

**FINANCIAL STATEMENTS**

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

**March 31, 2020**



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## INDEPENDENT AUDITOR'S REPORT

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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, 2020, and the statements of changes in net assets, operations and cash flows for the year 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, 2020, 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.

### ***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, 2020 and 2019, current assets as at March 31, 2020 and 2019, and net assets as at April 1, 2018 and March 31 for both the 2020 and 2019 years.

We conducted our audit 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.

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## INDEPENDENT AUDITOR'S REPORT

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- 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, in our opinion, the accounting principles used in these financial statements, Canadian accounting standards for not-for-profit organizations, have been applied on a basis consistent with that of the preceding year.

*Tompkins Wozny LLP*

Vancouver, Canada  
July 28, 2020

Chartered Professional Accountants



**STATEMENT OF FINANCIAL POSITION**

As at March 31

	2020	2019
	\$	\$
<b>ASSETS</b>		
<b>Current</b>		
Cash [note 3]		
Unrestricted (deficit)	(73,163)	228,824
Restricted for deferred revenue	2,116,863	1,907,040
	<b>2,043,700</b>	2,135,864
Accounts receivable [note 4]	463,654	192,895
Prepaid expenses and deposits	98,649	188,160
<b>Total current assets</b>	<b>2,606,003</b>	2,516,919
Trust funds [note 5]	9,580	4,497
Capital assets [note 6]	787,440	614,262
	<b>3,403,023</b>	3,135,678
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities [note 7]	531,766	519,486
Deferred revenue [note 8]	2,116,863	1,907,040
Current portion of mortgage [note 10]	8,807	8,478
<b>Total current liabilities</b>	<b>2,657,436</b>	2,435,004
Trust liabilities [note 5]	9,580	4,497
Deferred contributions related to capital assets [note 9]	54,220	59,359
Mortgage [note 10]	293,745	302,558
	<b>3,014,981</b>	2,801,418
<b>NET ASSETS</b>		
Invested in capital assets	430,668	243,867
Unrestricted (deficit)	(42,626)	90,393
	<b>388,042</b>	334,260
	<b>3,403,023</b>	3,135,678
Commitments [note 11]		
Economic Dependence [note 13]		
COVID-19 [note 16]		

See accompanying notes to the financial statements

Approved by the Board:



Director

*Mick Macsu*

Director



**STATEMENT OF CHANGES IN NET ASSETS**

Year ended March 31

	<b>Invested in Capital Assets</b>	<b>Unrestricted</b>	<b>Total</b>
	\$	\$	\$
<b>2020</b>			
Excess of revenue (expenses) for the year	(63,194)	116,976	53,782
Repayment of mortgage	8,484	(8,484)	—
Capital asset purchases	241,511	(241,511)	—
	<b>186,801</b>	<b>(133,019)</b>	<b>53,782</b>
<b>Balance, beginning of year</b>	<b>243,867</b>	<b>90,393</b>	<b>334,260</b>
<b>Balance, end of year</b>	<b>430,668</b>	<b>(42,626)</b>	<b>388,042</b>
<b>2019</b>			
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)
<b>Balance, beginning of year</b>	<b>285,886</b>	<b>66,273</b>	<b>352,159</b>
<b>Balance, end of year</b>	<b>243,867</b>	<b>90,393</b>	<b>334,260</b>

