
HARD FEELINGS MENTAL HEALTH

FINANCIAL STATEMENTS

UNAUDITED

JUNE 30, 2023

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, 2023, 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, 2023, 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 9, 2023
Toronto, Ontario

HARD FEELINGS MENTAL HEALTH

STATEMENT OF FINANCIAL POSITION

UNAUDITED

AS AT JUNE 30, 2023

	2023	2022
ASSETS		
Current assets		
Operating cash	\$ 52,288	\$ 57,237
Restricted cash (note 3)	2,045	2,035
Guaranteed investment certificate (note 3)	70,095	-
Inventory	<u>10,327</u>	<u>6,214</u>
	<u>\$ 134,755</u>	<u>\$ 65,486</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Canada Emergency Business Account Loan (CEBA) (note 5)	\$ 30,000	\$ -
Accounts payable and accrued liabilities	8,262	11,664
Deferred contributions (note 6)	52,509	-
Deferred revenue	<u>1,195</u>	<u>1,271</u>
	91,966	12,935
Long-term liabilities		
CEBA Loan (note 5)	<u>-</u>	<u>30,000</u>
	<u>91,966</u>	<u>42,935</u>
Net assets		
Unrestricted	<u>42,789</u>	<u>22,551</u>
	<u>\$ 134,755</u>	<u>\$ 65,486</u>

Approved on behalf of the Board:

Asemend, 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, 2023

	2023	2022
REVENUE		
Contributions (note 7)	\$ 59,171	\$ 105,816
Community of practice membership fees	59,102	37,085
Sales and workshops	25,051	63,160
Interest	104	-
Capital contributions recognized	-	5,417
Program fees	<u>-</u>	<u>24,923</u>
	<u>143,428</u>	<u>236,401</u>
COST OF GOODS SOLD	<u>13,775</u>	<u>35,011</u>
EXPENSES		
Salaries and benefits	85,839	98,556
Community of practice and store	21,090	42,303
Occupancy	2,321	53,664
Program	165	18,596
Amortization	<u>-</u>	<u>5,417</u>
	<u>109,415</u>	<u>218,536</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	20,238	(17,146)
Net assets, beginning of year	<u>22,551</u>	<u>39,697</u>
NET ASSETS, END OF YEAR	<u><u>\$ 42,789</u></u>	<u><u>\$ 22,551</u></u>

see accompanying notes

HARD FEELINGS MENTAL HEALTH

STATEMENT OF CASH FLOWS

UNAUDITED

FOR THE YEAR ENDED JUNE 30, 2023

	2023	2022
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	\$ 20,238	\$ (17,146)
Add (subtract) items not involving cash:		
Amortization	-	5,417
Recognition of deferred capital contributions	-	(5,417)
Net change in non-cash working capital items (see below)	<u>44,918</u>	<u>2,445</u>
Net cash generated from (used for) operating activities	<u>65,156</u>	<u>(14,701)</u>
INVESTING ACTIVITIES		
Purchase of guaranteed investment certificates	<u>(70,095)</u>	<u>-</u>
NET DECREASE IN CASH FOR THE YEAR	(4,939)	(14,701)
Cash, beginning of year	<u>59,272</u>	<u>73,973</u>
CASH, END OF YEAR	<u>\$ 54,333</u>	<u>\$ 59,272</u>
Cash comprises of:		
Operating cash	\$ 52,288	\$ 57,237
Restricted cash	<u>2,045</u>	<u>2,035</u>
	<u>\$ 54,333</u>	<u>\$ 59,272</u>
Net change in non-cash working capital items:		
Decrease (increase) in current assets-		
Accounts receivable	\$ -	\$ 593
Inventory	(4,113)	517
Prepaid expenses	-	3,780
Increase (decrease) in current liabilities-		
Accounts payable and accrued liabilities	(3,402)	8,173
Deferred contributions	52,509	(10,194)
Deferred revenue	<u>(76)</u>	<u>(424)</u>
	<u>\$ 44,918</u>	<u>\$ 2,445</u>

see accompanying notes

HARD FEELINGS MENTAL HEALTH

NOTES TO THE FINANCIAL STATEMENTS

UNAUDITED

FOR THE YEAR ENDED JUNE 30, 2023

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). Subsequent to year end, the organization became a registered charitable organization.

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.
- 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.

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, guaranteed investment certificates, accounts receivable, accounts payable and accrued liabilities, and CEBA loan initially at fair value. Guaranteed investment certificates are subsequently measured at cost and accrued interest. 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 YEAR ENDED JUNE 30, 2023

3. RESTRICTED CASH

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

4. GUARANTEED INVESTMENT CERTIFICATES

Guaranteed investment certificates are issued and held by a major Canadian chartered bank, bear interest at a rate of 4.25% and mature in June 2024.

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

6. DEFERRED CONTRIBUTIONS

Continuity of deferred contributions for the year is as follows:

	2023	2022
Deferred contributions, beginning of year	\$ -	\$ 10,194
Add contributions received	111,680	95,622
Less contributions recognized as revenue	<u>(59,171)</u>	<u>(105,816)</u>
Deferred contributions, end of year	<u>\$ 52,509</u>	<u>\$ -</u>

7. CONTRIBUTIONS

Contribution revenue is from the following sources:

	2023	2022
Individuals	\$ 53,792	\$ 41,577
Government	5,379	9,083
Foundation	<u>-</u>	<u>55,156</u>
	<u>\$ 59,171</u>	<u>\$ 105,816</u>

8. COMMITMENT

The organization leases space in Toronto, Ontario. Minimum annual payments over the remaining term of the lease are as follows:

2024	\$ 15,245
2025	7,769
