

Financial Statements of

**CANADIAN MENTAL  
HEALTH ASSOCIATION,  
KAMLOOPS BRANCH**

And Independent Auditors' Report thereon

Year ended March 31, 2022



KPMG LLP  
560 Victoria Street  
Kamloops BC V2C 2B2  
Canada  
Tel 250-372-5581  
Fax 250-828-2928

## INDEPENDENT AUDITORS' REPORT

To the Directors of Canadian Mental Health Association, Kamloops Branch

### ***Qualified Opinion***

We have audited the financial statements of Canadian Mental Health Association, Kamloops Branch (the "Association"), which comprise:

- the statement of financial position as at March 31, 2022
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes and schedule to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, except for the possible effects of the matter described in the "**Basis for Qualified Opinion**" section of our auditors' report, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at March 31, 2022 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.

### ***Basis for Qualified Opinion***

In common with many not-for-profit organizations, the Association derives revenue from donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Association. Therefore, we were not able to determine whether any adjustments might be necessary to donation revenues and excess (deficiency) of revenues over expenses reported in the statements of operations and changes in net assets (deficiency) and statements of cash flows for the years ended March 31, 2022 and 2021, current assets and net assets reported in the statements of financial position as at March 31, 2022 and 2021, and net assets, at the beginning and end of the year, reported in the statements of changes in net assets (deficiency) for the years ended March 31, 2022 and 2021.

Our opinion on the financial statements for the year ended March 31, 2021 was qualified, accordingly, because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' report.



Page 2

We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

### ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness



Page 3

of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### ***Report on Other Legal and Regulatory Requirements***

As required by the Societies Act (British Columbia), we report that, in our opinion, the accounting policies applied by the Canadian Mental Health Association, Kamloops Branch in preparing and presenting the financial statements in accordance with Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants

Kamloops, Canada

August 30, 2022

# CANADIAN MENTAL HEALTH ASSOCIATION, KAMLOOPS BRANCH

Statement of Financial Position

March 31, 2022, with comparative information for 2021

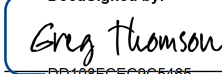
	General Fund	Capital Fund	Emerald Centre Fund	Replacement Reserve Fund	2022 Total	2021 Total
<b>Assets</b>						
Current assets:						
Cash	\$ 1,224,200	\$ -	\$ -	\$ -	\$ 1,224,200	\$ 873,638
Accounts receivable (note 2)	404,647	-	-	-	404,647	213,784
Prepaid expenses	2,799	-	-	-	2,799	9,766
Interfund accounts	(360,985)	92,532	143,824	124,629	-	-
	1,270,661	92,532	143,824	124,629	1,631,646	1,097,188
Restricted cash (note 3)	-	-	-	276,811	276,811	276,673
Capital assets (notes 4 and 5)	-	2,532,498	-	-	2,532,498	2,570,385
	\$ 1,270,661	\$ 2,625,030	\$ 143,824	\$ 401,440	\$ 4,440,955	\$ 3,944,246

## Liabilities and Net Assets

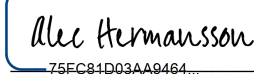
Current liabilities:						
Accounts payable and accrued liabilities	\$ 559,416	\$ -	\$ -	\$ -	\$ 559,416	\$ 280,932
Employee benefits and other liabilities (note 6)	349,011	-	-	-	349,011	259,275
Deferred revenue (note 7)	878,358	-	-	-	878,358	702,288
Current portion of long-term debt (note 8)	-	53,401	-	-	53,401	51,472
	1,786,785	53,401	-	-	1,840,186	1,293,967
Deferred capital contributions (note 9)	-	179,746	-	-	179,746	195,299
Long-term debt (note 8)	-	2,301,685	-	-	2,301,685	2,355,086
	1,786,785	2,534,832	-	-	4,321,617	3,844,352
Net assets (deficiency):						
Invested in capital assets	-	90,198	-	-	90,198	61,060
Externally and internally restricted (note 10)	-	-	-	401,440	401,440	331,902
Unrestricted	(516,124)	-	143,824	-	(372,300)	(293,068)
	(516,124)	90,198	143,824	401,440	119,338	99,894
Commitments (note 13)						
	\$ 1,270,661	\$ 2,625,030	\$ 143,824	\$ 401,440	\$ 4,440,955	\$ 3,944,246

See accompanying notes to financial statements.

