

**CANADIAN MENTAL HEALTH ASSOCIATION
PRINCE GEORGE BRANCH**

FINANCIAL STATEMENTS

March 31, 2015

RHB SCHMITZ de GRACE
Chartered Professional Accountants

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, 2015 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.

RHB SCHMITZ de GRACE
Chartered Professional Accountants

INDEPENDENT AUDITORS' REPORT, continued

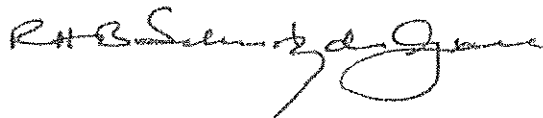
Basis for Qualified Opinion

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, 2015 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 14, 2015



Chartered Professional Accountants

RHB SCHMITZ de GRACE
Chartered Professional Accountants

CANADIAN MENTAL HEALTH ASSOCIATION

PRINCE GEORGE BRANCH

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES

For the year ended March 31, 2015

	Operations	Tangible Capital Asset Fund	Moss House Reserve Fund (Note 3)	Infrastructure Reserve Fund (Note 3)	Total 2015	Total 2014
REVENUES						
Northern Health Authority (Note 12)						
General program funds	\$ 763,552	\$ -	\$ -	\$ -	\$ 763,552	\$ 748,580
Program sales	167,481	-	-	-	167,481	84,195
Canadian Mental Health Association BC Division	108,293	-	-	-	108,293	93,315
Rent subsidies						
Tenant rent contributions	103,476	-	-	-	103,476	102,977
BC Housing - operating	78,238	-	-	-	78,238	72,930
Disability Without Poverty Network	42,822	-	-	-	42,822	5,353
Forensic Psychiatric Services Commission (Note 12)						
Program funds	41,400	-	-	-	41,400	41,400
SILP administered funds	19,625	-	-	-	19,625	27,396
BC Gaming Commission	40,500	-	-	-	40,500	75,000
Federal and Provincial grants	34,874	-	-	-	34,874	19,393
Donations and other income	26,266	-	-	-	26,266	7,000
Other not-for-profit grants	22,768	-	-	-	22,768	-
Kopar	17,304	-	-	-	17,304	14,556
Municipal grants	17,000	-	-	-	17,000	17,000
Community Family Initiatives	9,400	-	-	-	9,400	19,731
PG and District United Way	7,500	-	-	-	7,500	13,695
Interest	400	-	5	-	405	1,191
Vancouver Foundation	-	-	-	-	-	75,000
	<u>1,500,899</u>	<u>-</u>	<u>5</u>	<u>-</u>	<u>1,500,904</u>	<u>1,418,712</u>
EXPENSES						
Wages and benefits	961,590	-	-	-	961,590	988,607
Rent and related costs						
Projects	140,382	-	-	-	140,382	137,482
Office	66,128	-	-	-	66,128	40,939
SILP administered funds	39,534	-	-	-	39,534	27,354
Program activities	130,886	-	-	-	130,886	82,425
Office and sundry	81,307	-	-	-	81,307	56,612
Travel and automotive	58,484	-	-	-	58,484	56,020
Utilities	24,520	-	-	-	24,520	22,631
Professional services	20,500	-	-	-	20,500	25,166
Maintenance and supplies	16,279	-	-	-	16,279	24,541
Staff development	14,824	-	-	-	14,824	5,631
Bad debt expense	2,214	-	-	-	2,214	-
Subcontracting	1,365	-	-	-	1,365	43,015
Amortization (Note 2)	-	24,013	-	-	24,013	20,875
	<u>1,558,013</u>	<u>24,013</u>	<u>-</u>	<u>-</u>	<u>1,582,026</u>	<u>1,531,298</u>
EXCESS REVENUES (EXPENSES)	(57,114)	(24,013)	5	-	(81,122)	(112,586)
FUND BALANCES AT BEGINNING OF THE YEAR	(20,910)	172,783	24,416	37,773	214,062	326,648
BC HOUSING ADJUSTMENT (NOTE 8)	5,656	-	-	-	5,656	-
INTER-FUND TRANSFERS						
Capital assets acquired	(69,152)	69,152	-	-	-	-
Leasehold improvements loan proceeds	61,258	(61,258)	-	-	-	-
Leasehold improvements loan payments	(13,200)	13,200	-	-	-	-
Replacement reserve provision	6,146	-	(6,146)	-	-	-
	<u>(87,316)</u>	<u>169,864</u>	<u>18,275</u>	<u>37,773</u>	<u>138,596</u>	<u>214,062</u>

