

Financial Statements of

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

Year ended March 31, 2024

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

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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, 2024
- 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, 2024, and its results of operations and its cash flows year then ended in accordance with Canadian public sector accounting standards.

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.



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Other Matter – Comparative Information

As part of our audit of the financial statements for the year ended March 31, 2024, we also audited the adjustments that were applied to restate certain comparative information presented for the year ended March 31, 2023 and as at April 1, 2022 as a result of a change in financial reporting framework.

In our opinion, such adjustments are appropriate and have been properly applied.

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 Canadian public sector accounting standards 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.



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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.
- 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.

A handwritten signature in black ink that reads 'KPMG LLP' in a cursive, slightly slanted font. A horizontal line is drawn underneath the signature.

Chartered Professional Accountants, Licensed Public Accountants

Kingston, Canada

June 24, 2024

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

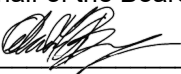

Statement of Financial Position

March 31, 2024, with comparative information for 2023

	2024	2023 (Restated – note 14)
Assets		
Current assets:		
Cash	\$ 14,739,771	\$ 11,863,659
Receivables from provincial ministries	131,988	31,046
Other receivables	350,724	225,088
Funds held on behalf of others	7,322	25,200
Prepaid expenses	81,950	82,200
	<u>15,311,755</u>	<u>12,227,193</u>
Capital assets (note 2)	714,520	918,859
	<u>\$ 16,026,275</u>	<u>\$ 13,146,052</u>
Liabilities, Deferred Capital Contributions and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 893,715	\$ 987,324
Funds held on behalf of others	7,322	25,200
Accrued wages and vacation	593,472	949,529
Deferred revenue	122,450	190,180
Amounts payable to provincial ministries	13,053,299	9,736,894
Current portion of long-term debt (note 3)	37,690	41,571
	<u>14,707,948</u>	<u>11,930,698</u>
Deferred capital contributions (note 5)	463,370	622,105
Long-term debt (note 3)	174,356	212,046
	<u>15,345,674</u>	<u>12,764,850</u>
Net assets:		
Capital reserve (note 8)	195,666	128,130
Investment in capital assets (note 6(a))	39,104	43,138
Unrestricted	445,831	209,934
	<u>680,601</u>	<u>381,202</u>
Commitments (note 10)		
Contingent liabilities (note 11)		
	<u>\$ 16,026,275</u>	<u>\$ 13,146,052</u>

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, 2024, with comparative information for 2023

	2024	2023 (Restated – note 14)
Revenue:		
Ontario Health East	\$ 15,997,241	\$ 16,029,147
Ontario Health East one-time funding (note 12)	216,218	387,200
Ontario Ministry of Health funding	1,964,546	1,713,157
Ontario Ministry of Health one-time funding	66,985	21,300
Other provincial government funding	–	70,103
Sessional fees	100,036	121,749
	<u>18,345,026</u>	<u>18,342,656</u>
Recoveries and other income:		
Rental	325,820	257,838
Recoveries	225,200	120,073
Donations	66,091	12,598
Interest	682,661	337,860
Other	391,544	45,764
	<u>1,691,316</u>	<u>774,133</u>
	<u>20,036,342</u>	<u>19,116,789</u>
Expenses:		
Salaries and wages	9,146,834	8,560,985
Employee benefits	2,226,786	1,959,185
Purchased psychiatry services	100,028	121,310
Staff education and travel	191,013	179,989
Occupancy costs and repairs	1,816,372	1,818,793
Other supplies and services	2,876,728	2,451,393
	<u>16,357,761</u>	<u>15,091,655</u>
Excess of revenue over expenses before the undernoted	3,678,581	4,025,134
Amortized grant revenue	338,184	115,022
Amortization expense	(383,788)	(141,859)
Subsidies payable to funders	(3,333,578)	(3,927,347)
Excess of revenue over expenses	<u>\$ 299,399</u>	<u>\$ 70,950</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, 2024, with comparative information for 2023

