
FINANCIAL STATEMENTS

**CANADIAN MENTAL HEALTH
ASSOCIATION, VANCOUVER-FRASER**

March 31, 2016

***TWM* TOMPKINS, WOZNY, MILLER & CO.**
Chartered Professional Accountants

A partnership of incorporated professionals.

INDEPENDENT AUDITOR'S REPORT

To the Members of
Canadian Mental Health Association, Vancouver-Fraser

Report on the Financial Statements

We have audited the accompanying financial statements of Canadian Mental Health Association, Vancouver-Fraser, which comprise the statement of financial position as at March 31, 2016, and the statements of changes in net assets, operations 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we 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 Society's preparation and fair presentation 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 Society'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 overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, the Society derives revenue from donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of this revenue was limited to the amounts recorded in the records of the Society and we were not able to determine whether any adjustments for unrecorded revenue might be necessary to donations and fundraising revenue, excess of expense for the year, assets and net assets.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Canadian Mental Health Association, Vancouver-Fraser as at March 31, 2016 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.

Report on Other Legal and Regulatory Requirements

The Society receives project funding from BC Housing, which requires the Society to use a financial statement framework to report schedules of operations for each project. The financial statement framework is audited and a separate auditor's report is prepared. The financial statement framework does not form part of these audited financial statements.

As required by the British Columbia Society Act, we report that the accounting principles used in these financial statements have been applied on a basis consistent with that of the preceding year. The combined 2015 comparative figures are unaudited [note 16].

Josephine Wozny, Miller & Co.

Vancouver, Canada
July 26, 2016

Chartered Professional Accountants


STATEMENT OF FINANCIAL POSITION

As at March 31

	2016 \$	2015 \$
		<i>[Unaudited - note 16]</i>
ASSETS		
Current		
Cash <i>[note 3]</i>	1,567,258	1,700,867
Accounts receivable <i>[note 4]</i>	96,954	133,010
Prepaid expenses and deposits	106,828	123,005
Total current assets	1,771,040	1,956,882
Trust funds <i>[note 5]</i>	3,910	4,362
Capital assets <i>[note 6]</i>	501,714	486,609
	2,276,664	2,447,853
LIABILITIES		
Current		
Accounts payable and accrued liabilities <i>[note 7]</i>	384,409	374,458
Deferred revenue <i>[note 8]</i>	1,272,114	1,339,911
Current portion of callable mortgage <i>[note 10]</i>	12,854	12,618
Total current liabilities	1,669,377	1,726,987
Trust liabilities <i>[note 5]</i>	3,910	4,362
Deferred contributions related to capital assets <i>[note 9]</i>	33,281	41,652
Callable mortgage <i>[note 10]</i>	182,766	195,620
	1,889,334	1,968,621
NET ASSETS		
Invested in capital assets	272,813	236,719
Unrestricted	114,517	242,513
	387,330	479,232
	2,276,664	2,447,853

Commitments *[note 11]*
 Contingent Liability *[note 15]*
 Economic Dependence *[note 13]*
 See accompanying notes to the financial statements

Approved by the Board:



 Director



 Director

STATEMENT OF CHANGES IN NET ASSETS

Year ended March 31

	Invested in Capital Assets \$	Unrestricted \$	Total \$
2016			
Excess of expenses for the year	(41,620)	(50,282)	(91,902)
Repayment of callable debt	12,618	(12,618)	—
Purchase of capital assets	65,096	(65,096)	—
	36,094	(127,996)	(91,902)
Balance, beginning of year	236,719	242,513	479,232
Balance, end of year	272,813	114,517	387,330
2015 [Unaudited - note 16]			
Excess of revenue (expenses) for the year	(31,962)	13,708	(18,254)
Repayment of callable debt	12,242	(12,242)	—
Purchase of capital assets	20,441	(20,441)	—
	721	(18,975)	(18,254)
Balance, beginning of year	235,998	261,488	497,486
Balance, end of year	236,719	242,513	479,232

