

# CANADIAN MENTAL HEALTH ASSOCIATION-SOUTH CARIBOO BRANCH

MARCH 31, 2019

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## **INDEPENDENT AUDITOR'S REPORT**

To the Members of:  
Canadian Mental Health Association-South Cariboo Branch

I have audited the accompanying financial statements of Canadian Mental Health Association-South Cariboo Branch, which comprise the statement of financial position as at March 31, 2019 and the statements of operations and changes in fund balances 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**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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.

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

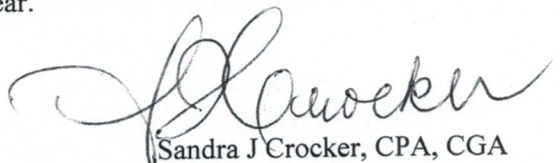
### **Opinion**

In my opinion, these financial statements present fairly, in all material respects, the financial position of Canadian Mental Health Association-South Cariboo Branch as at March 31, 2019, and the results in operations and its cash flows for the year 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 of British Columbia, I report that, in my 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.

Kamloops, BC  
June 3, 2019



Sandra J Crocker, CPA, CGA

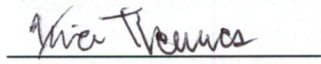
# CANADIAN MENTAL HEALTH ASSOCIATION-SOUTH CARIBOO BRANCH

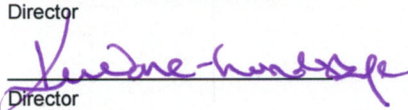
## STATEMENT OF FINANCIAL POSITION

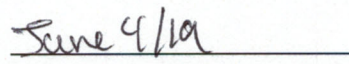
AS AT MARCH 31, 2019

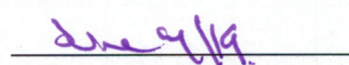
	Society	Housing Fund	Capital Asset	Replacement	Total	Total
	2019	2019	Fund	Reserve Fund	2019	2018
<b>Current Assets</b>						
Cash	\$ 187,519	\$ 103,583	\$ -	\$ -	\$ 291,102	\$ 185,060
Short term investment	128,963	27	-	-	128,990	420
Prepaid expenses	864	2,945	-	-	3,809	3,557
Government taxes receivable	1,569	1,398	-	-	2,967	1,942
Interest receivable	1,292	-	-	1,277	2,569	1,963
Due from housing fund	1,901	-	-	-	1,901	13,584
Accounts receivable	35,477	824	-	-	36,301	15,947
	357,585	108,777	-	1,277	467,639	222,473
<b>Restricted cash and deposits (note 3)</b>	127	11,666	-	137,637	149,430	175,964
<b>Long Term Investments (note 4)</b>	-	-	-	-	-	126,341
<b>Capital assets (note 5)</b>	-	-	1,202,757	-	1,202,757	1,263,348
	\$ 357,712	\$ 120,443	\$ 1,202,757	\$ 138,914	\$ 1,819,826	\$ 1,788,126
<b>Current liabilities</b>						
Accounts payable	\$ 7,643	\$ 29,489	\$ -	\$ -	\$ 37,132	\$ 25,859
Wages and employee benefits payable	38,995	374	-	-	39,369	28,984
Repayable assistance (note 12)	-	444	-	-	444	-
Due to society fund	-	1,901	-	-	1,901	13,584
Security deposits	-	11,666	-	-	11,666	11,726
Deferred revenue (note 6)	88,595	11,729	-	-	100,324	61,692
Due to BC Housing	-	11,575	-	-	11,575	684
Current portion of long term debt (note 8)	-	-	85,660	-	85,660	83,041
	135,233	67,178	85,660	-	288,071	225,570
<b>Long term liabilities</b>						
Mortgage payable (note 8)	-	-	1,360,924	-	1,360,924	1,446,584
<b>Fund Balances</b>						
Invested in capital	-	-	(243,827)	-	(243,827)	(266,277)
Externally restricted (note 9)	127	53,265	-	138,914	192,306	216,409
Internally restricted (note 10)	106,637	-	-	-	106,637	106,637
Unrestricted	115,715	-	-	-	115,715	59,203
	222,479	53,265	(243,827)	138,914	170,832	115,972
	\$ 357,712	\$ 120,443	\$ 1,202,757	\$ 138,914	\$ 1,819,826	\$ 1,788,126

Approved on Behalf of the Board:

  
Director

  
Director

  
Date

  
Date

The accompanying notes are an integral part of this statement.

