

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

FINANCIAL STATEMENTS

For the year ended March 31, 2018

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

For the year ended March 31, 2018

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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, 2018, 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

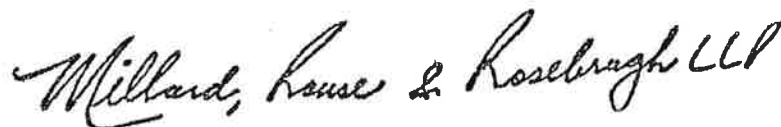
In common with many non-profit organizations, the Association derives part of its income from the general public in the form of donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded 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, 2018 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, 2017 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, 2018, 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 statements 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.



May 30, 2018
Brantford, Ontario

CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

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

STATEMENT OF FINANCIAL POSITION

As at March 31	2018	2017
ASSETS		
Current Assets		
Cash	1,250	1,250
Bank - Ministry of Health	978,855	712,072
- QuicKlean	40,490	43,276
Accounts receivable - general	37,636	89,640
Government remittances receivable	61,843	101,683
Investments (GICs) - Ministry of Health at Market Value	65,664	65,664
- ENSH at Market Value	33,126	32,598
	1,218,864	1,046,183
Capital Assets (Note 3)	449,504	485,790
Assets of the Replacement Reserve (Note 5)		
Investments (GICs) at Market Value	374,794	352,008
Due from Ministry of Health	-	6,200
	374,794	358,208
	2,043,162	1,890,181
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	522,038	369,341
Government remittances payable	4,116	3,771
Deferred revenue (Note 6)	149,440	155,019
Due to Ministry of Health	12,210	23,121
Due to Local Health Integration Network	91,206	83,957
Current portion of mortgage payable (Note 4)	37,229	36,505
	816,239	671,714
Mortgage Payable (Note 4)	412,272	449,258
Replacement Reserve (Note 5)	374,794	358,208
	787,066	807,466
	1,603,305	1,479,180
NET ASSETS - Page 4	439,857	411,001
	2,043,162	1,890,181

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	2018	2017
Revenues		
Local Health Integration Network		
- Undistributed	4,433,016	4,261,516
- Helping Ourselves Through Peer Support & Employment	210,098	210,098
Ministry of Health		
- Non-Profit Housing	146,337	143,418
- Rent Supplements	583,364	555,764
CIRF	27,000	-
Rental Income - Non-Profit Housing	34,784	36,483
Rental Income - Phoenix Place and Rent Supplements	325,838	328,880
Interest and other income	60,568	53,939
Helping Ourselves Through Peer Support & Employment - other	18,274	5,457
Phoenix Place - other	17,046	16,843
Helping Ourselves Through Peer Support & Employment - United Way	10,790	9,700
	5,867,115	5,622,098
Expenditures		
Administration and Support Services - General Administration - Page 5	990,692	948,945
Administration and Support Services - Information Systems Support - Page 5	257,001	242,778
Case Management - Mental Health - Page 5	1,694,260	1,646,995
Counselling & Treatment - Page 5	75,416	75,523
Primary Care - Mental Health - Vocational/Employment - Page 6	48,232	47,752
Primary Care - Mental Health - Diversion & Court Support - Page 6	388,334	411,135
Primary Care - Mental Health - Social Rehabilitation/Recreation - Page 6	135,109	140,337
Residential Services - Mental Health - Non-Profit Housing - Page 6	181,630	171,046
Residential Services - Mental Health - Rent Supplement - Page 7	918,439	894,886
Consumer/Survivor/Family Initiatives - H.O.P.E. - Page 7	224,751	210,016
Consumer/Survivor/Family Initiatives - Family - Page 7	74,086	68,595
After Hours Support - H.O.P.E. (United Way) - Page 7	11,290	10,452
Crisis Support Beds - Page 8	856,334	648,597
	5,855,574	5,517,057
Excess of Revenues over Expenditures	11,541	105,041
Net Assets - Beginning of Year	411,001	160,348
Net assets acquired in amalgamation	-	584,782
Excess of Revenues over Expenditures - Other Funding - Page 9	38,055	32,174
Excess of Expenditures over Revenues - QuicKlean - Page 10	(6,463)	17,831
Payable to Local Health Integration Network	(7,249)	(83,957)
Payable to Ministry of Health and Long - Term care	(7,028)	(6,601)
Local Health Integration Network adjustment of recoveries	-	2,820
Change in net assets due to amalgamation	-	(401,437)
Net Assets - End of Year	439,857	411,001

