



Consolidated Financial Statements

Canadian Mental Health Association,  
Thunder Bay Branch

March 31, 2018

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# Independent Auditor's Report

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To the Board of Directors and Members of  
Canadian Mental Health Association, Thunder Bay Branch

We have audited the accompanying consolidated financial statements of Canadian Mental Health Association, Thunder Bay Branch ("the Branch"), which comprise the consolidated statement of financial position as at March 31, 2018, and the consolidated statements of operations, changes in net assets and cash flows 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

## **Auditor's responsibility**

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

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



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

**Basis for qualified opinion**

In common with many non-profit organizations, the entity derives revenue from donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the entity and we were not able to determine whether any adjustments might be necessary to revenues, excess of revenues over expenses, assets and net assets.

**Qualified opinion**

In our opinion, except for the possible effects of the matter described in the Basis for qualified opinion paragraph, the consolidated financial statements present fairly, in all material respects, the financial position of the Branch as at March 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

*Grant Thornton LLP*

Thunder Bay, Canada  
May 30, 2018

Chartered Professional Accountants  
Licensed Public Accountants

# Canadian Mental Health Association, Thunder Bay Branch Consolidated Statement of Financial Position

As at March 31

2018                      2017

	Branch \$	Health Programs \$	Housing Projects \$	MCSS/MCYS Programs \$	Total \$	Total \$
<b>ASSETS</b>						
Current						
Cash and cash equivalents	460,538	337,001	205,992	40,020	1,043,551	804,344
Investments [note 4]	16,750	-	-	-	16,750	16,693
Accounts receivable	93,898	110,434	-	25,606	229,938	106,159
Harmonized Sales Tax recoverable	7,176	121,007	15,346	2,308	145,837	165,605
Prepaid expenses	2,743	27,368	-	-	30,111	28,031
Due from other programs	-	19,154	12,977	-	32,131	18,318
<b>Total current assets</b>	<b>581,105</b>	<b>614,964</b>	<b>234,315</b>	<b>67,934</b>	<b>1,498,318</b>	<b>1,139,150</b>
Capital assets, net [note 5]	580,675	79,805	376,335	-	1,036,815	1,109,825
	<b>1,161,780</b>	<b>694,769</b>	<b>610,650</b>	<b>67,934</b>	<b>2,535,133</b>	<b>2,248,975</b>
<b>LIABILITIES AND NET ASSETS (DEBT)</b>						
Current						
Accounts payable and accrued liabilities	112,092	397,150	58,397	74,121	641,760	506,319
Due to Local Health Integration Network	-	383,158	-	-	383,158	174,253
Long-term debt principal due within one year [note 6]	-	-	33,810	-	33,810	32,586
Due to other programs	31,792	-	-	339	32,131	18,318
<b>Total current liabilities</b>	<b>143,884</b>	<b>780,308</b>	<b>92,207</b>	<b>74,460</b>	<b>1,090,859</b>	<b>731,476</b>
Non-current						
Deferred revenue	50,725	-	-	-	50,725	71,502
Long-term debt [note 6]	-	-	342,525	-	342,525	377,345
Deferred capital contributions, net [note 7]	516,437	79,803	-	-	596,240	632,735
<b>Total non-current liabilities</b>	<b>567,162</b>	<b>79,803</b>	<b>342,525</b>	<b>-</b>	<b>989,490</b>	<b>1,081,582</b>
<b>Net assets (debt)</b>						
Investment in capital assets [note 8]	64,240	-	-	-	64,240	67,159
Internally restricted [note 2[a]]	131,087	-	-	-	131,087	131,087
Externally restricted [note 2[b]]	-	-	77,992	-	77,992	96,352
Operations surplus (deficit) [note 2[c]]	255,407	(165,342)	97,926	(6,526)	181,465	141,319
<b>Total net assets (debt)</b>	<b>450,734</b>	<b>(165,342)</b>	<b>175,918</b>	<b>(6,526)</b>	<b>454,784</b>	<b>435,917</b>
	<b>1,161,780</b>	<b>694,769</b>	<b>610,650</b>	<b>67,934</b>	<b>2,535,133</b>	<b>2,248,975</b>

See accompanying notes to the consolidated financial statements.