On behalf of the Board:

  
DD108FCEC9C5465..., Director

DocuSigned by:

  
75FC84D03AA9464..., Director

# CANADIAN MENTAL HEALTH ASSOCIATION, KAMLOOPS BRANCH

## Statement of Operations and Changes in Net Assets

Year ended March 31, 2022, with comparative information for 2021

	General Fund	Capital Fund	Emerald Centre Fund	Replacement Reserve Fund	2022 Total	2021 Total
<b>Revenues:</b>						
BC Housing Management Commission	\$ 4,423,576	\$ -	\$ 1,658,480	\$ -	\$ 6,082,056	\$ 4,011,867
Interior Health Authority	318,305	-	-	-	318,305	321,720
Rental income	361,229	-	52,660	-	413,889	385,662
Donations and other income	375,436	-	272	-	375,708	174,824
Amortization of deferred capital contributions	-	94,560	-	-	94,560	73,008
United Way - Thompson Nicola Cariboo Region	-	-	-	-	-	10,000
Interest income	231	-	-	138	369	366
Federal wage subsidy	-	-	-	-	-	24,919
	5,478,777	94,560	1,711,412	138	7,284,887	5,002,366
<b>Expenses:</b>						
Accounting and legal	25,980	-	7,809	-	33,789	68,957
Advertising and promotion	2,137	-	173	-	2,310	2,133
Amortization	-	118,103	-	-	118,103	146,905
Bad debts	-	-	-	-	-	10,800
Bank charges and interest	336	-	11	-	347	58
Client allowances	28,311	-	400	-	28,711	27,677
Insurance	38,803	-	32,104	-	70,907	50,735
Interest on long-term debt	-	-	90,296	-	90,296	92,013
Office and general	168,582	-	34,966	-	203,548	129,750
Program expenditures	589,201	-	195,864	-	785,065	446,934
Property taxes	20,086	-	-	-	20,086	45,029
Rent	43,193	-	-	-	43,193	35,790
Repairs, maintenance and security	1,006,311	-	189,608	-	1,195,919	550,192
Staff and board development	3,994	-	1,783	-	5,777	1,070
Travel	5,330	-	1,158	-	6,488	6,206
Utilities	126,784	-	58,538	-	185,322	171,868
Wages and benefits	3,323,951	-	1,151,631	-	4,475,582	3,019,968
	5,382,999	118,103	1,764,341	-	7,265,443	4,806,085
<b>Excess (deficiency) of revenues over expenses before the undernoted items</b>						
	95,778	(23,543)	(52,929)	138	19,444	196,281
<b>Other item:</b>						
Loss on disposal of capital assets	-	-	-	-	-	(1,214)
<b>Excess (deficiency) of revenues over expenses</b>						
	95,778	(23,543)	(52,929)	138	19,444	195,067
Net assets (deficiency), beginning of year	(541,292)	61,060	248,224	331,902	99,894	(95,173)
<b>Interfund transfers:</b>						
Capital contributions	79,007	(79,007)	-	-	-	-
Principal repayments on long-term debt	-	51,471	(51,471)	-	-	-
Purchases of capital assets	(80,217)	80,217	-	-	-	-
Replacement reserve provisions	(77,392)	-	-	77,392	-	-
Transfers to (from) reserves	7,992	-	-	(7,992)	-	-
<b>Net assets (deficiency), end of year</b>	<b>(516,124)</b>	<b>90,198</b>	<b>143,824</b>	<b>401,440</b>	<b>119,338</b>	<b>99,894</b>

See accompanying notes to financial statements.

# CANADIAN MENTAL HEALTH ASSOCIATION, KAMLOOPS BRANCH

## Statement of Cash Flows

Year ended March 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operating activities:		
Excess of revenues over expenses	\$ 19,444	\$ 195,067
Items not involving cash:		
Amortization of capital assets	118,103	146,905
Amortization of deferred capital contributions	(94,560)	(73,008)
Loss on disposal of capital assets	-	1,214
	<u>42,987</u>	<u>270,178</u>
Changes in non-cash operating working capital:		
Accounts receivable	(190,863)	(166,451)
Prepaid expenses	6,967	4,142
Accounts payable and accrued liabilities	278,485	26,418
Employee benefits and other liabilities	89,736	88,505
Deferred revenue	176,070	285,589
	<u>403,382</u>	<u>508,381</u>
Financing activities:		
Repayments on long-term debt	(51,472)	(49,601)
Capital contributions	79,007	52,958
	<u>27,535</u>	<u>3,357</u>
Investing activities:		
Purchase of capital assets	(80,217)	(99,996)
Restricted cash	(138)	7,428
	<u>(80,355)</u>	<u>(92,568)</u>
Increase in cash	350,562	419,170
Cash, beginning of year	873,638	454,468
Cash, end of year	<u>\$ 1,224,200</u>	<u>\$ 873,638</u>

See accompanying notes to financial statements.

