



Financial Statements

Mood Disorders Association of Ontario &
Toronto

March 31, 2020

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Independent Auditor's Report

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To the Board of Directors of
Mood Disorders Association of Ontario & Toronto

Qualified opinion

We have audited the financial statements of Mood Disorders Association of Ontario & Toronto ("the organization"), which comprise the statement of financial position as at March 31, 2020, and the statements of operations and fund balance 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 corresponding figures 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, 2020, and the results of its 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

The predecessor auditor was not able to obtain sufficient appropriate audit evidence concerning the completeness of revenue derived from donations and memberships as at March 31, 2019 and the verification of those revenues was limited to the amounts recorded in the records of the organization. Therefore, the predecessor auditor was not able to determine whether any adjustments might be needed to donation revenue for the year ended March 31, 2019, current assets at March 31, 2019 and net assets at April 1, 2019 and March 31, 2019. The predecessor auditor's opinion on the financial statements for the year ended March 31, 2019 was modified accordingly. As a result, our opinion on the current year's financial statements is modified because of the possible effects of this matter on the comparability of the current period's figures and the corresponding figures.

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.

Other matter

The financial statements of Mood Disorders Association of Ontario & Toronto for the year ended March 31, 2019, were audited by Millard, DesLauriers & Shoemaker LLP Chartered Professional Accountants who expressed a qualified opinion on those statements on June 19, 2019 for the reason described above in the Basis for qualified opinion section of our report. The partners and staff of Millard, DesLauriers & Shoemaker LLP Chartered Professional Accountants joined Grant Thornton LLP subsequent to September 30, 2019.

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.

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.

Grant Thornton LLP

Toronto, Canada
September 28, 2020

Chartered Professional Accountants
Licensed Public Accountants

Mood Disorders Association of Ontario & Toronto Statement of Operations and Fund Balance

Year ended March 31

2020

2019

Revenue		
Ministry of Health and Long-term Care	\$ 732,646	\$ 732,759
Donations	127,740	112,507
Corporate donations and sponsorships	94,533	179,682
Other (Note 8)	46,964	84,662
City of Toronto	18,810	18,405
Loss on sale of marketable securities	-	(8,255)
Event income	-	2,200
	<hr/> 1,020,693	<hr/> 1,121,960
Program Expenses		
Wages and benefits	782,739	725,796
General purchases	93,028	106,965
Communications and marketing	<hr/> 11,816	<hr/> 29,018
	<hr/> 887,583	<hr/> 861,779
Other Expenses		
Rent	105,119	125,843
Office expenses	49,180	56,377
Online resources	13,922	15,327
Travel	14,532	17,125
Professional fees	13,487	19,916
Telephone	10,071	10,935
Amortization	<hr/> 10,220	<hr/> 6,568
	<hr/> 216,531	<hr/> 252,091
	<hr/> 1,104,114	<hr/> 1,113,870
(Deficiency) excess of revenue over expenses for the year	(83,421)	8,090
Balance, beginning of year	<hr/> 165,831	<hr/> 157,741
Balance, end of year	<hr/> \$ 82,410	<hr/> \$ 165,831

Mood Disorders Association of Ontario & Toronto

Statement of Financial Position

March 31 2020 2019

Assets

Current

Cash and cash equivalents (Note 4)	\$ 46,592	\$ 158,608
Accounts receivable	39,779	145,586
Prepaid expenses	<u>9,889</u>	<u>12,200</u>
	96,260	316,394
Equipment (Note 5)	19,197	20,183
Intangible assets (Note 6)	<u>14,964</u>	<u>-</u>
	\$ 130,421	\$ 336,577

Liabilities

Current

Accounts payable and accrued liabilities	\$ 40,331	\$ 23,098
Deferred revenue (Note 7)	<u>7,680</u>	<u>147,648</u>
	48,011	170,746
Members' equity (unrestricted)	82,410	165,831
	\$ 130,421	\$ 336,577

On behalf of the board



Joe Li (Oct 2, 2020 15:08 EDT)

Director



jocelyn Brodie (Oct 5, 2020 11:10 EDT)

Director

Joe Li

jocelyn Brodie

Mood Disorders Association of Ontario & Toronto Statement of Cash Flows

Year ended March 31

2020

2019

Increase (decrease) in cash and cash equivalents

Operating

(Deficiency) excess of revenue over expenses for the year	\$ (83,421)	\$ 8,090
Items not affecting cash		
Amortization	10,220	6,568
Loss on disposal of marketable securities	-	8,255
Donation of marketable securities	-	(31,329)
Deferred revenue	<u>(139,968)</u>	-
	(213,169)	(8,416)
Change in non-cash working capital items		
Accounts receivable	105,807	(116,339)
Prepaid expenses	2,311	(6,202)
Accounts payable and accrued liabilities	17,232	(5,915)
Deferred revenue	<u>-</u>	<u>147,648</u>
	<u>(87,819)</u>	<u>10,776</u>

