

**Canadian Mental Health Association North Bay and District
(formerly Nipissing Mental Health Housing and Support Services)
Financial Statements
For the year ended March 31, 2022**

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Independent Auditor's Report

To the Members of and Board of Directors of Canadian Mental Health Association North Bay and District (formerly Nipissing Mental Health Housing and Support Services)

Opinion

We have audited the financial statements of Canadian Mental Health Association North Bay and District, formerly Nipissing Mental Health Housing and Support Services, (the Organization), which comprise the statement of financial position as at March 31, 2022, and the statement of capital reserve funds, statement of changes in net assets, statement of operations and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2022, and its results of operations and its cash flows for the year then ended in accordance the reporting provisions established by the Ministry of Health (MOH) as described in Note 1.

Basis for Opinion

We conducted an 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 report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial statements which describes the basis of accounting. The financial statements are prepared to assist the Organization to comply with the reporting provisions established by the Ministry of Health referred to above. As a result the financial statements may not be suitable for another purpose.

Other Information

Management is responsible for the other information. The other information comprises of the unaudited schedules or exhibits on pages 22 to 47 of the Organization's financial statements. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Organization's financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the schedules prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the reporting provisions established by the MOH, 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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 these financial statements.

As a part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, internal 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 Organization's 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 Organization'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 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 Organization'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 Organization 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.

We 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 the audit.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

North Bay, Ontario
September 8, 2022

**Canadian Mental Health Association North Bay and District
(formerly Nipissing Mental Health Housing and Support Services)
Statement of Financial Position**

March 31	2022	2021
Assets		
Current		
Cash and cash equivalents (Note 2)	\$ 217,613	\$ 643,226
Accounts receivable (Note 3)	1,291,042	729,870
Prepaid expenses	156,013	175,003
	<u>1,664,668</u>	<u>1,548,099</u>
Restricted Assets		
Cash and investments (Note 8)	1,323,024	1,365,898
Capital Assets (Note 4)	<u>3,713,118</u>	<u>4,158,928</u>
	<u>\$ 6,700,810</u>	<u>\$ 7,072,925</u>
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities (Note 5)	\$ 1,537,029	\$ 1,442,992
Current portion of long-term debt (Note 7)	477,300	361,200
	<u>2,014,329</u>	<u>1,804,192</u>
Long-term debt (Note 7)	1,461,900	1,940,428
Deferred capital contributions - Ministry of Health / OH (Note 11)	892,292	916,061
Deferred capital contributions - CMHC / MMAH (Note 11)	532,931	614,906
	<u>4,901,452</u>	<u>5,275,587</u>
Net Assets		
Capital reserve fund - Phase I (Note 8)	891,566	889,956
Capital reserve fund - Phase II (Note 8)	140,944	153,626
Capital reserve fund - Percy Place (Note 8)	12,268	18,893
Capital reserve fund - 416 Lakeshore (Note 8)	19,140	17,770
Capital reserve fund - 501 Morris (Note 8)	50,481	60,024
Capital reserve fund - Other (Note 8)	941	941
Capital reserve fund - Oak Street (Note 8)	207,684	224,688
Invested in capital assets	348,695	326,333
Unrestricted	127,639	105,107
	<u>1,799,358</u>	<u>1,797,338</u>
	<u>\$ 6,700,810</u>	<u>\$ 7,072,925</u>

Commitments (Note 10); Pandemic Impacts (Note 14); Contingencies (Note 6)

On behalf of the Board:

 Director
  Director

The accompanying notes are an integral part of these financial statements.

**Canadian Mental Health Association North Bay and District
(formerly Nipissing Mental Health Housing and Support Services)
Statement of Capital Reserve Funds**

For the year ended March 31	2022	2021
Capital Reserve Fund - Phase I, beginning of year		
Principal	\$ 889,956	\$ 897,514
Allocation from statement of operations	36,033	36,033
Investment income	2,972	11,237
Expenses	<u>(37,395)</u>	<u>(54,828)</u>
Capital Reserve Fund - Phase I, end of year		
Principal	<u>\$ 891,566</u>	<u>\$ 889,956</u>
Capital Reserve Fund - Phase II, beginning of year		
Principal	\$ 153,626	\$ 146,786
Allocation from statement of operations	82,900	23,571
Investment income	89	1,240
Expenses	<u>(95,671)</u>	<u>(17,971)</u>
Capital Reserve Fund - Phase II, end of year		
Principal	<u>\$ 140,944</u>	<u>\$ 153,626</u>
Capital Reserve Fund - Percy Place, beginning of year		
Principal	\$ 18,893	\$ 33,508
Expenses	<u>(6,625)</u>	<u>(14,615)</u>
Capital Reserve Fund - Percy Place, end of year		
Principal	<u>\$ 12,268</u>	<u>\$ 18,893</u>

The accompanying notes are an integral part of these financial statements.

