

CANADIAN MENTAL HEALTH ASSOCIATION PRINCE GEORGE BRANCH

FINANCIAL STATEMENTS

March 31, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Members of Canadian Mental Health Association Prince George Branch

We have audited the accompanying financial statements of Canadian Mental Health Association Prince George Branch, which comprise the statement of financial position as at March 31, 2018, and the statements of operations, changes in net assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Canadian Mental Health Association Prince George Branch as at March 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

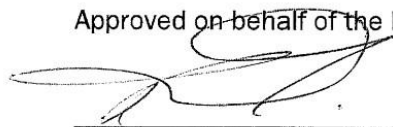
Prince George, B.C.
September 21, 2018

KSO Accounting Group
KSO Accounting Group
Chartered Professional Accountants

CANADIAN MENTAL HEALTH ASSOCIATION PRINCE GEORGE BRANCH
STATEMENT OF FINANCIAL POSITION
March 31, 2018

ASSETS		<u>2018</u>	<u>2017</u>
CURRENT			
Cash	\$	87,273	\$ 62,382
Term deposits		39,046	39,084
Accounts receivable		49,458	97,637
Inventory		1,885	2,876
Prepaid expenses		23,376	22,289
Goods and Services Tax receivable		<u>6,342</u>	<u>3,053</u>
TOTAL CURRENT ASSETS		207,380	227,321
TANGIBLE CAPITAL ASSETS (Note 3)		<u>146,791</u>	<u>149,268</u>
TOTAL ASSETS	\$	<u>354,171</u>	\$ <u>376,589</u>
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities	\$	49,758	\$ 73,364
Payroll liabilities		118,752	94,668
Scheduled repayments of long-term debt (Note 9)		4,152	14,400
Prepaid rent and security deposits		5,789	5,077
Deferred revenue (Note 16)		<u>163,759</u>	<u>162,842</u>
TOTAL CURRENT LIABILITIES		342,210	350,351
LONG-TERM DEBT (Note 9)		<u>-</u>	<u>4,152</u>
TOTAL LIABILITIES		<u>342,210</u>	<u>354,503</u>
NET ASSETS			
Net assets invested in capital assets		142,639	130,716
Unrestricted net assets		<u>(130,678)</u>	<u>(108,630)</u>
TOTAL NET ASSETS		<u>11,961</u>	<u>22,086</u>
TOTAL LIABILITIES & NET ASSETS	\$	<u>354,171</u>	\$ <u>376,589</u>

Approved on behalf of the Board:


 _____, Director


 _____, Director

See accompanying Notes to Financial Statements

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CANADIAN MENTAL HEALTH ASSOCIATION PRINCE GEORGE BRANCH
STATEMENT OF OPERATIONS
For the year ended March 31, 2018

	<u>2018</u>	% of <u>Revenue</u>	<u>2017</u>	% of <u>Revenue</u>
REVENUE				
Grants	\$ 1,622,890	76.0	\$ 1,211,089	69.3
Program sales	211,693	9.9	222,327	12.7
Rental income (Note 13)	196,308	9.2	198,756	11.4
BC Gaming Commission	75,000	3.5	75,000	4.3
Donations and memberships	29,836	1.4	40,326	2.3
Interest	<u>332</u>	-	<u>301</u>	-
	<u>2,136,059</u>	100.0	<u>1,747,799</u>	100.0
EXPENSES				
Amortization of tangible assets	36,597	1.7	36,888	2.1
Bad debts	100	-	629	-
Office and general	82,102	3.8	80,553	4.6
Outreach and supplies	200,303	9.4	173,666	9.9
Professional fees	29,748	1.4	16,670	1.0
Rent - clients and projects	159,252	7.5	159,794	9.1
Rent - office	60,393	2.8	64,821	3.7
Repairs and maintenance	15,960	0.7	12,743	0.7
Staff development	17,069	0.8	34,027	1.9
Subsidies	40,625	1.9	11,960	0.7
Travel and vehicle	100,713	4.7	77,701	4.4
Utilities	23,509	1.1	23,128	1.3
Wages and benefits	<u>1,379,813</u>	64.6	<u>1,109,952</u>	63.5
	<u>2,146,184</u>	100.5	<u>1,802,532</u>	103.1
DEFICIENCY OF REVENUE OVER EXPENSES	\$ <u>(10,125)</u>	<u>(0.5)</u>	\$ <u>(54,733)</u>	<u>(3.1)</u>

See accompanying Notes to Financial Statements

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CANADIAN MENTAL HEALTH ASSOCIATION PRINCE GEORGE BRANCH
STATEMENT OF CHANGES IN NET ASSETS
For the year ended March 31, 2018