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

SCHEDULE OF EXPENDITURES

For the year ended March 31	2018	2017
Administration and Support Services - General Administration		
Salaries	410,165	370,272
Benefits	55,771	63,411
Supplies	3,334	5,816
Staff travel and education	38,667	13,747
General	103,898	148,070
Equipment	41,791	21,411
Building occupancy	265,221	255,632
Contracted out	29,945	27,757
Utilities	12,564	14,386
Insurance	29,336	28,443
	990,692	948,945
Administration and Support Services - Information Systems Support		
Salaries	165,564	127,955
Equipment	91,437	114,823
	257,001	242,778
Case Management - Mental Health		
Salaries	1,322,873	1,277,340
Benefits	284,557	293,104
Supplies	1,680	3,791
Staff travel	56,570	48,022
General	8,689	8,975
Equipment	16,403	10,409
RACE	3,488	5,354
	1,694,260	1,646,995
Counselling & Treatment		
Salaries	58,791	60,589
Benefits	10,339	11,181
Supplies	1,000	1,976
Staff travel	1,958	1,329
General	3,261	448
Equipment	67	-
	75,416	75,523

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

SCHEDULE OF EXPENDITURES

For the year ended March 31	2018	2017
Primary Care - Mental Health - Vocational/Employment		
Salaries	38,489	37,338
Benefits	9,166	9,891
Supplies	47	71
Staff travel and client education	29	91
General	501	361
	48,232	47,752
Primary Care - Mental Health - Diversion & Court Support		
Salaries	298,161	324,778
Benefits	63,017	72,260
Supplies	689	1,802
Staff travel	4,507	3,620
General	21,311	8,540
Equipment	649	135
	388,334	411,135
Primary Care - Mental Health - Social Rehabilitation/Recreation		
Salaries	98,770	103,720
Benefits	24,602	27,171
Supplies	6,229	5,003
Staff travel	4,226	2,563
General	566	673
Equipment	716	1,207
	135,109	140,337
Residential Services - Mental Health - Non-Profit Housing		
Salaries	41,439	45,073
Benefits	8,612	11,258
Supplies - utilities	18,105	20,235
General - insurance	2,325	2,291
- other	5,440	2,945
Equipment	4,992	5,239
Building occupancy - general	36,785	22,197
- replacement reserve	8,860	6,660
- building amortization	36,267	35,597
- mortgage interest	9,687	10,606
- municipal taxes	9,118	8,945
	181,630	171,046

See accompanying notes

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

SCHEDULE OF EXPENDITURES

For the year ended March 31	2018	2017
Residential Services - Mental Health - Rent Supplement		
Supplies - utilities	191,570	205,434
Building occupancy - market rent	697,205	659,788
- addictions	29,664	29,664
	918,439	894,886
Consumer/Survivor/Family Initiatives - H.O.P.E.		
Salaries	133,000	123,651
Benefits	33,648	28,943
Supplies	7,849	3,320
Staff travel and education	6,737	11,248
General	8,664	11,158
Equipment	11,579	8,486
Building occupancy	23,274	23,210
	224,751	210,016
Consumer/Survivor/Family Initiatives - Family		
Salaries	61,581	53,322
Benefits	9,370	11,028
Supplies	41	1,897
Staff travel and education	2,317	499
General	339	904
Equipment	438	945
	74,086	68,595
After Hours Support - H.O.P.E. (United Way)		
Salaries	8,930	9,061
Benefits	310	371
Supplies	2,050	1,020
	11,290	10,452

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

SCHEDULE OF EXPENDITURES

For the year ended March 31	2018	2017
Crisis Support Beds		
Salaries	659,735	474,777
Benefits	97,773	103,525
Supplies - utilities	9,399	7,590
- general	6,031	5,607
Staff travel and education	1,052	3,258
General	10,647	10,759
Equipment	23,165	19,384
Catering	23,379	23,697
CIRF	25,153	-
	<hr/>	<hr/>
	856,334	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	2018	2017
Revenues		
Fundraising	107,965	103,279
ENSH	173,358	170,514
MRS	108,754	110,698
MAESD - Sustainable Employment Initiative	64,156	64,156
- Interest Income	4	4
City of Brantford - Investment in Affordable Housing	52,898	53,589
	507,135	502,240
Expenditures		
Mental Health Promotion	46,603	63,239
ENSH	159,055	151,177
MRS	108,754	107,165
Fundraising	36,790	30,655
MAESD - Sustainable Employment Initiative	64,980	64,241
City of Brantford - Investment in Affordable Housing	52,898	53,589
	469,080	470,066
Excess of Revenues over Expenditures	38,055	32,174
Net Assets - Beginning of Year	89,004	56,830
Net Assets - End of Year	127,059	89,004

