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FINANCIAL STATEMENTS

**CANADIAN MENTAL HEALTH
ASSOCIATION, BC DIVISION**

March 31, 2020

Limited Liability Partnership _____



Tompkins Wozny
Chartered Professional Accountants

INDEPENDENT AUDITOR'S REPORT

To the Members of
Canadian Mental Health Association, BC Division

Qualified Opinion

We have audited the financial statements of Canadian Mental Health Association, BC Division (the Society), which comprise the statement of financial position as at March 31, 2020, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at March 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Society derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Society. Therefore, we were not able to determine whether any adjustments might be necessary to donations and sponsorship revenues, excess of revenues (expenses) for the year, and cash flows from operations for the year ended March 31, 2020, current assets as at March 31, 2020, and net assets as at April 1 and March 31 for the 2020 year.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITOR'S REPORT

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

As required by the British Columbia Societies Act, we report that the accounting principles used in these financial statements have been applied on a basis consistent with that of the preceding year.

Tompkins Wozny LLP

Vancouver, Canada
September 18, 2020

Chartered Professional Accountants

Canadian Mental Health Association, BC Division

STATEMENT OF FINANCIAL POSITION


As at March 31

	2020	2019
	\$	\$
ASSETS		
Current		
Cash and short-term investments <i>[note 3]</i>		
Unrestricted	2,753,934	3,031,907
Restricted for national membership fees - contingency reserve	27,499	25,366
Restricted for branch fundraising	18,698	19,747
Restricted for deferred revenue	5,074,225	5,551,584
	7,874,356	8,628,604
Accounts receivable <i>[note 4]</i>	622,846	416,704
Prepaid expenses	219,291	150,494
Total current assets	8,716,493	9,195,802
Cash and investments restricted for endowment funds <i>[note 3]</i>	532,930	565,277
Capital assets <i>[note 5]</i>	274,110	291,347
	9,523,533	10,052,426
LIABILITIES		
Current		
Accounts payable and accrued liabilities <i>[note 6]</i>	1,503,661	876,559
National membership fees - contingency reserve <i>[note 7]</i>	27,499	25,366
Branch fundraising liability <i>[note 8]</i>	18,698	19,747
Deferred revenue <i>[note 9]</i>	5,074,225	5,551,584
Total current liabilities	6,624,083	6,473,256
Blue Wave Youth Fund <i>[note 9]</i>	132,280	132,280
Lorne Fraser Educational Endowment Fund <i>[note 10]</i>	228,641	235,069
Dr. Jean Moore Endowment Fund <i>[note 10]</i>	104,606	106,799
Dr. Nancy Hall Speaking Up Speaking Out Endowment Fund <i>[note 10]</i>	199,683	223,409
Deferred rent	179,343	179,463
Deferred contributions related to capital assets <i>[note 11]</i>	198,582	255,846
	7,667,218	7,606,122
NET ASSETS		
Invested in capital assets	75,528	35,501
Internally restricted - contract cancellation <i>[note 13]</i>	1,000,000	1,000,000
Unrestricted	780,787	1,410,803
	1,856,315	2,446,304
	9,523,533	10,052,426


Commitments *[note 16]*Other *[note 24]*

See accompanying notes to the financial statements

Approved by the Board:

