
FINANCIAL STATEMENTS

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

March 31, 2019



INDEPENDENT AUDITOR'S REPORT

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

Qualified Opinion

We have audited the financial statements of Canadian Mental Health Association, Vancouver-Fraser Branch (the Association), which comprise the statement of financial position as at March 31, 2019 and 2018, and the statements of changes in net assets, operations and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of the report, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at March 31, 2019 and 2018, and the results of its operations and its cash flows for the years then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Association derives revenue from donations and fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Association. Therefore, we were not able to determine whether any adjustments might be necessary to donations and fundraising revenue, excess of revenues (expenses), and cash flows from operations for the years ended March 31, 2019 and 2018, current assets as at March 31, 2019 and 2018, and net assets as at April 1, 2017 and March 31 for both the 2019 and 2018 years.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audits of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITOR'S REPORT

- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

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 LLP

Vancouver, Canada
July 23, 2019

Chartered Professional Accountants



STATEMENT OF FINANCIAL POSITION

As at March 31

	2019 \$	2018 \$
ASSETS		
Current		
Cash [note 3]		
Unrestricted	228,824	436,124
Restricted for deferred revenue	1,907,040	1,794,900
	2,135,864	2,231,024
Accounts receivable [note 4]	192,895	150,134
Prepaid expenses and deposits	188,160	115,636
Total current assets	2,516,919	2,496,794
Trust funds [note 5]	4,497	1,153
Capital assets [note 6]	614,262	659,845
	3,135,678	3,157,792
LIABILITIES		
Current		
Accounts payable and accrued liabilities [note 7]	519,486	635,621
Deferred revenue [note 8]	1,907,040	1,794,900
Current portion of mortgage [note 10]	8,478	8,128
Total current liabilities	2,435,004	2,438,649
Trust liabilities [note 5]	4,497	1,153
Deferred contributions related to capital assets [note 9]	59,359	54,705
Mortgage [note 10]	302,558	311,126
	2,801,418	2,805,633
NET ASSETS		
Invested in capital assets	243,867	285,886
Unrestricted	90,393	66,273
	334,260	352,159
	3,135,678	3,157,792

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 \$
2019			
Excess of revenue (expenses) for the year	(51,683)	33,784	(17,899)
Repayment of mortgage	8,218	(8,218)	—
Capital asset purchases	11,646	(11,646)	—
Contributions received for capital asset purchases	(10,200)	10,200	—
	(42,019)	24,120	(17,899)
Balance, beginning of year	285,886	66,273	352,159
Balance, end of year	243,867	90,393	334,260
2018			
Excess of revenue (expenses) for the year	(26,777)	69,442	42,665
Proceeds of refinancing mortgage (net of repayment)	(136,484)	136,484	—
Capital asset purchases	191,301	(191,301)	—
	28,040	14,625	42,665
Balance, beginning of year	257,846	51,648	309,494
Balance, end of year	285,886	66,273	352,159

See accompanying notes to the financial statements

STATEMENT OF OPERATIONS

Year ended March 31

	2019	2018
	\$	\$
REVENUE		
Program funding - Fraser Health Authority	2,578,870	2,658,842
- Vancouver Coastal Health Authority	1,443,498	1,421,035
- CMHA, BC Division	711,071	486,579
- B.C. Housing	647,843	864,246
- Other CMHA's	201,329	205,699
- Province of BC - Gaming revenue	161,000	150,000
- Province of BC - Other	138,827	—
Total program funding earned <i>[note 8]</i>	5,882,438	5,786,401
Donations and fundraising	593,078	621,076
Programs	270,152	393,532
Store sales	170,502	160,729
Tenant rent contributions	112,305	101,732
Interest and other	55,647	30,032
Amortization of deferred contributions related to capital assets <i>[note 9]</i>	5,546	4,038
	7,089,668	7,097,540
EXPENSES		
Wages and benefits <i>[note 15]</i>	4,898,402	4,780,041
Program activities and purchased services	825,074	840,437
Rent subsidies	398,407	529,890
Office rent	385,556	318,228
Office and other	126,798	102,484
Transportation	105,913	99,833
Telephone and communications	99,339	76,928
Equipment repairs and replacement	72,608	116,580
Amortization	57,229	30,815
Repairs and maintenance	44,566	59,501
Payroll processing and bank charges	39,731	37,723
Staff professional development	24,009	32,004
Professional	12,922	17,983
Interest on mortgages	10,934	6,775
Honoraria and enabling	6,079	5,653
	7,107,567	7,054,875
Excess of revenue (expenses) for the year	(17,899)	42,665

