

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

**Financial Statements  
For the Year Ended March 31, 2017**

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

**Financial Statements  
For the Year Ended March 31, 2017**

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## Independent Auditor's Report

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### 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, 2017, 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, 2017, 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.

*BDO Canada LLP*

Chartered Professional Accountants


Vernon, British Columbia  
July 20, 2017

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

March 31	2017	2016
		(restated)
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 531,994	\$ 499,303
Accounts receivable	61,956	66,937
Prepaid expenses	-	6,057
Prepaid rent (Note 3)	31,432	31,432
	625,382	603,729
Restricted cash (Note 2)	1,111,499	1,101,040
Prepaid rent (Note 3)	1,024,998	1,056,430
Property, plant and equipment (Note 4)	2,369,633	2,482,551
Assets under capital lease (Note 5)	7,345,213	7,523,613
	\$ 12,476,725	\$ 12,767,363
<b>Liabilities and Net Assets</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 6)	\$ 319,226	\$ 599,649
Deposits received	51,667	51,643
Deferred revenues	167,047	105,853
Short term debt (Note 7)	131,889	181,035
Current portion of long term debt (Note 8)	403,475	3,277,309
	1,073,304	4,215,489
Long term debt (Note 8)	6,185,392	3,686,230
Deferred contributions for future expenses (Note 9)	139,265	146,228
Deferred capital contributions (Note 10)	1,462,030	1,385,703
	8,859,991	9,433,650
<b>Net Assets</b>		
Restricted net assets	1,293,611	1,097,287
Unrestricted net assets	2,323,123	2,236,426
	3,616,734	3,333,713
	\$ 12,476,725	\$ 12,767,363

On behalf of the Board:

 Director

 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			2017 Total	2016 Total
	Invested in Capital Assets	Replacement Reserve	Operations		
	(Schedule 1)				
Balance, beginning of the year	\$ 965,778	\$ 473,761	\$ (317,925)	\$ 1,121,614	\$ 980,385
Prior period adjustment (Note 12)	-	-	(24,327)	(24,327)	-
Balance, beginning of the year, as restated	965,778	473,761	(342,252)	1,097,287	980,385
Excess of revenues over expenses	(185,698)	-	382,022	196,324	116,902
Contributions received	(140,403)	-	140,403	-	-
Long term debt principal repayments	340,891	-	(340,891)	-	-
Purchase of capital assets	32,274	-	(32,274)	-	-
Replacement reserve provision	-	99,360	(99,360)	-	-
Interest on replacement reserve	-	1,562	(1,562)	-	-
Replacement reserve expenditures	-	(93,515)	93,515	-	-
Transfers to (from)	-	19,714	(19,714)	-	-
Balance, end of the year	\$ 1,012,842	\$ 500,882	\$ (220,113)	\$ 1,293,611	\$ 1,097,287

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	UNRESTRICTED			2017 Total	2016 Total
	Invested in Capital Assets	Internally Restricted	Operations		
			(Note 11)		
Balance, beginning of the year,	\$ 1,451,652	\$ 317,765	\$ 509,253	\$ 2,278,670	\$ 2,130,882
Prior period adjustment (Note 12)	-	-	(42,244)	(42,244)	-
Balance, beginning of the year, as restated	1,451,652	317,765	467,009	2,236,426	2,130,882
Excess of revenues over expenses	(94,328)	-	181,025	86,697	105,544
Long term debt principal repayments	49,146	-	(49,146)	-	-
Purchase of capital assets	20,509	-	(20,509)	-	-
Replacement reserve provision	-	1,988	(1,988)	-	-
Replacement reserve expenditures	-	(2,223)	2,223	-	-
Interfund transfers	-	(10,486)	10,486	-	-
Balance, end of the year	\$ 1,426,979	\$ 307,044	\$ 589,100	\$ 2,323,123	\$ 2,236,426