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 Director

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 Director



Canadian Mental Health Association, BC Division

STATEMENT OF CHANGES IN NET ASSETS

Year ended March 31

	Invested in Capital Assets \$	Internally Restricted \$	Unrestricted \$	Total \$
2020				
		<i>[note 13]</i>		
Excess of expenses for the year	—	—	(589,989)	(589,989)
Amortization of capital assets	(66,825)	—	66,825	—
Amortization of deferred contributions	57,264	—	(57,264)	—
Investment in capital assets	49,588	—	(49,588)	—
Increase (decrease) for the year	40,027	—	(630,016)	(589,989)
Balance, beginning of year	35,501	1,000,000	1,410,803	2,446,304
Balance, end of year	75,528	1,000,000	780,787	1,856,315
2019				
Excess of revenue for the year	—	—	19,472	19,472
Amortization of capital assets	(57,750)	—	57,750	—
Amortization of deferred contributions	32,881	—	(32,881)	—
Investment in capital assets	283,860	—	(283,860)	—
Investment in capital assets with grant funding	(288,727)	—	288,727	—
Interfund transfer	—	200,000	(200,000)	—
Increase (decrease) for the year	(29,736)	200,000	(150,792)	19,472
Balance, beginning of year	65,237	800,000	1,561,595	2,426,832
Balance, end of year	35,501	1,000,000	1,410,803	2,446,304

See accompanying notes to the financial statements

Canadian Mental Health Association, BC Division

STATEMENT OF OPERATIONS

Year ended March 31

	2020	2019
	\$	\$
REVENUE		
Grants - Ministry of Child and Family Development	4,457,175	3,166,627
- Provincial Health Services Authority / B.C. Ministry of Health	4,256,726	4,731,596
- Other Grants	125,194	313,964
Total grants earned [note 9]	8,839,095	8,212,187
Fees for service	565,573	506,095
Donations	470,371	383,000
Registration fees	288,450	453,857
Publications and resource materials	149,610	293,203
Amortization of deferred contributions [note 11]	57,264	32,881
Foundations [note 9]	44,380	48,664
Sponsorships	21,750	176,550
Bequests	11,270	—
	10,447,763	10,106,437
EXPENSES		
Wages and benefits [note 21]	5,632,422	3,810,662
Direct branch support [note 15]	2,024,511	2,321,866
Other program non-staffing costs [note 20]	1,353,531	1,782,653
Contract and consulting services [note 22]	806,386	1,049,529
Rent and occupancy costs	532,094	455,677
Other administrative non-staffing costs [note 20]	324,974	355,485
Advertising and promotion	182,656	280,494
Travel	143,764	249,159
Amortization	66,825	57,750
	11,067,163	10,363,275
Excess of expenses before other items:	(619,400)	(256,838)
Investment income - net realized gain	298,691	236,562
Investment income - net unrealized gain (loss) [note 14]	(300,953)	67,794
Net annual proceeds transferred to (from) endowments	32,348	(28,046)
Contributions to endowment funds [note 10]	(675)	—
Excess of revenue (expenses) for the year	(589,989)	19,472

See accompanying notes to the financial statements

Canadian Mental Health Association, BC Division

STATEMENT OF CASH FLOWS

Year ended March 31

	2020	2019
	\$	\$
OPERATING ACTIVITIES		
Excess of revenue (expenses) for the year	(589,989)	19,472
Items not affecting cash:		
Amortization of capital assets	66,825	57,750
Amortization of deferred contributions	(57,264)	(32,881)
	(580,428)	44,341
Changes in other non-cash working capital items:		
Accounts receivable	(206,142)	223,915
Prepaid expenses	(68,797)	21,090
Accounts payable and accrued liabilities	627,102	418,530
National membership fees - contingency reserve	2,133	1,705
Branch fund raising liability	(1,049)	(259)
Deferred rent	(120)	17,654
Deferred revenue	(477,359)	(2,474,230)
Cash used in operating activities	(704,660)	(1,747,254)
INVESTING ACTIVITIES		
Acquisition of capital assets	(49,588)	(283,860)
Acquisition of capital assets with restricted grants	—	288,727
Change in endowment fund investments	32,347	(28,046)
Lorne Fraser endowment, net of disbursements	(6,428)	6,353
Jean Moore endowment, net of earnings	(2,193)	6,804
Nancy Hall endowment, net of earnings	(23,726)	14,889
Cash provided by (used in) investing activities	(49,588)	4,867
Decrease in cash and short-term investments during the year	(754,248)	(1,742,387)
Cash and short-term investments, beginning of year	8,628,604	10,370,991
Cash and short-term investments, end of year	7,874,356	8,628,604

See accompanying notes to the financial statements



Canadian Mental Health Association, BC Division**NOTES TO FINANCIAL STATEMENTS**

March 31, 2020

1. NATURE OF OPERATIONS**Structure, Mandate and Operations**

The Canadian Mental Health Association, BC Division (the "Society") is registered under the British Columbia Societies Act and is a tax-exempt charitable organization as defined by the Canadian Income Tax Act.

