

Canadian Mental Health Association North Bay and District
Financial Statements
For the year ended March 31, 2023

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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

Opinion

We have audited the financial statements of Canadian Mental Health Association North Bay and District, which comprise the statement of financial position as at March 31, 2023, 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, 2023, 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.

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 16, 2023

Canadian Mental Health Association North Bay and District Statement of Financial Position

March 31	2023	2022
Assets		
Current		
Cash and cash equivalents (Note 2)	\$ 20,070	\$ 217,613
Accounts receivable (Note 3)	1,306,086	1,291,042
Prepaid expenses	159,636	156,013
	1,485,792	1,664,668
Restricted Assets		
Cash and investments (Note 8)	1,425,581	1,323,024
Capital Assets (Note 4)		
	3,101,105	3,713,118
	\$ 6,012,478	\$ 6,700,810
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities (Note 5)	\$ 1,281,382	\$ 1,537,029
Current portion of long-term debt (Note 7)	374,231	477,300
	1,655,613	2,014,329
Long-term debt (Note 7)		
	1,197,746	1,461,900
Deferred capital contributions - Ministry of Health / OH (Note 11)		
	759,685	892,292
Deferred capital contributions - CMHC / MMAH (Note 11)		
	450,954	532,931
	4,063,998	4,901,452
Net Assets		
Capital reserve fund - Phase I (Note 8)	887,735	891,566
Capital reserve fund - Phase II (Note 8)	55,884	140,944
Capital reserve fund - Percy Place (Note 8)	-	12,268
Capital reserve fund - 416 Lakeshore (Note 8)	2,975	19,140
Capital reserve fund - 501 Morris (Note 8)	50,674	50,481
Capital reserve fund - Other (Note 8)	219,709	941
Capital reserve fund - Oak Street (Note 8)	208,604	207,684
Invested in capital assets	318,489	348,695
Unrestricted	204,410	127,639
	1,948,480	1,799,358
	\$ 6,012,478	\$ 6,700,810

Commitments (Note 10); 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 Statement of Capital Reserve Funds

For the year ended March 31	2023	2022
Capital Reserve Fund - Phase I, beginning of year		
Principal	\$ 891,566	\$ 889,956
Allocation from statement of operations	36,033	36,033
Investment income	1,145	2,972
Expenses	<u>(41,009)</u>	<u>(37,395)</u>
Capital Reserve Fund - Phase I, end of year		
Principal	<u>\$ 887,735</u>	<u>\$ 891,566</u>
Capital Reserve Fund - Phase II, beginning of year		
Principal	\$ 140,944	\$ 153,626
Allocation from statement of operations	5,600	82,900
Investment income	90	89
Expenses	<u>(90,750)</u>	<u>(95,671)</u>
Capital Reserve Fund - Phase II, end of year		
Principal	<u>\$ 55,884</u>	<u>\$ 140,944</u>
Capital Reserve Fund - Percy Place, beginning of year		
Principal	\$ 12,268	\$ 18,893
Expenses	<u>(12,268)</u>	<u>(6,625)</u>
Capital Reserve Fund - Percy Place, end of year		
Principal	<u>\$ -</u>	<u>\$ 12,268</u>

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

Canadian Mental Health Association North Bay and District Statement of Capital Reserve Funds, continued

For the year ended March 31	2023	2022
Capital Reserve Fund - 416 Lakeshore,		
beginning of year		
Principal	\$ 19,140	\$ 17,770
Allocation from statement of operations	3,578	3,578
Expenses	<u>(19,743)</u>	<u>(2,208)</u>
Capital Reserve Fund - 416 Lakeshore,		
end of year		
Principal	\$ 2,975	\$ 19,140
Capital Reserve Fund - 501 Morris,		
beginning of year		
Principal	\$ 50,481	\$ 60,024
Allocation from statement of operations	2,064	2,064
Expenses	<u>(1,871)</u>	<u>(11,607)</u>
Capital Reserve Fund - 501 Morris, end of year		
Principal	\$ 50,674	\$ 50,481
Capital Reserve Fund - Supportive Housing Portfolio,		
beginning of year		
Principal	\$ 941	\$ 941
Allocation from statement of operations	274,800	-
Expenses	<u>(56,032)</u>	<u>-</u>
Capital Reserve Fund - Other,		
end of year		
Principal	\$ 219,709	\$ 941

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

**Canadian Mental Health Association North Bay and District
Statement of Capital Reserve Funds, continued**

For the year ended March 31	2023	2022
Capital Reserve Fund - Oak Street, beginning of year		
Principal	\$ 207,684	\$ 224,688
Allocation from statement of operations	5,674	5,674
Investment income	-	8,563
Expenses	<u>(4,754)</u>	<u>(31,241)</u>
Capital Reserve Fund - Oak Street, end of year		
Principal	<u>\$ 208,604</u>	<u>\$ 207,684</u>

