
HARD FEELINGS MENTAL HEALTH

FINANCIAL STATEMENTS

UNAUDITED

JUNE 30, 2021

INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Members,
Hard Feelings Mental Health

We have reviewed the accompanying financial statements of Hard Feelings Mental Health (the organization) that comprise the statement of financial position as at June 30, 2021, and the statements of operations and changes in net assets 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.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Hard Feelings Mental Health as at June 30, 2021, 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.



Chartered Professional Accountants
Licensed Public Accountants

October 21, 2021
Toronto, Ontario

HARD FEELINGS MENTAL HEALTH

STATEMENT OF FINANCIAL POSITION

UNAUDITED

AS AT JUNE 30, 2021

	2021	2020
ASSETS		
Current assets		
Operating cash	\$ 71,938	\$ 66,225
Restricted cash (note 3)	2,035	2,035
Accounts receivable	593	-
Inventory	6,731	5,739
Prepaid expenses	<u>3,780</u>	<u>3,949</u>
	85,077	77,948
Long-term assets		
Capital assets (note 4)	<u>5,417</u>	<u>9,900</u>
	<u>\$ 90,494</u>	<u>\$ 87,848</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities (note 5)	\$ 3,491	\$ 6,103
Deferred contributions (note 7)	10,194	-
Deferred revenue	1,695	-
Deferred capital contributions	<u>5,417</u>	<u>9,900</u>
	20,797	16,003
Long-term liabilities		
Canada Emergency Business Account Loan (CEBA) (note 6)	<u>30,000</u>	<u>40,000</u>
	<u>50,797</u>	<u>56,003</u>
Net assets		
Unrestricted	<u>39,697</u>	<u>31,845</u>
	<u>\$ 90,494</u>	<u>\$ 87,848</u>

Approved on behalf of the Board:

Claire Angus, Director

Maureen Carter-Whitney, Director

see accompanying notes

HARD FEELINGS MENTAL HEALTH

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

UNAUDITED

FOR THE YEAR ENDED JUNE 30, 2021

	2021	2020
REVENUE		
Contributions (note 8)	\$ 60,268	\$ 35,770
Community of practice membership fees	33,275	68,023
Program fees	26,861	-
Sales and workshops	20,207	42,097
Forgivable portion of CEBA loan (note 6)	10,000	-
Capital contributions recognized	<u>4,483</u>	<u>4,483</u>
	<u>155,094</u>	<u>150,373</u>
COST OF GOODS SOLD	<u>12,502</u>	<u>23,535</u>
EXPENSES		
Occupancy	45,243	48,113
Salaries and benefits	42,363	51,725
Program	22,349	-
Community of practice and store	20,302	16,184
Amortization	<u>4,483</u>	<u>4,483</u>
	<u>134,740</u>	<u>120,505</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	7,852	6,333
Net assets, beginning of year	<u>31,845</u>	<u>25,512</u>
NET ASSETS, END OF YEAR	<u><u>\$ 39,697</u></u>	<u><u>\$ 31,845</u></u>

see accompanying notes

HARD FEELINGS MENTAL HEALTH

STATEMENT OF CASH FLOWS

UNAUDITED

FOR THE YEAR ENDED JUNE 30, 2021

	2021	2020
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	\$ 7,852	\$ 6,333
Add (subtract) items not involving cash:		
Amortization	4,483	4,483
Recognition of deferred capital contributions	(4,483)	(4,483)
Forgivable portion of CEBA loan	(10,000)	-
Net change in non-cash working capital items (see below)	<u>7,861</u>	<u>(6,830)</u>
Net cash generated from (used for) operating activities	<u>5,713</u>	<u>(497)</u>
FINANCING ACTIVITIES		
Repayment of related party loan	-	(2,500)
Proceeds from CEBA Loan	<u>-</u>	<u>40,000</u>
Net cash generated from financing activities	<u>-</u>	<u>37,500</u>
NET INCREASE IN CASH FOR THE YEAR	5,713	37,003
Cash, beginning of year	<u>68,260</u>	<u>31,257</u>
CASH, END OF YEAR	<u><u>\$ 73,973</u></u>	<u><u>\$ 68,260</u></u>
Cash comprises of:		
Operating cash	\$ 71,938	\$ 66,225
Restricted cash	<u>2,035</u>	<u>2,035</u>
	<u><u>\$ 73,973</u></u>	<u><u>\$ 68,260</u></u>
Net change in non-cash working capital items:		
Decrease (increase) in current assets-		
Accounts receivable	\$ (593)	\$ -
Inventory	(992)	(405)
Prepaid expenses	169	(238)
Increase (decrease) in current liabilities-		
Accounts payable and accrued liabilities	(2,612)	(6,187)
Deferred contributions	10,194	-
Deferred revenue	<u>1,695</u>	<u>-</u>
	<u><u>\$ 7,861</u></u>	<u><u>\$ (6,830)</u></u>

