

ORIGINAL

**CANADIAN MENTAL HEALTH  
ASSOCIATION, SOUTH OKANAGAN  
SIMILKAMEEN BRANCH**

**Financial Statements**

Year Ended March 31, 2019



### *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 judgment 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 Association'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 Association'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 Association 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 British Columbia Societies Act, we report that, in our opinion, the Society's financial statements have been prepared following Canadian accounting standards for not-for-profit organizations that have been applied on a consistent basis with that of the preceding year.

*Omland Heal LLP*

Chartered Professional Accountants

Penticton, BC  
June 24, 2019

# CANADIAN MENTAL HEALTH ASSOCIATION, SOUTH OKANAGAN SIMILKAMEEN BRANCH

Statement of Financial Position


March 31, 2019


	2019	2018
<b>Assets</b>		
Current		
Cash	\$ 80,324	\$ 111,546
Investments (Note 3)	72,339	51,245
Accounts receivable	18,227	13,794
Prepaid expenses	452	4,684
	171,342	181,269
Tangible capital assets (Note 4)	16,284	17,091
	\$ 187,626	\$ 198,360

## Liabilities and Net assets

Current		
Accounts payable (Note 5)	\$ 22,193	\$ 33,558
Deferred contributions (Note 6)	110,068	99,144
Deferred capital contributions (Note 7)	10,785	13,544
	143,046	146,246
Net assets		
Invested in tangible capital assets	5,499	3,548
Unrestricted	39,081	48,566
	44,580	52,114
	\$ 187,626	\$ 198,360

Approved by the Directors

  
 \_\_\_\_\_ Director

  
 \_\_\_\_\_ Director

See accompanying notes to financial statements.

# CANADIAN MENTAL HEALTH ASSOCIATION, SOUTH OKANAGAN SIMILKAMEEN BRANCH

## Statement of Operations

Year Ended March 31, 2019

	2019	2018
<b>Revenues</b>		
Grants - Interior Health	\$ 400,530	\$ 392,904
Unity House food service	41,976	43,591
Janitorial	37,464	32,595
Course fees	32,374	6,150
Gaming	32,321	35,370
Fundraising	22,176	30,214
Grant - United Way	12,069	10,087
Donations	9,007	6,689
Other earnings	4,014	7,944
Grant - Federal Government	3,403	4,068
Grant - other	2,690	1,926
Memberships	390	200
Grants - BC Housing	-	9,616
	<b>598,414</b>	<b>581,354</b>
<b>Expenses</b>		
Administrative benefits	16,936	20,333
Administrative salaries	63,011	51,536
Advertising and promotion	1,487	3,299
Allowance to clients	14,574	12,805
Amortization	4,517	3,457
Business taxes, licences and memberships	2,014	5,117
Direct service benefits	65,561	50,341
Direct service salaries	269,313	256,972
Fundraising	7,977	8,846
Honorarium	5,169	4,883
Insurance	5,342	5,913
Office	11,725	8,917
Professional fees	10,069	22,623
Program supplies	12,761	9,158
Rental	24,000	24,000
Repairs and maintenance	9,410	13,655
Telephone	2,507	1,929
Training and development	23,158	5,901
Travel	6,485	5,415
Unity House food service supplies	43,183	49,749
Utilities	6,749	8,848
	<b>605,948</b>	<b>573,697</b>
<b>Excess (deficiency) of revenues over expenses</b>	<b>\$ (7,534)</b>	<b>\$ 7,657</b>

See accompanying notes to financial statements.

# CANADIAN MENTAL HEALTH ASSOCIATION, SOUTH OKANAGAN SIMILKAMEEN BRANCH

Statement of Changes in Net Assets

Year Ended March 31, 2019

	Invested in tangible capital assets		Unrestricted	2019	2018
Net assets - beginning of year	\$	3,548	\$ 48,566	\$ 52,114	\$ 44,457
Deficiency of revenues over expenses		(1,758)	(5,776)	(7,534)	7,657
Net change in investment in tangible capital assets		3,709	(3,709)	-	-
Net assets - end of year	\$	5,499	\$ 39,081	\$ 44,580	\$ 52,114

See accompanying notes to financial statements.

# CANADIAN MENTAL HEALTH ASSOCIATION, SOUTH OKANAGAN SIMILKAMEEN BRANCH

Statement of Cash Flows

Year Ended March 31, 2019

	2019	2018
Operating activities		
Excess (deficiency) of revenues over expenses	\$ (7,534)	\$ 7,657
Item not affecting cash:		
Amortization of tangible capital assets	4,517	3,457
	(3,017)	11,114
Changes in non-cash working capital:		
Accounts receivable	(4,433)	(9,381)
Accounts payable	(11,366)	912
Deferred contributions	10,924	20,235
Prepaid expenses	4,232	23
Deferred capital contributions	(2,759)	8,977
	(3,402)	20,766
Cash flow from (used by) operating activities	(6,419)	31,880
Investing activity		
Purchase of tangible capital assets	(3,709)	(12,261)
Increase (decrease) in cash flow	(10,128)	19,619
Cash - beginning of year	162,791	143,172
Cash - end of year	\$ 152,663	\$ 162,791
Cash consists of:		
Cash	\$ 80,324	\$ 111,546
Investments	72,339	51,245
	\$ 152,663	\$ 162,791

See accompanying notes to financial statements.

