

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

Financial Statements

Year Ended March 31, 2018

CANADIAN MENTAL HEALTH ASSOCIATION, SOUTH OKANAGAN SIMILKAMEEN BRANCH

Index to Financial Statements

Year Ended March 31, 2018

	Pages
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 Flow	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



INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Canadian Mental Health Association, South Okanagan Similkameen Branch, which comprise the statement of financial position as at March 31, 2018 and the statements of operations, changes in net assets and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

(continues)

Omland Heal LLP
Chartered Professional Accountants
200 - 498 Ellis Street
Penticton, B.C. V2A 4M2

Telephone: (250) 492-8444
Fax: (250) 492-8688
www.omlandheal.com

* Wayne Heal Ltd. * Ryan Schulz Ltd.
* Chris Newton Ltd. * Kris Omland Ltd.
+ Andrew Nendick Inc.
* *Limited Liability Partnership of Corporations*
+ *Associate*



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Canadian Mental Health Association, South Okanagan Similkameen Branch as at March 31, 2018 and the results of its operations and its cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Other Matter

The financial statements of the Canadian Mental Health Association, South Okanagan Similkameen Branch for the year ended March 31, 2017, were audited by another auditor who expressed an unmodified opinion on those statements on June 22, 2017.

Report on Other Legal and Regulatory Requirements

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

Omland Heal LLP

Chartered Professional Accountants

Penticton, BC
June 20, 2018

CANADIAN MENTAL HEALTH ASSOCIATION, SOUTH OKANAGAN SIMILKAMEEN BRANCH

Statement of Financial Position

March 31, 2018

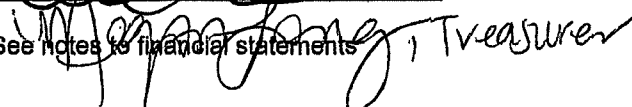
	2018	2017
Assets		
Current:		
Cash	\$ 111,546	\$ 92,922
Investments (Note 3)	51,245	50,250
Accounts receivable	13,794	4,413
Prepaid expenses	4,684	4,707
	181,269	152,292
Tangible capital assets (Note 4)	17,091	8,288
	\$ 198,360	\$ 160,580

Liabilities and Net assets

Current:		
Accounts payable (Note 5)	\$ 33,558	\$ 32,647
Deferred contributions (Note 6)	99,144	78,909
Deferred capital contributions (Note 7)	13,544	4,567
	146,246	116,123
Net assets		
Invested in tangible capital assets	3,548	3,721
Unrestricted	48,566	40,736
	52,114	44,457
	\$ 198,360	\$ 160,580

On behalf of the Board

 Director

See notes to financial statements  Treasurer

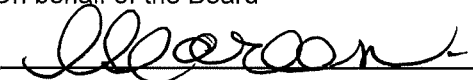
CANADIAN MENTAL HEALTH ASSOCIATION, SOUTH OKANAGAN SIMILKAMEEN BRANCH

Statement of Financial Position

March 31, 2018

	2018	2017
Assets		
Current:		
Cash	\$ 111,546	\$ 92,922
Investments (Note 3)	51,245	50,250
Accounts receivable	13,794	4,413
Prepaid expenses	4,684	4,707
	181,269	152,292
Tangible capital assets (Note 4)	17,091	8,288
	\$ 198,360	\$ 160,580
Liabilities and Net assets		
Current:		
Accounts payable (Note 5)	\$ 33,558	\$ 32,647
Deferred contributions (Note 6)	99,144	78,909
Deferred capital contributions (Note 7)	13,544	4,567
	146,246	116,123
Net assets		
Invested in tangible capital assets	3,548	3,721
Unrestricted	48,566	40,736
	52,114	44,457
	\$ 198,360	\$ 160,580

