator and are expensed when due.

(f) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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 those estimates.

CANADIAN MENTAL HEALTH ASSOCIATION HASTINGS PRINCE EDWARD ADDICTIONS AND MENTAL HEALTH SERVICES

Notes to Financial Statements (continued)

Year ended March 31, 2023

2. Capital assets:

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Land and building:				
54 Donald Street	\$ 162,586	\$ 147,245	\$ 15,341	\$ 24,819
56 Henry Street	166,404	146,468	19,936	29,408
142 Foster Avenue	127,464	83,140	44,324	49,949
Parking lot	3,917	3,917	–	–
Furniture and fixtures	264,361	252,732	11,630	23,259
Leasehold improvements	621,761	206,760	415,001	69,349
Vehicles	433,821	210,638	223,183	223,932
Computer hardware	215,769	215,769	–	–
Computer software	110,177	106,885	3,291	6,583
Work-in-progress	186,153	–	186,153	83,642
	\$ 2,292,413	\$ 1,373,544	\$ 918,859	\$ 510,941

Cost and accumulated amortization as at March 31, 2022 amounted to \$1,742,636 and \$1,231,695, respectively.

During the year, the Organization purchased furniture and fixtures related to the Back to Home program. These assets are not in productive use and are therefore classified as work-in-progress at March 31, 2023.

During the year, the Ministry provided funding from the Community Infrastructure Renewal Fund ("CIRF"). These funds were unspent as of March 31, 2023. The Ministry approved \$112,410 of these funds to be carried forward to the 2024 fiscal year and as such, are included as a component of deferred revenue on the Statement of Financial Position. It is agreed that the carry-over of these funds will be used for the original intention and will not be repurposed to cover other costs not originally contemplated. These funds will be subject to reconciliation at a future date, with any adjustment reflected in the Organization's financial statements in the year of settlement.

CANADIAN MENTAL HEALTH ASSOCIATION HASTINGS PRINCE EDWARD ADDICTIONS AND MENTAL HEALTH SERVICES

Notes to Financial Statements (continued)

Year ended March 31, 2023

3. Long-term debt:

Long-term debt consist of the following:

	2023	2022
Mortgage payable: 1.73% due October 1, 2024, repayable in blended monthly instalments of principal and interest of \$819, secured by a first charge on the Organization's real property at 54 Donald Street, Belleville (net book value of \$24,818)	\$ 15,341	\$ 24,818
Mortgage payable: 0.65% due April 1, 2025, repayable in blended monthly instalments of principal and interest of \$803, secured by a first charge on the Organization's real property at 56 Henry Street, Belleville (net book value of \$29,409)	19,935	29,409
Note payable: Non-interest bearing note payable, repayable in monthly instalments of \$1,795, due December 1, 2032, unsecured	218,341	—
	253,617	54,227
Less current portion of long-term debt	41,571	18,951
	\$ 212,046	\$ 35,276

Principal repayments over the next five years are as follows:

2024	\$ 41,571
2025	37,631
2026	23,256
2027	22,394
2028	22,394
Thereafter	106,371
	\$ 253,617

Interest on long-term debt in the amount of \$498 (2022 - \$721) is included in occupancy costs and repairs on the Statement of Operations.

CANADIAN MENTAL HEALTH ASSOCIATION HASTINGS PRINCE EDWARD ADDICTIONS AND MENTAL HEALTH SERVICES

Notes to Financial Statements (continued)

Year ended March 31, 2023

4. Line of credit:

The Organization has an operating line of credit with an authorized limit of \$250,000. The line of credit bears interest at prime plus 1.5% and is secured by a general security agreement covering all of the assets of the Organization except for real property. The line of credit was undrawn as at March 31, 2023 and 2022.

5. Deferred capital contributions:

Deferred capital contributions related to capital assets represent the unamortized amount and unspent amount of donations and grants received for the purchase of capital assets. The amortization of capital contributions is recorded as amortized grant revenue in the Statement of Operations.

