

CANADIAN MENTAL HEALTH ASSOCIATION - KELOWNA BRANCH

Financial Statements

Year Ended March 31, 2017

CANADIAN MENTAL HEALTH ASSOCIATION - KELOWNA BRANCH

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Year Ended March 31, 2017

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INDEPENDENT AUDITOR'S REPORT

To the Members of Canadian Mental Health Association - Kelowna Branch

We have audited the accompanying financial statements of Canadian Mental Health Association - Kelowna Branch, which comprise the statement of financial position as at March 31, 2017, the statements of revenues and expenditures, changes in net assets, and cash flows 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)

Independent Auditor's Report to the Members of Canadian Mental Health Association - Kelowna Branch

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Canadian Mental Health Association - Kelowna Branch as at March 31, 2017 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.

Report on Other Legal and Regulatory Requirements

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

A handwritten signature in black ink, reading "Adams Heyman Owen". The signature is written in a cursive, flowing style.

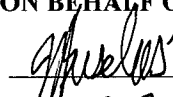
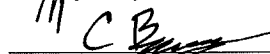
Kelowna, British Columbia
June 20, 2017

CHARTERED PROFESSIONAL ACCOUNTANTS

CANADIAN MENTAL HEALTH ASSOCIATION - KELOWNA BRANCH**Statement of Financial Position****March 31, 2017**

	2017	2016
ASSETS		
CURRENT		
Cash and cash equivalents - Unrestricted Funds	\$ 1,018,830	\$ 640,409
Cash - Restricted Funds (Note 4)	203,448	66,004
Accounts receivable	268,296	34,537
Accounts receivable from employees	1,771	-
Goods and services tax recoverable	20,588	12,813
Prepays and deposits (Note 5)	124,606	21,542
	1,637,539	775,305
REPLACEMENT RESERVE FUNDS (Note 6)	319,151	299,046
TANGIBLE CAPITAL ASSETS (Note 7)	1,951,145	1,784,737
	\$ 3,907,835	\$ 2,859,088
LIABILITIES		
CURRENT		
Accounts payable	\$ 71,405	\$ 59,099
Source deductions payable	22,835	16,982
Wages payable	53,675	53,262
Deferred revenue (Note 8)	719,665	142,254
Rent security deposits	23,662	17,174
Current portion of mortgage payable (Note 9)	71,297	69,595
	962,539	358,366
MORTGAGE PAYABLE (Note 9)	1,313,142	1,384,439
	2,275,681	1,742,805
NET ASSETS		
Restricted net assets (Page 6)	338,053	273,841
Unrestricted net assets (Page 7)	1,294,101	842,442
	1,632,154	1,116,283
	\$ 3,907,835	\$ 2,859,088

ON BEHALF OF THE BOARD

 Director
 Director

See accompanying notes to the financial statements.