The Society champions a vision for Canada: mentally healthy people in a healthy society. We strive for all people to get the resources they need to maintain and improve their mental health and wellbeing. Our objectives include: informing public policy, providing quality services and informing and promoting mental health. The Society's operations are dependent upon funding from the Province of British Columbia, Health Authorities, Foundations, fee for service revenue, individual and corporate donations, and sponsorships.

The Society operates under authority granted by a National/Division Agreement (2004) with the Canadian Mental Health Association. Under Division/Branch agreements, branches may operate in B.C. as incorporated societies. There is a total of 14 [2018/19 - 14] licensed branches in B.C., of which all were incorporated at year end.

The Society's activities include the following:

"Core" Programs

Those programs are supported by provincial grants, foundations, donations and sponsorships and other income as being the integral, strategic areas related to the Society's mandate.

- Public Policy and Community-Based Research Activities
 - Targeted research projects focused on equitable access to services for people with mental health and substance use problems
 - Submissions to CMHA National to inform federal mental health and substance use policy
 - Submissions to Province of BC Selecting Standing Committees, elected officials, and public servants to inform provincial mental health and substance use policy
 - Continued policy work to inform the strengthening of the mental health and substance use systems of care with an emphasis on:
 - o Prevention and early intervention
 - o Building an accessible addictions health care system
 - o Strengthening recovery closer to home, in community
 - o Improving crisis care
 - o Leading change in mental health and addictions

Canadian Mental Health Association, BC Division

NOTES TO FINANCIAL STATEMENTS

March 31, 2020

1. NATURE OF OPERATIONS (CONT'D)

"Core" Programs (Cont'd)

- Mental Health Promotion - BC Partners for Mental Health and Substance Use Information Initiatives
 - Beyond the Blues and Risky Drinking Screening
 - Visions: BC's Mental Health & Addictions Journal
 - Website Initiative: www.heretohelp.bc.ca
 - Healthy Minds, Healthy Campuses
 - Publications/Displays/Events
- CMHA BC Division Website
- Mind Matters (newsletter)
- Living Life to the Full – Adults
- Blue Wave (Living Life to the Full - Youth)
- Bounce Back®: Reclaim Your Health Youth and Adults
- Confident Parents: Thriving Kids ("CPTK") – Telephone-based positive parenting coaching program
- Living Life to the Full (National Project Lead) – training in support of CMHA Divisions and Branche across Canada
- Workplace Mental Health Education and Training
- Bursaries and scholarships
 - Lorne Fraser Scholarship and Educational Bursary
 - Janice Lee Blue Wave Youth Bursary
 - Mental Health Fine Arts Bursary
 - Indigenous Mental Health Fine Arts Bursary
- Branch Relations
 - Business continuity
 - Responding to branch requests for support and advice
 - Talk Today (partnership with the BC Hockey League and Western Hockey League)
 - Media messaging and communications support
- Victoria Services – focus is on employment services, mental health promotion, Ride Don't Hide, and the operation of the Confident Parents, Thriving Kids Anxiety Program.

"Administered" Programs

Those programs handled by the Society acting as agent under client contracts.

- BC Patient Satisfaction Steering Committee Project
- Community Action Initiative

Canadian Mental Health Association, BC Division**NOTES TO FINANCIAL STATEMENTS**

March 31, 2020

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") and include the following significant accounting policies:

Use of Estimates

The preparation of financial statements in conformity with Canadian ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses reported during the year. Significant areas requiring the use of management estimates relate to the determination of net recoverable value of assets, in particular as it relates to useful lives of capital assets and the determination of the deferred portion of grants. Actual results could differ from these estimates.

