



shalem

Mental Health Network

2014

ANNUAL REPORT

OUR DREAM (VISION)

Every person is thriving in healthy relationships in strong communities, regardless of circumstances.

OUR PART (MISSION)

The Shalem Mental Health Network accompanies persons and communities as they journey towards emotional health and mental wellness. We do so through our unique contributions of:

- Serving and advocating for clients
- Strengthening communities to meet the needs of their most vulnerable members
- Developing effective partnerships between communities and professional mental health supports
- Discovering and sharing best practices with others.

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Message from the Chair of the Board

MAY 2015

Dear Members and Friends of Shalem,

The Shalem Mental Health Network invites you to join us for our **Annual General Meeting (AGM) on June 10, 2015, at 12:30 at First Hamilton Christian Reformed Church**. A light lunch will be served.

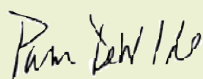
We are planning WrapAround Live Theatre – through role-plays by Shalem staff and optional participation from attendees, we will see WrapAround in action. Together we will grow in our understanding of this dynamic process of supporting people in crisis, learn more about its effectiveness and how we can bring it to our own communities.

WrapAround is just one of the successful program areas at Shalem. The AGM is an opportunity to also hear updates on the on-going work of the Congregational Assistance Program (CAP), RE-create, Restorative Practice and Counselling. While stigma and myths about mental illness persist, there are hopeful signs of growing awareness and informed conversations in society. Shalem and its partners are on the leading edge of this hopeful change by creating safe and meaningful space for people to receive help when they are experiencing mental illness, and strengthening communities that support them.

For over 50 years Shalem has remained committed to coming alongside those who are hurting and vulnerable. In 2014, we began to articulate that commitment through new statements of vision, mission and core values. Our dream is to see *every person thriving in healthy relationships in strong communities, regardless of circumstances*. During the AGM, Mark Vander Vennen, Shalem's Executive Director, and the Board of Directors will share what these new purpose statements have looked like in practice over the past year. Also on the agenda will be the election of new Board members, and we will present the audited financial statements for the year ending December 31, 2014.

It will be a dynamic and interactive afternoon! You don't want to miss this opportunity to meet others who support the work of Shalem and celebrate together the healing and restoration that is happening in communities across Canada.

We look forward to seeing you on June 10th.



Pam DeWilde
CHAIR, SHALEM BOARD OF DIRECTORS



Agenda

53rd Annual General Meeting
at First Hamilton Christian Reformed Church
181 Charlton Ave. W.
Hamilton, ON L8P 2C9
June 10, 2015, 12:30 pm - 2:00 pm

1. Welcome and Opening:
Pam DeWilde, Board Chair

2. Lunch

WrapAround Live Theatre
Watch our WrapAround Team as we do
fun live role plays demonstrating how
WrapAround works, why it's effective and
how you can participate.

3. Questions and Discussion

Business

4. Approval of the Agenda

5. Minutes of the previous Annual
Meeting held on June 10, 2014

*Motion: That the minutes of the
previous annual meeting held
June 10, 2014 be adopted.*

6. Board Report:
Pam DeWilde, Board Chair

7. Executive Director's Report:
Mark Vander Vennen

8. Financial matters:
a. Financial Statements

*Motion: That the financial
statements for the year ending
December 31, 2014, made up
of a statement of income and
equity for such a period and a
balance sheet as of the end of
such period be approved and
adopted.*

b. Auditor

*Motion: That Mr. Dave den Boer
be appointed to serve as the
auditor for the year 2015.*

9. Election of Board members

*Motion: That the slate of Board
members presented be elected
by the membership.*

10. Adjournment

Annual General Meeting Minutes 2014

Minutes of the 52nd Annual General Meeting

First Christian Reformed Church

181 Charlton Avenue West

Hamilton, ON L8P 2C9

Tuesday June 10, 2014, 12:00 p.m. – 1:30 pm

Present: Fred Bennink, Jennifer Bowen, Betty Brouwer, Peter Dale, Ruth Dale, Andrew Debicki, Michelle DeBoer, Pam DeWilde, Elisabeth Di Francesco, Susan Winter Fledderus, Andrew Hawkins, Meghan Hers, Gord Hope, Katie Karsten, Brett Klassen, Michael Maher, Anne Martin, Mardi Peckham, Marg & John Postuma, Simone Robinson, Elaine Prinzen, Jeanette Romkema, Marg Smit-VandeZande, Danielle VandenAkker, Mark Vander Vennen, George Van Dyk, Dave Witt, June Zwier