RHB SCHMITZ de GRACE
Chartered Professional Accountants

CANADIAN MENTAL HEALTH ASSOCIATION

PRINCE GEORGE BRANCH

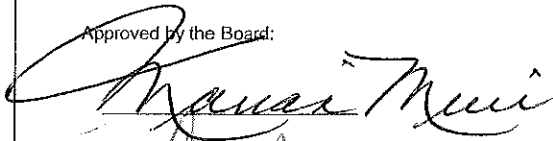
STATEMENT OF FINANCIAL POSITION

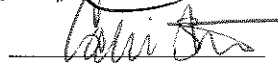
March 31, 2015

ASSETS

	Operations	Tangible Capital Asset Fund	Moss House Reserve Fund (Note 3)	Infrastructure Reserve Fund (Note 3)	Total 2015	Total 2014
CURRENT ASSETS						
Cash	\$ 73,536	\$ -	\$ 18,275	\$ 37,773	\$ 129,584	\$ 207,323
Accounts receivable	53,726	-	-	-	53,726	58,264
Government remittances receivable - GST	9,444	-	-	-	9,444	20,904
Inventory	2,781	-	-	-	2,781	-
Prepaid expenses	16,179	-	-	-	16,179	12,217
	155,666	-	18,275	37,773	211,714	298,708
TANGIBLE CAPITAL ASSETS (Notes 2 and 4)	-	217,922	-	-	217,922	172,783

Approved by the Board:





\$ 155,666	\$ 217,922	\$ 18,275	\$ 37,773	\$ 429,636	\$ 471,491
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LIABILITIES AND FUND BALANCES

	Operations	Tangible Capital Asset Fund	Moss House Reserve Fund (Note 3)	Infrastructure Reserve Fund (Note 3)	Total 2015	Total 2014
CURRENT LIABILITIES						
Accounts payable and accrued liabilities	\$ 60,833	\$ -	\$ -	\$ -	\$ 60,833	\$ 44,443
Payroll liabilities (Note 5)	89,649	-	-	-	89,649	80,360
Security deposits	4,520	-	-	-	4,520	5,693
Unearned revenue (Note 6)	87,980	-	-	-	87,980	126,933
Current portion of Leasehold Improvements Loan	-	24,000	-	-	24,000	-
	<u>242,982</u>	<u>24,000</u>	<u>-</u>	<u>-</u>	<u>266,982</u>	<u>257,429</u>
LONG-TERM LIABILITIES						
Leasehold Improvements Loan	-	24,058	-	-	24,058	-
	<u>-</u>	<u>24,058</u>	<u>-</u>	<u>-</u>	<u>24,058</u>	<u>-</u>
FUND BALANCES						
Internally restricted (Note 3)	-	-	18,275	37,773	56,048	62,189
Unrestricted	(87,316)	169,864	-	-	82,548	151,873
	<u>(87,316)</u>	<u>169,864</u>	<u>18,275</u>	<u>37,773</u>	<u>138,596</u>	<u>214,062</u>
	<u>\$ 155,666</u>	<u>\$ 217,922</u>	<u>\$ 18,275</u>	<u>\$ 37,773</u>	<u>\$ 429,636</u>	<u>\$ 471,491</u>
CONTINGENCY (Note 14)						

RHB SCHMITZ de GRACE
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CANADIAN MENTAL HEALTH ASSOCIATION

PRINCE GEORGE BRANCH

STATEMENT OF CASH FLOW

For the year ended March 31, 2015

	Operations	Tangible Capital Asset Fund	Moss House Reserve Fund	Infrastructure Reserve Fund	Total 2015	Total 2014
OPERATING ACTIVITIES						
Excess expenses for the year	\$ (57,114)	\$ (24,013)	\$ 5	\$ -	\$ (81,122)	\$ (112,586)
Items not affecting cash:						
Amortization	-	24,013	-	-	24,013	20,875
BC HOUSING ADJUSTMENT (NOTE 8)	5,656	-	-	-	5,656	-
	<u>(51,458)</u>	<u>-</u>	<u>5</u>	<u>-</u>	<u>(51,453)</u>	<u>(91,711)</u>
Changes in non-cash working capital items:						
Accounts receivable	4,538	-	-	-	4,538	(8,127)
Government remittances receivable - GST	11,460	-	-	-	11,460	(4,952)
Inventory	(2,781)	-	-	-	(2,781)	-
Prepaid expenses	(3,962)	-	-	-	(3,962)	19,452
Accounts payable and accrued liabilities	16,390	-	-	-	16,390	(19,133)
Payroll liabilities	9,289	-	-	-	9,289	(11,862)
Security deposits	(1,173)	-	-	-	(1,173)	325
Deferred revenue	(38,953)	-	-	-	(38,953)	16,710
	<u>(5,192)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,192)</u>	<u>(7,587)</u>
	<u>(56,650)</u>	<u>-</u>	<u>5</u>	<u>-</u>	<u>(56,645)</u>	<u>(99,298)</u>
INVESTING ACTIVITIES						
Acquisition of equipment	-	(69,152)	-	-	(69,152)	(12,529)
FINANCING ACTIVITIES						
Leasehold improvement loan proceeds	-	61,258	-	-	61,258	-
Leasehold improvement loan payments	-	(13,200)	-	-	(13,200)	-
	<u>-</u>	<u>48,058</u>	<u>-</u>	<u>-</u>	<u>48,058</u>	<u>-</u>
INTER-FUND TRANSFERS						
Acquisition of tangible capital assets	(69,152)	69,152	-	-	-	-
Leasehold improvements loan proceeds	61,258	(61,258)	-	-	-	-
Leasehold improvements loan payments	(13,200)	13,200	-	-	-	-
Replacement reserve provision	6,146	-	(6,146)	-	-	-
	<u>(14,948)</u>	<u>21,094</u>	<u>(6,146)</u>	<u>-</u>	<u>-</u>	<u>-</u>
DECREASE IN CASH AND EQUIVALENTS DURING THE YEAR	<u>(71,598)</u>	<u>-</u>	<u>(6,141)</u>	<u>-</u>	<u>(77,739)</u>	<u>(111,827)</u>
CASH AND EQUIVALENTS AT BEGINNING OF THE YEAR	<u>145,134</u>	<u>-</u>	<u>24,416</u>	<u>37,773</u>	<u>207,323</u>	<u>319,150</u>
CASH AND EQUIVALENTS AT END OF THE YEAR	<u>\$ 73,536</u>	<u>\$ -</u>	<u>\$ 18,275</u>	<u>\$ 37,773</u>	<u>\$ 129,584</u>	<u>\$ 207,323</u>