*See accompanying notes to the financial statements*

**STATEMENT OF OPERATIONS**

Year ended March 31

	2020	2019
	\$	\$
<b>REVENUE</b>		
Program funding - Fraser Health Authority	2,620,602	2,578,870
- Vancouver Coastal Health Authority	1,501,832	1,443,498
- CMHA, BC Division	805,449	711,071
- B.C. Housing	643,580	647,843
- Other CMHA's	223,358	201,329
- Province of BC - Gaming revenue	161,000	161,000
- Province of BC - Other	159,750	138,827
<b>Total program funding earned [note 8]</b>	<b>6,115,571</b>	<b>5,882,438</b>
Donations and fundraising	717,599	593,078
Programs	251,457	270,152
Store sales	171,388	170,502
Tenant rent contributions	107,925	112,305
Wage subsidy - government assistance [note 16]	104,888	—
Interest and other	46,447	55,647
Amortization of deferred contributions related to capital assets [note 9]	5,139	5,546
	<b>7,520,414</b>	<b>7,089,668</b>
<b>EXPENSES</b>		
Wages and benefits [note 15]	5,184,489	4,898,402
Program activities and purchased services	811,199	825,074
Rent subsidies	449,320	398,407
Office rent	406,716	385,556
Office and other	126,116	126,798
Telephone and communications	97,699	99,339
Equipment repairs and replacement	87,527	72,608
Transportation	75,460	105,913
Amortization	68,333	57,229
Repairs and maintenance	49,448	44,566
Staff professional development	40,656	24,009
Payroll processing and bank charges	36,739	39,731
Professional	14,639	12,922
Interest on mortgages	10,667	10,934
Honoraria and enabling	7,624	6,079
	<b>7,466,632</b>	<b>7,107,567</b>
<b>Excess of revenue (expenses) for the year</b>	<b>53,782</b>	<b>(17,899)</b>

See accompanying notes to the financial statements

**STATEMENT OF CASH FLOWS**

Year ended March 31

	2020	2019
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Excess of revenue (expenses) for the year	53,782	(17,899)
Items not affecting cash:		
Amortization of deferred contributions related to capital assets	(5,139)	(5,546)
Amortization of capital assets	68,333	57,229
	<b>116,976</b>	33,784
Changes in other non-cash working capital items:		
Accounts receivable	(270,759)	(42,761)
Prepaid expenses and deposits	89,511	(72,524)
Accounts payable and accrued liabilities	12,280	(116,135)
Deferred revenue	209,823	112,140
<b>Cash provided by (used in) operating activities</b>	<b>157,831</b>	<b>(85,496)</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of capital assets	(241,511)	(11,646)
Contributions received for capital asset purchases	—	10,200
<b>Cash used in investing activities</b>	<b>(241,511)</b>	<b>(1,446)</b>
<b>FINANCING ACTIVITIES</b>		
Repayment of callable mortgages	(8,484)	(8,218)
<b>Cash used in financing activities</b>	<b>(8,484)</b>	<b>(8,218)</b>
<b>Decrease in cash during the year</b>	<b>(92,164)</b>	<b>(95,160)</b>
Cash, beginning of year	2,135,864	2,231,024
<b>Cash, end of year</b>	<b>2,043,700</b>	<b>2,135,864</b>
<b>Cash includes:</b>		
Unrestricted (deficit)	(73,163)	228,824
Restricted for deferred revenue	2,116,863	1,907,040
	<b>2,043,700</b>	<b>2,135,864</b>

*See accompanying notes to the financial statements*

## NOTES TO FINANCIAL STATEMENTS

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March 31, 2020

### 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

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March 31, 2020

### 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.

#### 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              |
| • Program and course development     | 5 years straight-line             |
| • Furniture and equipment            | 10 years straight-line            |
| • Computer hardware and IT solutions | 3 years straight-line             |
| • Computer software                  | 1 to 3 years straight-line        |
| • Vehicle                            | 30% declining balance             |
| • Leasehold improvements             | straight-line to the end of lease |

## NOTES TO FINANCIAL STATEMENTS

March 31, 2020

### 3. CASH

	2020	2019
	\$	\$
Cash	2,038,285	2,127,938
Petty cash	5,415	7,926
	<b>2,043,700</b>	<b>2,135,864</b>
Operating	1,873,120	1,970,416
Gaming	170,580	165,448
	<b>2,043,700</b>	<b>2,135,864</b>

### 4. ACCOUNTS RECEIVABLE

	2020	2019
	\$	\$
Operations and other	428,270	167,840
Government - GST	35,384	25,055
Allowance for doubtful accounts	—	—
	<b>463,654</b>	<b>192,895</b>

### 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
	\$	\$	\$
<b>2020</b>			
Land	333,350	—	333,350
Buildings	214,534	109,568	104,966
Program and course development	123,851	3,422	120,429
Furniture and equipment	108,056	52,391	55,665
Computer hardware and IT solutions	111,835	72,573	39,262
Computer software	54,649	1,973	52,676
Vehicle	44,029	42,518	1,511
Leasehold improvements	290,518	210,937	79,581
	<b>1,280,822</b>	<b>493,382</b>	<b>787,440</b>

