

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

Financial Statements

Year Ended March 31, 2020

CANADIAN MENTAL HEALTH ASSOCIATION, SOUTH OKANAGAN SIMILKAMEEN BRANCH

Index to Financial Statements

Year Ended March 31, 2020

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Operations	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 12
Core Operations (<i>Schedule 1</i>)	13
Unity House (<i>Schedule 2</i>)	14
Meals Program (<i>Schedule 3</i>)	15
Mental Health Advocacy (<i>Schedule 4</i>)	16
CMHA Programs (<i>Schedule 5</i>)	17
Housing (<i>Schedule 6</i>)	18
Consumer Development (<i>Schedule 7</i>)	19
Education (<i>Schedule 8</i>)	20



INDEPENDENT AUDITOR'S REPORT

To the Members of Canadian Mental Health Association, South Okanagan Similkameen Branch

Report on the Financial Statements

Opinion

We have audited the financial statements of Canadian Mental Health Association, South Okanagan Similkameen Branch (the Association), 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 accompanying financial statements present fairly, in all material respects, the financial position of the Association as at March 31, 2020, and the results of its operations 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 Association 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 those 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 Association's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

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

(continues)



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
September 9, 2020

CANADIAN MENTAL HEALTH ASSOCIATION, SOUTH OKANAGAN SIMILKAMEEN BRANCH

Statement of Financial Position

March 31, 2020


	2020	2019
Assets		
Current		
Cash	\$ 88,996	\$ 80,324
Investments (Note 3)	133,667	72,339
Accounts receivable	20,001	18,227
Prepaid expenses	486	452
	243,150	171,342
Tangible capital assets (Note 4)	19,615	16,284
	\$ 262,765	\$ 187,626

Liabilities and Net assets

Current		
Accounts payable (Note 5)	\$ 32,822	\$ 22,193
Deferred contributions (Note 6)	130,108	110,068
Deferred capital contributions (Note 7)	15,849	10,785
	178,779	143,046
Net assets		
Invested in tangible capital assets	3,766	5,498
Unrestricted	80,220	39,082
	83,986	44,580
	\$ 262,765	\$ 187,626

Lease commitments (Note 8)

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, 2020

	2020	2019
Revenues		
Grants - Interior Health	\$ 430,941	\$ 400,530
Course fees	53,926	32,374
Unity House food service	44,393	41,976
Janitorial	32,773	37,464
Gaming	31,651	32,321
Donations	24,712	9,007
Fundraising	18,092	22,176
Grants - BC Housing	8,587	-
Other earnings	7,566	4,014
Grant - United Way	7,456	12,069
Grant - Federal Government	4,115	3,403
Grant - other	3,070	2,690
Memberships	180	390
	667,462	598,414
Expenses		
Administrative benefits	20,050	17,716
Administrative salaries	64,591	62,231
Advertising and promotion	1,521	1,487
Allowance to clients	13,671	14,574
Amortization of tangible capital assets	4,861	4,517
Licences, memberships and fees	4,100	2,014
Direct service benefits	56,943	65,561
Direct service salaries	274,421	269,313
Fundraising	8,248	7,977
Honorarium	5,062	5,169
Insurance	4,399	5,342
Office	15,782	11,725
Professional fees	10,069	10,069
Program supplies	23,588	12,761
Rental	24,000	24,000
Repairs and maintenance	9,691	9,410
Sub-contracts	27,123	-
Telephone	3,174	2,507
Training and development	3,667	23,158
Travel	9,080	6,485
Unity House food service supplies	38,447	43,183
Utilities	5,568	6,749
	628,056	605,948
Excess (deficiency) of revenues over expenses	\$ 39,406	\$ (7,534)

See accompanying notes to financial statements.

CANADIAN MENTAL HEALTH ASSOCIATION, SOUTH OKANAGAN SIMILKAMEEN BRANCH

Statement of Changes in Net Assets

Year Ended March 31, 2020

	Invested in tangible capital assets		Unrestricted	2020	2019
Net assets - beginning of year	\$	5,498	\$ 39,082	\$ 44,580	\$ 52,114
Excess (deficiency) of revenues over expenses		(1,732)	41,138	39,406	(7,534)
Net assets - end of year	\$	3,766	\$ 80,220	\$ 83,986	\$ 44,580

See accompanying notes to financial statements.

