

**CANADIAN MENTAL HEALTH ASSOCIATION
BRANT HALDIMAND NORFOLK BRANCH**

FINANCIAL STATEMENTS

For the year ended March 31, 2017

**CANADIAN MENTAL HEALTH ASSOCIATION
BRANT HALDIMAND NORFOLK BRANCH**

For the year ended March 31, 2017

INDEX

	Page
INDEPENDENT AUDITORS' REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Operations and Net Assets	4
Schedule of Expenditures	
- Administration and Support Services - General Administration	5
- Administration and Support Services - Information Systems Support	5
- Management Clinical Services	5
- Case Management - Mental Health	5
- Counselling & Treatment	6
- Primary Care - Mental Health - Vocational/Employment	6
- Primary Care - Mental Health - Diversion & Court Support	6
- Primary Care - Mental Health - Social Rehabilitation/Recreation	6
- Crisis Intervention - Mental Health	7
- Residential Services - Mental Health - Non-Profit Housing	7
- Residential Services - Mental Health - Rent Supplement	7
- Support Within Housing - Mental Health	7
- Consumer/Survivor/Family Initiatives - H.O.P.E.	8
- Consumer/Survivor/Family Initiatives - Family	8
- After Hours Support - H.O.P.E. (United Way)	8
- Crisis Support Beds	8
Statement of Operations and Changes in Fund Balance - Other Funding	9
Statement of Operations and Changes in Fund Balance - QuickKlean	10
Statement of Cash Flows	11
Notes to the Financial Statements	12 - 17

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Canadian Mental Health Association - Brant-Haldimand-Norfolk Branch

We have audited the accompanying financial statements of Canadian Mental Health Association - Brant-Haldimand-Norfolk Branch, which comprise the statement of financial position as at March 31, 2017, and the statements of operations and net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. These financial statements have been prepared by management based on the financial reporting provisions of Article 8 of the Service Accountability Agreement between Canadian Mental Health Association - Brant-Haldimand-Norfolk Branch and the Hamilton Niagara Haldimand Brant Local Health Integration Network.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of Article 8 of the Service Accountability Agreement between Canadian Mental Health Association - Brant-Haldimand-Norfolk Branch and the Hamilton Niagara Haldimand Brant Local Health Integration Network, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

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

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

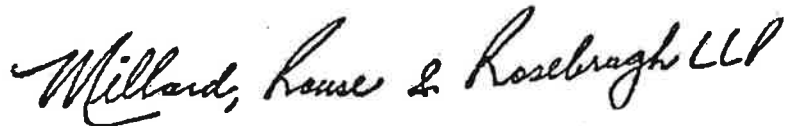
In common with many non-profit organizations, the Association derives part of its income from the general public in the form of donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Association. Therefore we were not able to determine whether any adjustments might be necessary to net assets and accumulated surplus as at March 31, 2017 and to fundraising revenue, excess of revenues over expenses and cash flows from operations for the year then ended. Our audit opinion on the financial statements for the year ended March 31, 2016 was also modified accordingly because of the possible effects of this limitation in scope.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis of Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Canadian Mental Health Association - Brant-Haldimand-Norfolk Branch as at March 31, 2017, and the results of its operations and its cash flows for the year then ended in accordance with the financial reporting provisions of Article 8 of the Service Accountability Agreement between Canadian Mental Health Association - Brant-Haldimand-Norfolk Branch and the Hamilton Niagara Haldimand Brant Local Health Integration Network.

Basis of Accounting and Restriction on Distribution and Use

Without modifying our opinion, we draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared to assist Canadian Mental Health Association - Brant-Haldimand-Norfolk Branch to comply with the reporting provisions of the funding agreement referred to above. As a result, the financial statement may not be suitable for another purpose. Our report is intended solely for the directors of Canadian Mental Health Association - Brant-Haldimand-Norfolk Branch and Hamilton Niagara Haldimand Brant Local Health Integration Network and should not be used by parties other than the specified users.