1. Welcome and Opening: Pam DeWilde, the Board Chair, welcomed all in attendance to the meeting and read Psalm 100. She expressed gratefulness for everyone in the Shalem community. Our annual meeting is a celebration and a privilege of all that God does in us and through us. She prayed for our gathering. For our devotions, Pam read the story of the great feast from Luke 14. Shalem continues to be an example of seeking out those who are struggling in their mental health so as to bring the invitation to healing, restoration and hope. All attendees introduced themselves.
2. Lunch was enjoyed by all.
3. Agenda moved by George VanDyk and seconded by Jeanette Romkema that the agenda be approved as presented. *Motion carried.*
4. Minutes of the previous annual meeting held June 10, 2013 be adopted. Moved by Jeanette Romkema and seconded by Michael Maher. *Motion carried.*
5. Board Report: Pam DeWilde, board chair, offered thanks and gifts to Peter Dale and Katie Karsten for their 2 terms of service on the board. Mark Vander Vennen was acknowledged and offered gifts of appreciation for his 10 years of exceptional and dedicated service to Shalem. All in attendance were invited to share significant events during 2013. The following were noted: the 50th anniversary celebration with Paul Young, the recent Attachment Conference, the sale of the Waterdown property, the re-visioning day of the board and staff and the updating, goal-setting Shalem board framework.

6. Executive Director's Report: Mark Vander Vennen highlighted from his printed report a number of significant occasions and developments during 2013: the various celebrations of our 50th anniversary, WrapAround work has gone national with various evolving partnerships and two more churches have been added to the CAP program since the printing of the report.
7. Financial Matters:
George Van Dyk presented the financial statements for the year ended December 31, 2013, referring as needed to the explanatory notes in the Annual Report 2013.
 - a. Financial Statements
Motion: That the financial statements for the year ending December 31, 2013 made up of a statement of income and equity for such a period and a balance sheet as of the end of such a period be approved and adopted. Moved by George Van Dyk, seconded by Pam DeWilde. *Motion carried.*
 - b. Auditor
Motion: that Mr. Dave den Boer be appointed to serve as the auditor for the year 2014. Moved by George Van Dyk, seconded by Pam DeWilde. *Motion carried.*
8. Election of Board members:
Motion: that the slate of Board members presented be elected by the membership. Moved by Jeanette Romkema, seconded by Peter Dale. *Motion carried.*

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Rev. Andrew Hawkins, WrapAround Coordinator,
Neighbourlink Chatham Kent made an informative presentation titled:
Out of the Pew and Into the Action

Real-life stories of faith in action were shared. Churches in the Neighbourlink Chatham-Kent network are effectively caring for people with significant needs using WrapAround. Andrew shared that WrapAround, due to the focus of the World Vision grant, targets those "who" are so valued by God: vulnerable, poor, oppressed and marginalized. WrapAround gives knowledge and skills to be able to come alongside people. Its theme is *empowering people with no strings attached.*

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9. Questions and Discussion: Andrew gave clarification to a couple of questions.
10. Adjournment: Peter Dale moved to adjourn.

Executive Director's Report



Mark Vander Vennen
MA, M.ED., R.S.W.

Dear Friends and Supporters of Shalem,

It gives me great pleasure to remember with you an extraordinary year—2014—and to reflect on what lies in store for Shalem. We have a great deal to be humbled by, to celebrate and to give God thanks for.

2014 was a landmark year for Shalem in at least two areas: the growth of our ministries and the further implementation of the business plan designed to support Shalem's ministries. Let me offer some brief highlights:

Program Highlights

1. Attachment: Cradle to Grave

On March 3 and 4, 2014, we were pleased to sponsor a ground-breaking conference called *Attachment: Cradle to Grave*, featuring Dr. Dan Hughes (attachment therapy with children and youth, and a mentor to us at Shalem) and Dr. Sue Johnson (attachment therapy with couples), with discussion moderated by renowned child psychiatrist Dr. Jean Clinton. Dan and Sue are world leaders in understanding “attachment”, or the dynamics of human relationship. Over 200 people from around North America attended the conference. It was a thrill to watch aspects of the field of mental health develop right before our eyes, and to experience the respect for Shalem evident at this extraordinary event. The attachment foundation of our clinical work at Shalem continues to develop and mature.



Left to Right: Dr. Dan Hughes, Dr. Sue Johnson, Dr. Jean Clinton, Betty J.B. Brouwer, Jennifer Bowen, and Mark Vander Vennen
Photo credit: Robin Williams Blake

2. 2014 By The Numbers

Almost all areas of Shalem's ministry grew significantly in 2014. In 2013, Shalem worked with 1,153 people. In 2014, we worked with 1,801 people. *That's a 56% increase!*

Statistics can be deceiving, but one message that these numbers clearly convey is that more and more people are seeking out our accompaniment.