# CANADIAN MENTAL HEALTH ASSOCIATION, KAMLOOPS BRANCH

Notes to Financial Statements

Year ended March 31, 2022

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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 Societies Act (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 Chartered Professional Accountants of 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 housing and temporary shelter 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 BC Housing Management Commission ("BC Housing").

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, 2022

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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 BC Housing as well as internal appropriations made by the Board of Directors of the Association.

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

### (b) Revenue recognition:

The Association recognizes revenue in accordance with the deferral 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, 2022

## 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.

Capital assets are amortized using the following methods and annual rates, which approximate the useful life of the assets:

Asset	Basis	Rate
Vehicles	Declining balance	30%
Buildings	Declining balance	4%
Computers	Declining balance	45%
Equipment	Declining balance	20%
Furniture and fixtures	Declining balance	20%
Leasehold improvements	Straight-line	lease term

The Association reviews the carrying amount of its capital assets for impairment whenever events or changes in circumstances indicate that the asset no longer contributes to the Association's ability to provide services, or that the value of future economic benefits or service potential associated with the asset is less than its carrying amount. If such conditions exist, an impairment loss is measured and recorded in the statement of operations at the amount by which the carrying amount of the net asset exceeds its fair value or replacement cost.

### (d) Land held for lease:

Land held for lease is stated at cost. Land held for lease is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the leased land may not be recoverable and exceeds its fair value.

### (e) Inter-fund transfers:

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

# CANADIAN MENTAL HEALTH ASSOCIATION, KAMLOOPS BRANCH

Notes to Financial Statements (continued)

Year ended March 31, 2022

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## 1. Significant accounting policies (continued):

(f) Use of estimates:

The preparation of the financial statements 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. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the statement of operations in the year in which they become known.

(g) 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.

(h) 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 Association also contributes to a defined contribution plan for certain of its employees in accordance with the Municipal Pension Plan requirements. Defined contribution plan accounting is applied and, accordingly, the Association's contributions are expensed when incurred.

(i) Financial instruments:

Financial instruments are measured at fair value on origination or acquisition, adjusted by, in the case of financial instruments that will not be subsequently measured at fair value, financing fees and transaction costs. All other transaction costs are recognized in excess of revenues over expenses in the year incurred.

# CANADIAN MENTAL HEALTH ASSOCIATION, KAMLOOPS BRANCH

Notes to Financial Statements (continued)

Year ended March 31, 2022

## 1. Significant accounting policies (continued):

### (j) Financial instruments (continued):

Investments in equity instruments that are quoted in an active market and free standing derivatives that are not designated in a qualifying hedging relationship are measured at fair value without any adjustment for transaction costs that may be incurred on sale or other disposal. Changes in fair value are recognized in excess of revenues over expenses in the period incurred. Investments in equity instruments that are not quoted in an active market are measured at cost, less any reduction for impairment. Other financial instruments are measured at amortized cost. The Association's financial instruments, including cash, accounts receivable, restricted cash, accounts payable and accrued liabilities, employee benefits and other liabilities, and long-term debt, are measured at amortized cost.

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 amount 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 period, an impairment loss will be reversed to the extent of the improvement.

## 2. Accounts receivable:

	2022	2021
BC Housing	\$ 261,934	\$ 135,970
Canadian Mental Health Association, Vernon and District Branch	10,005	4,002
City of Kamloops	95,872	44,604
Phoenix Centre	3,282	7,240
Goods and Services Tax recoverable	25,460	17,202
Other	8,094	4,766
	<u>\$ 404,647</u>	<u>\$ 213,784</u>

# CANADIAN MENTAL HEALTH ASSOCIATION, KAMLOOPS BRANCH

Notes to Financial Statements (continued)

Year ended March 31, 2022

### 3. Restricted cash:

	2022	2021
Clubhouse replacement reserve	\$ 84,906	\$ 84,864
Golden Vista replacement reserve	109,845	109,790
Meadow Creek replacement reserve	82,060	82,019
Rosethorn replacement reserve	-	-
	<b>\$ 276,811</b>	<b>\$ 276,673</b>

The Association makes transfers to the Clubhouse replacement reserve at the discretion of the Board of Directors and to the Rosethorn, Golden Vista and Meadow Creek replacement reserves as a requirement under the terms of the BC Housing agreement (note 10).