# CANADIAN MENTAL HEALTH ASSOCIATION-SOUTH CARIBOO BRANCH

## STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED MARCH 31, 2019

	Society	Housing Fund	Capital Asset Fund	Replacement Reserve Fund	Total	Total
	2019	2019	2019	2019	2019	2018
<b>Revenues</b>						
Contract Income -Interior Health	\$ 240,046	\$ -	\$ -	\$ -	\$ 240,046	\$ 189,749
Grants	159,904	-	-	-	159,904	12,233
Donations and fundraising	8,357	-	-	-	8,357	15,364
Tenant Rent Contributions	-	137,624	-	-	137,624	121,649
BC Housing Rent Subsidies	109,663	128,634	-	-	238,297	246,690
Interest Income	2,533	2	-	2,552	5,087	3,766
Management and bookkeeping fees (note 11)	43,956	-	-	-	43,956	38,345
Sundry	325	871	-	-	1,196	3,225
	<u>564,784</u>	<u>267,131</u>	<u>-</u>	<u>2,552</u>	<u>834,467</u>	<u>631,021</u>
<b>Expenses</b>						
Advertising	1,242	-	-	-	1,242	470
Automotive	4,803	-	-	-	4,803	4,705
Bad Debts (recovery)	-	(44)	-	-	(44)	952
Board expenses	936	-	-	-	936	527
Client Costs	30,404	-	-	-	30,404	31,483
Fundraising expenses	3,008	-	-	-	3,008	3,429
Insurance	1,127	11,553	-	-	12,680	11,726
Library and Resource Materials	-	-	-	-	-	-
Program delivery wages and benefits	305,785	-	-	-	305,785	170,451
Program supplies	9,907	-	-	-	9,907	7,970
Property tax	-	6,300	-	-	6,300	9,246
Rent	9,717	-	-	-	9,717	4,583
Stipends	2,780	-	-	-	2,780	1,740
Telephone	5,668	-	-	-	5,668	4,306
Training	225	-	-	-	225	1,964
Travel	9,324	-	-	-	9,324	3,031
Utilities						
heating and hot water	-	1,765	-	-	1,765	1,173
electricity	-	1,709	-	-	1,709	1,127
water and sewer	-	14,814	-	-	14,814	14,108
garbage removal	-	1,930	-	-	1,930	2,038
Maintenance						
salaries, wages and benefits	-	15,621	-	-	15,621	15,142
building maintenance	1,137	21,131	-	35,522	57,790	23,777
grounds	-	1,574	-	-	1,574	3,352
service contracts	2,551	8,398	-	-	10,949	3,284
Administration						
salaries, wages and benefits	77,579	-	-	-	77,579	73,769
office overhead (recovery)	(11,435)	21,335	-	3	9,903	7,225
accounting fees	56,062	-	-	-	56,062	47,350
Audit and legal fees	2,319	8,000	-	-	10,319	13,000
Mortgage interest	-	46,195	-	-	46,195	48,728
Amortization of capital assets	-	-	65,194	-	65,194	65,112
Miscellaneous	603	86	-	-	689	2
Memberships, dues and fees	4,780	-	-	-	4,780	3,149
	<u>518,522</u>	<u>160,367</u>	<u>65,194</u>	<u>35,525</u>	<u>779,608</u>	<u>578,919</u>
<b>Excess (deficiency) of revenue</b>	<b>46,262</b>	<b>106,764</b>	<b>(65,194)</b>	<b>(32,973)</b>	<b>54,860</b>	<b>52,102</b>
<b>Fund Balance, beginning of year</b>	<b>180,821</b>	<b>51,195</b>	<b>(266,277)</b>	<b>150,233</b>	<b>115,972</b>	<b>63,870</b>
<b>Interfund transfers</b>						
Capital asset purchases	(4,604)	-	4,604	-	-	-
Mortgage principal repayments	-	(83,040)	83,040	-	-	-
Replacements reserve provision	-	(21,654)	-	21,654	-	-
<b>Fund balances, ending</b>	<b>\$ 222,479</b>	<b>\$ 53,265</b>	<b>\$ (243,827)</b>	<b>\$ 138,914</b>	<b>\$ 170,832</b>	<b>\$ 115,972</b>

The accompanying notes are an integral part of this statement.

