

Financial Statements of

**CANADIAN MENTAL HEALTH  
ASSOCIATION, KAMLOOPS  
BRANCH**

Year ended March 31, 2016



KPMG LLP  
200-206 Seymour Street  
Kamloops BC V2C 6P5  
Canada  
Tel (250) 372-5581  
Fax (250) 828-2928

## INDEPENDENT AUDITORS' REPORT

To the Directors of Canadian Mental Health Association, Kamloops Branch

We have audited the accompanying financial statements of Canadian Mental Health Association, Kamloops Branch, which comprise the statement of financial position as at March 31, 2016, the statements of operations and changes in net assets and cash flows for the year then ended, and notes, comprising 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.

### *Auditors' 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 our 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, we consider 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 audit 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, Kamloops Branch as at March 31, 2016, 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.



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*Report on Other Legal and Regulatory Requirements*

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

*KPMG LLP*

Chartered Professional Accountants

June 15, 2016

Kamloops, Canada

# CANADIAN MENTAL HEALTH ASSOCIATION, KAMLOOPS BRANCH

## Statement of Financial Position

March 31, 2016, with comparative information for 2015

	General Fund	Capital Fund	Emerald Centre Fund	Replacement Reserve Fund	2016 Total	2015 Total
<b>Assets</b>						
Current assets:						
Cash	\$ 314,570	\$ -	\$ -	\$ -	\$ 314,570	\$ 505,566
Restricted cash (note 2)	21,562	-	-	435,169	456,731	196,112
Accounts receivable (note 3)	57,548	-	-	-	57,548	29,548
Prepaid expenses	8,109	-	-	-	8,109	743
Interfund accounts	(198,344)	176,803	29,148	(7,607)	-	-
	203,445	176,803	29,148	427,562	836,958	731,969
Capital assets (note 4)	-	2,727,374	-	-	2,727,374	2,784,257
	\$ 203,445	\$ 2,904,177	\$ 29,148	\$ 427,562	\$ 3,564,332	\$ 3,516,226
<b>Liabilities and Net Assets</b>						
Current liabilities:						
Accounts payable and accrued liabilities (note 5)	\$ 87,473	\$ -	\$ -	\$ -	\$ 87,473	\$ 62,586
Employee benefits and other liabilities (note 6)	196,848	-	-	-	196,848	195,871
Deferred revenue (note 7)	145,855	-	-	-	145,855	153,174
Current portion of long-term debt (note 8)	-	41,142	-	-	41,142	42,026
	430,176	41,142	-	-	471,318	453,657
Deferred capital contributions	-	59,081	-	-	59,081	48,203
Long-term debt (note 8)	-	2,573,994	-	-	2,573,994	2,615,137
	430,176	2,674,217	-	-	3,104,393	3,116,997
Net assets:						
Invested in capital assets	-	229,960	-	-	229,960	235,694
Externally restricted (note 9)	-	-	-	32,798	32,798	32,568
Internally restricted (note 9)	-	-	-	394,764	394,764	134,595
Unrestricted	(226,731)	-	29,148	-	(197,583)	(3,628)
	(226,731)	229,960	29,148	427,562	459,939	399,229
	\$ 203,445	\$ 2,904,177	\$ 29,148	\$ 427,562	\$ 3,564,332	\$ 3,516,226