CANADIAN MENTAL HEALTH ASSOCIATION - KELOWNA BRANCH

Statement of Revenues and Expenditures - Restricted Funds

Year Ended March 31, 2017

	Gaming Fund	Rosemead Apartments		Willowbridge		Total 2017	Total 2016
		Building Operations	Tangible Capital Assets	Building Operations	Tangible Capital Assets		
Revenues							
BC Gaming	\$ 81,000	\$ -	\$ -	\$ -	\$ -	\$ 81,000	\$ 81,000
BC Housing	-	191,876	-	489,611	-	681,487	659,623
Donations	3,937	-	-	500	-	4,437	46,574
Grants	12,350	-	-	-	-	12,350	3,900
Interest	-	1,370	-	2,212	-	3,582	2,631
Other income	13,347	-	-	11,129	-	24,476	24,740
Sales	45,555	12,620	-	411	-	58,586	34,618
Tenants' rents	-	90,045	-	172,604	-	262,649	256,777
	156,189	295,911	-	676,467	-	1,128,567	1,109,863
Expenditures							
Administration fee (Note 3)	16,000	15,063	-	27,393	-	58,456	57,956
Amortization	-	-	47,715	-	2,334	50,049	48,699
Advertising and promotion	-	-	-	-	-	-	71
Bad debt	-	-	-	468	-	468	300
Bank charges	63	480	-	817	-	1,360	1,586
Conference and education	-	-	-	190	-	190	2,946
Contract fees and honorarium	5,475	-	-	83,079	-	88,554	86,809
Dues and memberships	1,168	-	-	1,067	-	2,235	1,030
Insurance	-	7,175	-	2,605	-	9,780	10,494
Interest on long term debt	-	34,388	-	-	-	34,388	35,876
Office	475	426	-	5,649	-	6,550	4,407
Professional fees	-	7,871	-	3,008	-	10,879	13,597
Program supplies & activities	12,536	109	-	21,302	-	33,947	37,890
Property tax	-	2,738	-	-	-	2,738	11,916
Rent (Note 3)	4,800	-	-	-	-	4,800	4,800
Repairs and maintenance	-	55,850	-	29,031	-	84,881	50,176
Salaries and wages	127,187	39,266	-	405,862	-	572,315	549,205
Telephone	394	1,728	-	3,111	-	5,233	7,196
Travel	647	-	-	1,382	-	2,029	1,685
Utilities	-	41,456	-	54,022	-	95,478	87,809
Vehicle	-	-	-	25	-	25	-
	168,745	206,550	47,715	639,011	2,334	1,064,355	1,014,448
Excess (deficiency) of revenue over expenditures before the undernoted	(12,556)	89,361	(47,715)	37,456	(2,334)	64,212	95,415
Loss on disposal of equipment	-	-	-	-	-	-	(426)
Excess (deficiency) of revenues over expenditures	\$ (12,556)	\$ 89,361	\$ (47,715)	\$ 37,456	\$ (2,334)	\$ 64,212	\$ 94,989

See accompanying notes to the financial statements.

CANADIAN MENTAL HEALTH ASSOCIATION - KELOWNA BRANCH

Statement of Revenues and Expenditures - Unrestricted Funds

Year Ended March 31, 2017

	Operations (a)	Tangible Capital Assets	Total 2017	Total 2016
Revenues				
Administration fee (Note 3)	\$ 58,456	\$ -	\$ 58,456	\$ 57,956
Amortization of Deferred Capital Contributions	3,183	-	3,183	-
BC Housing and Interior Health Authority	1,182,766	-	1,182,766	811,623
Donations	407,140	-	407,140	330,372
Grants	562,708	-	562,708	345,012
Other income	61,957	-	61,957	82,459
Rent (Note 3)	4,800	-	4,800	4,800
Sales	37,914	-	37,914	37,129
United Way	38,000	-	38,000	25,200
	2,356,924	-	2,356,924	1,694,551
Expenditures				
Advertising	4,722	-	4,722	4,630
Amortization	-	22,456	22,456	19,969
Bank charges	3,623	-	3,623	5,995
Conference and education	39,659	-	39,659	10,608
Contract fees and honorarium	101,290	-	101,290	90,104
Dues and memberships	5,847	-	5,847	15,081
Insurance	6,673	-	6,673	6,393
Office	24,672	-	24,672	22,441
Professional fees	3,770	-	3,770	337
Programs and activities	140,118	-	140,118	128,328
Property tax	50	-	50	50
Rent	16,730	-	16,730	12,600
Rent subsidies	207,197	-	207,197	192,351
Repairs and maintenance	38,699	-	38,699	26,327
Salaries and wages	1,253,624	-	1,253,624	1,106,885
Telephone	13,155	-	13,155	12,375
Travel	19,307	-	19,307	13,248
Utilities	12,073	-	12,073	12,340
Vehicle	1,695	-	1,695	2,295
	1,892,904	22,456	1,915,360	1,682,357
Excess (deficiency) of revenue				
over expenditures before the undernoted	464,020	(22,456)	441,564	12,194
Gain (Loss) on disposal of equipment	10,095	-	10,095	(355)
Excess (deficiency) of revenues				
over expenditures	\$ 474,115	\$ (22,456)	\$ 451,659	\$ 11,839

(a) Unrestricted Funds - Operations comprise revenues and expenditures for General program and several self-funded and government-funded programs.