On behalf of the Board:



Director



Director

## Canadian Mental Health Association, Thunder Bay Branch Consolidated Statement of Operations

Year ended March 31

	2018	2017
	Total	Total
	\$	\$
	Branch	MCSS/MCYS
	\$	Programs
	\$	\$
	Health	Housing
	Programs	Projects
	\$	\$
	\$	\$
	Total	Total
	\$	\$
<b>REVENUES</b>		
Amortization of deferred capital contributions	52,081	-
Donations and fundraising activities [note 9]	83,961	-
Grants and subsidies	145,834	324,006
Transferred to deferred capital contributions	-	-
Repayable to Local Health Integration Network	-	-
Sessional fees funding	49,142	-
Housing Registry grant	4,965,054	-
Rental	(64,728)	-
Other	(317,541)	-
Contracted services - TRHP	62,640	-
	229,360	-
	-	20,664
	52,348	-
	182,262	-
	745,846	344,670
	4,694,567	215,009
	6,000,092	5,682,819
<b>EXPENSES</b>		
Amortization of capital assets	54,999	-
Capital and one-time expenses	-	33,645
Direct and administration costs	15,332	16,195
Donations and fundraising activities [note 9]	14,942	149,902
Housing Registry	229,360	-
Interest on long-term debt	-	6,756
Public Awareness [schedule]	74,068	-
Salaries and benefits	13,688	148,129
Sessional fees	-	-
Transitional Rehabilitation Housing (TRHP)	181,468	-
Mobilization project	90,653	-
Other	23,881	-
	698,391	354,627
	47,455	(9,957)
	5,959,662	212,077
	40,430	2,932
	54,633	5,628,186
<b>Excess (deficiency) of revenues over expenses for year</b>	40,430	54,633

See accompanying notes to the consolidated financial statements.

## Canadian Mental Health Association, Thunder Bay Branch Consolidated Statement of Changes in Net Assets

Year ended March 31

	2018		2017			
	2018	2017	2018	2017		
Investment in Capital Assets [note 8]	\$	\$	Operations Surplus (Deficit)			
Internally Restricted [note 2[a]]	\$	\$	Health Programs	Housing Projects	MCSS/MCYS Programs	Total
Externally Restricted [note 2[b]]	\$	\$	\$	\$	\$	\$
Branch [note 2[a]]	\$	\$				
Balance, beginning of year	67,159	131,087	(165,342)	111,086	(9,458)	379,399
Excess (deficiency) of revenues over expenses for year	-	-	-	(9,957)	2,932	54,633
Previous year adjustments	-	-	-	(13,563)	-	1,885
Investment in capital assets	(2,919)	-	-	-	-	-
Externally imposed restrictions	-	-	-	10,360	-	-
<b>Balance, end of year</b>	<b>64,240</b>	<b>131,087</b>	<b>(165,342)</b>	<b>97,926</b>	<b>(6,526)</b>	<b>435,917</b>
			255,407	255,407	454,784	454,784

See accompanying notes to the consolidated financial statements.

**Canadian Mental Health Association, Thunder Bay  
Branch**

**Consolidated Statement of Cash Flows**

Year ended March 31	2018	2017
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenues over expenses for year	40,430	54,633
Add charges (deduct credits) to operations not involving a current payment (receipt) of cash		
Amortization of capital assets	137,785	162,096
Amortization of deferred capital contributions	(101,222)	(126,127)
Previous year adjustment	(21,563)	1,885
	<u>55,430</u>	<u>92,487</u>
Net change in non-cash working capital balances related to operations <i>[note 10[a]]</i>	238,255	(16,770)
<b>Cash provided by operating activities</b>	<u>293,685</u>	<u>75,717</u>
<b>INVESTMENT ACTIVITIES</b>		
Additions to capital assets	(64,728)	-
Increase in investments	(57)	(32)
<b>Cash used in investment activities</b>	<u>(64,785)</u>	<u>(32)</u>
<b>FINANCING ACTIVITIES</b>		
Increase in deferred revenue	(20,777)	18,246
Increase in deferred capital contributions	64,728	-
Principal payments on mortgage	(33,644)	(33,053)
<b>Cash provided by (used in) financing activities</b>	<u>10,307</u>	<u>(14,807)</u>
<b>Increase in cash and cash equivalents during year</b>	<u>239,207</u>	<u>60,878</u>
Cash and cash equivalents, beginning of year	804,344	743,466
<b>Cash and cash equivalents, end of year</b>	<u>1,043,551</u>	<u>804,344</u>
<b>Represented by</b>		
Cash on hand and balances with bank	1,043,551	804,344

See accompanying notes to the consolidated financial statements.



