
FINANCIAL STATEMENTS

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

March 31, 2023



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, 2023, 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, 2023, 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 expenses, and cash flows from operations for the years ended March 31, 2023 and 2022, current assets as at March 31, 2023 and 2022, and net assets as at April 1 and March 31 for both the 2023 and 2022 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.
- 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.

INDEPENDENT AUDITOR'S REPORT

- 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
August 29, 2023

Chartered Professional Accountants



STATEMENT OF FINANCIAL POSITION

As at March 31

	2023	2022
	\$	\$
ASSETS		
Current		
Cash <i>[note 3]</i>		
Unrestricted	1,757,556	436,728
Restricted for deferred revenue	955,138	1,132,437
	2,712,694	1,569,165
Accounts receivable <i>[note 4]</i>	603,361	658,085
Prepaid expenses and deposits	146,522	81,797
Total current assets	3,462,577	2,309,047
Trust funds <i>[note 5]</i>	492	912
Capital assets <i>[note 6]</i>	582,802	711,684
	4,045,871	3,021,643
LIABILITIES		
Current		
Accounts payable and accrued liabilities <i>[note 7]</i>	2,135,275	793,589
Deferred revenue <i>[note 8]</i>	955,138	1,132,437
Current portion of mortgage <i>[note 10]</i>	9,698	9,366
Total current liabilities	3,100,111	1,935,392
Trust liabilities <i>[note 5]</i>	492	912
Deferred contributions related to capital assets <i>[note 9]</i>	40,464	44,828
Mortgage <i>[note 10]</i>	265,626	275,313
	3,406,693	2,256,445
NET ASSETS		
Invested in capital assets	267,014	382,177
Unrestricted	372,164	383,021
	639,178	765,198
	4,045,871	3,021,643

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
	\$	\$	\$
2023			
Excess of expenses for the year	(134,581)	8,561	(126,020)
Repayment of mortgage	9,355	(9,355)	—
Capital asset purchases	10,063	(10,063)	—
	(115,163)	(10,857)	(126,020)
Balance, beginning of year	382,177	383,021	765,198
Balance, end of year	267,014	372,164	639,178
2022			
Excess of 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

See accompanying notes to the financial statements

STATEMENT OF OPERATIONS

Year ended March 31

	2023	2022
	\$	\$
REVENUE		
Program funding - Fraser Health Authority	2,439,134	2,170,952
- Vancouver Coastal Health Authority	1,856,407	1,825,074
- CMHA, BC Division	1,309,181	1,176,316
- CMHA, National	758,540	183,075
- CMHA, Toronto	397,798	402,985
- B.C. Housing	306,980	146,230
- Province of BC - Gaming revenue	195,778	192,545
- Toronto-Dominion Bank	123,750	123,750
- Other	121,959	12,270
- Community Action Initiative	120,000	120,000
Total program funding earned <i>[note 8]</i>	7,629,527	6,353,197
Donations and fundraising	475,462	425,554
Programs	427,813	458,092
Store sales	133,912	149,979
Tenant rent contributions	95,713	87,075
Interest and other	54,348	12,327
Amortization of deferred contributions related to capital assets <i>[note 9]</i>	4,364	4,570
Canada Emergency Wage Subsidy	—	147,042
	8,821,139	7,637,836
EXPENSES		
Wages and benefits <i>[note 15]</i>	5,848,250	5,398,725
Program activities and purchased services	1,438,125	1,028,735
Office rent	443,772	411,004
Rent subsidies	367,687	384,826
Equipment repairs and replacement	208,622	177,273
Office and other	153,405	119,469
Amortization	138,945	150,398
Professional	103,490	150,948
Telephone and communications	94,099	103,424
Repairs and maintenance	45,552	49,353
Transportation	36,820	27,687
Staff professional development	36,565	60,647
Payroll processing and bank charges	16,474	16,359
Interest on mortgage	10,299	10,107
Honoraria and enabling	5,054	2,240
	8,947,159	8,091,195
Excess of expenses for the year	(126,020)	(453,359)

