
FINANCIAL STATEMENTS

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

March 31, 2017

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, 2017, 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 Association'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 Association'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 not-for-profit organizations, Canadian Mental Health Association, Vancouver-Fraser derives revenue from donations and fundraising the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our audit of these revenues was limited to the amounts recorded in the records of Canadian Mental Health Association, Vancouver-Fraser. Therefore, we were not able to determine whether any adjustments might be necessary to donations and fundraising revenue, excess of expenses, and cash flows from operations for the years ended March 31, 2017 and 2016, current assets as at March 31, 2017 and 2016, and net assets as at March 31, 2017 and 2016 and April 1, 2015. Our audit opinion on the financial statements for the year ended March 31, 2016 was modified accordingly because of the possible effects of this limitation in scope.

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, 2017 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 Association receives project funding from British Columbia Housing Management Commission, which requires the Association 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 Societies 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.

Tompkins, Wozny, Miller & Co.

Vancouver, Canada
July 25, 2017

Chartered Professional Accountants

STATEMENT OF FINANCIAL POSITION

As at March 31

	2017	2016
	\$	\$
ASSETS		
Current		
Cash <i>[note 3]</i>		
Unrestricted	198,185	295,144
Restricted for deferred revenue	1,598,995	1,272,114
	<u>1,797,180</u>	<u>1,567,258</u>
Accounts receivable <i>[note 4]</i>	221,603	96,954
Prepaid expenses and deposits	115,098	106,828
Total current assets	<u>2,133,881</u>	<u>1,771,040</u>
Trust funds <i>[note 5]</i>	4,791	3,910
Capital assets <i>[note 6]</i>	499,359	501,714
	<u>2,638,031</u>	<u>2,276,664</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities <i>[note 7]</i>	483,238	384,409
Deferred revenue <i>[note 8]</i>	1,598,995	1,272,114
Current portion of callable mortgage <i>[note 10]</i>	13,048	12,854
Total current liabilities	<u>2,095,281</u>	<u>1,669,377</u>
Trust liabilities <i>[note 5]</i>	4,791	3,910
Deferred contributions related to capital assets <i>[note 9]</i>	58,743	33,281
Callable mortgage <i>[note 10]</i>	169,722	182,766
	<u>2,328,537</u>	<u>1,889,334</u>
NET ASSETS		
Invested in capital assets	257,846	272,813
Unrestricted	51,648	114,517
	<u>309,494</u>	<u>387,330</u>
	<u>2,638,031</u>	<u>2,276,664</u>

Commitments *[note 11]*

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 \$
2017			
Excess of expenses for the year	(27,817)	(50,019)	(77,836)
Repayment of callable debt	12,850	(12,850)	—
Capital asset purchases	28,698	(28,698)	—
Restricted contributions used for capital asset purchases	(28,698)	28,698	—
	(14,967)	(62,869)	(77,836)
Balance, beginning of year	272,813	114,517	387,330
Balance, end of year	257,846	51,648	309,494
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

See accompanying notes to the financial statements

STATEMENT OF OPERATIONS

Year ended March 31

	2017	2016
	\$	\$
REVENUE		
Program funding - Fraser Health Authority	2,208,074	2,234,828
- Vancouver Coastal Health Authority	1,422,559	1,445,878
- B.C. Housing	893,714	819,174
- CMHA, BC Division	336,697	244,292
- Other	248,582	273,502
- Province of BC - Gaming revenue	177,640	180,000
Total program funding earned [note 8]	5,287,266	5,197,674
Donations and fundraising	503,364	429,022
Programs	273,556	170,200
Store sales	120,339	101,223
Tenant rent contributions	93,154	279,670
Interest and other	30,033	39,811
Amortization of deferred contributions related to capital assets [note 9]	3,236	8,371
	6,310,948	6,225,971
EXPENSES		
Wages and benefits [note 15]	4,276,654	4,130,986
Program activities and purchased services	690,868	708,235
Rent subsidies	520,086	656,233
Office rent	285,709	253,477
Office and other	146,239	143,951
Equipment repairs and replacement	127,979	95,340
Repairs and maintenance	89,162	50,995
Transportation	85,706	92,837
Telephone and communications	63,699	65,879
Amortization	31,053	49,991
Staff professional development	27,553	17,664
Payroll processing and bank charges	21,412	22,422
Professional	10,957	15,929
Interest on callable debt	5,918	6,418
Honoraria and enabling	5,789	7,516
	6,388,784	6,317,873
Excess of expenses for the year	(77,836)	(91,902)