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CANADIAN MENTAL HEALTH ASSOCIATION

PRINCE GEORGE BRANCH

SCHEDULE OF OPERATIONS

For the years ended March 31, 2014

	Northern Health	Bounce Back	Forensic Programs	BC Housing Programs	Moss & Resource Housing Programs
REVENUES					
Northern Health Authority (Note 12)					
General program funds	\$ 763,552	\$ -	\$ -	\$ -	\$ -
Program sales	-	-	-	-	-
Canadian Mental Health Association BC Division	-	91,648	-	-	-
Rent subsidies					
Tenant rent contributions	-	-	-	79,075	24,401
BC Housing - operating	-	-	-	78,238	-
Disability Without Poverty Network	-	-	-	-	-
Forensic Psychiatric Services Commission (Note 12)					
Program funds	-	-	41,400	-	-
SILP administered funds	-	-	19,625	-	-
BC Gaming Commission	-	-	-	-	-
Federal and Provincial grants	-	-	-	-	-
Donations and other income	1,225	-	-	-	-
Other not-for-profit grants	7,094	-	-	-	5,038
Kopar	-	-	-	-	-
Municipal grants	-	-	-	-	17,000
Community Family initiatives	-	-	-	-	-
PG and District United Way	-	-	-	-	7,500
Interest	-	-	-	-	-
Vancouver Foundation	-	-	-	-	-
	<u>771,871</u>	<u>91,648</u>	<u>61,025</u>	<u>157,313</u>	<u>53,939</u>
EXPENSES					
Wages and benefits	634,097	71,371	28,978	10,355	26,762
Rent and related costs					
Projects	-	-	-	140,382	-
Office	53,277	6,274	2,196	-	1,792
SILP administered funds	5,932	-	19,011	-	-
Program activities	5,981	2,000	285	-	1,718
Office and sundry	38,546	9,291	4,920	811	8,094
Travel and automotive	23,671	1,539	3,752	879	2,418
Utilities	9,499	463	311	8,049	4,743
Professional services	12,505	1,025	1,025	1,025	1,230
Maintenance and supplies	5,815	554	554	546	3,016
Staff development	1,951	211	230	-	350
Bad debt expense	-	-	-	-	-
Subcontracting	-	-	-	-	-
	<u>791,274</u>	<u>92,728</u>	<u>61,262</u>	<u>162,047</u>	<u>50,123</u>
EXCESS REVENUES (EXPENSES)	<u>\$ (19,403)</u>	<u>\$ (1,080)</u>	<u>\$ (237)</u>	<u>\$ (4,734)</u>	<u>\$ 3,816</u>

