

CANADIAN MENTAL HEALTH ASSOCIATION, HAMILTON BRANCH

FINANCIAL STATEMENTS

MARCH 31, 2024

INDEPENDENT AUDITORS' REPORT

To the Directors of the Canadian Mental Health Association, Hamilton Branch:

Qualified Opinion

We have audited the financial statements of Canadian Mental Health Association, Hamilton Branch (the "Organization"), which comprise the statement of financial position as at March 31, 2024, and the statements of operations, 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 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

As outlined in Note 2 to the financial statements, amortization of Baldwin House is recorded in accordance with the criteria established by the Ontario Ministry of Health and Long-Term Care rather than over the useful life of the building. In this respect, the financial statements are not in accordance with Canadian accounting standards for not-for-profit organizations. Based on a useful life of 30 years for the building, the excess of revenue over expenses should be increased by \$21,488 in 2024 and \$36,010 in 2023, capital assets should be increased by \$430,459 in 2024 and \$408,971 in 2023, and net assets invested in capital assets should be increased by \$430,459 in 2024 and \$408,971 in 2023. Our audit opinion on the financial statements for the year ended March 31, 2023 was modified accordingly because of the effects of this departure from Canadian accounting standards for not-for-profit organizations.

In common with many charitable organizations, the Organization derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to donation revenues, excess of revenue over expenses, and cash flows from operations for the years ended March 31, 2024 and 2023, current assets as at March 31, 2024 and 2023 and net assets as at April 1 and March 31 for both the 2024 and 2023 years. Our audit opinion on the financial statements for the year ended March 31, 2023 was modified accordingly because of the possible effects of this limitation in scope.

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.

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INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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 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 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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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.

Taylor Leibow LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

Hamilton, Ontario
May 30, 2024

CANADIAN MENTAL HEALTH ASSOCIATION, HAMILTON BRANCH
STATEMENT OF FINANCIAL POSITION

As at March 31

	2024	2023
	\$	\$
ASSETS		
CURRENT		
Cash and short-term investments (Note 3)	2,826,149	2,675,951
Accounts receivable	429,042	374,697
Prepaid expenses	61,366	35,000
	3,316,557	3,085,648
RESTRICTED CASH AND SHORT-TERM INVESTMENTS (Note 4)	863,183	768,401
CAPITAL ASSETS (Note 5)	1,646,816	1,749,744
	5,826,556	5,603,793
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 6)	1,930,062	1,828,695
Current portion of mortgages payable (Note 7)	49,692	71,180
Deferred revenue	64,389	64,389
	2,044,143	1,964,264
MORTGAGES PAYABLE (Note 7)	318,867	368,559
DEFERRED CAPITAL CONTRIBUTIONS (Note 8)	516,940	543,117
DEFERRED CONTRIBUTIONS (Note 9)	453,955	390,805
REPLACEMENT RESERVE (Note 4)	285,807	256,013
	3,619,712	3,522,758
NET ASSETS		
UNRESTRICTED	1,318,315	1,188,773
BOARD RESTRICTED (Note 10)	68,165	68,165
INVESTED IN CAPITAL ASSETS (Note 11)	820,364	824,097
	2,206,844	2,081,035
	5,826,556	5,603,793

(See accompanying Notes to Financial Statements)

APPROVED ON BEHALF OF THE BOARD:

_____ Director

_____ Director

CANADIAN MENTAL HEALTH ASSOCIATION, HAMILTON BRANCH**STATEMENT OF CHANGES IN NET ASSETS**

	<i>Year ended March 31</i>				
	Unrestricted	Board	Invested in	Total	Total
	\$	Restricted	Capital Assets	2024	2023
	\$	\$	\$	\$	\$
NET ASSETS, BEGINNING OF YEAR	1,188,773	68,165	824,097	2,081,035	2,014,251
EXCESS OF REVENUE OVER EXPENSES	125,809	-	-	125,809	66,784
NET CHANGE IN INVESTMENT IN CAPITAL ASSETS <i>(Note 11)</i>	3,733	-	(3,733)	-	-
NET ASSETS, END OF YEAR	1,318,315	68,165	820,364	2,206,844	2,081,035

(See accompanying Notes to Financial Statements)

