

Financial Statements

Canadian Mental Health Association – Kelowna and
District Branch

March 31, 2019



**Canadian Mental
Health Association**
Kelowna

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Independent auditor's report

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To the Directors of Canadian Mental Health Association – Kelowna & District Branch:

Opinion

We have audited the financial statements of Canadian Mental Health Association - Kelowna & District Branch ("the Association"), which comprise the statement of financial position as at March 31, 2019, 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 Canadian Mental Health Association - Kelowna & District Branch as at March 31, 2019, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Report on other legal and regulatory requirements

As required by the Societies Act of British Columbia, we report that, in our opinion, these accounting principles have been applied on a basis consistent with that of the preceding year.

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

Other Matters

Our audit was conducted for the purposes of forming an opinion on the financial statements taken as a whole. The supplementary information included in the schedules is presented for purposes of additional information and is not required as part of the financial statements. Such information has been subject to the auditing procedures applied, only to the extent necessary to express an opinion in the audit of the financial statements taken as a whole.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Association'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 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.

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.

Other matter

The financial statements for the year ended March 31, 2018 were audited by another auditor who expressed an unmodified opinion on these financial statements dated June 11, 2018.

Kelowna, Canada
June 10, 2019

The signature of Grant Thornton LLP is written in a cursive, handwritten style.

Chartered Professional Accountants

Canadian Mental Health Association - Kelowna and District Branch

Statement of financial position

Year Ended March 31

2019

2018

Assets

Current

Cash and cash equivalents - Unrestricted funds	\$ 1,747,478	\$ 1,254,114
Cash - Restricted funds (Note 4)	303,241	286,383
Investments (Note 5)	203,507	201,606
Receivables	208,484	169,739
Goods and services tax recoverable	35,313	56,268
Prepays and deposits (Note 6)	64,127	72,949
	<u>2,562,150</u>	<u>2,041,059</u>
Replacement reserve funds (Note 7)	390,538	364,701
Tangible capital assets (Note 8)	<u>3,002,034</u>	<u>3,111,282</u>
	<u>\$ 5,954,722</u>	<u>\$ 5,517,042</u>

Liabilities

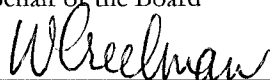
Current

Payables	\$ 135,785	\$ 95,262
Source deductions payable	106	-
Wages payable	107,420	86,507
Deferred revenue (Note 9)	409,017	321,144
Rent security deposits	44,227	27,813
Current portion of mortgage payable (Note 10)	74,826	73,040
	<u>771,381</u>	<u>603,766</u>
Mortgage payable (Note 10)	1,165,276	1,240,102
Deferred capital contributions (Note 11)	<u>1,725,984</u>	<u>1,770,818</u>
	<u>3,662,641</u>	<u>3,614,686</u>

Net assets

Restricted	438,069	410,220
Unrestricted	1,425,664	1,069,638
Invested in tangible capital assets	428,348	422,498
	<u>2,292,081</u>	<u>1,902,356</u>
	<u>\$ 5,954,722</u>	<u>\$ 5,517,042</u>

On behalf of the Board



Director



Director

See accompanying notes to the financial statements.