	Capital reserve (note 8)	Invested in capital assets internally restricted (note 6)	Unrestricted	2024 Total	2023 Total (Restated – note 14)
Balance, beginning of year	\$ 128,130	\$ 43,137	\$ 209,935	\$ 381,202	\$ 310,252
Excess (deficiency) of revenue over expenses (note 6(b))	–	(45,604)	345,003	299,399	70,950
Net change in investment capital assets (note 6(b))	–	41,571	(41,571)	–	–
Transfers from operations	67,536	–	(67,536)	–	–
Balance, end of year	\$ 195,666	\$ 39,104	\$ 445,831	\$ 680,601	\$ 381,202

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, 2024, with comparative information for 2023

	2024	2023 (Restated – note 14)
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 299,399	\$ 70,950
Items not involving cash:		
Amortization of capital assets	383,788	141,859
Amortization of deferred capital contributions	(338,184)	(115,022)
	<u>345,003</u>	<u>97,787</u>
Changes in non-cash operating working capital:		
Receivables from provincial ministries	(100,942)	1,648,954
Other receivable	(125,636)	51,787
Prepaid expenses	251	78,001
Accounts payable and accrued liabilities	(93,611)	399,141
Amounts payable to provincial ministries	3,203,995	2,290,046
Accrued wages and vacation	(356,057)	224,106
Deferred revenue	44,680	65,463
	<u>2,917,683</u>	<u>4,855,285</u>
Capital activities:		
Purchase of capital assets	(179,449)	(549,778)
Capital funding received	179,449	302,511
	<u>–</u>	<u>(247,267)</u>
Financing activities:		
Issuance of long-term debt	–	327,880
Repayment of long-term debt	(41,571)	(128,490)
	<u>(41,571)</u>	<u>199,390</u>
Increase in cash	2,876,112	4,807,408
Cash, beginning of year	11,863,659	7,056,251
Cash, end of year	<u>\$ 14,739,771</u>	<u>\$ 11,863,659</u>

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, 2024

These financial statements reflect the activities of Canadian Mental Health Association Hastings Prince Edward (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.

On April 1, 2022, the Organization adopted Canadian public sector accounting board standards for government not-for-profit organizations. In the prior year, the Organization prepared the financial statements in accordance with the basis of accounting required by the Ontario Ministry of Health/Ontario Health East ("Ministry/OHE"). The change in accounting standards is due to changes in corporate governance as the Organization is now a branch of the Canadian Mental Health Association.

In accordance with the transitional provisions in Canadian public sector accounting board standards, including the 4200 standards, for government not-for-profit organizations, the Organization has adopted the changes retrospectively, subject to certain exemptions allowed under these standards. The transition date is April 1, 2022 and all comparative information provided has been presented by applying Canadian public sector accounting board standards, including the 4200 standards, for government not-for-profit organizations. Refer to Note 14 for additional disclosure around the impact of the transition on the presentation of the financial statements.

On April 1, 2022, the Organization adopted Public Accounting Standard PS 3280 – Asset Retirement Obligations. The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in retired buildings by public sector entities. The adoption of this standard did not result in an accounting policy change for the Organization, and did not result in any adjustments to the financial statements as at April 1, 2022.

On April 1, 2023, the Organization adopted Public Accounting Standard PS 3400 – Revenue. The new standard establishes standards on how to account for and report on revenue, specifically differentiating between transactions that include performance obligations (i.e. the payor expects a good or service from the public sector entity), referred to as exchange transactions, and transactions that do not have performance obligations, referred to as nonexchange transactions. The adoption of this standard did not result in an accounting policy change for the Organization, and did not result in any adjustments to the financial statements as at April 1, 2023.

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

Notes to Financial Statements

Year ended March 31, 2024

1. Significant accounting policies:

These financial statements have been prepared in accordance with Canadian public sector accounting standards including the 4200 standards for government not-for-profit organizations. Significant accounting policies are as follows:

(a) 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	Over the term of the lease
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, 2024

1. Significant accounting policies (continued):

(b) 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, 2024.

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.