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_, Director

\_\_\_\_\_, Director

# CANADIAN MENTAL HEALTH ASSOCIATION, KAMLOOPS BRANCH

## Statements of Operations and Changes in Net Assets

Year ended March 31, 2016, with comparative information for 2015

	General Fund	Capital Fund	Emerald Centre Fund	Replacement Reserve Fund	2016 Total	2015 Total
<b>Revenues:</b>						
B.C. Housing Management	\$ -	\$ -	\$ 1,518,880	\$ -	\$1,518,880	\$1,539,405
Interior Health Authority	286,524	-	-	-	286,524	286,510
Rental income	152,561	-	50,324	-	202,885	205,348
CMHA B.C. Division	106,112	-	-	-	106,112	143,758
Community Gaming grant	86,500	-	-	-	86,500	86,500
Donations and other	99,850	-	2,366	-	102,216	74,070
United Way	30,000	-	-	-	30,000	55,000
Amortization of deferred capital contributions	-	9,122	-	-	9,122	10,334
Interest income	-	-	-	4,317	4,317	2,755
Homeless Partnering Service	-	-	-	-	-	37,870
	761,547	9,122	1,571,570	4,317	2,346,556	2,441,550
<b>Expenses:</b>						
Accounting and legal	43,827	-	21,071	-	64,898	59,004
Advertising and promotion	9,631	-	1,233	-	10,864	1,748
Amortization	-	98,396	-	-	98,396	100,431
Bank charges and interest	122	-	81	-	203	81
Client allowances	26,153	-	-	-	26,153	25,890
Contractor	-	-	-	-	-	63,256
Insurance	6,142	-	7,638	-	13,780	17,735
Interest on long-term debt	26	-	100,512	-	100,538	109,514
Office and janitorial	45,371	-	21,021	-	66,392	84,895
Program expenditures	56,375	-	108,404	-	164,779	217,501
Rent	-	-	-	-	-	1,700
Repairs and maintenance	40,794	-	64,543	-	105,337	57,980
Staff and board development	4,831	-	2,942	-	7,773	8,339
Travel	10,541	-	4,247	-	14,788	15,643
Utilities	30,777	-	50,075	-	80,852	89,086
Wages and benefits	465,561	-	1,065,532	-	1,531,093	1,546,342
	740,151	98,396	1,447,299	-	2,285,846	2,399,145
<b>Excess (deficiency) of revenues over expenses before the undernoted items</b>	21,396	(89,274)	124,271	4,317	60,710	42,405
<b>Other income:</b>						
Gain on disposal of properties	-	-	-	-	-	275,639
Recovery of vacation pay	-	-	-	-	-	38,200
<b>Net excess (deficiency) of revenues over expenses</b>	21,396	(89,274)	124,271	4,317	60,710	356,244
<b>Net assets, beginning of year</b>	49,468	235,694	(53,096)	167,163	399,229	42,985
<b>Interfund transfers:</b>						
Principal repayments	-	42,027	(42,027)	-	-	-
Purchases of capital assets	(41,513)	41,513	-	-	-	-
Transfers to reserves	(256,082)	-	-	256,082	-	-
<b>Net assets, end of year</b>	\$ (226,731)	\$ 229,960	\$ 29,148	\$ 427,562	\$ 459,939	\$ 399,229

See accompanying notes to financial statements.

# CANADIAN MENTAL HEALTH ASSOCIATION, KAMLOOPS BRANCH

## Statement of Cash Flows

Year ended March 31, 2016, with comparative information for 2015

	2016	2015
Cash provided by (used in):		
Operating activities:		
Excess of revenues over expenses	\$ 60,710	\$ 356,244
Items not involving cash:		
Amortization of capital assets	98,396	100,431
Amortization of deferred capital contributions	(9,122)	(10,334)
Gain on disposal of properties	-	(275,639)
Recovery of vacation pay	-	(38,200)
	149,984	132,502
Changes in non-cash operating working capital:		
Accounts receivable	(28,000)	31,513
Prepaid expenses	(7,366)	133
Accounts payable and accrued liabilities	24,887	19,272
Employee benefits and other liabilities	977	(7,232)
Deferred revenue	(7,319)	(21,610)
	133,163	154,578
Financing activities:		
Repayments on demand loan	-	(189,430)
Repayments on long-term debt	(42,027)	(43,905)
	(42,027)	(233,335)
Investing activities:		
Purchase of capital assets	(41,513)	(5,917)
Deferred capital contributions	20,000	-
Proceeds from sale of properties	-	428,177
	(21,513)	422,260
Increase in cash	69,623	343,503
Cash, beginning of year	701,678	358,175
Cash, end of year	\$ 771,301	\$ 701,678
Cash consists of:		
Cash	\$ 314,570	\$ 505,566
Restricted cash	456,731	196,112
	\$ 771,301	\$ 701,678

See accompanying notes to financial statements.