See accompanying notes to the financial statements.

CANADIAN MENTAL HEALTH ASSOCIATION - KELOWNA BRANCH

Statement of Changes in Net Assets - Restricted Funds

Year Ended March 31, 2017

	Rosemead Apartments				Willowbridge				Total 2017	Total 2016
	Gaming Fund	Replacement Reserve	Restricted for Building Operations	Invested in Tangible Capital Assets	Replacement Reserve	Restricted for Building Operations	Invested in Tangible Capital Assets			
Net assets (deficiency), beginning of year	\$ 66,002	\$ 136,316	\$ (829)	\$ (102,497)	\$ 162,730	\$ 6,554	\$ 5,565	\$ 273,841	\$ 178,852	
Revenues (expenditures), net for the year	(12,556)	-	89,361	(47,715)	-	37,456	(2,334)	64,212	94,989	
Replacement reserve provision	-	16,560	(16,560)	-	28,800	(28,800)	-	-	-	
Mortgage principal repayments	-	-	(69,595)	69,595	-	-	-	-	-	
Interest on replacement reserve	-	1,200	(1,200)	-	2,212	(2,212)	-	-	-	
Purchase of equipment	-	(18,100)	-	18,100	(1,824)	-	1,824	-	-	
Repairs and maintenance	-	(5,445)	5,445	-	-	-	-	-	-	
Net book value of equipment disposed	-	-	-	-	-	-	-	-	-	
Adjustment required by BC Housing (Note 5)	-	-	-	-	(3,298)	3,298	-	-	-	
Net assets (deficiency), end of year	\$ 53,446	\$ 130,531	\$ 6,622	\$ (62,517)	\$ 188,620	\$ 16,296	\$ 5,055	\$ 338,053	\$ 273,841	

See accompanying notes to the financial statements.

CANADIAN MENTAL HEALTH ASSOCIATION - KELOWNA BRANCH**Statement of Changes in Net Assets - Unrestricted Funds****Year Ended March 31, 2017**

	Operations	Invested in Tangible Capital Assets	Total 2017	Total 2016
Net assets, beginning of year	\$ 412,031	\$ 430,411	\$ 842,442	\$ 830,603
Revenues (expenditures), net for the year	474,115	(22,456)	451,659	11,839
Purchase of equipment	(220,393)	220,393	-	-
Net book value of equipment disposed	1,404	(1,404)	-	-
Net assets, end of year	\$ 667,157	\$ 626,944	\$1,294,101	\$ 842,442

See accompanying notes to the financial statements.