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	2017	2016
	(Schedule 2)	(restated)
<b>Revenue</b>		
Interior Health Authority	\$ 1,957,278	\$ 1,969,452
Rent and user fees	1,027,588	1,051,748
BC Housing	637,644	615,282
Grants	311,803	239,285
Store sales	172,499	176,334
Donations and fundraising	85,501	86,357
Workshop sales	82,546	84,464
BC Gaming	80,000	80,000
Sundry	65,827	53,634
United Way	9,035	10,500
Amortization of deferred contributions (Note 9)	71,039	65,310
	<u>4,500,760</u>	<u>4,432,366</u>
<b>Expenses</b>		
Advertising and promotion	13,969	13,921
Amortization	344,101	327,442
Insurance	30,376	31,927
Interest and bank charges	5,780	5,067
Interest on long term debt	238,498	286,786
Memberships and licences	12,386	8,322
Office and miscellaneous	60,795	69,819
Professional fees	25,691	27,844
Program expenses	89,773	67,297
Property taxes	14,069	16,754
Rent	62,435	58,676
Repairs and maintenance	292,107	317,679
Subcontracts	9,377	20,729
Supplies	81,993	79,032
Telephone	29,356	32,322
Travel	12,160	14,806
Utilities	309,306	313,152
Vehicle	25,405	28,228
Volunteer and honorariums	77,683	70,231
Wages and benefits	2,482,479	2,419,886
	<u>4,217,739</u>	<u>4,209,920</u>
<b>Excess of revenues over expenses</b>	<u>\$ 283,021</u>	<u>\$ 222,446</u>

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	2017	2016
<b>Cash flows from operating activities</b>		
Cash received from federal and provincial funding and grants	\$ 3,140,474	\$ 3,176,277
Cash received from rent and user fees	1,027,612	1,057,140
Cash received from other revenue	317,319	203,154
Cash paid to suppliers and employees	(3,888,795)	(3,307,947)
Interest received	3,553	4,010
Interest paid	(230,127)	(286,786)
	<b>370,036</b>	<b>845,848</b>
<b>Cash flows from investing activities</b>		
Capital contributions received	140,403	297,386
Purchase of capital assets	(52,783)	(390,129)
	<b>87,620</b>	<b>(92,743)</b>
<b>Cash flows from financing activities</b>		
Repayments of short-term debt	(49,146)	(47,849)
Repayments of long-term debt	(365,360)	(348,445)
	<b>(414,506)</b>	<b>(396,294)</b>
<b>Net increase in cash and cash equivalents</b>	<b>43,150</b>	<b>356,811</b>
<b>Cash and cash equivalents, beginning of the year</b>	<b>1,600,343</b>	<b>1,243,532</b>
<b>Cash and cash equivalents, end of the year</b>	<b>\$ 1,643,493</b>	<b>\$ 1,600,343</b>
<b>Represented by:</b>		
Cash and cash equivalents	\$ 531,994	\$ 499,303
Restricted cash (Note 2)	1,111,499	1,101,040
	<b>\$ 1,643,493</b>	<b>\$ 1,600,343</b>

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

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

**March 31, 2017**

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**1. Significant Accounting Policies**

<b>Nature and Purpose of Organization</b>	<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>
<b>Basis of Accounting</b>	<p>The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.</p>
<b>Revenue Recognition</b>	<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>
<b>Use of Estimates</b>	<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>
<b>Cash and Cash Equivalents</b>	<p>Cash and cash equivalents consist of cash on hand, bank balances and investments in money market funds.</p>

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

**March 31, 2017**

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**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:

	<b>Method</b>	<b>Rate</b>
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

**Assets under Capital Lease**

Leases are classified as capital or operating leases. A lease that transfers substantially all of the benefits and risks incidental to the ownership of property is classified as a capital lease. At the inception of a capital lease, an asset and an obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair value at the beginning of the lease.

Assets recorded under capital leases are amortized on a straight-line basis over the term of the lease, which is the estimated useful life of the assets.

	<b>Method</b>	<b>Rate</b>
Buildings	Straight-line	30-60 years

All other leases are accounted for as operating leases wherein rental payments are expensed on a straight line basis.

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**Canadian Mental Health Association  
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Notes to Financial Statements**

March 31, 2017

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**1. Significant Accounting Policies (continued)**

<b>Financial Instruments</b>	<p>Financial Instruments are recorded at fair value at initial recognition.</p> <p>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.</p> <p>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.</p>
<b>Contributed Materials</b>	<p>Due to the difficulty in determining the fair value of materials contributed to the organization they are not recognized in the financial statements.</p>
<b>Contributed Services</b>	<p>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.</p>

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**Canadian Mental Health Association  
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Notes to Financial Statements**

**March 31, 2017**

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**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:

	2017	2016
Cash	\$ 990,240	\$ 980,676
Money market funds	121,259	120,364
	\$ 1,111,499	\$ 1,101,040

Restricted cash is allocated for the following purposes:

	2017	2016
Deferred contributions for future expenses	\$ 139,265	\$ 146,228
Internally restricted funds (Note 11)	307,044	317,765
Replacement reserve funds (Schedule 1)	502,631	473,761
Gaming	98,723	103,697
Damage deposits	63,836	59,589
	\$ 1,111,499	\$ 1,101,040

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**3. Prepaid Rent**

Prepaid rent represents payments made in advance for the lease of the land portions of the leased properties as detailed in Note 5. Prepayment on the leased land is expensed over the lease term on a straight-line basis.