Revenue Recognition

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 or the services delivered. 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.

Investment income is recognized as revenue when received or earned.

Grant, publication and other revenue is recognized as the related services are performed, or when the product has been delivered and the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributed Services and Materials

The Society relies, in part, on volunteers in carrying out its services. Because of the difficulty of determining the fair value of these services, the value of these services is not recognized in these financial statements. Donated advertising and materials that would have not otherwise been purchased by the Society are not recognized in these financial statements.

Measurement of Financial Instruments

The Society initially measures its financial assets and financial liabilities at fair value. The Society subsequently measures all its financial assets and financial liabilities at amortized cost, except for its short-term investments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income.

Canadian Mental Health Association, BC Division**NOTES TO FINANCIAL STATEMENTS**

March 31, 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Measurement of Financial Instruments (cont'd)**

Financial assets measured at amortized cost include cash, term deposits and accounts receivable. Financial assets measured at fair value include mutual funds and Vancouver Foundation funds in other short-term investments.

Financial liabilities measured at amortized cost include accounts payable and branch fundraising liabilities.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

Cash

Cash is defined as cash on hand and cash on deposit, net of cheques issued and outstanding at the year-end and highly liquid term deposits.

Short-Term Investments

Mutual funds and other short-term investments are recorded at market value.

Capital Assets

Capital assets are initially valued at cost and are amortized over their estimated useful lives on the declining balance method at the following annual rates.

- Office equipment 20%
- Computer equipment 30%

Leasehold improvements are amortized straight-line to the end of the lease.

One half of the annual amortization rate is used in the year of acquisition.

Deferred Rent Liability

Total rent expense is recorded on a straight-line basis over the lease term including the free rent periods which have been granted at the beginning of the lease. The deferred rent liability will be drawn down as lease payments are made in future periods.

Canadian Mental Health Association, BC Division

NOTES TO FINANCIAL STATEMENTS

March 31, 2020

3. CASH AND SHORT-TERM INVESTMENTS

	2020	2019
	\$	\$
Cash and cash equivalents	2,199,447	1,858,868
Mutual funds and other securities (cost - \$5,367,909 [2019 - \$6,194,211])	5,218,088	6,244,185
Funds held by the Vancouver Foundation (cost - \$886,275 [2019 - \$886,275])	989,751	1,090,828
	8,407,286	9,193,881
Less: Portion allocated to Lorne Fraser educational endowment fund [note 10]	(228,641)	(235,069)
Portion allocated to Dr. Jean Moore endowment fund [note 10]	(104,606)	(106,799)
Portion allocated to Dr. Nancy Hall endowment fund [note 10]	(199,683)	(223,409)
	(532,930)	(565,277)
	7,874,356	8,628,604

The funds held by the Vancouver Foundation can be accessed by providing four months notice.

4. ACCOUNTS RECEIVABLE

	2020	2019
	\$	\$
Operations - fees for services	295,906	377,326
- grants	154,388	—
Canadian Mental Health Association BC branches	117,119	1,783
Allowance for doubtful accounts	—	—
	567,413	379,109
Government - GST	55,433	37,595
	622,846	416,704

5. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net Book Value
	\$	\$	\$
2020			
Computer and office equipment	327,393	131,891	195,502
Leasehold improvements	114,521	35,913	78,608
	441,914	167,804	274,110
2019			
Computer and office equipment	337,126	144,713	192,413
Leasehold improvements	114,521	15,587	98,934
	451,647	160,300	291,347

Canadian Mental Health Association, BC Division

NOTES TO FINANCIAL STATEMENTS

March 31, 2020

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2020	2019
	\$	\$
Operations	861,905	821,884
Municipal pension plan - employees [note 23]	146,812	—
Deferred retirement allowance	178,438	—
Canadian Mental Health Association BC branches	316,506	54,675
	1,503,661	876,559

7. NATIONAL MEMBERSHIP FEES - CONTINGENCY RESERVE

A 5% contingency is added to the Annual National Membership fee and is retained by the Society as a reserve to assist branches who are going through significant negative changes in their revenue. At the year-end this contingency balance was \$27,499 [2019 - \$25,366].