# CANADIAN MENTAL HEALTH ASSOCIATION, KAMLOOPS BRANCH

Notes to Financial Statements

Year ended March 31, 2016

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## **Nature of operations:**

Canadian Mental Health Association, Kamloops Branch (the "Association") is a not-for-profit registered society incorporated without share capital under the Society Act of British Columbia. The Association is a registered charity under the Income Tax Act and accordingly is exempt from income taxes, provided certain requirements of the Income Tax Act are met. Its purpose is to deliver a broad range of programs promoting mental health for all and support the resilience and recovery of people experiencing mental illness.

## **1. Significant accounting policies:**

The financial statements are prepared in accordance with Canadian Accounting Standards for Not-For-Profit Organizations in Part III of the CPA Canada Handbook. The Association's significant accounting policies are as follows:

### **(a) Fund accounting:**

The Association reports its activities on a fund accounting basis. A fund is determined for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. Each fund has its own statement of operations and net assets which presents the results of operations for the fund. The statement of financial position of the Association includes the assets, liabilities and net assets of all funds presented in the financial statements.

The general fund reports the Association's program delivery, administrative and fundraising activities of the Kamloops Clubhouse, Merritt Clubhouse, Youth Program, Consumer Facilitation and Bounce Back programs and housing programs in the respective funds. While these activities are restricted by the terms of the contracts entered into with funding agencies, the net assets retained after completing these activities are under no restriction in how they may be used by the Association.

The Emerald Centre fund reports the assets, liabilities, revenues and expenses related to an emergency shelter program including emergency weather response and a housing assistance program in accordance with an agreement with B.C. Housing Management Commission ("B.C. Housing Management").

The capital fund reports the assets, liabilities, revenues and expenses related to the Association's capital assets.



# CANADIAN MENTAL HEALTH ASSOCIATION, KAMLOOPS BRANCH

Notes to Financial Statements (continued)

Year ended March 31, 2016

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## 1. Significant accounting policies (continued):

### (a) Fund accounting (continued):

The replacement reserve fund reports the assets, liabilities, revenues and expenses as prescribed by the B.C. Housing Management Commission as well as internal appropriations made by the Board of Directors of the Association.

All inter-fund balances have been eliminated on the statement of operations.

### (b) Revenue recognition:

The Association recognizes revenue in accordance with the restricted fund method of accounting for contributions.

Externally restricted contributions related to general operations are recognized as revenue of the unrestricted accounts in the year in which the related expenditures are incurred. All other restricted contributions are recognized as revenue of the appropriate accounts, restricted or capital.

Unrestricted contributions are recognized as revenue of the unrestricted accounts in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Cash donations are recorded as income when received. Donations received in-kind are recognized as revenue when received and when their fair market value can be reasonably estimated.

Contributions restricted for the purchase of capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital assets.

Interest income is recorded as earned.

Rental income is recorded in accordance with the terms of the agreement, when proceeds are collected or when collection is reasonably assured.



# CANADIAN MENTAL HEALTH ASSOCIATION, KAMLOOPS BRANCH

Notes to Financial Statements (continued)

Year ended March 31, 2016

## 1. Significant accounting policies (continued):

### (c) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to the Association's ability to provide services, its carrying amount is written down to its residual value. Amortization is not recorded until the asset is put into productive use.

Capital assets are amortized on a declining balance basis using the following annual rates:

Asset	Rate
Buildings	4%
Equipment	20%
Furniture and fixtures	20%
Computers	45%

### (d) Inter-fund transfers:

Transfers between the net asset accounts are accounted for as an appropriation from accumulated net asset balances.

