

**Canadian Mental Health Association
Vernon and District Branch**

**Financial Statements
For the Year Ended March 31, 2018**

**Canadian Mental Health Association
Vernon and District Branch**

**Financial Statements
For the Year Ended March 31, 2018**

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Independent Auditor's Report

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

We have audited the accompanying financial statements of Canadian Mental Health Association - Vernon and District Branch, which comprise the statement of financial position as at March 31, 2018, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



Opinion

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

Report on Other Legal and Regulatory Requirements

As required by the Societies Act (British Columbia), we report that, in our opinion, 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.

Chartered Professional Accountants

Vernon, British Columbia
July 30, 2018

**Canadian Mental Health Association
Vernon and District Branch
Statement of Financial Position**

| March 31 | 2018 | 2017 |
|--|---------------|---------------|
| Assets | | |
| Current | | |
| Cash and cash equivalents | \$ 824,048 | \$ 531,994 |
| Accounts receivable | 65,654 | 61,956 |
| Prepaid expenses | 4,569 | - |
| Prepaid rent (Note 3) | - | 31,432 |
| | 894,271 | 625,382 |
| Restricted cash (Note 2) | 975,981 | 1,111,499 |
| Prepaid rent (Note 3) | - | 1,024,998 |
| Property, plant and equipment (Note 4) | 12,050,006 | 2,369,633 |
| Assets under capital lease (Note 3) | - | 7,345,213 |
| | \$ 13,920,258 | \$ 12,476,725 |

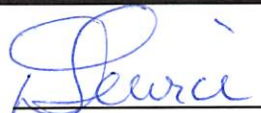
Liabilities and Net Assets

| | | |
|---|---------------|---------------|
| Current | | |
| Accounts payable and accrued liabilities (Note 5) | \$ 381,573 | \$ 319,226 |
| Deposits received | 50,467 | 51,667 |
| Deferred revenues | 232,302 | 167,047 |
| Short term debt (Note 6) | 89,863 | 131,889 |
| Current portion of long term debt (Note 7) | 439,959 | 403,475 |
| | 1,194,164 | 1,073,304 |
| Long term debt (Note 7) | 7,021,622 | 6,185,392 |
| Deferred contributions for future expenses (Note 8) | - | 139,265 |
| Deferred capital contributions (Note 9) | 1,803,590 | 1,462,030 |
| | 10,019,376 | 8,859,991 |
| Net Assets | | |
| Restricted | 1,515,747 | 1,293,611 |
| Unrestricted | 2,385,135 | 2,323,123 |
| | 3,900,882 | 3,616,734 |
| | \$ 13,920,258 | \$ 12,476,725 |

On behalf of the Board:

 Director

Mott Garcia

 Director

The accompanying notes are an integral part of these financial statements.

**Canadian Mental Health Association
Vernon and District Branch
Statement of Changes in Net Assets**

| For the year ended March 31 | RESTRICTED | | | 2018 Total | 2017 Total |
|--|----------------------------------|------------------------|---------------------|---------------------|---------------------|
| | Invested in Capital Assets | Replacement Reserve | Operations | | |
| | (Schedule 1) | | | | |
| Balance, beginning of the year | \$ 1,012,842 | \$ 500,882 | \$ (220,113) | \$ 1,293,611 | \$ 1,097,287 |
| Excess of revenues over expenses | (251,925) | - | 334,796 | 82,871 | 196,324 |
| Contributions received | (365,534) | - | 365,534 | - | - |
| Issuance of long term debt | (1,286,440) | - | 1,286,440 | - | - |
| Forgivable loan realized | 139,265 | - | - | 139,265 | - |
| Long term debt principal repayments | 413,727 | - | (413,727) | - | - |
| Purchase of capital assets | 1,654,738 | - | (1,654,738) | - | - |
| Replacement reserve provision | - | 99,360 | (99,360) | - | - |
| Interest on replacement reserve | - | 2,016 | (2,016) | - | - |
| Replacement reserve expenditures | - | (146,961) | 146,961 | - | - |
| Interfund transfers | - | 17,500 | (17,500) | - | - |
| Balance, end of the year | \$ 1,316,673 | \$ 472,797 | \$ (273,723) | \$ 1,515,747 | \$ 1,293,611 |

The accompanying notes are an integral part of these financial statements.