Canadian Mental Health Association - Kelowna and District Branch

Statement of operations

Year Ended March 31

	<u>Gaming</u>	<u>Rosemead Apartments</u>	<u>Willowbridge</u>			
	<u>Program Operations</u>	<u>Building Operations</u>	<u>Building Operations</u>	<u>Unrestricted Operations</u>	<u>Total 2019</u>	<u>Total 2018</u>
Revenue						
BC Housing and Interior Health Authority	\$ -	\$ 157,104	\$ 515,496	\$ 3,101,114	\$ 3,773,714	\$ 2,735,510
Donations	60,986	-	900	612,387	674,273	435,448
Grants	105,000	-	-	434,739	539,739	647,272
Tenants' rent	-	94,411	179,121	222,244	495,776	293,191
Amortization of deferred capital contributions	708	-	-	331,555	332,263	175,607
BC Gaming	251,195	-	-	-	251,195	81,000
Other income	9,188	16,663	12,642	114,525	153,018	137,474
Sales and workshops	53,100	-	-	65,050	118,150	135,350
United Way	-	-	-	27,500	27,500	35,000
Interest	-	1,485	2,566	-	4,051	2,768
	<u>480,177</u>	<u>269,663</u>	<u>710,725</u>	<u>4,909,114</u>	<u>6,369,679</u>	<u>4,678,620</u>
Expenses						
Advertising	-	-	-	31,223	31,223	6,475
Amortization	708	42,243	1,138	362,569	406,658	247,170
Bank charges and processing fees	136	510	840	24,275	25,761	5,105
Conference and education	3,007	-	1,352	28,153	32,512	42,423
Contract fees and honorarium	12,413	-	85,229	322,631	420,273	268,832
Dues and memberships	1,229	-	783	8,716	10,728	13,867
Insurance	-	7,836	1,869	16,720	26,425	20,036
Interest on mortgage	-	30,943	-	-	30,943	32,686
Office	3,099	84	3,713	52,196	59,092	53,262
Professional fees	-	7,308	3,500	9,000	19,808	14,430
Program supplies and activities	28,073	959	13,095	265,892	308,019	225,356
Property tax	-	4,929	-	50	4,979	6,610
Rent	-	-	-	168,722	168,722	166,322
Rent subsidies	-	-	-	413,441	413,441	374,548
Repairs and maintenance	542	34,677	38,828	137,710	211,757	184,822
Salaries and wages	358,393	43,954	461,606	2,665,569	3,529,522	2,563,858
Telephone and internet	1,380	1,875	4,224	52,736	60,215	31,698
Travel	6,238	-	452	45,731	52,421	32,607
Utilities	-	47,734	56,195	63,526	167,455	117,195
	<u>415,218</u>	<u>223,052</u>	<u>672,824</u>	<u>4,668,860</u>	<u>5,979,954</u>	<u>4,407,302</u>
Excess of revenues over expenditures						
	-	-	-	-	-	(1,116)
Loss on disposal of equipment						
	-	-	-	-	-	(1,116)
Excess of revenues over expenditures	\$ <u>64,959</u>	\$ <u>46,611</u>	\$ <u>37,901</u>	\$ <u>240,254</u>	\$ <u>389,725</u>	<u>270,202</u>

Canadian Mental Health Association - Kelowna and District Branch

Statement of changes in net assets

Year Ended March 31

	Gaming Fund	Rosemead Apartments		Willowbridge		Total Restricted	Unrestricted	Invested in Tangible Capital Assets	Total 2019	Total 2018
		Replacement Reserve	Restricted for Building Operations	Replacement Reserve	Restricted for Building Operations					
Net assets (deficiency), beginning of year	\$ 43,981	\$ 148,066	\$ (2,882)	\$ 216,635	\$ 4,420	\$ 410,220	\$ 1,069,638	\$ 422,498	\$ 1,902,356	\$ 1,632,154
Interfund transfer for BC Housing expense allocation	-	(10,535)	10,535	-	-	-	-	-	-	-
Revenue (expenditures), net for the year	64,959	-	88,854	-	39,039	192,852	271,268	(74,395)	389,725	270,202
Administrative fee and rent (Note 3)	(48,100)	-	(15,063)	-	(27,393)	(90,556)	90,556	-	-	-
Replacement reserve provision	-	16,560	(16,560)	28,800	(28,800)	-	-	-	-	-
Repairs and maintenance	-	(10,671)	10,671	(2,165)	2,165	-	-	-	-	-
Mortgage principal repayments	-	-	(73,040)	-	-	(73,040)	-	73,040	-	-
Interest on replacement reserve	-	1,285	(1,285)	2,566	(2,566)	-	-	-	-	-
Purchase of tangible capital assets	(35,404)	-	-	-	(1,407)	(36,811)	(257,828)	294,639	-	-
Additions to deferred capital contributions	35,404	-	-	-	-	35,404	252,030	(287,434)	-	-
	\$ 60,840	\$ 144,705	\$ 1,230	\$ 245,836	\$ (14,542)	\$ 438,069	\$ 1,425,664	\$ 428,348	\$ 2,292,081	\$ 1,902,356