# CANADIAN MENTAL HEALTH ASSOCIATION, SOUTH OKANAGAN SIMILKAMEEN BRANCH

Notes to Financial Statements

Year Ended March 31, 2019

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## 1. Purpose of the Association

Canadian Mental Health Association, South Okanagan Similkameen Branch (the "Association") is a not-for-profit organization incorporated provincially under the Society Act of British Columbia. The Association is a registered charity and is exempt from the payment of income taxes under Section 149 (1) Income Tax Act.

The Association operates to promote the mental health of all people and supports the resilience and recovery of people with mental illness through advocacy, education, research and service. The Association adheres to the standards and principles of the Canadian Mental Health Association.

The operations of the Association are primarily funded by the Interior Health Authority.

## 2. Summary of significant accounting policies

### Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPPO).

### Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Examples of significant estimates include:

- providing for amortization of tangible capital assets,
- the estimated useful lives of assets;
- the allowance for doubtful accounts;
- the recoverability of tangible assets;

### Cash and cash equivalents

Cash and cash equivalents consist of deposits in banks, term deposits and other short term investments that are redeemable or have maturities of three months or less from the date of acquisition.

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# CANADIAN MENTAL HEALTH ASSOCIATION, SOUTH OKANAGAN SIMILKAMEEN BRANCH

Notes to Financial Statements

Year Ended March 31, 2019

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## 2. Summary of significant accounting policies (*continued*)

### Tangible capital assets

Tangible capital assets are stated at cost or deemed cost less accumulated amortization. Tangible capital assets are amortized over their estimated useful lives at the following rates and methods:

Computer equipment	45%	declining balance method
Furniture and fixtures	20%	declining balance method
Leasehold improvements	5 years	straight-line method

The Association regularly reviews its tangible capital assets to eliminate obsolete items.

Tangible capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

### Impairment of long lived assets

The Association tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

### Revenue recognition

The Association follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Unity House food service, fundraising, membership fees and other earnings are recognized when received.

Course fees are recognized as revenue when the services are performed.

Janitorial services are recognized as revenue when the services are performed.

Interest income is recognized as revenue in the year in which it was earned.

### Donated services and materials

The operations of the organization depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated services cannot be reasonably determined and are therefore not reflected in these financial statements. Donated supplies are reported at their fair market value if the value can be reasonably estimated.

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# CANADIAN MENTAL HEALTH ASSOCIATION, SOUTH OKANAGAN SIMILKAMEEN BRANCH

Notes to Financial Statements

Year Ended March 31, 2019

## 2. Summary of significant accounting policies (continued)

### Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Transaction costs related to financial instruments that will be subsequently measured at fair value are recognized in net income in the period incurred. Transaction costs related to financial instruments subsequently measured at amortized cost are included in the original cost of the asset or liability and recognized in net income over the life of the instrument using the straight-line method.

### Goods and services tax (GST)

Goods and services taxes ("GST") paid are recoverable at 83% as a rebate. The unrecoverable portion is recorded as an expense with the rebate treated as a receivable.

### Net assets

- a) Net assets invested in tangible capital assets represents the Association's net investment in property and equipment which is comprised of the unamortized amount of property and equipment purchased.
- b) Unrestricted net assets comprise the excess of revenue over expenses accumulated by the organization each year, net of transfers, and are available for general purposes.

## 3. Investments

Investments consist of redeemable term deposits plus accrued interest issued by Valley First Credit Union. The term deposits bear interest ranging from 0.80% to 3.05% and have maturity dates between June 1, 2019 and April 18, 2020.