	2017	2016
Current	\$ 31,432	\$ 31,432
Long term	1,024,998	1,056,430
	\$ 1,056,430	\$ 1,087,862

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**Canadian Mental Health Association  
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Notes to Financial Statements**

**March 31, 2017**

**4. Property, Plant and Equipment**

	2017		2016	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 439,215	\$ -	\$ 439,215	\$ -
Buildings	2,847,596	1,027,872	2,837,061	956,814
Vehicles	164,304	161,014	164,304	144,583
Computer equipment	59,965	59,965	59,965	56,366
Furniture and equipment	411,289	303,885	405,298	266,516
Leasehold improvements	46,110	46,110	42,126	41,139
	<u>3,968,479</u>	<u>1,598,846</u>	<u>3,947,969</u>	<u>1,465,418</u>
		<u>\$ 2,369,633</u>		<u>\$ 2,482,551</u>

Amortization expense for the year is \$133,427 (2016 - \$120,661) and is presented as amortization expense on the statement of operations.

**5. Assets Under Capital Lease**

	2017		2016	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Buildings	\$ 11,547,406	\$ 4,202,193	\$ 11,515,133	\$ 3,991,520
		<u>\$ 7,345,213</u>		<u>\$ 7,523,613</u>

Amortization expense for the year is \$210,674 (2016 - \$206,780) and is presented as amortization expense on the statement of operations.

**6. Accounts Payable and Accrued Liabilities**

Included in accounts payable and accrued liabilities are government remittances payable of \$13,139 (2016 - \$14,132).

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

**March 31, 2017**

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**7. Short Term Debt**

	<u>2017</u>	<u>2016</u>
Royal Bank term loan, repayable in monthly instalments of \$3,269 including interest calculated at a rate of prime plus 0.75%, maturing November 2017. Bank prime was 2.70% as of March 31, 2017.	\$ 30,282	\$ 67,756
Royal Bank term loan, repayable in monthly instalments of \$1,300 including interest calculated at a rate of prime plus 0.75%, maturing November 2017. Bank prime was 2.70% as of March 31, 2017.	<u>101,607</u>	<u>113,279</u>
	<u>\$ 131,889</u>	<u>\$ 181,035</u>

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

March 31, 2017

**8. Long Term Debt**

	2017	2016
MCAP Financial Corporation, with monthly principal and interest payments of \$19,392, with interest calculated at a rate of 2.20%, maturing October 2026, secured by a leasehold interest over specific land and building.	\$ 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 a leasehold interest over specific land and building.	2,642,834	2,795,927
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 a leasehold interest over specific land and building.	576,344	634,559
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 a leasehold interest over specific land and building.	347,220	355,236
TD Canada Trust mortgage, with monthly principal and interest payments of \$925, with interest calculated at a rate of 4.12%, maturing June 2021, secured by a leasehold interest over specific land and building.	119,732	125,803
Loans repaid during the year	-	3,052,014
	6,588,867	6,963,539
Current portion	(403,475)	(3,277,309)
Long-term portion of debt	\$ 6,185,392	\$ 3,686,230

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

2018	\$	403,475
2019		415,373
2020		427,436
2021		2,739,879
2022		289,525
Thereafter		2,313,179
	\$	6,588,867



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

**March 31, 2017**

**9. Deferred Contributions for Future Expenses**

Deferred contributions for future expenses represent the unamortized portion restricted contributions used for the financing of the prepaid rent (Note 3). The changes in the deferred contributions for future expenses balance for the period are as follows:

	2017	2016
Beginning balance	\$ 146,228	\$ 153,191
Less: Amounts amortized to revenue	(6,963)	(6,963)
Ending balance	\$ 139,265	\$ 146,228
Prepaid rent contributions recognized as revenue in the year	\$ 6,963	\$ 6,963
Capital contributions recognized as revenue in the year (Note 10)	64,076	58,347
Ending balance	\$ 71,039	\$ 65,310

