

CHILDREN'S MENTAL HEALTH SERVICES
Serving Children and Families in Hastings and
Prince Edward Counties
FINANCIAL STATEMENTS
AS AT MARCH 31, 2024

**CHILDREN'S MENTAL HEALTH SERVICES
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AS AT MARCH 31, 2024**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Children's Mental Health Services

Qualified Opinion

We have audited the financial statements of Children's Mental Health Services (the Organization), which comprise the statement of financial position as at March 31, 2024, and the statements of operations and changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2024, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many charitable organizations, the Organization derives revenue from the general public in the form of donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Organization and we were not able to determine whether, as at and for the years ended March 31, 2024 and March 31, 2023, any adjustments might be necessary to donations revenue, excess of revenues over expenditures, assets and fund balances.

The Organization is not accruing vacation payable within their financial statements, rather they are expensing on a claim-by-claim basis as it is requested. In this respect, the financial statements are not in accordance with Canadian accounting standards for not-for-profit organizations. If vacation payable was accrued in accordance with Canadian accounting standards for not-for-profit organizations, the accounts payable and accrued liabilities and deferred revenue in the statement of financial position would have increased by \$181,742 (2023 - \$165,407), unrestricted net assets would have decreased by the same amount and the excess of revenues over expenditures would have decreased by \$16,336 (2023 - increased by \$22,114).

We conducted our 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 qualified opinion.

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 Canadian accounting standards for not-for-profit organizations 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 these 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.

**INDEPENDENT AUDITOR'S REPORT
(CONT'D)**

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 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, intentional 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.
- 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 the 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 our audit.

Wilkinson & Company LLP

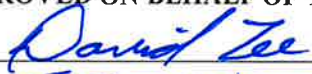

BELLEVILLE, Canada
June 17, 2024

Chartered Professional Accountants
Licensed Public Accountants

WILKINSON & COMPANY LLP - CHARTERED PROFESSIONAL ACCOUNTANTS

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CHILDREN'S MENTAL HEALTH SERVICES
STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2024

	Program Fund \$	General Fund \$	Capital Fund \$	2024 Total \$	2023 Total \$
ASSETS					
CURRENT					
Cash	625,787	47,426		673,213	445,772
Short-term investments					266,115
Due from governments	273,572			273,572	286,272
Due from staff and other	10,252			10,252	10,252
Interfund loans - Note 3		297,429		297,429	14,580
Prepaid expenses and other assets	75,067			75,067	46,842
	984,678	344,855	NIL	1,329,533	1,069,833
TANGIBLE CAPITAL ASSETS - Note 4			1,065,634	1,065,634	1,170,938
	984,678	344,855	1,065,634	2,395,167	2,240,771
LIABILITIES					
CURRENT					
Accounts payable and accrued liabilities and deferred revenue	362,978			362,978	539,240
Deferred capital contributions			459,009	459,009	495,226
Due to Ministry of Community, Children and Social Services	78,200			78,200	58,894
Due to Ministry of Health	180,779			180,779	133,717
Interfund loans - Note 3	297,429			297,429	14,580
	919,386	NIL	459,009	1,378,395	1,241,657
LONG-TERM					
Lease inducement - Note 5			364,894	364,894	405,438
	919,386	NIL	823,903	1,743,289	1,647,095
NET ASSETS					
Unrestricted	65,292	344,855		410,147	323,402
Invested in tangible capital assets			241,731	241,731	270,274
	65,292	344,855	241,731	651,878	593,676
COMMITMENTS - Note 7					
CONTINGENCY - Note 8					
APPROVED ON BEHALF OF THE BOARD					
	 Director				
	 Director				
	984,678	344,855	1,065,634	2,395,167	2,240,771

The accompanying notes form an integral part of these financial statements

CHILDREN'S MENTAL HEALTH SERVICES
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2024

	Program Fund \$	General Fund \$	Capital Fund \$	2024 Total \$	2023 Total \$
REVENUE					
Funding	6,656,750			6,656,750	6,145,434
Other revenue	76,615			76,615	7,977
Interest revenue	10,694	7,763		18,457	
Donations		28,204		28,204	15,214
Amortization of deferred capital contribution			55,871	55,871	
	6,744,059	35,967	55,871	6,835,897	6,168,625
EXPENDITURES					
Amortization of tangible capital assets			124,958	124,958	25,345
Insurance	55,692			55,692	53,497
Loss on disposal of tangible capital assets					5,550
Memberships and licences	21,361			21,361	21,864
Office supplies	258,746			258,746	194,228
Premises costs	399,012		(40,544)	358,468	426,605
Professional fees	82,354			82,354	142,936
Program services	177,749	2,435		180,184	153,832
Program supplies	110,925	12,079		123,004	149,736
Promotion and publications	19,436			19,436	17,988
Salaries and benefits	5,105,134			5,105,134	4,570,078
Telephone	122,157			122,157	89,284
Training	121,778			121,778	51,010
Travel	57,926			57,926	59,658
Minor capital equipment	68,877			68,877	
	6,601,147	14,514	84,414	6,700,075	5,961,611
EXCESS OF REVENUE OVER EXPENDITURES	142,912	21,453	(28,543)	135,822	207,014
NET ASSETS - BEGINNING OF YEAR		323,402	270,274	593,676	559,024
MINISTRY RECOVERY	(77,620)			(77,620)	(172,362)
NET ASSETS - END OF YEAR	65,292	344,855	241,731	651,878	593,676