### (e) Use of estimates:

The preparation of the financial statements in accordance with Not-for-Profit Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates. Significant areas subject to such estimates and assumptions include the estimated useful lives and recoverable amounts of capital assets and sick leave benefits utilization. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

### (f) Contributed services:

A substantial number of volunteers contribute a significant amount of their time each year to the Association. Due to the difficult nature in determining a fair value for these services, they are not recognized in the financial statements.

# CANADIAN MENTAL HEALTH ASSOCIATION, KAMLOOPS BRANCH

Notes to Financial Statements (continued)

Year ended March 31, 2016

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## 1. Significant accounting policies (continued):

### (g) Employee benefits:

- i) The Association provides certain employee benefits which will require funding in future periods. These benefits include non-vesting sick leave provided to employees. The costs of sick leave arising from past service and expected to be paid out in a future period have been accrued as a liability and have been determined using management's best estimate of salary and utilization rates.
- ii) The costs of multi-employer defined contribution pension plan benefits, such as the Provincial Municipal Pension Plan (the "Plan"), are the employer's contributions due to the plan in the period.

### (h) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Association has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Association determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Association expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future year, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

# CANADIAN MENTAL HEALTH ASSOCIATION, KAMLOOPS BRANCH

Notes to Financial Statements (continued)

Year ended March 31, 2016

## 2. Restricted cash:

	2016	2015
Community Gaming grant	\$ 21,562	\$ 21,556
Emerald Centre replacement reserve	34,083	33,853
Clubhouse replacement reserve	276,803	45,378
Golden Vista and Meadow Creek replacement reserves	124,283	95,325
	<u>\$ 456,731</u>	<u>\$ 196,112</u>

Revenue earned from the Community Gaming grant is used to purchase goods and services required to provide the various programs offered by the Association. Gaming funds are expended for eligible costs incurred during the period and the remaining unused portion is recorded as deferred revenue (note 7).

The Association makes transfers to the Clubhouse, Golden Vista and Meadow Creek replacement reserves at the discretion of the Board of Directors (note 9) and to the Emerald Centre as a requirement under the terms of B.C. Housing Management agreement.

## 3. Accounts receivable:

	2016	2015
B.C. Housing Management	\$ 39,530	\$ -
Goods and Services Tax recoverable	7,713	7,063
Interior Health Authority	4,650	-
Other	5,655	3,551
CMHA B.C. Division	-	18,934
	<u>\$ 57,548</u>	<u>\$ 29,548</u>

# CANADIAN MENTAL HEALTH ASSOCIATION, KAMLOOPS BRANCH

Notes to Financial Statements (continued)

Year ended March 31, 2016

## 4. Capital assets:

			2016	2015
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 754,945	\$ -	\$ 754,945	\$ 754,945
Buildings	2,399,603	491,962	1,907,641	1,958,485
Equipment	105,996	56,158	49,838	62,297
Furniture and fixtures	108,057	98,589	9,468	6,558
Computers	30,770	25,288	5,482	1,972
	<b>\$ 3,399,371</b>	<b>\$ 671,997</b>	<b>\$ 2,727,374</b>	<b>\$ 2,784,257</b>

Capital assets have been pledged as security on the long-term debt (note 8) and commercial line of credit (note 10) in accordance with the respective agreements.

## 5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$12,000 (2015 - \$24,201), which includes amounts payable for payroll related taxes.

## 6. Employee benefits and other liabilities:

	2016	2015
Sick leave (a)	\$ 83,791	\$ 99,690
Wages and benefits	60,364	49,412
Vacation	48,188	32,099
Long-term disability	4,505	7,042
Banked overtime	-	7,628
	<b>\$ 196,848</b>	<b>\$ 195,871</b>

# CANADIAN MENTAL HEALTH ASSOCIATION, KAMLOOPS BRANCH

Notes to Financial Statements (continued)

Year ended March 31, 2016

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## 6. Employee benefits and other liabilities (continued):

### (a) Accumulated sick leave:

The Association provides benefits for sick leave to all its unionized employees and Emerald Centre employees, excluding casual staff. All eligible employees accumulate non-vesting sick leave entitlement on a monthly basis and can only use this entitlement for paid time off under certain circumstances. Under the terms of the current agreement, employees earn sick leave benefits at a rate of 6.9% of base pay for service, which accumulate and carry forward year-to-year, up to a maximum of 1,170 hours per employee.

