

**CANADIAN MENTAL HEALTH ASSOCIATION
NORTH AND WEST VANCOUVER BRANCH**

FINANCIAL STATEMENTS

MARCH 31, 2014

TOGETHER WITH THE AUDITOR'S REPORT

**Canadian Mental Health Association
North and West Vancouver Branch**

March 31, 2014

Index

	Page
INDEPENDENT AUDITOR'S REPORT	1 – 2
FINANCIAL STATEMENTS	
Statements of Financial Position	3
Statements of Revenue and Expenditures	4
Schedule of Revenue	5
Schedule of Expenditures	6
Statements of Changes in Net Assets	7
Statements of Cash Flows	8
Notes to the Financial Statements	9 – 17

p | 604.683.3277
f | 604.684.8464

SUITE 1735, TWO BENTALL CENTRE
555 BURRARD STREET
BOX 243
VANCOUVER, BC V7X 1M9



charlton & company
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Members of **Canadian Mental Health Association, North and West Vancouver Branch**

We have audited the accompanying financial statements of Canadian Mental Health Association, North and West Vancouver Branch, which comprise the statements of financial position as at March 31, 2014 and 2013, and the statements of revenue and expenditures (including schedule of revenue and expenditures), changes in net assets and cash flows for the years ended March 31, 2014 and 2013, 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 audits. We conducted our audits 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 in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Canadian Mental Health Association, North and West Vancouver Branch as at March 31, 2014 and 2013 and the results of its operations and its cash flows for the years ended March 31, 2014 and 2013 in accordance with Canadian accounting standards for not-for-profit organizations.

CHARLTON & COMPANY

Vancouver, British Columbia
June 23, 2014

**CANADIAN MENTAL HEALTH ASSOCIATION
NORTH AND WEST VANCOUVER BRANCH**

STATEMENTS OF FINANCIAL POSITION

	<u>March 31,</u> <u>2014</u>	<u>March 31,</u> <u>2013</u>
ASSETS		
Current		
Cash and cash equivalent (Note 2 & 3)	\$ 301,646	\$ 244,919
Accounts receivable (GST/HST: \$4,754; 2013: \$32,494)	355,200	162,823
Prepaid expenditures	12,162	11,949
	669,008	419,691
Long-Term		
Capital assets (Notes 2 and 4)	1,992,306	2,004,257
	\$ 2,661,314	\$ 2,423,948
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 62,250	\$ 78,720
Deferred revenue (Note 5)	63,186	8,367
Current portion of long-term debt (Note 7)	27,691	23,408
	153,127	110,495
Long-Term		
Mortgages payable (Note 7)	1,236,601	1,208,302
	1,389,728	1,318,797
NET ASSETS		
Net assets invested in capital assets (Note 4)	728,014	772,547
Internally restricted net assets (Note 3)	127,511	125,812
Unrestricted net assets	416,061	206,792
	1,271,586	1,105,151
	\$ 2,661,314	\$ 2,423,858

**Incorporation and nature of operation (Note 1)
Commitments (Note 9)**

Approved on Behalf of the Board:

"Hari Suvarna"

Director

"Justin Rangi"

Director

The accompanying notes are an integral part of the financial statements.

**CANADIAN MENTAL HEALTH ASSOCIATION
NORTH AND WEST VANCOUVER BRANCH**

STATEMENTS OF REVENUE AND EXPENDITURES

Years Ended March 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
REVENUE, per Schedule	\$ 1,886,980	\$ 1,745,788
EXPENDITURES, per Schedule	<u>1,720,545</u>	<u>1,669,814</u>
NET REVENUE	<u>\$ 166,435</u>	<u>\$ 75,974</u>

The accompanying notes are an integral part of the financial statements.

