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# **HARD FEELINGS MENTAL HEALTH**

## **FINANCIAL STATEMENTS**

**UNAUDITED**

**MAY 3, 2017 TO JUNE 30, 2018**

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# HARD FEELINGS MENTAL HEALTH

## STATEMENT OF FINANCIAL POSITION

UNAUDITED

AS AT JUNE 30, 2018

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### ASSETS

#### Current assets

Cash	\$ 21,979
Guaranteed investment certificate (note 3)	2,024
Accounts receivable	1,487
Prepaid expenses	4,289
Inventory	<u>4,682</u>
	34,461

Capital assets (note 4)	<u>18,866</u>
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\$ 53,327

### LIABILITIES AND NET ASSETS

#### Current liabilities

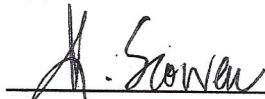
Accounts payable and accrued liabilities (note 5)	\$ 6,473
Loans payable (note 6)	5,000
Deferred capital contributions	<u>18,866</u>
	<u>30,339</u>


#### Net assets

Unrestricted	<u>22,988</u>
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\$ 53,327

Approved on behalf of the Board:

\_\_\_\_\_, Director

\_\_\_\_\_, Director

see accompanying notes

# **HARD FEELINGS MENTAL HEALTH**

## **STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS**

### **UNAUDITED**

**FOR THE PERIOD MAY 3, 2017 (DATE OF INCORPORATION) TO JUNE 30, 2018**

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#### **REVENUE**

Contributions	68,224
Rental	36,548
Sales	28,278
Capital contributions recognized	<u>3,549</u>
	<u>136,599</u>

#### **COST OF GOODS SOLD**

16,988

#### **EXPENSES**

Occupancy	57,289
Salaries and benefits	17,950
Office and store	7,872
Professional fees	3,753
Insurance	3,489
Processing fees	2,721
Amortization	<u>3,549</u>
	<u>96,623</u>

#### **EXCESS OF REVENUE OVER EXPENSES FOR THE PERIOD**

22,988

Net assets, beginning of period

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#### **NET ASSETS, END OF PERIOD**

\$ 22,988

see accompanying notes

# HARD FEELINGS MENTAL HEALTH

## STATEMENT OF CASH FLOWS

### UNAUDITED

FOR THE PERIOD MAY 3, 2017 (DATE OF INCORPORATION) TO JUNE 30, 2018

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#### OPERATING ACTIVITIES

Excess of revenue over expenses for the year	\$ 22,988
Add (subtract) items not involving cash:	
Amortization	3,549
Recognition of deferred capital contribution	(3,549)
Net change in non-cash working capital items (see below)	<u>(3,985)</u>
Net cash generated from operating activities	<u>19,003</u>

#### INVESTING ACTIVITIES

Purchase of guaranteed investment certificate	(2,024)
Purchase of capital assets	<u>(22,415)</u>
Net cash used for investing activities	<u>(24,439)</u>

#### FINANCING ACTIVITIES

Proceeds from related party loan	5,000
Receipt of deferred capital contributions	<u>22,415</u>
Net cash generated from financing activities	<u>27,415</u>

#### NET INCREASE IN CASH FOR THE PERIOD

21,979

Cash, beginning of period

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#### CASH, END OF PERIOD

\$ 21,979

Net change in non-cash working capital items:

Decrease (increase) in current assets-	
Accounts receivable	\$ (1,487)
Inventory	(4,682)
Prepaid expenses	(4,289)
Increase (decrease) in current liabilities-	
Accounts payable and accrued liabilities	<u>6,473</u>
	<u><u>\$ (3,985)</u></u>

see accompanying notes

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# **HARD FEELINGS MENTAL HEALTH**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **UNAUDITED**

**FOR THE PERIOD MAY 3, 2017 (DATE OF INCORPORATION) TO JUNE 30, 2018**

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Hard Feelings Mental Health (the organization) is incorporated without share capital under the Canada Not-for-profit Corporations Act. The organization is exempt from income tax in Canada as a not-for-profit organization under Section 149(1)(L) of the Income Tax Act (Canada).

The organization facilitates the delivery of low cost counselling through an innovative, welcoming community of professional counsellors. The retail store sells carefully curated books and resources to help build and sustain stronger mental health and the space fosters dialogue around mental health.

### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Management is responsible for preparation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations. Outlined below are those policies considered particularly significant:

#### **Revenue recognition**

The principal sources and recognition of revenue for financial statement purposes are as follows:

- i) The organization follows the deferral method of revenue recognition for contributions, which include grants and donations. Unrestricted contributions are recognized as revenue when received. Restricted contributions are initially recognized as deferred contributions and subsequently recognized as revenue in the year in which the related expenses are incurred. Contributions related to the purchase of capital assets are recorded as revenue in the same period the related capital assets are charged to operations.
- ii) Contributed materials and services normally purchased by the organization are not recorded in these financial statements.
- iii) Sales revenue from the retail store is recognized when the goods are provided.
- iv) Rental income earned from counsellors for use of the facilities for sessions is recognized when the services are rendered.

#### **Capital assets**

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

Leasehold improvements	- 5 years straight line basis
Furniture and fixtures	- 5 years straight line basis

#### **Inventory**

Retail inventory is carried at the lower of cost, determined by using the first-in, first-out method, and net realizable value.

### **2. FINANCIAL INSTRUMENTS**

The organization records financial instruments, which include cash, guaranteed investment certificate, accounts receivable, accounts payable and accrued liabilities, initially at fair value. The guaranteed investment certificate is subsequently measured at cost plus accrued interest income. All other financial instruments are subsequently recorded net of any provisions for impairment in value.

# HARD FEELINGS MENTAL HEALTH

## NOTES TO THE FINANCIAL STATEMENTS

### UNAUDITED

FOR THE PERIOD MAY 3, 2017 (DATE OF INCORPORATION) TO JUNE 30, 2018

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#### 3. GUARANTEED INVESTMENT CERTIFICATE

The guaranteed investment certificate is issued by a Canadian chartered bank, bears interest at 1.75% and matures in December 2018. The guaranteed investment certificate is secured against the organization's credit card.

#### 4. CAPITAL ASSETS

Capital assets are as follows:

	Cost	Accumulated Amortization	Net
Leasehold improvements	\$ 16,831	\$ (2,665)	\$ 14,166
Furniture and fixtures	<u>5,584</u>	<u>(884)</u>	<u>4,700</u>
	<u>\$ 22,415</u>	<u>\$ (3,549)</u>	<u>\$ 18,866</u>

#### 5. PAYABLE TO THE GOVERNMENT

Included in accounts payable and accrued liabilities are government remittances and HST payable of \$2,582.

#### 6. RELATED PARTY LOAN

During the year, the organization obtained a loan from a director in the amount of \$5,000. The loan payable is non-interest bearing, unsecured and payable on demand. As at period end, none of the loan was repaid.

#### 7. COMMITMENT

The organization leases space in Toronto, Ontario. The organization entered into a four year lease expiring on May 31, 2022. Minimum annual lease payments for the term of the lease are as follow:

2019	\$ 41,563
2020	42,394
2021	42,465
2022	<u>40,364</u>
	<u>\$ 166,786</u>