

CANADIAN MENTAL HEALTH ASSOCIATION PRINCE GEORGE BRANCH

FINANCIAL STATEMENTS

March 31, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Members of Canadian Mental Health Association Prince George Branch

Opinion

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, 2019, and the statements of operations, changes in net assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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, 2019, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit, in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

As required by the Societies Act, we report that, in our opinion, the accounting principles in Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

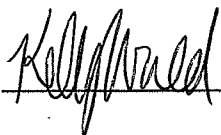
KSO Accounting Group
 KSO Accounting Group
 1181 3rd Avenue
 Chartered Professional Accountants


September 11, 2019
 Prince George, B.C.

CANADIAN MENTAL HEALTH ASSOCIATION PRINCE GEORGE BRANCH
STATEMENT OF FINANCIAL POSITION
March 31, 2019

ASSETS		<u>2019</u>	<u>2018</u>
CURRENT			
Cash	\$	230,250	\$ 87,273
Term deposits (Note 6)		289,324	39,046
Accounts receivable (Note 5)		43,764	49,458
Inventory		1,859	1,885
Prepaid expenses		23,359	23,376
Goods and Services Tax receivable		<u>8,217</u>	<u>6,342</u>
TOTAL CURRENT ASSETS		596,773	207,380
TANGIBLE CAPITAL ASSETS (Note 7)		<u>124,139</u>	<u>146,791</u>
TOTAL ASSETS	\$	<u>720,912</u>	<u>\$ 354,171</u>
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities	\$	55,574	\$ 49,756
Payroll liabilities		119,636	118,752
Scheduled repayments of long-term debt (Note 9)		-	4,152
Prepaid rent and security deposits		5,821	5,789
Deferred revenue		<u>493,373</u>	<u>163,759</u>
TOTAL LIABILITIES		<u>674,404</u>	<u>342,208</u>
NET ASSETS			
Net assets invested in capital assets		124,139	142,640
Unrestricted net assets		<u>(77,631)</u>	<u>(130,677)</u>
TOTAL NET ASSETS		<u>46,508</u>	<u>11,963</u>
TOTAL LIABILITIES & NET ASSETS	\$	<u>720,912</u>	<u>\$ 354,171</u>

Approved on behalf of the Board:

 _____, Director

 _____, Director

CANADIAN MENTAL HEALTH ASSOCIATION PRINCE GEORGE BRANCH
STATEMENT OF OPERATIONS
For the year ended March 31, 2019

	<u>2019</u>	<u>% of Revenue</u>	<u>2018</u>	<u>% of Revenue</u>
REVENUE				
Grants	\$ 1,655,028	73.9	\$ 1,622,890	76.0
Program sales	236,075	10.5	211,693	9.9
Rental income	204,359	9.1	196,308	9.2
BC Gaming Commission	100,000	4.5	75,000	3.5
Donations and memberships	44,997	2.0	29,836	1.4
Interest	<u>501</u>	-	<u>332</u>	-
	<u>2,240,960</u>	100.0	<u>2,136,059</u>	100.0
EXPENSES				
Amortization of tangible assets	24,851	1.1	36,597	1.7
Bad debts	4,090	0.2	100	-
Office and general	72,782	3.2	82,102	3.8
Outreach and supplies	158,149	7.1	200,303	9.4
Professional fees	28,241	1.3	29,748	1.4
Rent - clients and projects	164,462	7.3	159,252	7.5
Rent - office	59,676	2.7	60,393	2.8
Repairs and maintenance	18,020	0.8	15,960	0.7
Staff development	52,807	2.4	17,069	0.8
Subsidies	41,830	1.9	40,625	1.9
Travel and vehicle	101,583	4.5	100,713	4.7
Utilities	22,744	1.0	23,509	1.1
Wages and benefits	<u>1,458,330</u>	65.1	<u>1,379,813</u>	64.6
	<u>2,207,565</u>	<u>98.5</u>	<u>2,146,184</u>	<u>100.5</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>33,395</u>	<u>1.5</u>	<u>(10,125)</u>	<u>(0.5)</u>
OTHER ITEMS				
Gain (loss) on sale of assets	<u>1,150</u>	0.1	<u>-</u>	-
	<u>1,150</u>	<u>0.1</u>	<u>-</u>	-
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>\$ 34,545</u>	<u>1.5</u>	<u>\$ (10,125)</u>	<u>(0.5)</u>