**CANADIAN MENTAL HEALTH ASSOCIATION
NORTH AND WEST VANCOUVER BRANCH**

SCHEDULE OF REVENUE

Years Ended March 31, 2014 and 2013

		<u>2014</u>		<u>2013</u>
REVENUE				
BC Housing (Note 6)	\$	83,060	\$	83,060
CMHA BC		316,155		252,631
Donations		25,136		44,538
Fundraising		20,999		15,898
Grants – BC Gaming		43,000		43,000
Grants – Municipal Government		20,786		17,286
Interest		1,700		812
Memberships		515		605
Ministry of Housing and Social Development		163,023		166,145
Other		28,786		11,791
Residential Rental (clients)		47,962		53,548
Vancouver Coastal Health		650,233		686,526
YWCA		485,625		369,948
		<hr/>		<hr/>
	\$	1,886,980	\$	1,745,788
		<hr/>		<hr/>

The accompanying notes are an integral part of the financial statements.

**CANADIAN MENTAL HEALTH ASSOCIATION
NORTH AND WEST VANCOUVER BRANCH**

SCHEDULE OF EXPENDITURES

Years Ended March 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
EXPENDITURES		
Advertising and promotion	\$ 10,426	\$ 1,635
Amortization	11,951	13,407
Bank charges and mortgage interest	91,321	63,866
Contracted direct services	19,247	8,510
Food and groceries	39,778	45,724
Forgiveness of accounts payable	(12,006)	-
Insurance	10,898	9,499
Legal, audit and other dues and fees	20,594	15,171
Maintenance and repairs	31,490	16,522
Medical and other services	2,563	8,639
Office supplies, moving and miscellaneous	18,062	17,667
Program supplies	54,344	51,004
Rent – Office and meeting rooms	71,310	82,389
Rent subsidies – Supported Independent Living units	-	25,519
Salaries and benefits	1,317,848	1,272,429
Telephone	13,260	13,633
Training and professional development	1,289	4,812
Travel	5,467	6,080
Utilities	12,703	13,308
	\$ 1,720,545	\$ 1,669,814

The accompanying notes are an integral part of the financial statements.

**CANADIAN MENTAL HEALTH ASSOCIATION
NORTH AND WEST VANCOUVER BRANCH**

STATEMENTS OF CHANGES IN NET ASSETS

Years Ended March 31, 2014 and 2013

NET ASSETS	March 31, 2014				March 31, 2013
	Capital Assets	Internally Restricted	Unrestricted	Total	Total
Balance, beginning of year	\$ 772,547	\$ 125,812	\$ 206,792	\$ 1,105,151	\$ 1,029,177
Net revenue (expenditures)	(11,951)	1,699	176,687	166,435	75,974
Net investment in capital assets	(32,582)	-	32,582	-	-
Balance, end of year	\$ 728,014	\$ 127,511	\$ 416,061	\$ 1,271,586	\$ 1,105,151

The accompanying notes are an integral part of the financial statements.

**CANADIAN MENTAL HEALTH ASSOCIATION
NORTH AND WEST VANCOUVER BRANCH**

STATEMENTS OF CASH FLOWS

Years Ended March 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
OPERATING ACTIVITIES		
Net revenue	\$ 166,435	\$ 75,974
Items not involving cash resources:		
Amortization	11,951	13,407
	178,386	89,381
Net changes in non-cash current accounts	(154,241)	64,020
	24,145	153,401
FINANCING ACTIVITIES		
Net borrowing (mortgage payable)	32,582	(22,863)
NET CASH INFLOW	56,727	130,538
CASH AND CASH EQUIVALENT, beginning of year	244,919	114,381
CASH AND CASH EQUIVALENT, end of year	\$ 301,646	\$ 244,919

The accompanying notes are an integral part of the financial statements.

**CANADIAN MENTAL HEALTH ASSOCIATION
NORTH AND WEST VANCOUVER BRANCH**

NOTES TO THE FINANCIAL STATEMENTS

Years Ended March 31, 2014 and 2013

1. INCORPORATION AND NATURE OF OPERATIONS

The Association is a registered charity and it is incorporated under the Society Act of the Province of British Columbia.