Recoveries and other revenue are recognized when the goods are sold or the services are provided, performance obligations fulfilled, and future economic benefits are measurable and expected to be obtained.

(c) 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, 2024

1. Significant accounting policies (continued):

(c) 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.

(d) 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.

(e) Asset retirement obligations:

The Organization recognizes the fair value of an asset retirement obligation (“ARO”) when all of the following criteria have been met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

Actual remediation costs incurred are charged against the ARO to the extent of the liability recorded. Differences between the actual remediation costs incurred and the associated liability are recognized in the Statement of Operations at the time of remediation.

(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.

(g) Statement of Remeasurement Gains and losses:

A statement of remeasurement gains and losses has not been provided as there are no significant unrealized gains or losses at March 31, 2024 or 2023.

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

Notes to Financial Statements (continued)

Year ended March 31, 2024

2. Capital assets:

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Land and building:				
54 Donald Street	\$ 162,586	\$ 156,884	\$ 5,702	\$ 15,341
56 Henry Street	166,404	156,003	10,401	19,936
142 Foster Avenue	135,619	88,765	46,854	44,324
Parking lot	3,917	3,917	–	–
Furniture and fixtures	264,361	264,361	–	11,630
Leasehold improvements	885,519	389,446	496,073	415,001
Vehicles	433,821	278,331	155,490	223,183
Computer hardware	215,769	215,769	–	–
Computer software	110,177	110,177	–	3,291
Work-in-progress	–	–	–	186,153
	\$ 2,378,173	\$ 1,663,653	\$ 714,520	\$ 918,859

Cost and accumulated amortization as at March 31, 2023 amounted to \$2,292,413 and \$1,373,544, respectively. Subsequent to year-end, the Foster Avenue property was sold to a third party for \$741,000. The Agreement of Purchase and Sale has a closing date of October 2024. The revenue and related gain on disposal of asset will be recorded in fiscal 2025.

3. Long-term debt:

	2024	2023
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 \$5,702)	\$ 5,702	\$ 15,341
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 \$10,400)	10,400	19,935
Note payable: Non-interest bearing note payable, repayable in monthly instalments of \$1,795, due December 1, 2032, unsecured	195,944	218,341
	212,046	253,617
Less current portion of long-term debt	37,690	41,571
	\$ 173,356	\$ 212,046

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

Notes to Financial Statements (continued)

Year ended March 31, 2024

3. Long-term debt (continued):

Principal repayments over the next five years are as follows:

2025	\$	37,690
2026		23,199
2027		22,394
2028		22,394
2029		22,394
Thereafter		83,975
	\$	212,046

Interest on long-term debt in the amount of \$271 (2023 - \$498) is included in occupancy costs and repairs on the Statement of Operations.

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, 2024 and 2023.

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.

	2024	2023
Balance, beginning of year	\$ 622,105	\$ 434,616
Additional contributions received	179,449	302,511
Less amounts amortized to revenue	(338,184)	(115,022)
Balance, end of year	\$ 463,370	\$ 622,105

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

Notes to Financial Statements (continued)

Year ended March 31, 2024

6. Investment in capital assets:

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

	2024	2023
Capital assets	\$ 714,520	\$ 918,859
Amounts financed by:		
Deferred contributions	(463,370)	(622,105)
Long-term debt	(212,046)	(253,617)
	\$ 39,104	\$ 43,137

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

	2024	2023
Excess of expenses over revenue:		
Amortization of grant revenue	\$ 338,184	\$ 115,022
Amortization of capital assets	(383,788)	(141,859)
	\$ (45,604)	\$ (26,837)
Net change in investment in capital assets:		
Purchase of capital assets	\$ (179,449)	\$ 549,777
Amounts funded by deferred contributions	179,449	(302,511)
Decrease (increase) in long-term debt	41,571	(199,390)
	\$ 41,571	\$ 47,876

7. Reserves cash:

Cash carried under reserves, in the amount of \$195,666 (2023 - \$128,130) has been designated to support the capital reserve.