The total liability for these sick leave benefits recorded on the statement of financial position in respect of the obligation under this plan amounts to \$83,791 (2015 - \$99,690).

#### *Change in estimate:*

The Association reviews the estimated sick leave utilization for all of the eligible employees when new information becomes available. During the year ended March 31, 2016, this review indicated that the actual sick leave utilization for the employees was deemed to be lower than the previously estimated utilization. As a result, accounted for prospectively effective April 1, 2015, the Association has changed its estimate of the expected utilization of sick leave for the eligible Emerald Centre employees from 100% to 40% and other employees from 20% to 40%. The effect of this change in estimate is an overall decrease of \$46,726 in the sick pay liability as at March 31, 2016.

### (b) Pension plans:

The Association and its employees contribute to the Municipal Pension Plan (the "Plan"), a jointly trustee pension plan. The Board of Trustees, representing plan members and employers, is responsible for administering the Plan, including investment of assets and administration of benefits. The Plan is a multi-employer contributory pension plan. Basic pension benefits provided are based on a formula. As at December 31, 2014, the plan has about 185,000 active members and approximately 80,000 retired members. Active members include approximately 37,000 contributors from local governments.

Every three years an actuarial valuation is performed to assess the financial position of the Plan and the adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate is then adjusted to the extent there is amortization of any funding deficit.

# CANADIAN MENTAL HEALTH ASSOCIATION, KAMLOOPS BRANCH

Notes to Financial Statements (continued)

Year ended March 31, 2016

## 6. Employee benefits and other liabilities (continued):

### (b) Pension plans (continued):

The most recent valuation as at December 31, 2012 indicated a \$1,370 million funding deficit for basic pension benefits on a going concern basis. The Association expects to pay \$15,000 for employer contributions in the next fiscal year. The next valuation will be as at December 2015 with results available in late 2016.

Employers participating in the Plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the Plan records accrued liabilities and accrued assets for the Plan in aggregate, with the result that there is no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the Plan.

The Association paid \$29,329 (2015 - \$13,658) for employer contributions to the Plan in fiscal 2016.

## 7. Deferred revenue:

Funding received in advance of program deliverables being completed are deferred and recognized in the period in which the related activities occur. Advances deferred at year-end relate to the following funding:

	2016	2015
B.C. Housing Management	\$ 124,355	\$ 124,355
Community Gaming grant	21,500	21,500
Interior Health Authority	-	2,020
Other	-	5,299
	<u>\$ 145,855</u>	<u>\$ 153,174</u>

# CANADIAN MENTAL HEALTH ASSOCIATION, KAMLOOPS BRANCH

Notes to Financial Statements (continued)

Year ended March 31, 2016

## 8. Long-term debt:

	2016	2015
People's Trust Company, mortgage, repayable in monthly instalments of \$11,671 including interest at 3.84% per annum, due November 2023, secured by a general security agreement and a collateral mortgage constituting a first fixed charge on land and building located at 271 Victoria Street with a net book value of \$2,424,142 (2015 - \$2,480,692)	\$ 2,615,136	\$ 2,654,742
Interior Savings Credit Union, mortgage, repaid during the year	-	2,421
	2,615,136	2,657,217
Current portion of long-term debt	41,142	42,026
	\$ 2,573,994	\$ 2,615,137

Scheduled principal repayments due within each of the next five years and thereafter is as follows:

2017	\$ 41,142
2018	42,737
2019	44,393
2020	46,115
2021	47,902
Thereafter	2,392,847
	\$ 2,615,136



# CANADIAN MENTAL HEALTH ASSOCIATION, KAMLOOPS BRANCH

Notes to Financial Statements (continued)