CANADIAN MENTAL HEALTH ASSOCIATION, HAMILTON BRANCH

STATEMENT OF OPERATIONS

Year ended March 31

	Programs	Hess	Baldwin	John	Total	Total
	\$	Street	House	Street	2024	2023
	\$	\$	\$	\$	\$	\$
REVENUE						
Grants:						
Ministry of Health and Long-Term Care	4,211,048	-	763,613	-	4,974,661	4,302,583
United Way	185,412	-	-	-	185,412	70,172
City of Hamilton	26,681	-	-	-	26,681	24,995
Federal works program	-	-	-	-	-	3,630
Special purpose	466,222	-	-	-	466,222	572,834
Donations	102,524	-	-	-	102,524	72,605
Rental income	-	37,584	14,734	29,992	82,310	85,727
Other income (Note 12)	295,156	-	-	-	295,156	144,177
Amortization of deferred capital contributions	23,882	4,133	-	-	28,015	37,766
	5,310,925	41,717	778,347	29,992	6,160,981	5,314,489
EXPENSES						
Program costs:						
Evening social, recreation and rehabilitation	232,231	-	-	-	232,231	99,574
Ministry of Health and Long-Term Care	4,090,815	-	-	-	4,090,815	3,348,284
Other	664,557	-	-	-	664,557	715,204
Housing costs	-	32,591	565,157	49,506	647,254	499,263
Amortization	67,292	4,133	21,488	10,015	102,928	121,744
	5,054,895	36,724	586,645	59,521	5,737,785	4,784,069
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE OTHER ITEMS	256,030	4,993	191,702	(29,529)	423,196	530,420
REPAYMENT OF CURRENT YEAR CLAWBACK	(76,823)	-	(197,199)	-	(274,022)	(286,100)
REALLOCATION TO DEFERRED CONTRIBUTIONS (Note 8 & 9)	(28,862)	-	5,497	-	(23,365)	(177,536)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	150,345	4,993	-	(29,529)	125,809	66,784

(See accompanying Notes to Financial Statements)

CANADIAN MENTAL HEALTH ASSOCIATION, HAMILTON BRANCH
STATEMENT OF CASH FLOWS

Year ended March 31

	2024	2023
	\$	\$
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Excess of revenues over expenses	125,809	66,784
Items not involving cash:		
Amortization	102,928	121,744
Amortization of deferred capital contributions	(28,015)	(37,766)
	200,722	150,762
Changes in non-cash working capital <i>(Note 13)</i>	20,656	374,114
	221,378	524,876
FINANCING ACTIVITIES		
Repayment of mortgages payable	(71,180)	(85,701)
Increase in replacement reserve	29,794	6,611
Deferred capital contributions received	1,838	170,807
Increase (decrease) in deferred contributions	63,150	(10,465)
	23,602	81,252
INVESTING ACTIVITIES		
Decrease (increase) in restricted cash and short-term investments	(94,782)	2,543
Purchase of capital assets	-	(207,844)
	(94,782)	(205,301)
INCREASE IN CASH	150,198	400,827
CASH AND SHORT-TERM INVESTMENTS, BEGINNING OF YEAR	2,675,951	2,275,124
CASH AND SHORT-TERM INVESTMENTS, END OF YEAR	2,826,149	2,675,951

(See accompanying Notes to Financial Statements)

NOTES TO FINANCIAL STATEMENTS

Year ended March 31, 2024

1. PURPOSE OF ORGANIZATION

The Canadian Mental Health Association exists to promote the mental health of all people. The Canadian Mental Health Association, Hamilton Branch (the "Association") was incorporated without share capital under the laws of Ontario in 1988. The Association is a registered charity within the meaning of the Income Tax Act (Canada) and, as such, is exempt from income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

FINANCIAL STATEMENTS

The financial statements of the Association have been prepared by management. Since the Association receives funding for special purposes, the schedules to the financial statements have been prepared in a manner which segregates the following special purposes:

Baldwin Housing Program expenses and services provided to residents of Baldwin House are funded by the Ontario Ministry of Health and Long-Term Care (the "Ministry").

Special Purpose funds are funded by donations, fundraising and various special purpose grants.

Evening Social, Recreation and Rehabilitation Program is funded by the United Way and the City of Hamilton.

Ontario Ministry of Health and Long-Term Care Programs include Mental Health Court Support Services, Residential Skills Development Program, Community Enrichment Service, Mental Health Promotion, Housing Support Services, Peer Support Services and, as previously noted, the Baldwin Housing Program.