CANADIAN MENTAL HEALTH ASSOCIATION, SOUTH OKANAGAN SIMILKAMEEN BRANCH

Statement of Cash Flows

Year Ended March 31, 2020

	2020	2019
Operating activities		
Excess (deficiency) of revenues over expenses	\$ 39,406	\$ (7,534)
Item not affecting cash:		
Amortization of tangible capital assets	4,861	4,517
	44,267	(3,017)
Changes in non-cash working capital:		
Accounts receivable	(1,774)	(4,433)
Accounts payable	10,629	(11,366)
Deferred contributions	20,040	10,924
Prepaid expenses	(34)	4,232
Deferred capital contributions	5,064	(2,759)
	33,925	(3,402)
Cash flow from (used by) operating activities	78,192	(6,419)
Investing activity		
Purchase of tangible capital assets	(8,192)	(3,709)
Increase (decrease) in cash flow	70,000	(10,128)
Cash - beginning of year	152,663	162,791
Cash - end of year	\$ 222,663	\$ 152,663
Cash consists of:		
Cash	\$ 88,996	\$ 80,324
Investments	133,667	72,339
	\$ 222,663	\$ 152,663

See accompanying notes to financial statements.

CANADIAN MENTAL HEALTH ASSOCIATION, SOUTH OKANAGAN SIMILKAMEEN BRANCH

Notes to Financial Statements

Year Ended March 31, 2020

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 (ASNFPO).

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.

(continues)

CANADIAN MENTAL HEALTH ASSOCIATION, SOUTH OKANAGAN SIMILKAMEEN BRANCH

Notes to Financial Statements

Year Ended March 31, 2020

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.

(*continues*)

CANADIAN MENTAL HEALTH ASSOCIATION, SOUTH OKANAGAN SIMILKAMEEN BRANCH

Notes to Financial Statements

Year Ended March 31, 2020

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.

Financial assets measured at amortized cost on a straight-line basis include cash and accounts receivable.

Financial liabilities measured at amortized cost on a straight-line basis include accounts payable.

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 0.65% to 3.70% and have maturity dates between April 18, 2020 and July 15, 2021.

4. Tangible capital assets

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Equipment	\$ 55,232	\$ 38,277	\$ 16,955	\$ 11,978
Computer equipment	6,504	5,113	1,391	2,529
Leasehold improvements	2,538	1,269	1,269	1,777
	<u>\$ 64,274</u>	<u>\$ 44,659</u>	<u>\$ 19,615</u>	<u>\$ 16,284</u>

CANADIAN MENTAL HEALTH ASSOCIATION, SOUTH OKANAGAN SIMILKAMEEN BRANCH

Notes to Financial Statements

Year Ended March 31, 2020

5. Accounts payable

	2020	2019
Vacation payable	\$ 14,057	\$ 8,204
Accounts payable and accrued liabilities	11,576	10,786
Government remittances payable	4,295	752
Payroll deductions payable	2,894	2,451
	\$ 32,822	\$ 22,193

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:

	2020	2019
Balance, beginning of year	\$ 110,068	\$ 99,141
Less: amounts recognized as revenue during the year	(59,570)	(50,151)
Add: amounts received related to the following year	79,610	61,078
Balance, end of year	\$ 130,108	\$ 110,068

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:

	2020	2019
Balance, beginning of year	\$ 10,785	\$ 13,544
Less: amounts amortized to revenue	(3,126)	(2,759)
Add: capital contributions received	8,190	-
Balance, end of year	\$ 15,849	\$ 10,785

CANADIAN MENTAL HEALTH ASSOCIATION, SOUTH OKANAGAN SIMILKAMEEN BRANCH

Notes to Financial Statements

Year Ended March 31, 2020

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:

2021	\$	1,770
2022		<u>1,622</u>
	\$	<u>3,392</u>

9. Pension plan

Total cash payments for employee future benefits for 2020, consisting of cash contributed by the Association to its defined contribution plan amounted to \$21,806 (2019 - \$20,618).

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, 2020.

(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

Notes to Financial Statements

Year Ended March 31, 2020

11. Comparative figures

Some of the comparative figures have been reclassified to conform to the current year's presentation.

CANADIAN MENTAL HEALTH ASSOCIATION, SOUTH OKANAGAN SIMILKAMEEN BRANCH

Core Operations

(Schedule 1)

Year Ended March 31, 2020

	2020	2019
Revenue		
Grants	\$ 162,767	\$ 157,103
Other earnings	1,450	1,101
	164,217	158,204
Expenses		
Administrative benefits	19,270	16,936
Administrative salaries	58,074	49,221
Advertising and promotion	1,521	1,487
Amortization of tangible capital assets	4,861	4,517
Direct service benefits	9,838	10,002
Direct service salaries	30,862	29,862
Insurance	-	3,410
Licenses, memberships and fees	4,100	2,014
Office	8,886	6,071
Professional fees	6,000	6,000
Program supplies	11,208	6,270
Rent	16,200	16,200
Repairs and maintenance	4,898	3,727
Telephone	2,541	2,209
Training and development	1,206	1,947
Travel	3,592	3,596
Utilities	5,568	6,749
	188,625	170,218
Deficiency of revenues over expenses	\$ (24,408)	\$ (12,014)

See accompanying notes to financial statements.