June 6, 2017
Brantford, Ontario

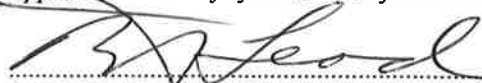
CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

**CANADIAN MENTAL HEALTH ASSOCIATION
- BRANT HALDIMAND NORFOLK BRANCH**

STATEMENT OF FINANCIAL POSITION

As at March 31	2017	2016
ASSETS		
Current Assets		
Petty cash	1,250	950
Bank - Ministry of Health	712,072	257,128
- QuicKlean	43,276	11,772
Accounts receivable - general	89,640	44,057
Government remittances receivable	101,683	24,812
Prepaid expenses	-	542
Investments (GICs) - Ministry of Health at Market Value	65,664	65,664
- H.O.P.E at Market Value	-	18,020
- ENSH at Market Value	32,598	-
	1,046,183	422,945
Capital Assets (Note 3)	485,790	215,870
Assets of the Replacement Reserve (Note 5)		
Investments (GICs) at Market Value	352,008	54,848
Due from Ministry of Health	6,200	-
	358,208	54,848
	1,890,181	693,663
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	369,341	191,049
Government remittances payable	3,771	4,281
Deferred revenue (Note 6)	155,019	53,751
Due to Ministry of Health	23,121	7,558
Due to Local Health Integration Network	83,957	5,959
Current portion of mortgage payable (Note 4)	36,505	17,892
	671,714	280,490
Mortgage Payable (Note 4)	449,258	197,977
Replacement Reserve (Note 5)	358,208	54,848
	807,466	252,825
	1,479,180	533,315
NET ASSETS - Page 4	411,001	160,348
	1,890,181	693,663

Approved on behalf of the Board of Directors

 Burns MacLeod, President

 Eric Harrop, Treasurer

See accompanying notes

**CANADIAN MENTAL HEALTH ASSOCIATION
- BRANT HALDIMAND NORFOLK BRANCH**

STATEMENT OF OPERATIONS AND NET ASSETS

For the year ended March 31	2017	2016
Revenues		
Local Health Integration Network		
- Undistributed	4,261,516	1,868,278
- Helping Ourselves Through Peer Support & Employment	210,098	210,098
Ministry of Health		
- Non-Profit Housing	143,418	48,742
- Rent Supplements	555,764	250,000
Rental Income - Non-Profit Housing	36,483	11,338
Rental Income - Phoenix Place and Rent Supplements	328,880	204,017
Interest and other income	53,939	40,808
Paymaster - Family Initiative	-	17,630
Helping Ourselves Through Peer Support & Employment - other	5,457	6,866
Phoenix Place - other	16,843	19,365
Helping Ourselves Through Peer Support & Employment - United Way	9,700	7,500
	5,622,098	2,684,642
Expenditures		
Administration and Support Services - General Administration - Page 5	948,945	449,991
Administration and Support Services - Information Systems Support - Page 5	242,778	50,070
Management Clinical Services - Page 5	-	13,668
Case Management - Mental Health - Page 5	1,646,995	505,408
Counselling & Treatment - Page 6	75,523	80,875
Primary Care - Mental Health - Vocational/Employment - Page 6	47,752	45,704
Primary Care - Mental Health - Diversion & Court Support - Page 6	411,135	260,936
Primary Care - Mental Health - Social Rehabilitation/Recreation - Page 6	140,337	140,746
Crisis Intervention - Mental Health - Page 7	-	32,113
Residential Services - Mental Health - Non-Profit Housing - Page 7	171,046	57,471
Residential Services - Mental Health - Rent Supplement - Page 7	894,886	465,824
Support Within Housing - Mental Health - Page 7	-	286,845
Consumer/Survivor/Family Initiatives - H.O.P.E. - Page 8	210,016	217,624
Consumer/Survivor/Family Initiatives - Family - Page 8	68,595	55,125
After Hours Support - H.O.P.E. (United Way) - Page 8	10,452	8,962
Crisis Support Beds - Page 8	648,597	-
	5,517,057	2,671,362
Excess of Revenues over Expenditures	105,041	13,280
Net Assets - Beginning of Year	160,348	140,260
Net assets acquired in amalgamation (Note 10)	584,782	-
Excess of Revenues over Expenditures - Other Funding - Page 9	32,174	14,646
Excess of Revenues over Expenditures - QuickKlean - Page 10	17,831	1,842
Payable to Local Health Integration Network	(83,957)	(3,113)
Payable to Ministry of Health and Long - Term care	(6,601)	(7,558)
Local Health Integration Network adjustment of recoveries	2,820	-
Ministry of Health adjustment of recoveries	-	991
Change in net assets due to amalgamation (Note 11)	(401,437)	-
Net Assets - End of Year	411,001	160,348