FINANCIAL INSTRUMENTS

Measurement of financial instruments

The Association initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument. Amounts due to and from related parties are measured at cost less any allowance for impairment.

The Association subsequently measures its financial assets and liabilities at amortized cost, except for short-term investments quoted in the active market, which are subsequently measured at fair value. Changes in fair value are recognized in excess (deficiency) of revenue over expenses.

Financial assets measured at amortized cost include cash and short-term investments and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and mortgages payable.

Financial assets measured at fair value include marketable securities.

NOTES TO FINANCIAL STATEMENTS

Year ended March 31, 2024

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

FINANCIAL INSTRUMENTS (continued)

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 recognized in excess of revenue over expenses. The write down reflects the difference between the carrying amount and the higher of:

- the present value of the cash flows expected to be generated by the asset or group of assets;
- the amount that could be realized by selling the assets or group of assets;
- the net realizable value of any collateral held to secure repayment of the assets or group of assets.

When the events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in excess of revenue over expenses up to the amount of the previously recognized impairment.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include short-term investments that are part of the Association's cash management portfolio and that are highly liquid.

CAPITAL ASSETS AND AMORTIZATION

Capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. The Association capitalizes items greater than \$5,000, as per Ministry guidelines. An impairment loss is recognized when a capital asset no longer has any long-term service potential to the Association or its carrying amount may not be recoverable. Amortization is provided for at the following methods and rates that are designed to charge the cost of capital assets to income over their estimated useful lives:

Computer equipment	30%	diminishing balance
Furniture and equipment	5 years	straight line
Hess and John Street buildings	30 years	straight line
John Street heating, cooling and back up power systems	15 years	straight line
Parking lot	8 years	straight line

Baldwin House is 100% funded by the Ministry. Amortization of the capital cost of Baldwin House is charged to operations in amounts equal to the mortgage principal repayments.

Baldwin House building renovations and alterations that restore original operating conditions are expensed in the year incurred. Building improvements that reduce the operating costs or increase the original capacity are capitalized as building improvements and are amortized over the expected useful life.

NOTES TO FINANCIAL STATEMENTS

Year ended March 31, 2024

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

REPLACEMENT RESERVE

Under the terms of the agreement with the Ministry, the replacement reserve account along with accumulated interest, must be held in a separate bank account and/or invested in Government of Canada bonds or such other securities that may be acceptable to the Minister of Health and Long-Term Care. The funds in the account may only be used for the replacement of worn-out capital items and not for ordinary maintenance and minor repairs to the building and grounds.

REVENUE RECOGNITION

The Association follows the deferral method of accounting for contributions which include donations and government grants.

Revenue derived from grants is recognized when the grant application has been approved by the relevant agency and the related expenses have been made.

Revenue from unrestricted donations, fundraising and memberships is recognized as received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Restricted donations are deferred and recognized in revenue in the year in which the related expenses have been made.

Externally restricted contributions for depreciable capital assets are deferred and amortized over the life of the related capital asset. Externally restricted capital contributions for land are recorded as a direct increase in the net assets invested in capital assets. Externally restricted capital asset contributions that have not been expended are recorded as deferred contributions on the statement of financial position.

Other income includes investment income and revenue from administrative services provided to other not-for-profit associations and from providing training seminars. Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned. Revenue from administrative services and training seminars is recognized when the service is provided and collection is reasonable assured.

Revenue from residents for accommodations is recognized as revenue on a straight line basis over the terms of the related lease agreements.

CONTRIBUTED SERVICES

Volunteers contribute an indeterminable number of hours per year. Because of the difficulty of determining their fair value, contributed services are not recognized in these financial statements.

