

Financial Statements of

**CANADIAN MENTAL HEALTH  
ASSOCIATION, KAMLOOPS  
BRANCH**

And Independent Auditor's Report thereon

Year ended March 31, 2024



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## **INDEPENDENT AUDITOR'S 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, 2024
- the statement of operations and 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 auditor's report, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at March 31, 2024 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, 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 of revenues over expenses reported in the statements of operations and changes in net assets for the years ended March 31, 2024 and 2023, excess of revenues over expenses reported in the statements of cash flows for the years ended March 31, 2024 and 2023, current assets and net assets reported in the statements of financial position as at March 31, 2024 and 2023, and net assets, at the beginning and end of the year, reported in the statements of operations and changes in net assets for the years ended March 31, 2024 and 2023.



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Our opinion on the financial statements for the year ended March 31, 2023 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 **"Auditor's Responsibilities for the Audit of the Financial Statements"** section of our auditor's report.

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.

### ***Auditor's 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 auditor's 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.



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- 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 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 auditor's 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 auditor's 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 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 period.

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 long, horizontal, slightly wavy line.

Chartered Professional Accountants

Kamloops, Canada

September 11, 2024

# CANADIAN MENTAL HEALTH ASSOCIATION, KAMLOOPS BRANCH

Statement of Financial Position

March 31, 2024, with comparative information for 2023

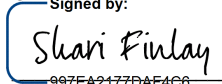
	General Fund	Capital Fund	Replacement Reserve Fund	2024	2023
<b>Assets</b>					
Current assets:					
Cash and cash equivalents	\$ 672,084	\$ -	\$ -	\$ 672,084	\$ 358,987
Accounts receivable (note 2)	264,084	-	-	264,084	489,172
Prepaid expenses	70,931	-	-	70,931	27,862
Interfund accounts	(153,730)	92,531	61,199	-	-
	853,369	92,531	61,199	1,007,099	876,021
Restricted cash (note 3)	-	-	282,518	282,518	278,105
Capital assets (notes 4 and 5)	-	2,687,007	-	2,687,007	2,650,217
	\$ 853,369	\$ 2,779,538	\$ 343,717	\$ 3,976,624	\$ 3,804,343

## Liabilities and Net Assets

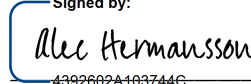
Current liabilities:					
Accounts payable and accrued liabilities (note 6)	\$ 275,510	\$ -	\$ -	\$ 275,510	\$ 241,030
Employee benefits and other liabilities (note 6)	767,307	-	-	767,307	632,488
Deferred contributions (note 7)	535,754	-	-	535,754	413,924
Current portion of long-term debt (note 8)	-	48,434	-	48,434	2,293,026
	1,578,571	48,434	-	1,627,005	3,580,468
Long-term debt (note 8)	-	2,200,819	-	2,200,819	8,561
	1,578,571	2,249,253	-	3,827,824	3,589,029
Net assets (deficiency):					
Invested in capital assets	-	530,285	-	530,285	441,161
Externally restricted (note 9)	-	-	257,381	257,381	245,789
Internally restricted (note 9)	-	-	86,336	86,336	86,214
Unrestricted (deficiency)	(725,202)	-	-	(725,202)	(557,850)
	(725,202)	530,285	343,717	148,800	215,314
Commitments and contingencies (note 11)					
	\$ 853,369	\$ 2,779,538	\$ 343,717	\$ 3,976,624	\$ 3,804,343

See accompanying notes to financial statements.

On behalf of the Board:

Signed by:  
  
 997EA2177DAF4C6..., Director

Signed by:

  
 4392602A103744C..., Director

# CANADIAN MENTAL HEALTH ASSOCIATION, KAMLOOPS BRANCH

## Statement of Operations and Changes in Net Assets

Year ended March 31, 2024, with comparative information for 2023

	General Fund	Capital Fund	Replacement Reserve Fund	2024	2023
<b>Revenues:</b>					
BC Housing Management Commission	\$ 9,486,668	\$ 156,181	\$ -	\$ 9,642,849	\$ 8,324,913
Interior Health Authority	349,047	-	-	349,047	347,305
BC Housing grants	-	-	-	-	105,000
Rental income	590,516	-	-	590,516	502,326
Donations and other income	787,081	-	-	787,081	433,577
United Way BC	-	-	-	-	5,098
Interest income	-	-	122	122	30
	11,213,312	156,181	122	11,369,615	9,718,249
<b>Expenses:</b>					
Accounting and legal	57,836	-	-	57,836	43,035
Advertising and promotion	5,147	-	-	5,147	1,338
Amortization	-	176,874	-	176,874	141,589
Bad debts	14,476	-	-	14,476	-
Bank charges and interest	692	-	-	692	398
Client allowances	28,988	-	-	28,988	26,657
Insurance	96,764	-	-	96,764	95,887
Interest on long-term debt	95,950	-	-	95,950	88,269
Office and general	323,774	-	-	323,774	272,320
Program expenditures	1,055,933	-	-	1,055,933	967,154
Property taxes	22,242	-	-	22,242	20,808
Rent	43,535	-	-	43,535	45,588
Repairs, maintenance and security	912,391	-	-	912,391	1,324,933
Staff and board development	34,447	-	-	34,447	26,017
Travel	53,306	-	-	53,306	26,012
Utilities	360,919	-	-	360,919	302,119
Wages and benefits	8,152,855	-	-	8,152,855	6,242,414
	11,259,255	176,874	-	11,436,129	9,624,538
<b>Excess (deficiency) of revenues over expenses before the undernoted item</b>					
	(45,943)	(20,693)	122	(66,514)	93,711
<b>Other expense:</b>					
Loss on disposal of capital assets	-	-	-	-	(33,657)
<b>Excess (deficiency) of revenues over expenses</b>					
	(45,943)	(20,693)	122	(66,514)	60,054
<b>Net assets (deficiency), beginning of year</b>					
	(557,850)	441,161	332,003	215,314	155,260
<b>Interfund transfers:</b>					
Principal repayments on long-term debt	(52,334)	52,334	-	-	-
Purchases of capital assets	(57,483)	57,483	-	-	-
Replacement reserve provisions	(11,592)	-	11,592	-	-
Transfers to (from) reserves	-	-	-	-	-
<b>Net assets (deficiency), end of year</b>					
	\$ (725,202)	\$ 530,285	\$ 343,717	\$ 148,800	\$ 215,314

See accompanying notes to financial statements.

# CANADIAN MENTAL HEALTH ASSOCIATION, KAMLOOPS BRANCH

## Statement of Cash Flows

Year ended March 31, 2024, with comparative information for 2023

	2024	2023
Cash provided by (used in):		
Operating activities:		
(Deficiency) excess of revenues over expenses	\$ (66,514)	\$ 60,054
Items not involving cash:		
Amortization of capital assets	176,874	141,589
Loss on disposal of capital assets	-	33,657
	<u>110,360</u>	<u>235,300</u>
Changes in non-cash operating working capital:		
Accounts receivable	225,088	(84,525)
Prepaid expenses	(43,069)	(25,063)
Accounts payable and accrued liabilities	34,480	(318,387)
Employee benefits and other liabilities	134,819	283,477
Deferred contributions	121,830	(608,258)
	<u>583,508</u>	<u>(517,456)</u>
Financing activities:		
Net repayments on long-term debt	(52,334)	(53,499)
Investing activities:		
Purchase of capital assets	(213,664)	(292,964)
Restricted cash	(4,413)	(1,294)
	<u>(218,077)</u>	<u>(294,258)</u>
Increase (decrease) in cash and cash equivalents	313,097	(865,213)
Cash and cash equivalents, beginning of year	358,987	1,224,200
Cash and cash equivalents, end of year	<u>\$ 672,084</u>	<u>\$ 358,987</u>

See accompanying notes to financial statements.

# CANADIAN MENTAL HEALTH ASSOCIATION, KAMLOOPS BRANCH

Notes to Financial Statements

Year ended March 31, 2024

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

The replacement reserve fund reports the assets, liabilities, revenues and expenses as prescribed by BC Housing Management Commission ("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.