8. BRANCH FUNDRAISING LIABILITY

The Society has been the administrator for joint fundraising activities on its own behalf and for nine branches within BC. All joint fundraising activities were discontinued on September 30, 2007 with the exception of monthly giving donations which continue to be collected and shared with participating branches, net of fund raising costs. The branch fund raising liability is offset by an equal amount of restricted cash.

9. DEFERRED REVENUE

	Deferred, Beginning of Year	Received or Receivable (Returned)	Earned During the Year	Deferred, End of Year
	\$	\$	\$	\$
GRANT REVENUES				
Providence Health Care Society				
Provincial Consumer Survey	92,647	—	15,000	77,647
Provincial Health Service Authority / B.C. Ministry of Health				
BC Partners	50,518	617,553	645,347	22,724
BC Partners Strategic Planning	200,000	—	—	200,000
Bounce Back (Youth)	127,846	750,000	717,177	160,669
Bounce Back (Adult)	1,597,855	2,500,000	2,491,995	1,605,860
Other	—	8,181	2,500	5,681
Subtotal	2,068,866	3,875,734	3,872,019	2,072,581

Canadian Mental Health Association, BC Division

NOTES TO FINANCIAL STATEMENTS

March 31, 2020

9. DEFERRED REVENUE (CONT'D)

	Deferred, Beginning of Year \$	Received or Receivable (Returned) \$	Earned During the Year \$	Deferred, End of Year \$
Balance forward from previous page	2,068,866	3,875,734	3,872,019	2,072,581
Provincial Health Service Authority / B.C. Ministry of Health (Cont'd)				
Project Unite	99,788	—	—	99,788
Primary Health Care Initiatives	920,050	—	183,489	736,561
Community Gatekeeper	210,570	—	69,063	141,507
Living Life to the Full	—	2,000	2,000	—
PHSA (Health Emergency Management BC)				
Talk in Tough Times Support Line	192,887	—	145,156	47,731
Ministry of Child and Family Development				
CPTK - Behavioral	1,146,143	2,067,705	2,470,536	743,312
CPTK - Anxiety	280,947	2,255,205	1,977,638	558,514
Beyond the Blues	—	9,000	9,000	—
CMHA - Victoria				
Victoria Program Support	41,501	—	22,416	19,085
CMHA - Toronto				
National IPS Project	9,952	70,396	87,778	(7,430)
	4,970,704	8,280,040	8,839,095	4,411,649
FOUNDATION REVENUE				
B.C. Mental Health Foundation				
Justice	70,341	—	—	70,341
Workplace Training	20,681	—	20,681	—
Vancouver Foundation				
Policy Peer Employment	—	32,150	2,146	30,004
Law Foundation of BC				
Human Rights Determinants	10,386	—	4,473	5,913
Morris Foundation				
Living Life to the Full	17,080	—	17,080	—
	118,488	32,150	44,380	106,258
FEES FOR SERVICE				
Bounce Back - National Roll Out	28,940	—	—	28,940
Living Life to the Full	183,000	—	124,835	58,165
Understanding Addictions	4,000	—	—	4,000
Communications	13,500	—	13,500	—
	229,440	—	138,335	91,105
Subtotal	5,318,632	8,312,190	9,021,810	4,609,012

