CASA Child, Adolescent and Family Mental Health

Financial statements
March 31, 2018

Building a better working world

Independent auditors' report

To the Members of
CASA Child, Adolescent and Family Mental Health

We have audited the accompanying financial statements of **CASA Child, Adolescent and Family Mental Health**, which comprise the statement of financial position as at March 31, 2018, and the statements of changes in net assets, operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these 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.

Auditors' responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **CASA Child, Adolescent and Family Mental Health** as at March 31, 2018, 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.

Ernst & Young LLP

Chartered Professional Accountants

Edmonton, Canada
July 11, 2018

CASA Child, Adolescent and Family Mental Health

Statement of financial position

As at March 31

	2018	2017
	$	$
Assets		
Current		
Cash and cash equivalents	**941,882**	—
Short-term investments *[note 3]*	**945,328**	409,254
Accounts receivable *[note 4]*	**331,658**	1,002,470
Prepaid expenses [note 5]	**235,049**	221,904
	2,453,917	1,633,628
Long-term		
Investments *[note 3]*	**313,234**	821,198
Capital assets *[note 5]*	**3,330,002**	3,620,069
Prepaid office lease *[note 5]*	**1,076,000**	1,124,000
	7,173,153	7,198,895
Liabilities		
Current		
Outstanding cheques in excess of related bank balances	**—**	236,353
Accounts payable and accrued liabilities *[notes 6 and 13]*	**1,213,931**	1,463,254
Deferred contributions *[note 7]*	**883,821**	149,277
	2,097,752	1,848,884
Long-term		
Deferred capital contributions *[note 8]*	**2,712,365**	2,931,661
Deferred tenant inducements	**47,795**	103,109
	4,857,912	4,883,654
Commitments and contingencies *[note 9]*		
Net assets		
Internally funded capital assets	**617,637**	688,408
Internally restricted – specific initiatives *[note 10]*	**1,550,510**	1,550,510
Unrestricted	**147,094**	76,323
	2,315,241	2,315,241
	7,173,153	7,198,895

See accompanying notes

On behalf of the Board:

Faye C. Parker

Director

Director

CASA Child, Adolescent and Family Mental Health

Statement of changes in net assets

Year ended March 31

	2018			
	Internally restricted			
	Internally funded capital assets	Specific initiatives	Unrestricted	Total
	$	$	$	$
Balance, beginning of the year	**688,408**	**1,550,510**	**76,323**	**2,315,241**
Excess of revenues over expenses	**(70,771)**	**—**	**70,771**	**—**
Interfund transfers	**—**	**—**	**—**	**—**
Balance, end of the year	**617,637**	**1,550,510**	**147,094**	**2,315,241**

	2017			
	Internally restricted			
	Internally funded capital assets	Specific initiatives	Unrestricted	Total
	$	$	$	$
Balance, beginning of the year	711,493	1,603,748	—	2,315,241
Excess of revenues over expenses	(76,323)	—	76,323	—
Interfund transfers	53,238	(53,238)	—	—
Balance, end of the year	688,408	1,550,510	76,323	2,315,241

See accompanying notes

CASA Child, Adolescent and Family Mental Health

Statement of operations

Year ended March 31

	2018	2017
	$	$
Revenues		
Alberta Health Services grants	**5,960,896**	6,001,459
Alberta Government grants	**5,191,920**	5,215,956
Contributed facilities *[note 11]*	**1,379,099**	1,144,645
CASA Foundation grants *[note 7]*	**1,136,424**	1,060,324
Other foundations and community support	**762,586**	638,948
Amortization of deferred capital contributions *[note 8]*	**517,526**	564,739
Interest income	**45,167**	46,976
Casinos [note 7]	**—**	37,964
Donations *[note 7]*	**23,398**	31,982
	15,017,016	14,742,993
Expenses		
Salaries and employee benefits *[note 14]*	**10,985,492**	10,986,606
Facility leases *[note 11]*	**1,842,596**	1,625,200
Client related costs	**613,204**	517,053
General and administrative	**754,359**	673,263
Amortization of capital assets	**588,297**	641,062
Facility operations	**150,949**	253,924
Professional fees *[note 13]*	**82,119**	45,885
	15,017,016	14,742,993
Excess of revenues over expenses	**—**	—