## 4. Tangible capital assets

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Equipment	\$ 47,040	\$ 35,062	\$ 11,978	\$ 13,141
Computer equipment	6,504	3,975	2,529	1,666
Leasehold improvements	2,538	761	1,777	2,284
	\$ 56,082	\$ 39,798	\$ 16,284	\$ 17,091

# CANADIAN MENTAL HEALTH ASSOCIATION, SOUTH OKANAGAN SIMILKAMEEN BRANCH

Notes to Financial Statements

Year Ended March 31, 2019

## 5. Accounts payable

	2019	2018
Accounts payable and accrued liabilities	\$ 10,786	\$ 22,930
Government remittances payable	752	-
Payroll deductions payable	2,451	2,718
Vacation payable	8,203	7,910
	<b>\$ 22,192</b>	<b>\$ 33,558</b>

## 6. Deferred contributions

Deferred contributions represents the balance at year end of an accumulation of unspent contributions received to fund programs of the Association. Changes in the deferred contributions balances are as follows:

	2019	2018
Balance, beginning of year	\$ 99,141	\$ 78,908
Less: amounts recognized as revenue during the year	(50,151)	(38,367)
Add: amounts received related to the following year	61,078	58,600
Balance, end of year	<b>\$ 110,068</b>	<b>\$ 99,141</b>

## 7. Deferred capital contributions

Deferred capital contributions represent restricted contributions with which certain tangible capital assets were purchased. Changes in the deferred capital contributions balances for the period are as follows:

	2019	2018
Balance, beginning of year	\$ 13,544	\$ 4,567
Less: amounts amortized to revenue	(2,759)	(2,013)
Add: capital contributions received	-	10,990
Balance, end of year	<b>\$ 10,785</b>	<b>\$ 13,544</b>

# CANADIAN MENTAL HEALTH ASSOCIATION, SOUTH OKANAGAN SIMILKAMEEN BRANCH

Notes to Financial Statements

Year Ended March 31, 2019

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## 8. Lease commitments

The Association renewed its long term lease of its operating premises on September 25, 2017. The new lease was effective May 1, 2017 and expires on April 30, 2022. Under the lease, the Association is required to pay a base rent of \$24,000 for the five-year term. In addition to the above base rent, the Association must pay for utilities, maintenance and other related costs for the leased premises.

The Association also has an operating lease for office equipment which expires February 9, 2022. The lease agreement includes service and maintenance on the equipment. Future minimum lease payments as at year end are as follows:

2020	\$	1,770
2021		1,770
2022		1,622
		<hr/>
	\$	<u>5,162</u>

## 9. Pension plan

Total cash payments for employee future benefits for 2019, consisting of cash contributed by the Association to its defined contribution plan amounted to \$25,618 (2018 - \$19,746).

## 10. Financial instruments

The Association is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Association's risk exposure and concentration as of March 31, 2019.

### (a) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Association is exposed to credit risk from term deposits. The Association's risk with respect to term deposits is insignificant as they are insured by Credit Union Deposit Insurance Corporation of British Columbia.

### (b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Association is exposed to this risk mainly in respect its accounts payable and accrued liabilities.

### (c) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. The Association is exposed to interest rate risk primarily through its fixed interest financial instruments. Fixed interest instruments subject the association to a fair value risk.

Unless otherwise noted, it is management's opinion that the Association is not exposed to significant other price risks arising from these financial instruments.

# CANADIAN MENTAL HEALTH ASSOCIATION, SOUTH OKANAGAN SIMILKAMEEN BRANCH

Core Operations

(Schedule 1)

Year Ended March 31, 2019

	2019	2018
Revenue		
Grants	\$ 157,103	\$ 154,111
Other earnings	1,100	1,657
	<u>158,203</u>	<u>155,768</u>
Expenses		
Administrative benefits	16,936	19,436
Administrative salaries	49,221	46,234
Advertising and promotion	1,487	1,608
Amortization of tangible capital assets	4,517	3,457
Direct service benefits	10,002	7,514
Direct service salaries	29,862	33,079
Insurance	3,410	3,780
Licenses, dues and fees	2,014	2,867
Office and sundry	6,068	5,554
Professional fees	6,000	5,800
Program supplies	6,270	2,845
Rent	16,200	16,200
Repairs and maintenance	3,727	2,647
Telephone	2,209	1,929
Training and development	1,947	1,554
Travel	3,596	4,648
Utilities	6,749	8,848
	<u>170,215</u>	<u>168,000</u>
Deficiency of revenue over expenses	\$ (12,012)	\$ (12,232)

See accompanying notes to financial statements.

# CANADIAN MENTAL HEALTH ASSOCIATION, SOUTH OKANAGAN SIMILKAMEEN BRANCH

Unity House

(Schedule 2)

Year Ended March 31, 2019

	2019	2018
<b>Revenue</b>		
Grants	\$ 191,709	\$ 188,078
Other earnings	-	2,241
	<u>191,709</u>	<u>190,319</u>
<b>Expenses</b>		
Advertising and promotion	-	1,482
Direct service benefits	40,099	35,147
Direct service salaries	152,561	154,112
Program supplies	6,323	2,673
Repairs and maintenance	-	4,978
Training and development	350	1,642
	<u>199,333</u>	<u>200,034</u>
Deficiency of revenue over expenses	<u>\$ (7,624)</u>	<u>\$ (9,715)</u>

See accompanying notes to financial statements.