About half of what Shalem does takes place inside a counselling office. The other

half takes place directly in communities where emotional and mental health needs emerge. In each area of the work, we seek to develop a new partnership between communities and professional mental health supports. Here are Shalem's 2014 service numbers, with a comparison to 2013:

Office-Based Counselling

| Program | 2014 | Increase from 2013 |
|---|-------|--------------------|
| <i>Shalem's Counselling Centres</i> | | |
| Clients | 391 | 28% |
| Sessions | 1,905 | 14% |
| <i>Congregational Assistance Plan (CAP)</i> | | |
| Sites (43 churches, and 4 schools) | 47 | 25% |
| Eligible households | 7,303 | 42% |
| User households | 542 | 46% |
| Sessions | 2,448 | 44% |
| <i>Clergy Care</i> | | |
| Clients | 44 | 29% |

Services Directly in Communities

| Program | 2014 | Increase from 2013 |
|-------------------------------|--------|--------------------|
| <i>Restorative Practice</i> | | |
| Circles | 26 | 38% |
| Trainings | 15 | 27% |
| Participants | 610 | 31% |
| <i>WrapAround</i> | | |
| Families | 39 | 15% |
| <i>RE-create</i> | | |
| Youth attending art studio | 125 | 29% |
| <i>Sunshine from Darkness</i> | | |
| Average Monthly participants | 50 | 20% |
| Workshops given | 5 | -50% |
| <i>Social Media</i> | | |
| Website visits | 14,807 | 21% |
| New web visitors | 9,658 | 20% |
| Web visitors from Facebook | 897 | 32% |

The numbers don't tell the human stories that they contain. In **Counselling** and the **Congregational Assistance Plan**, we support couples trying to salvage a marriage, young people working to overcome self-harm, seniors dealing with grief and depression due to loss, foster and adoptive children whose early and repeated abuse makes relationship so difficult, and women seeking to leave domestic violence. In **WrapAround** and **RE-create**, we partner with resilient people seeking to overcome homelessness, poverty, mental health and other simultaneous special needs, celebrating with them when, for example, they find a job and a home and their children are returned to them from foster care. In **Restorative Practice**, we support workplaces, churches and schools to have real, honest, respectful conversations that allow people who have been riven by conflict to repair relationships and genuinely move forward, rooted in proven relationship practices. With **Sunshine from Darkness**, we support Durham-area churches to offer “The Gathering Place”, a regular dinner of celebration and community with over 50 people who have a diagnosed psychiatric disability.

Shalem's Business Model

1. The Shalem Mental Health Foundation

A landmark development took place in May, 2014: after many years, property that had been bequeathed to Shalem in the 1970s by a remarkable, selfless, faithful supporter, was sold. The net proceeds from the sale were deposited with the newly established,

separately incorporated Shalem Mental Health Foundation, where they are now carefully invested and will serve as an endowment fund towards partial support of Shalem’s ministry.

There is no business model that supports community-based mental health based solely on fees, donations and project grants—it cannot be done. In Ontario, government funding accounts for 95% (children’s mental health), 86% (adult mental health) and 64% (Family Service Ontario agencies) of mental health agency budgets. Shalem provides children’s and adult mental health services, and we are a member agency of Family Service Ontario. In our view, funding in these sectors is highly vulnerable, due to heavy dependence on shrinking government dollars in an environment of rising demand. Shalem’s diversified revenue is a mix of 54% (fees and grants), 13% (donations) and 33% (Shalem Foundation revenue).

Shalem is debt-free and firmly committed to balanced budgets going forward (our 2015 budget is balanced). This is a milestone development for Shalem!

2. Budget Restructuring

2013 presented significant challenges from a budget perspective. It became clear that restructuring was required. Diligent work in this direction began in 2013, and the restructuring took effect on January 1, 2014. This involved a) restructuring our Counselling Clinic budget in every aspect, from the ground up; b) all staff at Shalem taking salary constraints, ranging from 3% to 5.7%; and c) suspending Shalem’s “Hosting” program, where churches acted as the “hosts” of Family Group Decision-Making and other restorative processes of reconciliation in their communities.

The restructuring led to dramatically improved financial results in 2014. Indeed, it is remarkable that with those constraints Shalem was nevertheless able to support—without compromising service—a 56% increase in the number of people we served over the previous year.



I want to offer my deepest thanks to three groups of people for this accomplishment. The first is the staff. Their dedication and commitment to the service that Shalem provides becomes crystal clear in the personal sacrifices they have made to help ensure the viability of Shalem’s ministry for the long haul. Not one staff member left as a result of the constraint. The second is the Board. Developments in relation to the property once held by Shalem were extraordinarily stressful and demanding for

Board members. But the Board persevered and overcame enormous obstacles to bring the organization to where it is now. I believe that the donor of the property would be very gratified by the fruit that his donation has borne and will now, each year, continue to bear. Finally, I want to thank Shalem’s supporters. In 2014 our donation levels increased by about 35% over the average donation levels of several previous years. This generosity is breathtaking to me—and an affirmation that Shalem’s ministry continues to mature and connect. Without this increase in support, our year would have been much different.