**Canadian Mental Health Association North Bay and District
(formerly Nipissing Mental Health Housing and Support Services)
Statement of Capital Reserve Funds, continued**

For the year ended March 31	2022	2021
Capital Reserve Fund - 416 Lakeshore, beginning of year		
Principal	\$ 17,770	\$ 17,218
Allocation from statement of operations	3,578	3,600
Expenses	<u>(2,208)</u>	<u>(3,048)</u>
Capital Reserve Fund - 416 Lakeshore, end of year		
Principal	<u>\$ 19,140</u>	<u>\$ 17,770</u>
Capital Reserve Fund - 501 Morris, beginning of year		
Principal	\$ 60,024	\$ 69,043
Allocation from statement of operations	2,064	2,064
Expenses	<u>(11,607)</u>	<u>(11,083)</u>
Capital Reserve Fund - 501 Morris, end of year		
Principal	<u>\$ 50,481</u>	<u>\$ 60,024</u>
Capital Reserve Fund - Other, beginning of year		
Principal	\$ 941	\$ 57,547
Expenses	<u>-</u>	<u>(56,606)</u>
Capital Reserve Fund - Other, end of year		
Principal	<u>\$ 941</u>	<u>\$ 941</u>

The accompanying notes are an integral part of these financial statements.

**Canadian Mental Health Association North Bay and District
(formerly Nipissing Mental Health Housing and Support Services)
Statement of Capital Reserve Funds, continued**

For the year ended March 31	2022	2021
Capital Reserve Fund - Oak Street, beginning of year		
Principal	\$ 224,688	\$ 269,479
Allocation from statement of operations	5,674	5,674
Investment income	8,563	-
Expenses	<u>(31,241)</u>	<u>(50,465)</u>
Capital Reserve Fund - Oak Street, end of year		
Principal	\$ 207,684	\$ 224,688

**Canadian Mental Health Association North Bay and District
(formerly Nipissing Mental Health Housing and Support Services)
Statement of Changes in Net Assets**

For the year ended March 31	2022	2021
Unrestricted Net Assets, beginning of year	\$ 105,107	\$ 373,943
Excess (deficiency) of revenues over expenses	67,536	(294,771)
Due to Province of Ontario - MOH Housing re Integration	(19,886)	-
Due to Province of Ontario - Ontario Health re Integration	(2,756)	-
Transfer (to) from invested in capital assets	(22,362)	25,935
Unrestricted Net Assets, end of year	\$ 127,639	\$ 105,107
Invested in Capital Assets, beginning of year	\$ 326,333	\$ 352,268
Transfer from (to) unrestricted net assets	22,362	(25,935)
Invested in Capital Assets, end of year	\$ 348,695	\$ 326,333

**Canadian Mental Health Association North Bay and District
(formerly Nipissing Mental Health Housing and Support Services)
Statement of Operations**

For the year ended March 31	2022 Budget	2022 Actual	2021 Actual
Revenues			
Ontario Health - operational funding	\$ 7,391,399	\$ 7,604,767	\$ 7,203,213
Ontario Health - one time funding	228,500	190,574	366,356
Ontario Health - sessional fees	12,180	12,180	12,359
Ministry of Health - operational funding	2,689,858	2,797,472	1,672,080
Ministry of Health - one time funding	-	77,300	17,971
Ministry of Children, Community and Social Services - operational funding	69,100	69,100	69,100
Ministry of Training, Colleges and University - operational funding	122,984	122,323	184,476
North Bay Regional Health Centre - funding	950,000	950,000	950,000
DNSSAB - low barrier shelter funding	-	375,483	1,914,148
NBPS District Health unit - funding	120,000	124,950	33,500
Rent and service recipient revenue	1,007,087	1,353,237	830,280
OPP - Crisis Call Diversion program	271,454	193,682	-
Other	3,000	83,715	84,971
Amortization of deferred capital contributions	179,189	229,328	227,861
	<u>13,044,751</u>	<u>14,184,111</u>	<u>13,566,315</u>
Expenses			
Compensation	8,832,937	8,760,668	9,745,085
Building and maintenance	1,301,038	1,363,947	762,970
Program expenses	970,725	1,048,282	1,171,193
Utilities and supplies	792,670	793,569	618,300
Rent supplements	435,939	770,273	435,470
Equipment expenses	114,123	376,326	168,837
Municipal taxes	106,100	132,739	175,838
Sessional fees and medical services	76,331	88,038	61,234
Allocation to capital reserve fund	52,949	130,249	70,942
Interest on long-term debt	20,000	20,292	34,337
Amortization	573,943	632,192	621,270
	<u>13,276,755</u>	<u>14,116,575</u>	<u>13,865,476</u>
Excess (deficiency) of revenues over expenses before settlements below	(232,004)	67,536	(299,161)
Due to (from) Province of Ontario - MOH Housing	-	-	(4,390)
Excess (deficiency) of revenues over expenses for the year	<u>\$ (232,004)</u>	<u>\$ 67,536</u>	<u>\$ (294,771)</u>