See accompanying notes

**CANADIAN MENTAL HEALTH ASSOCIATION
- BRANT HALDIMAND NORFOLK BRANCH**

SCHEDULE OF EXPENDITURES

For the year ended March 31	2017	2016
Administration and Support Services - General Administration		
Salaries	370,272	115,706
Benefits	63,411	13,514
Supplies	5,816	1,150
Staff travel and education	13,747	8,985
General	148,070	93,408
Equipment	21,411	8,544
Building occupancy	255,632	163,759
Contracted out	27,757	44,925
Utilities	14,386	-
Insurance	28,443	-
	948,945	449,991
Administration and Support Services - Information Systems Support		
Salaries	127,955	30,348
Equipment	114,823	19,722
	242,778	50,070
Management Clinical Services		
Salaries	-	11,118
Benefits	-	2,550
	-	13,668
Case Management - Mental Health		
Salaries	1,277,340	410,230
Benefits	293,104	73,622
Supplies	3,791	659
Staff travel	48,022	14,147
General	8,975	2,983
Equipment	10,409	2,377
RACE	5,354	1,390
	1,646,995	505,408

**CANADIAN MENTAL HEALTH ASSOCIATION
- BRANT HALDIMAND NORFOLK BRANCH**

SCHEDULE OF EXPENDITURES

For the year ended March 31	2017	2016
Counselling & Treatment		
Salaries	60,589	66,759
Benefits	11,181	10,200
Supplies	1,976	1,806
Staff travel	1,329	921
General	448	1,189
	75,523	80,875
Primary Care - Mental Health - Vocational/Employment		
Salaries	37,338	37,032
Benefits	9,891	8,289
Supplies	71	61
Staff travel and client education	91	12
General	361	310
	47,752	45,704
Primary Care - Mental Health - Diversion & Court Support		
Salaries	324,778	208,391
Benefits	72,260	41,124
Supplies	1,802	540
Staff travel	3,620	3,933
General	8,540	6,391
Equipment	135	557
	411,135	260,936
Primary Care - Mental Health - Social Rehabilitation/Recreation		
Salaries	103,720	107,313
Benefits	27,171	22,706
Supplies	5,003	3,626
Staff travel	2,563	2,856
General	673	752
Equipment	1,207	3,493
	140,337	140,746

**CANADIAN MENTAL HEALTH ASSOCIATION
- BRANT HALDIMAND NORFOLK BRANCH**

SCHEDULE OF EXPENDITURES

For the year ended March 31	2017	2016
Crisis Intervention - Mental Health		
Salaries	-	25,382
Benefits	-	5,266
Supplies	-	600
Staff travel	-	591
General	-	274
	-	32,113
Residential Services - Mental Health - Non-Profit Housing		
Salaries	45,073	5,532
Benefits	11,258	713
Supplies - utilities	20,235	8,429
- other	-	50
General - insurance	2,291	2,147
- other	2,945	840
Equipment	5,239	4,600
Building occupancy - general	22,197	8,152
- replacement reserve	6,660	2,125
- building amortization	35,597	17,581
- mortgage interest	10,606	3,761
- municipal taxes	8,945	3,541
	171,046	57,471
Residential Services - Mental Health - Rent Supplement		
Supplies - utilities	205,434	98,188
Building occupancy - market rent	659,788	367,636
- additions	29,664	-
	894,886	465,824
Support Within Housing - Mental Health		
Salaries	-	213,431
Benefits	-	45,017
Supplies	-	1,034
Staff travel	-	8,051
General	-	5,601
Equipment	-	13,711
	-	286,845

**CANADIAN MENTAL HEALTH ASSOCIATION
- BRANT HALDIMAND NORFOLK BRANCH**

SCHEDULE OF EXPENDITURES

For the year ended March 31	2017	2016
Consumer/Survivor/Family Initiatives - H.O.P.E.		
Salaries	123,651	145,311
Benefits	28,943	30,478
Supplies	3,320	2,926
Staff travel and education	11,248	6,659
General	11,158	6,362
Equipment	8,486	3,186
Building occupancy	23,210	22,702
	210,016	217,624
Consumer/Survivor/Family Initiatives - Family		
Salaries	53,322	45,050
Benefits	11,028	7,143
Supplies	1,897	1,267
Staff travel and education	499	523
General	904	842
Equipment	945	300
	68,595	55,125
After Hours Support - H.O.P.E. (United Way)		
Salaries	9,061	8,470
Benefits	371	352
Supplies	1,020	140
	10,452	8,962
Crisis Support Beds		
Salaries	474,777	-
Benefits	103,525	-
Supplies - utilities	7,590	-
- general	5,607	-
Staff travel and education	3,258	-
General	10,759	-
Equipment	19,384	-
Catering	23,697	-
	648,597	-