**Canadian Mental Health Association
Vernon and District Branch
Statement of Operations**

| For the year ended March 31 | 2018 | 2017 |
|--|-------------------|-------------------|
| | (Schedule 2) | |
| Revenue | | |
| Interior Health Authority | \$ 2,019,090 | \$ 1,957,278 |
| Rent and user fees | 1,040,065 | 1,027,588 |
| BC Housing | 587,034 | 637,644 |
| Canadian Mental Health Association - BC Division | 384,119 | 249,506 |
| Grants - Other | 59,238 | 62,297 |
| Store sales | 184,252 | 172,499 |
| Donations and fundraising | 173,914 | 85,501 |
| Workshop sales | 94,878 | 82,546 |
| BC Gaming | 77,500 | 80,000 |
| Sundry | 71,975 | 65,827 |
| United Way | 7,535 | 9,035 |
| Amortization of deferred contributions (Note 8) | 72,340 | 71,039 |
| | 4,771,940 | 4,500,760 |
| Expenses | | |
| Advertising and promotion | 20,580 | 13,969 |
| Amortization | 401,434 | 344,101 |
| Insurance | 32,063 | 30,376 |
| Interest and bank charges | 6,261 | 5,780 |
| Interest on long term debt | 204,299 | 238,498 |
| Memberships and licences | 15,892 | 12,386 |
| Office and miscellaneous | 43,806 | 60,795 |
| Professional fees | 26,447 | 25,691 |
| Program expenses | 150,342 | 107,962 |
| Property taxes | 7,759 | 14,069 |
| Rent | 16,889 | 44,246 |
| Repairs and maintenance | 352,382 | 292,107 |
| Subcontracts | 17,591 | 9,377 |
| Supplies | 92,153 | 81,993 |
| Telephone | 20,828 | 29,356 |
| Travel | 17,510 | 12,160 |
| Utilities | 323,738 | 309,306 |
| Vehicle | 28,230 | 25,405 |
| Volunteer and honorariums | 76,677 | 77,683 |
| Wages and benefits | 2,772,176 | 2,482,479 |
| | 4,627,057 | 4,217,739 |
| Excess of revenues over expenses | \$ 144,883 | \$ 283,021 |

The accompanying notes are an integral part of these financial statements.

**Canadian Mental Health Association
Vernon and District Branch
Statement of Cash Flows**

| For the year ended March 31 | 2018 | 2017 |
|--|---------------------|---------------------|
| Cash flows from operating activities | | |
| Cash receipts from federal and provincial funding and grants | \$ 3,369,986 | \$ 3,140,473 |
| Cash receipts from rent and user fees | 1,038,865 | 1,027,612 |
| Cash received from other revenue | 346,322 | 317,319 |
| Cash paid to suppliers and employees | (3,967,110) | (3,888,794) |
| Interest received | 4,783 | 3,553 |
| Interest paid | (204,299) | (230,127) |
| | 588,547 | 370,036 |
| Cash flows from investing activities | | |
| Capital contributions received | 417,467 | 140,403 |
| Purchase of capital assets | (1,680,166) | (52,783) |
| | (1,262,699) | 87,620 |
| Cash flows from financing activities | | |
| Repayment of short term debt | (42,026) | (49,146) |
| Repayment of long term debt | (413,726) | (365,360) |
| Proceeds from long term debt | 1,286,440 | - |
| | 830,688 | (414,506) |
| Net increase in cash and cash equivalents | 156,536 | 43,150 |
| Cash and cash equivalents, beginning of the year | 1,643,493 | 1,600,343 |
| Cash and cash equivalents, end of the year | \$ 1,800,029 | \$ 1,643,493 |
| Represented by: | | |
| Cash and cash equivalents | \$ 824,048 | \$ 531,994 |
| Restricted cash (Note 2) | 975,981 | 1,111,499 |
| | \$ 1,800,029 | \$ 1,643,493 |

The accompanying notes are an integral part of these financial statements.

Canadian Mental Health Association Vernon and District Branch Notes to Financial Statements