On behalf of the Board

 Director

See notes to financial statements

CANADIAN MENTAL HEALTH ASSOCIATION, SOUTH OKANAGAN SIMILKAMEEN BRANCH

Statement of Operations

Year Ended March 31, 2018

	2018	2017
Revenue		
Grants - Interior Health	\$ 392,904	\$ 402,483
Unity House food service	43,591	36,983
Gaming	35,370	30,547
Janitorial	32,595	35,111
Fundraising	30,214	21,914
Grant - United Way	10,087	10,108
Grants - BC Housing	9,616	37,492
Other earnings	7,944	5,979
Donations	6,689	9,334
Course fees	6,150	15,930
Grant - Federal Government	4,068	3,350
Grant - other	1,926	1,034
Memberships	200	929
Gifts in kind	-	380
	581,354	611,574
Expenses		
Administrative benefits	20,333	14,918
Administrative salaries	51,536	46,919
Advertising and promotion	3,299	3,409
Allowance to clients	12,805	13,120
Amortization	3,457	2,155
Business taxes, licences and memberships	5,117	5,433
Direct service benefits	50,341	71,948
Direct service salaries	256,972	297,459
Donations	-	1,500
Fundraising	8,846	7,942
Honorarium	4,883	1,356
Insurance	5,913	5,243
Loss on disposal of tangible capital asset	-	866
Office	8,917	8,927
Professional fees	22,623	11,136
Program supplies	9,158	10,545
Rental	24,000	24,000
Repairs and maintenance	13,655	7,616
Telephone	1,929	2,151
Training and development	5,901	4,058
Travel	5,415	4,035
Unity House food service supplies	49,749	34,085
Utilities	8,848	7,901
	573,697	586,722
Excess of revenue over expenses	\$ 7,657	\$ 24,852

See notes to financial statements

CANADIAN MENTAL HEALTH ASSOCIATION, SOUTH OKANAGAN SIMILKAMEEN BRANCH

Statement of Changes in Net Assets

Year Ended March 31, 2018

	Invested in tangible capital assets	Unrestricted	2018	2017
Net assets - beginning of year	\$ 3,721	\$ 40,736	\$ 44,457	\$ 19,605
Excess of revenue over expenses	(1,443)	9,100	7,657	24,852
Net change in investment in tangible capital assets	1,270	(1,270)	-	-
Net assets - end of year	\$ 3,548	\$ 48,566	\$ 52,114	\$ 44,457

See notes to financial statements

CANADIAN MENTAL HEALTH ASSOCIATION, SOUTH OKANAGAN SIMILKAMEEN BRANCH

Statement of Cash Flow

Year Ended March 31, 2018

	2018	2017
Operating activities		
Excess of revenue over expenses	\$ 7,657	\$ 24,852
Items not affecting cash:		
Amortization of tangible capital assets	3,457	2,155
Loss on disposal of tangible capital asset	-	866
	11,114	27,873
Changes in non-cash working capital:		
Accounts receivable	(9,381)	(2,393)
Accounts payable	912	(23,402)
Deferred contributions	20,235	(7,812)
Deferred capital contributions	8,977	(1,142)
Prepaid expenses	23	(1,548)
	20,766	(36,297)
Cash flow from (used by) operating activities	31,880	(8,424)
Investing activity		
Purchase of tangible capital assets	(12,261)	(2,418)
Increase (decrease) in cash flow	19,619	(10,842)
Cash - beginning of year	143,172	154,014
Cash - end of year	\$ 162,791	\$ 143,172
Cash consists of:		
Cash	\$ 111,546	\$ 92,922
Investments	51,245	50,250
	\$ 162,791	\$ 143,172

See notes to financial statements

CANADIAN MENTAL HEALTH ASSOCIATION, SOUTH OKANAGAN SIMILKAMEEN BRANCH

Notes to Financial Statements

Year Ended March 31, 2018

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 the 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 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, 2018

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, 2018

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 a \$51,135 redeemable term deposit plus accrued interest of \$110 from Valley First Credit Union. The term deposit bears interest at 0.60% and matures June 1, 2019.