Canadian Mental Health Association - Kelowna and District Branch

Statement of cash flows

March 31

2019

2018

Increase (decrease) in cash and cash equivalents

Operating

Excess of revenue over expenses - Restricted funds	\$ 149,471	\$ 38,790
Excess of revenue over expenses - Unrestricted funds	240,254	231,412
	<u>389,725</u>	<u>270,202</u>

Adjustment for non-cash items

Amortization of deferred capital contributions - Restricted funds	(708)	-
Amortization of deferred capital contributions - Unrestricted funds	(331,555)	(175,607)
Amortization - Restricted funds	44,089	47,212
Amortization - Unrestricted funds	362,569	199,958
Loss on disposal of equipment	-	1,116
	<u>74,395</u>	<u>72,679</u>

Changes in non-cash operating working capital

Investments	(130,384)	76,706
Receivables	(38,745)	98,557
Receivables from employees	-	1,771
Goods and service tax recoverable	20,955	(35,680)
Prepays and deposits	8,822	51,657
Payables	40,523	23,856
Source deductions payable	106	(22,835)
Wages payable	20,913	32,832
Deferred revenue	87,873	(54,791)
Rent security deposits	16,414	4,150
	<u>26,477</u>	<u>176,223</u>
	<u>490,597</u>	<u>519,104</u>

Investing

Purchase of tangible capital assets - Restricted funds	(36,811)	-
Purchase of tangible capital assets - Unrestricted funds	(260,604)	(1,408,422)
	<u>(297,415)</u>	<u>(1,408,422)</u>

Financing

Additions to deferred capital contributions - Restricted funds	35,404	-
Additions to deferred capital contributions - Unrestricted funds	252,030	1,602,695
Mortgage principal repayments	(73,040)	(71,297)
	<u>214,394</u>	<u>1,531,398</u>

Increase in cash and cash equivalents

Cash and cash equivalents, beginning of year	1,731,951	1,089,871
Cash and cash equivalents, end of year	<u>\$ 2,139,527</u>	<u>\$ 1,731,951</u>

Cash consists of:

Cash and cash equivalents - Unrestricted funds	\$ 1,747,478	\$ 1,254,114
Cash - Restricted funds	303,241	286,383
Cash - Replacement reserve funds	88,808	191,454
	<u>\$ 2,139,527</u>	<u>\$ 1,731,951</u>

Canadian Mental Health Association – Kelowna and District Branch

Notes to the financial statements

March 31, 2019

1. Nature of organization

The Canadian Mental Health Association - Kelowna and District Branch (the "Association") is a branch of the Canadian Mental Health Association and is incorporated under the Societies Act of British Columbia. The Association promotes the mental health of all and supports the resilience and recovery of people in the Central Okanagan experiencing mental illness through community education, influencing public policy, research and service.

The Association is a registered charity within the definition of the Income Tax Act and therefore, as long as it complies with the rules and regulations of the Income Tax Act, it is exempt from income taxes and may issue receipts to donors.

2. Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO). Canadian accounting standards for not-for-profit organizations are part of Canadian generally accepted accounting principles (GAAP).

3. Summary of significant accounting policies

Fund accounting

Canadian Mental Health Association - Kelowna and District Branch follows the restricted fund method of accounting for contributions. The funds are segregated into restricted and unrestricted funds depending on financing requirements.

The Restricted Funds consist of the Rosemead Apartments Fund, the Willowbridge Fund, Gaming Fund and Replacement Reserve Funds.

The Gaming Fund receives grants from the BC Gaming Commission. Expenses of this fund must comply with the policies and procedures of the BC Gaming Commission.

The Rosemead Apartments Fund and the Willowbridge Fund receive funding from the British Columbia Housing Management Commission (BC Housing) which may only be used for the operations of the related housing projects.

The Replacement Reserve Fund reports details of funds reserved for tangible capital asset purchases and repairs and maintenance activities for Rosemead Apartments and Willowbridge housing projects.

Unrestricted Funds consist of General program and several self-funded and government-funded programs. Funded programs receive funding and grants from BC Housing, Interior Health Authority, CMHA BC Division and other federal and provincial organizations. Grants and donations are also received from other organizations and private donors.

