

**CANADIAN MENTAL HEALTH ASSOCIATION
PRINCE GEORGE BRANCH**

**PRINCE GEORGE, BC
FINANCIAL STATEMENTS
MARCH 31, 2017**

CANADIAN MENTAL HEALTH ASSOCIATION
PRINCE GEORGE BRANCH
MARCH 31, 2017

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INDEPENDANT AUDITOR'S REPORT

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

I have audited the accompanying financial statements of the Canadian Mental Health Association Prince George Branch, which comprise the statements of financial position as at March 31, 2017 and the statement of operations and changes in fund balances and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility of 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 is determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

INDEPENDANT AUDITOR'S 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, my verification of these revenues was limited to the amount recorded in the records of the Association and I was not able to determine whether any adjustments might be necessary to revenue, excess revenue, assets and net assets.

Qualified Opinion

In my 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 Prince George Branch as at March 31, 2017 and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations. As required by the British Columbia Society Act I report that, in my opinion, Canadian accounting standard for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

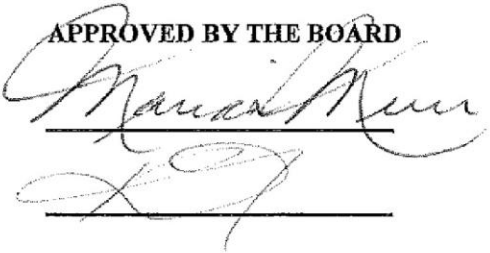
August 3, 2017
Prince George, BC


AHMED & CO
Chartered Professional Accountant

**CANADIAN MENTAL HEALTH ASSOCIATION
PRINCE GEORGE BRANCH
BALANCE SHEET
MARCH 31, 2017**

	Operations	Tangible Capital Asset Fund	Moss House Reserve Fund (Note 3)	Infrastructure Reserve Fund (Note 3)	2017	2016
CURRENT ASSETS						
Cash	\$ 51,877	\$ -	\$ 10,504	\$ 39,084	\$ 101,465	\$ 128,203
Accounts receivable	97,636	-	-	-	97,636	67,231
Taxes recoverable	3,053	-	-	-	3,053	3,079
Inventories	2,878	-	-	-	2,878	2,581
Prepays	22,289	-	-	-	22,289	14,863
	177,733	-	10,504	39,084	227,321	215,957
TANGIBLE CAPITAL ASSETS						
Property, plant and equipment, net of accumulated amortization (Note 4)	-	149,268	-	-	149,268	181,964
	177,733	149,268	10,504	39,084	376,589	397,921
LIABILITIES AND FUND BALANCES						
CURRENT LIABILITIES						
Trade accounts payable	73,365	-	-	-	73,365	95,085
Payroll liabilities	94,668	-	-	-	94,668	84,256
Security deposits	5,077	-	-	-	5,077	4,766
Unearned revenue (Note 5)	162,842	-	-	-	162,842	105,532
Current portion of long term liabilities (Note 6)	-	14,400	-	-	14,400	14,400
	335,952	14,400	-	-	350,352	304,039
LONG TERM LIABILITIES						
Long term debt (Note 6)	-	4,152	-	-	4,152	18,552
FUND BALANCES						
Internally restricted (Note 3)	-	-	10,504	39,084	49,588	54,794
Unrestricted	(158,219)	130,716	-	-	(27,503)	20,536
	(158,219)	130,716	10,504	39,084	22,085	75,330
	\$ 177,733	\$ 149,268	\$ 10,504	\$ 39,084	\$ 376,589	\$ 397,921

APPROVED BY THE BOARD



CANADIAN MENTAL HEALTH ASSOCIATION
PRINCE GEORGE BRANCH
STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED MARCH 31, 2017

