
**CHILDREN'S MENTAL HEALTH
ONTARIO**

FINANCIAL STATEMENTS

JUNE 30, 2009

AUDITORS' REPORT

To the Members,
Children's Mental Health Ontario

We have audited the statement of financial position of Children's Mental Health Ontario as at June 30, 2009 and the statements of operations and net assets and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the organization as at June 30, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Cowperthwaite Mehta

Chartered Accountants
Licensed Public Accountants

July 31, 2009
Toronto, Ontario

CHILDREN'S MENTAL HEALTH ONTARIO

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2009

	2009	2008
ASSETS		
Current assets		
Cash	\$ 3,627	\$ 78,561
Short-term investments (notes 3 and 4)	478,451	568,867
Project funding receivable	139,097	145,996
Accounts receivable	53,334	76,712
Prepaid expenses	<u>23,813</u>	<u>9,683</u>
	698,322	879,819
Property and equipment (note 5)	<u>9,769</u>	<u>8,409</u>
	<u>\$ 708,091</u>	<u>\$ 888,228</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	\$ 29,201	\$ 20,780
Prepaid membership fees	213,050	221,072
Deferred project funding (note 6)	<u>59,518</u>	<u>192,668</u>
	<u>301,769</u>	<u>434,520</u>
Net assets		
Invested in property and equipment	9,769	8,409
Designated (note 4)	250,000	250,000
Unrestricted	<u>146,553</u>	<u>195,299</u>
	<u>406,322</u>	<u>453,708</u>
	<u>\$ 708,091</u>	<u>\$ 888,228</u>

Approved on behalf of the Board:

_____, Director

_____, Director

see accompanying notes

CHILDREN'S MENTAL HEALTH ONTARIO
STATEMENT OF OPERATIONS AND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2009

	2009	2008
REVENUE		
Membership fees	\$ 922,616	\$ 970,388
Projects (note 7)	608,715	584,665
Conference and workshop fees and grant (note 8)	146,265	139,539
Administration fees (note 7)	48,684	47,724
Interest, donations and other	47,747	54,805
Children's Mental Health Week	<u>30,350</u>	<u>98,499</u>
	<u>1,804,377</u>	<u>1,895,620</u>
EXPENSES		
Salaries and benefits	797,942	741,245
Direct project costs	608,715	584,665
Program administration (note 5)	152,163	190,173
Conference and workshops	123,037	140,039
Children's Mental Health Week	78,120	179,037
Board	30,825	48,776
Consulting	27,810	54,454
Committee and special meetings	18,815	32,231
Support to Parents for Children's Mental Health	10,800	10,855
Communications	<u>3,536</u>	<u>1,958</u>
	<u>1,851,763</u>	<u>1,983,433</u>
EXCESS OF EXPENSES OVER REVENUE FOR THE YEAR	(47,386)	(87,813)
Net assets, beginning of year	<u>453,708</u>	<u>541,521</u>
NET ASSETS, END OF YEAR	<u>\$ 406,322</u>	<u>\$ 453,708</u>

see accompanying notes

CHILDREN'S MENTAL HEALTH ONTARIO

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2009

	2009	2008
OPERATING ACTIVITIES		
Cash received from operations:		
Excess of expenses over revenue for the year	\$ (47,386)	\$ (87,813)
Add back (deduct) non-cash items-		
Amortization of capital assets	5,002	18,000
Net change in working capital items (see below)	<u>(116,604)</u>	<u>170,296</u>
Net cash generated from (used for) operations	<u>(158,988)</u>	<u>100,483</u>
INVESTING ACTIVITIES		
Purchase of short-term investments	90,416	(43,511)
Purchase of capital assets	<u>(6,362)</u>	<u>(1,437)</u>
Net cash obtained from (used for) investments	<u>84,054</u>	<u>(44,948)</u>
NET CASH INCREASE (DECREASE) IN THE YEAR	(74,934)	55,535
Cash, beginning of year	<u>78,561</u>	<u>23,026</u>
CASH, END OF YEAR	<u>\$ 3,627</u>	<u>\$ 78,561</u>
Net change in working capital items:		
Decrease (increase) in accounts receivable	\$ 30,278	\$ (33,649)
Decrease (increase) in prepaid expenses	(14,130)	9,484
Increase (decrease) in accounts payable and accrued liabilities	8,421	(5,379)
Increase (decrease) in deferred membership fees	(8,022)	7,172
Increase (decrease) in deferred project funding	<u>(133,151)</u>	<u>192,668</u>
	<u>\$ (116,604)</u>	<u>\$ 170,296</u>

see accompanying notes

CHILDREN'S MENTAL HEALTH ONTARIO

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2009

1. THE ORGANIZATION

Children's Mental Health Ontario is a not-for-profit organization incorporated in the Province of Ontario without share capital.

The organization exists to enhance the capacity of children's mental health centres across Ontario to provide optimum services to children and their families.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the organization are in accordance with Canadian generally accepted accounting principles applied on a basis consistent with that of the preceding year. Outlined below are those policies considered particularly significant:

Financial instruments

The organization classifies its financial instruments into one of the following categories based on the purpose for which the asset was acquired. The organization's accounting policy for each category is as follows:

Held-for-trading - This category comprises money market funds and fixed income securities. These investments are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of operations in the period incurred. Transaction costs related to financial instruments classified as held-for-trading are expensed as incurred.