2015-2017: Impact and Influence

In 2014 the Board and Staff engaged in a number of Strategic Planning sessions designed to generate a Strategic Plan for Shalem over the next three years. Those sessions have produced a revised Vision/Mission/Values statement and three specific future-oriented directions for Shalem to pursue from 2015-2017.

The Strategic Plan (which is available upon request, or on our website) is called *Impact and Influence: 2015-2017*. Building on our strengths, the plan seeks to inscribe our ministry more fully in the lives of people, communities and the professional mental health sector.

The plan focuses on three key areas of future development:

1. **Explore and develop new strategies of engagement.** By 2017 we hope to see explicit forms of meaningful and effective engagement with diverse partner constituencies for Shalem, ranging from faith-based to non-faith-based groups and organizations, and from a variety of communities to mental health professionals, along with a robust membership structure for Shalem where members feel that they have a vital and active role to play in the ministry of Shalem.
2. **Future Ministry Directions, under the umbrella of a new Shalem Centre of Excellence and Learning in Community-Based Mental Health.** The Centre will be serving as a public portal for a range of Shalem state-of-the-art evaluation activities and publications illustrating the impact with clients of a new, integrative relationship between communities and appropriate professional mental health supports. It will also serve as a platform for influence on mental health practice and decision-making, both Shalem’s and that of the broader mental health world.
3. **Further development of Shalem’s Business Plan.** This will involve strengthening further Shalem Network’s operationally driven revenue streams, including fee-for-service and grants, while collaborating with expanding fundraising development by the Shalem Mental Health Foundation. We will also work to develop comprehensive and compelling profiles of the Social Return on Investment (SROI) of Shalem’s programming, thus positioning Shalem for the shift to SROI funding in the mental health sector.

Thank You

Shalem is a community effort involving many people, all of whom are united in the desire to *restore hope* where suffering and anguish have taken hold. I am honoured to thank them. Let me begin with Shalem's Board: a great deal was demanded of Board members in 2014, and they overcame the obstacles, even in the midst of great challenges. I thank each of the Board members for their sacrificial support of Shalem and of me personally. As members, supporters and staff you are well-served by a dedicated group of people.

I especially want to honour the extraordinary contributions of Michael Maher, who is now leaving the Board after completing his six years. I will miss Michael personally for the wisdom and passion that he has generously given to me. Michael brings a unique mixture of gifts. With Master's degrees in Biblical Studies and Psychology, he is keenly tuned to both psychological dynamics and the powerful nuances of Scripture. Michael led the staff in a year-long exploration of the meaning of hope in the Bible—an exploration that quickly deepened our practice and our understanding of Shalem's tagline, "restoring hope". Michael is also an expert in matters of liability and insurance and has helped Shalem out in those areas immeasurably. He is also a national leader in the area of restorative justice. I will miss Michael enormously, especially his prophetic wisdom and his deep love for the Gospel. I am grateful that he will not be far away.

I also want to thank each of the staff. Shalem is extraordinarily well-served by its staff. They have borne the growth in service at Shalem and the salary constraints with extraordinary competence, good will and good humour. We have struggled and celebrated together, and I am most grateful. In that vein, I want to thank Gord Hope, a staff therapist at Shalem for four years, who left us at the end of 2014 to pursue further directions in the Kitchener area. Gord's contributions to us and to clients have been enormous, and we miss him.



GORD HOPE

I want to thank Shalem's supporters. Your support of Shalem, not just in gifts but especially in prayer and in advocating for Shalem's ministries in your own environments, is breathtaking to me. I am most grateful for your co-ministry with us at Shalem, and for your witness to the Gospel in your own environments.

Finally, I want to offer thanks to God, without whose enlivening presence this ministry would fail. It is a privilege to be invited into spaces of deep pain and healing, and there to encounter the God of living hope and the extraordinary courage of people.

Yours in Christ,

Board Member Slate



JUNE 10, 2015

The Board is presenting to Shalem's membership the names of three people for election, and one for confirmation. They would join other current Board members (shown in non-italics). Terms and term lengths are shown below.

| NAME | TERM EXPIRY | FIRST OR SECOND TERMS | LOCATION |
|----------------------------|-------------|-----------------------|-------------|
| <i>Wilma Scherloski</i> | 2018 | First Term | Toronto |
| <i>Sandra Williams</i> | 2018 | First Term | Mississauga |
| <i>Hector Acero Ferrer</i> | 2018 | First Term | Toronto |
| <i>Dave Witt</i> | 2017 | First Term | Hamilton |
| Pam De Wilde | 2017 | Second Term | Oshawa |
| Jeanette Romkema | 2016 | First Term | Toronto |
| Fred Bennink | 2016 | First Term | Ancaster |
| George Van Dyk | 2016 | Second Term | Brampton |

BOARD MEMBER NOMINEE BIOGRAPHIES:

Wilma Scherloski is Dean of Students at Regis College at the University of Toronto. She is a retired school principal and Superintendent at the Hamilton-Wentworth Catholic District School Board, where she specialized in working with at-risk, marginalized youth. A Hamilton high school—"Wilma's Place"—is named after her. Previously she served on the Board of Lynwood Charlton Centre, a children's mental health centre in Hamilton. Wilma brings her passion for youth, a broad vision, and her administrative experience to bear on the Shalem Board.