	Operations	Tangible Capital Asset Fund	Moss House Reserve Fund (Note 3)	Infrastructure Reserve Fund (Note 3)	2017	2016
REVENUES						
Grants and program funds	\$ 1,022,030	\$ -	\$ -	\$ -	\$ 1,022,030	\$ 972,548
Program sales	222,327	-	-	-	222,327	192,530
Canadian Mental Health BC Division	80,504	-	-	-	80,504	84,459
Rents						
Rent subsidies - Tenant rent contributions	104,742	-	-	-	104,742	107,973
Rent subsidies - BC Housing operating	94,014	-	-	-	94,014	77,725
Forensic Psychiatric Services Commission						
Forensic - Program funds	46,400	-	-	-	46,400	43,517
Forensic - SILP Administered funds	13,279	-	-	-	13,279	17,121
BC Gaming Commission	75,000	-	-	-	75,000	75,000
Donations and other income	40,326	-	-	-	40,326	36,008
Municipal Grants	18,900	-	-	-	18,900	18,900
Community Family Initiatives	14,976	-	-	-	14,976	-
PG and District United Way	15,000	-	-	-	15,000	13,750
Interest income	301	-	-	-	301	1,188
	1,747,799	-	-	-	1,747,799	1,640,719
EXPENSES						
Wages and benefits	1,109,952	-	-	-	1,109,952	1,032,123
Rent and related costs						
Rent -Projects	159,794	-	-	-	159,794	146,404
Rent - Office	64,821	-	-	-	64,821	66,779
Rent SILP Administered Funds	11,960	-	-	-	11,960	35,178
Program activities	173,666	-	-	-	173,666	164,778
Office and sundry	80,553	-	-	-	80,553	76,141
Travel and automotive	77,701	-	-	-	77,701	64,116
Utilities	23,128	-	-	-	23,128	26,843
Accounting fees	16,670	-	-	-	16,670	15,913
Maintenance and supplies	12,743	-	-	-	12,743	10,153
Staff development	34,027	-	-	-	34,027	27,137
Bad debt expense	629	-	-	-	629	85
Amortization of tangible assets	-	36,888	-	-	36,888	40,638
	1,765,644	36,888	-	-	1,802,532	1,706,288
EXCESS REVENUES (EXPENSES)	(17,845)	(36,888)	-	-	(54,733)	(65,569)
FUND BALANCES AT BEGINNING OF YEAR	(128,477)	149,013	10,504	44,290	75,330	138,596
BC HOUSING ADJUSTMENT (Note 7)	1,488	-	-	-	1,488	2,303
INTERFUND TRANSFERS						
Capital assets acquired	(4,191)	4,191	-	-	-	-
Infrastructure reserve fund	206	-	-	(206)	-	-
Leasehold improvements loan payments	(14,400)	14,400	-	-	-	-
Replacement reserve provision	5,000	-	-	(5,000)	-	-
FUND BALANCES AT END OF YEAR	\$ (158,219)	\$ 130,716	\$ 10,504	\$ 39,084	\$ 22,085	\$ 75,330

The accompanying notes are an integral part of these Financial Statements

CANADIAN MENTAL HEALTH ASSOCIATION
PRINCE GEORGE BRANCH
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2017

	Operations	Tangible Capital Asset Fund	Moss House Reser Fund	Infrastructure Reserve Fund	2017	2016
OPERATING ACTIVITIES						
Excess revenues(expenses) for the year	\$ (17,845)	\$ (36,888)	\$ -	\$ -	\$ (54,733)	\$ (65,569)
Items not affecting cash						
Amortization	-	36,888	-	-	-	40,638
BC Housing adjustment	1,488	-	-	-	1,488	2,303
	(16,357)	-	-	-	(53,245)	(22,628)
Changes in non-cash working capital items						
Accounts receivable	(30,405)	-	-	-	(30,405)	(13,505)
Government remittances receivable - GST	26	-	-	-	26	6,365
Inventories	(297)	-	-	-	(297)	200
Prepaid expenses	(7,426)	-	-	-	(7,426)	1,317
Accounts payable and accrued liabilities	(21,720)	-	-	-	(21,720)	33,827
Payroll liabilities	10,412	-	-	-	-	(4,967)
Security deposits	311	-	-	-	-	247
Deferred revenue	57,310	-	-	-	-	17,552
	8,211	-	-	-	(59,822)	41,034
	(8,146)	-	-	-	(113,067)	18,406
INVESTING ACTIVITIES						
Acquisition of equipment	-	(4,191)	-	-	(4,191)	(4,682)
FINANCING ACTIVITIES						
Leasehold improvement loan payments	-	(14,400)	-	-	(14,400)	(15,106)
	-	(18,591)	-	-	(14,400)	(15,106)
INTERFUND TRANSFERS						
Acquisition of tangible capital assets	(4,191)	4,191	-	-	-	-
Leasehold improvement loan payments	(14,400)	14,400	-	-	-	-
Replacement reserve provision	5,206	-	-	(5,206)	-	-
	(13,385)	18,591	-	(5,206)	-	-
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE YEAR	(21,531)	-	-	(5,206)	(26,305)	(1,381)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	73,408	-	10,504	44,290	128,203	129,584
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	\$ 51,877	\$ -	\$ 10,504	\$ 39,084	\$ 101,465	\$ 128,203

**CANADIAN MENTAL HEALTH ASSOCIATION
PRINCE GEORGE BRANCH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017**

1. STATUTES OF INCORPORATION AND NATURE OF ACTIVITIES

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 the Prince George and District.

2. SIGNIFICANT ACCOUNTING POLICIES

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

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

Contribution 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.

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.

PROPERTY, PLANT AND EQUIPMENT

Property, plant, and equipment are stated at cost. Amortization is provided using the following methods and annual rates:

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 operation funds received in the current year that are related to the subsequent period.

INVENTORIES

Inventories are valued at 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.