March 31, 2018

1. Significant Accounting Policies

| | |
|---|--|
| Nature and Purpose of Organization | <p>The Canadian Mental Health Association - Vernon and District Branch (the "Association") is a branch of the Canadian Mental Health Association and was incorporated under the Society Act of British Columbia. The Association's purpose is to provide services that promote, maintain, and enhance the mental health of individuals in Vernon, British Columbia and the surrounding area.</p> <p>The Association is a registered charity and, as such, is exempt from income tax and may issue income tax receipts to donors.</p> |
| Basis of Accounting | <p>The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.</p> |
| Revenue Recognition | <p>The Association follows the deferral method of accounting for contributions.</p> <p>Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.</p> <p>Restricted net investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted net investment income is recognized as revenue when earned.</p> <p>Revenue from tenant rent is recognized when the cash is collected or when collection is reasonably assured.</p> <p>Store sales, workshop revenues, fundraising and other miscellaneous revenue are recognized in the respective programs when there is persuasive evidence of an arrangement, the services or goods have been provided and cash is collected or reasonably collectible.</p> |
| Use of Estimates | <p>The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available.</p> |
| Cash and Cash Equivalents | <p>Cash and cash equivalents consist of cash on hand, bank balances and investments in money market funds.</p> |

**Canadian Mental Health Association
Vernon and District Branch
Notes to Financial Statements**

March 31, 2018

1. Significant Accounting Policies (continued)

Property, Plant and Equipment

Purchased property, plant and equipment are stated at cost less accumulated amortization. Contributed tangible capital assets are recorded at fair value at the date of contribution and are amortized, unless fair value is not determinable in which case contributed tangible capital assets are recorded at nominal value at the date of contribution. Expenditures for repairs and maintenance are expensed as incurred. Betterments that extend the useful life of the tangible capital asset are capitalized.

Amortization based on the estimated useful life of the asset is calculated as follows:

| | Method | Rate |
|-------------------------|---------------|-------------|
| Buildings | Straight-line | 40 years |
| Vehicles | Straight-line | 5 years |
| Computer Equipment | Straight-line | 3 years |
| Furniture and equipment | Straight-line | 10 years |
| Leasehold improvements | Straight-line | 5-10 years |

Financial Instruments

Financial Instruments are recorded at fair value at initial recognition.

In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any change in fair value reported in income. All other financial instruments are reported at cost or amortized cost less impairment. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost.

Financial assets are tested for impairment when indicators of impairment exist. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in net income.

Contributed Materials

Due to the difficulty in determining the fair value of materials contributed to the organization they are not recognized in the financial statements.

**Canadian Mental Health Association
Vernon and District Branch
Notes to Financial Statements**

March 31, 2018

1. Significant Accounting Policies (continued)

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

Comparative Figures Certain of the comparative figures have been restated to conform to the current year financial statement presentation.

2. Restricted Cash

Restricted cash consists of cash and investments in money market funds which are restricted in their use and can only be used for specified purposes. They consist of the following balances:

| | 2018 | 2017 |
|--------------------|------------|--------------|
| Cash | \$ 853,656 | \$ 990,240 |
| Money market funds | 122,325 | 121,259 |
| | \$ 975,981 | \$ 1,111,499 |

Restricted cash is allocated for the following purposes:

| | 2018 | 2017 |
|--|------------|--------------|
| Deferred contributions for future expenses | \$ - | \$ 139,265 |
| Internally restricted funds (Note 10) | 309,554 | 317,367 |
| Replacement reserve funds (Schedule 1) | 495,286 | 492,308 |
| Gaming | 119,931 | 98,723 |
| Damage deposits | 51,210 | 63,836 |
| | \$ 975,981 | \$ 1,111,499 |

**Canadian Mental Health Association
Vernon and District Branch
Notes to Financial Statements**

March 31, 2018

3. Non-Profit Asset Transfer

During the year, the Association entered into an agreement with BC Housing where land and building previously leased by the Association from BC Housing were transferred to the Association in exchange for the Association assuming the outstanding mortgages.

As a result of this transaction, the cost of the buildings remained unchanged as these were previously subject to capital lease. The assets under capital lease of \$7.3 million have been reclassified to property, plant and equipment.

The land, which was previously subject to operating leases with BC Housing, has been recorded at \$2.3 million which is represented by the sum of the remaining prepaid rent (\$1.0 million) plus the mortgages assumed on the properties (\$1.3 million).

4. Property, Plant and Equipment

| | 2018 | | 2017 | |
|----------------------------|-------------------|-----------------------------|------------------|-----------------------------|
| | Cost | Accumulated Amortization | Cost | Accumulated Amortization |
| Land | \$ 2,782,085 | \$ - | \$ 439,215 | \$ - |
| Buildings | 14,763,301 | 5,594,545 | 2,847,596 | 1,027,872 |
| Vehicles | 164,304 | 164,304 | 164,304 | 161,014 |
| Computer equipment | 68,697 | 60,620 | 59,965 | 59,965 |
| Furniture and equipment | 412,724 | 327,760 | 411,289 | 303,885 |
| Leasehold improvements | 61,370 | 55,246 | 46,110 | 46,110 |
| | 18,252,481 | 6,202,475 | 3,968,479 | 1,598,846 |
| | | \$ 12,050,006 | | \$ 2,369,633 |

5. Accounts Payable and Accrued Liabilities

Included in accounts payable and accrued liabilities are government remittances payable of \$12,262 (2017 - \$13,139).