# CANADIAN MENTAL HEALTH ASSOCIATION-SOUTH CARIBOO BRANCH

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2019

	Society 2019	Housing Fund 2019	Capital Asset Fund 2019	Replacement Reserve Fund 2019	Total 2019	Total 2018
<b>Operating Activities</b>						
<b>Sources of cash</b>						
Contract Income and grants	\$ 418,255	\$ -	\$ -	\$ -	\$ 418,255	\$ 239,555
Donations and fundraising	8,357	-	-	-	8,357	15,364
Tenant Rent Contributions	-	138,153	-	-	138,153	121,779
BC Housing Rent Subsidies	109,663	138,970	-	-	248,633	229,702
Management fees	43,956	-	-	-	43,956	38,345
Interest Income	2,228	1	-	2,251	4,480	2,503
Sundry	325	871	-	-	1,196	3,225
<b>Uses of Cash</b>						
Payments for operating expenses			-	-	(425,972)	(303,469)
Wages and benefits	(410,495)	(15,477)	-	-	(425,972)	(303,469)
Material and services	(83,318)	(87,785)	-	(35,525)	(206,628)	(175,666)
Mortgage interest	-	(46,195)	-	-	(46,195)	(48,728)
<b>Financing Activities</b>						
Mortgage principal repaid	-	-	(83,040)	-	(83,040)	(80,501)
<b>Investing Activities</b>						
Capital assets acquired	-	-	(4,604)	-	(4,604)	(274)
<b>Interfund transfers</b>						
Replacement reserve provision	-	(21,654)	-	21,654	-	-
Mortgage principal	-	(83,040)	83,040	-	-	-
Transfers to/from replacement reserve	-	-	-	-	-	-
Transfers to/from housing fund	11,683	(11,683)	-	-	-	-
Transfers to/from capital asset fund	(4,604)	-	4,604	-	-	-
<b>Net increase in cash and term Deposits</b>	96,050	12,161	-	(11,620)	96,591	41,835
<b>Cash and term deposits, beginning of year</b>	220,432	103,115	-	149,257	472,804	430,969
<b>Cash and term deposits, end of year</b>	<u>\$ 316,482</u>	<u>\$ 115,276</u>	<u>\$ -</u>	<u>\$ 137,637</u>	<u>\$ 569,395</u>	<u>\$ 472,804</u>
<b>Consists of:</b>						
Cash	\$ 187,519	\$ 103,583	\$ -	\$ -	\$ 291,102	\$ 185,060
Short term investment	128,963	27	-	-	128,990	420
Restricted cash and term deposits	-	11,666	-	137,637	149,303	287,324
	<u>\$ 316,482</u>	<u>\$ 115,276</u>	<u>\$ -</u>	<u>\$ 137,637</u>	<u>\$ 569,395</u>	<u>\$ 472,804</u>

The accompanying notes are an integral part of this statement.

# CANADIAN MENTAL HEALTH ASSOCIATION-SOUTH CARIBOO BRANCH

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019

### 1. PURPOSE OF THE SOCIETY

The Canadian Mental Health Association - South Cariboo Branch is incorporated under the laws of the Society Act of British Columbia as a not-for-profit organization and is a registered charity under the Income Tax Act. The Association promotes the mental health of individuals living within the South Cariboo region and supports the resilience and recovery of people experiencing mental illness. The programs offered by the Association are Emergency Home Support, Activity and Drop in Program, Semi Independent Living, Work Incentive Program, Homeless Outreach Program, Extreme Weather Shelter, Acquired Brain Injury, Emergency Transportation Program, and Community Navigator. The Association also provides management services to the 100 Mile House and District Women's Centre Society. Lastly, the Association also provides low cost and market housing to low income individuals and families in 100 Mile House, BC which is subsidized through BC Housing Management Commission ("BC Housing").

The association is exempt from income taxes under Section 149(1)(I) of the Income Tax.

### 2. SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies observed in the preparation of these financial statements are summarized below. These policies are in accordance with Canadian accounting standards for Not-for Profit Organizations.

#### (a) Fund Accounting

Society Fund accounts for the Society's funding from various agencies, fundraising and membership activities.

The Housing Fund reports restricted operating grants, revenues and expenses related to the society's housing activities.

The Capital Asset Fund reports the ownership and equity related to the Society's property, building and equipment.

The Replacement Reserve Fund reports the assets, liabilities, revenues and expenses related to replacing property, building and equipment.

# CANADIAN MENTAL HEALTH ASSOCIATION-SOUTH CARIBOO BRANCH

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019

### 2. SIGNIFICANT ACCOUNTING POLICIES CONT'D

#### (b) Revenue Recognition

##### Contributions

The society follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

##### Other Contributions

Contributions are recognized in the period received or receivable except when the contribution agreements clearly indicate the funds are for future expenditures. Contributions received for future expenditures are recorded as deferred revenue.

