

**CANADIAN MENTAL HEALTH ASSOCIATION
PRINCE GEORGE BRANCH**

FINANCIAL STATEMENTS

March 31, 2014

RHB SCHMITZ de GRACE
Chartered Accountants

RHB SCHMITZ de GRACE

Chartered Accountants

Partners

- Lynn Ross, CPA, CA
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• Denotes professional corporation

INDEPENDENT AUDITORS' REPORT

To the Members of the
Canadian Mental Health Association, Prince George Branch

We have audited the accompanying financial statements of the Canadian Mental Health Association, which comprise the statements of financial position as at March 31, 2014 and the statement of operations and changes in fund balances and cash flow 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.

Auditors' 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 entity'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 entity'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.

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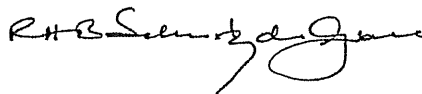
INDEPENDENT AUDITORS' REPORT, continued

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Association derives a portion of its revenue from the general public in the form of fundraising and donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amount recorded in the records of the Association and we were not able to determine whether any adjustments might be necessary to revenue, excess revenue, assets and net assets.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of the Canadian Mental Health Association as at March 31, 2014 and its financial performance and its cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations. As required by the British Columbia Society Act we report that, in our opinion, Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.



Prince George, BC
September 11, 2014

Chartered Accountants

CANADIAN MENTAL HEALTH ASSOCIATION
PRINCE GEORGE BRANCH
STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES
For the year ended March 31, 2014

| | <u>Operations</u> | <u>Capital Asset Fund</u> | <u>Moss House Reserve Fund (Note 3)</u> | <u>Infrastructure Reserve Fund (Note 3)</u> | <u>Total 2014</u> | <u>Total 2013</u> |
|--|--------------------|-------------------------------|---|---|-----------------------|-----------------------|
| REVENUES | | | | | | |
| Northern Health Authority (Note 11) | | | | | | |
| General program funds | \$ 748,580 | \$ - | \$ - | \$ - | \$ 748,580 | \$ 733,902 |
| Canadian Mental Health Association BC Division | 93,315 | - | - | - | 93,315 | 95,545 |
| Rent subsidies | | | | | | |
| Tenant rent contributions | 102,977 | - | - | - | 102,977 | 106,422 |
| BC Housing - operating | 72,930 | - | - | - | 72,930 | 74,784 |
| BC Gaming Commission | 75,000 | - | - | - | 75,000 | 22,500 |
| Forensic Psychiatric Services Commission (Note 11) | | | | | | |
| Program funds | 41,400 | - | - | - | 41,400 | 41,400 |
| SILP administered funds | 27,396 | - | - | - | 27,396 | 22,692 |
| Vancouver Foundation | 75,000 | - | - | - | 75,000 | 105,705 |
| Federal and Provincial grants | 19,393 | - | - | - | 19,393 | 38,689 |
| Municipal grants | 17,000 | - | - | - | 17,000 | 17,400 |
| Community Family Initiatives | 19,731 | - | - | - | 19,731 | 12,608 |
| Other income and donations | 91,195 | - | - | - | 91,195 | 84,203 |
| Kopar | 14,556 | - | - | - | 14,556 | - |
| Disability Without Poverty Network | 5,353 | - | - | - | 5,353 | - |
| PG and District United Way | 13,695 | - | - | - | 13,695 | 13,750 |
| Interest | 1,068 | - | 123 | - | 1,191 | 2,504 |
| | <u>1,418,589</u> | <u>-</u> | <u>123</u> | <u>-</u> | <u>1,418,712</u> | <u>1,372,104</u> |
| EXPENSES | | | | | | |
| Wages and benefits | 988,607 | - | - | - | 988,607 | 915,559 |
| Rent and related costs | | | | | | |
| Projects | 137,482 | - | - | - | 137,482 | 140,137 |
| SILP administered funds | 27,354 | - | - | - | 27,354 | 21,702 |
| Office | 40,939 | - | - | - | 40,939 | 39,546 |
| Program activities | 82,425 | - | - | - | 82,425 | 69,487 |
| Office and sundry | 56,612 | - | - | - | 56,612 | 34,605 |
| Travel and automotive | 56,020 | - | - | - | 56,020 | 53,650 |
| Subcontracting | 43,015 | - | - | - | 43,015 | 59,826 |
| Professional services | 25,166 | - | - | - | 25,166 | 20,294 |
| Maintenance and supplies | 24,541 | - | - | - | 24,541 | 21,042 |
| Utilities | 22,631 | - | - | - | 22,631 | 26,234 |
| Staff development | 5,631 | - | - | - | 5,631 | 12,158 |
| Amortization (Note 2) | - | 20,875 | - | - | 20,875 | 11,654 |
| | <u>1,510,423</u> | <u>20,875</u> | <u>-</u> | <u>-</u> | <u>1,531,298</u> | <u>1,425,894</u> |
| EXCESS REVENUES (EXPENSES) | <u>(91,834)</u> | <u>(20,875)</u> | <u>123</u> | <u>-</u> | <u>(112,586)</u> | <u>(53,790)</u> |
| FUND BALANCES AT BEGINNING OF THE YEAR | <u>83,453</u> | <u>181,129</u> | <u>24,293</u> | <u>37,773</u> | <u>326,648</u> | <u>380,438</u> |
| INTER-FUND TRANSFERS | | | | | | |
| Capital assets acquired | (12,529) | 12,529 | - | - | - | - |
| Replacement reserve provision | - | - | - | - | - | - |
| FUND BALANCES AT END OF THE YEAR | <u>\$ (20,910)</u> | <u>\$ 172,783</u> | <u>\$ 24,416</u> | <u>\$ 37,773</u> | <u>\$ 214,062</u> | <u>\$ 326,648</u> |