	2022	2021
Restricted cash - Clubhouse replacement reserve	\$ 84,906	\$ 84,864
Monies to be deposited subsequent to year-end	1,278	1,278
<b>Total restricted reserve funds (note 10)</b>	<b>\$ 86,184</b>	<b>\$ 86,142</b>

	2022	2021
Restricted cash - Golden Vista replacement reserve	\$ 109,845	\$ 109,790
Monies to be deposited subsequent to year-end	26,314	15,514
<b>Total restricted reserve funds (note 10)</b>	<b>\$ 136,159</b>	<b>\$ 125,304</b>

	2022	2021
Restricted cash - Meadow Creek replacement reserve	\$ 82,060	\$ 82,019
Monies to be deposited subsequent to year-end	42,037	38,437
<b>Total restricted reserve funds (note 10)</b>	<b>\$ 124,097</b>	<b>\$ 120,456</b>

# CANADIAN MENTAL HEALTH ASSOCIATION, KAMLOOPS BRANCH

Notes to Financial Statements (continued)

Year ended March 31, 2022

### 3. Restricted cash (continued):

	2022	2021
Restricted cash - Rosethorn replacement reserve	-	-
Monies to be deposited subsequent to year-end	55,000	-
<b>Total restricted reserve funds (note 10)</b>	<b>55,000</b>	<b>-</b>

### 4. Land held for lease (part of capital assets):

	2022		2021	
	Cost	Net book value	Net book value	
Land held for lease	\$ 152,442	\$ 152,442	\$ 152,442	

Capital assets have been pledged as security on the long-term debt (note 8) and commercial line of credit (note 11) in accordance with the respective agreements.

### 5. Capital assets:

	2022		2021	
	Cost	Accumulated amortization	Net book value	Net book value
Land (note 4)	\$ 754,945	\$ -	\$ 754,945	\$ 754,945
Buildings	2,487,641	917,393	1,570,248	1,634,440
Computers	83,585	62,914	20,671	18,295
Equipment	154,042	87,365	66,677	72,671
Vehicles	53,524	8,029	45,495	-
Furniture and fixtures	243,385	168,923	74,462	90,034
Leasehold improvements	153,586	153,586	-	-
	<b>\$ 3,930,708</b>	<b>\$ 1,398,210</b>	<b>\$ 2,532,498</b>	<b>\$ 2,570,385</b>

Capital assets have been pledged as security on the long-term debt (note 8) and commercial line of credit (note 11) in accordance with the respective agreements.

# CANADIAN MENTAL HEALTH ASSOCIATION, KAMLOOPS BRANCH

Notes to Financial Statements (continued)

Year ended March 31, 2022

## 6. Employee benefits and other liabilities:

	2022	2021
Vacation	\$ 90,384	\$ 75,537
Sick leave (a)	111,782	74,290
Wages and benefits (b)	146,845	109,448
	<b>\$ 349,011</b>	<b>\$ 259,275</b>

### (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.

### (b) Wages and benefits:

Included in wages and benefits as at March 31, 2022 are government remittances payable of \$33,897 (2021 - \$25,266) which include amounts payable for payroll related taxes and workers' safety insurance.

### (c) Pension plans:

The Association and its employees contribute to the Municipal Pension 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 defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2020, the plan had about 220,000 active members and approximately 112,000 retired members. Active members include approximately 42,000 contributors from local governments.

# CANADIAN MENTAL HEALTH ASSOCIATION, KAMLOOPS BRANCH

Notes to Financial Statements (continued)

Year ended March 31, 2022

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

### (c) Pension plans (continued):

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 may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The most recent actuarial valuation for the Municipal Pension Plan as at December 31, 2018 indicated a \$2,866 million funding surplus for basic pension benefits on a going concern basis.

The Association paid \$89,264 (2021 - \$76,723) for employer contributions to the plan in fiscal 2022.

The next valuation will be as at December 31, 2021 with results available in 2022.

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.



