



**Canadian Mental
Health Association**
Brant-Haldimand-Norfolk
Mental health for all

To: Canadian Mental Health Association, BHN Branch - Board of Directors

From: April Rokholm, CPA, CGA
Director, Finance
Compass Community Health
3rd Party Finance Provider for CMHA-BHN

Re: Briefing Note – Approval of Agency’s 2023-2024 Annual Budget

June 26, 2023

The Agency’s 2023-2024 Annual Budget (April 1, 2023 - March 31, 2024) is a plan for known annual revenue and a projection of expenditures against that revenue for the fiscal year. The annual budget serves as a guiding financial document for Leadership decision-making purposes.

The objective of this communication is to convey the results of a 2023-2024 budget projection based on assumed salary and benefit costs as well as a reasonable allotment to operating expenditures based on prior years’ actuals.

From a presentation perspective, CMHA-BHN is targeting a balanced 8.6M (\$8,591,950) budget for the 2023-2024 fiscal year.

The budget includes certain assumptions. These assumptions are:

Ontario Health West Funded Programs – Fund Type 2:

- At budget preparation time, a signed MSAA (Multi Sector Service Accountability Agreement) confirming Ontario Health West revenue for CMHA BHN is just shy of \$6.7M (\$6,730,694) for the 2023-2024 operating year.
- However, this funding amount is inclusive of a 2% base planning assumption. At budget preparation time, Ontario Health continues to consider this 2% as a ‘planning assumption’ and hasn’t flowed the increased funds to the respective funded agencies despite signing back the accountability agreement.
- Therefore, at management’s discretion, it was determined to utilize the existing known budget (2022-2023 funding levels) of \$6,598,716. This is inclusive of the status quo amount (\$288,612) internally reserved for HOPE.

- As cost recoveries are a bit more difficult to predict, the prior year actuals were assumed. Therefore, also incorporated are cost recoveries of \$75,700 for CMHA BHN and \$30,388 for HOPE (\$105,888 total).
- Expenses presented to budget readers are allocated to the funded, globalized buckets of the agency. Total salary and benefit expenditures are budgeted at \$5,278,802 and operating costs are budgeted at \$1,477,469.
- It is important to continually note that the agency operates within a global funded envelope where funding is flexible between most programs and budgeted costs.
- Many external factors present at budget preparation time continue to impact global supply chains. These impacts are difficult to gauge, particularly as far as operating costs are concerned. The agency has had to absorb many cost increases from overhead (insurance, benefits and legislated employer costs) to direct programming materials right at the start of the fiscal year.
- It is particularly important to note that the agency must be prudent with its funding as the stubborn effects of inflation are still very much present.

Ministry of Health – Housing Division – Fund Type 2:

- At budget preparation time, confirmed Ministry of Health funding for the Agency’s Housing activities is \$1,073,887 (\$898,484 Rent Supplement + \$175,411 RGI).
- The housing activities of the Agency is also supplemented by tenant rent collected for the different properties that are managed in the housing portfolio. Total tenant rent budgeted for 2023-2024 is \$394,651 for all properties.
- The housing budget for the agency also allows some funds to be transferred into the Agency’s Replacement Reserves (\$8,260). This amount is budgeted.
- Inclusive of the Agency’s Housing activities (but reported separately) is the permissible allocation of surplus operating funds (if any) from the Rent Geared to Income (RGI) activities.
- All told, the Agency has budgeted a balanced, \$1,468,534 housing budget for 2023-2024.

Other Agency Activities – Fund Type 3:

- Fundraising and other activities of the agency are budgeted at \$367,141 for 2023-2024.
- Programs include the Agency’s Health Promotion and Awareness activities, Ministry of Colleges and Training (MTCU) program and other Rent subsidy programs funded outside of the Ministry of Health, Housing. Donation revenue and fundraising initiatives of the Agency are also included in this section.
- It is important to highlight that outside of the MTCU funding, the agency is permitted to carry forward any restricted surpluses at year end as the deferral method of accounting is utilized on these funds. Net donation proceeds are kept by the agency and rolled into Net Assets.

- Also kept separate from the Agency's Fund 3 activities are Quicklean's activities. The budgeted program (outside of the Ontario Health funding) is \$51,667 which is based largely on prior year actuals given the uncertainty of External Business Revenue earned by Quicklean.