CANADIAN MENTAL HEALTH ASSOCIATION - KELOWNA BRANCH

Statement of Cash Flows

Year Ended March 31, 2017

	2017	2016
OPERATING ACTIVITIES		
Excess of revenues over expenditures - Restricted Funds	\$ 64,212	\$ 94,989
Excess of revenues over expenditures - Unrestricted Funds	451,659	11,839
	515,871	106,828
Items not affecting cash:		
Loss on disposal of equipment - Restricted Funds	-	426
(Gain) loss on disposal of equipment - Unrestricted Funds	(10,095)	355
Amortization - Restricted Funds	50,049	48,699
Amortization - Unrestricted Funds	22,456	19,969
	62,410	69,449
Changes in non-cash working capital		
Accounts receivable	(233,758)	(5,638)
Accounts receivable from employees	(1,771)	-
Goods and services tax	(7,775)	(2,069)
Prepaid expenses	(103,064)	(9,131)
Accounts payable	12,306	(1,734)
Source deductions payable	5,853	1,114
Wages payable	411	9,610
Deferred revenue	577,411	30,708
Rent security deposits	6,488	8,933
	256,101	31,793
Cash flows from operating activities	834,382	208,070
INVESTING ACTIVITIES		
Proceeds on disposal of assets	11,500	-
Purchase of equipment - Restricted Funds	(19,924)	(35,247)
Purchase of equipment - Unrestricted Funds	(220,393)	(6,106)
Cash flows used in investing activities	(228,817)	(41,353)
FINANCING ACTIVITIES		
Mortgage principal repayments	(69,595)	(68,685)
Cash flow used in financing activities	(69,595)	(68,685)
INCREASE IN CASH FLOW	535,970	98,032
Cash - beginning of year	1,005,459	907,427
CASH - END OF YEAR	\$ 1,541,429	\$ 1,005,459
CASH CONSISTS OF:		
Cash and cash equivalents - Unrestricted Funds	\$ 1,018,830	\$ 640,409
Cash - Restricted Funds	203,448	66,004
Replacement Reserve Funds	319,151	299,046
	\$ 1,541,429	\$ 1,005,459

See accompanying notes to the financial statements.

CANADIAN MENTAL HEALTH ASSOCIATION - KELOWNA BRANCH

Notes to Financial Statements

Year Ended March 31, 2017

1. DESCRIPTION OF BUSINESS

The Canadian Mental Health Association - Kelowna Branch (the Association) is a branch of the Canadian Mental Health Association and is incorporated under the Society 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.

2. BASIS OF PRESENTATION

The financial statements have been prepared by the Association in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook - Accounting.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund accounting

The Kelowna Branch of the Association has adopted the use of fund accounting which is an accepted method of accounting for non-profit organizations. The funds are segregated into restricted and unrestricted funds depending on financing requirements.

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

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

The Replacement Reserve Funds report details of funds reserved for tangible capital assets 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.

The Tangible Capital Assets Fund reports assets, liabilities, revenues, and expenditures related to tangible capital assets pertaining to Restricted Funds and Unrestricted Funds.

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CANADIAN MENTAL HEALTH ASSOCIATION - KELOWNA BRANCH

Notes to Financial Statements

Year Ended March 31, 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition

The Association 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 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. The Tenant Rent Contributions, as approved by BC Housing, are being charged to the Rent-Geared-To Income Tenants.

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. In respect of funds used for repairs or other insignificant purchases or improvements charged to expense, the contributions are recognized in revenue in the year the expense is incurred.

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 general fund. Restricted interest income is recognized as revenue in the corresponding restricted funds.

Restricted donations are recognized as revenue in the corresponding restricted funds when cash is received and the related expenses are incurred. Unrestricted donations are recognized as revenue in the general fund when cash is received.

Replacement Reserve Funds from BC Housing

Contributions received from BC Housing for the Replacement Reserve Funds have been reported as an interfund transfer from the Housing Operations Funds to the Replacement Reserve Funds.

Contributed services

Volunteers contribute many hours per year to assist in carrying out the Association's service delivery activities. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Cash and cash equivalents

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

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CANADIAN MENTAL HEALTH ASSOCIATION - KELOWNA BRANCH

Notes to Financial Statements

Year Ended March 31, 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Tangible capital assets

Tangible capital assets are recorded 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
Motor vehicles	30%	declining balance method
Computer equipment	4 years	straight-line method
Furniture and fixtures	20%	declining balance method
Leasehold improvements	5 years	straight-line method

When the Association's management determines that certain tangible capital assets no longer contribute to the Association's ability to provide services, their carrying amount is written down to its residual value.

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 tested for impairment at each reporting date. Transaction costs are added to the carrying amount unless the financial instruments are subsequently measured at fair value.

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 revenues and expenses in the period in which they become known. Actual results could differ from these estimates.