see accompanying notes

HARD FEELINGS MENTAL HEALTH

NOTES TO THE FINANCIAL STATEMENTS

UNAUDITED

FOR THE YEAR ENDED JUNE 30, 2021

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. Canada Emergency Rent Subsidy revenue is recognized in the period it relates to.
- 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) Community of practice membership fees earned from counsellors are recognized when services are rendered.
- v) Program fee revenue is recognized in the period 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

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, restricted cash, accounts receivable, accounts payable and accrued liabilities, and CEBA loan initially at fair value. All other financial instruments are subsequently recorded net of any provisions for impairment in value.

HARD FEELINGS MENTAL HEALTH

NOTES TO THE FINANCIAL STATEMENTS

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FOR THE YEAR ENDED JUNE 30, 2021

3. RESTRICTED CASH

Restricted cash acts as security for the organization's credit card.

4. CAPITAL ASSETS

Capital assets are as follows:

	Cost	Accumulated Amortization	2021 Net	2020 Net
Leasehold improvements	\$ 16,831	\$ (12,764)	\$ 4,067	\$ 7,434
Furniture and fixtures	<u>5,584</u>	<u>(4,234)</u>	<u>1,350</u>	<u>2,466</u>
	<u>\$ 22,415</u>	<u>\$ (16,998)</u>	<u>\$ 5,417</u>	<u>\$ 9,900</u>

5. PAYABLE TO THE GOVERNMENT

Included in accounts payable and accrued liabilities are government remittances and HST payable of \$523 (2020 - \$1,393)

6. CANADA EMERGENCY BUSINESS ACCOUNT LOAN

In fiscal 2020, the organization obtained the Canada Emergency Business Account Loan of \$40,000 from the Government of Canada. The unsecured loan bears no interest and no principal repayments are required until December 31, 2022. If the organization repays \$30,000 of the loan before December 31, 2022 then \$10,000 of the loan is forgiven. Proceeds from the loan can only be used for non-deferrable operating expenses. As at year end, the Organization's resources are sufficient to repay the loan when due and therefore the forgivable portion of the loan has been recognized as revenue in the current year. As at year end, the organization made no principal repayments in respect of the CEBA loan.

7. DEFERRED CONTRIBUTIONS

Continuity of deferred contributions for the year is as follows:

	2021	2020
Deferred contributions, beginning of year	\$ -	\$ -
Add contributions received	70,462	35,770
Less contributions recognized as revenue	<u>(60,268)</u>	<u>(35,770)</u>
Deferred contributions, end of year	<u>\$ 10,194</u>	<u>\$ -</u>

HARD FEELINGS MENTAL HEALTH

NOTES TO THE FINANCIAL STATEMENTS

UNAUDITED

FOR THE YEAR ENDED JUNE 30, 2021

8. CONTRIBUTIONS

Contribution revenue is from the following sources:

	2021	2020
Foundation	\$ 34,606	\$ -
Government	20,302	8,261
Individuals	<u>5,360</u>	<u>27,509</u>
	<u>\$ 60,268</u>	<u>\$ 35,770</u>

Included in government contributions is \$15,872 from the Government of Canada Emergency Rent Subsidy program (2020 - \$339 from the Government of Canada Temporary Wage Subsidy program).

9. PRIOR PERIOD RECLASSIFICATIONS

Prior period financial statement amounts have been reclassified to conform to current period presentation.

10. COMMITMENT

The organization leases space in Toronto, Ontario. The four year lease expires on June 30, 2022. Minimum annual payments over the remaining term of the lease are \$38,967.