**Canadian Mental Health Association
Vernon and District Branch
Notes to Financial Statements**

March 31, 2018

6. Short Term Debt

| | <u>2018</u> | <u>2017</u> |
|---|------------------|-------------------|
| Royal Bank term loan, repayable in monthly instalments of \$1,265 including interest calculated at a rate of 3.58%, maturing November 2021. | \$ 89,863 | \$ 101,607 |
| Royal Bank term loan repaid during the year | - | 30,282 |
| | <u>\$ 89,863</u> | <u>\$ 131,889</u> |

**Canadian Mental Health Association
Vernon and District Branch
Notes to Financial Statements**

March 31, 2018

7. Long Term Debt

| | 2018 | 2017 |
|--|--------------|--------------|
| MCAP Financial Corporation mortgage, with monthly principal and interest payments of \$19,392, with interest calculated at a rate of 2.20%, maturing October 2026, secured by specific property. | \$ 2,731,899 | \$ 2,902,737 |
| Canada Mortgage and Housing Corporation mortgage, with monthly principal and interest payments of \$20,479, with interest calculated at a rate of 3.43%, maturing February 2021, secured by specific property. | 2,484,663 | 2,642,834 |
| MCAP Financial Corporation mortgage, with monthly principal and interest payments of \$2,516, with interest calculated at a rate of 2.95%, maturing October 2027, secured by specific property. | 655,622 | - |
| Canada Mortgage and Housing Corporation mortgage, with monthly principal and interest payments of \$6,574, with interest calculated at a rate of 3.43%, maturing February 2021, secured by specific property. | 516,165 | 576,344 |
| Peoples Trust Company mortgage, with monthly principal and interest payments of \$1,674, with interest calculated at a rate of 3.46%, maturing March 2024, secured by specific property. | 338,925 | 347,220 |
| MCAP Financial Corporation mortgage, with monthly principal and interest payments of \$1,080, with interest calculated at a rate of 2.95%, maturing October 2027, secured by specific property. | 281,347 | - |
| MCAP Financial Corporation mortgage, with monthly principal and interest payments of \$987, with interest calculated at a rate of 2.95%, maturing October 2027, secured by specific property. | 207,302 | - |
| MCAP Financial Corporation mortgage, with monthly principal and interest payments of \$535, with interest calculated at a rate of 2.95%, maturing October 2027, secured by specific property. | 132,249 | - |
| MCAP Financial Corporation mortgage, with monthly principal and interest payments of \$925, with interest calculated at a rate of 4.12%, maturing June 2021, secured by specific property. | 113,409 | 119,732 |
| | 7,461,581 | 6,588,867 |
| Current portion | (439,959) | (403,475) |
| Long-term portion of debt | \$ 7,021,622 | \$ 6,185,392 |

**Canadian Mental Health Association
Vernon and District Branch
Notes to Financial Statements**

March 31, 2018

Principal repayments on long term debt over the next five years and thereafter are as follows:

| | |
|------------|---------------------|
| 2019 | \$ 439,959 |
| 2020 | 452,733 |
| 2021 | 2,765,907 |
| 2022 | 315,456 |
| 2023 | 227,764 |
| Thereafter | <u>3,259,762</u> |
| | <u>\$ 7,461,581</u> |

8. Deferred Contributions for Future Expenses

Deferred contributions for future expenses represent the unamortized portion restricted contributions used for the financing of the prepaid rent . The changes in the deferred contributions for future expenses balance for the period are as follows:

| | <u>2018</u> | <u>2017</u> |
|--|------------------|-------------------|
| Beginning balance | \$ 139,265 | \$ 146,228 |
| Less: amounts recognized as a direct increase to net assets | (139,265) | - |
| Less: Amounts amortized to revenue | - | (6,963) |
| Ending balance | <u>\$ -</u> | <u>\$ 139,265</u> |
| Amortization of deferred contributions: | | |
| Prepaid rent contributions recognized as revenue in the year | \$ - | \$ 6,963 |
| Capital contributions recognized as revenue in the year (Note 9) | <u>72,340</u> | <u>64,076</u> |
| Ending balance | <u>\$ 72,340</u> | <u>\$ 71,039</u> |