	2023	2022
Balance, beginning of year	\$ 434,616	\$ 427,982
Additional contributions received	302,511	136,658
Less amounts amortized to revenue	(115,022)	(130,024)
Balance, end of year	\$ 622,105	\$ 434,616

6. Investment in capital assets:

(a) Investment in capital assets is calculated as follows:

	2023	2022
Capital assets	\$ 918,859	\$ 510,941
Amounts financed by:		
Deferred contributions	(622,105)	(434,616)
Long-term debt	(253,617)	(54,227)
	\$ 43,138	\$ 22,098

CANADIAN MENTAL HEALTH ASSOCIATION HASTINGS PRINCE EDWARD ADDICTIONS AND MENTAL HEALTH SERVICES

Notes to Financial Statements (continued)

Year ended March 31, 2023

6. Investment in capital assets (continued):

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

	2023	2022
Excess of expenses over revenue:		
Amortization of grant revenue	\$ 115,022	\$ 130,024
Amortization of capital assets	(141,859)	(148,757)
	<u>\$ (26,836)</u>	<u>\$ (18,733)</u>
Net change in investment in capital assets:		
Purchase of capital assets	\$ 549,777	\$ 136,658
Amounts funded by deferred contributions	(302,511)	(136,658)
Repayment of long-term debt	128,490	18,727
Issuance of long-term debt	(327,880)	-
	<u>\$ 47,876</u>	<u>\$ 18,727</u>

7. Reserves cash:

Cash carried under reserves, in the amount of \$128,130 (2022 - \$91,966) has been designated to support the capital reserve.

8. Capital reserve:

The capital reserve is a replacement reserve set aside to fund future capital replacements and significant repairs and maintenance to housing properties. Amounts are allocated to these reserves each year as per approved operating budgets:

	2023	2022
Balance, beginning of year	\$ 91,966	\$ 90,031
Interest earned	2,926	468
Expenditures	-	(10,805)
Contributions	33,238	12,272
Balance, end of year	<u>\$ 128,130</u>	<u>\$ 91,966</u>

CANADIAN MENTAL HEALTH ASSOCIATION HASTINGS PRINCE EDWARD ADDICTIONS AND MENTAL HEALTH SERVICES

Notes to Financial Statements (continued)

Year ended March 31, 2023

9. Pension plan:

Substantially all of the employees of the Organization are members of the Healthcare of Ontario Pension Plan (the "Plan"), which is a multi-employer defined benefit pension plan available to all eligible employees of the participating members of the Ontario Hospital Association. The Plan specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

Contributions to the Plan made during the year by the Organization on behalf of its employees amounts to \$726,239 (2022 - \$564,211) and are included in the Statement of Operations.

Pension expense is based on Plan management's best estimates, in consultation with its actuaries, of the amount, required to provide a high level of assurance that benefits will be fully represented by fund assets at retirement, as provided by the Plan. The funding objective is for employer contributions to the Plan to remain a constant percentage of employees' contributions.

Variances between actuarial funding estimates and actual experience may be material and any differences are generally to be funded by the participating members. The Plan's 2022 Annual Report as at December 31, 2022 indicates the plan is fully funded at 117%.

10. Commitments:

The Organization has commitments under various operating leases. The minimum payments under these leases are as follows:

2024	\$	891,009
2025		999,945
2026		999,945
2027		962,224
2028		915,482
Thereafter		4,078,827
	\$	8,847,432

CANADIAN MENTAL HEALTH ASSOCIATION HASTINGS PRINCE EDWARD ADDICTIONS AND MENTAL HEALTH SERVICES

Notes to Financial Statements (continued)

Year ended March 31, 2023

11. Contingent liabilities:

- a) The nature of the Organization's activities is such that there may be litigation pending or in prospect at any time. With respect to claims as at March 31, 2023, the amount of possible loss or the likelihood of loss is not determinable, however management believes that the Organization has valid defenses and appropriate insurance coverage in place and the aggregate amount of any potential liability is not expected to have a material effect on the Organization's financial position.
- b) During the normal course of operation, the Organization is involved in certain employment related negotiations and has recorded accruals based on management's estimate of potential settlement amounts where these amounts are reasonably determinable.