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

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE - QUICKLEAN

For the year ended March 31	2018	2017
Revenues		
Cleaning	58,729	46,732
Thrift store	4,080	4,640
Interest	130	95
Donations	9,891	5,071
	72,830	56,538
Expenditures		
General expenses	40,626	3,247
Cleaning supplies	18,986	15,945
Wages	18,485	18,394
Employee benefits	1,196	1,121
	79,293	38,707
Excess of Expenditures over Revenues	(6,463)	17,831
Net Assets - Beginning of Year	16,396	(1,435)
Net Assets - End of Year	9,933	16,396

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

STATEMENT OF CASH FLOWS

For the year ended March 31	2018	2017
Cash Flows From Operating Activities		
Revenues over Expenditures	11,541	105,041
Revenues over Expenditures - Other Funding	38,055	32,174
Excess of Expenditures over Revenues - QuicKlean	(6,463)	17,831
LHIN/MOH recoveries	(14,277)	(87,738)
Net Assets Acquired from Amalgamation	-	584,782
Change in Accounting Policy from Amalgamation	-	(401,437)
Charge (credit) to income not involving cash		
Amortization	36,267	35,597
	65,123	286,250
Net change in non-cash working capital balances related to operations	252,250	270,227
	317,373	556,477
Cash Flows From Financing Activities		
Mortgage payable	(36,262)	(35,623)
Cash Flows From Investing Activities		
Investments - restricted	(16,586)	(19,528)
Investments - unrestricted	(528)	(14,578)
	(17,114)	(34,106)
Net Increase in Cash and Bank	263,997	486,748
Opening Cash and Bank	756,598	269,850
Closing Cash and Bank	1,020,595	756,598
Cash and Bank Comprised of:		
Cash	1,250	1,250
Bank - Ministry of Health	978,855	712,072
- QuicKlean	40,490	43,276
	1,020,595	756,598

CANADIAN MENTAL HEALTH ASSOCIATION - BRANT HALDIMAND NORFOLK BRANCH

NOTES TO THE FINANCIAL STATEMENTS For the year ended March 31, 2018

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, 2018**

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	2018	2017
Land and buildings	897,241	447,737	449,504	485,790

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

4. MORTGAGE PAYABLE	2018	2017
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	179,824	197,977
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	269,677	287,786
	449,501	485,763
Less: current portion	37,229	36,505
	412,272	449,258

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:

2019 - 37,299 2020 - 37,944 2021 - 38,688 2022 - 39,433 2023 - 40,195

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

**NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2018**

5. REPLACEMENT RESERVES	Homeless	RGI	2018	2017
Balance - Beginning of Year	109,226	248,982	358,208	54,848
Replacement assets acquired	-	-	-	283,832
Transfer from operations	1,600	6,660	8,260	8,260
Interest income for the year	1,505	3,421	4,926	5,068
One time reserve funding	1,200	2,200	3,400	6,200
Balance - End of Year	113,531	261,263	374,794	358,208

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 \$11,660 (2017 - \$14,460) fund the replacement reserve.

6. DEFERRED REVENUE	2018	2017
Suicide Prevention Fund	10,350	9,295
Alternatives Program	4,558	4,268
Animal Aid	-	182
H.O.P.E. Revenue	2,389	370
Consumer Resources Fund	19,422	19,803
Ride Don't Hide Brant	-	6,234
Ride Don't Hide HN	12,671	6,081
Family Initiative	2,480	2,740
R.A.C.E. Brant	96	56
R.A.C.E. HN	403	403
Lyons Ave Cable & Cleaning Fund	1,194	479
HPE - Mental Health Week	2,344	2,112
Christmas Party	5,509	1,594
Women Who Care	256	10,656
Court Program HN	912	742
ENSH Program	86,367	90,004
Tenant Rent	489	-
	149,440	155,019

CANADIAN MENTAL HEALTH ASSOCIATION - BRANT HALDIMAND NORFOLK BRANCH

NOTES TO THE FINANCIAL STATEMENTS For the year ended March 31, 2018

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, 2028. 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 79.14% of its revenue for the year ended March 31, 2018 (2017 - 79.54%) from the Local Health Integration Network and 12.44% of its revenue for the year ended March 31, 2018 (2017 - 12.44%) 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, 2018

10. CONTINGENCIES

During the prior 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.