(continued)

Canadian Mental Health Association – Kelowna and District Branch
Notes to the financial statements
March 31, 2019

3. Summary of significant accounting policies (continued)

Revenue recognition

For restricted contributions received that do not pertain to a specific restricted funds, Canadian Mental Health Association - Kelowna and District Branch follows the deferral method of accounting for contributions.

Government funding and grants

Revenue from contracts from BC Housing, Interior Health Authority, CMHA BC Division, BC Gaming and other federal and provincial organizations are deferred and recognized in the corresponding restricted programs in the year in which the related expenses are incurred and/or the services are provided in accordance with the terms of the applicable agreement.

Tenant rent contributions

Revenue from tenant rent contributions is recognized when cash is collected or reasonably collectible. The Association has verification of the income of all tenants on-file, as required by the operating agreement with BC Housing.

Deferred capital contributions

Externally restricted contributions for depreciable capital assets are deferred and recognized as revenue at a rate corresponding with the amortization rate for the related capital asset.

Other revenue

Fundraising and miscellaneous revenue are recognized in the respective programs in the current period when cash is received and the services or goods are provided.

Unrestricted income is recognized as revenue when earned in the unrestricted fund. Restricted interest income is recognized as revenue in the corresponding restricted fund.

Replacement reserve funds from BC Housing

Contributions received from BC Housing for the Replacement Reserve Funds have been reported as an inter-fund transfer from the Housing Operations Fund to the Replacement Reserve Fund.

Contributed services

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 materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

(continued)

Canadian Mental Health Association – Kelowna and District Branch

Notes to the financial statements

March 31, 2019

3. Summary of significant accounting policies (continued)

Cash and cash equivalents

Cash includes cash and cash equivalents which primarily consist of cash on hand, GIC's and term deposits that are readily convertible into cash.

Tangible capital assets

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

Buildings	4%	declining-balance method
Computer equipment	4 years	straight-line method
Furniture and fixtures	20%	declining-balance method and
	5 years	straight-line method
Leasehold improvements	5 years	straight-line method

The Association's management regularly reviews its tangible capital assets to ensure that tangible capital assets that no longer contribute to the Association's ability to provide services are written down to their residual value.

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

Deferred revenue

Deferred revenue includes restricted contributions received in the current year or prior periods that are related to the subsequent periods.

Financial instruments

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 considered for indications of impairment at each reporting date. Transaction costs are added to the carrying amounts unless the financial instruments are subsequently measured at fair value.

Financial assets measured at cost or amortized cost less any reduction for impairment include cash and cash equivalents, investments and receivables. Financial liabilities measured at amortized cost include payables and mortgage payable.

(continued)

Canadian Mental Health Association – Kelowna and District Branch

Notes to the financial statements

March 31, 2019

3. Summary of significant accounting policies (continued)

Measurement uncertainty

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 the statement of operations in the period in which they become known. Actual results could differ from these estimates. Items subject to significant management estimates include allowance for doubtful accounts, useful lives of tangible capital assets and the related amortization of tangible capital assets and deferred capital contributions.

Inter-department charges

Administration fees and rents were charged by the General program to individual programs according to the annual operating budget as approved by management and the Board of Directors, and as agreed between the Association and funding agencies.

Administration fees and rents charged to each program in Unrestricted Operations have been eliminated in the Statement of operations.

Administration fees were charged in Unrestricted Operations to Gaming, Rosemead Apartments, and Willowbridge in Restricted Funds in the amount of \$38,500, \$15,063 and \$27,393 (2018 - \$33,000, \$15,063 and \$27,393) respectively for administrative services. Rent was charged to Gaming by the Unrestricted operations in the amount of \$9,600 (2018 - \$7,200).

4. Restricted cash

Restricted cash is made up grants received from the BC Gaming Commission which are restricted for use towards specific programs as outlined in the grant agreement. The BC Gaming account includes a grant of \$242,400 that was provided to the Association for the purchase of a new mobile unit to further enhance their youth programs.

Canadian Mental Health Association – Kelowna and District Branch
Notes to the financial statements
March 31, 2019

5. Investments

	2019	2018
Bank of Montreal GIC - maturing March 2020	<u>\$ 203,507</u>	<u>\$ 201,606</u>

The above investment includes a donation of \$150,000 received from a private donor that is restricted for the development and implementation of a new facility to meet the needs of the Association.

