

CANADIAN MENTAL HEALTH ASSOCIATION OF NORTHERN BC
FINANCIAL STATEMENTS
March 31, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Members of Canadian Mental Health Association of Northern BC

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Canadian Mental Health Association of Northern BC, which comprise the statement of financial position as at March 31, 2022, 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 of Northern BC as at March 31, 2022, 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 26, 2022
Prince George, B.C.

CANADIAN MENTAL HEALTH ASSOCIATION OF NORTHERN BC
STATEMENT OF FINANCIAL POSITION
March 31, 2022

ASSETS		<u>2022</u>	<u>2021</u>
CURRENT			
Cash		\$ 325,385	\$ 203,001
Accounts receivable		158,358	57,911
Inventory		2,074	1,805
Prepaid expenses		23,792	38,353
Goods and services tax receivable		<u>5,576</u>	<u>22,988</u>
TOTAL CURRENT ASSETS		515,185	324,058
TANGIBLE CAPITAL ASSETS (Note 6)		<u>1,103,392</u>	<u>1,124,392</u>
TOTAL ASSETS		<u>\$ 1,618,577</u>	<u>\$ 1,448,450</u>
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities		\$ 103,821	\$ 72,232
Payroll liabilities		184,178	183,404
Note payable		-	48,500
Scheduled repayments of long-term debt (Note 11)		2,469	6,706
Prepaid rent and security deposits		7,457	6,714
Deferred revenue		<u>938,144</u>	<u>765,912</u>
TOTAL CURRENT LIABILITIES		1,236,069	1,083,468
LONG-TERM DEBT (Note 11)		<u>245,732</u>	<u>248,154</u>
TOTAL LIABILITIES		<u>1,481,801</u>	<u>1,331,622</u>
NET ASSETS			
Net assets invested in capital assets		855,193	869,534
Unrestricted net assets		<u>(718,417)</u>	<u>(752,706)</u>
TOTAL NET ASSETS		<u>136,776</u>	<u>116,828</u>
TOTAL LIABILITIES & NET ASSETS		<u>\$ 1,618,577</u>	<u>\$ 1,448,450</u>

Approved on behalf of the Board:

_____, Director

_____, Director

CANADIAN MENTAL HEALTH ASSOCIATION OF NORTHERN BC
STATEMENT OF OPERATIONS
For the year ended March 31, 2022

	<u>2022</u>	<u>% of Revenue</u>	<u>2021</u>	<u>% of Revenue</u>
REVENUE				
Grants	\$ 2,352,292	79.7	\$ 2,238,008	78.0
Rental income	218,153	7.4	218,391	7.6
Program sales	212,458	7.2	252,488	8.8
BC Gaming Commission	100,000	3.4	100,000	3.5
Donations and memberships	40,552	1.4	56,972	2.0
Clubhouse Rebuild Contributions	28,773	1.0	-	-
Interest	<u>23</u>	-	<u>3,211</u>	0.1
	<u>2,952,251</u>	100.0	<u>2,869,070</u>	100.0
EXPENSES				
Amortization of tangible assets	49,942	1.7	17,332	0.6
Insurance	16,582	0.6	15,782	0.6
Interest on long-term debt	8,735	0.3	3,118	0.1
Office and general	88,484	3.0	67,379	2.3
Outreach and supplies	289,655	9.8	272,836	9.5
Professional fees	28,330	1.0	36,973	1.3
Rent - clients and projects	178,391	6.0	174,290	6.1
Rent - office	84,116	2.8	94,486	3.3
Repairs and maintenance	18,989	0.6	8,186	0.3
Staff development	38,936	1.3	23,176	0.8
Subcontracting	65,893	2.2	-	-
Subsidies	11,801	0.4	17,655	0.6
Travel and vehicle	49,118	1.7	36,067	1.3
Utilities	29,555	1.0	27,918	1.0
Wages and benefits	<u>1,973,776</u>	66.9	<u>1,966,768</u>	68.6
	<u>2,932,303</u>	99.3	<u>2,761,966</u>	96.3
EXCESS OF REVENUE OVER EXPENSES	<u><u>\$ 19,948</u></u>	<u><u>0.7</u></u>	<u><u>\$ 107,104</u></u>	<u><u>3.7</u></u>

See accompanying Notes to Financial Statements

5.