Revenues are derived primarily from Vancouver Coastal Health funding, YWCA Metro Vancouver, CMHA BC, subcontract work and donations. These are used to cover the costs of providing and administering programs designed to promote mental health and to support the resilience and recovery of people experiencing mental illnesses.

The Association owns three houses in North Vancouver (Goodman House, Arborlynn House and Harold House), and operates a fourth house in North Vancouver (Lillian House), which are being used as group homes for individuals with mental illnesses.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Compliance

These financial statements have been prepared in accordance with accounting standards for not-for-profit organizations (ASNPO) as issued by Canadian Institute of Chartered Accountants (CICA) Handbook. .

These financial statements were approved by the board of directors for use on June 23, 2014.

(b) Revenue Recognition

The Association follows the deferral method of accounting for contributions to non-profit organizations. Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Contributions and investment income which are not externally restricted are recognized as revenue in the year received or receivable if future collection is reasonably assured.

(c) Cash and Cash Equivalents

Cash and cash equivalents consist of cash and term deposits, which are cashable any time on the Association's demand.

**CANADIAN MENTAL HEALTH ASSOCIATION
NORTH AND WEST VANCOUVER BRANCH**

NOTES TO THE FINANCIAL STATEMENTS

Years Ended March 31, 2014 and 2013

2. SIGNIFICANT ACCOUNTING POLICIES – continued

(d) Financial Instruments

The Association has various financial instruments including cash and cash equivalents, accounts receivables, accounts payable and accrued liabilities, and mortgage payable. The estimated fair values of these financial instruments approximate their book values due to their short-term nature.

Measurement of financial instruments

The Association initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions.

The Association subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash and cash equivalent, and accounts receivable.

Financial liabilities measured at amortized cost include the accounts payable and accrued liabilities, and mortgage payable.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

**CANADIAN MENTAL HEALTH ASSOCIATION
NORTH AND WEST VANCOUVER BRANCH**

NOTES TO THE FINANCIAL STATEMENTS

Years Ended March 31, 2014 and 2013

2. SIGNIFICANT ACCOUNTING POLICIES – continued

(e) Contributed Materials and Services

Contributed materials and services are carried at no cost. Furniture and equipment donated to the Association are therefore not reflected in the financial statements.

(f) Capital Assets

Capital assets which are purchased are recorded at cost and amortization is provided for at the following annual rates:

Computer equipment Computer software Furniture and equipment Leasehold improvements
Building

Computer equipment	- 40% declining balance
Computer software	- 100% declining balance
Furniture and equipment	- 20% declining balance
Leasehold improvements	- 20% straight line
Building	- 4% declining balance

Amortization is calculated at half of the applicable rates in the year assets are acquired. Full amortization is claimed in subsequent years.

(g) Income taxes

The Association is a non-profit organization and, as such, its revenue is not subject to income tax. Accordingly, no provision for income taxes has been made in these financial statements.

(h) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year.

Significant items subject to such estimates and assumptions include valuation of accounts receivable, the estimated useful life of equipment, accrued liabilities and deferred revenue. It is reasonably possible that circumstances may arise which cause actual results to differ from management estimates. Management, however, does not believe it is likely that such differences will materially affect the Association's financial position.

**CANADIAN MENTAL HEALTH ASSOCIATION
NORTH AND WEST VANCOUVER BRANCH**

NOTES TO THE FINANCIAL STATEMENTS

Years Ended March 31, 2014 and 2013

3. INTERNALLY RESTRICTED NET ASSETS

	<u>March 31,</u> <u>2014</u>	<u>March 31,</u> <u>2013</u>
Internally restricted funds	\$ <u>127,511</u>	\$ <u>125,812</u>

On October 22, 2012, the board of the Association passed a resolution on reserving \$125,000 fund for contingency purpose. The purpose of this reserve is to utilise the funds for expenditures arising as a result of

- a) The Association ceasing to be a going concern and closing all operations
- b) Circumstances beyond the Association's control such as natural disasters, legislative requirements etc.
- c) Any other extraordinary circumstances as determined by the Board.

