
HARD FEELINGS MENTAL HEALTH

FINANCIAL STATEMENTS

UNAUDITED

JUNE 30, 2022

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, 2022, 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, 2022, 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.

Pennylegion Chung LLP

Chartered Professional Accountants
Licensed Public Accountants

November 24, 2022
Toronto, Ontario

HARD FEELINGS MENTAL HEALTH

STATEMENT OF FINANCIAL POSITION

UNAUDITED

AS AT JUNE 30, 2022

	2022	2021
ASSETS		
Current assets		
Operating cash	\$ 57,237	\$ 71,938
Restricted cash (note 3)	2,035	2,035
Accounts receivable	-	593
Inventory	6,214	6,731
Prepaid expenses	<u>-</u>	<u>3,780</u>
	65,486	85,077
Long-term assets		
Capital assets (note 4)	<u>-</u>	<u>5,417</u>
	<u>\$ 65,486</u>	<u>\$ 90,494</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	\$ 11,664	\$ 3,491
Deferred contributions (note 6)	-	10,194
Deferred revenue	1,271	1,695
Deferred capital contributions	<u>-</u>	<u>5,417</u>
	12,935	20,797
Long-term liabilities		
Canada Emergency Business Account Loan (CEBA) (note 5)	<u>30,000</u>	<u>30,000</u>
	<u>42,935</u>	<u>50,797</u>
Net assets		
Unrestricted	<u>22,551</u>	<u>39,697</u>
	<u>\$ 65,486</u>	<u>\$ 90,494</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, 2022

	2022	2021
REVENUE		
Contributions (note 7)	\$ 105,816	\$ 60,268
Sales and workshops	63,160	20,934
Community of practice membership fees	37,085	33,275
Program fees	24,923	26,861
Capital contributions recognized	5,417	4,483
Forgivable portion of CEBA loan (note 5)	<u>-</u>	<u>10,000</u>
	<u>236,401</u>	<u>155,821</u>
COST OF GOODS SOLD	<u>35,011</u>	<u>12,502</u>
EXPENSES		
Salaries and benefits	98,556	42,363
Occupancy	53,664	45,243
Community of practice and store Program	42,303	21,028
Amortization	18,596	22,349
	<u>5,417</u>	<u>4,483</u>
	<u>218,536</u>	<u>135,466</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	(17,146)	7,853
Net assets, beginning of year	<u>39,697</u>	<u>31,844</u>
NET ASSETS, END OF YEAR	<u><u>\$ 22,551</u></u>	<u><u>\$ 39,697</u></u>

see accompanying notes

HARD FEELINGS MENTAL HEALTH

STATEMENT OF CASH FLOWS

UNAUDITED

FOR THE YEAR ENDED JUNE 30, 2022

	2022	2021
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	\$ (17,146)	\$ 7,853
Add (subtract) items not involving cash:		
Amortization	5,417	4,483
Recognition of deferred capital contributions	(5,417)	(4,483)
Forgivable portion of CEBA loan	-	(10,000)
Net change in non-cash working capital items (see below)	<u>2,445</u>	<u>7,860</u>
NET INCREASE (DECREASE) IN CASH FOR THE YEAR	(14,701)	5,713
Cash, beginning of year	<u>73,973</u>	<u>68,260</u>
CASH, END OF YEAR	<u><u>\$ 59,272</u></u>	<u><u>\$ 73,973</u></u>
Cash comprises of:		
Operating cash	\$ 57,237	\$ 71,938
Restricted cash	<u>2,035</u>	<u>2,035</u>
	<u><u>\$ 59,272</u></u>	<u><u>\$ 73,973</u></u>
Net change in non-cash working capital items:		
Decrease (increase) in current assets-		
Accounts receivable	\$ 593	\$ (593)
Inventory	517	(992)
Prepaid expenses	3,780	169
Increase (decrease) in current liabilities-		
Accounts payable and accrued liabilities	8,173	(2,613)
Deferred contributions	(10,194)	10,194
Deferred revenue	<u>(424)</u>	<u>1,695</u>
	<u><u>\$ 2,445</u></u>	<u><u>\$ 7,860</u></u>

see accompanying notes

HARD FEELINGS MENTAL HEALTH

NOTES TO THE FINANCIAL STATEMENTS

UNAUDITED

FOR THE YEAR ENDED JUNE 30, 2022

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 recorded 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 recognized as revenue in the same period and on the same basis the related capital assets are amortized. Canada Emergency Rent Subsidy revenue is recognized in the period to which it relates.
- 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

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FOR THE YEAR ENDED JUNE 30, 2022

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	2022 Net	2021 Net
Leasehold improvements	\$ 16,831	\$ (16,831)	\$ -	\$ 4,068
Furniture and fixtures	<u>5,584</u>	<u>(5,584)</u>	<u>-</u>	<u>1,349</u>
	<u>\$ 22,415</u>	<u>\$ (22,415)</u>	<u>\$ -</u>	<u>\$ 5,417</u>

5. 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, 2023. As at year end, the organization made no principal repayments in respect of the CEBA loan. In fiscal 2021, the forgivable portion of \$10,000 was recognized as revenue.

6. DEFERRED CONTRIBUTIONS

Continuity of deferred contributions for the year is as follows:

	2022	2021
Deferred contributions, beginning of year	\$ 10,194	\$ -
Add contributions received	95,622	70,462
Less contributions recognized as revenue	<u>(105,816)</u>	<u>(60,268)</u>
Deferred contributions, end of year	<u>\$ -</u>	<u>\$ 10,194</u>

7. CONTRIBUTIONS

Contribution revenue is from the following sources:

	2022	2021
Foundation	\$ 55,156	\$ 34,606
Individuals	41,577	5,360
Government	<u>9,083</u>	<u>20,302</u>
	<u>\$ 105,816</u>	<u>\$ 60,268</u>

Included in government contributions is \$4,492 from the Government of Canada Emergency Rent Subsidy program (2021 - \$15,872)

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NOTES TO THE FINANCIAL STATEMENTS

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FOR THE YEAR ENDED JUNE 30, 2022

8. PRIOR PERIOD RECLASSIFICATIONS

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