CANADIAN MENTAL HEALTH ASSOCIATION OF NORTHERN BC
STATEMENT OF CHANGES IN NET ASSETS
For the year ended March 31, 2022

NET ASSETS	Invested in capital assets	Restricted	Unrestricted	Total 2022	Total 2021
Balance, beginning of year	\$ 869,534	\$ -	\$ (752,706)	\$ 116,828	\$ 9,724
Excess of revenues over expenses	(49,942)	-	69,890	19,948	107,104
Investment in capital assets	<u>35,601</u>	<u>-</u>	<u>(35,601)</u>	<u>-</u>	<u>-</u>
	<u>855,193</u>	<u>-</u>	<u>(718,417)</u>	<u>136,776</u>	<u>116,828</u>
Balance, end of year	<u>\$ 855,193</u>	<u>\$ -</u>	<u>\$ (718,417)</u>	<u>\$ 136,776</u>	<u>\$ 116,828</u>

See accompanying Notes to Financial Statements

CANADIAN MENTAL HEALTH ASSOCIATION OF NORTHERN BC
STATEMENT OF CASH FLOWS
For the year ended March 31, 2022

	<u>2022</u>	<u>2021</u>
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 19,948	\$ 107,104
Add (deduct):		
Charges to income not involving cash		
Amortization	<u>49,942</u>	<u>17,332</u>
	69,890	124,436
Net change in non-cash working capital balances related to operations		
Trade receivables	(100,422)	77,945
Due from employees	(25)	24
Inventories	(269)	-
Prepaid expenses	14,561	(10,629)
Accounts payable and accrued liabilities	31,589	6,045
Payroll liabilities	774	32,537
Note payable	(48,500)	48,500
Goods and services tax payable	17,412	(12,281)
Prepaid rent and security deposits	744	295
Deferred revenue	<u>172,232</u>	<u>160,006</u>
	<u>157,986</u>	<u>426,878</u>
FINANCING ACTIVITIES		
Proceeds from long-term debt	-	256,000
Repayment of long-term debt	<u>(6,659)</u>	<u>(1,140)</u>
	<u>(6,659)</u>	<u>254,860</u>
INVESTING ACTIVITIES		
Purchase of tangible capital assets:		
- Furniture and equipment	(21,650)	(25,578)
- Building	<u>(7,292)</u>	<u>(1,002,403)</u>
	<u>(28,942)</u>	<u>(1,027,981)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	122,385	(346,243)
CASH AND CASH EQUIVALENTS, beginning of year	<u>203,000</u>	<u>549,244</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 325,385</u>	<u>\$ 203,001</u>

CANADIAN MENTAL HEALTH ASSOCIATION OF NORTHERN BC
NOTES TO FINANCIAL STATEMENTS
March 31, 2022

1. PURPOSE OF THE NOT-FOR-PROFIT ORGANIZATION

Canadian Mental Health Association of Northern BC (the "Association") is a registered charity incorporated under the laws of the Society Act of the Province of British Columbia and as such is 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 throughout Northern British Columbia.

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 cost.
- b) 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.
- c) Cash and cash equivalents include amounts on deposit with financial institutions.
- d) 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).
- e) The organization reports its investments at their fair value, and reports unrealized gains and losses on those investments in the Statement of Operations.
- f) 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 OF NORTHERN BC
NOTES TO FINANCIAL STATEMENTS
March 31, 2022

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

Contributions for Clubhouse Rebuild

Contributions received from insurance proceeds, grants and donations to rebuild the Connections Clubhouse have been deferred and will be recognized as revenue as the building is amortized.

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 Association may recognize contributed materials at their fair value.

The Association 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. 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 54.9% (2021 - 32.5%) of total revenues. This volume of transactions is normal for this type of not-for-profit organization.

4. 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 an increase in revenues this year over last year and therefore does not believe the organization will be financially affected in the foreseeable future. No adjustments have been made in these Financial Statements.

CANADIAN MENTAL HEALTH ASSOCIATION OF NORTHERN BC
NOTES TO FINANCIAL STATEMENTS
March 31, 2022

5. FINANCIAL INSTRUMENTS

The company's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities and long-term debt. 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.

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 organization's main credit risks relate to its accounts receivable. The organization's exposure to credit risk did not change significantly during the year.

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 organization is exposed to interest rate risk on its variable rate loans, which are tied to the bank prime rate. The organization's risk did not change significantly during the year, however, rates began increasing subsequent to year end which may subject the organization to cash flow risks.

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 and long-term debt.

6. TANGIBLE CAPITAL ASSETS

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	
			<u>2022</u>	<u>2021</u>
Automotive equipment	\$ 36,925	\$ 36,925	\$ -	\$ -
Furniture and fixtures	222,582	179,596	42,986	32,116
Leasehold improvements	138,319	135,519	2,800	8,400
Building	1,177,156	140,550	1,036,606	1,062,876
Land	<u>21,000</u>	<u>-</u>	<u>21,000</u>	<u>21,000</u>
	<u>\$1,595,982</u>	<u>\$ 492,590</u>	<u>\$1,103,392</u>	<u>\$1,124,392</u>

7. GOVERNMENT REMITTANCES

The amount owing for government remittances other than those accounts that are separately reported in the balance sheet is \$15,966 (2021 - \$15,505). This amount is included in payroll liabilities.