Year ended March 31, 2016

## 9. Replacement reserve fund:

	Golden Vista	Meadow Creek	Clubhouse	Emerald Centre	2016	2015
Net assets, beginning of year	\$ 55,150	\$ 34,776	\$ 44,669	\$ 32,568	\$ 167,163	\$ 139,581
Excess of revenue over expenses	682	-	3,405	230	4,317	1,500
Transfers	14,490	11,592	230,000	-	256,082	26,082
Net assets, end of year	\$ 70,322	\$ 46,368	\$ 278,074	\$ 32,798	\$ 427,562	\$ 167,163

The transfers to the reserves for the Clubhouse, Golden Vista and Meadow Creek are at the discretion of the Board of Directors. Approval is required from B.C. Housing Management for the use of the Golden Vista and Meadow Creek funds.

Under the terms of the B.C. Housing Management agreement, the Association is required to make an annual transfer to the Emerald Centre replacement reserve by way of cash deposit to a separate bank account. The required transfer for the year ended March 31, 2016 totaled \$nil (2015 - \$nil). Major unbudgeted repairs may be paid from this account with the approval of B.C. Housing Management.

## 10. Line of credit:

The Association has a commercial line of credit from Interior Savings Credit Union which bears interest at the bank's prime commercial lending rate plus 1.0% (March 31, 2016 - 3.70% in aggregate). The line of credit is available to a maximum of \$50,000 and is secured by a commercial security agreement covering all present and after-acquired property of the Association. As at March 31, 2016, the commercial line of credit balance totaled \$nil (2015 - \$nil).

# CANADIAN MENTAL HEALTH ASSOCIATION, KAMLOOPS BRANCH

Notes to Financial Statements (continued)

Year ended March 31, 2016

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## **11. Operating capital management:**

The Association defines operating capital to be net assets. The Association receives its principal source of operating capital through various contracts with the Province of British Columbia and other not-for-profit agencies. The Association's objective when managing operating capital is to fund its operations, capital asset additions, and to expand its outreach into the mental health issues in the southern interior of British Columbia. The Association manages the operating capital structure in conjunction with the Province of British Columbia and makes adjustments based on available contractual funding and economic conditions. Currently, the Association's strategy is to monitor expenditures to preserve operating capital and to pursue new contracts and revenue producing opportunities. Funding received for designated purposes must be used for the purpose outlined in the grant, contract or license. The Association has complied with the external restrictions on the funding provided.

## **12. Economic dependence:**

The Association receives a majority of its revenue from government sources, notably from B.C. Housing which comprises approximately 65% (2015 - 63%) of the annual revenues. Revenues are earned pursuant to an Emergency Shelter Program Agreement. Subsequent to year-end, the agreement was renewed with a twelve month term expiring on March 31, 2017. Any disruption of these funding arrangements could have a significant impact on the Association's operations.

## **13. Financial risks and concentration of risk:**

### **(a) Credit risk:**

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Association deals with creditworthy counterparties to mitigate the risk of financial loss from defaults. All of the accounts receivable are from provincial and federal government entities. There has been no change in the risk exposure from 2015.

### **(b) Liquidity risk:**

Liquidity risk is the risk that the Association will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Association manages its liquidity risk by monitoring its operating requirements. The Association prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change in the risk exposure from 2015.

# CANADIAN MENTAL HEALTH ASSOCIATION, KAMLOOPS BRANCH

Notes to Financial Statements (continued)

Year ended March 31, 2016

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## **13. Financial risks and concentration of risk: (continued):**

### **(c) Interest rate risk:**

The Association is exposed to fair value risk as its long-term debt is at fixed rates. As the Association plans to settle its long-term debt in accordance with the disclosed repayment schedule (note 8), it does not manage this risk. There has been no change in the risk exposure from 2015.