**Canadian Mental Health Association
Vernon and District Branch
Notes to Financial Statements**

March 31, 2018

9. Deferred Capital Contributions

Deferred capital contributions represent the unamortized portion of contributed capital assets and restricted contributions used to purchase capital assets. The changes in the deferred capital contributions balance for the period are as follows:

| | <u>2018</u> | <u>2017</u> |
|--|---------------------|---------------------|
| Beginning balance | \$ 1,462,030 | \$ 1,385,703 |
| Add: restricted contributions related to contributed equipment | 413,900 | 140,403 |
| Less: Amounts amortized to revenue | <u>(72,340)</u> | <u>(64,076)</u> |
| Ending balance | <u>\$ 1,803,590</u> | <u>\$ 1,462,030</u> |

10. Internally Restricted Funds

The Association has reserved \$309,553 (2017 - \$307,044) for purposes of funding future purchases or replacement of equipment, furniture and other expenditures deemed necessary by management.

11. Financial Instruments

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Association is exposed to credit risk resulting from the possibility that a customer or counterparty to a financial instrument defaults on their financial obligations; if there is a concentration of transactions carried out with the same counterparty; or of financial obligations which have similar economic characteristics such that they could be similarly affected by changes in economic conditions. The Association's financial instruments that are exposed to concentrations of credit risk relate primarily to its accounts and contributions receivable. The majority of the Association's receivables are from government sources and the Association works to ensure it meets all eligibility criteria in order to qualify to receive the funding.

**Canadian Mental Health Association
Vernon and District Branch
Notes to Financial Statements**

March 31, 2018

11. Financial Instruments (continued)

Liquidity risk

Liquidity risk is the risk that the Association will encounter difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Association will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. The Association is exposed to this risk mainly in respect of its accounts payable, short term debt and long term debt.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Association is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed interest instruments subject the Association to a fair value risk while the floating rate instruments subject it to a cash flow risk.

The Association mitigates interest rate risk on investments by diversifying the durations of the fixed-income investments that are held at a given time.

There have not been any changes in the risk from the prior year.

Canadian Mental Health Association Vernon and District Branch Notes to Financial Statements

March 31, 2018

12. Employee Pension Plan

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 the assets and administration of benefits. The Plan is a multi-employer defined benefit pension plan. Basic pension benefits provided are based on a formula. As at December 31, 2016, the Plan has about 193,000 active members and approximately 90,000 retired members. Active members include approximately 38,000 contributors from local government.

The most recent actuarial valuation as at December 31, 2015, indicated a \$2,224 million funding surplus for basic pension benefits. The next valuation will be December 31, 2018, with results available in 2019.

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.

The Association paid \$151,563 (2017 - \$146,064) for employer contributions to the Plan in fiscal 2016.

13. Economic Dependence

The Association receives 55% (2017 - 58%) of its funding from the Province of British Columbia through the Interior Health Authority and BC Housing. The ability of the Association to continue operations is dependent upon continued funding from these sources.

14. Subsequent Event

Subsequent to the year end, the Association received a forgivable loan in the amount of \$725,000 from BC Housing to facilitate the renovation and repair of Yin Ho Gardens. The loan will be forgiven at a rate of 1/10 of the original balance each year, commencing in the first year if the Association meets all of the agreement terms.

15. Salaries, Honoraria and Benefits

During the year, the Association paid two employees (2017 - Nil) in excess of \$75,000. Total salaries, honoraria and benefits paid was \$167,470 (2017 - \$Nil). The Association does not provide remuneration to its Board of Directors.

**Canadian Mental Health Association
Vernon and District Branch**

Schedule 1 - Statement of Changes in Replacement Reserve Fund

Under the terms of the operating agreements with BC Housing, the Replacement Reserve Funds are to be credited by the budget provision per annum plus interest earned. These funds along with accumulated interest must be held in a separate bank or investment savings accounts and can only hold instruments insured by the Canadian Deposit Insurance Corporation, the Credit Union Deposit Insurance Corporation, guaranteed by a Canadian government or in other investment instruments as agreed upon by BC Housing. The funds are to be used to replace major items that periodically wear out to ensure the building continues to be functional over its useful life.