**CANADIAN MENTAL HEALTH ASSOCIATION
PRINCE GEORGE BRANCH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017**

2. SIGNIFICANT ACCOUNTING POLICIES continued

CASH AND EQUIVALENTS

The Association considers all highly liquid investments with a maturity of twelve (12) 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.

FINANCIAL INSTRUMENTS

Measurement of Financial Instruments

The entity initially measures its financial assets and financial liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate. The entity subsequently measures all its financial assets and financial liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value of these financial instruments are recognized in net income.

Financial assets measured at cost include cash, term deposits, accounts receivable and notes 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's transaction costs related to financial instruments that will be subsequently measured at fair value are recognized in net income in the period incurred. The carrying amount of the financial instruments that will not be subsequently measured at fair value is adjusted for transaction costs directly attributable to the origination, issuance or assumption of these instruments.

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 2017/2016, 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:

	2017	2016
Moss House Reserve Fund	\$ 10,504	\$ 10,504
Infrastructure Reserve Fund	39,084	44,290
	<u>\$ 49,588</u>	<u>\$ 54,794</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, 2017**

4. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated Amortization	2017 Net Book Value	2016 Net Book Value
Furniture and Equipment	\$ 239,682	\$ 211,335	\$ 28,347	\$ 42,639
Automotive equipment	36,925	36,925	-	-
Leasehold Improvements	123,066	93,196	29,870	43,490
Building	167,461	97,410	70,051	74,835
Land	21,000	-	21,000	21,000
	<u>\$ 588,134</u>	<u>\$ 438,866</u>	<u>\$ 149,268</u>	<u>\$ 181,964</u>

5. UNEARNED REVENUE

	2017	2016
Gaming grants	\$ 75,000	\$ 75,000
BC Housing	-	6,813
BC Assistance client payments	7,047	6,701
Government of Canada	57,395	-
Northern Health Authority	1,000	-
UNBC	1,000	-
City of Prince George	21,400	17,000
	<u>\$ 162,842</u>	<u>\$ 105,532</u>

6. LONG TERM DEBT

	2017	2016
Leasehold improvement loan, interest free, repayable in monthly installments of \$1200 until paid in full	\$ 18,552	\$ 32,952
Current portion of loan	(14,400)	(14,400)
	<u>\$ 4,152</u>	<u>\$ 18,552</u>

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

2018	14,400
2019	<u>4,122</u>
TOTAL	<u>18,522</u>

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 was a current year adjustment of \$1,487 determined by BC Housing for the year ended March 31, 2017.

8. BC GAMING COMMISSION

BC Gaming Commission expenses were as follows:

	2017	2016
Wages and benefits	\$ 72,730	\$ 76,744
Equipment	2,270	-
Bank charges	39	18
	<u>\$ 75,039</u>	<u>\$ 76,762</u>

**CANADIAN MENTAL HEALTH ASSOCIATION
PRINCE GEORGE BRANCH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017**

9. 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.

10. 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.

11. 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.

12. 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 188,000 active members, 36,000 inactive members and 84,000 retired members. Active members include approximately 14-16 contributors from the Association.

The most recent valuation as at December 31, 2015 indicated pension plan is fully funded for basic pension benefits. The next valuation will be as at December 31, 2018, with results available in 2019. 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 \$65,669 (2016-\$52,507) for employer contributions to the Plan in fiscal 2017, while employees contributed \$53,192 (2016 - \$42,530) to the plan in fiscal 2017.

13. COMMITMENTS

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

Office space at \$4,000 plus GST per month to April 30, 2019 and thereafter \$5,000 plus GST per month to April 30, 2024. In addition to basic rent, the association is required to pay all common costs such as property tax, building insurance, utilities.
Various residences, including those receiving rent subsidies, in the amount of \$11,728 per month;

**CANADIAN MENTAL HEALTH ASSOCIATION
PRINCE GEORGE BRANCH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017**

14. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The significant financial risks to which the Association is exposed are liquidity risk, credit risk, market risk and interest rate risk.

Liquidity risk is the risk that the association will encounter difficulty in meeting obligations associated with financial liabilities. The Association is exposed to liquidity risk primarily in respect of its accounts payable and accrued liabilities, payroll liabilities, and unearned revenue.

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 of three types of risk: currency risk, interest rate risk and other price risk. The association is mainly exposed to interest rate risk which management deems to be low.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The association 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.

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 association's main credit risks relate to its short-term investment and accounts receivables. The association provides credit to its clients in the normal course of its operations.

15. STATUTORY DISCLOSURES

- a) Remuneration paid to directors for the year ended March 31, 2017 NIL (2016 : NIL)
- b) Highest remuneration paid to an employee \$84,918.
- c) No financial assistance (e.g. loans, guarantees) given outside of the ordinary course of its activities.