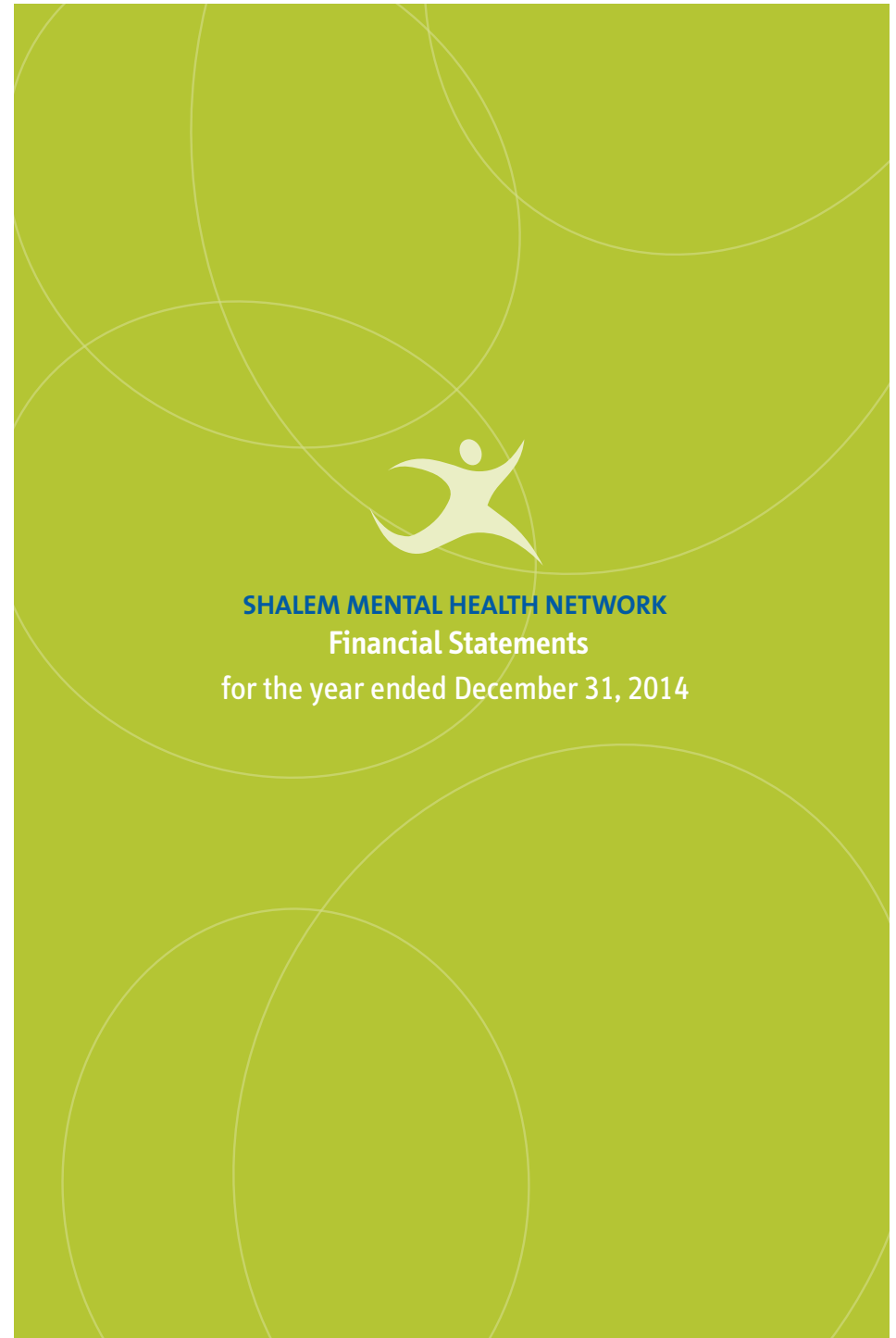
Sandra Williams is a Child and Youth Worker with the Dufferin-Peel Catholic School Board. She has been engaged in supporting and advocating for students experiencing social and emotional difficulties for many years. She brings to her work a holistic approach to supporting students and their families and strives to foster a caring and inclusive environment in her place of work. She is an active agent of change within her community. Sandra is a member of Meadowvale Christian Reformed Church.