See accompanying notes to the financial statements

STATEMENT OF OPERATIONS

Year ended March 31

	2016 \$	2015 \$
		<i>[Unaudited - note 16]</i>
REVENUE		
Program funding - Fraser Health Authority	2,234,828	2,070,157
- Vancouver Coastal Health Authority	1,445,878	1,041,198
- B.C. Housing	819,174	819,709
- Other	273,502	358,405
- CMHA, BC Division	244,292	239,602
- Province of BC - Gaming	180,000	185,000
Total program funding earned <i>[note 8]</i>	5,197,674	4,714,071
Donations and fundraising	429,022	342,496
Tenant rent contributions	279,670	366,891
Programs	170,200	162,253
Store sales	101,223	97,934
Interest and other	39,811	68,687
Amortization of deferred contributions related to capital assets <i>[note 9]</i>	8,371	9,600
	6,225,971	5,761,932
EXPENSES		
Wages and benefits	4,130,986	3,570,138
Program activities and purchased services	708,235	777,595
Rent subsidies	656,233	724,776
Office rent	253,477	221,622
Office and other	143,951	175,074
Equipment repairs and replacement	95,340	66,185
Transportation	92,837	48,531
Telephone and communications	65,879	38,745
Repairs and maintenance	50,995	31,193
Amortization	49,991	41,562
Payroll processing and bank charges	22,422	23,049
Staff professional development	17,664	24,933
Professional	15,929	28,821
Honoraria and enabling	7,516	1,240
Interest on callable debt	6,418	6,722
	6,317,873	5,780,186
Excess of expenses for the year	(91,902)	(18,254)

See accompanying notes to the financial statements

STATEMENT OF CASH FLOWS

Year ended March 31

	2016
	\$
OPERATING ACTIVITIES	
Excess of expenses for the year	(91,902)
Items not affecting cash:	
Amortization of deferred contributions related to capital assets	(8,371)
Amortization of capital assets	49,991
	(50,282)
Changes in other non-cash working capital items:	
Accounts receivable	36,056
Prepaid expenses and deposits	16,177
Accounts payable and accrued liabilities	9,951
Deferred revenue	(67,797)
Cash used in operating activities	(55,895)
INVESTING ACTIVITIES	
Purchase of capital assets	(65,096)
Cash used in investing activities	(65,096)
FINANCING ACTIVITIES	
Repayment of callable mortgage	(12,618)
Cash used in financing activities	(12,618)
Decrease in cash during the year	(133,609)
Cash, beginning of year	1,700,867
Cash, end of year	1,567,258

See accompanying notes to the financial statements

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

1. NATURE OF OPERATIONS

The Canadian Mental Health Association, Vancouver-Fraser (the "Association") is registered under the Society Act of British Columbia and is a tax-exempt charitable organization as defined by the Canadian Income Tax Act.

On April 1, 2015 the Canadian Mental Health Association Delta branch, Simon Fraser branch, and the Vancouver-Burnaby branch formally amalgamated and began operating as the Canadian Mental Health Association, Vancouver-Fraser (the "Association") [note 16].

The Association's objectives are to promote activities to improve the mental health of persons in the cities of Burnaby, Coquitlam, Langley, Maple Ridge, New Westminster, Pitt Meadows, Port Coquitlam, Port Moody, Surrey, Vancouver and White Rock as well as the Corporation of Delta, the Township of Langley and the villages of Anmore and Belcarra.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") and include the following significant accounting policies:

Use of Estimates

The preparation of financial statements in conformity with Canadian ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses reported during the year. Significant areas requiring the use of management estimates relate to the determination of net recoverable value of assets, in particular as it relates to useful lives of capital assets and the determination of the deferred portion of grants. Actual results could differ from these estimates.

Revenue Recognition

The Association follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Donations in-kind are only recognized when the fair value is reasonably determinable and significant, with such items recorded at the fair value on the date of contribution.

Interest income is recognized as revenue when earned.

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Grants and other revenues are recognized as the related services are performed, or when the product has been delivered and the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributed Services

The Association relies, in part, on volunteers in carrying out its services. Because of the difficulty of determining the fair value of these services, the value of these services is not recognized in these financial statements.