# CANADIAN MENTAL HEALTH ASSOCIATION, SOUTH OKANAGAN SIMILKAMEEN BRANCH

Meals Program

(Schedule 3)

Year Ended March 31, 2019

	2019	2018
<b>Revenue</b>		
Unity House food service	\$ 41,976	\$ 43,591
Gaming	32,321	35,370
United Way	12,000	8,000
Grants	2,690	1,926
Donations	1,600	-
Other earnings	-	70
	90,587	88,957
<b>Expenses</b>		
Administrative salaries	500	1,234
Direct service benefits	3,996	2,504
Direct service salaries	23,000	15,249
Insurance	1,932	2,132
Office and sundry	-	52
Professional fees	1,200	1,150
Rent	7,800	7,800
Repairs and maintenance	5,683	6,030
Travel	581	227
Unity House food service supplies	43,183	49,749
	87,875	86,127
<b>Excess of revenues over expenses</b>	<b>\$ 2,712</b>	<b>\$ 2,830</b>

See accompanying notes to financial statements.

# CANADIAN MENTAL HEALTH ASSOCIATION, SOUTH OKANAGAN SIMILKAMEEN BRANCH

Mental Health Advocacy

(Schedule 4)

Year Ended March 31, 2019

	2019	2018
Revenue		
Grants	\$ 25,600	\$ 25,112
Expenses		
Administrative benefits	780	758
Administrative salaries	3,100	3,010
Direct service benefits	5,364	3,082
Direct service salaries	18,619	17,779
Travel	535	540
	28,398	25,169
Deficiency of revenue over expenses	\$ (2,798)	\$ (57)

See accompanying notes to financial statements.

# CANADIAN MENTAL HEALTH ASSOCIATION, SOUTH OKANAGAN SIMILKAMEEN BRANCH

CMHA Programs

(Schedule 5)

Year Ended March 31, 2019

	2019	2018
<b>Revenue</b>		
Janitorial services	\$ 37,464	\$ 32,595
Fundraising	22,176	30,214
Course fees	5,017	6,150
Donations	4,907	6,689
Grants	3,403	4,068
Other earnings	2,913	3,519
Memberships	390	200
United Way	-	2,000
	<b>76,270</b>	<b>85,435</b>
<b>Expenses</b>		
Administrative benefits	-	139
Administrative salaries	6,411	1,058
Advertising and promotion	-	259
Direct service benefits	1,162	1,416
Direct service salaries	27,814	29,116
Fundraising	7,977	8,796
Licenses, dues and fees	-	2,250
Office and sundry	916	7
Professional fees	-	12,823
Program supplies	168	3,640
Training and development	-	2,705
	<b>44,448</b>	<b>62,209</b>
<b>Excess of revenues over expenses</b>	<b>\$ 31,822</b>	<b>\$ 23,226</b>

See accompanying notes to financial statements.



# CANADIAN MENTAL HEALTH ASSOCIATION, SOUTH OKANAGAN SIMILKAMEEN BRANCH

Housing

(Schedule 6)

Year Ended March 31, 2019

	2019	2018
Revenue		
Course fees	\$ 2,404	\$ -
Grants	-	9,616
	2,404	9,616
Expenses		
Direct service benefits	138	677
Direct service salaries	1,455	7,637
	1,593	8,314
Excess of revenue over expenses	\$ 811	\$ 1,302

See accompanying notes to financial statements.

# CANADIAN MENTAL HEALTH ASSOCIATION, SOUTH OKANAGAN SIMILKAMEEN BRANCH

Consumer Development  
Year Ended March 31, 2019

(Schedule 7)

	2019	2018
Revenue		
Grants	\$ 26,188	\$ 25,690
Other earnings	-	456
	26,188	26,146
Expenses		
Allowance to clients	14,574	12,805
Honorariums	5,169	4,883
Office and sundry	3,518	3,306
Professional fees	2,869	2,850
	26,130	23,844
Excess of revenues over expenses	\$ 58	\$ 2,302

See accompanying notes to financial statements.

# CANADIAN MENTAL HEALTH ASSOCIATION, SOUTH OKANAGAN SIMILKAMEEN BRANCH

Education

(Schedule 8)

Year Ended March 31, 2019

	2019	2018
<b>Revenues</b>		
Course fees	\$ 24,953	\$ -
Donations	2,500	-
	<b>27,453</b>	<b>-</b>
<b>Expenses</b>		
Administrative salaries	3,000	-
Direct service benefits	4,801	-
Direct service salaries	16,001	-
Office and sundry	1,220	-
Telephone	299	-
Training and development	20,861	-
Travel	1,424	-
Vehicle	350	-
	<b>47,956</b>	<b>-</b>
<b>Deficiency of revenues over expenses</b>	<b>\$ (20,503)</b>	<b>\$ -</b>

See accompanying notes to financial statements.