<u>Two Rivers Catering</u>	<u>Connections Clubhouse</u>	<u>Branch Programs (Note 14)</u>	<u>Total 2015</u>	<u>Total 2014</u>
\$ -	\$ -	\$ -	\$ 763,552	\$ 748,580
127,719	18,776	20,986	167,481	84,195
-	-	16,645	108,293	93,315
-	-	-	-	-
-	-	-	103,476	102,977
-	-	-	78,238	72,930
-	-	42,822	42,822	5,353
-	-	-	-	-
-	-	-	41,400	41,400
-	-	-	19,625	27,396
15,500	-	25,000	40,500	75,000
-	-	34,874	34,874	19,393
50	-	24,991	26,266	7,000
-	6,636	4,000	22,768	-
13,084	-	4,220	17,304	14,556
-	-	-	17,000	17,000
-	-	9,400	9,400	19,731
-	-	-	7,500	13,695
-	-	400	400	1,191
-	-	-	-	75,000
<u>156,353</u>	<u>25,412</u>	<u>183,338</u>	<u>1,500,899</u>	<u>1,418,712</u>
105,130	-	84,897	961,590	988,607
-	-	-	-	-
-	-	-	140,382	137,482
-	-	2,589	66,128	40,939
1,133	664	12,794	39,534	27,354
72,895	28,303	19,704	130,886	82,425
150	1,955	17,540	81,307	56,612
7,564	2	18,659	58,484	56,020
-	-	1,455	24,520	22,631
-	-	3,690	20,500	25,166
-	709	5,085	16,279	24,541
-	750	11,332	14,824	5,631
2,214	-	-	2,214	-
1,365	-	-	1,365	43,015
<u>190,451</u>	<u>32,383</u>	<u>177,745</u>	<u>1,558,013</u>	<u>1,510,423</u>
<u>\$ (34,098)</u>	<u>\$ (6,971)</u>	<u>\$ 5,593</u>	<u>\$ (57,114)</u>	<u>\$ (91,711)</u>

RHB SCHMITZ de GRACE
Chartered Professional Accountants

CANADIAN MENTAL HEALTH ASSOCIATION

PRINCE GEORGE BRANCH

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2015

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 Tangible 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, 2015

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 Tangible Capital Assets

Tangible capital assets 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.

Inventory

Inventory is valued cost. The cost is determined by using the average cost method for catering supplies.

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, and unearned revenue.

Cash and Equivalents

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

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CANADIAN MENTAL HEALTH ASSOCIATION

PRINCE GEORGE BRANCH

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2015

2. SIGNIFICANT ACCOUNTING POLICIES, continued

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.

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.

CANADIAN MENTAL HEALTH ASSOCIATION

PRINCE GEORGE BRANCH

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2015

2. SIGNIFICANT ACCOUNTING POLICIES, continued

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 2015/2014, approximately 95 volunteers contributed approximately just under 8,000 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.

3. INTERNALLY RESTRICTED FUNDS

The Association has internally restricted the following fund amounts:

	<u>2015</u>	<u>2014</u>
Moss House Reserve Fund	18,275	24,416
Infrastructure Reserve Fund	<u>37,773</u>	<u>37,773</u>
	<u>\$ 56,048</u>	<u>\$ 62,189</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, 2015

4. TANGIBLE CAPITAL ASSETS

	2015		2014
	Cost	Accumulated Amortization	Net Book Value
Furniture and equipment	\$ 230,811	\$ 177,199	\$ 53,612
Automotive equipment	36,925	36,925	-
Leasehold improvements	123,067	63,774	59,293
Building	167,461	83,444	84,017
Land	21,000	-	21,000
	<u>\$ 579,264</u>	<u>\$ 361,342</u>	<u>\$ 217,922</u>
			<u>\$ 172,783</u>

5. PAYROLL LIABILITIES

	2015	2014
Payroll liabilities	\$ 89,649	\$ 68,350
Government remittances	-	12,010
	<u>\$ 89,649</u>	<u>\$ 80,360</u>

6. UNEARNED REVENUE

	2015	2014
Gaming grants	\$ 75,000	\$ 40,500
BC Housing	6,616	5,905
BC Assistance client payments	6,364	6,799
Disability Without Poverty Network	-	42,822
Senior's Horizon Program	-	22,917
Community Initiative Action	-	7,990
	<u>\$ 87,980</u>	<u>\$ 126,933</u>

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CANADIAN MENTAL HEALTH ASSOCIATION

PRINCE GEORGE BRANCH

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2015

7. LEASEHOLD IMPROVEMENT LOAN

	<u>2015</u>	<u>2014</u>
Leasehold improvement loan, interest free, repayable in monthly instalments of \$1,200 until paid in full.	\$ 48,058	\$ -
Current portion of loan	<u>(24,000)</u>	<u>-</u>
Leasehold improvement loan	<u><u>\$ 24,058</u></u>	<u><u>\$ -</u></u>

Regular principal payments required on the loan in each of the next three years are as follows:

2016	\$ 24,000
2017	\$ 24,000
2018	\$ 58

8. 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 was a current year adjustment of \$5,656 determined by BC Housing for the year ended March 31, 2014.