KPMG LLP  
200-206 Seymour Street  
Kamloops BC V2C 6P5  
Canada  
Telephone (250) 372-5581  
Fax (250) 828-2928

## **NOTICE TO READER**

On the basis of information provided by management, we have compiled Schedule 1 – General Fund statement of revenues and expenses for the Canadian Mental Health Association, Kamloops Branch for the year ended March 31, 2016. We have not performed an audit or a review engagement in respect of this financial information and, accordingly, we express no assurance thereon. Readers are cautioned that this financial information may not be appropriate for their purposes.

### **KPMG LLP**

Chartered Professional Accountants

Kamloops, Canada  
June 15, 2016

**CANADIAN MENTAL HEALTH ASSOCIATION, KAMLOOPS BRANCH**  
**Schedule 1 - General Fund (unaudited)**

**Year ended March 31, 2016 with comparative information for 2015**

	Kamloops Clubhouse	Youth Program	Consumer Facilitation	Bounce Back	768 Battle Street	Golden Vista	Meadow Creek	2016 Total	2015 Total
<b>Revenue</b>									
Interior Health Authority	\$ 252,557	\$ -	\$ 33,967	\$ -	\$ -	\$ -	\$ -	\$ 286,524	\$ 286,510
CMHA B.C. Division	-	-	-	106,112	-	-	-	106,112	143,758
Community Gaming grant	86,500	-	-	-	-	-	-	86,500	86,500
United Way	30,000	-	-	-	-	-	-	30,000	30,000
Rent	-	-	-	-	18,148	75,910	58,502	152,560	144,291
Interest	-	-	-	-	-	-	-	-	379
Donations and other	76,372	34,478	-	-	-	-	-	110,850	111,140
In kind goods and services	54,300	-	-	-	-	-	-	54,300	-
	499,729	34,478	33,967	106,112	18,148	75,910	58,502	826,846	802,578
<b>Expenses</b>									
Accounting and legal	43,828	-	-	-	-	-	-	43,828	48,734
Administration	-	-	-	-	-	-	-	-	25,000
Advertising and promotion	8,023	365	-	1,000	-	38	205	9,631	1,748
Amortization	8,672	-	-	-	1,052	-	-	9,724	7,346
Bank charges and interest	142	-	-	-	-	5	-	147	299
Client Allowances	-	-	26,153	-	-	-	-	26,153	25,890
Contractor	-	-	-	-	-	-	-	-	14,766
Insurance	3,782	-	-	-	2,361	-	-	6,143	5,550
Office and janitorial	27,151	2,066	-	2,667	-	6,909	6,577	45,370	43,815
Program expenditures	24,258	1,220	-	779	-	30,088	30	56,375	54,310
Rent	-	-	-	11,000	-	-	-	11,000	12,185
Repairs and maintenance	27,528	32	-	567	4,999	701	6,968	40,795	17,374
Replacement reserve	-	-	-	-	-	14,490	11,592	26,082	26,082
Staff and board development	4,438	-	-	394	-	-	-	4,832	5,688
Travel	8,582	177	-	437	-	679	665	10,540	12,659
Utilities	17,151	-	-	-	1,484	3,329	8,814	30,778	26,455
Wages and benefits - program	232,391	26,555	-	81,268	-	-	-	340,214	512,888
Wages and benefits - administration	83,242	-	9,446	8,000	-	12,405	12,254	125,347	-
In-kind goods and services	54,300	-	-	-	-	-	-	54,300	-
	543,488	30,415	35,599	106,112	9,896	68,644	47,105	841,259	840,789
<b>Other income</b>									
Recovery of vacation pay	-	-	-	-	-	-	-	-	38,200
	-	-	-	-	-	-	-	-	38,200
<b>Net excess (deficiency) of revenues over expenses</b>	<b>\$ (43,759)</b>	<b>\$ 4,063</b>	<b>\$ (1,632)</b>	<b>\$ -</b>	<b>\$ 8,252</b>	<b>\$ 7,266</b>	<b>\$ 11,397</b>	<b>\$ (14,413)</b>	<b>\$ (11)</b>