Hector Acero Ferrer is the Educational and Development Liaison Officer of Scarborough Missions' Interfaith Department, where he is currently developing Interfaith and Inter-

cultural dialogue initiatives for communities in the Greater Toronto Area. He is set to begin doctoral studies in philosophy this fall at the Institute for Christian Studies. Through friends he is familiar with some of Shalem's program activities and looks forward to expanding his knowledge and promotion of its other activities. He has expressed a desire to bring to Shalem his passion for community work, commitment to social transformation, and his understanding of the Christian and ethical values that sustain Shalem's work with those facing mental illnesses and their communities. Hector is involved in the parish life of Our Lady of Lourdes Roman Catholic Church

Mardi Peckham resigned from the Board in 2014 for personal reasons. On June 25, 2014, Dave Witt was appointed to assume her term, as the organization's By-Laws permit. The Board is asking the membership to confirm Dave Witt's membership on the Board with this slate. Here is a biography of Dave:

Dave Witt works for International Teams Canada as Missional Network Developer. Working in partnership with the TrueCity network of churches in Hamilton, he helps multiple congregations collaboratively live out their desire to be "churches together for the good of the city." This includes finding ways for these congregations to respond to the mental health challenges in their midst and in their communities. Dave has a broad range of board experience from an established community health centre to a start-up building school social enterprise. He brings to Shalem his passion for congregations to be deeply engaged in seeking justice and restoring hope.





David M. den Boer

CHARTERED ACCOUNTANT

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INDEPENDENT AUDITOR'S REPORT

To the Directors of Shalem Mental Health Network

I have audited the accompanying financial statements of Shalem Mental Health Network, which comprise the balance sheet as at December 31, 2014, and the statement of revenues and expenses, statement of changes in fund balances and statement of 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 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, the organization derives some of its revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, my verification of these revenues was limited to the amounts recorded in the records of the organization and I was not able to determine whether any adjustments might be necessary to donations, excess of revenues over expenses, current assets and fund balances.

Qualified Opinion

In my opinion, except for the effects of the matter described in the Basis of Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Shalem Mental Health Network as at December 31, 2014 and of its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Hamilton, Ontario
March 12, 2015

David den Boer
CPA, CA, Licensed Public Accountant

SHALEM MENTAL HEALTH NETWORK

BALANCE SHEET

December 31, 2014

| | ASSETS | |
|-----------------------------|------------------|---------------------|
| | <u>2014</u> | <u>2013</u> |
| Current Assets | | |
| Bank | \$ 29,115 | \$ 78,988 |
| Accounts receivable | 39,573 | 47,044 |
| GST/HST recoverable | 12,909 | 13,027 |
| Due from related parties | - | 7,200 |
| Prepaid expenses | <u>5,167</u> | <u>6,429</u> |
| | 86,764 | 152,688 |
| Restricted Assets | | |
| Due from general fund | | |
| | 3,820 | 8,479 |
| Investments (note 5) | | |
| | <u>-</u> | <u>1,670,080</u> |
| | <u>\$ 90,584</u> | <u>\$ 1,831,247</u> |

LIABILITIES

| | | |
|--|-----------|------------------|
| Current Liabilities | | |
| Accounts payable and accrued liabilities | \$ 70,592 | \$ 89,716 |
| Deferred revenue | 54,840 | 56,088 |
| Due to restricted fund | 3,820 | 8,479 |
| Bank loan (note 6) | <u>-</u> | <u>1,993,600</u> |
| | 129,252 | 2,147,883 |

FUND BALANCES (DEFICIT)

| | | |
|---------------------------------------|------------------|---------------------|
| General - Unrestricted | (42,488) | (325,115) |
| Fellowship Fund - Restricted (note 7) | <u>3,820</u> | <u>8,479</u> |
| | <u>(38,668)</u> | <u>(316,636)</u> |
| | <u>\$ 90,584</u> | <u>\$ 1,831,247</u> |

See the accompanying notes to these financial statements

SHALEM MENTAL HEALTH NETWORK

STATEMENT OF CHANGES IN FUND BALANCES

for the year ended December 31, 2014

| | <i>Unrestricted (General)</i> | <i>Fellowship Fund</i> | <i>2014 Total</i> | <i>2013 Total</i> |
|--|-----------------------------------|----------------------------|-----------------------|-----------------------|
| Balance, <i>begining of the year</i> | \$(325,115) | \$ 8,479 | \$(316,636) | \$ 223,233 |
| Excess (deficiency) of revenues over expenses | 277,968 | - | 277,968 | (539,869) |
| Interfund transfers (note 7) | <u>4,659</u> | <u>(4,659)</u> | <u>-</u> | <u>-</u> |
| Balance (deficit), <i>end of year</i> | <u>\$ (42,488)</u> | <u>\$ 3,820</u> | <u>\$ (38,668)</u> | <u>\$(316,636)</u> |