9. BC GAMING COMMISSION

BC Gaming Commission expenses were as follows:

	<u>2015</u>	<u>2014</u>
Wages and benefits	\$ 38,629	\$ 54,819
Program activities	791	9,820
Rent and related costs	579	2,152
Bank charges	18	84
Travel and mileage	-	3,729
Advertising	<u>-</u>	<u>1,660</u>
	<u><u>\$ 40,017</u></u>	<u><u>\$ 72,264</u></u>

RHB SCHMITZ de GRACE
Chartered Professional Accountants

CANADIAN MENTAL HEALTH ASSOCIATION

PRINCE GEORGE BRANCH

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2015

10. 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, 2015.

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.

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.

11. 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.

12. 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.

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CANADIAN MENTAL HEALTH ASSOCIATION

PRINCE GEORGE BRANCH

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2015

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.

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 trustees 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 182,000 active members and approximately 75,000 retired members. Active members include approximately 14-16 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 \$ 51,486 (2014 - \$47,973) for employer contributions to the Plan in fiscal 2015, while employees contributed \$ 42,012 (2014 - \$38,108) to the plan in fiscal 2015.

CANADIAN MENTAL HEALTH ASSOCIATION

PRINCE GEORGE BRANCH

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2015

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 \$11,728 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.

**CANADIAN MENTAL HEALTH ASSOCIATION
PRINCE GEORGE BRANCH**

FINANCIAL STATEMENTS

March 31, 2015

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, 2015 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.

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, 2015 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 14, 2015



Chartered Professional Accountants

RHB SCHMITZ de GRACE
Chartered Professional Accountants

CANADIAN MENTAL HEALTH ASSOCIATION

PRINCE GEORGE BRANCH

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES

For the year ended March 31, 2015

	Operations	Tangible Capital Asset Fund	Moss House Reserve Fund (Note 3)	Infrastructure Reserve Fund (Note 3)	Total 2015	Total 2014
REVENUES						
Northern Health Authority (Note 12)						
General program funds	\$ 763,552	\$ -	\$ -	\$ -	\$ 763,552	\$ 748,580
Program sales	167,481	-	-	-	167,481	84,195
Canadian Mental Health Association BC Division	108,293	-	-	-	108,293	93,315
Rent subsidies						
Tenant rent contributions	103,476	-	-	-	103,476	102,977
BC Housing - operating	78,238	-	-	-	78,238	72,930
Disability Without Poverty Network	42,822	-	-	-	42,822	5,353
Forensic Psychiatric Services Commission (Note 12)						
Program funds	41,400	-	-	-	41,400	41,400
SILP administered funds	19,625	-	-	-	19,625	27,396
BC Gaming Commission	40,500	-	-	-	40,500	75,000
Federal and Provincial grants	34,874	-	-	-	34,874	19,393
Donations and other income	26,266	-	-	-	26,266	7,000
Other not-for-profit grants	22,768	-	-	-	22,768	-
Kopar	17,304	-	-	-	17,304	14,556
Municipal grants	17,000	-	-	-	17,000	17,000
Community Family Initiatives	9,400	-	-	-	9,400	19,731
PG and District United Way	7,500	-	-	-	7,500	13,695
Interest	400	-	5	-	405	1,191
Vancouver Foundation	-	-	-	-	-	75,000
	<u>1,500,899</u>	<u>-</u>	<u>5</u>	<u>-</u>	<u>1,500,904</u>	<u>1,418,712</u>
EXPENSES						
Wages and benefits	961,590	-	-	-	961,590	988,607
Rent and related costs						
Projects	140,382	-	-	-	140,382	137,482
Office	66,128	-	-	-	66,128	40,939
SILP administered funds	39,534	-	-	-	39,534	27,354
Program activities	130,886	-	-	-	130,886	82,425
Office and sundry	81,307	-	-	-	81,307	56,612
Travel and automotive	58,484	-	-	-	58,484	56,020
Utilities	24,520	-	-	-	24,520	22,631
Professional services	20,500	-	-	-	20,500	25,166
Maintenance and supplies	16,279	-	-	-	16,279	24,541
Staff development	14,824	-	-	-	14,824	5,631
Bad debt expense	2,214	-	-	-	2,214	-
Subcontracting	1,365	-	-	-	1,365	43,015
Amortization (Note 2)	-	24,013	-	-	24,013	20,875
	<u>1,558,013</u>	<u>24,013</u>	<u>-</u>	<u>-</u>	<u>1,582,026</u>	<u>1,531,298</u>
EXCESS REVENUES (EXPENSES)	(57,114)	(24,013)	5	-	(81,122)	(112,586)
FUND BALANCES AT BEGINNING OF THE YEAR	(20,910)	172,783	24,416	37,773	214,062	326,648
BC HOUSING ADJUSTMENT (NOTE 8)	5,656	-	-	-	5,656	-
INTER-FUND TRANSFERS						
Capital assets acquired	(69,152)	69,152	-	-	-	-
Leasehold improvements loan proceeds	61,258	(61,258)	-	-	-	-
Leasehold improvements loan payments	(13,200)	13,200	-	-	-	-
Replacement reserve provision	6,146	-	(6,146)	-	-	-
	<u>(87,316)</u>	<u>169,864</u>	<u>18,275</u>	<u>37,773</u>	<u>138,596</u>	<u>214,062</u>