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

Notes to Financial Statements (continued)

Year ended March 31, 2024

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:

	2024	2023
Balance, beginning of year	\$ 128,130	\$ 91,966
Interest earned	6,335	2,926
Expenditures	—	—
Contributions	61,201	33,238
Balance, end of year	\$ 195,666	\$ 128,130

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 \$813,826 (2023 - \$726,239) 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 2023 Annual Report as at December 31, 2023 indicates the plan is fully funded at 115%.

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

Notes to Financial Statements (continued)

Year ended March 31, 2024

10. Commitments:

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

2025	\$	1,020,324
2026		1,013,568
2027		975,054
2028		922,187
2029		893,268
Thereafter		3,197,915
	\$	8,022,316

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, 2024, 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:

	2024	2023
Ontario Health East one time funding	\$ 603,418	\$ 387,200
Expenses:		
Salaries and wages	115,807	47,635
Other supplies and services	258,246	4,763
	374,053	52,398
Excess of revenue over expense before undernoted	229,365	334,802
Subsidies payable to funders	(229,365)	(334,802)
Balance, end of year	\$ -	\$ -

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

Notes to Financial Statements (continued)

Year ended March 31, 2024

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, 2024 is \$ Nil (2023 - \$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 2023.

14. Change in accounting standards:

On April 1, 2022, the Organization adopted Canadian public sector accounting board standards for government not-for-profit organizations. In the prior year, the Organization prepared the financial statements in accordance with the basis of accounting required by the Ontario Ministry of Health/Ontario Health East ("Ministry/OHE"). The change in accounting standards is due to changes in corporate governance as the Organization is now a branch of the Canadian Mental Health Association.

As a result of the change in accounting standards, contributions and interest earned on the capital reserve which were previously reported as a direct increase on the Statement of Changes in Net Assets are to be reported as a component of income on the Statement of Operations. The impact on the financial statements as at March 31, 2023 was an increase of \$36,164 to the surplus reported on the Statement of Operations, and a decrease of \$36,164 to the direct increases reported on the Statement of Changes in Net Assets. There was no impact from the change in accounting standards on the Statement of Financial Position.

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

Notes to Financial Statements (continued)

Year ended March 31, 2024

14. Change in accounting standards (continued):

	2023
Excess of revenue over expenses:	
As previously stated	\$ 34,786
To adjust for change in accounting standards:	
Capital reserve contributions and interest earned	36,164
<u>Excess of revenue over expenses, as restated</u>	<u>\$ 70,950</u>

15. Comparative information:

Certain comparative information has been reclassified from that previously presented to conform to the financial statement presentation adopted for the current year.