4. Tangible capital assets

	Cost	Accumulated amortization	2018 Net book value	2017 Net book value
Equipment	\$ 45,412	\$ 32,271	\$ 13,141	\$ 6,400
Computer equipment	4,423	2,757	1,666	1,888
Leasehold improvements	2,538	254	2,284	-
	\$ 52,373	\$ 35,282	\$ 17,091	\$ 8,288

CANADIAN MENTAL HEALTH ASSOCIATION, SOUTH OKANAGAN SIMILKAMEEN BRANCH

Notes to Financial Statements

Year Ended March 31, 2018

5. Accounts payable

	2018	2017
Accounts payable and accrued liabilities	\$ 22,930	\$ 10,007
Wages payable	-	10,995
Payroll deductions payable	2,718	3,588
Government remittances payable	-	87
Vacation payable	7,910	7,971
	\$ 33,558	\$ 32,648

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:

	2018	2017
Balance, beginning of year	\$ 78,908	\$ 86,720
Less: amounts recognized as revenue during the year	(38,367)	(63,502)
Add: amounts received related to the following year	58,600	55,690
Balance, end of year	\$ 99,141	\$ 78,908

7. Deferred capital contributions

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

	2018	2017
Balance, beginning of year	\$ 4,567	\$ 5,709
Less: amounts amortized to revenue	(2,013)	(1,142)
Add: capital contributions received	10,990	-
Balance, end of year	\$ 13,544	\$ 4,567

CANADIAN MENTAL HEALTH ASSOCIATION, SOUTH OKANAGAN SIMILKAMEEN BRANCH

Notes to Financial Statements

Year Ended March 31, 2018

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:

2019	\$	1,770
2020		1,770
2021		1,770
2022		1,622
		<hr/>
	\$	<u>6,932</u>

9. Pension plan

Total cash payments for employee future benefits for 2018, consisting of cash contributed by the Association to its defined contribution plan amounted to \$19,746 (2017 - \$29,878).

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, 2018.

(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, 2018

11. Comparative figures

The prior year comparative figures were audited by another firm of public accountants. Also, certain comparative figures have been reclassified to conform with the financial statement presentation adopted per the current year.

CANADIAN MENTAL HEALTH ASSOCIATION, SOUTH OKANAGAN SIMILKAMEEN BRANCH

Core Operations

(Schedule 1)

Year Ended March 31, 2018

	2018	2017
Revenue		
Grants	\$ 154,111	\$ 152,003
Other earnings	1,657	2,374
	155,768	154,377
Expenses		
Administrative benefits	19,436	14,399
Administrative salaries	46,234	40,676
Advertising and promotion	1,608	3,114
Amortization of tangible capital assets	3,457	2,155
Direct service benefits	7,514	13,407
Direct service salaries	33,079	25,679
Donations	-	1,500
Insurance	3,780	3,897
Licenses, dues and fees	2,867	4,347
Loss on disposition of tangible capital assets	-	866
Office and sundry	5,554	5,227
Professional fees	5,800	6,786
Program supplies	2,845	1,928
Rent	16,200	16,200
Repairs and maintenance	2,647	3,444
Telephone	1,929	2,151
Training and development	1,554	669
Travel	4,648	3,349
Utilities	8,848	7,901
	168,000	157,695
Deficiency of revenue over expenses	\$ (12,232)	\$ (3,318)

See notes to financial statements

CANADIAN MENTAL HEALTH ASSOCIATION, SOUTH OKANAGAN SIMILKAMEEN BRANCH

Unity House

(Schedule 2)

Year Ended March 31, 2018

	2018	2017
Revenue		
Grants	\$ 188,078	\$ 185,527
Other earnings	2,241	1,056
Gifts in kind	-	380
	<u>190,319</u>	<u>186,963</u>
Expenses		
Advertising and promotion	1,482	-
Direct service benefits	35,147	38,686
Direct service salaries	154,112	157,734
Program supplies	2,673	2,518
Repairs and maintenance	4,978	-
Training and development	1,642	-
	<u>200,034</u>	<u>198,938</u>
Deficiency of revenue over expenses	\$ (9,715)	\$ (11,975)