##### Contributions from BC Housing

Contributions received from BC Housing for the replacement reserve fund have been reported as interfund transfers from the Housing fund to the Replacement Reserve Fund.

Contributions received from BC Housing for the acquisition of capital assets have been recognized as revenue in the Capital Asset Fund.

##### Investment Income

Interest income earned on replacement reserve fund is recognized as revenue in the Replacement Reserve Fund in the period the investment income is earned.

Other interest income earned is recognized in the appropriate fund that it relates.

# CANADIAN MENTAL HEALTH ASSOCIATION-SOUTH CARIBOO BRANCH

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019

### 2. SIGNIFICANT ACCOUNTING POLICIES CONT'D

#### (c) Amortization of Capital Assets

Capital assets are recorded at cost. Amortization is provided on a straight-line basis over the assets estimated useful lives as follows:

Land - Lease	- 60 years
Building	- 40 years
Furniture and fixtures	- 10 years
Equipment	- 10 years
Fencing	- 10 years
Computer	- 3 years

#### d) Investments

Investments are recorded at the lower of cost and market value.

#### (e) Contributed services

Volunteers contribute significant hours annually to assist the Association in carrying out its activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

#### (f) Financial instruments

Financial assets and financial liabilities are initially recognized at fair value. It subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets subsequently measured at amortized cost include cash, short term investments, prepaid expenses, and accounts receivable. Financial liabilities measured at amortized cost include accounts and wages payable, accrued liabilities, and deferred revenue.

# CANADIAN MENTAL HEALTH ASSOCIATION-SOUTH CARIBOO BRANCH

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019

### 2. SIGNIFICANT ACCOUNTING POLICIES CONT'D

#### (g) Use of estimates

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 and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of receipts and disbursements for the reporting period. Actual results could differ from these estimates. Significant financial statement items that require the use of estimates are as follows: fair value of investments, and amount of accrued liabilities. These estimates are reviewed periodically and adjustments are made, as appropriate, in the statement of operations and changes in fund balances in the year they become known.

### 3. RESTRICTED CASH AND TERM DEPOSITS

Cash designated for specific purposes is segregated as follows:

	2019	2018
Security deposits and accrued interest owing to tenants	\$ 11,666	\$ 11,726
Replacement Reserve	137,637	149,257
Gaming Proceeds	127	14,981
	<u>\$ 149,430</u>	<u>\$ 175,964</u>

### 4. LONG TERM INVESTMENTS

Investments are comprised of guaranteed investment certificates with a three year term, having an annual rate of 1.25% in Year 1, 1.75% in Year 2, and 2.25% in Year 3. Interest is paid out annually and investment maturity date is October 20, 2019. As a result all investments are classified in short term investments as they mature in the next 12 months.

# CANADIAN MENTAL HEALTH ASSOCIATION-SOUTH CARIBOO BRANCH

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019

### 5. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net 2019	Net 2018
Land-Lease	\$ 186,850	\$ 66,433	\$ 120,417	\$ 123,531
Building	2,288,359	1,220,347	1,068,012	1,125,221
Furniture and fixtures	2,895	1,300	1,595	1,661
Equipment	19,929	14,370	5,559	7,557
Fencing	14,676	10,766	3,910	5,378
Computer equipment	5,962	2,698	3,264	-
	<b>\$ 2,518,671</b>	<b>\$ 1,315,920</b>	<b>\$ 1,202,757</b>	<b>\$ 1,263,348</b>

### 6. DEFERRED REVENUE

#### Society fund

The deferred revenue reported in the Society Fund represents contract income received which is related to the subsequent period.

#### Housing fund

The deferred revenue reported in the Housing Fund represents restricted operating funds received in the current year that are related to the subsequent period.