Measurement of Financial Instruments

The Association initially measures its financial assets and financial liabilities at fair value. The Society subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and the callable mortgage.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

Cash

Cash is defined as cash on hand and cash on deposit, net of cheques issued and outstanding at the year-end and highly liquid term deposits. The statement of cash flows is prepared on a net cash basis and cash flows from operating activities are presented using the indirect method.

Donated Inventory

Donated inventory is received by the Association which is sold in a thrift store. The donated inventory is not recorded in the financial statements due to the difficulty in determining the fair value of the inventory.

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Capital Assets

Capital assets are initially valued at cost and are amortized over their estimated useful lives at the following annual rates (one half of the annual rate is used in the year of acquisition):

- Building 5% declining balance
- Furniture and equipment 10 years straight-line
- Computer hardware 3 years straight-line
- Computer software 1 year straight-line
- Vehicle 30% declining balance
- Leasehold improvements straight-line to the end of lease

3. CASH

	2016	2015
	\$	\$
Cash	1,557,432	991,516
Term deposits	—	700,000
Petty cash	9,826	9,351
	1,567,258	1,700,867
Operating	1,390,837	1,675,113
Gaming	176,421	25,754
	1,567,258	1,700,867

The Society's investment policy to manage interest rate risk is to invest in conservative fixed income securities with highly rated banking institutions to ensure no erosion of capital while earning a reasonable rate of return.

4. ACCOUNTS RECEIVABLE

	2016	2015
	\$	\$
Operations and other	81,121	113,554
Government - GST	15,833	19,456
Allowance for doubtful accounts	—	—
	96,954	133,010

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

5. TRUST FUNDS

Trust funds represent amounts held in trust for the Fraser Health Therapeutic Volunteer Program, which is administered by the Association.

6. CAPITAL ASSETS

Capital assets are comprised of the following:

	Cost \$	Accumulated Amortization \$	Net Book Value \$
2016			
Land	333,350	—	333,350
Building	171,828	86,609	85,219
Furniture and equipment	48,479	25,477	23,002
Computer hardware	54,302	30,916	23,386
Computer software	27,466	24,406	3,060
Vehicle	44,029	37,739	6,290
Leasehold improvements	155,679	128,272	27,407
	835,133	333,419	501,714
2015			
Land	333,350	—	333,350
Building	171,828	82,125	89,703
Furniture and equipment	37,754	21,286	16,468
Computer hardware	36,201	21,914	14,287
Computer software	21,345	13,235	8,110
Vehicle	44,029	35,043	8,986
Leasehold improvements	125,531	109,826	15,705
	770,038	283,429	486,609

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2016 \$	2015 \$
Operations and other	159,258	213,140
Vacation and sick time	218,149	161,207
Government - WorkSafeBC	7,002	111
	384,409	374,458

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

8. DEFERRED REVENUE

	Deferred, Beginning of Year \$	Received or Receivable \$	Earned During the Year \$	Deferred, End of Year \$
PROGRAM FUNDING				
Fraser Health Authority	331,970	2,072,364	2,234,828	169,506
Vancouver Coastal Health Authority	536,996	1,363,175	1,445,878	454,293
B.C. Housing	116,131	907,625	819,174	204,582
Other	151,152	243,943	273,502	121,593
CMHA, BC Division	—	257,345	244,292	13,053
Province of BC - Gaming	180,782	173,073	180,000	173,855
South Fraser	—	19,594	—	19,594
	1,317,031	5,037,119	5,197,674	1,156,476
DONATIONS AND SPONSORSHIPS				
Ride Don't Hide	14,325	169,375	173,700	10,000
BMO Run 4 Hope	8,555	28,397	31,454	5,498
Child & Youth - Delta	—	100,140	—	100,140
	1,339,911	5,335,031	5,402,828	1,272,114

9. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

	2016 \$	2015 \$
Balance, beginning of year	41,652	51,252
Amortized to revenue	(8,371)	(9,600)
Balance, end of year	33,281	41,652

