

CANADIAN MENTAL HEALTH ASSOCIATION - KELOWNA AND DISTRICT BRANCH

Financial Statements

Year Ended March 31, 2018

CANADIAN MENTAL HEALTH ASSOCIATION - KELOWNA AND DISTRICT BRANCH
Index to Financial Statements
Year Ended March 31, 2018

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Revenues and Expenditures - Restricted Funds	4
Statement of Revenues and Expenditures - Unrestricted Funds	5
Statement of Changes in Net Assets - Restricted Funds	6
Statement of Changes in Net Assets - Unrestricted Funds	7
Statement of Cash Flows	8
Notes to Financial Statements	9 - 15
Statement of Revenues and Expenditures - Homeless Outreach and Rent Subsidy <i>(Schedule 1)</i>	16
Statement of Revenues and Expenditures - Homeless Prevention and Rent Subsidy Youth <i>(Schedule 2)</i>	17
Statement of Revenues and Expenditures - Heath House <i>(Schedule 3)</i>	18

INDEPENDENT AUDITOR'S REPORT

To the Members of Canadian Mental Health Association - Kelowna and District Branch

We have audited the accompanying financial statements of Canadian Mental Health Association - Kelowna and District Branch, which comprise the statement of financial position as at March 31, 2018, the statement 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 and District Branch
(continued)

Opinion

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

Report on Other Legal and Regulatory Requirements

As required by the Societies 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 cursive script that reads "Adams Heyman Owen".

Kelowna, British Columbia
June 11, 2018

CHARTERED PROFESSIONAL ACCOUNTANTS

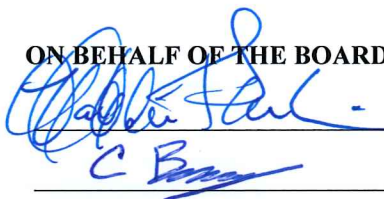
CANADIAN MENTAL HEALTH ASSOCIATION - KELOWNA AND DISTRICT BRANCH

Statement of Financial Position

March 31, 2018

	2018	2017
ASSETS		
CURRENT		
Cash and cash equivalents - Unrestricted Funds	\$ 1,305,720	\$ 1,018,830
Cash - Restricted Funds (Note 4)	436,383	203,448
Accounts receivable	169,739	268,296
Accounts receivable from employees	-	1,771
Goods and services tax recoverable	56,268	20,588
Prepays and deposits (Note 5)	72,949	124,606
	2,041,059	1,637,539
REPLACEMENT RESERVE FUNDS (Note 6)	364,701	319,151
TANGIBLE CAPITAL ASSETS (Note 7)	3,111,282	1,951,145
	\$ 5,517,042	\$ 3,907,835
LIABILITIES		
CURRENT		
Accounts payable	\$ 95,262	\$ 71,405
Source deductions payable	-	22,835
Wages payable	86,507	53,675
Deferred revenue (Note 8)	321,144	375,936
Rent security deposits	27,813	23,662
Current portion of mortgage payable (Note 9)	73,040	71,297
	603,766	618,810
MORTGAGE PAYABLE (Note 9)	1,240,102	1,313,142
DEFERRED CAPITAL CONTRIBUTIONS (Note 10)	1,770,818	343,729
	3,614,686	2,275,681
NET ASSETS		
Restricted net assets (Page 6)	376,843	338,053
Unrestricted net assets (Page 7)	1,525,513	1,294,101
	1,902,356	1,632,154
	\$ 5,517,042	\$ 3,907,835

ON BEHALF OF THE BOARD

 Director

Director

See accompanying notes to the financial statements.