See accompanying notes

CASA Child, Adolescent and Family Mental Health

Statement of cash flows

Year ended March 31

	2018	2017
	$	$
Operating activities		
Excess of revenues over expenses	—	—
Items not affecting cash		
Amortization of deferred capital contributions	**(517,526)**	(564,739)
Amortization of leasehold inducements	**(55,314)**	(55,313)
Amortization of capital assets	**588,297**	641,062
	15,457	21,010
Changes in non-cash working capital account balances		
Accounts receivable	**670,812**	1,738,328
Prepaid expenses	**34,855**	29,777
Accounts payable and accrued liabilities	**(249,323)**	(1,913,134)
Deferred contributions	**734,544**	(894,011)
Cash provided by (used in) operating activities	**1,206,345**	(1,018,030)
Investing activities		
Purchases of investments	**(165,000)**	—
Proceeds from sale of investments	**400,600**	407,108
Purchases of short-term investments	**(1,512,810)**	(466,215)
Proceeds from sale of short-term investments	**1,249,100**	604,206
Capital contributions received	**285,477**	3,056,827
Purchases of capital assets	**(285,477)**	(3,110,065)
Cash provided by (used in) investing activities	**(28,110)**	491,861
Net increase (decrease) in cash and cash equivalents	**1,178,235**	(526,169)
Cash and cash equivalents, beginning of the year	**(236,353)**	289,816
Cash and cash equivalents, end of the year	**941,882**	(236,353)
Cash and cash equivalents consists of:		
Cash and cash equivalents	**941,882**	—
Outstanding cheques in excess of related bank balances	**—**	(236,353)
	941,882	(236,353)

See accompanying notes

Notes to financial statements

March 31, 2018

1. Nature of operations

CASA Child, Adolescent and Family Mental Health's ["CASA" or the "Organization"] purpose is to advance the mental health of children and adolescents within the Edmonton region and Central and Northern Alberta by way of assessment and treatment, research, and education.

CASA is incorporated under Part 9 of the *Companies Act* of the Province of Alberta. As a federally registered charity, under the provisions of the *Income Tax Act* (Canada) CASA is exempt from income tax.

2. Summary of significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations and reflect the following significant accounting policies.

Revenue recognition

The Organization follows the deferral method of accounting for contributions, which includes grants and donations. Grants are recognized in the accounts when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Other donations are recorded when received, since pledges are not legally enforceable claims. Unrestricted contributions are recognized as revenue when initially recorded in the accounts. Externally restricted contributions are deferred when initially recorded in the accounts and recognized as revenue in the year in which the related expenses are incurred.

Externally restricted contributions for the acquisition of capital assets are recorded as deferred capital contributions and recognized as revenue as the related assets are amortized over their useful lives. Restricted contributions for the purchase of capital assets that will not be amortized are recognized as a direct increase in net assets.

Interest income is recorded in the statements of operations when earned.

Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit and fixed income deposits with a term to maturity of 90 days or less from the date of purchase.

Capital assets

Capital assets are defined to include all items with a cost in excess of $1,000 and a useful life of more than one year.

Purchased capital assets are recorded at acquisition cost. Contributed capital assets are recorded at fair value at the date of the contribution. Rates and bases of amortization applied to write off the cost less estimated salvage value of the capital assets over their estimated lives are as follows:

Audio-visual equipment	30%, declining balance
Computer equipment	30%, declining balance
Furniture and office equipment	20%, declining balance
Leasehold improvements	Lesser of lease term or useful life

Costs capitalized in respect of assets under development include all expenditures incurred in connection with acquisition, development, and construction. A full year of amortization is recorded in the year in which an asset is complete and available for use.

Deferred tenant inducements

Deferred tenant inducements are amortized on a straight-line basis over the term of the lease as a reduction of the lease expense. As at March 31, 2018, the Organization has deferred tenant inducements with a cost of $344,035 [2017 – $344,035] less accumulated amortization of $296,240 [2017 – $240,926].

Financial instruments

Investments are recorded at fair value. Transactions are recorded on a trade date basis and transaction costs are expensed as incurred.

Other financial instruments, including accounts receivable and accounts payable and accrued liabilities, are initially recorded at their fair value and subsequently measured at amortized cost, net of any provisions for impairment.

Impairment

[i] Long-lived amortizing assets

The Organization tests for impairment when events or changes in circumstances indicate the carrying amount of an item or class of capital assets may not be recoverable. The recoverability of long-lived assets is based on the net recoverable amounts determined on an undiscounted cash flow basis. If the carrying amount of an asset exceeds its net recoverable amount, an impairment loss is recognized to the extent that fair value is below the asset's carrying amount.

[ii] Financial assets measured at cost and amortized cost

For financial assets measured at cost or amortized cost, the Organization regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and the Organization determines that there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss in the statement of operations. Any reversals of previously recognized impairment losses are recognized in operations in the year the reversal occurs.

Donated materials and contributed services

Donated materials and contributed services are recorded at fair value when the fair value can be reasonably estimated and when the materials and services are normally purchased by the Organization.

The Organization is dependent upon the services provided by its volunteers. Volunteers contribute numerous hours in carrying out the activities of the Organization. Due to the difficulty in determining their fair value, services contributed by volunteers are not recognized in the financial statements.