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

**Canadian Mental Health Association North Bay and District
Statement of Changes in Net Assets**

For the year ended March 31	2023	2022
Unrestricted Net Assets, beginning of year	\$ 127,639	\$ 105,107
Excess of revenues over expenses	46,565	44,894
Transfer (to) from invested in capital assets	30,206	(22,362)
Unrestricted Net Assets, end of year	\$ 204,410	\$ 127,639
Invested in Capital Assets, beginning of year	\$ 348,695	\$ 326,333
Transfer from (to) unrestricted net assets	(30,206)	22,362
Invested in Capital Assets, end of year	\$ 318,489	\$ 348,695

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

Canadian Mental Health Association North Bay and District Statement of Operations

For the year ended March 31	2023 Budget	2023 Actual	2022 Actual
Revenues			
Ontario Health - operational funding	\$ 7,525,515	\$ 7,625,785	\$ 7,604,767
Ontario Health - one time funding	178,035	353,211	190,574
Ontario Health - sessional fees	12,180	16,434	12,180
Ministry of Health - operational funding	2,970,243	2,889,341	2,797,472
Ministry of Health - one time funding	-	274,800	77,300
Ministry of Children, Community and Social Services - operational funding	69,100	340,400	69,100
Ministry of Training, Colleges and University - operational funding	-	-	122,323
North Bay Regional Health Centre - funding	950,000	950,000	950,000
DNSSAB - low barrier shelter funding	-	-	375,483
Rent and service recipient revenue	1,102,876	1,552,298	1,353,237
OPP - Crisis Call Diversion program	651,500	480,393	193,682
Other	251,524	597,603	208,665
Donations	-	40,858	-
Amortization of deferred capital contributions	179,189	214,584	229,328
	<u>13,890,162</u>	<u>15,335,707</u>	<u>14,184,111</u>
Expenses			
Compensation	8,739,209	8,626,505	8,760,668
Building and maintenance	1,884,794	2,384,875	1,363,947
Program expenses	952,365	1,573,484	1,054,689
Utilities and supplies	554,786	721,751	787,162
Rent supplements	562,239	768,692	770,273
Equipment expenses	145,154	127,516	376,326
Municipal taxes	95,000	89,793	132,739
Sessional fees and medical services	91,180	81,143	88,038
Allocation to capital reserve fund	52,949	327,749	130,249
Interest on long-term debt	23,621	23,621	20,292
Amortization	582,762	612,013	632,192
	<u>13,684,059</u>	<u>15,337,142</u>	<u>14,116,575</u>
Excess of revenues over expenses before settlements below	206,103	(1,435)	67,536
Due from (to) Province of Ontario - MOH Housing re Integration	-	48,000	(19,886)
Due from (to) Province of Ontario - Ontario Health re Integration	-	-	(2,756)
Excess of revenues over expenses for the year	<u>\$ 206,103</u>	<u>\$ 46,565</u>	<u>\$ 44,894</u>

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

Canadian Mental Health Association North Bay and District Statement of Cash Flows

For the year ended March 31	2023	2022
Cash provided by (used in)		
Operating activities		
Excess of revenues over expenses for the year	\$ 46,565	\$ 44,894
Items not involving cash		
Amortization of capital assets	612,013	632,192
Amortization of deferred capital contributions	(214,584)	(229,328)
Gain on disposal of capital assets	-	(23,000)
	<u>443,994</u>	<u>424,758</u>
Changes in non-cash working capital balances		
Accounts receivable	(15,044)	(561,172)
Prepaid expenses	(3,623)	18,990
Accounts payable and accrued liabilities	(255,647)	94,037
	<u>169,680</u>	<u>(23,387)</u>
Investing activities		
Purchase of capital assets	-	(236,964)
Changes in capital reserve funds	-	42,874
Amounts related to funded assets	-	7,710
Proceeds on disposal of capital assets	-	23,000
	<u>-</u>	<u>(163,380)</u>
Financing activities		
Repayment of long-term debt	(367,223)	(362,428)
Deferred capital contributions received	-	123,582
	<u>(367,223)</u>	<u>(238,846)</u>
Decrease in cash and cash equivalents during the year	(197,543)	(425,613)
Cash and investments, beginning of year	217,613	643,226
Cash and investments, end of year	\$ 20,070	\$ 217,613

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

Canadian Mental Health Association North Bay and District

Notes to the Financial Statements

March 31, 2023

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 our Mental Health and Additions client, 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.

