

CASA Mental Health

Financial statements

March 31, 2024



Independent auditor's report

To the Members of
CASA Mental Health

Opinion

We have audited the financial statements of **CASA Mental Health** [the "Organization"], which comprise the statement of financial position as at March 31, 2024, statement of operations, statement of changes in net assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, 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 opinion

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 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 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.

Edmonton, Canada
September 11, 2024

Ernst & Young LLP

Chartered Professional Accountants



CASA Mental Health

Statement of financial position

As at March 31

	2024	2023
	\$	\$
Assets		
Current		
Cash and cash equivalents	16,056,552	6,676,081
Short-term, investments [note 3]	7,346,183	6,892,602
Accounts receivable [notes 4 and 13]	20,642,901	2,593,535
Prepaid expenses [note 5]	559,701	169,887
Total current assets	44,605,337	16,332,105
Investments [note 3]	8,526,317	8,267,680
Capital assets, net [note 5]	2,882,987	2,879,058
Prepaid office lease [note 5]	788,000	836,000
	56,802,641	28,314,843
Liabilities and net assets		
Current		
Accounts payable and accrued liabilities [notes 6]	1,904,625	2,081,466
Deferred contributions [note 7]	37,389,822	8,543,668
Total current liabilities	39,294,447	10,625,134
Deferred contributions [note 7]	10,000,000	10,000,000
Deferred capital contributions [note BJ]	1,429,535	1,613,400
Total liabilities	50,723,982	22,238,534
Commitments and contingencies [note 9]		
Net assets		
Internally funded capital assets	1,453,451	1,265,658
Internally restricted - specific initiatives [note 10]	3,778,376	3,778,376
Internally restricted - prepaid occupancy [note 5]	836,000	884,000
Research endowment fund [note 16]	115,703	115,703
Unrestricted	(104,871)	32,572
Total net assets	6,078,659	6,076,309
	56,802,641	28,314,843

See accompanying notes

On behalf of the Board:

[Original Signed]

Director

[Original Signed]

Director

CASA Mental Health

Statement of operations

Year ended March 31

	2024	2023
	\$	\$
Revenue		
Alberta Health Services grants <i>[note 7]</i>	6,362,991	6,207,796
Alberta government grants <i>[note 7]</i>	21,198,350	10,253,991
Contributed facilities <i>[note 11]</i>	1,355,792	1,355,792
CASA Foundation grants <i>[notes 1, 7 and 13]</i>	114,741	1,174,241
Other foundations and community support <i>[note 7]</i>	551,026	668,555
Amortization of deferred capital contributions <i>[note 8]</i>	183,865	207,975
Investment income (expense), net	1,116,166	490,259
Donations <i>[notes 7 and 12]</i>	1,499,644	1,570,205
Casinos <i>[note 7]</i>	260,725	55,650
	32,643,300	21,984,464
Expenses		
Salaries and employee benefits <i>[note 14]</i>	25,106,910	15,766,420
Facility leases <i>[note 11]</i>	1,889,427	1,675,345
Client related costs	662,644	519,535
General and administrative	2,825,096	2,508,396
Amortization of capital assets	535,692	529,767
Facility operations	627,396	573,411
Research expenses	451,625	450,000
Professional fees	542,160	460,437
	32,640,950	22,483,311
Excess (deficiency) of revenue over expenses	2,350	(498,847)

See accompanying notes

CASA Mental Health

Statement of changes in net assets

Year ended March 31

		2024				
		Internally restricted		Research		
Internally		Specific	Prepaid	endowment	Unrestricted	Total
funded capital		initiatives	occupancy	fund		
assets						
\$	\$	\$	\$	\$	\$	\$
1,265,658	3,778,376	884,000	115,703	32,572	6,076,309	
—	—	—	—	2,350	2,350	
(351,828)	—	(48,000)	—	399,828	—	
539,621	—	—	—	(539,621)	—	
1,453,451	3,778,376	836,000	115,703	(104,871)	6,078,659	

