
FINANCIAL STATEMENTS

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

March 31, 2022



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, 2022, 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, 2022, 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, 2022 and 2021, current assets as at March 31, 2022 and 2021, and net assets as at April 1, 2020 and March 31 for both the 2022 and 2021 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.

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, 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 26, 2022

Chartered Professional Accountants



STATEMENT OF FINANCIAL POSITION

As at March 31

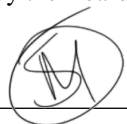
	2022	2021
	\$	\$
ASSETS		
Current		
Cash <i>[note 3]</i>		
Unrestricted	436,728	1,128,785
Restricted for deferred revenue	1,132,437	1,798,591
	1,569,165	2,927,376
Accounts receivable <i>[note 4]</i>	658,085	243,479
Prepaid expenses and deposits	81,797	61,123
Total current assets	2,309,047	3,231,978
Trust funds <i>[note 5]</i>	912	3,591
Capital assets <i>[note 6]</i>	711,684	862,082
	3,021,643	4,097,651
LIABILITIES		
Current		
Accounts payable and accrued liabilities <i>[note 7]</i>	793,589	733,791
Deferred revenue <i>[note 8]</i>	1,132,437	1,798,591
Current portion of mortgage <i>[note 10]</i>	9,366	9,074
Total current liabilities	1,935,392	2,541,456
Trust liabilities <i>[note 5]</i>	912	3,591
Deferred contributions related to capital assets <i>[note 9]</i>	44,828	49,398
Mortgage <i>[note 10]</i>	275,313	284,649
	2,256,445	2,879,094
NET ASSETS		
Invested in capital assets	382,177	518,961
Unrestricted	383,021	699,596
	765,198	1,218,557
	3,021,643	4,097,651

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
	\$	\$	\$
2022			
Excess of revenue (expenses) for the year	(145,828)	(307,531)	(453,359)
Repayment of mortgage	9,044	(9,044)	—
	(136,784)	(316,575)	(453,359)
Balance, beginning of year	518,961	699,596	1,218,557
Balance, end of year	382,177	383,021	765,198
2021			
Excess of revenue (expenses) for the year	(115,035)	567,017	451,982
Repayment of mortgage	8,829	(8,829)	—
Capital asset purchases	194,499	(194,499)	—
	88,293	363,689	451,982
Balance, beginning of year	430,668	335,907	766,575
Balance, end of year	518,961	699,596	1,218,557

See accompanying notes to the financial statements

STATEMENT OF OPERATIONS

Year ended March 31

	2022	2021
	\$	\$
REVENUE		
Program funding - Fraser Health Authority	2,170,952	2,179,148
- Vancouver Coastal Health Authority	1,825,074	1,660,973
- CMHA, BC Division	1,176,316	1,060,135
- Other CMHA's	586,060	328,793
- Province of BC - Gaming revenue	192,545	163,132
- Other	256,020	360,247
- B.C. Housing	146,230	383,679
Total program funding earned <i>[note 8]</i>	6,353,197	6,136,107
Donations and fundraising	425,554	317,977
Programs	458,092	142,302
Store sales	149,979	109,796
Canada Emergency Wage Subsidy	147,042	1,069,938
Tenant rent contributions	87,075	96,972
Interest and other	12,327	37,143
Amortization of deferred contributions related to capital assets <i>[note 9]</i>	4,570	4,822
	7,637,836	7,915,057
EXPENSES		
Wages and benefits <i>[note 15]</i>	5,398,725	5,394,453
Program activities and purchased services	1,028,735	616,862
Office rent	411,004	419,325
Rent subsidies	384,826	366,659
Equipment repairs and replacement	177,273	157,566
Professional	150,948	40,829
Amortization	150,398	119,857
Office and other	119,469	96,622
Telephone and communications	103,424	90,988
Staff professional development	60,647	49,967
Repairs and maintenance	49,353	41,748
Transportation	27,687	30,176
Payroll processing and bank charges	16,359	22,541
Interest on mortgage	10,107	10,324
Honoraria and enabling	2,240	5,158
	8,091,195	7,463,075
Excess of revenue (expenses) for the year	(453,359)	451,982