## NOTES TO FINANCIAL STATEMENTS

March 31, 2020

### 6. CAPITAL ASSETS (CONT'D)

	Cost \$	Accumulated Amortization \$	Net Book Value \$
<b>2019</b>			
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
	<b>1,039,311</b>	<b>425,049</b>	<b>614,262</b>

### 7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2020 \$	2019 \$
Operations and other	<b>128,650</b>	175,623
Vacation, sick time, and pension benefits payable	<b>402,352</b>	336,451
Government remittances - WorkSafeBC	<b>764</b>	7,412
	<b>531,766</b>	519,486

### 8. DEFERRED REVENUE

	Deferred, Beginning of Year \$	Received or Receivable \$	Earned During the Year \$	Deferred, End of Year \$
<b>PROGRAM FUNDING</b>				
Fraser Health Authority	716,739	2,660,377	2,620,602	756,514
Vancouver Coastal Health Authority	769,676	1,648,050	1,501,832	915,894
CMHA, BC Division	15,943	829,689	805,449	40,183
B.C. Housing	161,926	621,306	643,580	139,652
Other CMHA's	18,259	205,099	223,358	—
Province of BC - Gaming revenue	167,023	164,618	161,000	170,641
Province of BC - Other	—	159,750	159,750	—
	<b>1,849,566</b>	<b>6,288,889</b>	<b>6,115,571</b>	<b>2,022,884</b>
<b>DONATIONS, SPONSORSHIPS AND OTHER</b>	<b>57,474</b>	<b>175,698</b>	<b>139,193</b>	<b>93,979</b>
	<b>1,907,040</b>	<b>6,464,587</b>	<b>6,254,764</b>	<b>2,116,863</b>

## NOTES TO FINANCIAL STATEMENTS

March 31, 2020

### 9. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

	2020	2019
	\$	\$
<b>Balance, beginning of year</b>	<b>59,359</b>	54,705
Contributions received	—	10,200
Amortized to revenue	<b>(5,139)</b>	(5,546)
<b>Balance, end of year</b>	<b>54,220</b>	59,359

### 10. MORTGAGE

	2020	2019
	\$	\$
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.	<b>302,552</b>	311,036
Current portion of mortgage	<b>(8,807)</b>	(8,478)
Long-term portion of mortgage	<b>293,745</b>	302,558

### 11. COMMITMENTS

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

	\$
2021	<b>223,956</b>
2022	<b>160,912</b>
2023	<b>157,249</b>
2024	<b>115,851</b>
2025	<b>120,049</b>
	<b>778,017</b>

### 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, 2020.

## NOTES TO FINANCIAL STATEMENTS

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March 31, 2020

### 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 \$271,595 [2019 - \$275,698] 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, 2018 indicated the plan is fully funded. The plan covers approximately 196,000 active employees, of which approximately 62 are employees of the Society.

## NOTES TO FINANCIAL STATEMENTS

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March 31, 2020

### 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 \$1,156,558 [2019 - \$1,046,640] paid to eleven [2019 - 11] employees during the year. No remuneration was paid to any members of the board.

### 16. COVID-19

COVID-19 has had a significant impact on the operations of the Association. Most of the programming provided by the Association is considered essential service and the Association received notice that funding for 80% of its programming is not at risk. In fact the Association has had requests to increase the service provision. The Association ensured the continuation of these programs following WorkSafeBC and Government health and safety guidelines. Some of the non-essential programs are heavily impacted and have had to close those down temporarily. This has had a substantial negative effect on the Association's revenue over expenses. Management has taken steps to minimize, mitigate and defer costs associated with these programs, for instance, by applying and receiving for the Canadian Emergency Wage Subsidy for staff impacted by closure of programs.

Due to COVID-19, subsequent to the 2020 fiscal year-end, one of the Association's funders decided not to renew a contract that is ending at September 30, 2020. The financial impact of this decision is a loss of revenue and expenses of \$245,986 for the 2021 fiscal year.