CANADIAN MENTAL HEALTH ASSOCIATION PRINCE GEORGE BRANCH
STATEMENT OF CHANGES IN NET ASSETS
For the year ended March 31, 2019

NET ASSETS	Invested in capital assets	Restricted	Unrestricted	Total 2019	Total 2018
Balance, beginning of year	\$ 142,640	\$ -	\$ (130,677)	\$ 11,963	\$ 22,088
Excess (deficiency) of revenues over expenses	(23,701)	-	58,246	34,545	(10,125)
Investment in capital assets	<u>5,200</u>	<u>-</u>	<u>(5,200)</u>	<u>-</u>	<u>-</u>
	<u>124,139</u>	<u>-</u>	<u>(77,631)</u>	<u>46,508</u>	<u>11,963</u>
Balance, end of year	<u>\$ 124,139</u>	<u>\$ -</u>	<u>\$ (77,631)</u>	<u>\$ 46,508</u>	<u>\$ 11,963</u>

See accompanying Notes to Financial Statements

CANADIAN MENTAL HEALTH ASSOCIATION PRINCE GEORGE BRANCH
CASH FLOW STATEMENT
For the year ended March 31, 2019

	<u>2019</u>	<u>2018</u>
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ 34,545	\$ (10,125)
Add (deduct):		
Charges to income not involving cash		
Amortization	24,851	36,597
Gain on disposal of assets	<u>(1,150)</u>	<u>-</u>
	58,246	26,472
Net change in non-cash working capital balances related to operations		
Trade receivables	4,962	49,110
Due from employees	733	(932)
Inventories	26	990
Prepaid expenses	16	(1,086)
Accounts payable and accrued liabilities	5,818	(23,603)
Payroll liabilities	883	24,085
Goods and services tax payable	(1,874)	(3,290)
Prepaid rent and security deposits	33	712
Deferred revenue	<u>329,614</u>	<u>917</u>
	<u>398,457</u>	<u>73,375</u>
FINANCING ACTIVITIES		
Repayment of long-term debt	<u>(4,152)</u>	<u>(14,400)</u>
	<u>(4,152)</u>	<u>(14,400)</u>
INVESTING ACTIVITIES		
Proceeds from disposal of tangible capital assets:		
- Furniture and equipment	5,752	-
Purchase of tangible capital assets:		
- Furniture and equipment	(6,801)	(6,121)
- Leasehold improvements	<u>-</u>	<u>(28,000)</u>
	<u>(1,049)</u>	<u>(34,121)</u>
INCREASE IN CASH AND CASH EQUIVALENTS	393,256	24,854
CASH AND CASH EQUIVALENTS, beginning of year	<u>126,318</u>	<u>101,465</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 519,574</u>	<u>\$ 126,319</u>
Cash and cash equivalents consist of:		
Cash	\$ 230,250	\$ 87,273
Term deposits	<u>289,324</u>	<u>39,046</u>
	<u>\$ 519,574</u>	<u>\$ 126,319</u>

See accompanying Notes to Financial Statements

7.

CANADIAN MENTAL HEALTH ASSOCIATION PRINCE GEORGE BRANCH
NOTES TO FINANCIAL STATEMENTS
March 31, 2019

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. 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. This represented 31.2% (38.3% - 2018) of total revenues. This volume of transactions is normal for this type of not-for-profit.

3. 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 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 cost consist of cash, term deposits and accounts receivable.

Financial liabilities measured at cost consist of accounts payable, accrued liabilities payroll liabilities and deferred revenues.