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# **Canadian Mental Health Association, Thunder Bay Branch**

## **Notes to the Consolidated Financial Statements**

March 31, 2018

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### **GENERAL**

The Canadian Mental Health Association, Thunder Bay Branch (the "Branch") is a not-for-profit organization and is a registered charity under the Income Tax Act (Canada). The principal activities of the Branch include improving treatment and rehabilitation services for the mentally ill, improving attitudes towards mental illness, and promoting mental health and the prevention of mental illness.

### **1. SIGNIFICANT ACCOUNTING POLICIES**

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. The standards require entities to select policies appropriate for their circumstances from choices provided in the specific standards. Following are details of the choices selected by the Branch and applied in these financial statements.

#### **Basis of consolidation**

These consolidated financial statements reflect the assets and liabilities, revenues and expenses of the Canadian Mental Health Association, Thunder Bay Branch activities, Dufferin Street and Pioneer Drive Housing Projects, New Foundations Programs, Early Psychosis Intervention, Court Diversion and Case Management Programs, Crisis Program, Crisis Residential Program, the Ministry of Community and Social Services Programs (MCSS), the Ministry of Community and Youth Services Programs (MCYS), the Youth Court Program, the Homelessness Initiative Program, the Homeless and Children and the Bridging the GAPS Program. All inter-program assets and liabilities, revenues and expenses have been eliminated.

#### **Revenue recognition**

The Branch uses the deferral method of accounting for contributions, which include donations and government grants. 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. Restricted contributions are deferred and recognized as revenue in the year in which the related expenses are recognized.

#### **Capital contributions**

Contributions to fund Branch capital assets are initially recorded as deferred capital contributions, and are then amortized to income on the same basis as the related capital asset.

#### **Allocation of shared expenses**

It is the Branch's policy to allocate administrative and supervisory salaries, employee benefits, utilities, property taxes and certain other expenses to the various programs that it sponsors based on budgeted amounts which have been approved by the various funding agencies.

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# Canadian Mental Health Association, Thunder Bay Branch

## Notes to the Consolidated Financial Statements

March 31, 2018

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### Volunteer supplies and services

Due to the difficulty in determining the fair value of donated supplies and services, contributions of this nature are not recognized in the financial statements.

### Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with banks.

They include balances subject to certain restrictions, as defined in note 2.

### Capital assets

#### [a] Branch, Health and Homelessness Initiative Programs

Capital assets are initially recorded at cost less accumulated amortization.

Amortization is provided on the straight-line basis at the rates set out below. It is expected that these procedures will charge the consolidated statement of operations with the cost of the related capital assets over their estimated useful lives. Gain or loss on the disposal of individual assets is recognized in the consolidated statement of operations in the year of disposal.

Building	4%
Building improvements	33 - 50%
Computer equipment	20%
Furniture and equipment	20%
Parking lot	6%
Signage	20%
Systems software	20%
Vehicle	14%

As necessary, these assets have been tested for impairment.

#### [b] Housing Projects

In the Housing Projects, capital assets comprised of land and buildings and initial purchases of appliances are initially recorded at an amount equal to their total capital cost. Amortization is recorded in annual amounts equal to the principal reduction in the related mortgage debt.

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# **Canadian Mental Health Association, Thunder Bay Branch**

## **Notes to the Consolidated Financial Statements**

March 31, 2018

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### **Trust funds**

The Branch acts as trustee for various Thunder Bay mental health organizations in administering a pool of funds for mental health workshops and other educational endeavours. The cash funds held by the Branch amounting to \$15,131 at March 31, 2018 [2017 - \$24,378] have not been audited and are not included in the accompanying consolidated financial statements.