12. Provincial funding revenue:

During the fiscal year the Organization received one time funding from Ontario Health Centre of Excellence. The revenue is represented in the statement of Operations under Ontario Health East one time funding. The revenue and expenses are as follows:

Ontario Health East one time funding	\$ 387,200
Expenses:	
Salaries and wages	47,635
Other supplies and services	4,763
	<hr/> 52,398
Excess of revenue over expense before undernoted	334,802
Subsidies payable to funders	(334,802)
Revenue over expenses	<hr/> \$ —

CANADIAN MENTAL HEALTH ASSOCIATION HASTINGS PRINCE EDWARD ADDICTIONS AND MENTAL HEALTH SERVICES

Notes to Financial Statements (continued)

Year ended March 31, 2023

13. Financial risks and concentration of risk:

(a) Liquidity risk:

Liquidity risk is the risk that the Organization will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Organization manages its liquidity risk by monitoring its operating requirements. The Organization prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

(b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Organization is exposed to credit risk with respect to cash and receivables. The Organization assesses, on a continuous basis, receivables and provides for any amounts that are not considered collectible in the allowance for doubtful accounts.

The balance in the allowance for doubtful accounts at March 31, 2023 is \$ Nil (2022 - \$Nil).

(c) Interest rate risk:

The Organization's long-term debt has fixed interest rates. Fixed-interest instruments subject the Organization to a fair value risk.

There has been no change to the risk exposures from 2022.

CANADIAN MENTAL HEALTH ASSOCIATION HASTINGS PRINCE EDWARD ADDICTIONS AND MENTAL HEALTH SERVICES

Notes to Financial Statements (continued)

Year ended March 31, 2023

14. Impact of COVID-19:

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact.

At the time of approval of these financial statements, the Organization has experienced the following indicators of financial implications and undertaken the following activities in relation to the COVID-19 pandemic:

- Increased costs related to the purchase of materials and supplies
- Closure of administrative and nonessential services within which it operates based on Public Health recommendations
- Mandatory working from home requirements for those able to do so
- Continuous re-evaluation of the team's work assignments
- Mandatory on-site client and staff screening and tracking protocols

The Organization continues to respond to the pandemic and plan for continued operational and financial impacts during the 2023 fiscal year and beyond. Management has assessed the impact of COVID-19 and believes there are no significant financial issues as the Organization has access to sufficient financial resources to sustain operations in the coming year. The outcome and time frame to a recovery from the current pandemic is highly unpredictable, thus it is not practicable to estimate and disclose its financial effect on future operations at this time.