**CANADIAN MENTAL HEALTH ASSOCIATION
- BRANT HALDIMAND NORFOLK BRANCH**

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE - OTHER FUNDING

For the year ended March 31	2017	2016
Revenues		
Fundraising	103,279	60,433
Ontario Trillium Foundation	-	26,700
ENSH	170,514	-
MRS	110,698	-
MAESD - Sustainable Employment Initiative	64,156	64,156
- Interest Income	4	4
City of Brantford - Investment in Affordable Housing	53,589	52,949
Health Links	-	74,669
	502,240	278,911
Expenditures		
Mental Health Promotion	63,239	23,860
Ontario Trillium Foundation	-	26,700
ENSH	151,177	-
MRS	107,165	-
Fundraising	30,655	21,505
MAESD - Sustainable Employment Initiative	64,241	64,464
City of Brantford - Investment in Affordable Housing	53,589	52,949
Health Links expenses	-	74,787
	470,066	264,265
Excess of Revenues over Expenditures	32,174	14,646
Net Assets - Beginning of Year	56,830	42,184
Net Assets - End of Year	89,004	56,830

**CANADIAN MENTAL HEALTH ASSOCIATION
- BRANT HALDIMAND NORFOLK BRANCH**

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE - QUICKLEAN

For the year ended March 31	2017	2016
Revenues		
Cleaning	46,732	29,686
Thrift store	4,640	6,005
Interest	95	127
Donations	5,071	3,013
	56,538	38,831
Expenditures		
General expenses	3,247	1,975
Cleaning supplies	15,945	10,950
Wages	18,394	22,626
Employee benefits	1,121	1,438
	38,707	36,989
Excess of Revenues over Expenditures	17,831	1,842
Net Assets - Beginning of Year	(1,435)	(3,277)
Net Assets - End of Year	16,396	(1,435)

**CANADIAN MENTAL HEALTH ASSOCIATION
- BRANT HALDIMAND NORFOLK BRANCH**

STATEMENT OF CASH FLOWS

For the year ended March 31	2017	2016
Cash Flows From Operating Activities		
Revenues over Expenditures	105,041	13,280
Revenues over Expenditures - Other Funding	32,174	14,646
Excess of Revenues over Expenditures - QuicKlean	17,831	1,842
LHIN/MOH recoveries	(87,738)	(9,680)
Net Assets Acquired from Amalgamation	584,782	-
Change in Accounting Policy from Amalgamation	(401,437)	-
Charge (credit) to income not involving cash		
Amortization	35,597	17,581
	286,250	37,669
Net change in non-cash working capital balances related to operations	270,227	48,306
	556,477	85,975
Cash Flows From Financing Activities		
Mortgage payable	(35,623)	(17,582)
Cash Flows From Investing Activities		
Investments - restricted	(19,528)	(2,282)
Investments - unrestricted	(14,578)	(11)
	(34,106)	(2,293)
Net Increase in Cash and Cash Equivalents	486,748	66,100
Opening Cash and Cash Equivalents	269,850	203,750
Closing Cash and Cash Equivalents	756,598	269,850
Cash and Cash Equivalents Comprised of:		
Petty cash	1,250	950
Bank - Ministry of Health	712,072	257,128
- QuicKlean	43,276	11,772
	756,598	269,850

CANADIAN MENTAL HEALTH ASSOCIATION - BRANT HALDIMAND NORFOLK BRANCH

NOTES TO THE FINANCIAL STATEMENTS For the year ended March 31, 2017

1. PURPOSE OF THE ORGANIZATION

The purpose of the Canadian Mental Health Association - Brant Haldimand Norfolk Branch is to promote a positive approach towards mental health and to enhance the quality of life of individuals through leadership, education, partnership, advocacy, empowerment and support. The Branch is incorporated under the Companies Act of the Province of Ontario as a not-for-profit organization and is a registered charity under the Income Tax Act.