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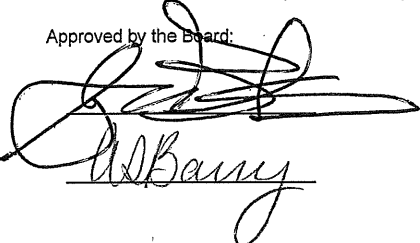
CANADIAN MENTAL HEALTH ASSOCIATION

PRINCE GEORGE BRANCH

STATEMENT OF FINANCIAL POSITION

March 31, 2014

ASSETS

| | Operations | Capital Asset Fund | Moss House Reserve Fund (Note 3) | Infrastructure Reserve Fund (Note 3) | Total 2014 | Total 2013 |
|---|-------------------|-----------------------|--|--|-------------------|-------------------|
| CURRENT ASSETS | | | | | | |
| Cash | \$ 145,134 | \$ - | \$ 917 | \$ 37,773 | \$ 183,824 | \$ 295,774 |
| Short term investments | - | - | 23,499 | - | 23,499 | 23,376 |
| Accounts receivable | 79,168 | - | - | - | 79,168 | 66,089 |
| Prepaid expenses | 12,217 | - | - | - | 12,217 | 31,669 |
| | 236,519 | - | 24,416 | 37,773 | 298,708 | 416,908 |
| PROPERTY AND EQUIPMENT (Notes 2 and 4) | - | 172,783 | - | - | 172,783 | 181,129 |
| Approved by the Board: | | | | | | |
|  | | | | | | |
| | <u>\$ 236,519</u> | <u>\$ 172,783</u> | <u>\$ 24,416</u> | <u>\$ 37,773</u> | <u>\$ 471,491</u> | <u>\$ 598,037</u> |