As at March 31, 2014, \$127,511 (2013: \$125,812) internally restricted funds, held in term deposits, are included in cash and cash equivalent.

4. CAPITAL ASSETS

	<u>March 31,</u> <u>2014</u>	<u>March 31,</u> <u>2013</u>
Total net book value of capital assets:	\$ 1,992,306	\$ 2,004,257
Less loans payable used for the purchase of:		
Goodman House	\$ (164,292)	\$ (164,292)
Aborlynn House	(586,600)	(570,285)
Harold House	(513,400)	(497,133)
Net assets invested in capital assets	\$ <u>728,014</u>	\$ <u>772,547</u>

**CANADIAN MENTAL HEALTH ASSOCIATION
NORTH AND WEST VANCOUVER BRANCH**

NOTES TO THE FINANCIAL STATEMENTS

Years Ended March 31, 2014 and 2013

4. CAPITAL ASSETS - continued

	Cost	Accumulated Amortization	Net March 31, 2014	Net March 31, 2013
Office:				
Computer equipment	\$ 25,363	\$ 24,753	\$ 610	\$ 1,015
Computer software	3,071	3,071	-	-
Furniture & equipment	49,187	37,773	11,414	14,267
	<u>\$ 77,621</u>	<u>\$ 65,597</u>	<u>\$ 12,024</u>	<u>\$ 15,282</u>
Goodman House:				
Furniture & equipment	\$ 10,060	\$ 8,027	\$ 2,033	\$ 2,541
Building	70,876	17,662	53,214	55,431
Land	442,000	-	442,000	442,000
	<u>\$ 522,936</u>	<u>\$ 25,689</u>	<u>\$ 497,247</u>	<u>\$ 499,972</u>
Aborlynn House:				
Building	\$ 98,210	\$ 13,058	\$ 85,152	\$ 88,700
Land	706,790	-	706,790	706,790
	<u>\$ 805,000</u>	<u>\$ 13,058</u>	<u>\$ 791,942</u>	<u>\$ 795,490</u>
Harold House:				
Building	\$ 66,990	\$ 8,907	\$ 58,083	\$ 60,503
Land	633,010	-	633,010	633,010
	<u>\$ 700,000</u>	<u>\$ 8,907</u>	<u>\$ 691,093</u>	<u>\$ 693,513</u>
Total	<u>\$ 2,105,557</u>	<u>\$ 113,251</u>	<u>\$ 1,992,306</u>	<u>\$ 2,004,257</u>

**CANADIAN MENTAL HEALTH ASSOCIATION
NORTH AND WEST VANCOUVER BRANCH**

NOTES TO THE FINANCIAL STATEMENTS

Years Ended March 31, 2014 and 2013

5. DEFERRED REVENUE

	<u>March 31,</u> <u>2014</u>	<u>March 31,</u> <u>2013</u>
Bounce Back program	\$ 1,000	\$ 1,000
BRIDGES program	18,000	-
Coffee Shop	5,000	-
Hoarding Disorder program	14,321	-
Income Outreach program	6,617	6,617
Community Service	11,248	-
Roy's Place rent prepayment	-	750
VCH maintenance fund	7,000	-
	<u>\$ 63,186</u>	<u>\$ 8,367</u>

6. BC HOUSING SUBSIDIES

BC Housing subsidies received by the Association in the current year may be subject to adjustments in the following year, after BC Housing has reviewed the Association's current year financial statements.