### **Financial instruments**

The Branch considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in certain limited circumstances. The Branch accounts for the following as financial instruments:

- Cash and cash equivalents
- Investments
- Accounts receivable
- Accounts payable and accrued liabilities
- Due to Local Health Integration Network
- Long-term debt
- Interfund balances

A financial asset or liability is recognized when the Branch becomes party to contractual provisions of the instrument.

### **Measurement**

Financial assets or liabilities obtained in arm's-length transactions are initially measured at their fair value. In the case of a financial asset or liability not being subsequently measured at fair value, the initial fair value will be adjusted for financing fees and transaction costs that are directly attributable to its origination, acquisition, issuance or assumption.

Financial assets or liabilities are subsequently measured at cost or amortized cost less any reduction for impairment, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the consolidated statement of operations.

Financial assets measured at cost or amortized cost include cash and cash equivalents, accounts receivable and interfund balances. Financial assets measured at fair value include investments.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, due to Local Health Integration Network, long-term debt and interfund balances.

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# Canadian Mental Health Association, Thunder Bay Branch

## Notes to the Consolidated Financial Statements

March 31, 2018

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### **Derecognition**

The Branch removes financial liabilities, or a portion of, when the obligation is discharged, cancelled or expires.

### **Impairment**

Financial assets measured at cost are tested for impairment when there are indicators of impairment. Previously recognized impairment losses are reversed to the extent of the improvement provided the asset is not carried at an amount, at the date of the reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of any write-downs or reversals are recognized in the consolidated statement of operations.

### **Use of estimates**

Management reviews the carrying amounts of items in the financial statements at each statement of financial position date to assess the need for revision or any possibility of impairment. Many items in the preparation of these financial statements require management's best estimate. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action.

These estimates are reviewed periodically and adjustments are made to net income as appropriate in the year they become known.

Items subject to significant management estimates include grant revenue/balances repayable to funding agencies [see note 13], as well as the useful lives and amortization rates for capital assets.

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# Canadian Mental Health Association, Thunder Bay Branch

## Notes to the Consolidated Financial Statements

March 31, 2018

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### 2. RESTRICTIONS ON ASSETS

[a] The Board of Directors has placed internal restrictions on the net assets of the Branch as follows:

#### Internally restricted assets

Certain assets comprising income from specific fundraising events and donations, net of applicable expenses, are to be used for building and related capital expenses as approved by the Board.

Certain assets comprising estate proceeds have been internally restricted and are to be used towards annual scholarships.

Revenue derived from billings to the City of Thunder Bay for the cleaning of bus shelters, net of expenses, is restricted in use by the Board.

Subsequent to year-end, the Board of Directors passed a resolution to remove the internal restriction relating to bus shelter activities.

[b] Externally restricted assets consist of:

#### Housing capital reserve fund

In accordance with the terms of the Branch's operating agreements with the Ontario Ministry of Health and Long-Term Care, a specified portion of annual grants received are set aside in a reserve fund for the repairs and replacement of furnishings and equipment. These funds, together with accumulated interest thereon, are to be used for the replacement of stoves and refrigerators, mechanical laundry equipment, roofs, plumbing, heating equipment and other items of a minor capital nature approved by the Minister. The balance of the capital reserve fund is disclosed as an externally restricted fund.

The total cash and cash equivalents balance of \$205,992 includes \$73,799 of cash in an account restricted for purposes of supporting this reserve fund.

[c] Other restrictions consist of:

#### Bingo and raffle accounts

The total cash and cash equivalents Branch balance of \$460,538 includes \$6,946 of accumulated bingo and raffle cash for which certain restrictions in use apply. These same restrictions apply to the portion of the operations surplus represented by the accumulated bingo and nevada cash and accounts receivable, net of accounts payable.

# Canadian Mental Health Association, Thunder Bay Branch

## Notes to the Consolidated Financial Statements

March 31, 2018

### 3. LINE OF CREDIT

The Branch has negotiated a line of credit up to a maximum of \$115,000 with HSBC Bank, of which \$nil [2017 - \$nil] was drawn at year-end. The operating line of credit is secured by a general security agreement and bears interest at prime [2.70% at March 31, 2018].