# CANADIAN MENTAL HEALTH ASSOCIATION, KAMLOOPS BRANCH

Notes to Financial Statements (continued)

Year ended March 31, 2024

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## 1. Significant accounting policies (continued):

### (b) Revenue recognition:

The Association follows the restricted fund method of accounting for contributions, which include grants and donations. Externally restricted contributions are recognized as revenue in the appropriate restricted fund in the period the amounts are received or receivable, provided collection is reasonably assured. Externally restricted contributions for future expenses and specific purposes for which a restricted fund does not exist are recorded as deferred contributions in the general fund and recognized as revenue in the period in which the related expenses are incurred or the restrictions are met.

Unrestricted contributions are recognized as revenue in the general fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

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

Interest income is recorded as earned.

Rental income is recognized as it is earned over the term of the lease in accordance with the terms of the agreement, when proceeds are collected or when collection is reasonably assured.

### (c) Cash and cash equivalents, and restricted cash:

Cash and cash equivalents consist of cash and other short-term instruments or investments with a maturity of less than 90 days.

Restricted cash is cash related to the replacement reserves. Under agreements with BC Housing for certain specific properties, the Association is required to transfer funds to be held in separate replacement reserve bank accounts. The funds in these accounts may only be used as approved by BC Housing.

# CANADIAN MENTAL HEALTH ASSOCIATION, KAMLOOPS BRANCH

Notes to Financial Statements (continued)

Year ended March 31, 2024

## 1. Significant accounting policies (continued):

### (d) 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.

### (e) 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.

### (f) 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, 2024

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## 1. Significant accounting policies (continued):

(g) 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 excess of revenues over expenses in the statement of operations in the year in which they become known.

(h) 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.

(i) 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 the Municipal Pension Plan, a multi-employer jointly trustee pension plan, for certain of its employees. The plan is a defined benefit plan, providing a pension on retirement based on the member's age at retirement, length of service and highest earnings averaged over five years. Inflation adjustments are contingent upon available funding. As the assets and liabilities of the plan are not segregated by employer, the plan is accounted for as a defined contribution plan and, accordingly, the Association's contributions are expensed when incurred.

# CANADIAN MENTAL HEALTH ASSOCIATION, KAMLOOPS BRANCH

Notes to Financial Statements (continued)

Year ended March 31, 2024

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## 1. Significant accounting policies (continued):

### (j) Financial instruments:

#### i) Initial measurement:

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.

#### ii) Subsequent to initial recognition:

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 and cash equivalents, accounts receivable, restricted cash, accounts payable and accrued liabilities, employee benefits and other liabilities, and long-term debt, are measured at amortized cost.

#### iii) Impairment:

At year end, the Association assesses whether there are any indications that a financial asset measured at cost or amortized cost may be impaired. For purposes of impairment testing, each individually significant asset is assessed individually; the balance of the assets are grouped on the basis of similar credit risk characteristics. When there is an indication of impairment, the Association determines whether a significant adverse change has occurred during the year in the expected timing or amount of future cash flows from the financial asset. When there has been a significant adverse change, the carrying amount of the asset is reduced to the highest of the present value of expected cash flows; the amount that could be realized by selling the asset; and the amount that could be realized by exercising the Association's right to any collateral held as security.

When the extent of impairment decreases and the decrease can be related to an event occurring after the impairment was recognized, the impairment is reversed to the extent of the improvement in the year the reversal occurs.

# CANADIAN MENTAL HEALTH ASSOCIATION, KAMLOOPS BRANCH

Notes to Financial Statements (continued)

Year ended March 31, 2024

## 2. Accounts receivable:

	2024	2023
BC Housing	\$ 30,271	\$ 331,883
Canadian Mental Health Association, Vernon and District Branch	-	12,006
City of Kamloops	194,738	82,558
Day One Society	674	7,684
Interior Health Authority	6,204	12,900
Goods and Services Tax recoverable	20,953	32,436
Other	11,244	9,705
	<b>\$ 264,084</b>	<b>\$ 489,172</b>

## 3. Restricted cash:

	2024	2023
Clubhouse replacement reserve	\$ 86,969	\$ 85,586
Golden Vista replacement reserve	111,135	109,405
Meadow Creek replacement reserve	84,414	83,114
	<b>\$ 282,518</b>	<b>\$ 278,105</b>

The Association makes transfers to the Clubhouse replacement reserve at the discretion of the Board of Directors and to the Golden Vista and Meadow Creek replacement reserves as a requirement under the terms of the BC Housing agreement (note 9).