See accompanying notes to the financial statements



STATEMENT OF CASH FLOWS

Year ended March 31

	2019	2018
	\$	\$
OPERATING ACTIVITIES		
Excess of revenue (expenses) for the year	(17,899)	42,665
Items not affecting cash:		
Amortization of deferred contributions related to capital assets	(5,546)	(4,038)
Amortization of capital assets	57,229	30,815
	33,784	69,412
Changes in other non-cash working capital items:		
Accounts receivable	(42,761)	71,469
Prepaid expenses and deposits	(72,524)	(538)
Accounts payable and accrued liabilities	(116,135)	152,383
Deferred revenue	112,140	195,905
Cash provided by (used in) operating activities	(85,496)	488,661
INVESTING ACTIVITIES		
Purchase of capital assets	(11,646)	(191,301)
Contributions received for capital asset purchases	10,200	—
Cash used in investing activities	(1,446)	(191,301)
FINANCING ACTIVITIES		
Repayment of callable mortgages	(8,218)	(182,770)
Proceeds from mortgage	—	320,000
Repayment of mortgage	—	(746)
Cash provided by (used in) financing activities	(8,218)	136,484
Increase (decrease) in cash during the year	(95,160)	433,844
Cash, beginning of year	2,231,024	1,797,180
Cash, end of year	2,135,864	2,231,024

See accompanying notes to the financial statements

NOTES TO FINANCIAL STATEMENTS

March 31, 2019

1. NATURE OF OPERATIONS

The Canadian Mental Health Association, Vancouver-Fraser Branch (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.

Program, store sales 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.

Interest income is recognized as revenue when earned.

NOTES TO FINANCIAL STATEMENTS

March 31, 2019

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 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, 2019

3. CASH

	2019 \$	2018 \$
Cash	2,127,938	2,222,298
Petty cash	7,926	8,726
	2,135,864	2,231,024
Operating	1,970,416	2,067,998
Gaming	165,448	163,026
	2,135,864	2,231,024

4. ACCOUNTS RECEIVABLE

	2019 \$	2018 \$
Operations and other	167,840	127,915
Government - GST	25,055	22,219
Allowance for doubtful accounts	—	—
	192,895	150,134

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 \$
2019			
Land	333,350	—	333,350
Buildings	200,526	102,979	97,547
Furniture and equipment	98,580	43,099	55,481
Computer hardware	72,308	59,983	12,325
Vehicle	44,029	41,871	2,158
Leasehold improvements	290,518	177,117	113,401
	1,039,311	425,049	614,262



NOTES TO FINANCIAL STATEMENTS

March 31, 2019

6. CAPITAL ASSETS (CONT'D)

	Cost \$	Accumulated Amortization \$	Net Book Value \$
2018			
Land	333,350	—	333,350
Buildings	200,526	96,409	104,117
Furniture and equipment	93,218	35,156	58,062
Computer hardware	68,086	51,668	16,418
Computer software	27,466	27,466	—
Vehicle	44,029	40,947	3,082
Leasehold improvements	288,456	143,640	144,816
	1,055,131	395,286	659,845

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2019 \$	2018 \$
Operations and other	175,623	308,514
Vacation, sick time, and pension benefits payable	336,451	318,488
Government remittances - WorkSafeBC	7,412	8,619
	519,486	635,621

8. DEFERRED REVENUE

	Deferred, Beginning of Year \$	Received or Receivable \$	Earned During the Year \$	Deferred, End of Year \$
PROGRAM FUNDING				
Fraser Health Authority	551,824	2,743,785	2,578,870	716,739
Vancouver Coastal Health Authority	684,925	1,528,249	1,443,498	769,676
CMHA, BC Division	6,470	720,544	711,071	15,943
B.C. Housing	208,886	600,883	647,843	161,926
Other CMHA's	33,712	185,876	201,329	18,259
Province of BC - Gaming revenue	163,484	164,539	161,000	167,023
Province of BC - Other	—	138,827	138,827	—
South Fraser	19,594	—	—	19,594
	1,668,895	6,082,703	5,882,438	1,869,160
DONATIONS, SPONSORSHIPS AND OTHER				
Other	69,974	48,453	108,174	10,253
Ride Don't Hide	13,125	44,334	56,129	1,330
BMO Run 4 Hope	16,754	48,651	45,760	19,645
Child & Youth - Delta	26,152	8,500	28,000	6,652
	1,794,900	6,232,641	6,120,501	1,907,040

NOTES TO FINANCIAL STATEMENTS

March 31, 2019

9. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

	2019	2018
	\$	\$
Balance, beginning of year	54,705	58,743
Contributions received	10,200	—
Amortized to revenue	(5,546)	(4,038)
Balance, end of year	59,359	54,705

10. MORTGAGE

	2019	2018
	\$	\$
VanCity mortgage bearing fixed interest at 3.49% per annum, repayable in monthly blended payments of \$1,596. The mortgage matures on February 28, 2043 and is secured by a registered mortgage over the land and building located at 818 Kennedy Street, New Westminster.	311,036	319,254
Current portion of mortgage	(8,478)	(8,128)
Long-term portion of mortgage	302,558	311,126

11. COMMITMENTS

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

	\$
2020	253,442
2021	131,611
2022	50,098
2023	42,238
2024	—
	477,389

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, 2019.

NOTES TO FINANCIAL STATEMENTS

March 31, 2019

12. FINANCIAL INSTRUMENTS (CONT'D)

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.

There has been no change in the Association's risk exposure in the above noted risks since the previous period.

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 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 \$275,698 [2018 - \$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.

NOTES TO FINANCIAL STATEMENTS

March 31, 2019

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 \$1,046,640 [2018 - \$449,893] paid to eleven [2018 - 5] employees during the year. No remuneration was paid to any members of the board.

16. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year presentation.

