

CANADIAN MENTAL HEALTH ASSOCIATION PRINCE GEORGE BRANCH

FINANCIAL STATEMENTS

March 31, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Members of Canadian Mental Health Association Prince George Branch

Report on the Audit of the Financial Statements

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, 2020, 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, 2020, 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

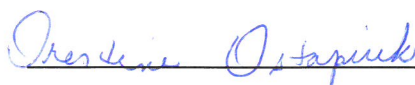
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Chartered Professional Accountants

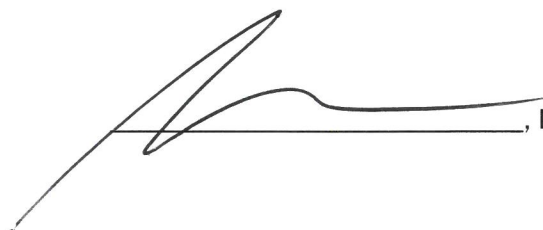
September 25, 2020
Prince George, B.C.

CANADIAN MENTAL HEALTH ASSOCIATION PRINCE GEORGE BRANCH
STATEMENT OF FINANCIAL POSITION
March 31, 2020

ASSETS		<u>2020</u>	<u>2019</u>
CURRENT			
Cash	\$	253,841	\$ 230,250
Term deposits (Note 5)		295,403	289,324
Accounts receivable (Note 6)		135,880	43,764
Inventory		1,805	1,859
Prepaid expenses		27,724	23,359
Goods and services tax receivable		<u>10,707</u>	<u>8,217</u>
TOTAL CURRENT ASSETS		725,360	596,773
TANGIBLE CAPITAL ASSETS (Note 7)		<u>113,743</u>	<u>124,139</u>
TOTAL ASSETS		<u>\$ 839,103</u>	<u>\$ 720,912</u>
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities	\$	66,188	\$ 55,575
Payroll liabilities		150,867	119,636
Prepaid rent and security deposits		6,419	5,821
Deferred revenue (Note 8)		<u>605,907</u>	<u>493,373</u>
TOTAL LIABILITIES		<u>829,381</u>	<u>674,405</u>
NET ASSETS			
Net assets invested in capital assets		113,743	124,139
Unrestricted net assets		<u>(104,021)</u>	<u>(77,632)</u>
TOTAL NET ASSETS		<u>9,722</u>	<u>46,507</u>
TOTAL LIABILITIES & NET ASSETS		<u>\$ 839,103</u>	<u>\$ 720,912</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, 2020

	<u>2020</u>	<u>% of Revenue</u>	<u>2019</u>	<u>% of Revenue</u>
REVENUE				
Grants	\$ 1,767,098	73.1	\$ 1,655,028	73.9
Program sales	310,572	12.9	236,075	10.5
Rental income	211,704	8.8	204,359	9.1
BC Gaming Commission	100,000	4.1	100,000	4.5
Donations and memberships	21,235	0.9	44,997	2.0
Interest	<u>6,153</u>	0.3	<u>501</u>	-
	<u>2,416,762</u>	100.0	<u>2,240,960</u>	100.0
EXPENSES				
Amortization of tangible assets	17,039	0.7	24,851	1.1
Bad debts	-	-	4,090	0.2
Insurance	15,484	0.6	14,041	0.6
Office and general	78,930	3.3	58,741	2.6
Outreach and supplies	173,784	7.2	158,149	7.1
Professional fees	25,395	1.1	28,241	1.3
Rent - clients and projects	170,329	7.0	164,462	7.3
Rent - office	72,404	3.0	59,676	2.7
Repairs and maintenance	12,910	0.5	18,020	0.8
Staff development	27,717	1.1	52,807	2.4
Subsidies	36,677	1.5	41,830	1.9
Travel and vehicle	77,190	3.2	101,583	4.5
Utilities	20,639	0.9	22,744	1.0
Wages and benefits	<u>1,725,049</u>	71.4	<u>1,458,330</u>	65.1
	<u>2,453,547</u>	101.5	<u>2,207,565</u>	98.5
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENSES	<u>(36,785)</u>	<u>(1.5)</u>	<u>33,395</u>	<u>1.5</u>
OTHER ITEMS				
Gain (loss) on sale of assets	<u>-</u>	-	<u>1,150</u>	0.1
	<u>-</u>	-	<u>1,150</u>	0.1
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENSES	<u>\$ (36,785)</u>	<u>(1.5)</u>	<u>\$ 34,545</u>	<u>1.5</u>

See accompanying Notes to Financial Statements

5.