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

Schedule 1 - Financial Summary

Year ended March 31, 2024

	ONTARIO HEALTH FUNDED PROGRAMS				MOHLTC FUNDED PROGRAMS				FUND TYPE 3		2024 TOTAL	2023 TOTAL (Restated)
	Mental Health	Addiction Services	Problem Gambling	Part C Contract	MH Supportive Housing	Rent Supplements	CHO Programs	MOHLTC CIRF	Fund Type 3	Capital Reserve		
REVENUE												
Ontario Health East Funding	11,329,732	3,683,945	83,346	900,218	-	-	-	-	-	-	15,997,241	16,029,147
Sessional Fees	100,036	-	-	-	-	-	-	-	-	-	100,036	121,749
One Time Funding	-	216,218	-	-	-	-	-	-	-	-	216,218	387,200
MOHLTC Funding	-	-	-	-	62,431	1,331,772	570,343	-	-	-	1,964,546	1,713,157
One Time Funding	-	-	-	-	57,200	-	-	9,785	-	-	66,985	21,300
Provision for subsidy recovery	(1,491,519)	(934,632)	(12,883)	(19,363)	(448)	(562,775)	(302,173)	(9,785)	-	-	(3,333,578)	(3,927,347)
Other Provincial Funding	-	-	-	-	-	-	-	-	-	-	-	70,103
Sub total Provincial Funding	9,938,249	2,965,531	70,463	880,855	119,183	768,997	268,170	-	-	-	15,011,448	14,415,309
External Recoveries	85,412	7,775	156	-	1,250	-	-	-	130,607	-	225,200	120,073
Interdepartmental Recoveries	68,736	(31,884)	-	-	(13,596)	-	(19,757)	-	(3,499)	-	-	-
Rental Income	-	-	-	-	20,254	220,982	84,585	-	-	-	325,820	257,838
Interest Income	376,887	121,314	2,504	-	-	-	-	-	175,201	6,756	682,661	337,860
Donations	-	-	-	-	-	-	-	-	66,091	-	66,091	12,598
Other Revenue	2,786	387,200	-	-	-	-	-	-	1,558	-	391,544	45,764
Sub total Other Revenue	533,821	484,406	2,660	-	7,908	220,982	64,828	-	369,958	6,756	1,691,316	774,133
Total Revenue	10,472,070	3,449,937	73,123	880,855	127,091	989,979	332,998	-	369,958	6,756	16,702,764	15,189,442
EXPENSES												
Salaries	6,887,472	2,018,702	51,223	-	-	-	43,032	-	84,889	-	9,085,318	8,401,167
Benefits	1,663,206	517,274	14,932	-	-	-	11,265	-	20,110	-	2,226,786	1,959,185
Purchased NP & Psychiatry	-	61,516	-	-	-	-	-	-	-	-	61,516	159,818
Sessional Fees	100,028	-	-	-	-	-	-	-	-	-	100,028	121,310
Sub total salaries and benefits	8,650,705	2,597,492	66,155	-	-	-	54,297	-	104,999	-	11,473,648	10,641,480
Staff Education	21,811	5,982	443	-	-	-	-	-	-	-	28,235	56,496
Staff Travel	119,669	38,873	685	-	-	-	-	-	2,090	-	161,318	123,493
Telephone	83,799	25,518	481	-	1,856	751	372	-	1,096	-	113,872	117,072
Data Communications	16,545	4,774	86	-	-	-	3,179	-	-	-	24,585	32,943
Software Fees	102,168	39,319	900	-	-	-	-	-	1,590	-	143,977	108,521
Program Supplies	113,671	27,693	389	-	1,401	1,378	9,273	-	239	-	154,042	213,488
Professional Fees	116,368	21,822	138	-	4,660	-	-	-	-	-	142,989	179,266
Insurance	33,815	8,252	103	-	810	-	-	-	-	-	42,980	49,000
Other Supplies & Services	134,793	20,206	395	-	1,986	6,559	5,515	-	3,352	-	172,805	152,665
Sub total Supplies & Services	742,638	192,438	3,620	-	10,713	8,687	18,339	-	8,367	-	984,802	1,032,945
Community One Time Expenses	-	-	-	-	-	-	-	-	-	-	-	551
Contracted Out	392,854	467,856	651	880,855	-	-	60,875	-	-	-	1,803,092	1,460,486
Equipment Expenses	173,398	30,880	137	-	4,346	-	2,224	-	-	-	210,986	113,541
Repairs and Maintenance	152,402	46,072	324	-	13,662	7,964	-	-	-	-	220,424	178,112
Rent, Taxes and other occupancy expenses	360,072	113,494	2,236	-	18,145	973,329	197,262	-	-	-	1,664,538	1,664,044
Replacement Reserve	-	-	-	-	60,780	-	-	-	-	(60,780)	-	-
Interest on LT Liabilities	-	-	-	-	271	-	-	-	-	-	271	497
Total Expenses	10,472,070	3,448,233	73,123	880,855	107,917	989,979	332,998	-	113,366	(60,780)	16,357,761	15,091,655
Surplus/(Deficit) before amortization	-	1,704	-	-	19,174	-	-	-	256,592	67,536	345,003	97,787
Amortized Grant Revenue	281,793	55,373	-	-	-	-	-	-	1,018	-	338,184	115,022
Amortization Expense	(281,793)	(57,077)	-	-	(19,174)	-	-	-	(25,744)	-	(383,788)	(141,859)
Revised Surplus/(Deficit)	-	-	-	-	-	-	-	-	231,866	67,536	299,399	70,950