CANADIAN MENTAL HEALTH ASSOCIATION, HAMILTON BRANCH
NOTES TO FINANCIAL STATEMENTS

Year ended March 31, 2024

3. CASH AND SHORT-TERM INVESTMENTS

The components of the cash balance and short-term investments is as follows:

	2024	2023
	\$	\$
Cash	1,022,618	2,003,186
Guaranteed investment certificates bearing interest at rates ranging from prime less 2.8% and 5.15% and maturing on dates ranging from September 13, 2024 to October 1, 2024	340,270	672,765
Marketable securities	1,463,261	-
	2,826,149	2,675,951

4. RESTRICTED CASH AND SHORT-TERM INVESTMENTS

A continuity of the components of the restricted cash balance is as follows:

	Deferred	HSJCC	Deferred	Replacement	Total	Total
	Contributions	Funding	Amounts	Reserve	2024	2023
	\$	\$	\$	\$	\$	\$
Balance, beginning of year	390,805	64,389	57,194	256,013	768,401	770,944
Amounts received	112,424	55,712	1,838	29,794	199,768	129,729
Amounts disbursed	(49,274)	(55,712)	-	-	(104,986)	(132,272)
	453,955	64,389	59,032	285,807	863,183	768,401

Restricted cash and short-term investments include:

	2024	2023
	\$	\$
Cash	518,507	455,753
Guaranteed investment certificates bearing interest at prime less 2.8% and maturing on September 13, 2024	58,869	312,648
Marketable securities	285,807	-
	863,183	768,401

CANADIAN MENTAL HEALTH ASSOCIATION, HAMILTON BRANCH
NOTES TO FINANCIAL STATEMENTS

Year ended March 31, 2024

5. CAPITAL ASSETS

	2024		2023	
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Baldwin House	680,438	680,438	-	21,488
Hess Street:				
Land	80,000	-	80,000	80,000
Building	123,982	111,583	12,399	16,532
	203,982	111,583	92,399	96,532
John Street:				
Land	350,000	-	350,000	350,000
Building	2,000,321	914,408	1,085,913	1,146,941
Heating and cooling systems	43,811	20,445	23,366	26,287
Back up power system	50,119	16,706	33,413	36,754
Parking lot	30,974	30,974	-	-
	2,475,225	982,533	1,492,692	1,559,982
Computer equipment	256,715	233,339	23,376	33,394
Furniture and equipment	241,815	203,466	38,349	38,348
	498,530	436,805	61,725	71,742
	3,858,175	2,211,359	1,646,816	1,749,744

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in the balance are other government remittances payable totaling \$61,417 (2023 - \$6,332) and an amount owing to the Ontario Ministry of Health and Long-Term Care of \$1,399,264 (2023 - \$1,125,927).

7. MORTGAGES PAYABLE

	2024 \$	2023 \$
Mortgage payable to the Royal Bank of Canada, repaid during the year.	-	21,488
Mortgage payable to the Bank of Montreal, bearing interest at prime plus 1%, payable in monthly instalments of \$4,141 plus interest, secured by John Street with a carrying amount of \$1,435,913, due January 31, 2033.	368,559	418,251
	368,559	439,739
Less: current portion of mortgages payable	49,692	71,180
	318,867	368,559

CANADIAN MENTAL HEALTH ASSOCIATION, HAMILTON BRANCH
NOTES TO FINANCIAL STATEMENTS

Year ended March 31, 2024

7. MORTGAGES PAYABLE (continued)

Approximate principal repayments required in the next five years are as follows:

2025	49,700
2026	49,700
2027	49,700
2028	49,700
2029	49,700

Interest expense of \$32,210 (2023 - \$28,362) is included in program costs and housing costs expenses.

8. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the unamortized amount of contributions received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations. The changes in the deferred capital contributions balance are as follows:

	2024	2023
	\$	\$
Balance, beginning of year	543,117	410,076
Less: amortization of deferred capital contributions	(28,015)	(37,766)
Add: contributions received during the year restricted for capital asset purchases	1,838	170,807
	516,940	543,117

Included in the above balance are contributions of \$59,047 (2023 - \$57,209) received but not yet used to purchase capital assets.

9. DEFERRED CONTRIBUTIONS

Deferred contributions represent the accumulated surplus in the Baldwin Housing Program of \$239,233 (2023 - \$244,730), the accumulated surplus in the Evening, Social Program of \$136,276 (2023 - \$65,837) and specific grants of \$78,446 (2023 - \$80,238) received that will be spent in subsequent years. The changes in the deferred contributions balance are as follows:

	2024	2023
	\$	\$
Balance, beginning of year	390,805	401,270
Current year reallocation - Baldwin House	(5,497)	8,817
Current year reallocation - Programs	28,862	(777)
Grants received relating to following year	83,562	57,277
Grants recognized as revenue in the current year	(43,777)	(75,782)
	453,955	390,805

CANADIAN MENTAL HEALTH ASSOCIATION, HAMILTON BRANCH**NOTES TO FINANCIAL STATEMENTS***Year ended March 31, 2024*

10. BOARD RESTRICTIONS ON NET ASSETS

In prior years, the Association's board of directors internally restricted \$34,760 for future building repairs for Hess St. and \$53,164 of proceeds from the Ride Don't Hide event to be used to support Evening Social, Recreation and Rehabilitation Program recreational therapist wages and Primary Care Clinic Program nurse wages.