# CANADIAN MENTAL HEALTH ASSOCIATION, KAMLOOPS BRANCH

Notes to Financial Statements (continued)

Year ended March 31, 2022

## 7. Deferred revenue:

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

	Balance, beginning of year	Contributions received	Amounts recognized as revenue	Balance, end of year
BC Housing - COVID-19 Response Program (Kamloops Curling Club & Memorial Arena)	\$ 283,668	\$ 317,347	\$ (283,668)	\$ 317,347
BC Housing - Rapid Response to Homelessness Program (Rosethorn)	255,149	195,776	(233,883)	217,042
BC Housing - Emergency Shelter Program (Emerald Centre)	137,489	138,064	(137,489)	138,064
Rent Deposits	14,570	18,082	(14,570)	18,082
Interior Health Authority	11,412	8,645	(10,488)	9,569
BC Housing - Temporary Shelter Program (Merit Place)	-	160,116	-	160,116
BC Housing - Temporary Shelter Program (Genesis House)	-	18,138	-	18,138
	\$ 702,288	\$ 856,168	\$ (680,098)	\$ 878,358

# CANADIAN MENTAL HEALTH ASSOCIATION, KAMLOOPS BRANCH

Notes to Financial Statements (continued)

Year ended March 31, 2022

## 8. Long-term debt:

	2022	2021
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 West with a net book value as at March 31, 2022 of \$2,091,069 (March 31, 2021 - \$2,151,099 )	\$ 2,343,101	\$ 2,392,860
BC Housing, promissory note, non-interest bearing, repayable in annual instalments of \$1,712, due February 2029	11,985	13,698
	2,355,086	2,406,558
Less current portion of long-term debt	53,401	51,472
	\$ 2,301,685	\$ 2,355,086

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

2023	\$ 53,401
2024	2,293,142
2025	1,712
2026	1,712
2027	1,712
Thereafter	3,407
	\$ 2,355,086

# CANADIAN MENTAL HEALTH ASSOCIATION, KAMLOOPS BRANCH

Notes to Financial Statements (continued)

Year ended March 31, 2022

## 9. Deferred capital contributions:

Deferred capital contributions related to capital assets represent the unamortized amount and unspent amount of donations and grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations.

	2022		2021	
Balance, beginning of year	\$	195,299	\$	215,349
Contributions received		79,007		52,958
Less amortization of deferred capital contributions		(94,560)		(73,008)
	\$	179,746	\$	195,299

## 10. Replacement reserve fund:

	Golden Vista	Meadow Creek	Clubhouse	Rosethorn	2022	2021
Net assets, beginning of year	\$ 125,304	\$ 120,456	\$ 86,142	\$ -	\$ 331,902	\$ 316,270
Interest income	55	41	42	-	138	259
Provisions	10,800	11,592	-	55,000	77,392	30,384
Transfers	-	(7,992)	-	-	(7,992)	(15,011)
Net assets, end of year	\$ 136,159	\$ 124,097	\$ 86,184	\$ 55,000	\$ 401,440	\$ 331,902

The transfers to the reserves for the Clubhouse are at the discretion of the Board of Directors. The transfers to the reserves for Golden Vista, Meadow Creek, and Rosethorn are required under the terms of the BC Housing agreements. Approval is required from BC Housing for the use of the Golden Vista, Meadow Creek and Rosethorn funds.

The replacement reserve for the Clubhouse is internally restricted; all others are externally restricted.

# CANADIAN MENTAL HEALTH ASSOCIATION, KAMLOOPS BRANCH

Notes to Financial Statements (continued)

Year ended March 31, 2022

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## 11. Line of credit:

The Association has an available commercial line of credit from Interior Savings Credit Union which bears interest at the bank's prime commercial lending rate plus 1.00% (March 31, 2022 - 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, 2022, the commercial line of credit balance totaled \$nil (March 31, 2021 - \$nil).

## 12. Director, employee and contractor remuneration:

No directors of the Association were remunerated for the fiscal years ending March 31, 2022 and 2021.

For the fiscal year ending March 31, 2022, the Association paid total remuneration of \$262,961 to three employees for services, each of whom received total remuneration of \$75,000 or greater (March 31, 2021 - one employee totalling \$81,327). No other employees or contractors were paid amounts greater than \$75,000 in the year.

## 13. Commitments:

The Association leases premises under an operating lease agreement with a three-year term ending March 31, 2024. The future minimum annual rent, including operating and property tax costs, before applicable taxes to expiry is approximately as follows:

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2023	\$	36,196
2024	\$	37,176

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# CANADIAN MENTAL HEALTH ASSOCIATION, KAMLOOPS BRANCH

Notes to Financial Statements (continued)

Year ended March 31, 2022

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## 14. 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.

## 15. Economic dependence:

The Association receives a majority of its revenue from government sources, notably from BC Housing which comprises approximately 83% (2021 - 80%) of the annual revenues. Revenues are earned pursuant to an Emergency Shelter Program Agreement, the Temporary Shelter Agreement and Rapid Response To Homelessness Program Agreement. The agreements expire between January 2023 and December 2024. Any disruption of these funding arrangements could have a significant impact on the Association's operations.