Investing

Sale of marketable securities	-	42,382
Purchase of equipment	(9,233)	(16,896)
Intangible assets	<u>(14,964)</u>	-
	<u>(24,197)</u>	<u>25,486</u>
(Decrease) increase in cash and cash equivalents	(112,016)	36,262
Cash and cash equivalents		
Beginning of year	<u>158,608</u>	<u>122,346</u>
End of year	<u>\$ 46,592</u>	<u>\$ 158,608</u>

Mood Disorders Association of Ontario & Toronto

Notes to the Financial Statements

March 31, 2020

1. Nature of operations

Mood Disorders Association of Ontario & Toronto (the "Association") is a non-profit organization that helps people living with depression, anxiety or bipolar disorder, and their families, recover and heal. The Association provides drop-in peer support groups across Ontario, recovery programs, family and youth clinical support, early intervention for mood disorders and psychosis, awareness and education, and online tools focused on wellness and recovery. The Association is a registered charity incorporated in Ontario without share capital.

2. Significant accounting policies

The organization has prepared these financial statements in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO). The significant accounting policies used are as follows:

Revenue recognition

The Association uses the deferral method of accounting for revenue. Unrestricted revenue is recorded if the amount can be reasonably estimated and collection is reasonably assured. Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Where funding received relates to future period's activities, it is deferred and recognized in that subsequent period.

Equipment

Equipment is recorded at cost. Equipment is depreciated on a straight-line basis over their estimated useful lives as follows:

Office furniture and equipment	5 years
Leasehold improvements	3 years

Long-lived assets are reviewed for impairment at least annually, or whenever events or changes in circumstances indicate that the asset no longer contributes to an organization's ability to provide goods and services, or that the future economic benefit or service potential associated with the asset is less than its net carrying amount. Other factors that may indicate impairment are expected future asset utilization and economic outlook.

One-half the normal rate of amortization is recorded in the year of acquisition.

Intangible assets

Intangibles assets are recorded at cost. Intangible assets are amortized on a straight-line basis over their expected useful life as follows:

Website	5 years
Trademarks	5 years

Donated material and services

Donations of materials and services, including volunteer services not normally paid for by the Association are not recorded in the accounts, as it would be difficult to determine their fair value.

Mood Disorders Association of Ontario & Toronto

Notes to the Financial Statements

March 31, 2020

2. Significant accounting policies (continued)

Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Actual results could differ from these estimates.

Significant estimates made by management include allowance for doubtful accounts, and amortization and impairment of equipment and intangible assets.

Cash and cash equivalents

Cash and cash equivalents, consisting of bank deposits and Guaranteed Investment Certificates with initial maturity terms of 90 days or less, are carried at amortized cost.

Financial instruments

The Association initially measures its financial assets and liabilities at fair value. The Association subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in operations.

3. Adoption of new standards

On April 1, 2019, the Association adopted new accounting standards Section 4433 Tangible capital assets held by not-for-profit organizations and Section 4434 Intangible assets held by not-for-profit organizations (the “standards”). The most significant requirements include:

- tangible capital assets must be separated into their component parts, where practicable, and when estimates can be made of the lives of the separate components;
- tangible capital assets and intangible assets are written down to fair value or replacement cost to reflect partial impairments when conditions indicate that the assets no longer contribute to an organization’s ability to provide goods and services, or that the value of future economic benefits or service potential associated with the tangible capital assets are less than their carrying amounts; and additional disclosures when an impairment has occurred.

The adoption of the new accounting standards was applied prospectively, except the Association was permitted to recognize an adjustment to opening net assets at April 1, 2019 to reflect partial impairments of tangible and intangible assets existing at that date. The adoption of these standards did not have any impact on the statement of financial position as at April 1, 2019 or the statement of operations and fund balance for the current period.

Mood Disorders Association of Ontario & Toronto

Notes to the Financial Statements

March 31, 2020

4. Cash and cash equivalents

	<u>2020</u>	<u>2019</u>
Cash in bank (overdraft)	\$ (16,503)	\$ 26,750
Guaranteed Investment Certificates	<u>63,095</u>	<u>131,858</u>
	<u>\$ 46,592</u>	<u>\$ 158,608</u>

The Guaranteed Investment Certificate (GIC) matures with TD Canada Trust and bears interest at 1.70% (2019 two GIC's at 0.95% and 1.20%), and matures in May 2020.

The Association has available a bank line of credit with TD Canada Trust (the "Bank") in the amount of \$50,000. The line of credit bears interest at Bank prime plus 2.50%. As at March 31, 2020 there are no advances outstanding under the facility.