RHB SCHMITZ de GRACE
Chartered Professional Accountants

CANADIAN MENTAL HEALTH ASSOCIATION

PRINCE GEORGE BRANCH

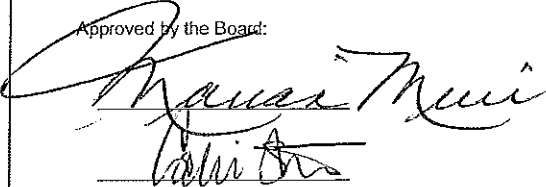
STATEMENT OF FINANCIAL POSITION

March 31, 2015

ASSETS

	Operations	Tangible Capital Asset Fund	Moss House Reserve Fund (Note 3)	Infrastructure Reserve Fund (Note 3)	Total 2015	Total 2014
CURRENT ASSETS						
Cash	\$ 73,536	\$ -	\$ 18,275	\$ 37,773	\$ 129,584	\$ 207,323
Accounts receivable	53,726	-	-	-	53,726	58,264
Government remittances receivable - GST	9,444	-	-	-	9,444	20,904
Inventory	2,781	-	-	-	2,781	-
Prepaid expenses	16,179	-	-	-	16,179	12,217
	155,666	-	18,275	37,773	211,714	298,708
TANGIBLE CAPITAL ASSETS (Notes 2 and 4)	-	217,922	-	-	217,922	172,783

Approved by the Board:



\$ 155,666	\$ 217,922	\$ 18,275	\$ 37,773	\$ 429,636	\$ 471,491
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LIABILITIES AND FUND BALANCES

	Operations	Tangible Capital Asset Fund	Moss House Reserve Fund (Note 3)	Infrastructure Reserve Fund (Note 3)	Total 2015	Total 2014
CURRENT LIABILITIES						
Accounts payable and accrued liabilities	\$ 60,833	\$ -	\$ -	\$ -	\$ 60,833	\$ 44,443
Payroll liabilities (Note 5)	89,649	-	-	-	89,649	80,360
Security deposits	4,520	-	-	-	4,520	5,693
Unearned revenue (Note 6)	87,980	-	-	-	87,980	126,933
Current portion of Leasehold Improvements Loan	-	24,000	-	-	24,000	-
	<u>242,982</u>	<u>24,000</u>	<u>-</u>	<u>-</u>	<u>266,982</u>	<u>257,429</u>
LONG-TERM LIABILITIES						
Leasehold Improvements Loan	-	24,058	-	-	24,058	-
FUND BALANCES						
Internally restricted (Note 3)	-	-	18,275	37,773	56,048	62,189
Unrestricted	(87,316)	169,864	-	-	82,548	151,873
	<u>(87,316)</u>	<u>169,864</u>	<u>18,275</u>	<u>37,773</u>	<u>138,596</u>	<u>214,062</u>
	<u>\$ 155,666</u>	<u>\$ 217,922</u>	<u>\$ 18,275</u>	<u>\$ 37,773</u>	<u>\$ 429,636</u>	<u>\$ 471,491</u>
CONTINGENCY (Note 14)						

RHB SCHMITZ de GRACE
Chartered Professional Accountants

CANADIAN MENTAL HEALTH ASSOCIATION

PRINCE GEORGE BRANCH

STATEMENT OF CASH FLOW

For the year ended March 31, 2015

	Operations	Tangible Capital Asset Fund	Moss House Reserve Fund	Infrastructure Reserve Fund	Total 2015	Total 2014
OPERATING ACTIVITIES						
Excess expenses for the year	\$ (57,114)	\$ (24,013)	\$ 5	\$ -	\$ (81,122)	\$ (112,586)
Items not affecting cash:						
Amortization	-	24,013	-	-	24,013	20,875
BC HOUSING ADJUSTMENT (NOTE 8)	5,656	-	-	-	5,656	-
	(51,458)	-	5	-	(51,453)	(91,711)
Changes in non-cash working capital items:						
Accounts receivable	4,538	-	-	-	4,538	(8,127)
Government remittances receivable - GST	11,460	-	-	-	11,460	(4,952)
Inventory	(2,781)	-	-	-	(2,781)	-
Prepaid expenses	(3,962)	-	-	-	(3,962)	19,452
Accounts payable and accrued liabilities	16,390	-	-	-	16,390	(19,133)
Payroll liabilities	9,289	-	-	-	9,289	(11,862)
Security deposits	(1,173)	-	-	-	(1,173)	325
Deferred revenue	(38,953)	-	-	-	(38,953)	16,710
	(5,192)	-	-	-	(5,192)	(7,587)
	(56,650)	-	5	-	(56,645)	(99,298)
INVESTING ACTIVITIES						
Acquisition of equipment	-	(69,152)	-	-	(69,152)	(12,529)
FINANCING ACTIVITIES						
Leasehold improvement loan proceeds	-	61,258	-	-	61,258	-
Leasehold improvement loan payments	-	(13,200)	-	-	(13,200)	-
	-	48,058	-	-	48,058	-
INTER-FUND TRANSFERS						
Acquisition of tangible capital assets	(69,152)	69,152	-	-	-	-
Leasehold improvements loan proceeds	61,258	(61,258)	-	-	-	-
Leasehold improvements loan payments	(13,200)	13,200	-	-	-	-
Replacement reserve provision	6,146	-	(6,146)	-	-	-
	(14,948)	21,094	(6,146)	-	-	-
DECREASE IN CASH AND EQUIVALENTS DURING THE YEAR	(71,598)	-	(6,141)	-	(77,739)	(111,827)
CASH AND EQUIVALENTS AT BEGINNING OF THE YEAR	145,134	-	24,416	37,773	207,323	319,150
CASH AND EQUIVALENTS AT END OF THE YEAR	\$ 73,536	\$ -	\$ 18,275	\$ 37,773	\$ 129,584	\$ 207,323