See accompanying notes to the financial statements

STATEMENT OF CASH FLOWS

Year ended March 31

	2023	2022
	\$	\$
OPERATING ACTIVITIES		
Excess of expenses for the year	(126,020)	(453,359)
Items not affecting cash:		
Amortization of deferred contributions related to capital assets	(4,364)	(4,570)
Amortization of capital assets	138,945	150,398
	8,561	(307,531)
Changes in other non-cash working capital items:		
Accounts receivable	54,724	(414,606)
Prepaid expenses and deposits	(64,725)	(20,674)
Accounts payable and accrued liabilities	1,341,686	59,798
Deferred revenue	(177,299)	(666,154)
Cash provided by (used in) operating activities	1,162,947	(1,349,167)
INVESTING ACTIVITIES		
Purchase of capital assets	(10,063)	—
Cash used in investing activities	(10,063)	—
FINANCING ACTIVITIES		
Repayment of callable mortgages	(9,355)	(9,044)
Cash used in financing activities	(9,355)	(9,044)
Increase (decrease) in cash during the year	1,143,529	(1,358,211)
Cash, beginning of year	1,569,165	2,927,376
Cash, end of year	2,712,694	1,569,165
Cash includes:		
Unrestricted	1,757,556	436,728
Restricted for deferred revenue	955,138	1,132,437
	2,712,694	1,569,165

See accompanying notes to the financial statements

NOTES TO FINANCIAL STATEMENTS

March 31, 2023

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, 2023

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:

- | | |
|--------------------------------------|-----------------------------------|
| • 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, 2023

3. CASH

	2023	2022
	\$	\$
Cash	2,710,794	1,567,765
Petty cash	1,900	1,400
	2,712,694	1,569,165
Operating	2,524,094	1,369,801
Gaming	188,600	199,364
	2,712,694	1,569,165

4. ACCOUNTS RECEIVABLE

	2023	2022
	\$	\$
Operations and other	535,543	636,068
Government - GST	67,818	22,017
Allowance for doubtful accounts	—	—
	603,361	658,085

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
	\$	\$	\$
2023			
Land	333,350	—	333,350
Buildings	284,331	133,182	151,149
Program and course development	149,956	89,425	60,531
Furniture and equipment	118,121	81,570	36,551
Computer hardware and IT solutions	265,080	264,377	703
Vehicle	44,029	43,511	518
Leasehold improvements	290,518	290,518	—
	1,485,385	902,583	582,802

NOTES TO FINANCIAL STATEMENTS

March 31, 2023

6. CAPITAL ASSETS (CONT'D)

	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

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2023 \$	2022 \$
Operations and other	160,917	302,081
CMHA, BC Division - funds paid in error	1,275,808	—
Wages and benefits payable	353,522	141,904
Vacation and sick payable	268,924	293,359
Government remittances - source deductions	55,708	41,963
- WorkSafeBC	20,396	14,282
	2,135,275	793,589

NOTES TO FINANCIAL STATEMENTS

March 31, 2023

8. DEFERRED REVENUE

	Deferred, Beginning of Year \$	Received or Receivable (Net of Repayments) \$	Earned During the Year \$	Deferred, End of Year \$
PROGRAM FUNDING				
Fraser Health Authority	321,487	2,580,197	2,439,134	462,550
Vancouver Coastal Health Authority	141,637	1,863,930	1,856,407	149,160
CMHA, BC Division	45,279	1,263,902	1,309,181	—
CMHA, National	—	758,540	758,540	—
CMHA, Toronto	5,498	392,300	397,798	—
B.C. Housing	140,430	166,550	306,980	—
Province of BC - Gaming revenue	195,778	188,000	195,778	188,000
Toronto-Dominion Bank	123,750	123,750	123,750	123,750
Other	56,250	97,387	121,959	31,678
Community Action Initiative	—	120,000	120,000	—
	1,030,109	7,554,556	7,629,527	955,138
DONATIONS AND SPONSORSHIPS	69,095	—	69,095	—
OTHER	33,233	—	33,233	—
	1,132,437	7,554,556	7,731,855	955,138

9. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

	2023 \$	2022 \$
Balance, beginning of year	44,828	49,398
Amortized to revenue	(4,364)	(4,570)
Balance, end of year	40,464	44,828

10. MORTGAGE

	2023 \$	2022 \$
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.	275,324	284,679
Current portion of mortgage	(9,698)	(9,366)
Long-term portion of mortgage	265,626	275,313

NOTES TO FINANCIAL STATEMENTS

March 31, 2023

11. COMMITMENTS

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

	\$
2024	278,670
2025	283,750
2026	177,619
2027	66,672
2028	46,266
	<u>852,977</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, 2023.

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.

NOTES TO FINANCIAL STATEMENTS

March 31, 2023

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 \$326,097 [2022 - \$297,250] 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, 2021 indicated the plan is fully funded. The plan covers approximately 227,000 active employees, of which approximately 69 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 \$1,471,171 [2022 - \$1,464,662] paid to fifteen [2022 - 15] 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.