5. Equipment

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>2020</u>	<u>2019</u>
Office furniture and equipment	\$ 45,016	\$ 25,819	\$ 19,197	\$ 19,197	\$ 19,945
Leasehold improvements	-	-	-	-	238
	<u>\$ 45,016</u>	<u>\$ 25,819</u>	<u>\$ 19,197</u>	<u>\$ 19,197</u>	<u>\$ 20,183</u>

6. Intangible assets

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>2020</u>	<u>2019</u>
Website and trademark	\$ 15,343	\$ 379	\$ 14,964	\$ 14,964	\$ -

7. Deferred revenue

	<u>2020</u>	<u>2019</u>
Opening balance	\$ 147,648	\$ -
Current year additions	7,680	332,290
Amounts brought into income	<u>(147,648)</u>	<u>(184,642)</u>
	<u>\$ 7,680</u>	<u>\$ 147,648</u>

Deferred revenue consists primarily of program funding received in advance of the service being provided.

Mood Disorders Association of Ontario & Toronto

Notes to the Financial Statements

March 31, 2020

8. Other revenue

	<u>2020</u>	<u>2019</u>
Fees for service	\$ 44,270	\$ 80,983
Bank interest	299	2,376
Miscellaneous	815	1,303
Reimbursed expenses	<u>1,580</u>	-
	<hr/>	<hr/>
	<u>\$ 46,964</u>	<u>\$ 84,662</u>
	<hr/>	<hr/>

9. Financial instruments

The significant financial risks to which the Association is exposed to are credit risk, liquidity risk and market risk. Market risk consists of currency risk, interest rate risk, and other price risk. There has been no change in the risk exposure of the Association from the prior period.

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss or the other party by failing to discharge an obligation. The Association is subject to credit risk through accounts receivable. Accounts receivable are subject to normal industry credit risks.

The Association performs regular credit assessments of its debtors and provides allowances for potentially uncollectible accounts receivable, when considered appropriate.

(b) Liquidity risk

Liquidity risk is the risk that the Association will be unable to fulfil its obligations on a timely basis or at a reasonable cost. The Association's exposure to liquidity risk is dependent on its ability to meet the requirements set out by the funders in order to continue receiving funds from various funders to fulfil commitments and sustain operations. Cash flow from operations provides a substantial portion of the Association's cash requirements. Additional cash requirements can be met with the use of an available operating line of credit. The Association's primary lender is a single federally regulated Canadian financial institution.

Mood Disorders Association of Ontario & Toronto

Notes to the Financial Statements

March 31, 2020

9. Financial instruments (continued)

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate. The Association is not subject to foreign exchange risk as none of its financial instruments are denominated in foreign currencies.

(ii) 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 Association is exposed to interest rate risk arising from fluctuations in interest rates as its term deposits are at a fixed rate and would not be affected unless reinvested.

(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Association is not subject to other price risk.

10. Economic dependence

The Association is dependent on the Ontario Ministry of Health and Long-Term Care (the "Ministry") for funding of a significant portion of operations. Funding is provided each fiscal year based on an operating budget for the year approved by the Ministry. The Ministry approved funding of \$732,646 (2019 - \$732,759) with respect to the operating budget for the fiscal year ending March 31, 2020.

Current funding policies of the Ministry require the Association to repay any surplus arising from underspent Ministry grants in the subsequent year. All grants received were spent on approved activities during the year.

Mood Disorders Association of Ontario & Toronto

Notes to the Financial Statements

March 31, 2020

11. Lease commitments

The Association leases equipment under an operating lease with an expiry date of February 2022. Future minimum annual payments (excluding taxes, insurance and maintenance costs) under the lease is as follows:

2021	\$ 18,900
2022	<u>14,175</u>
	<u>\$ 33,075</u>

12. Capital disclosures

The Association considers its capital to be the balance maintained in its Unrestricted Members' Equity. The primary objective of the Association is to invest its capital in a manner that will allow it to continue as a going concern and comply with its stated objectives. Capital is invested under the direction of the Board of Directors of the Association with the objective of providing a reasonable rate of return, minimizing risk and ensuring adequate liquid investments are on hand for current cash flow requirements. The Association is not subject to any externally imposed requirements of its capital.

13. Subsequent events

Since January 1, 2020, the spread of COVID-19 has severely impacted many local economies worldwide. In many countries, including Canada, businesses are forced to cease or limit operations for extended or indefinite periods. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services, have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced considerable volatility and significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize financial conditions.

Based on Management's assessment, except as noted below, these events have not had a significant financial impact on the Association's Statement of Financial Position as of March 31, 2020, or on its Statement of Operations and Fund Balance and Statement of Cash Flows for the year ended March 31, 2020. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences as well as their potential impact on the financial position and results of the Organization, if any, for future periods. COVID-19 did contribute to the current year deficit to the extent that donations originally promised prior to March 31, 2020 were received subsequent to then. In the meantime, management continues to manage the budget and provide continuing levels of operations and service.

Mood Disorders Association of Ontario & Toronto

Notes to the Financial Statements

March 31, 2020

14. Correction of accounting policy disclosure

In the comparative period, the Association disclosed the incorrect revenue recognition policy for contributions. The prior period financial statements disclosed the use of the restricted fund method of accounting for contributions, whereas, the contributions were actually being recognized using the deferral method of accounting. The accounting policy disclosure has been corrected in the current period and there was no financial impact on the current year or prior period financial statements.