Balance, beginning of year
 Excess of revenue over expenses for the year
 Amortization
 Internally restricted [note 10]
Balance, end of year

		2023				
		Internally restricted		Research		
Internally		Specific	Prepaid	endowment	Unrestricted	Total
funded capital		initiatives	occupancy	fund		
assets						
\$	\$	\$	\$	\$	\$	\$
635,217	3,778,376	932,000	115,703	1,113,860	6,575,156	
—	—	(48,000)	—	(450,847)	(498,847)	
(321,792)	—	—	—	321,792	—	
952,233	—	—	—	(952,233)	—	
1,265,658	3,778,376	884,000	115,703	32,572	6,076,309	

Balance, beginning of year
 Deficiency of revenue over expenses for the year
 Amortization
 Internally restricted [note 10]
Balance, end of year

See accompanying notes

CASA Mental Health

Statement of cash flows

Year ended March 31

	2024	2023
	\$	\$
Operating activities		
Excess (deficiency) of revenue over expenses for the year	2,350	(498,847)
Add (deduct) items not affecting cash		
Amortization of deferred capital contributions	(183,865)	(207,975)
Amortization of leasehold inducements	—	(23,248)
Amortization of capital assets	535,692	529,767
	<u>354,177</u>	<u>(200,303)</u>
Changes in non-cash working capital balances related to operations		
Accounts receivable	(18,049,366)	10,313,931
Prepaid expenses	(341,814)	77,869
Accounts payable and accrued liabilities	(176,841)	887,978
Deferred contributions	28,846,154	5,649,534
Cash provided by operating activities	<u>10,632,310</u>	<u>16,729,009</u>
Investing activities		
Purchases of investments	(3,122,334)	(14,003,300)
Proceeds from sale of investments	2,410,116	493,296
Purchases of capital assets	(539,621)	(952,233)
Cash used in investing activities	<u>(1,251,839)</u>	<u>(14,462,237)</u>
Net increase in cash during the year	9,380,471	2,266,772
Cash and cash equivalents, beginning of year	<u>6,676,081</u>	<u>4,409,309</u>
Cash and cash equivalents, end of year	<u>16,056,552</u>	<u>6,676,081</u>

See accompanying notes

CASA Mental Health

Notes to financial statements

March 31, 2024

1. Nature of operations

The purpose of CASA Mental Health ["CASA" or the "Organization"] is to advance the mental health of children and adolescents within Alberta by way of assessment and treatment, research, and education.

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

As at April 1, 2021, all the rights, title and interest pertaining to the assets and liabilities of CASA Foundation [the "Foundation"] were transferred to CASA through an asset transfer agreement, and the resulting balance was recorded as grant receivables from the Foundation [notes 4 and 13]. As at March 31, 2024, the Foundation is in the process of being dissolved and did not actively operate during the current fiscal year.

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 include 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 statement 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 which together, along with certain investments, may be subject to certain restrictions as described in notes 10 and 16.

CASA Mental Health

Notes to financial statements

March 31, 2024

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
Automobiles	30% declining balance
Computer equipment	30% declining balance
Furniture and office equipment	20% declining balance
Software	30% 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 completed 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, 2024, the Organization has no deferred tenant inducements [2023 – \$460,277] less no accumulated amortization [2023 – \$460,277].

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

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.

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Notes to financial statements

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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.

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 revenue 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.

Short-term investments held as at March 31, 2024 have an average effective yield of 4.30% [2023 – 4.01%]. Long-term investments held as at March 31, 2024 have an average effective yield of 4.18% [2023 – 4.05%] with maturity dates ranging from March 2026 to September 2028.

4. Accounts receivable

	2024	2023
	\$	\$
Trade receivables [note 16]	20,416,014	2,478,093
Goods and Services Tax receivable	226,887	115,442
	20,642,901	2,593,535

Trade receivables include \$112,925 [2023 – \$860,981] owing from the Foundation as at March 31, 2024.