LIABILITIES AND FUND BALANCES

| | <u>Operations</u> | <u>Capital Asset Fund</u> | <u>Moss House Reserve Fund (Note 3)</u> | <u>Infrastructure Reserve Fund (Note 3)</u> | <u>Total 2014</u> | <u>Total 2013</u> |
|--|-------------------|-------------------------------|---|---|-----------------------|-----------------------|
| CURRENT LIABILITIES | | | | | | |
| Accounts payable and accrued liabilities | \$ 44,443 | \$ - | \$ - | \$ - | \$ 44,443 | \$ 63,576 |
| Payroll liabilities (Note 5) | 80,360 | - | - | - | 80,360 | 92,222 |
| Security deposits | 5,693 | - | - | - | 5,693 | 5,368 |
| Unearned revenue (Note 6) | 126,933 | - | - | - | 126,933 | 110,223 |
| | <u>257,429</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>257,429</u> | <u>271,389</u> |
| FUND BALANCES | | | | | | |
| Internally restricted (Note 3) | - | - | 24,416 | 37,773 | 62,189 | 145,519 |
| Unrestricted | (20,910) | 172,783 | - | - | 151,873 | 181,129 |
| | <u>(20,910)</u> | <u>172,783</u> | <u>24,416</u> | <u>37,773</u> | <u>214,062</u> | <u>326,648</u> |
| | <u>\$ 236,519</u> | <u>\$ 172,783</u> | <u>\$ 24,416</u> | <u>\$ 37,773</u> | <u>\$ 471,491</u> | <u>\$ 598,037</u> |
| CONTINGENCY (Note 14) | | | | | | |

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CANADIAN MENTAL HEALTH ASSOCIATION

PRINCE GEORGE BRANCH

STATEMENT OF CASH FLOW

For the year ended March 31, 2014

| | <u>Operations</u> | <u>Capital Asset Fund</u> | <u>Moss House Reserve Fund</u> | <u>Infrastructure Reserve Fund</u> | <u>Total 2014</u> | <u>Total 2013</u> |
|---|-------------------|-------------------------------|------------------------------------|--|-----------------------|-----------------------|
| OPERATING ACTIVITIES | | | | | | |
| Excess revenues (expenses) for the year | \$ (91,834) | \$ (20,875) | \$ 123 | \$ - | \$ (112,586) | \$ (53,790) |
| Items not affecting cash: | | | | | | |
| Amortization | - | 20,875 | - | - | 20,875 | 11,654 |
| | <u>(91,834)</u> | <u>-</u> | <u>123</u> | <u>-</u> | <u>(91,711)</u> | <u>(42,136)</u> |
| Changes in non-cash working capital items: | | | | | | |
| Accounts receivable | (13,079) | - | - | - | (13,079) | (1,273) |
| Prepaid expenses | 19,452 | - | - | - | 19,452 | (4,510) |
| Accounts payable and accrued liabilities | (19,133) | - | - | - | (19,133) | 34,459 |
| Payroll liabilities | (11,862) | - | - | - | (11,862) | 40,116 |
| Security deposits | 325 | - | - | - | 325 | 8 |
| Deferred revenue | 16,710 | - | - | - | 16,710 | 16,416 |
| | <u>(7,587)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(7,587)</u> | <u>85,216</u> |
| | <u>(99,421)</u> | <u>-</u> | <u>123</u> | <u>-</u> | <u>(99,298)</u> | <u>43,080</u> |
| INVESTING ACTIVITIES | | | | | | |
| Acquisition of equipment | - | (12,529) | - | - | (12,529) | (51,366) |
| INTER-FUND TRANSFERS | | | | | | |
| Acquisition of property and equipment | (12,529) | 12,529 | - | - | - | - |
| Replacement reserve provision | - | - | - | - | - | - |
| | <u>(12,529)</u> | <u>12,529</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| INCREASE IN CASH AND EQUIVALENTS DURING THE YEAR | (111,950) | - | 123 | - | (111,827) | (8,286) |
| CASH AND EQUIVALENTS AT BEGINNING OF THE YEAR | 257,084 | - | 24,293 | 37,773 | 319,150 | 327,436 |
| CASH AND EQUIVALENTS AT END OF THE YEAR | \$ 145,134 | \$ - | \$ 24,416 | \$ 37,773 | \$ 207,323 | \$ 319,150 |
| Cash and equivalents consists of: | | | | | | |
| Cash | \$ 145,134 | \$ - | \$ 917 | \$ 37,773 | \$ 183,824 | \$ 295,774 |
| Short term investments | - | - | 23,499 | - | 23,499 | 23,376 |
| | <u>\$ 145,134</u> | <u>\$ -</u> | <u>\$ 24,416</u> | <u>\$ 37,773</u> | <u>\$ 207,323</u> | <u>\$ 319,150</u> |