Notes to financial statements

March 31, 2018

Use of estimates

In preparing the Organization's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, related amounts of revenues and expenses, and the disclosure of contingent assets and liabilities. Areas requiring the use of management's estimates include the amortization basis for capital assets and the determination of the allowance for doubtful accounts receivable. Actual results could differ from those estimates.

3. Short-term investments and investments

To earn optimal financial returns while maintaining the investment capital, the Board of Directors has established a policy of investing funds not required for immediate operating or capital needs in fixed-income investments.

The short-term investments held as at March 31, 2018 have an average effective yield of 2.27% [2017 – 2.53%], and the investments held as at March 31, 2018 have an average effective yield of 2.40% [2017 – 2.03%] with maturity dates ranging from June 2020 to January 2022.

4. Accounts receivable

	2018	2017
	$	$
Trade receivables	**309,272**	756,212
Goods and services tax receivable	**22,386**	246,258
	331,658	1,002,470

Trade receivables include $282,926 [2017 – $686,238] owing from CASA Foundation ["the Foundation"] at March 31, 2018. CASA exercises significant influence over the Foundation through common management.

5. Capital assets

	2018			2017
	Cost	Accumulated amortization	Net book value	Net book value
	$	$	$	$
Art	**37,102**	**—**	**37,102**	25,504
Audio-visual equipment	**268,021**	**187,017**	**81,004**	56,947
Computer equipment	**1,201,779**	**731,820**	**469,959**	525,343
Furniture and office equipment	**1,305,771**	**674,457**	**631,314**	719,344
Leasehold improvements	**3,131,608**	**1,020,985**	**2,110,623**	2,292,931
	5,944,281	**2,614,279**	**3,330,002**	3,620,069

Notes to financial statements

March 31, 2018

Progress costs related to the CASA Centre redevelopment project were allocated to various capital asset accounts on completion of the CASA Centre in August 2016.

During the year ended March 31, 2015, the land on which the redeveloped CASA Centre is located was transferred to the Province of Alberta – Department of Infrastructure as lessor of the property. The land cost of $1,200,000 is recorded as a prepaid office lease on the statement of financial position and is being amortized to expenses in future years over the 25 year term of the lease. As at March 31, 2018, $48,000 has been recorded in prepaid expenses as a current asset, representing the amortization that will be incurred in fiscal 2019.

6. Accounts payable and accrued liabilities

	2018	2017
	$	$
Trade and employee payables	**613,448**	928,573
Accrued vacation payable	**415,449**	473,402
Government remittances payable	**185,034**	61,279
	1,213,931	1,463,254

Trade payables include $17,500 [2017 – $12,500] owing to CASA Foundation at March 31, 2018.

7. Deferred contributions

Details of the changes in deferred contributions are as follows:

	2018				
	Beginning balance	Received during the year	Recognized to revenue	Deferred to capital	Ending balance
	$	$	$	$	$
Alberta Health Services	**—**	**5,960,896**	**5,960,896**	**—**	**—**
Alberta government	**—**	**6,571,019**	**6,571,019**	**—**	**—**
CASA Foundation	**—**	**2,153,201**	**1,136,424**	**272,429**	**744,348**
Other foundations and community support	**39,594**	**778,584**	**762,586**	**—**	**55,592**
Donations	**72,805**	**23,398**	**23,398**	**—**	**72,805**
Casinos *[note 12]*	**36,878**	**—**	**—**	**25,801**	**11,076**
	149,277	**15,487,098**	**14,454,323**	**298,230**	**883,821**

	2017				
	Beginning balance $	Received during the year $	Recognized to revenue $	Deferred to capital $	Ending balance $
Alberta Health Services	—	6,001,459	6,001,459	—	—
Alberta government	442,114	5,918,487	6,360,601	—	—
CASA Foundation	288,538	3,785,613	1,060,324	3,013,827	—
Other foundations and community support	224,835	478,751	638,948	25,044	39,594
Donations	72,805	31,982	31,982	—	72,805
Casinos *[note 12]*	14,996	77,802	37,964	17,956	36,878
	1,043,288	16,294,094	14,131,278	3,056,827	149,277

8. Deferred capital contributions

Details of the changes in deferred capital contributions are as follows:

	2018 $	2017 $
Balance, beginning of the year	**2,931,661**	439,573
Contributions received and receivable during the year	**298,230**	3,056,827
Amounts amortized to revenues	**(517,526)**	(564,739)
Balance, end of the year	**2,712,365**	2,931,661

9. Commitments and contingencies

Commitments

[a] As at March 31, 2018, the Organization has entered into commitments for office equipment and office space:

[i] Future annual lease payments in respect of office equipment are as follows:

	$
2019	27,131
2020	27,131
2021	27,131
2022	9,044

[ii] Future annual lease payments in respect of office space are as follows:

	$
2019	35,544

[b] During the year ended March 31, 2015, CASA entered into an agreement with the Province of Alberta - Department of Infrastructure ["Infrastructure"] to redevelop its CASA Centre property. Under the terms of the agreement, CASA transferred land with a net book value of $1,200,000 to Infrastructure and entered into a 25 year lease for CASA Centre for $1 plus annual operating costs. The lease commenced in August 2016 on completion of the redevelopment.