	2024	2023
Restricted cash - Clubhouse replacement reserve	\$ 86,969	\$ 85,586
Monies to be deposited (transferred) subsequent to year-end	(633)	628
Total restricted reserve funds (note 9)	<b>\$ 86,336</b>	<b>\$ 86,214</b>

# CANADIAN MENTAL HEALTH ASSOCIATION, KAMLOOPS BRANCH

Notes to Financial Statements (continued)

Year ended March 31, 2024

### 3. Restricted cash (continued):

	2024		2023	
Restricted cash - Golden Vista replacement reserve	\$	111,135	\$	109,405
Monies to be deposited subsequent to year-end		3,424		5,154
<b>Total restricted reserve funds (note 9)</b>	<b>\$</b>	<b>114,559</b>	<b>\$</b>	<b>114,559</b>

	2024		2023	
Restricted cash - Meadow Creek replacement reserve	\$	84,414	\$	83,114
Monies to be deposited subsequent to year-end		58,408		48,116
<b>Total restricted reserve funds (note 9)</b>	<b>\$</b>	<b>142,822</b>	<b>\$</b>	<b>131,230</b>

### 4. Land held for lease (included in capital assets):

	2024		2023	
	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) in accordance with the respective agreement.

# CANADIAN MENTAL HEALTH ASSOCIATION, KAMLOOPS BRANCH

Notes to Financial Statements (continued)

Year ended March 31, 2024

## 5. Capital assets:

			2024	2023
	Cost	Accumulated amortization	Net book value	Net book value
Land (note 4)	\$ 754,945	\$ -	\$ 754,945	\$ 754,945
Buildings	2,539,299	1,042,319	1,496,980	1,508,666
Computers	136,177	67,215	68,962	48,230
Equipment	419,872	150,369	269,503	233,012
Vehicles	53,524	31,231	22,293	31,847
Furniture and fixtures	175,213	112,369	62,844	73,517
Leasehold improvements	149,817	138,337	11,480	-
	<b>\$ 4,228,847</b>	<b>\$ 1,541,840</b>	<b>\$ 2,687,007</b>	<b>\$ 2,650,217</b>

Capital assets have been pledged as security on the long-term debt (note 8) in accordance with the respective agreement.

## 6. Employee benefits and other liabilities:

	2024	2023
Vacation	\$ 232,837	\$ 146,698
Sick leave (a)	253,267	158,505
Wages and benefits (b)	281,203	327,285
	<b>\$ 767,307</b>	<b>\$ 632,488</b>

### (a) Accumulated sick leave:

The Association provides sick leave benefits to all its full-time and part-time 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.

# CANADIAN MENTAL HEALTH ASSOCIATION, KAMLOOPS BRANCH

Notes to Financial Statements (continued)

Year ended March 31, 2024

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

### (b) Wages and benefits:

Included in wages and benefits as at March 31, 2024 are government remittances payable of \$78,989 (2023 - \$30,770) which include amounts payable for payroll related taxes and included in accounts payable and accrued liabilities are government remittances payable of \$32,842 (2023 - \$24,383) related to workers' safety insurance.

### (c) Pension plan:

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, 2022, the plan had about 240,000 active members and approximately 124,000 retired members. Active members include approximately 43,000 contributors from local governments.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and 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, 2021, indicated a \$3,761 million funding surplus for basic pension benefits on a going concern basis.

The Association paid \$142,128 (2023 - \$126,328) for employer contributions to the plan in fiscal 2024.

The next valuation will be as at December 31, 2024.

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, resulting in 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, 2024

## 7. Deferred contributions:

Funding received in advance of expenditures incurred or program deliverables being completed is deferred and recognized in the period in which the related activities occur. Contributions 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) *	\$ 56,603	\$ -	\$ (56,603)	\$ -
BC Housing - Rapid Response to Homelessness Program (Rosethorn)	21,266	20,766	(42,032)	-
BC Housing - SRSP-CBCHB Subsidy	-	74,627	(11,731)	62,896
BC Housing - Emergency Shelter Program (Emerald Centre) *	226,053	88,295	(95,916)	218,432
BC Housing - Meadow Creek	-	29,530	-	29,530
BC Housing - Encampment Program	-	21,231	(14,034)	7,197
BC Housing - Moira House	59,546	13,825	(11,082)	62,289
BC Housing - Merit Place	-	85,949	-	85,949
BC Housing - Temporary Shelter Program (Genesis House) *	18,138	126,019	(111,826)	32,331
Rent Deposits	31,394	35,281	(30,469)	36,206
Interior Health Authority	924	-	-	924
	\$ 413,924	\$ 495,523	\$ (373,693)	\$ 535,754