The accompanying notes are an integral part of these financial statements.

**Canadian Mental Health Association North Bay and District
(formerly Nipissing Mental Health Housing and Support Services)
Statement of Cash Flows**

For the year ended March 31	2022	2021
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenues over expenses for the year	\$ 67,536	\$ (294,771)
Items not involving cash		
Amortization of capital assets	632,192	621,270
Amortization of deferred capital contributions	(229,328)	(227,861)
Gain on disposal of capital assets	(23,000)	-
	<u>447,400</u>	<u>98,638</u>
Changes in non-cash working capital balances		
Accounts receivable	(561,172)	(290,011)
Prepaid expenses	18,990	(60,226)
Accounts payable and accrued liabilities	94,037	459,515
Prior year settlements of Special Reports re Integration	(22,642)	-
	<u>(23,387)</u>	<u>207,916</u>
Investing activities		
Purchase of capital assets	(236,964)	(219,531)
Changes in capital reserve funds	42,874	127,260
Amounts related to funded assets	7,710	-
Proceeds on disposal of capital assets	23,000	-
	<u>(163,380)</u>	<u>(92,271)</u>
Financing activities		
Repayment of long-term debt	(362,428)	(354,721)
Deferred capital contributions received	123,582	79,518
	<u>(238,846)</u>	<u>(275,203)</u>
Decrease in cash and cash equivalents during the year	(425,613)	(159,558)
Cash and investments, beginning of year	<u>643,226</u>	<u>802,784</u>
Cash and investments, end of year	\$ 217,613	\$ 643,226

The accompanying notes are an integral part of these financial statements.

Canadian Mental Health Association North Bay and District (formerly Nipissing Mental Health Housing and Support Services) Notes to the Financial Statements

March 31, 2022

1. Summary of Significant Accounting Policies

Nature and Purpose of Organization

The organization was incorporated under Letters Patent on May 2, 1990 as an organization without share capital. Its objectives are twofold:

- (i) To provide and operate housing accommodation primarily for persons of low or modest incomes, and
- (ii) To facilitate access to support services and resources in the community so as to enable such persons to integrate with the local community and live as independently as possible.

On April 1, 2020 the organization integrated the services from North Bay Recovery Home and People for Equal Partnership - Nipissing.

In June 2021, the organization changed its legal name from Nipissing Mental Health Housing Support Services to Canadian Mental Health Association North Bay and District.

The organization receives core government funding through annual contracts with the Ministry of Health ("MOH"), with the Ontario Health Team ("OH"), and with other various sources for health and housing programs. These contracts enable the organization to achieve its objectives.

Income Taxes

On September 4, 2019, the organization was granted and became a registered charity and as such is exempt from income taxes under section 149(1)(f) of the Canadian Income Tax Act.

Basis of Accounting

These financial statements have been prepared by the organization in accordance with significant accounting principles set out below to comply with the Ministry of Health. The basis of accounting used in these financial statements materially differ from Canadian accounting standards for not-for-profit organization (ASNPO) as described in the following:

a) Inventory

Inventory is expensed in the year of acquisition.

**Canadian Mental Health Association North Bay and District
(formerly Nipissing Mental Health Housing and Support Services)
Notes to the Financial Statements**

March 31, 2022

1. Summary of Significant Accounting Policies (continued)

b) Capital assets Capital assets funded by government guaranteed mortgages are recorded on the statement of financial position in an amount equal to the related mortgage. Thereafter, amortization on these capital assets is recorded at an amount equal to the principal repayment of the related mortgage.

Other capital assets are capitalized and amortized over their useful lives.