2. SUMMARY OF 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 requirements of the Service Accountability Agreement with the Hamilton Niagara Haldimand Brant Local Health Integration Network. The basis of accounting used in these financial statements materially differs from Canadian accounting standards for not-for-profit organizations because:

- i) amortization is being provided on the land, building and building improvements equal to a rate of the annual principal reduction of the mortgage;
- ii) approved capital expenditures are charged against operations in the year of acquisition;
- iii) funding for the replacement reserve is charged to operations as determined by the Ministry
- iv) return of excess of revenue over expense is reported in net assets in the year of recovery

(b) Revenue Recognition

The Association follows the deferral method of accounting. Under the deferral method of accounting, restricted revenues are recognized as revenue in the year in which the related expenses are incurred. Unrestricted revenues are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

(c) Capital Assets

Capital assets, except for land, building and building improvements, are treated as any other type of current year expenditure or disbursement and are charged to operations in the year of acquisition. Land, buildings and improvements are amortized based on the amount of principal repaid annually on the related mortgage. These policies are in accordance with Ministry of Health and Long-Term Care guidelines for reporting of Capital Assets.

(d) Excess of Revenue over Expenditure

Any Ministry of Health and Long-Term Care approved excess of revenue over expenditure or expenditure over revenue for the year is returned to or paid by the Province in the year following the variations. The programs are 100% funded by the Province of Ontario.

(e) Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

**CANADIAN MENTAL HEALTH ASSOCIATION
- BRANT HALDIMAND NORFOLK BRANCH**

**NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2017**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Contributed Materials and Services

Materials and services contributed by volunteers during the year to assist the organization in carrying out its activities are not recognized in the financial statements because of the difficulty in determining their fair value.

(g) Financial Instruments

The Association initially measures its financial assets and financial liabilities at fair value. It subsequently measures all financial assets and financial liabilities at amortized cost.

The financial assets subsequently measured at amortized cost include cash, GIC investments and accounts receivable. The financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

3. CAPITAL ASSETS	Cost	Accumulated Amortization	2017	2016
Land and buildings	897,240	411,450	485,790	215,870

The Association accounts for capital assets as noted in note 2(c) above.

4. MORTGAGE PAYABLE	2017	2016
1.43% mortgage payable to the Canada Mortgage and Housing Corporation, due in monthly installments of \$1,758 on account of principal and interest, due April 1, 2022	197,977	215,869
2.418% mortgage payable to the Royal Bank of Canada, due in monthly installments of \$2,072 on account of principal and interest, due October 1, 2019	287,786	-
	485,763	215,869
Less: current portion	36,505	17,892
	449,258	197,977

The mortgage payable to the Canada Mortgage and Housing Corporation is for the purchase of and renovations to 20 Lyons Avenue in Brantford, Ontario. The mortgage payable to the Royal Bank of Canada is for the purchase of 87 King, 35 West Cherry and 37 Woodhouse Streets in Simcoe, Ontario. The mortgages are secured by the Association's land and buildings.

Estimated annual principal repayment requirements, based on renewal at current terms, are as follows:

2018 - 36,505 2019 - 37,229 2020 - 34,944 2021 - 38,688 2022 - 39,433

**CANADIAN MENTAL HEALTH ASSOCIATION
- BRANT HALDIMAND NORFOLK BRANCH**

**NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2017**

5. REPLACEMENT RESERVES	Homeless	RGI	2017	2016
Balance - Beginning of Year	-	54,848	54,848	52,566
Replacement assets acquired	103,682	180,150	283,832	-
Transfer from operations	1,600	6,660	8,260	2,125
Interest income for the year	1,689	3,379	5,068	157
One time reserve funding	2,255	3,945	6,200	-
Balance - End of Year	109,226	248,982	358,208	54,848

The Ministry of Health and Long-Term Care requires the Association to fund contributions to the replacement reserve from operations. During the year the Association charged operations an amount of \$6,600 (2016 - \$2,125) to fund the replacement reserve.

6. DEFERRED REVENUE	2017	2016
Suicide Prevention Fund	9,295	4,768
Alternatives Program	4,268	5,846
Animal Aid	182	182
H.O.P.E. Revenue	370	4,152
Consumer Resources Fund	19,803	19,802
Ride Don't Hide Brant	6,234	11,260
Ride Don't Hide HN	6,081	-
Family Initiative	2,740	2,740
R.A.C.E. Brant	56	910
R.A.C.E. HN	403	-
Lyons Ave Cable & Cleaning Fund	479	241
HPE - Mental Health Week	2,112	3,034
Christmas Party	1,594	816
Women Who Care	10,656	-
Court Program HN	742	-
ENSH Program	90,004	-
	155,019	53,751

CANADIAN MENTAL HEALTH ASSOCIATION - BRANT HALDIMAND NORFOLK BRANCH

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2017

7. LEASE COMMITMENTS

The Association is committed to the lease of office premises in Brantford expiring on April 30, 2019. The lease requires annual rental payments of \$152,991.