	2019	2018
Activity and Drop In Centre	\$ -	\$ 1,590
SIL Lifeskills and Emergency Support	-	22,985
Homeless Outreach	5,598	5,633
Rent Supplement	1,666	1,408
Gaming grant	-	15,000
BC Housing Subsidy-Housing Fund	11,729	12,284
Extreme Weather Response	3,898	2,792
United Way Receptionist Grant	7,184	-
Red Cross Fire Grant	70,249	-
	<b>\$ 100,324</b>	<b>\$ 61,692</b>

# CANADIAN MENTAL HEALTH ASSOCIATION-SOUTH CARIBOO BRANCH

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019

### 7. REMUNERATION OF DIRECTORS, EMPLOYEES AND CONTRACTORS

On November 28, 2016, the Society Act (BC) was repealed and replaced with the Societies Act (BC) ("New Act"). The New Act required that all Societies transition to the New Act before November 28, 2018. The Society has completed the transitioning process. The New Act requires that the Society disclose the total remuneration paid to the Directors, for either being a director or for acting in another capacity, as well as the total number of employees or contractors with annual remuneration equal to or greater than \$75,000 and the aggregate remuneration of those employees/contractors. During the year ended March 31, 2019, there were no directors that received remuneration in capacity as directors (2017 - none). There was one (2017 - none) employee whose remuneration is in excess of \$75,000.

### 8. MORTGAGE PAYABLE

	2019	2018
Mortgage-Peoples Trust bearing interest at 3.13% compounded semi-annually, repayable in monthly blended instalments of \$10,785. The mortgage matures on December 1, 2024.	\$ 1,446,584	\$ 1,529,625
Principle amounts included in current liabilities	85,660	83,041
	\$ 1,360,924	\$ 1,446,584

The mortgage is secured by a registered first charge and an assignment of rents and fire insurance proceeds on the property located at 910 Cariboo Trail, 100 Mile House, BC.

Principle payments due on the long term debt over the next five years are as follows:

2020	\$ 85,660
2021	88,362
2022	91,149
2023	94,024
2024	96,990
Subsequent to 2025	<u>990,399</u>
	<u>\$ 1,446,584</u>

# CANADIAN MENTAL HEALTH ASSOCIATION-SOUTH CARIBOO BRANCH

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019

### 9. EXTERNALLY RESTRICTED NET ASSETS

Major categories of externally imposed restrictions on net assets are as follows:

	2019	2018
Restricted for replacing capital items	\$ 150,233	\$ 144,669
Contributions, restricted for housing operations, as approved by BC Housing	51,195	34,632
Gaming grant restricted for soup de tour	14,981	-
	216,409	\$ 179,301

### 10. INTERNALLY RESTRICTED NET ASSETS

In prior years, the association's board of directors internally restricted \$51,128 for a future building fund and \$55,509 as a contingency fund.

### 11. RELATED PARTY TRANSACTIONS

The Association and the 100 Mile and District Women's Society are under common control since they have the same board of directors.

Fees paid by the 100 Mile and District Women's Society are management fees of \$31,130 (2018 - \$29,120) and bookkeeping services of \$12,826 (2018 - \$9,225).

### 12. REPAYABLE ASSISTANCE/CONTINGENT LIABILITY

The cumulative non-Rent-Geared-to-Income (non-RGI) assistance of \$444 as at March 31, 2019 is contingently repayable to BCHMC in the event that the total non-RGI tenant rent contribution in any year exceeds the economic rent of the suites occupied by non-RGI tenants. The society is required to commence repayment of the cumulative non-RGI assistance on the first day of the fiscal year following the fiscal year in which the preceding event occurs. I have recorded this contingency as a payable due to the economic rent is very close to non-RGI rents and may be triggered at any time.

There is a prior year opening balance of \$69,988 in repayable assistance. This balance was determined to be unreliable and unsubstantiated at the time of this report therefore is only reported for disclosure purposes and has not been reflected in the statement of financial position.

# CANADIAN MENTAL HEALTH ASSOCIATION-SOUTH CARIBOO BRANCH

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019

### 13.ECONOMIC DEPENDENCE

The Association is the holder of a non-profit society operating agreement granted by BC Housing under the Homes BC Program whereby it has the right to act as an authorized manager of an assisted housing development located in 100 Mile House, BC. The operating agreement can be cancelled by BC Housing if the Association fails to observe established guidelines. The Association's housing operations and assets would revert back to BC Housing should this agreement end.

The Association's main sources of income are derived from various government agencies. Should any of these funders substantially change its dealings with the Association, its ability to continue as a viable operations would be doubtful.

### 14.FINANCIAL INSTRUMENTS

The Association's financial instruments consist of cash, short term and long term investments, accounts receivable, account payables, and mortgage payable. Unless otherwise noted, it is management's opinion that the company is not exposed to significant interest, currency, or credit risks arising from these financial instruments.

#### Fair Value

The Association's cash and cash equivalents, short term investments, accounts receivable, and accounts payable are short term financial instruments whose fair value approximates their carrying value.