8. FINANCE FACILITIES

The Society has a line of credit facility with the Bank of Montreal authorized to \$75,000 bearing interest at prime plus 1%, secured by a general security agreement. It was unused during the fiscal year with no balance outstanding at March 31, 2022. The Society has corporate Mastercards authorized to \$30,000 bearing interest as determined by the corporate Mastercard agreement. At March 31, 2022 the balance outstanding is \$12,491 (2021 - \$13,779) included in accounts payable and accrued liabilities.

CANADIAN MENTAL HEALTH ASSOCIATION OF NORTHERN BC
NOTES TO FINANCIAL STATEMENTS
March 31, 2022

9. DEFERRED CONTRIBUTIONS

	<u>Beginning</u>	<u>Received</u>	<u>Earned</u>	<u>Deferred</u>
Clubhouse building funds	\$ 408,577	\$ 70,331	\$ 28,773	\$ 450,135
Food security	70,862	147,517	70,862	147,517
Gaming grant	100,000	100,000	100,000	100,000
Two Rivers Catering	-	64,720	-	64,720
City of Prince George	29,802	29,019	29,802	29,019
CMHA, BC Division, Community Action	40,361	28,936	40,361	28,936
Public Education	-	23,144	-	23,144
CMHA, National, Recovery College	-	20,000	645	19,355
CMHA, BC Division, Peer Support	9,424	16,656	9,424	16,656
CMHA, BC Division, Bounce Back	-	16,209	-	16,209
Ride Don't Hide	-	11,035	-	11,035
Customer deposits	9,365	9,686	9,129	9,922
Connections Clubhouse/Men's Shed	9,906	6,360	9,906	6,360
Resource Housing	-	5,668	-	5,668
SDL Foundation	1,153	4,945	1,153	4,945
Walking Group	4,552	2,502	4,552	2,502
PGNAETA	-	2,021	-	2,021
Northern Health Authority	39,167	-	39,167	-
Province of British Columbia	38,993	-	38,993	-
WJS Canada	3,000	-	3,000	-
United Way	600	-	600	-
Prince George Public Library	<u>150</u>	<u>-</u>	<u>150</u>	<u>-</u>
	<u>\$ 765,912</u>	<u>\$ 558,749</u>	<u>\$ 386,517</u>	<u>\$ 938,144</u>

10. LEASE COMMITMENTS

The organization has a lease agreement for primary office premises started 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 is as follows:

2023	\$ 77,797
2024	77,797
2025	<u>6,483</u>
	<u>\$ 162,077</u>

CANADIAN MENTAL HEALTH ASSOCIATION OF NORTHERN BC
NOTES TO FINANCIAL STATEMENTS
March 31, 2022

11. LONG-TERM DEBT

	<u>2022</u>	<u>2021</u>
Bank of Montreal, loan repayable in monthly instalments of \$1,283 bearing interest at prime plus 1%. Secured by real estate and a General Security Agreement covering all assets of the organization.	\$ <u>248,201</u>	\$ <u>254,860</u>
	248,201	254,860
Less current portion:		
Cash repayments required within 12 months	\$ <u>2,469</u>	\$ <u>6,706</u>
Long-term debt	\$ <u><u>245,732</u></u>	\$ <u><u>248,154</u></u>

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

2023	\$ 2,469
2024	1,385
2025	1,504
2026	1,592
2027	<u>1,686</u>
	\$ <u><u>8,636</u></u>

12. 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 Association 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 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 28 contributors from the Association in the fiscal year.

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 fall of 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 \$104,804 (2021 - \$117,041) for employer contributions to the Plan in fiscal 2022, while employees contributed \$94,515 (2021 - \$103,186) to the Plan in fiscal 2022.

CANADIAN MENTAL HEALTH ASSOCIATION OF NORTHERN BC
NOTES TO FINANCIAL STATEMENTS
March 31, 2022

13. 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. Rental income is recognized monthly from the programs as it is paid out on behalf of tenants being assisted.

14. 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. The amounts are recognized into deferred contributions until amounts are paid out and then classified as grant income.

15. STATUTORY DISCLOSURES

- a) Remuneration paid to directors for the year ended March 31, 2022 \$0 (2021: \$0).
- b) Four employees were compensated over \$75,000 and the total pooled remuneration paid, including benefits, pension and statutory payments made on behalf of the employee by the Association, was \$428,578 (2021: five employees \$502,636).
- c) No financial assistance (e.g. loans, guarantees) given outside of the ordinary course of its activities.

16. SUBSEQUENT EVENT

The Province of British Columbia is in the process of transferring the Connections Clubhouse land to the Association as a contribution. This transaction is expected to complete in June 2022.

17. COMPARATIVE INFORMATION

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