Amortization on all other capital assets is recorded on a straight-line basis over the estimated life of the asset commencing once the asset is available for productive use as follows:

Buildings	6 to 25 years
Automotive equipment	4 years
Furniture & equipment	5 to 10 years
Leasehold improvements	term of lease

c) Capital reserve fund The capital reserve account is funded by an annual charge against earnings as opposed to an appropriation of surplus. The reserve fund is maintained to provide for major replacements to the buildings.

Revenue Recognition Funding for programs comes from the Province of Ontario / OH primarily in accordance with service accountability agreements established by the funding agencies and is recorded in the year the agreement covers.

Donations and other income are recognized as revenue when received.

Cash and Cash Equivalents Cash and cash equivalents consist of cash on hand, bank balances and temporary investments with a maturity of ninety days or less from the date of acquisition.

Deferred Capital Contributions and Forgivable Loans Deferred capital contributions and forgivable loans consists of funding used to purchase capital assets and is recognized in revenue at the same rate the corresponding asset is amortized.

**Canadian Mental Health Association North Bay and District
(formerly Nipissing Mental Health Housing and Support Services)
Notes to the Financial Statements**

March 31, 2022

1. Summary of Significant Accounting Policies (continued)

Financial Instruments The organization's financial assets that consist of cash and cash equivalents, accounts receivable and investments are recorded at fair value when acquired or issued. In subsequent periods cash and accounts receivable are reported at cost or cost less impairment if applicable and investments are recorded at fair value with unrealized gains and losses recorded in the applicable capital reserve fund. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired.

Use of Estimates The preparation of the financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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 revenues and expenses during the reported periods. The amounts recorded for allowance for doubtful accounts and estimated useful life of capital assets are based on management's best estimates. Estimates have been recorded in the financial statements with regards to the various programs and any difference between these estimates and the actual settlements subsequent to year end will be recorded in net assets in the year these become known with certainty. Actual results could differ from management's best estimates, as additional information becomes available in the future.

**Canadian Mental Health Association North Bay and District
(formerly Nipissing Mental Health Housing and Support Services)
Notes to the Financial Statements**

March 31, 2022

2. Credit Facility

The organization has access to a demand line with maximum funds available in the amount of \$400,000 bearing interest at prime plus 0.5%. At year end \$NIL (2021 - \$NIL) had been utilized on this line of credit. The credit facility also includes a corporate credit card with an authorized limit of \$75,000.

3. Accounts Receivable

	<u>2022</u>	<u>2021</u>
HST receivable	\$ 247,622	\$ 232,509
Rent and other receivables	132,038	67,494
Province of Ontario - MOH	308,282	123,076
DNSSAB	-	241,728
Ontario Health	348,681	65,063
Ontario Provincial Police	68,095	-
Correctional Services Canada	84,525	-
North Bay Parry Sound District Health Unit	101,799	-
	<u>\$ 1,291,042</u>	<u>\$ 729,870</u>

**Canadian Mental Health Association North Bay and District
(formerly Nipissing Mental Health Housing and Support Services)
Notes to the Financial Statements**

March 31, 2022

4. Capital Assets

			2022	2021
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Mountainview Estates	\$ 3,939,394	\$ 2,755,520	\$ 1,183,874	\$ 1,357,196
Woodward Apartments	2,024,003	1,682,371	341,632	444,098
Percy Place	1,191,822	405,219	786,603	834,275
Lakeshore Drive	796,828	169,816	627,012	705,389
Algonquin Avenue	655,071	630,806	24,265	56,519
Nipissing Street	544,564	528,312	16,252	42,980
Duke Street	465,099	455,099	10,000	17,585
Morris Street	134,632	49,651	84,981	109,058
Oak Street	1,311,072	1,014,220	296,852	351,166
Furniture & equipment	442,742	117,200	325,542	219,930
Leasehold improvements	42,895	26,790	16,105	20,732
	\$ 11,548,122	\$ 7,835,004	\$ 3,713,118	\$ 4,158,928

**Canadian Mental Health Association North Bay and District
(formerly Nipissing Mental Health Housing and Support Services)
Notes to the Financial Statements**

March 31, 2022

5. Accounts Payable and Accrued Liabilities

	<u>2022</u>	<u>2021</u>
Accounts payable and accruals	\$ 1,170,879	\$ 1,032,988
Accrued mortgage payments	25,251	25,251
Due to MOH / Ontario Health	340,899	340,899
Due to MOH - Housing	-	43,854
	<u>\$ 1,537,029</u>	<u>\$ 1,442,992</u>

Included in accounts payable are government remittances payable in the amount of \$-(2021 - \$173,944).