**10. 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:

	2017	2016
Beginning balance	\$ 1,385,703	\$ 1,146,926
Add: restricted contributions related to contributed equipment	140,403	297,124
Less: Amounts amortized to revenue	(64,076)	(58,347)
Ending balance	\$ 1,462,030	\$ 1,385,703

**11. Internally Restricted Funds**

The Association has reserved \$307,044 (2016 - \$317,765) for purposes of funding future purchases or replacement of equipment, furniture and other expenditures deemed necessary by management.

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**Canadian Mental Health Association  
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Notes to Financial Statements**

**March 31, 2017**

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**12. Prior Period Adjustments**

During the current year, the Association determined that (i) certain grant revenues had been overstated due to misinterpretations of stipulations in funding contracts (ii) a recovery of property taxes from the 2015 taxation year and subsequently repaid to BC Housing had been incorrectly posted. The result of this correction to the prior year is as follows:

	March 31, 2016 Before restatement	Adjustment	March 31, 2016 After restatement
<b>Statement of Financial Position:</b>			
Decrease in accounts receivable	\$ 109,181	\$ (42,244)	\$ 66,937
Increase in deferred revenues	81,526	24,327	105,853
<b>Statement of Operations:</b>			
Decrease in BC Housing revenue	639,609	(24,327)	615,282
Decrease in Grants revenue	281,529	(42,244)	239,285
<b>Statement of Net Assets:</b>			
Decrease in Restricted	1,121,614	(24,327)	1,097,287
Decrease in Unrestricted	2,278,670	(42,244)	2,236,426

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**13. 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.

**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.

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**Canadian Mental Health Association  
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Notes to Financial Statements**

**March 31, 2017**

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**13. Financial Instruments (continued)**

**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.

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**14. 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, 2015, the Plan has about 188,000 active members and approximately 84,000 retired members. Active members include approximately 37,000 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 \$146,064 (2016 - \$142,430) for employer contributions to the Plan in fiscal 2016.

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**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	2017	2016
Replacement Reserve, beginning of year	\$ 68,265	\$ 164,240	\$ 87,382	\$ 27,479	\$ 27,457	\$ 98,938	\$ 473,761	\$ 498,606
Replacement Reserve provision	36,288	-	14,688	6,048	5,184	37,152	99,360	91,584
Interest on replacement reserve	297	595	172	105	46	347	1,562	1,775
Property, plant and equipment purchases	-	-	-	-	-	-	-	(8,220)
Repair and maintenance expenditures	(26,199)	(22,661)	(10,064)	(5,509)	(952)	(28,130)	(93,515)	(109,984)
Transfers to (from)	(1)	-	19,716	-	-	(1)	19,714	-
<b>Replacement Reserve, end of year</b>	<b>\$ 78,650</b>	<b>\$ 142,174</b>	<b>\$ 111,894</b>	<b>\$ 28,123</b>	<b>\$ 31,735</b>	<b>\$ 108,306</b>	<b>\$ 500,882</b>	<b>\$ 473,761</b>