6. Prepaids and deposits

	2019	2018
Prepaids and deposits - General	\$ 59,127	\$ 67,949
Security deposit - Foundry	<u>5,000</u>	<u>5,000</u>
	<u>\$ 64,127</u>	<u>\$ 72,949</u>

Canadian Mental Health Association – Kelowna and District Branch
Notes to the financial statements
March 31, 2019

7. Replacement reserve funds

Under the terms of an agreement with B.C. Housing, the Replacement Reserve Funds are to be credited in an amount determined by the budget provision per annum plus interest earned. These funds along with accumulated interest must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation, the Credit Union Deposit Insurance Corporation, in investments guaranteed by a Canadian government or in other investment instruments as agreed upon with B.C. Housing. The funds are to be used for tangible capital asset purchases or other repairs and maintenance needs to ensure that the buildings continue to be functional over their useful life. As of March 31, the Replacement Reserve Funds are fully funded and consist of:

	2019	2018
Rosemead apartments		
Savings account	\$ 56,310	\$ 74,362
Restricted cash	5,863	9,967
Bank of Montreal GIC - maturing April 2020	8,264	8,146
Interior Savings term investment - maturing January 2020	17,568	-
Interior Savings term investment - maturing March 2020	56,700	55,591
	<u>\$ 144,705</u>	<u>\$ 148,066</u>
Willowbridge		
Restricted cash	\$ 26,635	\$ 107,125
Bank of Montreal GIC - maturing March 2020	26,204	25,869
Bank of Montreal GIC - maturing April 2020	30,133	29,698
Interior Savings term investment - maturing March 2020	107,836	-
Interior Savings term investment - maturing March 2020	32,841	32,195
Interior Savings term investment - maturing November 2020	22,184	21,748
	<u>\$ 245,833</u>	<u>\$ 216,635</u>
Total cash	88,808	191,454
Total investments	<u>301,730</u>	<u>173,247</u>
Total	<u>\$ 390,538</u>	<u>\$ 364,701</u>

During the year, the Rosemead Apartments' Replacement Reserve Fund earned interest of \$1,285 (2018 - \$975), and incurred expenditures of \$10,671 (2018 - \$10,535). The Willowbridge Replacement Reserve Fund earned interest of \$2,566 (2018 - \$1,793) and incurred expenditures of \$2,165 (2018 - \$2,578).

During the year, BC Housing requested \$10,535 be transferred from the Rosemead Replacement Reserve Fund to the Operations Fund for repairs and maintenance in the prior year-end.

Canadian Mental Health Association – Kelowna and District Branch
Notes to the financial statements
March 31, 2019

8. Tangible capital assets

			2019	2018
	Cost	Accumulated Amortization	Net book value	Net book value
Land	\$ 483,019	\$ -	\$ 483,019	\$ 483,019
Buildings	2,563,900	1,345,952	1,217,948	1,151,606
Computer equipment	166,213	85,737	80,476	49,050
Furniture and fixtures	439,720	158,595	281,125	214,573
Leasehold improvements	1,367,840	428,374	939,466	1,213,034
	<u>\$ 5,020,692</u>	<u>\$ 2,018,658</u>	<u>\$ 3,002,034</u>	<u>\$ 3,111,282</u>

9. Deferred revenue

	2019	2018
Deferred revenue - General programs	\$ 282,895	\$ 186,011
Deferred revenue - Foundry fundraising and capital	<u>126,122</u>	<u>135,133</u>
	<u>\$ 409,017</u>	<u>\$ 321,144</u>

10. Mortgage payable

	2019	2018
Peoples Trust Company loan bearing interest at 2.43% per annum, repayable in monthly blended payments of \$8,665. The loan matures on April 1, 2025 and is secured by specific property which has a carrying value of \$888,343	\$ 1,240,102	\$ 1,313,142
Amounts payable within one year	<u>(74,826)</u>	<u>(73,040)</u>
	<u>\$ 1,165,276</u>	<u>\$ 1,240,102</u>

Principal repayment terms are approximately:

2020	\$ 74,826
2021	76,655
2022	78,529
2023	80,449
2024	82,415
Thereafter	<u>847,228</u>
	<u>\$ 1,240,102</u>

Canadian Mental Health Association – Kelowna and District Branch
Notes to the financial statements
March 31, 2019

11. Deferred capital contributions

	2019	2018
Balance, beginning of the year	\$ 1,770,818	\$ 343,729
Additions	287,429	1,602,696
Amortization	<u>(332,263)</u>	<u>(175,607)</u>
	<u>\$ 1,725,984</u>	<u>\$ 1,770,818</u>

Deferred capital contributions consist of funds received for mobile Foundry, building improvements, leasehold improvements, and equipment for the Foundry and a donation received from a private donor that is restricted for the development and implementation of a new facility to meet the needs of the Association.