The Association is committed to the lease of office and building premises in Brantford for H.O.P.E. on a month to month basis. The lease requires monthly rental payments of \$1,692 plus a proportionate share of municipal taxes and insurance.

The Association is committed to the lease of office premises and residential apartments in Brantford for Phoenix Place expiring on December 31, 2018. The lease requires minimum annual rental payments of \$279,990.

The Association is committed to the lease of office premises in Simcoe expiring on September 30, 2018. The lease requires annual rental payment of \$73,200 plus a proportionate share of municipal taxes.

The Association is committed to the lease of office premises in Dunnville on a month to month basis. The lease requires monthly rental payments of \$465.

8. ECONOMIC DEPENDENCE

The Canadian Mental Health Association - Brant Haldimand Norfolk Branch is primarily funded by the Local Health Integration Network (LHIN) and the Ministry of Health and Long-Term Care and its ongoing existence is dependent upon continued funding by the Local Health Integration Network and Ministry of Health and Long-Term Care. The Association received 79.54% of its revenue for the year ended March 31, 2017 (2016 - 77.42%) from the Local Health Integration Network and 12.44% of its revenue for the year ended March 31, 2017 (2016 - 11.13%) from the Ministry of Health and Long-Term Care.

9. FINANCIAL INSTRUMENTS

The Association has identified the following financial risks:

Credit Risk

The Association's exposure to credit risk relates to its accounts receivable. The risk of significant credit loss is considered remote.

Liquidity Risk

Liquidity risk is the risk that the organization will encounter difficulty in meeting obligations associated with financial liabilities. Accounts payable and accrued liabilities are generally paid within 30 days.

**CANADIAN MENTAL HEALTH ASSOCIATION
- BRANT HALDIMAND NORFOLK BRANCH**

**NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2017**

10. ORGANIZATION RESTRUCTURING

On April 1, 2016 CMHA Brant and CMHA Haldimand Norfolk legally merged and adopted the name CMHA Brant Haldimand Norfolk Branch. In accordance with CPA Canada Handbook section 1582, Business Combinations, one of the predecessor corporations is required to be identified as an acquirer and the other must be identified as the acquiree. CMHA Brant was determined to be the acquirer for the purposes of this section.

No consideration was exchanged between corporations to enact this amalgamation. The fair value of assets and liabilities of CMHA Haldimand Norfolk acquired include:

Assets Acquired

Cash	299,144
Investments	315,926
Accounts receivable	19,480
HST recoverable	35,851
Property and equipment	1,081,155
	<hr/>
	1,751,556

Liabilities assumed

Accounts payable	146,280
Government remittances payable	5,281
Due to Ministry of Health	8,962
Due to Local Health Integration Network	2,518
Deferred revenue	40,182
Current portion of long term debt	17,705
Long term debt	287,812
Deferred capital	374,202
Restricted repairs and maintenance	283,832
	<hr/>
	1,166,774

Net assets acquired	584,782
----------------------------	----------------

This acquisition was accounted for using the acquisition method. The results of CMHA Haldimand Norfolk are included in the financial statements as of the acquisition date. The carrying amount of the assets and liabilities as at April 1, 2016 was equal to the fair market value. As a result, no gain or loss was recognized in other revenues following the remeasurement.

**CANADIAN MENTAL HEALTH ASSOCIATION
- BRANT HALDIMAND NORFOLK BRANCH**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2017

11. CHANGE IN NET ASSETS DUE TO AMALGAMATION

In accordance with CPA Canada Handbook section 1582, Business Combinations, the assets and liabilities acquired in the amalgamation must conform with the significant accounting policies followed by the acquirer. It was discovered that certain capital assets acquired and their associated deferred revenues did not comply with the terms set forth in Significant Accounting Policies note 2 (a) above. As a result, the client wrote off the following balances as of April 1, 2016.

Capital assets	1,293,386
Accumulated depreciation	517,748
Deferred revenue	374,201
Opening net assets	401,437

12. CONTINGENCIES

During the year, a landlord instituted proceedings in the amount of \$200,000 against the association for alleged damages to the property caused by a fire. CMHA has contested this claim and, in management's opinion, the lawsuit is groundless. Neither the possible outcome nor the amount of possible settlement can be foreseen. Therefore, no provision has been recognized in the financial statements.