### 4. INVESTMENTS

Investments are carried at fair value and consist of the following:

	2018 \$	2017 \$
Money market investments	16,750	16,693

### 5. CAPITAL ASSETS

Details of year-end capital asset balances are as follows:

	Cost \$	Accumulated amortization \$	2018 Net book value \$	2017 Net book value \$
<b>Branch</b>				
Building - 200 Van Norman Street	1,302,012	1,040,839	261,173	313,254
Computer equipment	30,504	30,504	-	-
Furniture and equipment	96,110	96,110	-	-
Parking lot	16,152	16,153	(1)	-
Signage	7,105	7,105	-	-
Vehicle	20,430	17,511	2,919	5,837
	1,472,313	1,208,222	264,091	319,091
Land	316,584	-	316,584	316,584
	1,788,897	1,208,222	580,675	635,675
<b>Health Programs</b>				
Computer equipment	19,188	19,188	-	-
Building improvements	305,130	305,130	-	28,862
Equipment	255,605	186,060	69,545	19,966
Systems software	81,281	71,021	10,260	15,390
	661,204	581,399	79,805	64,218
<b>Housing Projects</b>				
Land and building				
Dufferin Street	289,908	160,734	129,174	141,949
Pioneer Drive	542,157	294,996	247,161	267,983
	832,065	455,730	376,335	409,932

**Canadian Mental Health Association, Thunder Bay  
Branch**

**Notes to the Consolidated Financial Statements**

March 31, 2018

**6. LONG-TERM DEBT**

	2018 \$	2017 \$
<b>Canada Mortgage and Housing Corporation</b>		
First mortgage on land and building (Dufferin Street), repayable at \$1,440 monthly, including principal and interest at 1.01% per annum, maturing February 1, 2021. Collateral security is provided by first security interest on various furnishings and fixtures and an assignment of rents and leases.	129,174	141,949
First mortgage on land and building (Pioneer Drive), repayable at \$2,304 monthly, including principal and interest at 2.86% per annum, maturing January 1, 2019. Collateral security is provided by a Chattel Security Agreement and an assignment of rents and leases.	247,161	267,982
	<b>376,335</b>	409,931
Less principal due within one year	<b>33,810</b>	32,586
<b>Long-term portion</b>	<b>342,525</b>	377,345

Principal repayment of long-term debt due over the next five years and thereafter, assuming refinancing at maturities under similar terms, is as follows:

	\$
2019	33,810
2020	34,608
2021	35,428
2022	36,267
2023	37,067
Thereafter	199,155
	<b>376,335</b>

## Canadian Mental Health Association, Thunder Bay Branch

### Notes to the Consolidated Financial Statements

March 31, 2018

#### 7. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the unamortized amount of grants, donations and fundraising proceeds received for the purchase of capital assets. The change in the deferred capital contributions balance is as follows:

	2018 \$	2017 \$
<b>Balance, beginning of year</b>	<b>632,735</b>	758,862
Amortization of deferred capital contributions	<b>(101,223)</b>	(126,127)
Ontario Ministry of Health and Long-Term Care funding	<b>64,728</b>	-
<b>Balance, end of year</b>	<b>596,240</b>	632,735

#### 8. INVESTMENT IN CAPITAL ASSETS

Investment in capital assets consists of the following:

	2018 \$	2017 \$
Capital assets, net	<b>1,036,815</b>	1,109,825
Deferred capital contributions	<b>(596,240)</b>	(632,735)
Mortgages payable	<b>(376,335)</b>	(409,931)
<b>Balance, end of year</b>	<b>64,240</b>	67,159

The change in investment in capital assets is calculated as follows:

	2018 \$	2017 \$
Purchase of capital assets	<b>64,728</b>	-
Amortization of capital assets	<b>(137,786)</b>	(162,096)
Amortization of deferred capital contributions	<b>101,223</b>	126,127
Amounts funded by Ontario Ministry of Health and Long-Term Care	<b>(64,728)</b>	-
Repayment of mortgage principal	<b>33,644</b>	33,053
	<b>(2,919)</b>	(2,916)



# Canadian Mental Health Association, Thunder Bay Branch

## Notes to the Consolidated Financial Statements

March 31, 2018

### 9. DONATIONS AND FUNDRAISING ACTIVITIES

Donations and fundraising activities consist of the following:

	2018		2017	
	Gross revenue \$	Direct expenses \$	Gross revenue \$	Direct expenses \$
<b>Sources</b>				
Bingo	3,912	-	7,137	-
Golf tournament	16,381	-	-	-
Donations	24,583	-	24,043	-
Intervention workshop	17,339	7,881	13,679	8,673
Styles & Smiles	-	-	15,702	-
Other	21,746	7,061	44,756	30,472
	<b>83,961</b>	<b>14,942</b>	<b>105,317</b>	<b>39,145</b>

### 10. STATEMENT OF CASH FLOWS

[a] The net change in non-cash working capital balances related to operations consists of the following:

	2018 \$	2017 \$
<b>Decrease (increase) in current assets</b>		
Accounts receivable	(123,779)	6,159
Harmonized Sales Tax recoverable	19,768	(36,109)
Prepaid expenses	(2,080)	(4,906)
Due from other programs	(13,813)	1,230
	<b>(119,904)</b>	<b>(33,626)</b>
<b>Increase (decrease) in current liabilities</b>		
Accounts payable and accrued liabilities	135,441	(21,506)
Due to Local Health Integration Network	208,905	39,592
Due to other programs	13,813	(1,230)
	<b>358,159</b>	<b>16,856</b>
	<b>238,255</b>	<b>(16,770)</b>

[b] Cash outflows during the year for interest were as follows:

	2018 \$	2017 \$
Interest paid	<b>6,756</b>	<b>7,302</b>

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# Canadian Mental Health Association, Thunder Bay Branch

## Notes to the Consolidated Financial Statements

March 31, 2018

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### 11. COMMITMENTS

The future minimum annual lease payments on operating leases are as follows:

	\$
2019	160,799
2020	161,365
2021	58,754
<b>Total minimum lease payments</b>	<b>380,918</b>

### 12. PENSION PLAN

Substantially all of the employees of the Branch are members of the CMHA Pension Plan ("the Plan"), which is a defined contribution plan available to all eligible employees of the participating Branch. The Plan is administered nation-wide by CMHA National.

Contributions to the Plan made by the Branch during the year amounted to \$188,141 [2017 - \$197,213] and are included in the consolidated statement of operations.

### 13. CONTINGENCIES

#### Surpluses

The Ontario Ministry of Health and Long-Term Care provides funding for the Health and Housing programs based on annual budget submissions. At year-end, total expenses as calculated in accordance with Ministry guidelines are compared to the approved budget and, at the discretion of the Ministry, any excess funding may be refunded to the Ministry or affect the funding available to the programs/projects in the succeeding year. Any differences between the actual Ministry settlement amounts and the balances reflected as receivable/payable in these financial statements will be recognized in the year in which a settlement is reached.

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**Canadian Mental Health Association, Thunder Bay  
Branch**

**Notes to the Consolidated Financial Statements**

March 31, 2018

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**14. FINANCIAL INSTRUMENTS**

[a] Credit risk

Credit risk is the risk that a third party will fail to discharge its obligation to the Branch reducing the expected cash inflow from the Branch assets recorded on the consolidated statement of financial position date. Credit risk can be concentrated in debtors that are similarly affected by economic or other conditions. The Branch management does not feel that it is exposed to significant concentration or credit risk.

[b] Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Branch is exposed to interest rate risk for certain financial assets and liabilities. The Branch has long-term debt which could expose the Branch to fluctuations in interest rates and a fair value risk.

**15. ECONOMIC DEPENDENCE**

The Branch is dependent on annual contributions from various government agencies to finance its operations. Should these contributions cease, the Branch would be unable to continue its current operations.

**16. COMPARATIVE CONSOLIDATED FINANCIAL STATEMENTS**

The comparative consolidated financial statements have been reclassified from statements previously presented to conform to the presentation of the 2018 consolidated financial statements.

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**Canadian Mental Health Association, Thunder Bay  
Branch**

**Schedule**

**Public Awareness Expenses**

Year ended March 31	2018	2017
	\$	\$
Advertising and promotion	114	3,999
Books and publications	5,198	1,294
Office supplies and postage	1,221	428
Other	415	155
Salaries and benefits	66,123	73,113
Staff development and workshops	738	1,763
Travel	259	285
	<b>74,068</b>	<b>81,037</b>

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