- b) Cash and cash equivalents include amounts on deposit with financial institutions.
- c) 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).
- d) The organization reports its investments at their fair value, and reports unrealized gains and losses on those investments in the Statement of Operations.
- e) 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.

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

CANADIAN MENTAL HEALTH ASSOCIATION PRINCE GEORGE BRANCH
NOTES TO FINANCIAL STATEMENTS
March 31, 2019

- f) 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.

- g) 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.
- h) 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.

4. 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 accounts payable.

5. ACCOUNTS RECEIVABLE

	<u>2019</u>	<u>2018</u>
Trade receivables	\$ 43,117	\$ 48,078
Due from employees	<u>647</u>	<u>1,380</u>
	<u>\$ 43,764</u>	<u>\$ 49,458</u>

CANADIAN MENTAL HEALTH ASSOCIATION PRINCE GEORGE BRANCH
NOTES TO FINANCIAL STATEMENTS
March 31, 2019

6. INVESTMENTS

	<u>2019</u>	<u>2018</u>
CIBC GIC at 2.15%, matures January 2020	\$ 150,000	\$ -
CIBC GIC at 2.15%, matures February 2020	100,000	-
BMO GIC at 1.8%, matures January 2020	38,192	-
CIBC GIC at 0.6%, matures January 2020	1,131	1,129
CIBC GIC	<u>-</u>	<u>37,917</u>
	<u>\$ 289,323</u>	<u>\$ 39,046</u>

Investments consist of GIC's as disclosed above. The BMO GIC is held as collateral for the BMO Mastercard.

7. TANGIBLE CAPITAL ASSETS

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	
			<u>2019</u>	<u>2018</u>
Automotive equipment	\$ 36,925	\$ 36,925	\$ -	\$ -
Furniture and fixtures	227,331	215,000	12,331	17,422
Leasehold improvements	138,319	112,773	25,546	43,107
Building	167,461	102,199	65,262	65,262
Land	<u>21,000</u>	<u>-</u>	<u>21,000</u>	<u>21,000</u>
	<u>\$ 591,036</u>	<u>\$ 466,897</u>	<u>\$ 124,139</u>	<u>\$ 146,791</u>

Clubhouse building with net book value of \$65,262 is not being amortized as it has been removed from service.

8. GOVERNMENT REMITTANCES

The amount owing for government remittances other than those accounts that are separately reported in the balance sheet is \$32,496 (2018 - \$38,046). This amount is included in payroll liabilities.

9. LONG-TERM DEBT

	<u>2019</u>	<u>2018</u>
0955210 BC Ltd.	\$ -	\$ 4,152
	-	4,152
Less current portion:		
Cash repayments required within 12 months	\$ -	\$ 4,152
Current debt	<u>-</u>	<u>4,152</u>
Long-term debt	<u>\$ -</u>	<u>\$ -</u>

CANADIAN MENTAL HEALTH ASSOCIATION PRINCE GEORGE BRANCH
NOTES TO FINANCIAL STATEMENTS
March 31, 2019

10. LEASE COMMITMENTS

The organization has updated its lease agreement for office premises starting May 1, 2019 and expiring on April 30, 2024. In addition, the association is required to pay all common costs such as property tax, building insurance, and utilities. Minimum lease payments for the lease are as follows:

2020	\$ 76,772
2021	77,797
2022	77,797
2023	77,797
2024	<u>77,797</u>
	<u>\$ 387,960</u>

11. 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 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 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 \$101,158 (2018 - \$77,230) for employer contributions to the Plan in fiscal 2019, while employees contributed \$82,677 (2018 - \$63,060) to the Plan in fiscal 2019.

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.

CANADIAN MENTAL HEALTH ASSOCIATION PRINCE GEORGE BRANCH
NOTES TO FINANCIAL STATEMENTS
March 31, 2019

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, 2019 \$0 (2018: \$0).
- b) Highest remuneration paid to an employee \$86,928, 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.