6. Contingencies

The organization is required to submit annual returns to funding agencies including the Province of Ontario. Based on the assessment of these returns the organization may have a payable to the Agencies/Province or a receivable from the Agencies/Province. Estimates have been recorded in the financial statements with regards to the various programs and any difference between these estimates and the actual settlements subsequent to year end will be recorded in net assets in the year these become known with certainty.

**Canadian Mental Health Association North Bay and District
(formerly Nipissing Mental Health Housing and Support Services)
Notes to the Financial Statements**

March 31, 2022

7. Long-term Debt

	2022	2021
Bank of Nova Scotia Mortgage bearing interest at 1.725% and repayable in blended monthly payments of \$16,052 until maturity on September 2026. It is secured by a first charge against the property known as "Mountainview Estates".	\$ 1,183,874	\$ 1,354,582
Peoples Trust Mortgage bearing interest at 2.420%, repayable in blended monthly payments of \$9,346, maturing May 2025, secured by a first charge against the property known as "Woodward Apartments".	341,632	444,220
TD Canada Trust Mortgage bearing interest at 2.460%, repayable in blended monthly payments of \$1,275, maturing June 2022, secured by a first charge against the property known as "416 Lakeshore". (i)	121,434	133,987
CMHC Mortgage bearing interest at 0.740%, repayable in blended monthly payments of \$1,915, maturing December 2025, secured by a first charge against the property known as "501 Morris".	84,981	107,246
CMHC Mortgage bearing interest at 0.740%, repayable in blended monthly payments of \$4,672, maturing December 2025, secured by a first charge against the property known as "393 Oak".	207,279	261,593
	1,939,200	2,301,628
Less: current portion	477,300	361,200
	\$ 1,461,900	\$ 1,940,428

(i) In addition, the mortgage is secured by a general security agreement representing a second charge on all property, an assignment of fire insurance of \$450,000, and a general assignment of rents and leases.

**Canadian Mental Health Association North Bay and District
(formerly Nipissing Mental Health Housing and Support Services)
Notes to the Financial Statements**

March 31, 2022

7. Long-term Debt (Continued)

Principal payments required on long-term debt for the next five years and thereafter are as follows:

2023	\$	477,300
2024		362,000
2025		368,300
2026		260,600
2027		186,000
Thereafter		285,000
		\$ 1,939,200

8. Capital Reserve Funds

Under an agreement with the Ministry of Health, the organization maintains separate funds to provide for major replacements to the buildings. Interest earned on these funds are added to the fund on an annual basis. Expenditures made from these funds are deemed to be made from accumulated interest first, and then from accumulated allocations. At March 31, 2022 the assets of the capital reserve funds consisted of cash and investments including term deposits, GIC's and bonds recorded at a fair value the total balance is \$1,323,024 (2021 - \$1,365,898).

9. Insurance

The organization has the following insurance coverage (listed per occurrence) in effect at March 31, 2022 for all properties.

Buildings and contents	\$	2,500,000
Equipment		50,000,000
Commercial general liability		2,000,000
Abuse Liability		2,000,000
Errors and omissions		2,000,000
Directors and officers liability		10,000,000
Umbrella liability		3,000,000
Excess additional umbrella liability		10,000,000
Excess property insurance		5,000,000
Crime		250,000

**Canadian Mental Health Association North Bay and District
(formerly Nipissing Mental Health Housing and Support Services)
Notes to the Financial Statements**

March 31, 2022

10. Commitments

Effective September 27, 2017, the organization entered into a lease for its office space commencing May 1, 2018. Monthly payments will be \$9,680 per month for five years, ending April 30, 2023.

Effective April 1, 2021, the organization entered into a lease for a housing facility on Lakeshore Drive with monthly rental and maintenance payments of \$6,695 for the first year, \$6,895 for the following 2 years, and \$7,100 for the last 2 years. The lease expires March 31, 2026.

Effective January 1, 2018, the organization entered into a lease for another housing facility on Lakeshore Drive with monthly rental payments of \$3,500 for the first three years and increasing to \$3,605 for the final two years. The lease expires December 31, 2022.

Effective September 1, 2018, the organization entered into a lease for another housing facility on Lakeshore Drive with monthly rental payments of \$3,500 for the first three years and increasing to \$3,605 for the final two years. The lease expires August 31, 2023.

Effective January 8, 2020, the organization assumed a lease for office space on 176 Main Street with monthly rental payments of \$9,202. The lease expires December 31, 2022.