\* Included in amounts recognized as revenue and contributions received respectively are transfers from BC Housing - COVID-19 Response Program (Kamloops Curling Club & Memorial Arena) to BC Housing - Temporary Shelter Program (Genesis House) for \$13,190 and BC Housing - Emergency Shelter Program (Emerald Centre) for \$43,413. Also included are transfers from BC Housing - Emergency Shelter Program (Emerald Centre) to BC Housing - Temporary Shelter Program (Genesis House) for \$80,498.

# CANADIAN MENTAL HEALTH ASSOCIATION, KAMLOOPS BRANCH

Notes to Financial Statements (continued)

Year ended March 31, 2024

## 8. Long-term debt:

	2024	2023
People's Trust Company, mortgage, repaid during the year	\$ -	\$ 2,291,314
Scotiabank, mortgage, repayable in monthly instalments of \$13,300 including interest at 5.14% per annum, due November 2033, 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, 2024 of \$1,976,902 (March 31, 2023 - \$2,033,435)	2,240,692	-
BC Housing, promissory note, non-interest bearing, repayable in annual instalments of \$1,712, due February 2029	8,561	10,273
	2,249,253	2,301,587
Less current portion of long-term debt	48,434	2,293,026
	\$ 2,200,819	\$ 8,561

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

2025	\$ 48,434
2026	50,867
2027	53,426
2028	56,118
2029	58,950
Thereafter	1,981,458
	\$ 2,249,253

# CANADIAN MENTAL HEALTH ASSOCIATION, KAMLOOPS BRANCH

Notes to Financial Statements (continued)

Year ended March 31, 2024

## 9. Replacement reserve fund:

(a) Externally restricted:

	Golden Vista	Meadow Creek	2024	2023
Net assets, beginning of year	\$ 114,559	\$ 131,230	\$ 245,789	\$ 315,256
Provisions	-	11,592	11,592	11,592
Transfers	-	-	-	(81,059)
<b>Net assets, end of year</b>	<b>\$ 114,559</b>	<b>\$ 142,822</b>	<b>\$ 257,381</b>	<b>\$ 245,789</b>

(b) Internally restricted:

	Clubhouse	2024	2023
Net assets, beginning of year	\$ 86,214	\$ 86,214	\$ 86,184
Interest income	122	122	30
<b>Net assets, end of year</b>	<b>\$ 86,336</b>	<b>\$ 86,336</b>	<b>\$ 86,214</b>

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 and Meadow Creek are required under the terms of the BC Housing agreements. Approval is required from BC Housing for the use of the Golden Vista and Meadow Creek funds.

# CANADIAN MENTAL HEALTH ASSOCIATION, KAMLOOPS BRANCH

Notes to Financial Statements (continued)

Year ended March 31, 2024

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## 10. Director, employee and contractor remuneration:

No directors of the Association were remunerated for the fiscal years ending March 31, 2024 and 2023.

For the fiscal year ending March 31, 2024, the Association paid total remuneration of \$1,251,414 to twelve employees for services, each of whom received total remuneration of \$75,000 or greater (March 31, 2023 - eight employees totaling \$740,387). No other employees or contractors were paid amounts greater than \$75,000 in the year.

## 11. Commitments and contingencies:

(a) The Association leases premises under an operating lease agreement with a three-year term ending March 31, 2027. The future minimum annual rent, including operating and property tax costs, before applicable taxes to expiry is approximately as follows:

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2025	\$	39,145
2026		41,123
2027		41,123

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(b) Surpluses and deficits related to BC Housing projects:

In accordance with the Association's operating agreements with BC Housing, any surpluses and/or deficits being recognized in the year for programs funded by BC Housing are to be paid to or potentially collected from BC Housing subject to BC Housing's formal financial review. Based on management's assessment, certain of these operating agreements are in a surplus position. Management has deferred surpluses for the current fiscal year within deferred contributions (note 7). As the outcome of BC Housing's reviews are indeterminable, adjustments to funding resulting from the reviews will be recorded in the period the amount becomes known and determinable.