CANADIAN MENTAL HEALTH ASSOCIATION PRINCE GEORGE BRANCH
STATEMENT OF CHANGES IN NET ASSETS
For the year ended March 31, 2020

NET ASSETS	Invested in capital assets	Restricted	Unrestricted	Total 2020	Total 2019
Balance, beginning of year	\$ 124,139	\$ -	\$ (77,632)	\$ 46,507	\$ 11,962
(Deficiency) excess of revenues over expenses	(17,039)	-	(19,746)	(36,785)	34,545
Investment in capital assets	<u>6,643</u> 113,743	<u>-</u> -	<u>(6,643)</u> (104,021)	<u>-</u> 9,722	<u>-</u> 46,507
Balance, end of year	<u>\$ 113,743</u>	<u>\$ -</u>	<u>\$ (104,021)</u>	<u>\$ 9,722</u>	<u>\$ 46,507</u>

See accompanying Notes to Financial Statements

CANADIAN MENTAL HEALTH ASSOCIATION PRINCE GEORGE BRANCH
CASH FLOW STATEMENT
For the year ended March 31, 2020

	<u>2020</u>	<u>2019</u>
OPERATING ACTIVITIES		
(Deficiency) excess of revenue over expenses	\$ (36,785)	\$ 34,545
Add (deduct):		
Charges to income not involving cash		
Amortization	17,039	24,851
Gain on disposal of assets	<u>-</u>	<u>(1,150)</u>
	(19,746)	58,246
Net change in non-cash working capital balances related to operations		
Trade receivables	(92,669)	4,962
Due from employees	553	733
Inventories	54	26
Prepaid expenses	(4,365)	16
Accounts payable and accrued liabilities	10,613	5,818
Payroll liabilities	31,232	883
Goods and services tax payable	(2,490)	(1,874)
Prepaid rent and security deposits	598	33
Deferred revenue	<u>112,533</u>	<u>329,614</u>
	<u>36,313</u>	<u>398,457</u>
FINANCING ACTIVITIES		
Repayment of long-term debt	<u>-</u>	<u>(4,152)</u>
	<u>-</u>	<u>(4,152)</u>
INVESTING ACTIVITIES		
Proceeds from disposal of tangible capital assets:		
- Furniture and equipment	-	5,752
Purchase of tangible capital assets:		
- Furniture and equipment	<u>(6,643)</u>	<u>(6,801)</u>
	<u>(6,643)</u>	<u>(1,049)</u>
INCREASE IN CASH AND CASH EQUIVALENTS	29,670	393,256
CASH AND CASH EQUIVALENTS, beginning of year	<u>519,574</u>	<u>126,318</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 549,244</u>	<u>\$ 519,574</u>
Cash and cash equivalents consist of:		
Cash	\$ 253,841	\$ 230,250
Term deposits	<u>295,403</u>	<u>289,324</u>
	<u>\$ 549,244</u>	<u>\$ 519,574</u>

See accompanying Notes to Financial Statements

7.

CANADIAN MENTAL HEALTH ASSOCIATION PRINCE GEORGE BRANCH
NOTES TO FINANCIAL STATEMENTS
March 31, 2020

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 and as such exempt under the income tax act. 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 surrounding 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 37.9% (31.2% - 2019) of total revenues. This volume of transactions is normal for this type of not-for-profit organization.

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. Receipted and 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, 2020

- 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's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that there are no significant currency, credit or interest risks arising from these financial instruments. The fair value of the instruments approximates their carrying values, unless otherwise noted.

CANADIAN MENTAL HEALTH ASSOCIATION PRINCE GEORGE BRANCH
NOTES TO FINANCIAL STATEMENTS
March 31, 2020

5. INVESTMENTS

	<u>2020</u>	<u>2019</u>
BMO GIC at 1.45%, matures January 2021	\$ 38,878	\$ -
BMO GIC at 1.45%, matures February 2021	153,225	-
BMO GIC at 1.45%, matures March 2021	102,162	-
BMO GIC at 1.45%, matures February 2021	1,138	-
CIBC GIC	-	150,000
CIBC GIC	-	100,000
BMO GIC	-	38,192
CIBC GIC	-	1,132
	<u>\$ 295,403</u>	<u>\$ 289,324</u>

Investments consist of GIC's as disclosed above. The BMO GIC of \$38,878 is held as collateral for the BMO Mastercard.