**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	2017	2016
		(Schedule 3)		(restated)
<b>Revenue</b>				
BC Gaming	\$ 80,000	\$ -	\$ 80,000	\$ 80,000
BC Housing	-	643,180	643,180	628,750
BC Housing - Prior Year Subsidy Adjustment	-	(5,536)	(5,536)	(13,468)
Canadian Mental Health Association - BC Division	311,803	-	311,803	239,285
United Way	9,035	-	9,035	10,500
Interior Health Authority	1,957,278	-	1,957,278	1,969,452
Rent and user fees	312,953	714,635	1,027,588	1,051,748
Donations and fundraising	85,501	-	85,501	86,357
Store sales	172,499	-	172,499	176,334
Sundry	38,352	27,475	65,827	53,634
Workshop sales	82,546	-	82,546	84,464
Amortization of deferred contributions	15,959	55,080	71,039	65,310
	<b>3,065,926</b>	<b>1,434,834</b>	<b>4,500,760</b>	<b>4,432,366</b>
<b>Expenses</b>				
Advertising and promotion	13,969	-	13,969	13,921
Amortization	110,286	233,815	344,101	327,442
Insurance	6,952	23,424	30,376	31,927
Interest and bank charges	3,699	2,081	5,780	5,067
Interest on long term debt	5,543	232,955	238,498	286,786
Memberships and licenses	11,346	1,040	12,386	8,322
Office	35,239	25,556	60,795	69,819
Professional fees	4,634	21,057	25,691	27,844
Program expenses	89,773	-	89,773	67,297
Property taxes	-	14,069	14,069	16,754
Rent	31,003	31,432	62,435	58,676
Repairs and maintenance	90,816	201,291	292,107	317,679
Subcontracts	3,638	5,739	9,377	20,729
Supplies	81,993	-	81,993	79,032
Telephone	25,029	4,327	29,356	32,322
Travel	8,182	3,978	12,160	14,806
Utilities	64,968	244,338	309,306	313,152
Vehicle	25,405	-	25,405	28,228
Volunteer and honorariums	77,683	-	77,683	70,231
Salaries, wages and benefits	2,289,071	193,408	2,482,479	2,419,886
	<b>2,979,229</b>	<b>1,238,510</b>	<b>4,217,739</b>	<b>4,209,920</b>
<b>Excess of revenues over expenses</b>	<b>\$ 86,697</b>	<b>\$ 196,324</b>	<b>\$ 283,021</b>	<b>\$ 222,446</b>

**Canadian Mental Health Association  
Vernon and District Branch  
Schedule 3 - Statement of Revenues and Expenses - Housing Projects**

For the year ended March 31	53-rd Avenue	Albert Place	Belvedere Apartments	Group Home	Melrose Apartments	Yin Ho Gardens	2017	2016
<b>Revenue</b>								(restated)
BC Housing	\$ 180,484	\$ 100,428	\$ 35,136	\$ 3,480	\$ 11,304	\$ 312,348	\$ 643,180	\$ 628,750
BC Housing - Prior Year Subsidy								
Adjustment	3,853	1,877	623	4,427	2,219	(18,535)	(5,536)	(13,468)
Rent and user fees	281,960	75,736	76,794	24,114	26,885	229,146	714,635	737,063
Sundry	544	10,794	9,110	2,383	532	4,112	27,475	6,442
Amortization of deferred contributions	5,560	-	39,463	-	7,021	3,036	55,080	49,351
	<b>472,401</b>	<b>188,835</b>	<b>161,126</b>	<b>34,404</b>	<b>47,961</b>	<b>530,107</b>	<b>1,434,834</b>	<b>1,408,138</b>
<b>Expenses</b>								
Amortization	70,749	21,088	45,307	1,621	8,659	86,391	233,815	229,942
Insurance	6,751	2,770	4,108	473	1,028	8,294	23,424	24,764
Interest and bank charges	873	158	284	173	88	505	2,081	1,402
Interest on long term debt	97,636	27,472	12,563	-	-	95,284	232,955	279,517
Memberships and licenses	1,040	-	-	-	-	-	1,040	50
Office	1,418	630	624	225	225	22,434	25,556	3,974
Professional fees	3,723	3,763	3,254	3,361	3,243	3,713	21,057	27,250
Property taxes	3,368	5,486	-	-	1,977	3,238	14,069	16,754
Rent	10,833	1,971	6,963	-	-	11,665	31,432	31,432
Repairs and maintenance	55,520	39,092	18,986	9,326	5,565	72,802	201,291	246,701
Subcontracts	1,808	804	746	287	287	1,807	5,739	5,575
Telephone	-	384	2,283	-	-	1,660	4,327	4,629
Travel	1,249	567	516	198	198	1,250	3,978	4,061
Utilities	61,301	45,851	38,854	5,206	9,414	83,712	244,338	241,875
Salaries, wages and benefits	61,572	27,077	25,143	9,671	9,670	60,275	193,408	173,310
	<b>377,841</b>	<b>177,113</b>	<b>159,631</b>	<b>30,541</b>	<b>40,354</b>	<b>453,030</b>	<b>1,238,510</b>	<b>1,291,236</b>
<b>Excess (deficiency) of revenues over expenses</b>	<b>\$ 94,560</b>	<b>\$ 11,722</b>	<b>\$ 1,495</b>	<b>\$ 3,863</b>	<b>\$ 7,607</b>	<b>\$ 77,077</b>	<b>\$ 196,324</b>	<b>\$ 116,902</b>