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

10. CALLABLE MORTGAGE

	2016	2015
	\$	\$
TD Canada Trust mortgage bearing variable interest at 2.70% per annum (at prime rate), repayable in monthly blended payments of \$641 plus interest. The mortgage matures on November 19, 2030 and is secured by a registered mortgage over the Riverside land and building. The mortgage is callable on demand.	112,506	120,199
TD Canada Trust mortgage bearing variable interest at 3.70% per annum (at prime rate + 1.00%), repayable in monthly blended payments of \$475. The mortgage matures on June 1, 2035 and is secured by a registered mortgage over the land and building located at 818 Kennedy Street, New Westminster. The mortgage is callable on demand.	76,217	78,995
TD Canada Trust mortgage bearing variable interest at 3.70% per annum (at prime rate + 1.00%), repayable in monthly blended payments of \$205. The mortgage matures on April 1, 2018 and is secured by a registered mortgage over the land and building located at 818 Kennedy Street, New Westminster.	6,897	9,044
	195,620	208,238
Current portion of callable mortgage	(12,854)	(12,618)
	182,766	195,620

11. COMMITMENTS

The Association's minimum lease commitments for the next five years, for base rent only, are as follows:

	\$
2017	173,667
2018	167,601
2019	123,204
2020	127,361
2021	27,801
	619,634

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

12. FINANCIAL INSTRUMENTS

The Society is exposed to various risks through its financial instruments. The following analysis presents the Society's exposures to significant risk as at March 31, 2016.

Credit Risk

The Society is exposed to credit risk with respect to its cash and accounts receivable. The Society assesses, on a continuous basis, accounts receivable on the basis of amounts it is virtually certain to receive and cash balances are held with a large Canadian credit union.

Liquidity Risk

Liquidity risk is the risk of being unable to meet cash requirements or fund obligations as they become due. It stems from the possibility of a delay in realizing the fair value of financial instruments.

The Society manages its liquidity risk by constantly monitoring forecasted and actual cash flows and financial liability maturities, and by holding assets that can be readily converted into cash.

Interest Rate Risk

The Society is exposed to interest rate risk on its callable mortgage. Such instruments are subject to periodic interest rate review on maturity and renewal and cash flows could change with an increase in interest rates and interest expense payable.

13. ECONOMIC DEPENDENCE

The Association is dependent on grants from governments and governmental agencies to meet its obligations and to finance its continued operations.

14. EMPLOYEE PENSION BENEFITS

The Society and its employees contribute to the Municipal Pension Plan of British Columbia, a multi-employer defined benefit pension plan.

Employer contributions to the Municipal Pension Plan of \$222,210 were expensed during the year. Every three years an actuarial valuation is performed to assess the financial position of the plan and the adequacy of plan funding. The most recent actuarial valuation for the plan at December 31, 2012 indicated an unfunded liability of approximately \$1,370,323,000. The plan covers approximately 160,000 active employees, of which approximately 62 are employees of the Society. The actuary does not attribute portions of the unfunded liability, if any, to individual employers. The next valuation report will be completed in the Fall 2016.

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

15. CONTINGENT LIABILITY

In 2007, the Society received \$150,000 in funding from BC Housing. The funding was used to purchase the Riverside property and transferred to deferred contributions related to capital assets (building portion) and net assets (land portion). The funding is in the form of a forgivable loan and remains in effect until March 31, 2017. As long as the Society does not dispose of the property for a period of 10 years, no repayments are required. If the property was sold prior to March 31, 2017, the entire \$150,000 shall, at the sole option of BC Housing, be immediately payable and due.

16. COMPARATIVE FIGURES

On April 1, 2015 the Canadian Mental Health Association Delta branch, Simon Fraser branch, and the Vancouver-Burnaby branch formally amalgamated and began operating as the Canadian Mental Health Association, Vancouver-Fraser (the "Association").

Before this amalgamation, these three branches received unqualified audit reports (except for the completeness of donations and other fundraising revenues) on their separate 2015 financial statements, audited by other firms of Chartered Professional Accountants. For comparative purposes, the combined 2015 figures for the three branches have been presented. The combined 2015 figures are unaudited.

Certain prior year's comparative figures have been reclassified where necessary to conform to the current year's presentation.