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CANADIAN MENTAL HEALTH ASSOCIATION

PRINCE GEORGE BRANCH

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2014

1. OPERATIONS

The Canadian Mental Health Association, Prince George Branch (the "Association") is a registered charity incorporated under the laws of the Society Act of the Province of British Columbia. The Association provides supported housing and outreach community services, as well as education and awareness on mental health and mental illnesses in Prince George and District.

2. SIGNIFICANT ACCOUNTING POLICIES

The Society applies the Canadian accounting standards for not-for-profit organizations (ASNFPPO).

Fund Accounting

The Operations Fund reports operating grants, revenue and expenses related to the Association's general operations and housing activities.

The Capital Asset Fund reports the ownership and equity related to the Association's property and equipment.

The Moss House Reserve Fund reports the assets, liabilities, revenue and expenses related to property and equipment replacement activities at Moss House.

The Infrastructure Reserve Fund reports the assets, liabilities, revenue and expenses relating to planned leasehold improvements and future infrastructure purchases for the Association and/or occupancy costs.

Revenue Recognition

The Association follows the restricted fund method of accounting for contributions.

Contributions from BC Housing

Contributions received from BC Housing for the replacement reserve fund have been reported as inter-fund transfers from the Operating Fund to the Replacement Reserve Fund.

Contributions received from BC Housing for the acquisition of capital assets have been recognized as revenue in the Capital Asset Fund.

Other Contributions

All other contributions are recognized as revenue of the appropriate fund in the year to which the contribution relates.

CANADIAN MENTAL HEALTH ASSOCIATION

PRINCE GEORGE BRANCH

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2014

2. SIGNIFICANT ACCOUNTING POLICIES, continued

Revenue Recognition, continued

Investment Income

Interest income earned on replacement reserve funds is recognized as revenue in the period the investment income is earned.

Catering Revenue

Catering revenue is recognized in the period it is invoiced.

Amortization and Property and Equipment

Property and Equipment are recorded at cost and amortized at the following rates and bases:

| | |
|-------------------------|------------------------|
| Furniture and equipment | 5 years straight line |
| Automotive equipment | 5 years straight line |
| Leasehold improvements | 5 years straight line |
| Building | 35 years straight line |

Unearned Revenue

The unearned revenue reported in the Operating Fund represents deferred operating funds received in the current year that are related to the subsequent period.

Use of Estimates

The preparation of financial statements in accordance with ASNFPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the year. Actual results could differ from managements best estimates as additional information becomes available in the future. Significant estimates include the useful life of property and equipment, wage and audit accruals.

Cash and Equivalents

The Association considers all highly liquid investments with a maturity of twelve months or less at acquisition to be cash equivalents.

Allocations of Expenses

Expenses that contribute directly to the output of more than one function are attributed on a reasonable and consistent basis to each function to which they apply. The basis of allocation used is determined by budgets prepared by management and approved by the funding authorities.

CANADIAN MENTAL HEALTH ASSOCIATION

PRINCE GEORGE BRANCH

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2014

2. SIGNIFICANT ACCOUNTING POLICIES, continued

Financial Instruments

Measurement of financial instruments

The entity initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions. The entity subsequently measures all its financial assets and financial liabilities at cost.

Financial assets measured at cost include cash, short term investments and accounts receivable.

Financial liabilities measured at cost include accounts payable and accrued liabilities, payroll liabilities, and unearned revenue.

Impairment

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.

Transaction costs

The entity recognizes its transaction costs in net income in the period incurred. However, the carrying amount of the financial instruments that will not be subsequently measured at fair value is reflected in the transaction costs that are directly attributable to their origination, issuance or assumption.

Donations and Contributed Services

Donated materials and services are recorded in the financial statements at fair market value when fair market value can be reasonably estimated and when the Association would otherwise have purchased these items.