CANADIAN MENTAL HEALTH ASSOCIATION - KELOWNA AND DISTRICT BRANCH

Statement of Revenues and Expenditures - Restricted Funds

Year Ended March 31, 2018

	Gaming Fund & Other	Rosemead Apartments		Willowbridge		Total 2018	Total 2017
		Building Operations	Tangible Capital Assets	Building Operations	Tangible Capital Assets		
Revenues							
BC Gaming	\$ 81,000	\$ -	\$ -	\$ -	\$ -	\$ 81,000	\$ 81,000
BC Housing	-	159,378	-	492,527	-	651,905	681,487
Donations	13,660	-	-	-	-	13,660	4,437
Grants	82,150	-	-	-	-	82,150	12,350
Interest	-	975	-	1,793	-	2,768	3,582
Other income	21,327	1,128	-	12,101	-	34,556	24,476
Sales	-	15,615	-	632	-	16,247	58,586
Tenants' rents	-	94,120	-	179,614	-	273,734	262,649
Workshops	86,377	-	-	-	-	86,377	-
	284,514	271,216	-	686,667	-	1,242,397	1,128,567
Expenses							
Administration fee (Note 3)	33,000	15,063	-	27,393	-	75,456	58,456
Amortization	-	-	45,026	-	2,186	47,212	50,049
Bad debt	-	-	-	-	-	-	468
Bank charges	-	421	-	503	-	924	1,360
Conference and education	844	-	-	1,010	-	1,854	190
Contract fees and honorarium	4,880	-	-	83,977	-	88,857	88,554
Dues and memberships	5,299	-	-	1,000	-	6,299	2,235
Insurance	-	6,500	-	2,069	-	8,569	9,780
Interest on mortgage	-	32,686	-	-	-	32,686	34,388
Office	1,142	226	-	6,509	-	7,877	6,550
Professional fees	-	7,871	-	2,920	-	10,791	10,879
Program supplies and activities	19,829	952	-	14,473	-	35,254	33,947
Property tax	-	6,560	-	-	-	6,560	2,738
Rent (Note 3)	7,200	-	-	-	-	7,200	4,800
Repairs and maintenance	1,885	32,539	-	38,844	-	73,268	84,881
Salaries and wages	215,134	41,365	-	430,868	-	687,367	572,315
Telephone	1,210	1,755	-	5,395	-	8,360	5,233
Travel	3,556	-	-	983	-	4,539	2,029
Utilities	-	45,950	-	54,584	-	100,534	95,478
Vehicle	-	-	-	-	-	-	25
	293,979	191,888	45,026	670,528	2,186	1,203,607	1,064,355
Excess (deficiency) of revenues over expenditures	\$ (9,465)	\$ 79,328	\$(45,026)	\$ 16,139	\$ (2,186)	\$ 38,790	\$ 64,212

See accompanying notes to the financial statements.

CANADIAN MENTAL HEALTH ASSOCIATION - KELOWNA AND DISTRICT BRANCH

Statement of Revenues and Expenditures - Unrestricted Funds

Year Ended March 31, 2018

	Operations (a)	Tangible Capital Assets	Total 2018	Total 2017
Revenues				
Administration fee (Note 3)	\$ 75,456	\$ -	\$ 75,456	\$ 58,456
Amortization of Deferred Capital Contributions	-	175,607	175,607	3,183
BC Housing and Interior Health Authority	2,083,605	-	2,083,605	1,182,766
Donations	421,788	-	421,788	407,140
Grants	565,122	-	565,122	562,708
Other income	86,671	-	86,671	61,957
Rent (Note 3)	7,200	-	7,200	4,800
Sales	48,973	-	48,973	37,914
Tenants' rent	19,457	-	19,457	-
United Way	35,000	-	35,000	38,000
	3,343,272	175,607	3,518,879	2,356,924
Expenses				
Advertising	6,475	-	6,475	4,722
Amortization	-	199,958	199,958	22,456
Bank charges	4,181	-	4,181	3,623
Conference and education	40,569	-	40,569	39,659
Contract fees and honorarium	179,975	-	179,975	101,290
Dues and memberships	7,568	-	7,568	5,847
Insurance	11,467	-	11,467	6,673
Office	45,385	-	45,385	24,672
Professional fees	3,639	-	3,639	3,770
Programs and activities	190,102	-	190,102	140,118
Property tax	50	-	50	50
Rent	166,322	-	166,322	16,730
Rent subsidies	374,548	-	374,548	207,197
Repairs and maintenance	111,554	-	111,554	38,699
Salaries and wages	1,876,491	-	1,876,491	1,253,624
Telephone	23,338	-	23,338	13,155
Travel	28,068	-	28,068	19,307
Utilities	16,661	-	16,661	12,073
Vehicle	-	-	-	1,695
	3,086,393	199,958	3,286,351	1,915,360
Excess (deficiency) of revenue over expenditures before the undernoted	256,879	(24,351)	232,528	441,564
(Loss) gain on disposal of equipment	-	(1,116)	(1,116)	10,095
Excess (deficiency) of revenues over expenditures	\$ 256,879	\$ (25,467)	\$ 231,412	\$ 451,659