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

Notes to the Financial Statements

March 31, 2023

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

Notes to the Financial Statements

March 31, 2023

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 Notes to the Financial Statements

March 31, 2023

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

	2023	2022
HST receivable	\$ 176,524	\$ 247,622
Rent and other receivables	423,054	386,457
Province of Ontario - MOH	365,090	308,282
Ontario Health	341,418	348,681
	\$ 1,306,086	\$ 1,291,042

4. Capital Assets

	2023		2022	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Mountainview Estates	\$ 3,939,394	\$ 2,929,164	\$ 1,010,230	\$ 1,183,874
Woodward Apartments	2,024,003	1,787,457	236,546	341,632
Percy Place	1,191,822	452,892	738,930	786,602
Lakeshore Drive	796,828	248,192	548,636	627,012
Algonquin Avenue	655,071	645,071	10,000	24,266
Nipissing Street	544,564	534,564	10,000	16,252
Duke Street	465,099	455,099	10,000	10,000
Morris Street	134,632	72,081	62,551	84,981
Oak Street	1,311,072	1,068,936	242,136	296,852
Furniture & equipment	272,913	162,148	110,765	165,348
Automotive equipment	169,829	52,092	117,737	160,194
Leasehold improvements	42,895	39,321	3,574	16,105
	\$ 11,548,122	\$ 8,447,017	\$ 3,101,105	\$ 3,713,118

Canadian Mental Health Association North Bay and District Notes to the Financial Statements

March 31, 2023

5. Accounts Payable and Accrued Liabilities

	<u>2023</u>	<u>2022</u>
Accounts payable and accruals	\$ 989,045	\$ 1,170,879
Accrued mortgage payments	25,251	25,251
Due to MOH / Ontario Health	<u>267,086</u>	<u>340,899</u>
	<u>\$ 1,281,382</u>	<u>\$ 1,537,029</u>

Included in accounts payable are government remittances payable in the amount of \$39,707 (2022 - \$56,272).

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 Notes to the Financial Statements

March 31, 2023

7. Long-term Debt

	2023	2022
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".	\$ 1,010,230	\$ 1,183,874
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".	236,546	341,632
TD Canada Trust Mortgage bearing interest at 5.500%, repayable in blended monthly payments of \$1,440, maturing June 2023, secured by a first charge against the property known as "416 Lakeshore". (i)	110,097	121,434
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".	62,541	84,981
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".	152,563	207,279
	1,571,977	1,939,200
Less: current portion	374,231	477,300
	\$ 1,197,746	\$ 1,461,900

(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 Notes to the Financial Statements

March 31, 2023

7. Long-term Debt (Continued)

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

2024	\$ 374,231
2025	380,992
2026	273,577
2027	199,567
2028	203,278
Thereafter	<u>140,332</u>
	<u>\$ 1,571,977</u>

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, 2023 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 \$1,425,581 (2022 - \$1,323,024).

9. Insurance

The organization has the following insurance coverage (listed per occurrence) in effect at March 31, 2023 for all properties.

Buildings and contents	\$ 25,000,000
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 Notes to the Financial Statements

March 31, 2023

10. Commitments

Effective September 27, 2017, the organization entered into a lease for its office space at 222 Main Street 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 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 July 1, 2022, the organization extended a lease for office space on 178 Main Street with monthly rental payments of \$3,282. The lease expires September 30, 2023.

Effective March 19, 2020, the organization assumed a lease for office space on 100 Main Street, North Bay with monthly rental payments of \$8,225. The lease expires April 30, 2024.

Effective October 1, 2022, 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.

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

2024	\$ 658,451
2025	530,087
2026	532,778
2027	458,768
2028	470,237
Thereafter	<u>2,264,213</u>
	<u>\$ 4,914,534</u>

Canadian Mental Health Association North Bay and District Notes to the Financial Statements

March 31, 2023

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:

			2023	2022
	Capital Grant	Accumulated Amortization	Net Book Value	Net Book Value
MOH - Algonquin	\$ 498,780	\$ 498,780	\$ -	\$ 11,242
MOH - Duke	437,725	437,725	-	-
MOH - Nipissing	320,026	320,026	-	-
MOH - Percy	897,148	340,914	556,234	592,120
MOH/OH - Equipment	396,495	193,044	203,451	288,930
MOH/OH - Total	\$ 2,550,174	\$ 1,790,489	\$ 759,685	\$ 892,292
CMHC - Algonquin	\$ 161,010	\$ 159,412	\$ 1,598	\$ 9,649
CMHC - Nipissing	178,510	173,321	5,189	14,115
MMAH - Lakeshore	650,000	205,833	444,167	509,167
CMHC - Total	\$ 989,520	\$ 538,566	\$ 450,954	\$ 532,931

Canadian Mental Health Association North Bay and District

Notes to the Financial Statements

March 31, 2023

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.

13. Comparative Figures

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