12. Lease commitments

The Association has a long term lease with respect to its premises for the Foundry program. The lease term extends from March 15, 2017 to March 14, 2022. It contains renewal options and provides for payment of utilities, property taxes and maintenance costs. Future minimum lease payments as at March 31, 2019, are as follows:

2020	\$ 166,322
2021	169,938
2022	<u>169,938</u>
	<u>\$ 506,198</u>

13. Financial risk and concentration of risks

The Association is exposed to interest rate risks with respect to its cash equivalents and investments. Unless otherwise noted, it is management's opinion that the Association is not exposed to significant currency or credit risks. The maximum credit risk exposure of the Association's financial assets is the carrying value of the assets.

14. British Columbia Societies Act

The British Columbia Societies Act includes a requirement to disclose the remuneration paid to all directors, the ten highest paid employees, and all contractors who were paid at least \$75,000 annually. The Society had four (2018 - three) individuals that fall within this disclosure requirement with remuneration totalling \$389,599 (2018 - \$295,902).

Canadian Mental Health Association – Kelowna and District Branch
Notes to the financial statements
March 31, 2019

15. Comparative figures

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

Canadian Mental Health Association - Kelowna and District Branch

Statement of operations

- Homeless Outreach and Rent Subsidy *(Schedule 1)*

Year Ended March 31

	2019	2018
Revenue		
BC Housing	\$ 320,038	\$ 314,064
	<u>320,038</u>	<u>314,064</u>
Expenses		
Administration fee (a)	42,967	42,967
Conference and education	274	-
Dues and memberships	285	-
Insurance	1,420	953
Office	1,250	2,532
Professional fees	1,600	1,600
Program supplies and activities	25,916	14,777
Rent (a)	4,500	4,500
Rent subsidies	80,197	70,508
Repairs and maintenance	1,923	7,675
Salaries and wages	183,929	172,195
Telephone	3,366	2,809
Travel	10,297	2,363
	<u>357,924</u>	<u>322,879</u>
Deficiency of revenues over expenditures	<u>\$ (37,886)</u>	<u>(8,815)</u>
Purchase of equipment (b)	-	2,000
Deficiency of revenues over expenditures	<u>\$ (37,886)</u>	<u>\$ (10,815)</u>

(a) Administration fee and rent are charged to the program according to the annual operating budget as approved by management and the Board of Directors, and as agreed between the Association and BC Housing. Administration fee and rent were recorded as revenue in the General program and have been eliminated in the Statement of operations on page 4.

(b) Equipment purchased during the year is presented on this statement for operational review purposes as requested by BC Housing.

Canadian Mental Health Association - Kelowna and District Branch

Statement of operations

- Homeless Prevention and Rent Subsidy Youth (*Schedule 2*)

Year Ended March 31

	2019	2018
Revenue		
BC Housing	\$ 368,100	\$ 356,000
	<u>368,100</u>	<u>356,000</u>
Expenses		
Administration fee (<i>a</i>)	35,600	35,600
Conference and education	-	149
Insurance	1,775	1,267
Office	317	178
Program supplies and activities	14,778	3,453
Rent subsidies	220,324	211,156
Repairs and maintenance	1,257	38
Salaries and wages	114,051	85,733
Telephone	1,857	1,656
Travel	1,134	3,298
	<u>391,093</u>	<u>342,528</u>
(Deficiency) excess of revenues over expenditures	<u>\$ (22,993)</u>	<u>13,472</u>
Purchase of equipment (<i>b</i>)	-	2,088
(Deficiency) excess of revenues over expenditures	<u>\$ (22,993)</u>	<u>\$ 11,384</u>

(a) Administration fee is charged to the program according to the annual operating budget as approved by management and the Board of Directors, and as agreed between the Association and BC Housing. Administration fee was recorded as revenue in the General program and have been eliminated in the Statement of operations on page 4.