Other financial assets and liabilities - Other financial assets and liabilities are carried at cost, which approximates their fair value due to their short-term nature.

Revenue Recognition

The organization follows the deferral method of revenue recognition. Its principal sources of revenue and recognition of these revenues for financial statement purposes are as follows:

- i) Government grants related to current expenditures are reflected in the accounts as revenue in the current year. Grants received in the year for expenses to be incurred in the following fiscal year are recorded as deferred revenue. Grants related to the purchase of capital assets are recorded as revenue in the same period the related assets are charged to operations.
- ii) Annual member fees for the membership year ending March 31, are non-refundable and are recorded as revenue in the period earned.
- iii) Conference and workshop fees and related expenses are recognized in the period the conferences and workshops are held.
- iv) Fundraising and donation revenue is recorded when funds are received. Donated materials and services which are purchased on behalf of the organization are not recorded in the accounts.
- v) Investment income is recognized as earned. Increases and decreases in market value of investments held-for-trading are recognized as investment income (losses) in the period in which they occur.

Short-term Investments

Short-term investments are carried at market value.

CHILDREN'S MENTAL HEALTH ONTARIO

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment

Property and equipment is recorded at cost. Amortization is provided annually at rates calculated to write-off the assets over their estimated useful lives as follows:

Computer equipment	- 20 % declining balance
Furniture	- 20 % declining balance
Leasehold improvements	- straight line basis over the life of the lease

Use of Estimates

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses. Specifically, significant assumptions have been made in arriving at the amount of project revenue deferred to future periods and deferred membership fees. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in the period in which they become known.

3. FINANCIAL INSTRUMENTS

The organization's financial instruments consist of cash, short-term investments, comprising money market funds and fixed income securities, accounts receivable, accounts payable and accrued liabilities. The carrying value of accounts receivable and accounts payable and accrued liabilities approximates their fair value because of the short-term nature of these instruments. The fair values of investments held-for-trading are recorded at cost, plus accrued interest income, which management believes approximates the fair value of these instruments.

It is management's opinion that the organization is not exposed to significant interest, currency or credit risks.

The organization manages its liquidity risk by monitoring actual and projected cash flows to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses.

4. DESIGNATED NET ASSETS

Designated net assets is an amount to be used only for extraordinary cash requirements as directed by the Board of Directors. Fixed income securities of \$250,000, included in the short-term investments of \$478,451 as at June 30, 2009, have been designated by the Board of Directors for this purpose.

CHILDREN'S MENTAL HEALTH ONTARIO

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2009

5. PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	Cost	Accumulated Amortization	2009 Net	2008 Net
Computer equipment	\$ 48,218	\$ (46,098)	\$ 2,120	\$ 357
Furniture	<u>20,637</u>	<u>(12,988)</u>	<u>7,649</u>	<u>8,052</u>
	<u>\$ 68,855</u>	<u>\$ (59,086)</u>	<u>\$ 9,769</u>	<u>\$ 8,409</u>

Program administration expenses in 2009 include an amortization charge of \$5,002 (\$18,000 for the year ended June 30, 2008).

6. DEFERRED PROJECT FUNDING

Deferred project funding is composed of the following:

	2009	2008
Youth Engagement Project	<u>\$ 59,518</u>	<u>\$ 192,668</u>

Continuity of deferred project revenue for the year is as follows:

Deferred project revenue, beginning of year	\$ 192,668	\$ nil
Add cash received from project grants in year	531,148	849,610
Increase (decrease) in grants receivable for project expenses incurred	(6,899)	(24,553)
Less current year's project grant funding recognized (note 7)	<u>(657,399)</u>	<u>(632,389)</u>
Deferred revenue, end of year	<u>\$ 59,518</u>	<u>\$ 192,668</u>

7. PROJECT FUNDING

Project funding earned in the year was as follows:

	Project revenue	Administration fees	Total 2009	Total 2008
The Ministry of Children and Youth Services				
BCFPI Project grant	\$ 452,434	\$ 48,684	\$ 501,118	\$ 472,853
Youth Engagement Project	<u>156,281</u>	<u> </u>	<u>156,281</u>	<u>159,536</u>
	<u>\$ 608,715</u>	<u>\$ 48,684</u>	<u>\$ 657,399</u>	<u>\$ 632,389</u>

8. GRANTS FOR THE ANNUAL CONFERENCE

Conference and workshop fees and grant for the year ended June 30, 2009 includes grant revenue recognized for the annual conference from the Ministry of Children and Youth Services of \$20,000 (a grant of \$20,170 was recognized for the year ended June 30, 2008) and a grant from the Sick Kids Foundation of \$4,200.

CHILDREN'S MENTAL HEALTH ONTARIO

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JUNE 30, 2009

9. LEASE COMMITMENTS

The organization leases space under a lease to March 31, 2011. Minimum lease payments during the lease period are as follows:

2010	\$	12,200
2011		9,150

10. INCOME TAX STATUS

The organization is exempt from income tax in Canada as a registered charitable organization under the Income Tax Act (Canada).