# CANADIAN MENTAL HEALTH ASSOCIATION, KAMLOOPS BRANCH

Notes to Financial Statements (continued)

Year ended March 31, 2024

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## 12. 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.

## 13. Economic dependence:

The Association receives a majority of its revenue from government sources, notably from BC Housing which comprises approximately 85% (2023 - 87%) 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 are all long term and expire between March 2025 and December 2029. Any disruption of these funding arrangements could have a significant impact on the Association's operations.

## 14. 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, federal, and municipal government entities. The Association has a concentration of credit risk as its accounts receivable is comprised of two (2023 - two) counterparties which represent 85% (2023 - 85%) of total accounts receivable. There has been no change in the risk exposure from 2023.

# CANADIAN MENTAL HEALTH ASSOCIATION, KAMLOOPS BRANCH

Notes to Financial Statements (continued)

Year ended March 31, 2024

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## 14. 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 no significant change to the risk exposure from 2023 as the Association continues to operate with a working capital deficit.

### (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 an increase in the risk exposure from 2023 due to an increase in the fixed interest rate.

# CANADIAN MENTAL HEALTH ASSOCIATION, KAMLOOPS BRANCH

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

Year ended March 31, 2024 with comparative information for 2023

	Rosethorn	Golden Vista	Meadow Creek	Merit Place	SRSP-CBCHB Subsidy	Genesis House	Moira House	Emerald Centre	Encampment Program	2024	2023
<b>Revenues:</b>											
BC Housing (recovery)	\$ 1,424,464	\$ -	\$ (29,530)	\$ 2,229,566	\$ 11,731	\$ 1,484,646	\$ 2,210,542	\$ 2,141,214	\$ 14,034	\$ 9,486,667	\$ 8,142,120
Donations and other income	-	-	-	414	-	3,077	718	296	-	4,505	21,738
Rental income	190,308	99,632	70,447	-	-	126,403	-	71,433	-	558,223	468,011
	1,614,772	99,632	40,917	2,229,980	11,731	1,614,126	2,211,260	2,212,943	14,034	10,049,395	8,631,869
<b>Expenses:</b>											
Accounting and legal	13,304	282	282	9,357	-	10,936	8,906	12,796	-	55,863	39,592
Advertising and promotion	36	-	-	36	-	36	36	36	-	180	-
Bank charges and interest	184	-	7	184	-	184	184	184	-	927	299
Client allowances	-	-	-	-	-	-	-	-	-	-	-
Insurance	27,250	1,148	1,148	13,250	-	9,804	15,057	25,661	-	93,318	83,152
Interest on long-term debt	-	-	-	-	-	-	-	95,950	-	95,950	88,269
Office and general	56,491	1,318	1,272	43,785	425	56,093	49,113	52,129	-	260,626	217,925
Program expenditures	186,158	44,955	2	198,919	-	142,164	186,300	197,570	14,034	970,102	950,635
Property taxes	-	13,418	8,825	-	-	-	-	-	-	22,243	20,808
Rent	-	-	-	-	-	-	-	-	-	-	-
Repairs, maintenance and security	57,844	2,956	17,234	357,899	345	52,081	299,850	106,309	-	894,518	1,305,811
Staff and board development	2,422	-	-	5,602	-	4,832	6,257	4,147	-	23,260	24,742
Travel	5,606	300	1,037	7,080	-	7,407	11,291	5,554	-	38,275	23,557
Utilities	107,266	5,332	868	36,120	-	55,162	67,347	53,399	-	325,494	274,169
Wages and benefits - program	997,603	2,897	6,305	1,370,100	10,961	1,077,488	1,373,986	1,453,156	-	6,292,496	4,880,397
Wages and benefits - administration	191,895	17,179	17,787	187,648	-	197,939	192,933	206,052	-	1,011,433	826,223
	1,646,059	89,785	54,767	2,229,980	11,731	1,614,126	2,211,260	2,212,943	14,034	10,084,685	8,735,579
Excess (deficiency) of revenues over expenses	\$ (31,287)	\$ 9,847	\$ (13,850)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (35,290)	\$ (103,710)