Inter-department charges

Administration fees and rents were charged by the General program to individual program according to 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 Funds were recorded as revenue in the General program and have been eliminated in the Statement of Revenues and Expenditures - Unrestricted Funds.

Administration fees were charged by the General program to Gaming Fund and Other, Rosemead Apartments, and Willowbridge in Restricted Funds in the amount of \$16,000, \$15,063, and \$27,393 (2016 - \$15,500, \$15,063, and \$27,393) respectively for administrative services. Rent was charged to Gaming Fund and Other by the General program in the amount of \$4,800 (2016 - \$4,800).

CANADIAN MENTAL HEALTH ASSOCIATION - KELOWNA BRANCH

Notes to Financial Statements

Year Ended March 31, 2017

4. RESTRICTED CASH

	2017	2016
BC Gaming account	\$ 53,448	\$ 66,004
Restricted donation	150,000	-
	\$ 203,448	\$ 66,004

Restricted cash is made up of grants received from the BC Gaming Commission and is restricted for use towards specific programs as outlined in the grant agreement 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.

5. PREPAIDS AND DEPOSITS

	2017	2016
Prepays and deposits - General	\$ 32,929	\$ 21,542
Security deposit - Foundry	5,000	-
Office furnishings deposit - Foundry	86,677	-
	\$ 124,606	\$ 21,542

6. 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, 2017, the Replacement Reserve Funds are fully funded and consist of:

	2017	2016
Rosemead Apartments		
Savings account	\$ 67,691	\$ 51,273
BMO GIC - maturing April 2019	8,133	8,073
Interior Savings term investment - maturing November 2016	-	23,124
Interior Savings term investment - maturing March 2018	54,707	53,846
	130,531	136,316
Willowbridge		
BMO GIC - maturing August 2017	\$ 82,160	\$ 81,027
BMO GIC - maturing April 2019	29,670	29,449
BMO GIC - maturing March 2017	23,702	-
Interior Savings term investment - maturing March 2018	21,401	21,066
Interior Savings term investment - maturing March 2018	31,687	31,188
	188,620	162,730
	\$ 319,151	\$ 299,046

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CANADIAN MENTAL HEALTH ASSOCIATION - KELOWNA BRANCH

Notes to Financial Statements

Year Ended March 31, 2017

6. REPLACEMENT RESERVE FUNDS *(continued)*

During the year, the Rosemead Apartments' Replacement Reserve Fund earned interest of \$1,200 (2016 - \$981), and incurred expenditures of \$23,546 (2016 - \$37,747). The Willowbridge's Replacement Reserve Fund earned interest of \$2,212 (2016 - \$1,650) and \$1,824 (2016 - \$nil) of incurred expenditures.

During the year, BC Housing requested a transfer of \$3,298 from Willowbridge's Replacement Reserve Fund to Operations Fund to reflect BC Housing's approval for the use of Replacement Reserve Fund for repairs and maintenance incurred in 2016 year-end.

7. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2017 Net book value	2016 Net book value
Land	\$ 483,019	\$ -	\$ 483,019	\$ 483,019
Buildings	2,449,199	1,249,610	1,199,589	1,231,997
Motor vehicles	-	-	-	1,405
Computer equipment	63,492	49,552	13,940	11,276
Furniture and fixtures	162,685	79,983	82,702	57,040
Leasehold improvements	172,652	757	171,895	-
	\$ 3,331,047	\$ 1,379,902	\$ 1,951,145	\$ 1,784,737

8. DEFERRED REVENUE

	2017	2016
Deferred revenue - general programs	\$ 197,245	\$ 142,254
Deferred revenue - Foundry fundraising and capital	200,525	-
Deferred capital contributions - Foundry assets	171,895	-
Restricted donation	150,000	-
	\$ 719,665	\$ 142,254

The donation noted above was received from a private donor and is restricted for the development and implementation of a new facility to meet the needs of the Association.