Contingencies

From time to time, various legal claims may be pending against the Organization. Management believes that the Organization has recognized adequate provisions for probable and reasonably estimable liabilities associated with such claims, and that their ultimate resolution will not have a material adverse effect on the Organization's financial position or its financial activities.

10. Internally restricted net assets – specific initiatives

During the year, $nil [2017 – nil] of unrestricted net assets were internally restricted for purposes of furthering specific initiatives of the Organization.

11. Contributed materials and facilities

The Province of Alberta, through the Department of Infrastructure and Alberta Health Services, contributes to the operations of the Organization by providing and maintaining certain owned and leased facilities at no charge. The fair value of the contributed facilities is reflected as contributed facilities revenue of $1,379,099 [2017 – $1,144,645] and facility leases expense includes contributed facilities of $1,379,099 [2017 – $1,144,645].

12. Additional information

In compliance with the Ethical Fundraising and Financial Accountability Code, the Organization reports that membership fees, donations and casinos were the sole sources of fundraising revenue that occurred during the year.

Total donations receipted for income tax purposes in fiscal 2018 were $22,558 [2017 – $2,650]. An additional $62,068 [2017 – $29,957] in donations was not receipted for income tax purposes. The above includes $nil [2017 – nil] of donations that were deferred. $61,228 [2017 - $32,607] of the total donations receipted and not receipted were received from Foundation.

Contributions received from casinos during the year were $nil [2017 – $77,802]; $nil [2017 – $59,846] was recorded in deferred contributions and $nil [2017 – $17,956] used to purchase capital assets was transferred to deferred capital contributions on the statement of financial position. During the year, $nil [2017 – $14,996] of previously deferred contributions were recognized in the statement of operations and $25,802 [2017 – nil] of previously deferred contributions used to purchase capital assets was transferred to deferred capital contributions on the statement of financial position.

In compliance with the Alberta Charitable Fundraising Act, the Organization reports that the total amount paid to employees involved in fund development was $121,712 [2017 – $116,762] and that no fundraising business was used to make solicitations on behalf of the Organization.

13. Related party transactions

CASA Foundation's purpose is to solicit and receive funds to be contributed to CASA. The Foundation is incorporated under Part 9 of the *Companies Act* of the Province of Alberta and is exempt from income tax.

During the year, the Foundation contributed $2,153,201 [2017 – $3,785,613] to CASA for the following purposes:

	2018 $	2017 $
Staffing support	**398,426**	281,163
Community program support and donations	**416,026**	70,814
Facility and operational support	**150,000**	419,809
CASA Centre redevelopment	**1,188,749**	3,013,827
	2,153,201	3,785,613

Of the $2,153,201 [2017 – $3,785,613] received and receivable, $1,136,424 [2017 – $1,060,324] was recorded in the statement of operations as CASA Foundation grants and $272,429 [2017 – $3,013,827] was added to deferred capital contributions. An additional $nil [2017 – $288,538] of funds deferred from the prior year was recorded in the statement of operations as CASA Foundation grants and $744,346 [2017 – nil] was deferred to future periods.

The CASA Staff Education Fund's [the "Fund"] purpose is to support education and professional development for CASA's staff. CASA exercises significant influence over the Fund by virtue of its ability to appoint two of the Fund's four managers. During the year, CASA paid $nil [2017 – nil] to the Fund, and at March 31, 2018, $23,000 [2017 – $23,000] was payable to the Fund.

A law firm in which a Director of CASA is a partner periodically provides legal services to the Organization. Professional fees expenses for the year ended March 31, 2018 include $6,431 [2017 – $1,409] for legal services provided by the law firm.

All related party transactions have been recorded at their exchange amounts.

Notes to financial statements

March 31, 2018

14. Employee future benefits

The Organization sponsors a defined contribution pension plan for employees. The cost of the defined contribution plan [contributions in accordance with the plan agreement] is expensed in the period during which the services are rendered. The cost of the defined contribution plan for the year ended March 31, 2018 was $288,741 [2017 – $246,629].

15. Financial instruments

CASA is exposed to various financial risks through transactions in financial instruments.

The Organization holds guaranteed investment certificates, which are subject to interest rate and market fluctuation risks. These risks are mitigated by restricting both the type and term of securities eligible for investment. It is management's opinion that the risks arising from these financial instruments are not significant.

The Organization's exposure to credit risk relates to accounts receivable and arises from the possibility that counterparties do not fulfil their obligations. Management mitigates this risk through evaluations of creditors and the recording of allowances for doubtful accounts as required.