See the accompanying notes to these financial statements

SHALEM MENTAL HEALTH NETWORK
STATEMENT OF REVENUES AND EXPENSES
for the year ended December 31, 2014

| | <i>Head Office</i> | <i>Clinic</i> | <i>Projects</i> | 2014 | 2013 |
|---|------------------------|--------------------|---------------------|-------------------|---------------------|
| Revenues | | | | | |
| Donations | \$ - | \$ 21,513 | \$ 115,256 | \$ 136,769 | \$ 143,836 |
| Grants from other charities | 167,121 | 8,303 | 181,213 | 356,637 | 161,836 |
| Grants - Federal | - | - | 5,422 | 5,422 | 3,472 |
| Counselling services | - | 90,209 | - | 90,209 | 82,427 |
| Investment income | 18,005 | - | - | 18,005 | 48,020 |
| Program income | - | - | 437,388 | 437,388 | 303,834 |
| Seminar and consulting fees | 3,784 | 55,597 | - | 59,381 | 2,777 |
| Gift in kind program income | - | - | 6,280 | 6,280 | 1,200 |
| Other | <u>-</u> | <u>288</u> | <u>-</u> | <u>288</u> | <u>5,822</u> |
| | 188,910 | 175,910 | 745,559 | 1,110,379 | 753,224 |
| Expenses | | | | | |
| Advertising and promotion | 26,923 | - | - | 26,923 | 78,720 |
| Bad debts | - | 889 | - | 889 | 2,110 |
| Bank charges and interest | 29,950 | - | - | 29,950 | 56,767 |
| Board expenses | 10,295 | - | - | 10,295 | 2,291 |
| Counsellors and supervision | - | 158,981 | - | 158,981 | 177,766 |
| Equipment purchases | 1,626 | - | - | 1,626 | 2,376 |
| Insurance | 6,866 | - | - | 6,866 | 5,709 |
| Office, postage and other | 21,439 | 2,146 | - | 23,585 | 30,379 |
| Professional development | 345 | 2,065 | - | 2,410 | 1,879 |
| Professional fees | 7,358 | - | - | 7,358 | 5,144 |
| Projects | - | - | 345,684 | 345,684 | 210,236 |
| Program development contract | - | - | 42,280 | 42,280 | 43,918 |
| Rent | 9,774 | 12,901 | 16,420 | 39,095 | 39,593 |
| Staff expenses | 3,046 | - | - | 3,046 | 2,116 |
| Staff travel | 1,932 | - | 1,932 | 3,864 | 3,332 |
| Salaries and benefits | 128,869 | 18,599 | 453,264 | 600,732 | 625,183 |
| Seminar expenses | - | 6,795 | - | 6,795 | 654 |
| Telephone | <u>2,710</u> | <u>903</u> | <u>903</u> | <u>4,517</u> | <u>4,920</u> |
| | 251,133 | 203,279 | 860,483 | 1,314,896 | 1,293,093 |
| Excess of expenses over revenues before other income | (62,223) | (27,369) | (114,924) | (204,517) | (539,869) |
| Grant from The Salem Trust (note 9) | <u>482,485</u> | <u>-</u> | <u>-</u> | <u>482,485</u> | <u>-</u> |
| Excess (deficiency) of revenue over expenses | <u>\$ 420,262</u> | <u>\$ (27,369)</u> | <u>\$ (114,924)</u> | <u>\$ 277,968</u> | <u>\$ (539,869)</u> |

SHALEM MENTAL HEALTH NETWORK
STATEMENT OF CASH FLOWS
for the year ended December 31, 2014

Notes to the Financial Statements
for the Year ended December 31, 2014

| | <u>2014</u> | <u>2013</u> |
|---|--------------------|------------------|
| Cash provided (used) by: | | |
| Operating activities | | |
| Excess (deficiency) of revenues over expenses | \$ 277,968 | \$ (539,869) |
| Net change in non-cash working capital balances | | |
| Accounts receivable | 7,471 | (26,804) |
| GST/HST recoverable | 118 | (3,612) |
| Prepaid expenses | 1,262 | (1,478) |
| Accounts payable and accrued liabilities | (19,124) | 30,016 |
| Government remittances payable | - | (17,712) |
| Due from related parties | 7,200 | (7,200) |
| Bank loan | (1,993,600) | 638,625 |
| Deferred revenue | (1,248) | 41,026 |
| | <u>(1,997,921)</u> | <u>652,861</u> |
| | (1,719,953) | 112,992 |
| Investing activities | | |
| Net decrease (increase) in investments | <u>1,670,080</u> | <u>(91,064)</u> |
| Increase (decrease) in cash | (49,873) | 21,928 |
| Cash, <i>beginning of year</i> | <u>78,988</u> | <u>57,060</u> |
| Cash, <i>end of year</i> | <u>\$ 29,115</u> | <u>\$ 78,988</u> |

See the accompanying notes to these financial statements

1. Corporate Organization and Objective

Shalem Mental Health Network (Shalem) is a provincial organization which supplies mental health services to individuals, communities and churches. Consultation is also provided on abuse, mental illness and conflict management. The organization was incorporated as a corporation without share capital by letters patent issued under the Ontario Corporations Act on August 19, 1963. It is a not-for-profit organization and a registered charity under the Income Tax Act. The Ministry of Government Services approved a name change on February 24, 2009. The name changed from Salem Christian Mental Health Association Inc. to Shalem Mental Health Network.