9. MORTGAGE PAYABLE

	2017	2016
Peoples Trust Company mortgage for Rosemead Apartments bearing interest at 2.43% per annum, repayable in monthly blended payments of \$8,665. The mortgage matures on April 1, 2025 and is secured by specific property.	\$ 1,384,439	\$ 1,454,034
Amounts payable within one year	(71,297)	(69,595)
	\$ 1,313,142	\$ 1,384,439

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CANADIAN MENTAL HEALTH ASSOCIATION - KELOWNA BRANCH

Notes to Financial Statements

Year Ended March 31, 2017

9. MORTGAGE PAYABLE *(continued)*

Principal repayment terms are approximately:

2018	\$ 71,297
2019	72,816
2020	74,607
2021	76,441
Thereafter	<u>1,089,278</u>
	<u>\$ 1,384,439</u>

10. LEASE COMMITMENTS

The company has a long term lease with respect to its Foundry. The lease contains renewal options and provides for payment of utilities, property taxes and maintenance costs. Future minimum lease payments as at March 31, 2017, are as follows:

2018	\$ 161,000
2019	161,000
2020	161,000
2021	161,000
2022	<u>161,000</u>
	<u>\$ 805,000</u>

11. SUBSEQUENT EVENTS

The Association is the lead organization of the Foundry Kelowna, one of five integrated youth-service centres in the province of British Columbia, funded through the Ministry of Health, to provide primary care, mental health and substance use and social services for young people aged 12 to 24. In June 2017 the Association was given access to the building that will house the Foundry and began setting up the program. It is anticipated that the Foundry Kelowna will be fully operational in July 2017.

12. FINANCIAL RISK AND CONCENTRATION OF RISKS

The Association is exposed to interest rate risks with respect to its cash equivalents 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.

13. 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 BRANCH

Statement of Revenues and Expenditures - Homeless Outreach & Rent Subsidy

(Schedule 1)

For the Year Ended March 31, 2017

	2017	2016
Revenues		
BC Housing	\$ 314,064	\$ 314,064
Expenditures		
Administration fee (a)	42,967	42,967
Conference and education	739	2,473
Dues and memberships	334	64
Insurance	714	558
Office	3,775	1,270
Professional fees	1,500	-
Programs and activities	7,002	10,569
Rent (a)	4,500	9,600
Rent subsidies	66,418	62,246
Repairs and maintenance	7,505	-
Salaries and wages	134,134	171,767
Telephone	2,872	2,986
Travel	1,633	1,901
Vehicle	24	-
	274,117	306,401
Excess of revenues over expenditures	39,947	7,663
Purchase of equipment (b)	1,325	1,106
Net surplus for BC Housing operational review	\$ 38,622	\$ 6,557

(a) Administration fee and rent are charged to the program according to 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 General program and have been eliminated in the Statement of Revenues and Expenditures - Unrestricted Funds on page 5.

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

See accompanying notes to the financial statements.

CANADIAN MENTAL HEALTH ASSOCIATION - KELOWNA BRANCH**Statement of Revenues and Expenditures - Homeless Prevention & Rent Subsidy Youth
(Schedule 2)****Year Ended March 31, 2017**

	2017	2016
Revenue		
BC Housing	\$ 178,000	\$ 178,000
Sales	-	195
	178,000	178,195
Expenditures		
Administration fee (a)	17,800	17,800
Conference and education	72	199
Dues and memberships	375	875
Office	351	222
Programs and activities	3,701	3,952
Rent (a)	1,578	2,400
Rent subsidies	103,987	130,105
Salaries and wages	44,539	54,982
Telephone	801	811
Travel	2,470	2,406
	175,674	213,752
Excess (deficiency) of revenues over expenditures	\$ 2,326	\$ (35,557)

(a) Administration fee and rent are charged to the program according to 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 General program and has been eliminated in the Statement of Revenues and Expenditures - Unrestricted Funds on page 5.

See accompanying notes to the financial statements.