The fair value of long term debt is not readily obtainable.

### 15.REPLACEMENT RESERVE

Under the terms of the agreement with BC Housing, the replacement reserve fund is to be credited in the amount determined by the budget provision per annum plus interest earned. These funds along with the accumulated interest must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or the Credit Union Deposit Insurance Corporation; in investments guaranteed by a Canadian government; or in other investment instruments as agreed upon with BC Housing.

The reserve funds may only be used for capital repairs and replacements in accordance with the operating agreement.

# CANADIAN MENTAL HEALTH ASSOCIATION-SOUTH CARIBOO BRANCH

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019

### 16.MUNICIPAL PLAN

The Association and its employees contribute to the Municipal Pension Plan which is a jointly trusted pension plan. The Municipal Pension Plan is a defined benefit plan, where your pension is based on your age, years of pensionable service and the average of your highest five years of salary.

On April 5, 2001, the Municipal Pension Plan moved to joint trusteeship with a Municipal Pension Board of Trustees consisting of eight people appointed by the Plan Member Partners and eight people appointed by the Plan Employer Partners. The Board's duties include establishing investment policy, recommending changes in benefits and funding policy and directing the application of Pension Plan Rules. The Board appoints an independent actuary to assess the Plan's financial health every three years through an actuarial valuation. The Municipal Pension Plan is the sixth-largest defined benefit pension plan in Canada.

Every three years an actuarial valuation is performed to assess the financial position of the plan and based on certain assumption the adequacy of the plan funding. The most recent evaluation was performed as at December 31, 2015. The unfunded liability was \$2,224 million which is not attributed to the individual employers. The next valuation will be as at December 31, 2018 with results available in 2019. As at the

### 17.CONTINGENT LIABILITY

#### Sick Time and Special Leave

The unionized employees under the HEABC Collective Agreement earn sick and special leave benefits based upon a percentage of wages paid. These benefits are only paid out under certain circumstances. As at the financial statement date, the amount of potential benefits that could be paid out is \$36,495 (2018 - \$31,406). This amount **has not** been reflected in the financial statements as an event must occur first in order to be paid out.

### 18.SUBSEQUENT EVENT

On June 4, 2018, a letter of intent was signed which will begin to establish details regarding the structure of, and the rights and obligations associated with the forming of a partnership arrangement with Liberty Contract Management Inc. The partnership would be to pursue the development and construction of new low income housing units located in 100 Mile, BC. It is the intent that the Association will operate, manage, and maintain these units as rental units to service the community. Due to a difference in understanding, this project is no longer being pursued at this time.

### 19.COMPARATIVE FIGURES

The 2018 figures, presented in these financial statements for comparative purposes have been restated to conform to the current year's presentation.

# CANADIAN MENTAL HEALTH ASSOCIATION-SOUTH CARIBOO BRANCH

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019

### AUDITOR'S REPORT ON COMPLIANCE WITH AGREEMENT WITH BC HOUSING

To: BC Housing

I have audited Canadian Mental Health Association-South Cariboo Branch compliance as at March 31, 2019 with the criteria established in Sections 5.3, 5.12, 5.13 and 5.10 of the Society's Operating Agreement with BC Housing dated March 17, 1997, in respect of :

- (i) Section 5.3 - Tenant Rent Contributions being charged to Rent-Geared-to-Income Tenants,
- (ii) Section 5.12 and 5.13 - Funding and maintenance of the Replacement Reserve, and the interest income related thereto, and
- (iii) Section 5.10 - Spending and accounting for the Accumulated Operating Surplus of the Homes BC development.

Compliance with the criteria established by the provisions of the Operating Agreement is the responsibility of the management of Canadian Mental Health Association-South Cariboo Branch. My responsibility is to express an opinion on this compliance based on my audit.

I conducted my audit in accordance with Canadian auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether Canadian Mental Health Association-South Cariboo Branch complied with the criteria established by the provisions of the Operating Agreement referred to above. Such an audit includes examining, on a test basis, evidence supporting compliance, evaluating the overall compliance with the agreement, and where applicable, assessing the accounting principles used and significant estimates made by management.

In my opinion, Canadian Mental Health Association-South Cariboo Branch is in compliance, in all material respects, with the criteria set out in Sections 5.3, 5.12, 5.13, and 5.10 of the Society's Operating Agreement with BC Housing dated March 17, 1997.

Kamloops, BC  
June 3, 2019



Sandra J Crocker, CPA, CGA