CANADIAN MENTAL HEALTH ASSOCIATION, SOUTH OKANAGAN SIMILKAMEEN BRANCH

Unity House

(Schedule 2)

Year Ended March 31, 2020

	2020	2019
Revenue		
Grants	\$ 203,325	\$ 191,709
Other earnings	191	-
	203,516	191,709
Expenses		
Direct service benefits	33,476	40,099
Direct service salaries	166,082	152,561
Program supplies	7,931	6,323
Training and development	2,462	350
	209,951	199,333
Deficiency of revenues over expenses	\$ (6,435)	\$ (7,624)

See accompanying notes to financial statements.

CANADIAN MENTAL HEALTH ASSOCIATION, SOUTH OKANAGAN SIMILKAMEEN BRANCH

Meals Program

(Schedule 3)

Year Ended March 31, 2020

	2020	2019
Revenue		
Unity House food service	\$ 44,393	\$ 41,976
Gaming	31,651	32,321
United Way	7,400	12,000
Grants	3,070	2,690
Donations	-	1,600
	<u>86,514</u>	<u>90,587</u>
Expenses		
Administrative salaries	500	500
Direct service benefits	6,378	3,996
Direct service salaries	22,663	23,000
Insurance	4,399	1,932
Professional fees	1,200	1,200
Rent	7,800	7,800
Repairs and maintenance	4,738	5,683
Travel	670	581
Unity House food service supplies	38,447	43,183
	<u>86,795</u>	<u>87,875</u>
Excess (deficiency) of revenues over expenses	\$ (281)	\$ 2,712

See accompanying notes to financial statements.

CANADIAN MENTAL HEALTH ASSOCIATION, SOUTH OKANAGAN SIMILKAMEEN BRANCH

Mental Health Advocacy
Year Ended March 31, 2020

(Schedule 4)

	2020	2019
Revenue		
Grants	\$ 26,523	\$ 25,600
Expenses		
Administrative benefits	780	780
Administrative salaries	3,100	3,100
Direct service benefits	5,797	5,364
Direct service salaries	19,145	18,619
Travel	493	535
	29,315	28,398
Deficiency of revenues over expenses	\$ (2,792)	\$ (2,798)

See accompanying notes to financial statements.

CANADIAN MENTAL HEALTH ASSOCIATION, SOUTH OKANAGAN SIMILKAMEEN BRANCH

CMHA Programs

(Schedule 5)

Year Ended March 31, 2020

	2020	2019
Revenue		
Janitorial services	\$ 32,773	\$ 37,464
Fundraising	18,092	22,176
Donations	6,962	4,907
Other earnings	5,924	2,913
Grants	4,646	3,403
Course fees	2,975	5,017
Memberships	180	390
	71,552	76,270
Expenses		
Administrative salaries	2,917	6,411
Direct service benefits	1,111	1,162
Direct service salaries	31,298	27,814
Fundraising	8,248	7,977
Office	4	916
Program supplies	3,467	168
Repairs and maintenance	55	-
	47,100	44,448
Excess of revenues over expenses	\$ 24,452	\$ 31,822

See accompanying notes to financial statements.

CANADIAN MENTAL HEALTH ASSOCIATION, SOUTH OKANAGAN SIMILKAMEEN BRANCH

Housing

(Schedule 6)

Year Ended March 31, 2020

	2020	2019
Revenue		
Grants	\$ 8,056	\$ 2,404
Expenses		
Direct service benefits	343	138
Direct service salaries	4,371	1,455
	4,714	1,593
Excess of revenues over expenses	\$ 3,342	\$ 811

See accompanying notes to financial statements.

CANADIAN MENTAL HEALTH ASSOCIATION, SOUTH OKANAGAN SIMILKAMEEN BRANCH

Consumer Development
 Year Ended March 31, 2020

(Schedule 7)

	2020	2019
Revenue		
Grants	\$ 27,133	\$ 26,188
Expenses		
Allowance to clients	13,671	14,574
Honorariums	5,062	5,169
Office	3,770	3,518
Professional fees	2,869	2,869
	25,372	26,130
Excess of revenues over expenses	\$ 1,761	\$ 58

See accompanying notes to financial statements.

CANADIAN MENTAL HEALTH ASSOCIATION, SOUTH OKANAGAN SIMILKAMEEN BRANCH

Education

(Schedule 8)

Year Ended March 31, 2020

	2020	2019
Revenues		
Course fees	\$ 50,951	\$ 24,953
Donations	17,750	2,500
Grants	11,250	-
	79,951	27,453
Expenses		
Administrative salaries	-	3,000
Direct service benefits	-	4,801
Direct service salaries	-	16,001
Office	3,121	1,220
Program supplies	982	-
Sub-contracts	27,123	-
Telephone	633	299
Training and development	-	20,861
Travel	4,325	1,774
	36,184	47,956
Excess (deficiency) of revenues over expenses	\$ 43,767	\$ (20,503)

See accompanying notes to financial statements.