RHB SCHMITZ de GRACE
Chartered Professional Accountants

CANADIAN MENTAL HEALTH ASSOCIATION

PRINCE GEORGE BRANCH

SCHEDULE OF OPERATIONS

For the years ended March 31, 2014

	Northern Health	Bounce Back	Forensic Programs	BC Housing Programs	Moss & Resource Housing Programs
REVENUES					
Northern Health Authority (Note 12)					
General program funds	\$ 763,552	\$ -	\$ -	\$ -	\$ -
Program sales	-	-	-	-	-
Canadian Mental Health Association BC Division	-	91,648	-	-	-
Rent subsidies					
Tenant rent contributions	-	-	-	79,075	24,401
BC Housing - operating	-	-	-	78,238	-
Disability Without Poverty Network	-	-	-	-	-
Forensic Psychiatric Services Commission (Note 12)					
Program funds	-	-	41,400	-	-
SILP administered funds	-	-	19,625	-	-
BC Gaming Commission	-	-	-	-	-
Federal and Provincial grants	-	-	-	-	-
Donations and other income	1,225	-	-	-	-
Other not-for-profit grants	7,094	-	-	-	5,038
Kopar	-	-	-	-	-
Municipal grants	-	-	-	-	17,000
Community Family Initiatives	-	-	-	-	-
PG and District United Way	-	-	-	-	7,500
Interest	-	-	-	-	-
Vancouver Foundation	-	-	-	-	-
	<u>771,871</u>	<u>91,648</u>	<u>61,025</u>	<u>157,313</u>	<u>53,939</u>
EXPENSES					
Wages and benefits	634,097	71,371	28,978	10,355	26,762
Rent and related costs					
Projects	-	-	-	140,382	-
Office	53,277	6,274	2,196	-	1,792
SILP administered funds	5,932	-	19,011	-	-
Program activities	5,981	2,000	285	-	1,718
Office and sundry	38,546	9,291	4,920	811	8,094
Travel and automotive	23,671	1,539	3,752	879	2,418
Utilities	9,499	463	311	8,049	4,743
Professional services	12,505	1,025	1,025	1,025	1,230
Maintenance and supplies	5,815	554	554	546	3,016
Staff development	1,951	211	230	-	350
Bad debt expense	-	-	-	-	-
Subcontracting	-	-	-	-	-
	<u>791,274</u>	<u>92,728</u>	<u>61,262</u>	<u>162,047</u>	<u>50,123</u>
EXCESS REVENUES (EXPENSES)	<u>\$ (19,403)</u>	<u>\$ (1,080)</u>	<u>\$ (237)</u>	<u>\$ (4,734)</u>	<u>\$ 3,816</u>