6. ACCOUNTS RECEIVABLE

	<u>2020</u>	<u>2019</u>
Trade receivables	\$ 135,786	\$ 43,117
Due from employees	<u>94</u>	<u>647</u>
	<u>\$ 135,880</u>	<u>\$ 43,764</u>

7. TANGIBLE CAPITAL ASSETS

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	
			<u>2020</u>	<u>2019</u>
Automotive equipment	\$ 36,925	\$ 36,925	\$ -	\$ -
Furniture and fixtures	233,974	220,493	13,481	12,331
Leasehold improvements	138,319	124,319	14,000	25,546
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>\$ 597,679</u>	<u>\$ 483,936</u>	<u>\$ 113,743</u>	<u>\$ 124,139</u>

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

CANADIAN MENTAL HEALTH ASSOCIATION PRINCE GEORGE BRANCH
NOTES TO FINANCIAL STATEMENTS
March 31, 2020

8. DEFERRED REVENUE

	Beginning	Received	Earned	Deferred
Clubhouse building funds	\$ 183,450	\$ 28,830	\$ 64,379	\$ 147,901
Gaming Grant	100,000	100,000	100,000	100,000
Renovation Grant	100,000	100,000	100,000	100,000
CFO Grant (Crime Reduction)	50,000	-	25,000	25,000
Connections Clubhouse Elevator	23,114	-	-	23,114
City of Prince George	19,600	23,000	19,600	23,000
Customer deposits	15,043	8,848	14,806	9,085
Holiday of Hope	2,166	3,490	2,166	3,490
Food Security	-	120,000	38,384	81,616
Forensic Services	-	35,000	-	35,000
Community Future	-	1,042	-	1,042
Cedars Christian School	-	800	-	800
Red Cross	-	164,242	108,383	55,859
	<u>\$ 493,373</u>	<u>\$ 585,252</u>	<u>\$ 472,718</u>	<u>\$ 605,907</u>

9. GOVERNMENT REMITTANCES

The amount owing for government remittances other than those accounts that are separately reported in the balance sheet is \$26,689 (2019 - \$32,496). This amount is included in payroll liabilities.

10. LEASE COMMITMENTS

The organization has updated its lease agreement for primary 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. Further, a temporary lease was entered into to replace the burned building with Aboriginal Housing through August of 2020. Minimum lease payments for the leases are as follows:

2021	\$ 90,005
2022	77,797
2023	77,797
2024	77,797
2025	<u>6,483</u>
	<u>\$ 329,879</u>

CANADIAN MENTAL HEALTH ASSOCIATION PRINCE GEORGE BRANCH
NOTES TO FINANCIAL STATEMENTS
March 31, 2020

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, 60,000 inactive members and 94,000 retired members. Active members include 18 contributors from the Association.

The most recent valuation as at December 31, 2018 indicated the Plan is fully funded for basic pension benefits. The next valuation will be as at December 31, 2021, with results available in 2022. 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 \$109,750 (2019 - \$101,158) for employer contributions to the Plan in fiscal 2020, while employees contributed \$96,108 (2019 - \$82,677) to the Plan in fiscal 2020.

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, 2020 \$0 (2019: \$0).
- b) Two employees were compensated over \$75,000 and the total pooled remuneration paid was \$185,739.
- c) No financial assistance (e.g. loans, guarantees) given outside of the ordinary course of its activities.

CANADIAN MENTAL HEALTH ASSOCIATION PRINCE GEORGE BRANCH
NOTES TO FINANCIAL STATEMENTS
March 31, 2020

15. COVID-19

The organization has analyzed the impact of the global pandemic on operations. This includes analysis of any impairment of assets, loss of customers or suppliers, employee layoffs, closure of operations and any new government programs available to the organization.

Management has seen no decrease in revenues year over year and therefore does not believe the organization will be financially affected in the foreseeable future. The entity is eligible for Government of Canada programs set up as a result of the pandemic. No adjustments have been made in these Financial Statements. The entity has subsequently applied for the following Canadian Government programs:

	Estimated Subsequent
Temporary Wage Subsidy	\$ 25,000

16. SUBSEQUENT EVENT

The board has approved the rebuild of the clubhouse. The Association will acquire bank financing to fully complete the build as well as using insurance proceeds.

CANADIAN MENTAL HEALTH ASSOCIATION PRINCE GEORGE BRANCH

For the year ended March 31, 2020