(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 AND DISTRICT BRANCH
Statement of Changes in Net Assets - Restricted Funds
Year Ended March 31, 2018

	Gaming Fund			Rosemead Apartments			Willowbridge		
	Gaming Fund	Restricted for Tangible Capital Asset	Replacement Reserve	Restricted for Building Operations	Invested in Tangible Capital Assets	Replacement Reserve	Restricted for Building Operations	Invested in Tangible Capital Assets	Total
Net assets (deficiency), beginning of year	\$ 53,446	\$ -	\$ 130,531	\$ 6,622	\$ (62,517)	\$ 188,620	\$ 16,296	\$ 5,055	\$ 338,053
Revenues (expenditures), net for the year	(9,465)	-	-	79,328	(45,026)	-	16,139	(2,186)	64,212
Mobile unit grant reserve	242,400	(242,400)	-	-	-	-	-	-	-
Replacement reserve provision	-	-	16,560	(16,560)	-	28,800	(28,800)	-	-
Mortgage principal repayments	-	-	-	(71,297)	71,297	-	-	-	-
Interest on replacement reserve	-	-	975	(975)	-	1,793	(1,793)	-	-
Repairs and maintenance	-	-	-	-	-	(2,578)	2,578	-	-
Net assets (deficiency), end of year	\$ 286,381	\$ (242,400)	\$ 148,066	\$ (2,882)	\$ (36,246)	\$ 216,635	\$ 4,420	\$ 2,869	\$ 376,843
									\$ 338,053

See accompanying notes to the financial statements.

CANADIAN MENTAL HEALTH ASSOCIATION - KELOWNA AND DISTRICT BRANCH**Statement of Changes in Net Assets - Unrestricted Funds****Year Ended March 31, 2018**

	Operations	Invested in Tangible Capital Assets	Total 2018	Total 2017
Net assets, beginning of year	\$ 667,157	\$ 626,944	\$ 1,294,101	\$ 842,442
Prior period adjustment	343,728	(343,728)	-	-
Revenues (expenditures), net for the year	256,879	(25,467)	231,412	451,659
Purchase of tangible capital assets	(1,408,422)	1,408,422	-	-
Additions to deferred capital contributions	1,360,296	(1,360,296)	-	-
Net assets, end of year	\$ 1,219,638	\$ 305,875	\$ 1,525,513	\$ 1,294,101

See accompanying notes to the financial statements.

CANADIAN MENTAL HEALTH ASSOCIATION - KELOWNA AND DISTRICT BRANCH

Statement of Cash Flows

Year Ended March 31, 2018

	2018	2017
OPERATING ACTIVITIES		
Excess of revenues over expenditures - Restricted Funds	\$ 38,790	\$ 64,212
Excess of revenues over expenditures - Unrestricted Funds	231,412	451,659
	270,202	515,871
Items not affecting cash:		
Loss (gain) on disposal of equipment - Unrestricted Funds	1,116	(10,095)
Amortization of deferred capital contributions	(175,607)	(3,183)
Amortization - Restricted Funds	47,212	50,049
Amortization - Unrestricted Funds	199,958	22,456
	72,679	59,227
Changes in non-cash working capital		
Accounts receivable	98,557	(233,758)
Accounts receivable from employees	1,771	(1,771)
Goods and services tax	(35,680)	(7,775)
Prepaid expenses	51,657	(103,064)
Accounts payable	23,856	12,306
Source deductions payable	(22,835)	5,853
Wages payable	32,832	411
Deferred revenue	(54,791)	233,681
Rent security deposits	4,150	6,488
	99,517	(87,629)
Cash flows from operating activities	442,398	487,469
INVESTING ACTIVITIES		
Proceeds on disposal of assets	-	11,500
Purchase of equipment - Restricted Funds	-	(19,924)
Purchase of equipment - Unrestricted Funds	(1,408,422)	(220,393)
Cash flows used in investing activities	(1,408,422)	(228,817)
FINANCING ACTIVITIES		
Additions to deferred capital contributions	1,602,695	346,913
Mortgage principal repayments	(71,297)	(69,595)
Cash flow used in financing activities	1,531,398	277,318
INCREASE IN CASH FLOW	565,374	535,970
Cash - beginning of year	1,541,429	1,005,459
CASH - END OF YEAR	\$ 2,106,803	\$ 1,541,429
CASH CONSISTS OF:		
Cash and cash equivalents - Unrestricted Funds	\$ 1,305,719	\$ 1,018,830
Cash - Restricted Funds	436,383	203,448
Replacement Reserve Funds	364,701	319,151
	\$ 2,106,803	\$ 1,541,429

See accompanying notes to the financial statements.