Conclusion:

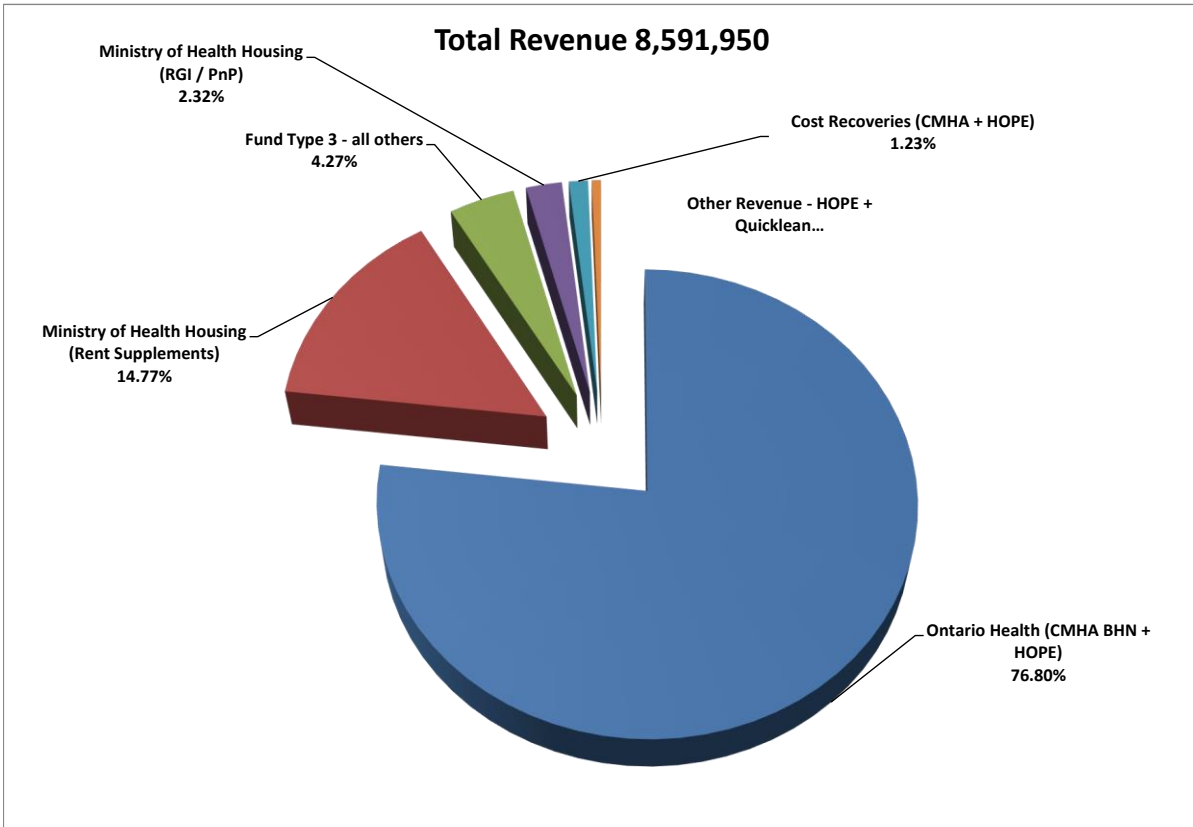
Overall, despite the pandemic affecting much of CMHA-BHN's operations in the past three fiscal years, the organization remains financially stable with adequate unrestricted operating reserves, deferred revenue for specific programming efforts, committed budgets, and base funding from both Ontario Health West as well as the Ministry of Health Housing division.

However, reiterating the foregoing, a prudent approach to spending must continue through 2023-2024 as the lasting effects of inflation are felt both sector wide and throughout most for profit businesses.

Total Revenue 2023-2024

Program	Amount	Percentage
Ontario Health (CMHA BHN + HOPE)	6,598,716	76.80%
Ministry of Health Housing (Rent Supplements)	1,269,034	14.77%
Fund Type 3 - all others	367,141	4.27%
Ministry of Health Housing (RGI / PnP)	199,504	2.32%
Cost Recoveries (CMHA + HOPE)	105,888	1.23%
Other Revenue - HOPE + Quicklean	51,667	0.60%

8,591,950 100%



Total Expenses 2023-2024

Program	Amount	Percentage
Salaries & Benefits - CMHA BHN	5,034,492	58.60%
Operating Expenses - CMHA BHN	1,351,112	15.73%
Ministry of Health - Rent Supplements	1,269,034	14.77%
Fund Type 3 - all others	367,141	4.27%
Salaries & Benefits - HOPE + Quicklean	244,310	2.84%
Ministry of Health Housing (RGI / PnP)	199,504	2.32%
Operating Expenses - HOPE + Quicklean	126,357	1.47%

8,591,950 100%