See accompanying notes to the financial statements

STATEMENT OF CASH FLOWS

Year ended March 31

	2017	2016
	\$	\$
OPERATING ACTIVITIES		
Excess of expenses for the year	(77,836)	(91,902)
Items not affecting cash:		
Amortization of deferred contributions related to capital assets	(3,236)	(8,371)
Amortization of capital assets	31,053	49,991
	(50,019)	(50,282)
Changes in other non-cash working capital items:		
Accounts receivable	(124,649)	36,056
Prepaid expenses and deposits	(8,270)	16,177
Accounts payable and accrued liabilities	98,829	9,951
Deferred revenue	326,881	(67,797)
Cash provided by (used in) operating activities	242,772	(55,895)
INVESTING ACTIVITIES		
Purchase of capital assets	(28,698)	(65,096)
Contributions received for capital asset purchases	28,698	—
Cash used in investing activities	—	(65,096)
FINANCING ACTIVITIES		
Repayment of callable mortgage	(12,850)	(12,618)
Cash used in financing activities	(12,850)	(12,618)
Increase (decrease) in cash during the year	229,922	(133,609)
Cash, beginning of year	1,567,258	1,700,867
Cash, end of year	1,797,180	1,567,258

See accompanying notes to the financial statements

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

1. NATURE OF OPERATIONS

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

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.

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.

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 Association 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.

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):

• Buildings	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

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

3. CASH

	2017	2016
	\$	\$
Cash	1,787,304	1,557,432
Petty cash	9,876	9,826
	<u>1,797,180</u>	<u>1,567,258</u>
Operating	1,646,501	1,390,837
Gaming	150,679	176,421
	<u>1,797,180</u>	<u>1,567,258</u>

4. ACCOUNTS RECEIVABLE

	2017	2016
	\$	\$
Operations and other	206,635	81,121
Government - GST	14,968	15,833
Allowance for doubtful accounts	—	—
	<u>221,603</u>	<u>96,954</u>

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
	\$	\$	\$
2017			
Land	333,350	—	333,350
Buildings	200,526	90,871	109,655
Furniture and equipment	48,479	29,176	19,303
Computer hardware	54,302	42,484	11,818
Computer software	27,466	27,466	—
Vehicle	44,029	39,626	4,403
Leasehold improvements	155,679	134,849	20,830
	<u>863,831</u>	<u>364,472</u>	<u>499,359</u>

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

6. CAPITAL ASSETS (CONT'D)

	Cost	Accumulated Amortization	Net Book Value
	\$	\$	\$
2016			
Land	333,350	—	333,350
Buildings	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

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2017	2016
	\$	\$
Operations and other	231,952	159,258
Vacation and sick time	244,167	218,149
Government - WorkSafeBC	7,119	7,002
	483,238	384,409

8. DEFERRED REVENUE

	Deferred, Beginning of Year	Received or Receivable	Earned During the Year	Deferred, End of Year
	\$	\$	\$	\$
PROGRAM FUNDING				
Fraser Health Authority	169,506	2,490,523	2,208,074	451,955
Vancouver Coastal Health Authority	454,293	1,597,290	1,422,559	629,024
B.C. Housing	204,582	869,461	893,714	180,329
Other	121,593	190,988	248,582	63,999
CMHA, BC Division	13,053	348,867	336,697	25,223
Province of BC - Gaming revenue	173,855	154,464	177,640	150,679
South Fraser	19,594	—	—	19,594
	1,156,476	5,651,593	5,287,266	1,520,803
DONATIONS AND SPONSORSHIPS				
Ride Don't Hide	10,000	5,265	10,000	5,265
BMO Run 4 Hope	5,498	10,450	5,498	10,450
Child & Youth - Delta	100,140	—	37,663	62,477
	1,272,114	5,667,308	5,340,427	1,598,995

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

9. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

	2017	2016
	\$	\$
Balance, beginning of year	33,281	41,652
Contributions received	28,698	—
Amortized to revenue	(3,236)	(8,371)
Balance, end of year	58,743	33,281

10. CALLABLE MORTGAGE

	2017	2016
	\$	\$
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.	104,813	112,506
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.	73,290	76,217
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.	4,667	6,897
	182,770	195,620
Current portion of callable mortgage	(13,048)	(12,854)
	169,722	182,766

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

11. COMMITMENTS

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

	\$
2018	174,806
2019	134,230
2020	138,496
2021	39,372
2022	11,790
	<u>498,694</u>

12. FINANCIAL INSTRUMENTS

The Association is exposed to various risks through its financial instruments. The following analysis presents the Association's exposures to significant risk as at March 31, 2017.

Credit Risk

The Association is exposed to credit risk with respect to its cash and accounts receivable. The Association 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 Association 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 Association 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.

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

14. EMPLOYEE PENSION BENEFITS

The Association 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, 2015 indicated the plan is fully funded. The plan covers approximately 180,000 active employees, of which approximately 62 are employees of the Society.

15. WAGES AND BENEFITS

Pursuant to the British Columbia Societies Act, the Association is required to disclose wages and benefits paid to employees who are paid \$75,000 or more during the fiscal year. Wages and benefits expense includes \$344,836 paid to three employees during the year.