In 2014/2013, approximately 88 to 100 volunteers contributed approximately 7,670 hours to assist the Association in carrying out its service activities. The fair value of these contributed services cannot be determined accurately and are not reflected in these financial statements.

Rent for the Mary Harper (Clubhouse Connections) premise is donated by Ministry of Land and Natural Resource Operations. The current market value for annual rent is estimated at \$18,000.

CANADIAN MENTAL HEALTH ASSOCIATION

PRINCE GEORGE BRANCH

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2014

3. INTERNALLY RESTRICTED FUNDS

The Association has internally restricted the following fund amounts:

| | <u>2014</u> | <u>2013</u> |
|------------------------------------|-------------------------|--------------------------|
| Operations | | |
| Bounce Back | <u>\$ -</u> | <u>\$ 2,988</u> |
| Forensic Programs | <u>-</u> | <u>9,529</u> |
| Housing Programs | | |
| Project 1 - 6 | <u>-</u> | <u>5,368</u> |
| | <u>-</u> | <u>5,368</u> |
| Branch Programs | | |
| Branch | - | 51,913 |
| Gift of Hope | - | 2,524 |
| Women Wellness | <u>-</u> | <u>1,150</u> |
| | <u>-</u> | <u>55,587</u> |
| General* | <u>-</u> | <u>9,981</u> |
| Total Operations | <u>-</u> | <u>83,453</u> |
| Moss House Reserve Fund | 24,416 | 24,293 |
| Infrastructure Reserve Fund | <u>37,773</u> | <u>37,773</u> |
| | <u>\$ 62,189</u> | <u>\$ 145,519</u> |

*The General fund is to fund future expenditures and supplement on-going programs. The Association has committed to developing a 3-6 month operational reserve.

CANADIAN MENTAL HEALTH ASSOCIATION

PRINCE GEORGE BRANCH

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2014

4. PROPERTY AND EQUIPMENT

| | 2014 | | 2013 |
|-------------------------|-------------------|-------------------------------------|---------------------------|
| | Cost | Accumulated Amortization | Net Book Value |
| Furniture and equipment | \$ 221,464 | \$ 159,166 | \$ 62,298 |
| Automotive equipment | 36,924 | 36,924 | - |
| Leasehold improvements | 63,262 | 57,794 | 5,468 |
| Building | 167,461 | 83,444 | 84,017 |
| Land | 21,000 | - | 21,000 |
| | <u>\$ 510,111</u> | <u>\$ 337,328</u> | <u>\$ 172,783</u> |
| | | | <u>\$ 181,129</u> |

5. PAYROLL LIABILITIES

| | 2014 | 2013 |
|------------------------|------------------|------------------|
| Payroll liabilities | \$ 68,350 | \$ 81,811 |
| Government remittances | 12,010 | 10,411 |
| | <u>\$ 80,360</u> | <u>\$ 92,222</u> |

6. UNEARNED REVENUE

| | 2014 | 2013 |
|------------------------------------|-------------------|-------------------|
| Disability Without Poverty Network | \$ 42,822 | \$ - |
| Gaming grants | 40,500 | 75,000 |
| Senior's Horizon Program | 22,917 | - |
| Community Initiative Action | 7,990 | - |
| BC Assistance client payments | 6,799 | 3,500 |
| BC Housing | 5,905 | 6,423 |
| Vancouver Foundation | - | 25,000 |
| Two Rivers Catering | - | 300 |
| | <u>\$ 126,933</u> | <u>\$ 110,223</u> |

CANADIAN MENTAL HEALTH ASSOCIATION

PRINCE GEORGE BRANCH

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2014

7. BC HOUSING ADJUSTMENT

BC Housing may conduct a review of the financial statements and may adjust the operating surplus or deficit. Adjustments are recognized in the fiscal year they are determined by BC Housing. There were no current year adjustments determined by BC Housing for the year ended March 31, 2013.