CANADIAN MENTAL HEALTH ASSOCIATION - KELOWNA AND DISTRICT BRANCH

Notes to Financial Statements

Year Ended March 31, 2018

1. DESCRIPTION OF BUSINESS

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.

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 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 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.

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

(continues)

CANADIAN MENTAL HEALTH ASSOCIATION - KELOWNA AND DISTRICT BRANCH

Notes to Financial Statements

Year Ended March 31, 2018

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

Revenue recognition

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 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. 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 fund.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

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 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.

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.

(continues)

CANADIAN MENTAL HEALTH ASSOCIATION - KELOWNA AND DISTRICT BRANCH

Notes to Financial Statements

Year Ended March 31, 2018

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

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
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 tested for 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 and accounts receivable. Financial liabilities measured at amortized cost include accounts payable, rent security deposits and mortgage payable.

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 earnings 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.

(continues)

CANADIAN MENTAL HEALTH ASSOCIATION - KELOWNA AND DISTRICT BRANCH

Notes to Financial Statements

Year Ended March 31, 2018

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

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 \$33,000, \$15,063 and \$27,393 (2017 - \$16,000, \$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 \$7,200 (2017 - \$4,800).

4. RESTRICTED CASH

	2018	2017
BC Gaming Account	\$ 286,383	\$ 53,448
Restricted Donation	150,000	150,000
	436,383	203,448
Replacement Reserve Funds	364,701	319,151
	\$ 801,084	\$ 522,599

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

5. PREPAIDS AND DEPOSITS

	2018	2017
Prepays and deposits - General	\$ 67,949	\$ 32,929
Security deposit - Foundry	5,000	5,000
Office furnishings deposit - Foundry	-	86,677
	\$ 72,949	\$ 124,606

CANADIAN MENTAL HEALTH ASSOCIATION - KELOWNA AND DISTRICT BRANCH

Notes to Financial Statements

Year Ended March 31, 2018

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, 2018, the Replacement Reserve Funds are fully funded and consist of:

	2018	2017
<u>Rosemead Apartments</u>		
Savings account	\$ 74,362	\$ 67,691
Restricted cash	9,967	-
BMO GIC - maturing April 2019	8,146	8,133
Interior Savings term investment - maturing March 2020	55,591	-
Interior Savings term investment - matured March 2018	-	54,707
	148,066	130,531
<u>Willowbridge</u>		
Restricted cash	107,125	-
BMO GIC - maturing March 2019	25,869	23,702
BMO GIC - maturing April 2020	29,698	29,670
Interior Savings term investment - maturing March 2020	32,195	31,687
Interior Savings term investment - maturing March 2020	21,748	21,401
BMO GIC - matured August 2017	-	82,160
	216,635	188,620
Grand total	\$ 364,701	\$ 319,151

During the year, the Rosemead Apartments' Replacement Reserve Fund earned interest of \$975 (2017 - \$1,200), and incurred expenditures of \$nil (2017 - \$23,546). The Willowbridge Replacement Reserve Fund earned interest of \$1,793 (2017 - \$2,212) and \$2,578 (2017 - \$1,824) of incurred expenditures.

During the year, BC Housing did not request any transfers be made from the Rosemead or Willowbridge Replacement Reserve Fund to Operations Fund for any repairs and maintenance in the prior year-end.

7. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2018 Net book value	2017 Net book value
Land	\$ 483,019	\$ -	\$ 483,019	\$ 483,019
Buildings	2,449,199	1,297,593	1,151,606	1,199,589
Computer equipment	110,275	61,225	49,050	13,940
Furniture and fixtures	312,949	98,376	214,573	82,702
Leasehold improvements	1,367,840	154,806	1,213,034	171,895
	\$ 4,723,282	\$ 1,612,000	\$ 3,111,282	\$ 1,951,145

CANADIAN MENTAL HEALTH ASSOCIATION - KELOWNA AND DISTRICT BRANCH

Notes to Financial Statements

Year Ended March 31, 2018

8. DEFERRED REVENUE

	2018	2017
Deferred revenue - General programs	\$ 186,011	\$ 175,411
Deferred revenue - Foundry fundraising and capital	135,133	200,525
	\$ 321,144	\$ 375,936

9. MORTGAGE PAYABLE

	2018	2017
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 \$925,357.	\$ 1,313,142	\$ 1,384,439
Amounts payable within one year	(73,040)	(71,297)
	\$ 1,240,102	\$ 1,313,142

Principal repayment terms are approximately:

2019	\$ 73,040
2020	74,664
2021	76,499
2022	78,378
2023	80,304
Thereafter	930,257
	\$ 1,313,142

10. DEFERRED CAPITAL CONTRIBUTIONS

	2018	2017
Balance, beginning of year	\$ 343,729	\$ -
Additions	1,602,696	346,912
Amortization	(175,607)	(3,183)
	\$ 1,770,818	\$ 343,729

Deferred capital contributions consist of funds received for a mobile unit, 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.

CANADIAN MENTAL HEALTH ASSOCIATION - KELOWNA AND DISTRICT BRANCH

Notes to Financial Statements

Year Ended March 31, 2018

11. 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, 2018, are as follows:

2019	\$ 161,000
2020	161,000
2021	164,500
2022	<u>164,500</u>
	<u>\$ 651,000</u>

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 AND DISTRICT BRANCH**Statement of Revenues and Expenditures - Homeless Outreach and Rent Subsidy***(Schedule 1)***Year Ended March 31, 2018**

	2018	2017
Revenues		
BC Housing	\$ 314,064	\$ 314,064
Expenditures		
Administration fee (a)	42,967	42,967
Conference and education	-	739
Dues and memberships	-	334
Insurance	953	714
Office	2,532	3,775
Professional fees	1,600	1,500
Programs and activities	14,777	7,002
Rent (a)	4,500	4,500
Rent subsidies	70,508	66,418
Repairs and maintenance	7,675	7,505
Salaries and wages	172,195	134,134
Telephone	2,809	2,872
Travel	2,363	1,633
Vehicle	-	24
	322,879	274,117
(Deficiency) excess of revenues over expenditures	(8,815)	39,947
Purchase of equipment (b)	2,000	1,325
Net (deficit) surplus for BC Housing operational review	\$ (10,815)	\$ 38,622

(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 AND DISTRICT BRANCH**Statement of Revenues and Expenditures - Homeless Prevention and Rent Subsidy Youth
(Schedule 2)****Year Ended March 31, 2018**

	2018	2017
Revenue		
BC Housing	\$ 356,000	\$ 178,000
Expenditures		
Administration fee (a)	35,600	17,800
Conference and education	149	72
Dues and memberships	-	375
Insurance	1,267	-
Office	178	351
Programs and activities	3,453	3,701
Rent	-	1,578
Rent subsidies	211,156	103,987
Repairs and maintenance	38	-
Salaries and wages	85,733	44,539
Telephone	1,656	801
Travel	3,298	2,470
	342,528	175,674
Excess of revenues over expenditures	13,472	2,326
Purchase of equipment (b)	2,088	-
Net surplus for BC Housing operational review	\$ 11,384	\$ 2,326

(a) Administration fee is 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.

(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 AND DISTRICT BRANCH**Statement of Revenues and Expenditures - Heath House****(Schedule 3)****Year Ended March 31, 2018**

	2018
Revenue	
BC Housing	\$ 367,064
Tenant Rent	19,457
	386,521
Expenditures	
Administration fee (a)	23,581
Conference and education	313
Insurance	675
Office	4,611
Programs and activities	79,603
Repairs and maintenance	47,679
Salaries and wages	158,046
Telephone	3,650
Travel	2,337
	320,495
Excess of revenues over expenditures	66,026
Purchase of equipment (b)	30,371
Net surplus for BC Housing operational review	\$ 35,655

(a) Administration fee is 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.

(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.