The accompanying notes form an integral part of these financial statements

**CHILDREN'S MENTAL HEALTH SERVICES
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2024**

	2024	2023
	\$	\$
OPERATING ACTIVITIES		
Excess of revenue over expenditures for year	135,822	207,014
Adjustment for items which do not affect cash -		
Amortization of tangible capital assets	124,958	25,345
Loss on disposal of tangible capital assets		5,550
Amortization of lease inducement	(40,544)	
Amortization of deferred capital contributions	(55,871)	
	<u>164,365</u>	<u>237,909</u>
Net change in non-cash working capital balances related to operations		
Due from governments	12,700	(148,288)
Due from staff and other		4,055
Prepaid expenses and other assets	(28,225)	(30,392)
Accounts payable and accrued liabilities and deferred revenue	(176,262)	(293,403)
Due to Ministry of Community, Children and Social Services	19,306	4,614
Due to Ministry of Health	47,062	120,574
	<u>(125,419)</u>	<u>(342,840)</u>
CASH FLOWS PROVIDED FROM (USED IN) OPERATING ACTIVITIES	<u>38,946</u>	<u>(104,931)</u>
INVESTING ACTIVITIES		
Purchase of tangible capital assets	(19,654)	(947,260)
Increase in deferred capital contributions	19,654	495,226
Increase in lease inducement		405,438
Purchase of short-term investments		(266,115)
Proceeds from sale of short-term investments	266,115	266,115
CASH FLOWS PROVIDED FROM (USED IN) INVESTING ACTIVITIES	<u>266,115</u>	<u>(46,596)</u>
FINANCING ACTIVITIES		
Ministry recovery	(77,620)	(172,362)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS FOR YEAR	<u>227,441</u>	<u>(323,889)</u>
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>445,772</u>	<u>769,661</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>673,213</u>	<u>445,772</u>
REPRESENTED BY:		
Cash - Program Fund	625,787	403,065
Cash - General Fund	47,426	42,707
	<u>673,213</u>	<u>445,772</u>

The accompanying notes form an integral part of these financial statements

**CHILDREN'S MENTAL HEALTH SERVICES
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024**

1. PURPOSE OF THE ORGANIZATION

Children's Mental Health Services is a not-for-profit organization and is a registered charity under the Income Tax Act of Canada.

The Organization's objective is to be the leading provider of seamless, meaningful mental health treatment services for children and their families in Hastings and Prince Edward Counties.

2. ACCOUNTING POLICIES

Outlined below are those accounting policies adopted by the Organization that are considered to be particularly significant:

(a) Basis of Accounting

These financial statements are prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations except as outlined in the Basis for Qualified Opinion on the Auditor's Report.

(b) Accounting Estimates

The preparation of financial instruments 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 year. Significant items subject to such estimates and assumptions include the valuation of accounts receivable, accounts payable and accrued liabilities and deferred revenue and the estimated useful life of tangible capital assets. Actual results could differ from those estimates.

(c) Fund Accounting

The Organization follows the restricted fund method of accounting for contributions. External restrictions are imposed from outside of the Organization. Internal restrictions are imposed by Children's Mental Health Services in a formal manner, usually by resolution of the Board of Directors.

Children's Mental Health Services reports the following funds:

The Program Fund reports only restricted resources that are to be used for residential and non-residential mental health services.

The General Fund reports the receipt and disbursement of resources which have been generated from donations and volunteer activities based on the restrictions imposed by the contributors.

The Capital Fund reports the tangible capital assets of the Organization.

**CHILDREN'S MENTAL HEALTH SERVICES
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024**

2. ACCOUNTING POLICIES (Cont'd)

(d) Tangible Capital Assets and Amortization

Purchased tangible capital assets are recorded at cost. Contributed tangible capital assets are recorded at fair value at the date of contribution. Gains or losses on the disposal of individual assets are recognized in earnings in the year of disposal. Amortization of tangible capital assets, which is based on estimated useful life, is calculated on the following bases and at the rates set out below:

Asset	Basis	Rate
Buildings	Declining balance	5%
Automotive	Declining balance	30%
Computer equipment	Declining balance	30%
Furniture and fixtures	Declining balance	20%
Leasehold improvements	Straight-line	Over lease term

(e) Deferred Contributions Relating to Tangible Capital Assets

Contributions received relating to the purchase of tangible capital assets are deferred and amortized over future periods. The amortization period is based on the period used to amortize the corresponding tangible capital assets.