Trade receivables include \$20,000,000 [2023 – \$1,000,000] as grant receivables under the Thrive (Classrooms) grant from the Government of Alberta as at March 31, 2024.

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5. Capital assets

	2024		2023	
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Art	125,096	—	125,096	109,888
Audio-visual equipment	274,047	260,942	13,105	14,497
Automobiles	23,656	17,605	6,051	8,645
Computer equipment	2,612,197	1,857,715	754,482	689,743
Furniture and office equipment	1,731,062	1,318,171	412,891	411,643
Leasehold improvements	3,339,581	1,782,930	1,556,651	1,623,628
Software	87,528	72,817	14,711	21,014
	8,193,167	5,310,180	2,882,987	2,879,058

As at March 31, 2024, \$48,000 [2023 – \$48,000] has been recorded in prepaid expenses as a current asset in relation to CASA Centre 25 year lease agreement made with the Province of Alberta beginning August 2016 and recorded as prepaid lease, representing the amortization that will be incurred in fiscal 2025 with the remaining long term asset balance at \$788,000 as at March 31, 2024.

6. Accounts payable and accrued liabilities

	2024	2023
	\$	\$
Trade and employee payables	1,046,863	1,157,971
Accrued vacation payable	828,730	707,675
Government remittances payable	29,032	215,820
	1,904,625	2,081,466

CASA Mental Health

Notes to financial statements

March 31, 2024

7. Deferred contributions

Details of the changes in deferred contributions are as follows:

	2024				
	Beginning balance	Received/ receivable during the year	Recognized to revenue	Deferred to capital	Ending balance
	\$	\$	\$	\$	\$
Alberta Health Services	—	6,362,991	6,362,991	—	—
Alberta government	18,329,005	49,991,182	21,198,350	—	47,121,837
CASA Foundation [note 13]	154,470	—	114,741	—	39,729
Other foundations and community support	60,193	719,089	551,026	—	228,256
Donations	—	1,499,644	1,499,644	—	—
Casinos	—	260,725	260,725	—	—
	18,543,668	58,833,631	29,987,477	—	47,389,822

Of the \$47,121,837 [2023 – \$18,329,005] of Alberta Government related deferred revenue, \$10,000,000 [2023 – \$10,000,000] has been classified as non-current.

	2023				
	Beginning balance	Received during the year	Recognized to revenue	Deferred to capital	Ending balance
	\$	\$	\$	\$	\$
Alberta Health Services	—	6,207,796	6,207,796	—	—
Alberta government	12,000,000	16,582,996	10,253,991	—	18,329,005
CASA Foundation [note 13]	730,854	597,857	1,174,241	—	154,470
Other foundations and community support	163,280	565,468	668,555	—	60,193
Donations	—	1,570,205	1,570,205	—	—
Casinos	—	55,650	55,650	—	—
	12,894,134	25,579,972	19,930,438	—	18,543,668

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Notes to financial statements

March 31, 2024

8. Deferred capital contributions

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

	2024	2023
	\$	\$
Balance, beginning of year	1,613,400	1,821,375
Amounts amortized to revenue	(183,865)	(207,975)
Balance, end of year	1,429,535	1,613,400

9. Commitments and contingencies

Commitments

[a] As at March 31, 2024, 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:

	\$
2025	27,887
2026	27,887
2027	27,887
2028	9,296

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

	\$
2025	363,727
2026	340,815
2027	323,817
2028	245,616
2029	164,616
2030	183,764
2031	30,866

[b] During the year ended March 31, 2015, CASA entered into an agreement with 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.