NET ASSETS	Invested in capital assets	Restricted	Unrestricted	Total 2018	Total 2017
Balance, beginning of year	\$ 130,716	\$ -	\$ (108,630)	\$ 22,086	\$ 76,819
Deficiency of revenues over expenses	(36,597)	-	26,472	(10,125)	(54,733)
Investment in capital assets	<u>48,520</u> <u>142,639</u>	<u>-</u> <u>-</u>	<u>(48,520)</u> <u>(130,678)</u>	<u>-</u> <u>11,961</u>	<u>-</u> <u>22,086</u>
Balance, end of year	<u>\$ 142,639</u>	<u>\$ -</u>	<u>\$ (130,678)</u>	<u>\$ 11,961</u>	<u>\$ 22,086</u>

See accompanying Notes to Financial Statements

CANADIAN MENTAL HEALTH ASSOCIATION PRINCE GEORGE BRANCH
CASH FLOW STATEMENT
For the year ended March 31, 2018

	<u>2018</u>	<u>2017</u>
OPERATING ACTIVITIES		
Deficiency of revenue over expenses	\$ (10,125)	\$ (54,733)
Add (deduct):		
Charges to income not involving cash		
Amortization	<u>36,597</u>	<u>36,888</u>
	26,472	(17,845)
Net change in non-cash working capital balances related to operations		
Trade receivables	49,110	(30,311)
Due from employees	(932)	(95)
Inventories	990	(295)
Prepaid expenses	(1,086)	(7,426)
Accounts payable and accrued liabilities	(23,603)	(21,720)
Payroll liabilities	24,085	10,411
Goods and services tax payable	(3,290)	26
Prepaid rent and security deposits	712	311
Deferred revenue	<u>917</u>	<u>57,310</u>
	<u>73,375</u>	<u>(9,634)</u>
FINANCING ACTIVITIES		
Repayment of long-term debt	(14,400)	(14,400)
BC Housing adjustment	<u>-</u>	<u>1,488</u>
	<u>(14,400)</u>	<u>(12,912)</u>
INVESTING ACTIVITIES		
Purchase of tangible capital assets:		
- Furniture and equipment	(6,121)	(4,191)
- Leasehold improvements	<u>(28,000)</u>	<u>-</u>
	<u>(34,121)</u>	<u>(4,191)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	24,854	(26,737)
CASH AND CASH EQUIVALENTS, beginning of year	<u>101,465</u>	<u>128,203</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 126,319</u>	<u>\$ 101,466</u>
Cash and cash equivalents consist of:		
Cash	\$ 87,273	\$ 62,382
Term deposits	<u>39,046</u>	<u>39,084</u>
	<u>\$ 126,319</u>	<u>\$ 101,466</u>

See accompanying Notes to Financial Statements

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CANADIAN MENTAL HEALTH ASSOCIATION PRINCE GEORGE BRANCH
NOTES TO FINANCIAL STATEMENTS
March 31, 2018

1. PURPOSE OF THE NOT-FOR-PROFIT ORGANIZATION

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 area.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

- a) Financial assets and liabilities are measured initially at fair value, except for certain non-arm's length transactions. Subsequent measurement is at 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 are recognized in net income.

Financial assets measured at amortized cost consist of cash, term deposits, accounts receivable, and notes receivable.

Financial liabilities measured at amortized cost consist of accounts payable, accrued liabilities payroll liabilities, long-term debt, and unearned revenues.
- b) Financial assets measured at cost are tested for impairment when there are indications 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.
- c) The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Material measurement uncertainties include estimates of useful lives of property, plant, and equipment, wage and audit accruals, and unearned revenue. The resolution of these uncertainties will be determined by future events.
- d) Cash and cash equivalents include amounts on deposit with financial institutions, bank overdrafts that fluctuate frequently from being positive to overdrawn, and term deposits that mature within three months from the date of acquisition. Cash and cash equivalents exclude term deposits that are unavailable for current use because they are pledged as security.
- e) Inventory is measured at the lower of cost (determined by using the weighted average cost method) and net realizable value (determined by using the replacement value).

CANADIAN MENTAL HEALTH ASSOCIATION PRINCE GEORGE BRANCH
NOTES TO FINANCIAL STATEMENTS
March 31, 2018

- f) Purchased tangible capital assets are recorded at cost. Contributed tangible capital assets are recorded at fair value at the date of contribution. Amortization is recorded at the following rates, which have been established by estimates of useful lives. Additions during the current year are amortized at one-half their normal rates, and no amortization is taken in the year of disposition. Amortization expense is reported in the Capital Asset Fund.

Automotive equipment	20%	straight line
Furniture and fixtures	20%	straight line
Leasehold improvements	20%	straight line
Building	2.86%	straight line

- g) The Association follows the deferred revenue method of accounting for contributions.

Contributions from BC Housing

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

Other Contributions

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

Investment Income

Interest income earned is recognized as revenue in the period the investment income is earned.

Catering Revenue

Catering revenue is recognized in the period it is invoiced.

Contributed Materials & Services

The organization may recognize contributed materials at their fair value.

The organization does not record in its books of account the value of contributed materials and services unless the contribution of material is recognized at fair value and receipted.

- h) 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.