8. BC GAMING COMMISSION

BC Gaming Commission expenses were as follows:

| | <u>2014</u> | <u>2013</u> |
|------------------------|------------------|------------------|
| Wages and benefits | \$ 54,819 | \$ 21,332 |
| Program activities | 9,820 | 4,558 |
| Travel and mileage | 3,729 | - |
| Rent and related costs | 2,152 | - |
| Advertising | 1,660 | - |
| Bank charges | 84 | 60 |
| | <u>\$ 72,264</u> | <u>\$ 25,950</u> |

9. FINANCIAL INSTRUMENTS

Risks and concentrations

The entity is exposed to various risks through its financial instruments, without being exposed to concentrations of risks. The following analysis provides a measure of the entity's risk exposure as at March 31, 2014.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The entity is exposed to this risk mainly in respect of its accounts payable and accrued liabilities, payroll liabilities, and unearned revenue.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The entity's main credit risks relate to its short-term investment and accounts receivables. The entity provides credit to its clients in the normal course of its operations.

CANADIAN MENTAL HEALTH ASSOCIATION

PRINCE GEORGE BRANCH

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2014

9. FINANCIAL INSTRUMENTS, continued

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The entity is mainly exposed to interest rate risk which management deems to be low.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The entity is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed-interest instruments subject the entity to a fair value risk, since fair value fluctuates inversely to changes in market interest rates. Floating rate instruments subject the entity to related cash flow risk.

10. RENTAL ASSISTANCE

Rental assistance is provided jointly by Canada Mortgage and Housing Corporation on behalf of the Government of Canada, and the British Columbia Housing Management Commission on behalf of the Province of British Columbia.

11. NORTHERN HEALTH AUTHORITY (NHA) / FORENSIC PSYCHIATRIC SERVICES COMMISSION (FPSC)

The Association has contracts with each of the above funding agencies in which monies are disbursed by the Association at the discretion of community based committees separate from the Association. These contracts are reported as revenues and expenses in the accompanying financial statements.

12. CAPITAL MANAGEMENT

The Association receives its principal source of capital through government funding and grants. The Association defines capital to be net assets which include amounts held in the unrestricted fund and invested in property and equipment fund. The Association is not subject to any other external capital requirements or restrictions.

13. ECONOMIC DEPENDENCE

The Association is economically dependent on the Northern Health Authority, and ultimately on the British Columbia Ministry of Health, for its economic viability in maintaining the current level of operations, consistent with its mission.

CANADIAN MENTAL HEALTH ASSOCIATION

PRINCE GEORGE BRANCH

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2014

14. CONTINGENCIES

Repayment Liability

Although net operating assets and reserve balances have not been designated as externally restricted, certain of these funds may be repayable to the funding authorities under specific circumstances.

Pension Liability

The entity and its employees contribute to the Municipal Pension Plan (the "Plan"), a jointly trusted pension plan. The board of trustees, representing plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of benefits. The pension plan is a multi-employer contributory pension plan. Basic pension benefits provided are defined. The plan has about 179,000 active members and approximately 71,000 retired members. Active members include approximately 14 contributors from the Association.

The most recent valuation as at December 31, 2012 indicated a \$1,370 million funding deficit for basic pension benefits. The next valuation will be as at December 31, 2015, with results available in 2016. Employers participating in the Plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the Plan records accrued liabilities and accrued assets for the Plan in aggregate with the result that there is no consistent and reliable basis for allocating the obligation, assets and costs to the individual employers participating in the Plan.

The Association paid \$47,973 (2013 - \$44,936) for employer contributions to the Plan in fiscal 2014, while employees contributed \$38,108 (2013 - \$39,737) to the plan in fiscal 2014.

15. COMMITMENTS

The Association has commitments under operating leases of premises and equipment as follows:

office space at \$4,000 plus GST per month, covered by a lease agreement that expires April 30, 2024;

various residences, including those receiving rent subsidies, in the amount of \$11,687 per month; and

equipment at \$299 per quarter, covered by a lease expiring July 15, 2016.

16. COMPARATIVE FIGURES

Certain prior year figures, presented for comparative purposes, have been reclassified to conform to the current year's financial statement presentation.

RHB SCHMITZ de GRACE
Chartered Accountants