2. Summary of Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

(a) Revenue recognition

The organization follows the deferral method of accounting for contributions.

Unrestricted donations and grants are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Investment income is recognized as revenue when earned.

Counselling services, program income, and seminar fees are recognized as revenue when the services have been performed.

(b) 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. Only one half of these rates are used in the year of acquisition.

(c) Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the amounts of revenues and expenses during the reporting year. Actual results could differ from management's best estimates, as additional information becomes available in the future.

(d) Volunteer Services

Because the hours of service by volunteers are not normally purchased by the organization and the difficulty in determining their fair market value, contributed services are not recognized in the financial statements.

(e) Financial Instruments

The organization initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The organization subsequently measures all its financial assets and financial liabilities at amortized cost. Financial assets measured at amortized cost include cash, GST/HST recoverable and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

At the end of reporting period, the organization assesses whether there are any indications that a financial asset may be impaired. When there is an indication of impairment, the carrying amount of the asset is reduced and the amount of the reduction is recognized as an impairment loss in the statement of revenues and expenses.

3. Financial Instruments

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant credit or interest risk arising from their financial instruments.

(a) Liquidity risk

Liquidity risk arises through having excess financial obligations over available financial assets at any point in time. The organization's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The organization achieves this by maintaining sufficient cash and cash equivalents.

(b) Credit Risk

The organization's financial assets that are exposed to credit risk consist of accounts receivable. In the normal course of operations, the organization is exposed to credit risk from its clients. These accounts receivable are subject to normal credit risks but the risk is reduced by assistance from the Fellowship Fund (note 7).

| | | |
|--|-------------|---------------------|
| 4. Due From Related Organization | <u>2014</u> | <u>2013</u> |
| Due from Shalem Mental Health Foundation, no interest and no specific terms of repayment | \$ <u>-</u> | \$ <u>7,200</u> |
| 5. Investments | <u>2014</u> | <u>2013</u> |
| Note receivable, The Salem Trust, interest at 1.75% above minimum lending rate, no terms of repayment of interest or principal | - | 672,506 |
| | <u>-</u> | <u>997,574</u> |
| Note receivable, The Salem Trust, 8% interest, no terms of repayment of interest or principal | \$ <u>-</u> | \$ <u>1,670,080</u> |

6. Bank Loan

The organization obtained approval for a bank loan of \$2,600,000 from DUCA Financial Services Credit Union Ltd (DUCA) in 2011. This loan was paid off during the year and is no longer available. It was secured by a general security agreement over the organization's assets as well as a first mortgage on the Flamborough property which was held by Kerncliffe Heights Non-Profit Development Corporation (Kerncliffe). The interest rate on this loan was 1.75% above the credit union's minimum lending rate and it was repayable upon demand.

7. Restricted Fund Balances

Donations have been received, designated for the Fellowship Fund. The Fellowship Fund assists clients to pay for counselling services. The excess of donations over assistance provided to date is shown as restricted funds.

8. Commitments

Under the terms of a lease agreement, the organization will be required to make future annual minimum rental payments of \$27,013 in 2015.

9. The Salem Trust

On January 1, 2006, Shalem Mental Health Network (Shalem) transferred its Flamborough property to The Salem Trust for no consideration. Kerncliffe Heights Non-Profit Development Corporation (Kerncliffe) was the trustee of the property and was intending to develop it. Kerncliffe is incorporated as a corporation without share capital by letters patent issued under the Ontario Corporations Act and is a not-for-profit organization. Shalem and other registered charities whose objects are similar to Shalem were the beneficiaries of this trust. In 2014 The Salem Trust sold the land, repaid all of its liabilities, granted \$482,485 to Shalem before transferring its remaining assets to the Shalem Mental Health Foundation (Shalem Foundation).

10. Shalem Mental Health Foundation

Shalem Mental Health Network (Shalem) has significant influence over the Shalem Mental Health Foundation (Shalem Foundation) by virtue of its ability to appoint some of the Shalem Foundation's board of directors and it has an economic interest in the Shalem Foundation. Shalem Foundation was established to raise funds for the use of Shalem and it is incorporated as a corporation without share capital by letters patent under the Ontario Corporations Act. In 2014 Shalem Foundation granted \$167,121 to Shalem which is included in grants from other charities on the statement of revenues and expenses. Shalem Foundation has made a commitment to grant Shalem \$125,000 in 2015.



SHALEM MENTAL HEALTH NETWORK

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Shalem Mental Health Network is a non-profit, charitable organization. RN 130566011 RR00011