3. TANGIBLE CAPITAL ASSETS

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	
			<u>2018</u>	<u>2017</u>
Automotive equipment	\$ 36,925	\$ 36,925	\$ -	\$ -
Furniture and fixtures	245,803	228,381	17,422	28,349
Leasehold improvements	151,066	107,959	43,107	29,868
Building	167,461	102,199	65,262	70,051
Land	<u>21,000</u>	<u>-</u>	<u>21,000</u>	<u>21,000</u>
	<u>\$ 622,255</u>	<u>\$ 475,464</u>	<u>\$ 146,791</u>	<u>\$ 149,268</u>

CANADIAN MENTAL HEALTH ASSOCIATION PRINCE GEORGE BRANCH
NOTES TO FINANCIAL STATEMENTS
March 31, 2018

4. CHANGE IN ACCOUNTING POLICIES

The society has adopted the deferred revenue method of reporting revenues. This accounting policy has been adopted to better match the financial situation of the Society. This change in accounting policy has been applied retroactively but the comparative figures have not been restated as there was no effect for this change for the comparative period.

5. COMPARATIVE INFORMATION

Certain comparative amounts have been reclassified to conform with the current year classifications of operating expenses.

6. FINANCIAL INSTRUMENTS

The organization is exposed to various risks through its financial instruments. The following describes the exposures to those risks, how they arise, any changes in risk exposures from the previous period, and any concentrations of risk.

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly from its long-term debt and accounts payable.

7. GOVERNMENT REMITTANCES

The amount owing for government remittances other than those accounts that are separately reported in the balance sheet is \$38,046 (2017 - \$31,784). This amount is included in payroll liabilities.

8. LEASE COMMITMENTS

The organization has entered into a lease agreement for office premises expiring on April 30, 2019, with an option to renew for a further five years. If renewed, lease payments will be \$6,500 plus GST per month. In addition, the association is required to pay all common costs such as property tax, building insurance, and utilities. Minimum lease payments for the current term of the lease are as follows:

2019	\$ 66,906
2020	<u>5,576</u>
	<u>\$ 72,482</u>

CANADIAN MENTAL HEALTH ASSOCIATION PRINCE GEORGE BRANCH
NOTES TO FINANCIAL STATEMENTS
March 31, 2018

9. LONG-TERM DEBT

	<u>2018</u>	<u>2017</u>
0955210 BC Ltd.		
Repayable in monthly instalments of \$1,200, including interest at 0%.		
Matures July 2018.	\$ <u>4,152</u>	\$ <u>18,552</u>
	4,152	18,552
Less current portion:		
Cash repayments required within 12 months	\$ <u>4,152</u>	\$ <u>14,400</u>
Current debt	<u>4,152</u>	<u>14,400</u>
Long-term debt	\$ <u>-</u>	\$ <u>4,152</u>

Regular principal payments required on all long-term debt for the next five years are due as follows:

2019	\$ <u>4,152</u>
	\$ <u>4,152</u>

10. CONTINGENT LIABILITY

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. No adjustment has been made in these financial statements.

Pension Liability

The entity and its employees contribute to the Municipal Pension Plan (the "Plan"), a jointly trusteesd 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 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 the 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 \$77,230 (2017-\$65,669) for employer contributions to the Plan in fiscal 2018, while employees contributed \$63,060 (2017 - \$53,192) to the Plan in fiscal 2018.

CANADIAN MENTAL HEALTH ASSOCIATION PRINCE GEORGE BRANCH
NOTES TO FINANCIAL STATEMENTS
March 31, 2018

11. 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. The adjustment in current year is \$0 (2017 - \$1,487).

12. 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.

13. 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.

14. STATUTORY DISCLOSURES

- a) Remuneration paid to directors for the year ended March 31, 2018 \$0 (2017: \$0).
- b) Highest remuneration paid to an employee \$90,428, including benefits, pension and statutory payments made on behalf of the employee by the Association.
- c) No financial assistance (e.g. loans, guarantees) given outside of the ordinary course of its activities.

15. 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.

16. DEFERRED REVENUE

	<u>2018</u>	<u>2017</u>
Gaming grants	\$ 100,000	\$ 75,000
Connections Clubhouse elevator	23,114	-
City of Prince George	18,900	21,400
Prepaid client rent	8,656	-
BC Assistance client payments	7,140	7,047
Shoppers Drug Mart	3,897	-
Holiday of Hope	2,052	-
Government of Canada	-	57,395
Northern Health Authority	-	1,000
UNBC	-	1,000
	<u>\$ 163,759</u>	<u>\$ 162,842</u>

CANADIAN MENTAL HEALTH ASSOCIATION PRINCE GEORGE BRANCH
NOTES TO FINANCIAL STATEMENTS
March 31, 2018

17. SUBSEQUENT EVENT

There was a fire August 17, 2018 at Norwood Clubhouse and Store. Cause of the fire is under investigation, but it will be covered by insurance. The approximate damage is not yet determined. This may cause up to \$2,000 in lost revenue for Two Rivers Catering. The estimated repair time is six to sixteen months. A smaller scale of the activities has been operating in shared space with aboriginal housing.