
FINANCIAL STATEMENTS

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

March 31, 2018



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Canadian Mental Health Association, Vancouver-Fraser Branch, which comprise the statement of financial position as at March 31, 2018, 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 Branch 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 Branch. 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, 2018 and 2017, current assets as at March 31, 2018 and 2017, and net assets as at March 31, 2018 and 2017 and April 1, 2016. Our audit opinion on the financial statements for the year ended March 31, 2017 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 Branch as at March 31, 2018 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

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 24, 2018

Chartered Professional Accountants



Tompkins Wozny
Chartered Professional Accountants

STATEMENT OF FINANCIAL POSITION

As at March 31

	2018	2017
	\$	\$
ASSETS		
Current		
Cash <i>[note 3]</i>		
Unrestricted	436,124	198,185
Restricted for deferred revenue	1,794,900	1,598,995
	2,231,024	1,797,180
Accounts receivable <i>[note 4]</i>	150,134	221,603
Prepaid expenses and deposits	115,636	115,098
Total current assets	2,496,794	2,133,881
Trust funds <i>[note 5]</i>	1,153	4,791
Capital assets <i>[note 6]</i>	659,845	499,359
	3,157,792	2,638,031
LIABILITIES		
Current		
Accounts payable and accrued liabilities <i>[note 7]</i>	635,621	483,238
Deferred revenue <i>[note 8]</i>	1,794,900	1,598,995
Current portion of mortgage <i>[note 10]</i>	8,128	13,048
Total current liabilities	2,438,649	2,095,281
Trust liabilities <i>[note 5]</i>	1,153	4,791
Deferred contributions related to capital assets <i>[note 9]</i>	54,705	58,743
Mortgage <i>[note 10]</i>	311,126	169,722
	2,805,633	2,328,537
NET ASSETS		
Invested in capital assets	285,886	257,846
Unrestricted	66,273	51,648
	352,159	309,494
	3,157,792	2,638,031

Commitments *[note 11]*

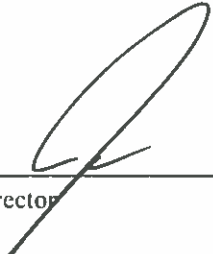
Economic Dependence *[note 13]*

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 \$
2018			
Excess of revenue (expenses) for the year	(26,777)	69,442	42,665
Net increase in mortgages	(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
2017			
Excess of expenses for the year	(27,817)	(50,019)	(77,836)
Repayment of callable mortgages	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

See accompanying notes to the financial statements

STATEMENT OF OPERATIONS

Year ended March 31

	2018	2017
	\$	\$
REVENUE		
Program funding - Fraser Health Authority	2,658,842	2,208,074
- Vancouver Coastal Health Authority	1,421,035	1,422,559
- B.C. Housing	864,246	893,714
- CMHA, BC Division	486,579	336,697
- Other CMHA's	205,699	248,582
- Province of BC - Gaming revenue	150,000	177,640
Total program funding earned [note 8]	5,786,401	5,287,266
Donations and fundraising	621,076	509,343
Programs	393,532	273,556
Store sales	160,729	117,376
Tenant rent contributions	101,732	93,154
Interest and other	30,032	27,017
Amortization of deferred contributions related to capital assets [note 9]	4,038	3,236
	7,097,540	6,310,948
EXPENSES		
Wages and benefits [note 15]	4,780,041	4,285,518
Program activities and purchased services	767,604	682,004
Rent subsidies	529,890	520,086
Office rent	318,228	285,709
Office and other	173,092	146,239
Equipment repairs and replacement	116,580	127,979
Transportation	99,833	85,706
Telephone and communications	79,153	63,699
Repairs and maintenance	59,501	89,162
Payroll processing and bank charges	37,723	21,412
Staff professional development	32,004	27,553
Amortization	30,815	31,053
Professional	17,983	10,957
Interest on mortgages	6,775	5,918
Honoraria and enabling	5,653	5,789
	7,054,875	6,388,784
Excess of revenue (expenses) for the year	42,665	(77,836)