## 16. 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. In management's opinion, the maximum amount of credit risk is the carrying value of those assets. The accounts receivable balance consists primarily of receivables from provincial and federal government entities. The Association has a concentration of credit risk as its accounts receivable is comprised of two (2021 - two) counterparties which represent 88% (2021 - 84%) of total accounts receivable. There has been no significant change in the risk exposure from 2021.

# CANADIAN MENTAL HEALTH ASSOCIATION, KAMLOOPS BRANCH

Notes to Financial Statements (continued)

Year ended March 31, 2022

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

### (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 an increase in the risk exposure from 2021 due to the increase in the working capital deficiency.

### (c) Interest rate risk:

The Association's line of credit (note 11) has a variable interest rate based on the bank's commercial prime rate plus a margin. The required payments to service the debt will fluctuate as a result of variable lending rates. The Association allowed these obligations to generally float at market rates of interest. There has been no change to the risk exposure from 2021.

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 2021.

# CANADIAN MENTAL HEALTH ASSOCIATION, KAMLOOPS BRANCH

## Schedule of Revenue and Expenses of BC Housing funded projects (General Fund)

Year ended March 31, 2022 with comparative information for 2021

	Rosethorn	Modular Start-up	Golden Vista	Meadow Creek	Merit Place	Winter Shelter	COVID-19 Shelter	Curling Club Shelter	Memorial Arena Shelter	Genesis House	2022 Total	2021 Total
<b>Revenue</b>												
BC Housing	\$ 1,031,887	\$ 14,254	\$ -	\$ -	\$ 460,381	\$ 265,073	\$ -	\$ 1,222,278	\$ 1,427,340	\$ 2,363	\$ 4,423,576	\$ 2,371,905
Rental income	172,818	35	90,125	64,532	-	-	-	-	-	-	327,510	315,860
Donations and other income	-	-	40	-	-	16	-	16	16	-	88	44,099
	1,204,705	14,289	90,165	64,532	460,381	265,089	-	1,222,294	1,427,356	2,363	4,751,174	2,731,864
<b>Expenses</b>												
Accounting and legal	7,809	-	-	-	-	-	-	7,809	7,880	-	23,498	42,783
Advertising and promotion	473	-	-	-	515	-	-	173	173	-	1,334	949
Bad debts	-	-	-	-	-	-	-	-	-	-	-	-
Bank charges and interest	4	-	-	21	-	8	-	11	11	-	55	7
Client allowances	-	-	-	-	-	-	-	-	-	-	-	-
Insurance	14,165	-	590	1,128	2,358	318	-	1,821	5,166	-	25,547	24,005
Office and general	25,943	7,838	3,288	3,943	20,550	5,494	-	17,073	17,618	1,047	102,794	61,658
Program expenditures	158,451	3,313	37,729	-	32,612	14,557	-	131,279	196,826	-	574,767	292,488
Property taxes	-	-	12,053	8,033	-	-	-	-	-	-	20,086	45,029
Rent	-	-	-	-	-	-	-	-	-	-	-	-
Repairs, maintenance and security	55,756	1,476	3,745	13,024	218,203	88,129	-	271,322	327,540	-	979,195	468,343
Staff and board development	3,025	-	-	-	-	-	-	-	-	-	3,025	293
Travel	945	-	69	605	94	79	-	937	534	-	3,263	3,126
Utilities	74,314	26	5,038	2,153	6,402	1,293	-	4,236	4,759	-	98,220	97,048
Wages and benefits - program	754,978	349	13,169	2,218	136,272	134,027	(2,569)	608,728	706,318	1,316	2,354,806	1,252,761
Wages and benefits - administration	108,842	1,287	28,028	5,644	47,747	26,737	(969)	178,905	222,686	-	618,907	524,512
	1,204,705	14,289	103,708	36,770	464,753	270,642	(3,538)	1,222,294	1,489,511	2,363	4,805,497	2,813,002
<b>Excess (deficiency) of revenues over expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (13,543)</b>	<b>\$ 27,763</b>	<b>\$ (4,372)</b>	<b>\$ (5,553)</b>	<b>\$ 3,538</b>	<b>\$ -</b>	<b>\$ (62,155)</b>	<b>\$ -</b>	<b>\$ (54,323)</b>	<b>\$ (81,138)</b>