(b) Equipment purchased during the year is presented on this statement for operational review purposes as requested by BC Housing.

Canadian Mental Health Association - Kelowna and District Branch

Statement of operations - Heath House

(Schedule 3)

Year Ended March 31

	2019	2018
Revenue		
BC Housing (b)	\$ 497,773	\$ 367,064
Tenant rent	36,044	19,457
	<u>533,817</u>	<u>386,521</u>
Expenses		
Administration fee (a)	29,224	23,581
Conference and education	1,333	313
Contract fees and honorarium	21,171	-
Insurance	1,815	675
Office	4,817	4,611
Program supplies and activities	88,854	79,603
Repairs and maintenance	14,735	47,679
Salaries and wages	215,318	158,046
Telephone	8,778	3,650
Travel	557	2,337
Utilities	6,577	-
	<u>393,179</u>	<u>320,495</u>
Excess of revenues over expenditures	<u>\$ 140,638</u>	<u>66,026</u>
Purchase of equipment (b)	122,235	30,371
Excess of revenues over expenditures	<u>\$ 18,403</u>	<u>\$ 35,655</u>

(a) Administration fee is charged to the program according to the annual operating budget as approved by management and the Board of Directors, and as agreed between the Association and BC Housing. Administration fee was recorded as revenue in the General program and have been eliminated in the Statement of operations on page 4.

(b) Equipment purchased during the year is presented on this statement for operational review purposes as requested by BC Housing. Funds received from BC Housing for the purpose of equipment purchases have been included above, but for the purposes of the financial statements, are included in deferred capital contributions.

Canadian Mental Health Association - Kelowna and District Branch

Statement of operations - Gordon Place

(Schedule 4)

Year Ended March 31

	2019
Revenue	
BC Housing (b)	\$ 791,219
Tenant rent	186,200
Other revenue	26,856
	<hr/> 1,004,275 <hr/>
Expenses	
Administration fee (a)	43,016
Conference and education	2,176
Contract fees and honorarium	82,630
Insurance	2,081
Office	4,889
Professional fees	5,000
Program supplies and activities	181,579
Repairs and maintenance	18,262
Salaries and wages	508,692
Telephone	22,177
Travel	3,292
Utilities	41,624
	<hr/> 915,418 <hr/>
Excess of revenues over expenditures	\$ 88,857
Purchase of equipment (b)	15,672
Excess of revenues over expenditures	<hr/> \$ 73,185 <hr/>

(a) Administration fee is charged to the program according to the annual operating budget as approved by management and the Board of Directors, and as agreed between the Association and BC Housing. Administration fee was recorded as revenue in the General program and have been eliminated in the Statement of operations on page 4.

(b) Equipment purchased during the year is presented on this statement for operational review purposes as requested by BC Housing. Funds received from BC Housing for the purpose of equipment purchases have been included above, but for the purposes of the financial statements, are included in deferred capital contributions.

(c) This was the first year of operations for the Gordon Place program, and as a result, there are no comparative figures for the prior year.

Canadian Mental Health Association - Kelowna and District Branch

Statement of operations

- Homeless Outreach and Rent Subsidy Scattered Sites *(Schedule 5)*

Year Ended March 31

	<u>2019</u>
Revenue	
BC Housing	\$ 61,667
	<u>61,667</u>
Expenses	
Administration fee <i>(a)</i>	4,657
Program supplies and activities	716
Rent subsidies	34,513
Repairs and maintenance	11,120
Salaries and wages	10,645
Telephone	200
	<u>61,851</u>
Deficiency of revenues over expenditures	<u>\$ (184)</u>

(a) Administration fee is charged to the program according to the annual operating budget as approved by management and the Board of Directors, and as agreed between the Association and BC Housing. Administration fee was recorded as revenue in the General program and have been eliminated in the Statement of operations on page 4.

(b) This was the first year of operations for the Homeless Outreach and Rent Subsidy Scattered Site program, and as a result, there are no comparative figures for the prior year.