See notes to financial statements

CANADIAN MENTAL HEALTH ASSOCIATION, SOUTH OKANAGAN SIMILKAMEEN BRANCH

Meals Program

(Schedule 3)

Year Ended March 31, 2018

	2018	2017
Revenue		
Unity House food service	\$ 43,591	\$ 36,983
Gaming	35,370	30,547
United Way	8,000	-
Grants	1,926	1,034
Other earnings	70	100
Donations	-	200
	88,957	68,864
Expenses		
Administrative salaries	1,234	888
Direct service benefits	2,504	1,548
Direct service salaries	15,249	16,648
Insurance	2,132	1,346
Office and sundry	52	33
Professional fees	1,150	1,100
Program supplies	-	190
Rent	7,800	7,800
Repairs and maintenance	6,030	4,133
Travel	227	497
Unity House food service supplies	49,749	34,085
	86,127	68,268
Excess of revenues over expenses	\$ 2,830	\$ 596

See notes to financial statements

CANADIAN MENTAL HEALTH ASSOCIATION, SOUTH OKANAGAN SIMILKAMEEN BRANCH

Mental Health Advocacy
Year Ended March 31, 2018

(Schedule 4)

	2018	2017
Revenue		
Grants	\$ 25,112	\$ 24,769
Donations	-	99
	<u>25,112</u>	<u>24,868</u>
Expenses		
Administrative benefits	758	519
Administrative salaries	3,010	3,171
Direct service benefits	3,082	4,529
Direct service salaries	17,779	18,095
Travel	540	69
	<u>25,169</u>	<u>26,383</u>
Deficiency of revenue over expenses	\$ (57)	\$ (1,515)

CANADIAN MENTAL HEALTH ASSOCIATION, SOUTH OKANAGAN SIMILKAMEEN BRANCH

CMHA Programs

(Schedule 5)

Year Ended March 31, 2018

	2018	2017
Revenue		
Janitorial services	\$ 32,595	\$ 35,111
Fundraising	30,214	21,914
Donations	6,689	9,035
Course fees	6,150	15,930
Grants	4,068	18,305
Other earnings	3,519	2,306
United Way	2,000	10,000
Memberships	200	927
	85,435	113,528
Expenses		
Administrative benefits	139	-
Administrative salaries	1,058	2,432
Advertising and promotion	259	295
Allowance to clients	-	155
Direct service benefits	1,416	5,141
Direct service salaries	29,116	41,542
Fundraising	8,796	7,942
Licenses, dues and fees	2,250	1,084
Office and sundry	7	226
Professional fees	12,823	-
Program supplies	3,640	5,910
Training and development	2,705	3,390
Travel	-	119
	62,209	68,236
Excess of revenues over expenses	\$ 23,226	\$ 45,292

See notes to financial statements

CANADIAN MENTAL HEALTH ASSOCIATION, SOUTH OKANAGAN SIMILKAMEEN BRANCH

Housing

(Schedule 6)

Year Ended March 31, 2018

	2018	2017
Revenue		
Grants	\$ 9,616	\$ 37,492
Expenses		
Direct service benefits	677	9,100
Direct service salaries	7,637	32,796
Office and sundry	-	141
Professional fees	-	550
Repairs and maintenance	-	39
	8,314	42,626
Excess (deficiency) of revenue over expenses	\$ 1,302	\$ (5,134)

See notes to financial statements

CANADIAN MENTAL HEALTH ASSOCIATION, SOUTH OKANAGAN SIMILKAMEEN BRANCH

Consumer Development
Year Ended March 31, 2018

(Schedule 7)

	2018	2017
Revenue		
Grants	\$ 25,690	\$ 25,338
Other earnings	456	143
	<u>26,146</u>	<u>25,481</u>
Expenses		
Allowance to clients	12,805	12,965
Direct service benefits	-	166
Direct service salaries	-	4,089
Honorariums	4,883	1,356
Office and sundry	3,306	3,300
Professional fees	2,850	2,700
	<u>23,844</u>	<u>24,576</u>
Excess of revenues over expenses	\$ 2,302	\$ 905

See notes to financial statements