(f) Lease Inducement

The lease inducement is recorded at acquisition cost and is amortized on a straight-line basis over the term of the lease.

(g) Revenue Recognition

The Organization follows the restricted fund method of accounting for contributions.

Funding and other revenue relating to the Program Fund are recognized as revenue in the year that the related expenses are recognized.

Donations relating to the General Fund are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Interest revenue is recognized when earned.

Provision is made for collection losses based on the Organization's past experience.

(h) Cash and Equivalents

Cash and equivalents consist of cash on deposit and bank term deposits in money market instruments with maturity dates of less than three months from the date they are acquired.

**CHILDREN'S MENTAL HEALTH SERVICES
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024**

2. ACCOUNTING POLICIES (Cont'd)

(i) Financial Instruments

(i) Measurement of Financial Instruments

The Organization initially measures its financial assets and liabilities at fair value adjusted by, in the case of financial instruments that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Organization subsequently measures all its financial assets and financial liabilities at amortized cost except for equities quoted in an active market, which are subsequently measured at fair value. Changes in fair value are recognized in income.

Financial assets measured at fair value include short-term investments. The fair value of these investments approximates cost plus accrued interest.

Financial assets measured at amortized cost include cash, due from governments, due from staff and other, and interfund loans.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, due to Ministry of Community, Children and Social Services, due to Ministry of Health, and interfund loans.

(ii) Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recorded in net income. When events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in net income up to the impairment amount previously recognized.

3. INTERFUND LOANS

Temporary interfund loans are for general business purposes. They are non-interest bearing and there are no fixed terms for repayment.

**CHILDREN'S MENTAL HEALTH SERVICES
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024**

4. TANGIBLE CAPITAL ASSETS

	2024		2023	
	Cost \$	Accumulated amortization \$	Cost \$	Accumulated amortization \$
Land	44,373		44,373	
Buildings	429,747	289,360	429,747	281,971
Automotive	75,299	69,099	75,299	66,441
Computer equipment	78,864	52,549	78,864	41,272
Furniture and fixtures	100,175	24,835	100,175	6,000
Leasehold improvements	857,818	84,799	838,164	
	1,586,276	520,642	1,566,622	395,684
Cost less accumulated amortization	\$ 1,065,634		\$ 1,170,938	

During the year, tangible capital assets were acquired at an aggregate cost of \$19,654 (2023 - \$947,260). There were disposals of tangible capital assets for proceeds of \$Nil (2023 - \$Nil), which resulted in a loss on disposal of \$Nil (2023 - \$5,550).

5. LEASE INDUCEMENT

During the year, the Organization entered into a new lease agreement which included a lease inducement represented by leasehold improvements covered by the landlord. As at March 31, 2024, the total cost of the lease inducement is \$405,438 and accumulated amortization is \$40,544.

6. DEMAND CREDIT FACILITY

The Organization has an available operating line demand credit facility to a maximum of \$200,000. When utilized, the operating line is due on demand, bears interest at the bank's prime rate plus 1.00%, payable monthly in arrears and is secured with a general security agreement. As at year end, the credit facility utilized is \$Nil (2023 - \$Nil).

**CHILDREN'S MENTAL HEALTH SERVICES
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024**

7. COMMITMENTS

Future minimum lease payments for operating leases (excluding future renewal period options) for premises and equipment are as follows:

	\$
2025	273,875
2026	269,569
2027	209,750
2028	179,158
2029	179,158
	1,111,510

8. ECONOMIC DEPENDENCY AND CONTINGENCY

The Organization is primarily dependent for continued funding to support existing programs by the Province of Ontario through the Ministry of Health and the Ministry of Community, Children and Social Services. The ministries are entitled to a share in any proceeds on the disposition of tangible capital assets.

9. FINANCIAL RISKS AND CONCENTRATION OF RISK

The Organization has a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The risks that arise from transacting financial instruments include interest rate risk, liquidity risk, and market (other price) risk. Price risk arises from changes in interest rates, foreign currency exchange rates and market prices.

(a) Interest Rate Risk

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates.

It is management's opinion that the Organization is not exposed to interest rate risk.

(b) Liquidity Risk

Liquidity risk is the risk that the Organization will not be able to meet all cash outflow obligations as they come due.

The Organization's exposure to liquidity risk is dependent on the receipt of funds from its funding sources and donors, including those described in Note 8 of these financial statements. Risk is mitigated as the Organization has a demand credit facility, as described in Note 6 of these financial statements. There have been no significant changes from the previous period in the risk or policies, procedures and methods used to measure the risk.