7. LONG-TERM DEBT

As part of the acquisition of its three houses in North Vancouver, the Association assumed the following debt:

- a) A loan of \$164,292 from Marineview Housing Society is secured by Goodman House, bearing no interest and without specific repayment terms. This loan becomes due and payable in the event that the Association sells the property or defaults on any loan with a prior claim on the mortgaged property.
- b) The loan from the North Shore Credit Union for Arborlynn House and Harold House was terminated in March 2014. CMHA paid \$29,887 for the penalties and interests to terminate the mortgage.
- c) A loan of \$1,100,000 from Vancity Credit Union is secured by Arborlynn House and Harold House, repayable in blended monthly payments of \$5,525 with interest at 3.55% per annum. The loan has a fixed term of five years and it will be matured on March 10, 2019.

**CANADIAN MENTAL HEALTH ASSOCIATION
NORTH AND WEST VANCOUVER BRANCH**

NOTES TO THE FINANCIAL STATEMENTS

Years Ended March 31, 2014 and 2013

7. LONG-TERM DEBT - continued

		<u>March 31, 2014</u>		<u>March 31, 2013</u>
Current portion				
Arborlynn House loan	\$	14,767	\$	12,626
Harold House loan		12,924		10,782
		<hr/>		<hr/>
Total	\$	27,691	\$	23,408
Long-term portion				
Marineview Housing Society loan	\$	164,292	\$	164,292
Arborlynn House loan		571,833		557,659
Harold House loan		500,476		486,351
		<hr/>		<hr/>
Total	\$	1,236,601	\$	1,208,302
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8. FINANCIAL ASSETS AND LIABILITIES

The Association has a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The risks that arise from transacting financial instruments include inherent risk, liquidity risk, and market (other price) risk. Price risk arises from changes in interest rates, foreign currency exchange rates and market prices.

(i) Credit risk

The Association is exposed to credit risk in the event of non-performance by counterparties in connection with its accounts receivable. The Association does not obtain collateral or other security to support the accounts receivable subject to credit risk but mitigates this risk by dealing only with what management believes to be financially sound counterparties and, accordingly, does not anticipate significant loss for non-performance. The Association has a large number of diverse funders which minimizes the concentration of credit risk.

(ii) 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 of its monthly mortgage payments and accounts payable and accrued liabilities. The management has set aside internally restricted fund which is sufficient for three months operations in order to minimize the risk.

(iii) Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Association is exposed to this risk mainly in respect of its mortgage payable. The management has set aside internally restricted fund which is sufficient for three months operations in order to minimize the risk.

It is management's opinion that the Association is not exposed to significant liquidity, credit or interest rate risks arising from these financial instruments.

**CANADIAN MENTAL HEALTH ASSOCIATION
NORTH AND WEST VANCOUVER BRANCH**

NOTES TO THE FINANCIAL STATEMENTS

Years Ended March 31, 2014 and 2013

9. COMMITMENTS

The Association is committed to the following minimum payments (before applicable taxes) for its leased premises and equipment over the next five years:

Year	Premises	Equipment
2015	\$ 10,649	\$ -
2016	-	-
2017	-	-
2018	-	-
2019	-	-

10. ECONOMIC DEPENDENCE

The Association is economically dependent on Vancouver Coastal Health. The Association receives funding from Vancouver Coastal Health for its operations at Goodman House, Arborlynn House, Harold House and Lillian House.

11. COMPARATIVE FIGURES

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

**CANADIAN MENTAL HEALTH ASSOCIATION
NORTH AND WEST VANCOUVER BRANCH**

HOMELESS OUTREACH PROGRAM

SCHEDULE OF REVENUE AND EXPENDITURES

Years Ended March 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
REVENUE		
B.C. Housing	\$ 79,400	\$ 79,400
Donations	-	5,566
	79,400	84,966
EXPENDITURES		
Insurance	672	344
Legal, audit & other dues & fees	179	430
Maintenance & repairs	228	223
Medical & other services	77	315
Office supplies	319	307
Program supplies	1,599	1,031
Rent	20,072	24,438
Salaries & benefits	58,116	55,457
Telephone & cable	1,850	1,618
Training & professional development	-	36
Travel	941	660
	84,053	84,859
NET REVENUE (LOSS)	\$ (4,653)	\$ 107