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Notes to financial statements

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- [c] During the year ended March 31, 2023, CASA has entered into a donation agreement pledging a total of \$4,500,000 to the University of Alberta to fund a Research Chair in Child and Adolescent Mental Health and to fund the Research Chair Support Fund to ensure the Research Chair has the necessary resources and funding for success. The agreement is on uninterrupted basis for a 10 year period with annual payments of \$250,000 for the Research Chair and \$200,000 for the Research Chair Support Fund starting in October 2022 and ending in June 2031. \$110,107 [2023 – \$450,000] in deferred revenue was recognized to revenue to offset the funding agreement expenses.
- [d] During the year, the Organization received approval for additional grants from the Province of Alberta with respect to program expansion of \$112,000,000. This includes grant amounts with respect to building expansions of \$75,000,000 and \$37,000,000 for operations which is expected to be received through the fiscal year ending March 31, 2026. The Organization may utilize this funding to assist with future expansion and if so, intends to conduct a capital campaign to provide further funds for expansion.

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

For the year ended March 31, 2024, the Board has authorized \$539,621 [2023 – \$952,233] to be internally restricted to the internally funded capital asset fund. At March 31, 2024, \$3,778,376 [2023 – \$3,778,376] of net assets are internally restricted for purposes of furthering specific initiatives of the Organization, including but not limited to covering expenses of programs, losses arising from significant disruption in operations, and/or discontinuation of operations that may result in liabilities.

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 \$1,355,792 [2023 – \$1,355,792], and facility leases expense includes contributed facilities of \$1,355,792 [2023 – \$1,355,792].

12. Additional information

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

Total donations receipted for income tax purposes in fiscal 2024 were \$595,793 [2023 – \$819,219]. An additional \$903,851 [2023 – \$750,986] in donations was not receipted for income tax purposes. \$1,499,644 [2023 – \$1,570,205] was recognized to revenue during the year and nil [2023 – nil] was added to deferred contributions.

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Notes to financial statements

March 31, 2024

During the year, \$114,741 [2023 – \$576,384] of previously deferred contributions from the Foundation were recognized in the statement of operations, and nil [2023 – 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 \$962,428 [2023 – \$796,945].

13. Related party transactions

The 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* (Alberta) and is exempt from income taxes.

During the year, the Foundation contributed nil [2023 – \$597,857] to CASA for the following purposes:

	2024	2023
	\$	\$
Community program support and donations	—	597,857

Of the nil [2023 – \$597,857] contributed from the Foundation, nil [2023 – nil] was added to internally funded capital assets. Of the remaining amounts received and receivable, nil [2023 – \$597,857] was recorded in the statement of operations as the Foundation grants resulting from the asset transfer agreement [note 1], and \$39,729 [2023 – \$154,470] was deferred and continued to be deferred to future periods. In the current year, \$114,741 [2023 – \$576,384] of funds deferred from the prior year were recorded in the statement of operations as Foundation grants.

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

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, 2024 was \$539,462 [2023 – \$459,531].

15. Financial instruments and risk management

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

Interest rate risk

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.

CASA Mental Health

Notes to financial statements

March 31, 2024

Credit risk

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

Liquidity risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly with respect to its accounts payable and accrued liabilities.

16. Research endowment fund

As part of the asset transfer agreement *[note 1]*, a research endowment fund was transferred from the Foundation to CASA effective April 1, 2021.

In 2002, the "Kids Come First" Endowment Fund for Research in Children's Mental Health was created. Of cash balances held, \$115,703 [2023 – \$115,703] is restricted for research purposes. Contributions are subject to externally imposed restrictions stipulating that the resources be maintained permanently. The cumulative interest income earned on the endowment fund contributions, which totals \$34,905 [2023 – \$30,114] as at March 31, 2024. The current amount of \$4,791 [2023 – \$2,072] is included in interest revenue on the statement of operations, and is restricted to support clinical and evaluative research in child and adolescent mental health at CASA and applied against research expenses.

17. Comparative figures

Certain figures presented in the comparative year were reclassified to be consistent with the presentation of the current year.