Effective January 8, 2020, the organization assumed a lease for office space on 178 Main Street with monthly rental payments of \$3,282. The lease expires June 30, 2022.

Effective March 19, 2020, the organization assumed a lease for office space on 100 Main Street, North Bay with monthly rental payments of \$8,103. The lease expires April 30, 2024.

Effective March 1, 2021, the organization assumed a lease for office space on 150 Water Street, Mattawa with monthly rental payments of \$1,494. The lease expired February 28, 2022 and is now month to month.

Minimum annual lease payments for the next four years are as follows:

2023	\$	467,859
2024		207,685
2025		93,303
2026		<u>85,200</u>
	\$	<u>854,047</u>

After year end, the organization entered into a ten year rental agreement for the premises located at 147 McIntyre with minimum monthly payments of \$35,063, indexed annually, for ten years.

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11. Deferred Capital Contributions/Forgivable Loans

In fiscal 2002 the organization purchased three rental properties which have been designated as Phase II for an aggregate cost of \$1,081,063. The Ministry of Health granted capital funding for this project up to appraised values of each property totaling \$1,050,724.

Extensive renovations were required to two of the properties designated as Phase II and the expenditures incurred by the organization including architect and general contractor fees have been added to the cost of the Phase II properties. In both fiscal 2003 and 2004 capital funding was applied for and approved from both the Ministry of Health and CMHC to cover a large portion of these costs (\$205,806 and \$339,520 respectively). This funding is being amortized into revenue over the same period as the respective assets are being amortized, that being 20 years straight line.

The breakdown of the above noted deferred capital contributions and forgivable loans are as follows:

			2022	2021
	Capital Grant	Accumulated Amortization	Net Book Value	Net Book Value
MOH - Algonquin	\$ 498,780	\$ 487,538	\$ 11,242	\$ 35,681
MOH - Duke	437,725	437,725	-	17,276
MOH - Nipissing	320,026	320,026	-	15,168
MOH - Percy	897,148	305,028	592,120	628,006
OH - Equipment	368,596	79,666	288,930	219,930
MOH - Total	\$ 2,522,275	\$ 1,629,983	\$ 892,292	\$ 916,061
CMHC - Algonquin	\$ 161,010	\$ 151,361	\$ 9,649	\$ 17,699
CMHC - Nipissing	178,510	164,395	14,115	23,040
MMAH - Lakeshore	650,000	140,833	509,167	574,167
CMHC - Total	\$ 989,520	\$ 456,589	\$ 532,931	\$ 614,906

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12. Financial Instrument Risk

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The organization is exposed to credit risk resulting from the possibility that a customer or counterparty to a financial instrument defaults on their financial obligations; if there is a concentration of transactions carried out with the same counterparty; or of financial obligations which have similar economic characteristics such that they could be similarly affected by changes in economic conditions. The organization's financial instruments that are exposed to concentrations of credit risk relate primarily to its accounts receivable from tenants, as well as, receivables from the Ministry of Health.

The organization is also exposed to credit risk arising from all of its bank accounts being held at a single financial institution and deposits are only insured up to \$100,000.

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 organization is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed-interest instruments subject the organization to a fair value risk while the floating rate instruments subject it to a cash flow risk.

The organization is exposed to interest rate risk in relation to interest expense on its revolving credit facility since the credit facility bears interest at a floating interest rate. Currently the organization has not drawn on this credit facility and therefore the risk is considered to be limited.

The organization structures its finances so as to stagger the maturities of debt, thereby minimizing exposure to interest rate fluctuations.

The organization mitigates interest rate risk on investments by diversifying the durations of the fixed-income investments that are held at a given time.

There have been no changes to the organization's financial instrument risk exposure from the prior year.

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13. Comparative Figures

Certain comparative figures have been reclassified to conform with current year presentation.

14. Pandemic Impacts

The impacts of COVID-19 on the organization in the fiscal year were limited to operational challenges being the provider of essential services and being able to provide services to its clients, tenants and the community. These services continue to change as the pandemic and its impacts are felt in the community. The organization continues to be supported by its funding agencies including the Province of Ontario to ensure that it is financially able to engage the services of its staff and third party suppliers to meet the needs of its clients, tenants and the community. Management is actively monitoring the affect on its financial condition, liquidity, operations, suppliers, industry, and workforce. As the pandemic continues, the organization is expecting additional demands placed on it and as such is expecting to have to continue to manage additional costs. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Organization is not able to fully estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity at this time.