During the year, \$NIL (2023 - \$NIL) was transferred from or to unrestricted net assets.

These internally restricted amounts are not available for other purposes without approval of the board of directors.

11. NET ASSETS INVESTED IN CAPITAL ASSETS

Net assets invested in capital assets are calculated as follows:

	2024	2023
	\$	\$
Capital assets, net <i>(Note 5)</i>	1,646,816	1,749,744
Deduct:		
Amounts funded by deferred capital contributions <i>(Note 8)</i>	(457,893)	(485,908)
Mortgages payable <i>(Note 7)</i>	(368,559)	(439,739)
	820,364	824,097

Net change in investment in capital assets is calculated as follows:

	2024	2023
	\$	\$
Purchase of capital assets	-	207,844
Amounts funded by deferred capital contributions	-	(169,496)
Amortization of capital assets	(102,928)	(121,744)
Amortization of deferred capital contributions	28,015	37,766
Repayment of mortgage payable	71,180	85,701
	(3,733)	40,071

12. OTHER INCOME

Included in other income is investment income of \$141,269 (2023 - \$23,035).

NOTES TO FINANCIAL STATEMENTS

Year ended March 31, 2024

13. CHANGES IN NON-CASH WORKING CAPITAL

	2024 \$	2023 \$
Accounts receivable	(54,345)	50,297
Prepaid expenses	(26,366)	(3,423)
Accounts payable and accrued liabilities	101,367	331,788
Deferred revenue	-	(4,548)
	20,656	374,114

14. HUMAN SERVICES JUSTICE CO-ORDINATING COMMITTEE

The Human Services Justice Co-ordinating Committee ("HSJCC") is mandated by the Ministry of Health and Long-Term Care to develop an integrated, co-ordinated and seamless service delivery system that meets the needs of clients in conflict with the criminal justice system.

The Association is the sponsoring agency for the program and during this year received \$55,712 (2023 - \$55,712). At March 31, 2024, the unspent funds of \$64,389 (2023 - \$64,389) are reflected in these financial statements as deferred revenue and restricted cash.

15. FINANCIAL INSTRUMENTS

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 Bank of Montreal mortgage payable bears interest at a floating rate of prime plus 1%. Changes in the bank's prime lending rate can cause fluctuations in interest payments and cash flows. The Association does not use derivative financial instruments to alter the effects of this risk.

CREDIT RISK

The Association is exposed to credit risk on grant funding receivable from the federal government and on administrative service fees receivable from other not-for-profit associations. During the year, the Association's exposure to credit risk changed from the previous year as a result of the increase in administrative service fees receivable.

LIQUIDITY RISK

Liquidity risk is the risk that the Association will encounter difficulty in meeting obligations associated with financial liabilities. The Association is exposed to liquidity risk arising from the accounts payable and accrued liabilities and mortgages payable. The Association's ability to meet obligations depends on the receipt of funds from its operating activities. The Association's liquidity risk changed from the previous year as a result of the increase in financial liabilities, in particular accounts payable and accrued liabilities.

MARKET RISK

The Association is exposed to market risk through its marketable securities investments quoted in an active market. The Association's investment portfolio concentrates market risk on the Baldwin Reserve and Operating Reserve investments. The Association's market risk changed from the previous year as a result of the increase in marketable securities.