See accompanying notes to the financial statements

STATEMENT OF CASH FLOWS

Year ended March 31

	2018	2017
	\$	\$
OPERATING ACTIVITIES		
Excess of revenue (expenses) for the year	42,665	(77,836)
Items not affecting cash:		
Amortization of deferred contributions related to capital assets	(4,038)	(3,236)
Amortization of capital assets	30,815	31,053
	69,442	(50,019)
Changes in other non-cash working capital items:		
Accounts receivable	71,469	(124,649)
Prepaid expenses and deposits	(538)	(8,270)
Accounts payable and accrued liabilities	152,383	98,829
Deferred revenue	195,905	326,881
Cash provided by operating activities	488,661	242,772
INVESTING ACTIVITIES		
Purchase of capital assets	(191,301)	(28,698)
Contributions received for capital asset purchases	—	28,698
Cash used in investing activities	(191,301)	—
FINANCING ACTIVITIES		
Repayment of callable mortgages	(182,770)	(12,850)
Proceeds from mortgage	320,000	—
Repayment of mortgage	(746)	—
Cash provided by (used in) financing activities	136,484	(12,850)
Increase in cash during the year	433,844	229,922
Cash, beginning of year	1,797,180	1,567,258
Cash, end of year	2,231,024	1,797,180

See accompanying notes to the financial statements

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

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, 2018

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, 2018

3. CASH

	2018	2017
	\$	\$
Cash	2,222,298	1,787,304
Petty cash	8,726	9,876
	<u>2,231,024</u>	<u>1,797,180</u>
Operating	2,067,998	1,646,501
Gaming	163,026	150,679
	<u>2,231,024</u>	<u>1,797,180</u>

4. ACCOUNTS RECEIVABLE

	2018	2017
	\$	\$
Operations and other	127,915	206,635
Government - GST	22,219	14,968
Allowance for doubtful accounts	—	—
	<u>150,134</u>	<u>221,603</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
	\$	\$	\$
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
	<u>1,055,131</u>	<u>395,286</u>	<u>659,845</u>

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

6. CAPITAL ASSETS (CONT'D)

	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
	863,831	364,472	499,359

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2018 \$	2017 \$
Operations and other	308,514	231,952
Vacation and sick time	318,488	244,167
Government remittances - WorkSafeBC	8,619	7,119
	635,621	483,238

8. DEFERRED REVENUE

	Deferred, Beginning of Year \$	Received or Receivable \$	Earned During the Year \$	Deferred, End of Year \$
PROGRAM FUNDING				
Fraser Health Authority	451,955	2,758,711	2,658,842	551,824
Vancouver Coastal Health Authority	629,024	1,476,936	1,421,035	684,925
B.C. Housing	180,329	892,803	864,246	208,886
Other CMHA's	8,662	230,749	205,699	33,712
CMHA, BC Division	25,223	467,826	486,579	6,470
Province of BC - Gaming revenue	150,679	162,805	150,000	163,484
South Fraser	19,594	—	—	19,594
	1,465,466	5,989,830	5,786,401	1,668,895
DONATIONS, SPONSORSHIPS AND OTHER				
Ride Don't Hide	5,265	13,125	5,265	13,125
BMO Run 4 Hope	10,450	35,942	29,638	16,754
Child & Youth - Delta	62,477	8,000	44,325	26,152
Other	55,337	71,775	57,138	69,974
	1,598,995	6,118,672	5,922,767	1,794,900

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

9. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

	2018	2017
	\$	\$
Balance, beginning of year	58,743	33,281
Contributions received	—	28,698
Amortized to revenue	(4,038)	(3,236)
Balance, end of year	54,705	58,743

10. MORTGAGE

	2018	2017
	\$	\$
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. Repaid during the year.	—	104,813
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. Repaid during the year.	—	73,290
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. Repaid during the year.	—	4,667
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.	319,254	—
	319,254	182,770
Current portion of mortgage	(8,128)	(13,048)
	311,126	169,722

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

11. COMMITMENTS

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

	\$
2019	255,309
2020	237,842
2021	129,811
2022	50,098
2023	42,238
	<u>715,298</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, 2018.

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, 2018

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 \$449,893 paid to five employees during the year.

16. COMPARATIVE FIGURES

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