Two Rivers Catering	Connections Clubhouse	Branch Programs (Note 14)	Total 2015	Total 2014
\$ -	\$ -	\$ -	\$ 763,552	\$ 748,580
127,719	18,776	20,986	167,481	84,195
-	-	16,645	108,293	93,315
-	-	-	-	-
-	-	-	103,476	102,977
-	-	-	78,238	72,930
-	-	42,822	42,822	5,353
-	-	-	-	-
-	-	-	41,400	41,400
-	-	-	19,625	27,396
15,500	-	25,000	40,500	75,000
-	-	34,874	34,874	19,393
50	-	24,991	26,266	7,000
-	6,636	4,000	22,768	-
13,084	-	4,220	17,304	14,556
-	-	-	17,000	17,000
-	-	9,400	9,400	19,731
-	-	-	7,500	13,695
-	-	400	400	1,191
-	-	-	-	75,000
<u>156,353</u>	<u>25,412</u>	<u>183,338</u>	<u>1,500,899</u>	<u>1,418,712</u>
105,130	-	84,897	961,590	988,607
-	-	-	140,382	137,482
-	-	2,589	66,128	40,939
1,133	664	12,794	39,534	27,354
72,895	28,303	19,704	130,886	82,425
150	1,955	17,540	81,307	56,612
7,564	2	18,659	58,484	56,020
-	-	1,455	24,520	22,631
-	-	3,690	20,500	25,166
-	709	5,085	16,279	24,541
-	750	11,332	14,824	5,631
2,214	-	-	2,214	-
1,365	-	-	1,365	43,015
<u>190,451</u>	<u>32,383</u>	<u>177,745</u>	<u>1,558,013</u>	<u>1,510,423</u>
<u>\$ (34,098)</u>	<u>\$ (6,971)</u>	<u>\$ 5,593</u>	<u>\$ (57,114)</u>	<u>\$ (91,711)</u>

CANADIAN MENTAL HEALTH ASSOCIATION

PRINCE GEORGE BRANCH

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2015

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 (ASNFO).

Fund Accounting

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

The Tangible 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, 2015

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 Tangible Capital Assets

Tangible capital assets 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.

Inventory

Inventory is valued cost. The cost is determined by using the average cost method for catering supplies.

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, and unearned revenue.

Cash and Equivalents

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

CANADIAN MENTAL HEALTH ASSOCIATION

PRINCE GEORGE BRANCH

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2015

2. SIGNIFICANT ACCOUNTING POLICIES, continued

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.

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.

CANADIAN MENTAL HEALTH ASSOCIATION

PRINCE GEORGE BRANCH

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2015

2. SIGNIFICANT ACCOUNTING POLICIES, continued

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 2015/2014, approximately 95 volunteers contributed approximately just under 8,000 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.

3. INTERNALLY RESTRICTED FUNDS

The Association has internally restricted the following fund amounts:

	<u>2015</u>	<u>2014</u>
Moss House Reserve Fund	18,275	24,416
Infrastructure Reserve Fund	<u>37,773</u>	<u>37,773</u>
	<u>\$ 56,048</u>	<u>\$ 62,189</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.

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4. TANGIBLE CAPITAL ASSETS

	2015		2014	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Furniture and equipment	\$ 230,811	\$ 177,199	\$ 53,612	\$ 62,298
Automotive equipment	36,925	36,925	-	-
Leasehold improvements	123,067	63,774	59,293	5,468
Building	167,461	83,444	84,017	84,017
Land	21,000	-	21,000	21,000
	<u>\$ 579,264</u>	<u>\$ 361,342</u>	<u>\$ 217,922</u>	<u>\$ 172,783</u>

5. PAYROLL LIABILITIES

	2015	2014
Payroll liabilities	\$ 89,649	\$ 68,350
Government remittances	-	12,010
	<u>\$ 89,649</u>	<u>\$ 80,360</u>

6. UNEARNED REVENUE

	2015	2014
Gaming grants	\$ 75,000	\$ 40,500
BC Housing	6,616	5,905
BC Assistance client payments	6,364	6,799
Disability Without Poverty Network	-	42,822
Senior's Horizon Program	-	22,917
Community Initiative Action	-	7,990
	<u>\$ 87,980</u>	<u>\$ 126,933</u>

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7. LEASEHOLD IMPROVEMENT LOAN

	<u>2015</u>	<u>2014</u>
Leasehold improvement loan, interest free, repayable in monthly instalments of \$1,200 until paid in full.	\$ 48,058	\$ -
Current portion of loan	<u>(24,000)</u>	<u>-</u>
Leasehold improvement loan	<u>\$ 24,058</u>	<u>\$ -</u>

Regular principal payments required on the loan in each of the next three years are as follows:

2016	\$ 24,000
2017	\$ 24,000
2018	\$ 58

8. 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 was a current year adjustment of \$5,656 determined by BC Housing for the year ended March 31, 2014.

9. BC GAMING COMMISSION

BC Gaming Commission expenses were as follows:

	<u>2015</u>	<u>2014</u>
Wages and benefits	\$ 38,629	\$ 54,819
Program activities	791	9,820
Rent and related costs	579	2,152
Bank charges	18	84
Travel and mileage	-	3,729
Advertising	<u>-</u>	<u>1,660</u>
	<u>\$ 40,017</u>	<u>\$ 72,264</u>

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10. 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, 2015.

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.

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.

11. 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.

12. 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.

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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.

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 trustee 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 182,000 active members and approximately 75,000 retired members. Active members include approximately 14-16 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 \$ 51,486 (2014 - \$47,973) for employer contributions to the Plan in fiscal 2015, while employees contributed \$ 42,012 (2014 - \$38,108) to the plan in fiscal 2015.

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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 \$11,728 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.