CANADIAN MENTAL HEALTH ASSOCIATION HASTINGS PRINCE EDWARD ADDICTIONS AND MENTAL HEALTH SERVICES

Schedule 1 - Financial Summary

Year ended March 31, 2023

	ONTARIO HEALTH FUNDED				MOH FUNDED PROGRAMS				FUND TYPE 3	2023 TOTAL	2022
	Mental Health Services	Addiction Services	Problem Gaming	Part C Contract YHQ	MH Supportive Housing	Rent Supplements	CHO Program	MOHLTC CIRF	Other Programs		
REVENUE											
Ontario Health Funding	11,289,704	3,802,745	79,346	857,352	-	-	-	-	-	16,029,147	16,129,147
Sessional Fees	121,749	-	-	-	-	-	-	-	-	121,749	90,249
One Time Funding	-	387,200	-	-	-	-	-	-	-	387,200	885,656
MOH Funding	-	-	-	-	60,449	1,201,246	451,462	-	-	1,713,157	1,760,026
One Time Funding	-	-	-	-	21,300	-	-	-	-	21,300	176,641
Provision for subsidy recovery	(2,599,981)	(692,771)	-	(4,814)	-	(474,678)	(155,103)	-	-	(3,927,347)	(5,976,669)
Other Provincial Funding	-	-	-	-	-	-	-	-	70,103	70,103	120,128
Sub total Provincial Funding	8,811,472	3,497,174	79,346	852,538	81,749	726,568	296,359	-	70,103	14,415,309	13,185,178
External Recoveries	3,386	1,157	-	-	1,200	-	-	-	114,331	120,073	49,677
Interdepartmental Recoveries	39,239	(4,742)	-	-	(13,596)	-	(12,703)	-	(8,198)	-	-
Rental Income	26,775	-	-	-	23,184	158,139	49,740	-	-	257,838	314,233
Interest Income	216,943	108,471	3,287	-	-	-	-	-	6,233	334,934	32,322
Donations	-	-	-	-	-	-	-	-	12,598	12,598	16,443
Other Revenue	16,894	8,250	250	-	-	-	-	-	20,369	45,764	17,117
Sub total Other Revenue	303,237	113,136	3,537	-	10,788	158,139	37,037	-	145,332	771,206	429,793
Total Revenue	9,114,709	3,610,310	82,883	852,538	92,537	884,707	333,396	-	215,435	15,186,515	13,614,971
EXPENSES											
Salaries	5,929,195	2,200,559	56,479	-	-	-	86,019	-	128,915	8,401,167	7,787,821
Benefits	1,397,041	498,261	14,745	-	-	-	17,942	-	31,196	1,959,185	1,837,485
Nurse Practitioner	-	159,818	-	-	-	-	-	-	-	159,818	142,175
Sessional Fees	121,310	-	-	-	-	-	-	-	-	121,310	86,221
Sub total salaries and benefits	7,447,546	2,858,638	71,223	-	-	-	103,962	-	160,110	10,641,479	9,853,701
Staff Education	40,579	15,320	373	-	-	-	-	-	224	56,496	48,317
Staff Travel	93,100	26,944	476	-	-	-	90	-	2,884	123,493	59,547
Telephone	82,216	29,957	794	-	1,654	722	460	-	1,269	117,072	108,151
Data Communications	20,902	9,094	250	-	235	-	2,463	-	-	32,943	36,213
Software Fees	69,404	37,835	1,011	-	-	-	-	-	272	108,521	98,084
Program Supplies	120,821	73,310	2,365	-	1,285	1,551	13,685	-	471	213,488	124,314
Professional Fees	127,897	50,181	1,189	-	-	-	-	-	-	179,266	63,676
Insurance	32,482	13,433	248	-	2,837	-	-	-	-	49,000	45,670
Other Supplies & Services	112,039	29,341	644	-	2,104	86	36	-	8,414	152,665	140,764
Sub total Supplies & Services	699,440	285,414	7,350	-	8,115	2,358	16,733	-	13,534	1,032,945	724,738
Community One Time Expenses	551	-	-	-	-	-	-	-	-	551	279,358
Contracted Out	264,930	291,272	844	852,538	-	-	50,903	-	-	1,460,486	1,157,469
Equipment Expenses	87,200	23,514	189	-	1,118	-	1,215	-	305	113,541	40,156
Repairs and Maintenance	91,821	66,096	1,312	-	11,156	7,209	-	-	519	178,112	184,364
Rent, Taxes and other occupancy expenses	522,687	84,208	1,964	-	19,462	875,140	160,583	-	-	1,664,044	1,703,809
Replacement Reserve	-	-	-	-	33,238	-	-	-	-	33,238	12,272
Interest on long-term debt	-	-	-	-	497	-	-	-	-	497	721
Total Expenses	9,114,174	3,609,141	82,883	852,538	73,587	884,706	333,396	-	174,468	15,124,893	13,956,587
Surplus/(Deficit) before amortization	535	1,169	-	-	18,950	-	-	-	40,967	61,622	(341,616)
Amortized Grant Revenue	79,469	35,383	-	-	-	-	-	-	170	115,022	130,024
Amortization Expense	80,005	36,552	-	-	18,950	-	-	-	6,352	141,859	148,757
Ending Surplus/(Deficit)	-	-	-	-	-	-	-	-	34,786	34,786	(360,349)