CANADIAN MENTAL HEALTH ASSOCIATION, HAMILTON BRANCH
SCHEDULE OF BALDWIN HOUSING PROGRAM

	<i>Year ended March 31</i>		
	2024	2024	2023
	Actual	Budget	Actual
	\$	\$	\$
REVENUE			
Ontario Ministry of Health and Long-Term Care	174,587	125,867	123,399
Ontario Ministry of Health and Long-Term Care - rent supplement	589,026	635,450	617,994
Rental income	14,734	23,352	19,321
	778,347	784,669	760,714
EXPENSES			
Administration costs	40,162	55,806	46,327
Amortization	21,488	21,500	36,010
Capital replacement reserve	3,718	3,718	3,718
Insurance	1,884	1,100	1,122
Light, heat and power	12,222	7,100	13,013
Mortgage interest	206	300	1,180
Professional fees	9,665	9,791	9,497
Property taxes	12,799	11,000	11,999
Rent supplements	381,410	635,450	326,864
Repairs and maintenance	103,091	38,904	16,067
	586,645	784,669	465,797
EXCESS OF REVENUE OVER EXPENSES BEFORE OTHER ITEMS	191,702	-	294,917
REPAYMENT OF CURRENT YEAR CLAWBACK	(197,199)	-	(286,100)
REALLOCATION TO DEFERRED CONTRIBUTIONS <i>(Note 9)</i>	5,497	-	(8,817)
EXCESS OF REVENUE OVER EXPENSES	-	-	-

(See accompanying Notes to Financial Statements)

CANADIAN MENTAL HEALTH ASSOCIATION, HAMILTON BRANCH
SCHEDULE OF REVENUE AND EXPENSES AND SURPLUS (DEFICIENCY) OF PROGRAMS

Year ended March 31

	Special Purpose Funds \$	ESRR Program \$	Ontario MOH Health Programs \$	Total 2024 \$	Total 2023 \$
REVENUE					
Ontario Ministry of Health and Long-Term Care	-	-	4,088,866	4,088,866	3,187,372
Ontario Ministry of Health and Long-Term Care - HSJCC	-	-	55,712	55,712	55,712
Ontario Ministry of Health and Long-Term Care - One-Time Funding	-	-	-	-	152,114
Ontario Ministry of Health and Long-Term Care - CIRF	-	-	66,470	66,470	165,992
United Way	-	185,412	-	185,412	70,172
City of Hamilton grant and fee for service	-	26,681	-	26,681	24,995
Donations and other revenue	53,524	49,000	-	102,524	72,605
Federal works program	-	-	-	-	3,630
Special purpose grants	466,222	-	-	466,222	572,834
Other income	295,156	-	-	295,156	144,177
Amortization of deferred capital contributions	-	-	23,882	23,882	33,633
	814,902	261,093	4,234,930	5,310,925	4,483,236
EXPENSES					
Salaries	461,131	48,533	2,781,447	3,291,111	2,733,787
Employee benefits	76,755	10,191	569,921	656,867	497,948
Occupancy costs	-	4,265	63,157	67,422	54,047
Supplies	100,537	10,545	174,591	285,673	312,129
Client transportation	-	2,700	3,622	6,322	3,036
Repairs and maintenance	-	9,226	138,484	147,710	129,037
One-time special project costs	-	137,398	66,470	203,868	-
Telephone	-	1,025	16,268	17,293	11,068
Mileage and conferences	-	-	40,587	40,587	23,319
Professional fees	-	7,046	121,189	128,235	250,948
Ontario division dues	-	-	-	-	1,125
Insurance	-	918	12,516	13,434	12,624
Amortization	-	-	67,292	67,292	77,043
Mortgage interest	-	-	27,524	27,524	23,377
HSJCC	-	-	55,712	55,712	55,712
Miscellaneous	26,134	384	19,327	45,845	47,905
	664,557	232,231	4,158,107	5,054,895	4,233,105
EXCESS OF REVENUES OVER EXPENSES BEFORE REALLOCATION	150,345	28,862	76,823	256,030	250,131
REALLOCATION TO DEFERRED CONTRIBUTIONS	-	(28,862)	-	(28,862)	(168,719)
REPAYMENT OF CLAWBACK	-	-	(76,823)	(76,823)	-
EXCESS OF REVENUES OVER EXPENSES	150,345	-	-	150,345	81,412
SURPLUS (DEFICIENCY) OF PROGRAMS, BEGINNING OF YEAR	1,157,493	3,235	(54)	1,160,674	1,079,262
SURPLUS (DEFICIENCY) OF PROGRAMS, END OF YEAR	1,307,838	3,235	(54)	1,311,019	1,160,674

(See accompanying Notes to Financial Statements)