| | 53rd Avenue | Albert Place | Belvedere Apartments | Group Home | Melrose Apartments | Yin Ho Gardens | 2018 | 2017 |
|---|------------------|-------------------|-------------------------|------------------|-----------------------|-------------------|-------------------|-------------------|
| Replacement Reserve, beginning of year | \$ 78,650 | \$ 142,174 | \$ 111,894 | \$ 28,123 | \$ 31,735 | \$ 108,306 | \$ 500,882 | \$ 473,761 |
| Replacement Reserve provision | 36,288 | - | 14,688 | 6,048 | 5,184 | 37,152 | 99,360 | 99,360 |
| Interest on replacement reserve | 367 | 752 | 251 | 133 | 72 | 441 | 2,016 | 1,562 |
| Repair and maintenance expenditures | (59,952) | (8,120) | (23,697) | (537) | (580) | (54,075) | (146,961) | (93,515) |
| Transfers to (from) | 21,500 | - | (4,000) | - | - | - | 17,500 | 19,714 |
| Replacement Reserve, end of year | \$ 76,853 | \$ 134,806 | \$ 99,136 | \$ 33,767 | \$ 36,411 | \$ 91,824 | \$ 472,797 | \$ 500,882 |

**Canadian Mental Health Association
Vernon and District Branch
Schedule 2 - Statement of Revenues and Expenses - Programs**

| For the year ended March 31 | Main Operations | Housing Projects | 2018 | 2017 |
|--|--------------------|---------------------|-------------------|-------------------|
| Revenue | | | | |
| BC Gaming | \$ 77,500 | \$ - | \$ 77,500 | \$ 80,000 |
| BC Housing | - | 628,346 | 628,346 | 643,180 |
| BC Housing - Prior Year Subsidy Adjustment | - | (41,312) | (41,312) | (5,536) |
| Canadian Mental Health Association - BC | | | | |
| Division | 384,119 | - | 384,119 | 249,506 |
| United Way | 7,535 | - | 7,535 | 9,035 |
| Interior Health Authority | 2,019,090 | - | 2,019,090 | 1,957,278 |
| Grants | 59,238 | - | 59,238 | 62,297 |
| Rent and user fees | 307,622 | 732,443 | 1,040,065 | 1,027,588 |
| Donations and fundraising | 173,914 | - | 173,914 | 85,501 |
| Store sales | 184,252 | - | 184,252 | 172,499 |
| Sundry | 41,486 | 30,489 | 71,975 | 65,827 |
| Workshop sales | 94,878 | - | 94,878 | 82,546 |
| Amortization of deferred contributions | 18,378 | 53,962 | 72,340 | 71,039 |
| | 3,368,012 | 1,403,928 | 4,771,940 | 4,500,760 |
| Expenses | | | | |
| Advertising and promotion | 20,580 | - | 20,580 | 13,969 |
| Amortization | 86,146 | 315,288 | 401,434 | 344,101 |
| Insurance | 7,533 | 24,530 | 32,063 | 30,376 |
| Interest and bank charges | 3,857 | 2,404 | 6,261 | 5,780 |
| Interest on long term debt | 3,916 | 200,383 | 204,299 | 238,498 |
| Memberships and licenses | 13,241 | 2,651 | 15,892 | 12,386 |
| Office | 35,727 | 8,079 | 43,806 | 60,795 |
| Professional fees | 705 | 25,742 | 26,447 | 25,691 |
| Program expenses | 150,342 | - | 150,342 | 107,962 |
| Property taxes | - | 7,759 | 7,759 | 14,069 |
| Rent | 16,889 | - | 16,889 | 44,246 |
| Repairs and maintenance | 84,699 | 267,683 | 352,382 | 292,107 |
| Subcontracts | 7,653 | 9,938 | 17,591 | 9,377 |
| Supplies | 92,153 | - | 92,153 | 81,993 |
| Telephone | 10,553 | 10,275 | 20,828 | 29,356 |
| Travel | 15,371 | 2,139 | 17,510 | 12,160 |
| Utilities | 77,111 | 246,627 | 323,738 | 309,306 |
| Vehicle | 28,230 | - | 28,230 | 25,405 |
| Volunteer and honorariums | 76,677 | - | 76,677 | 77,683 |
| Salaries, wages and benefits | 2,574,617 | 197,559 | 2,772,176 | 2,482,479 |
| | 3,306,000 | 1,321,057 | 4,627,057 | 4,217,739 |
| Excess of revenues over expenses | \$ 62,012 | \$ 82,871 | \$ 144,883 | \$ 283,021 |