See accompanying notes to the financial statements

STATEMENT OF CASH FLOWS

Year ended March 31

	2022	2021
	\$	\$
OPERATING ACTIVITIES		
Excess of revenue (expenses) for the year	(453,359)	451,982
Items not affecting cash:		
Amortization of deferred contributions related to capital assets	(4,570)	(4,822)
Amortization of capital assets	150,398	119,857
	(307,531)	567,017
Changes in other non-cash working capital items:		
Accounts receivable	(414,606)	220,175
Prepaid expenses and deposits	(20,674)	37,526
Accounts payable and accrued liabilities	59,798	202,025
Deferred revenue	(666,154)	60,261
Cash provided by (used in) operating activities	(1,349,167)	1,087,004
INVESTING ACTIVITIES		
Purchase of capital assets	—	(194,499)
Cash used in investing activities	—	(194,499)
FINANCING ACTIVITIES		
Repayment of callable mortgages	(9,044)	(8,829)
Cash used in financing activities	(9,044)	(8,829)
Increase (decrease) in cash during the year	(1,358,211)	883,676
Cash, beginning of year	2,927,376	2,043,700
Cash, end of year	1,569,165	2,927,376
Cash includes:		
Unrestricted	436,728	1,128,785
Restricted for deferred revenue	1,132,437	1,798,591
	1,569,165	2,927,376

See accompanying notes to the financial statements

NOTES TO FINANCIAL STATEMENTS

March 31, 2022

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, 2022

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 |
| • Vehicle | 30% declining balance |
| • Leasehold improvements | straight-line to the end of lease |

NOTES TO FINANCIAL STATEMENTS

March 31, 2022

3. CASH

	2022	2021
	\$	\$
Cash	1,567,765	2,925,901
Petty cash	1,400	1,475
	1,569,165	2,927,376
Operating	1,369,801	2,730,204
Gaming	199,364	197,172
	1,569,165	2,927,376

4. ACCOUNTS RECEIVABLE

	2022	2021
	\$	\$
Operations and other	636,068	210,214
Government - GST	22,017	33,265
Allowance for doubtful accounts	—	—
	658,085	243,479

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
	\$	\$	\$
2022			
Land	333,350	—	333,350
Buildings	284,331	125,227	159,104
Program and course development	149,956	55,143	94,813
Furniture and equipment	108,056	73,019	35,037
Computer hardware and IT solutions	265,080	201,889	63,191
Vehicle	44,029	43,289	740
Leasehold improvements	290,518	265,069	25,449
	1,475,320	763,636	711,684

NOTES TO FINANCIAL STATEMENTS

March 31, 2022

6. CAPITAL ASSETS (CONT'D)

	Cost \$	Accumulated Amortization \$	Net Book Value \$
2021			
Land	333,350	—	333,350
Buildings	284,331	116,853	167,478
Program and course development	149,956	20,862	129,094
Furniture and equipment	108,056	62,891	45,165
Computer hardware and IT solutions	265,080	130,385	134,695
Vehicle	44,029	42,971	1,058
Leasehold improvements	290,518	239,276	51,242
	1,475,320	613,238	862,082

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2022 \$	2021 \$
Operations and other	302,081	176,438
Vacation, sick time, and pension benefits payable	477,226	547,607
Government remittances - WorkSafeBC	14,282	9,746
	793,589	733,791

8. DEFERRED REVENUE

	Deferred, Beginning of Year \$	Received or Receivable \$	Earned During the Year \$	Deferred, End of Year \$
PROGRAM FUNDING				
Fraser Health Authority	688,931	1,803,508	2,170,952	321,487
Vancouver Coastal Health Authority	634,288	1,332,423	1,825,074	141,637
CMHA, BC Division	40,183	1,181,412	1,176,316	45,279
B.C. Housing	140,430	146,230	146,230	140,430
Other CMHA's	7,366	584,192	586,060	5,498
Other	88,488	385,175	256,020	217,643
Province of BC - Gaming revenue	197,172	191,151	192,545	195,778
	1,796,858	5,624,091	6,353,197	1,067,752
DONATIONS AND SPONSORSHIPS	1,733	41,850	12,131	31,452
OTHER	—	66,466	33,233	33,233
	1,798,591	5,732,407	6,398,561	1,132,437

NOTES TO FINANCIAL STATEMENTS

March 31, 2022

9. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

	2022	2021
	\$	\$
Balance, beginning of year	49,398	54,220
Amortized to revenue	(4,570)	(4,822)
Balance, end of year	44,828	49,398

10. MORTGAGE

	2022	2021
	\$	\$
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.	284,679	293,723
Current portion of mortgage	(9,366)	(9,074)
Long-term portion of mortgage	275,313	284,649

11. COMMITMENTS

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

	\$
2023	262,983
2024	233,861
2025	237,549
2026	130,025
2027	17,684
	882,102

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, 2022.

NOTES TO FINANCIAL STATEMENTS

March 31, 2022

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 \$297,250 [2021 - \$306,227] 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 64 are employees of the Society.

NOTES TO FINANCIAL STATEMENTS

March 31, 2022

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 \$1,464,662 [2021 - \$1,575,862] paid to fifteen [2021 - 16] employees during the year. No remuneration was paid to any members of the board.

16. COMPARATIVE FIGURES

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