Canadian Mental Health Association, BC Division

NOTES TO FINANCIAL STATEMENTS

March 31, 2020

9. DEFERRED REVENUE (CONT'D)

	Deferred, Beginning of Year \$	Received or Receivable \$	Earned During the Year \$	Deferred, End of Year \$
Balance forward from previous page	5,318,632	8,312,190	9,021,810	4,609,012
OTHER				
Bottom Line Conference	—	232,761	—	232,761
Ride Don't Hide - Victoria	500	—	500	—
Policy Alliance	4,804	—	—	4,804
Community Gatekeeper - Sustainability Fund	223,148	—	—	223,148
CMHA - South Okanagan Similkameen				
Branch/division Strategic Planning	1,500	—	—	1,500
CMHA - Prince George				
Branch/division Strategic Planning	3,000	—	—	3,000
	232,952	232,761	500	465,213
Subtotal	5,551,584	8,544,951	9,022,310	5,074,225
Blue Wave Youth Fund <i>[note 18]</i>	132,280	—	—	132,280
	5,683,864	8,544,951	9,022,310	5,206,505

10. ENDOWMENT FUNDS

Contributions to the endowment funds are summarized as follows:

	2020 \$	2019 \$
Vancouver Foundation permanent endowment fund <i>[note 12]</i>	675	—

Lorne Fraser Educational Endowment Fund

Each year, the Lorne Fraser Educational Fund awards bursaries and scholarships to people who live with a mental illness and/or addiction and wish to further their pursuit of post-secondary education. Bursaries are awarded in the amount of \$700 each. In addition, the scholarship program annually awards \$1,000 or \$2,000 to two post-secondary students living with mental illness and/or addiction whose educational and career goals are related to mental health promotion.

Lorne Fraser, the fund's founder and namesake, passed away October 28, 2017 at the age of 80. He was committed to increasing opportunities for people with a mental illness. He lived with bipolar disorder for many years and recognized the importance of education to personal well-being. Since 1982, the Lorne Fraser Educational Fund has helped more than 160 British Columbians pursue their educational dreams.

Canadian Mental Health Association, BC Division

NOTES TO FINANCIAL STATEMENTS

March 31, 2020

10. ENDOWMENT FUNDS (CONT'D)**Lorne Fraser Educational Endowment Fund (cont'd)**

	2020	2019
	\$	\$
Balance, beginning of year	235,069	228,716
Add:		
Donations	—	3,145
Investment income - realized gain	8,903	8,758
Investment income - unrealized gain (loss)	(15,331)	3,853
	228,641	244,472
Less:		
Miscellaneous	—	(503)
Scholarships	—	(8,900)
	—	(9,403)
Balance, end of year	228,641	235,069

Dr. Jean Moore Endowment Fund

The Dr. Jean Moore Fund was established in April 2006 to support future child and youth initiatives and consists of funds primarily invested at the Vancouver Foundation. In 2012, a \$10,000 contribution to the Fund was approved by the Society with a further \$10,000 approved and contributed in 2015.

	2020	2019
	\$	\$
Balance, beginning of year	106,799	99,995
Add:		
Donations	—	500
Investment income - realized gain	4,534	4,382
Investment income - unrealized gain (loss)	(6,727)	1,928
Less:		
Miscellaneous	—	(6)
Balance, end of year	104,606	106,799

Dr. Nancy Hall Speaking Up Speaking Out Endowment Fund

On March 26, 2011 the Society approved an initial contribution of \$50,000 to this endowment fund to be invested at the Vancouver Foundation and invested in a retractable fund. In 2012, an additional \$50,000 contribution was approved to this endowment fund with a further \$25,000 approved and contributed in 2015. These funds will be used to fund policy work and the Society commits to growing the endowment to \$1 million.

Canadian Mental Health Association, BC Division

NOTES TO FINANCIAL STATEMENTS

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10. ENDOWMENT FUNDS (CONT'D)

Dr. Nancy Hall Speaking Up Speaking Out Endowment Fund (cont'd)

	2020	2019
	\$	\$
Balance, beginning of year	223,409	208,520
Add:		
Donations	—	1,225
Investment income - realized gain	9,819	9,489
Investment income - unrealized gain (loss)	(33,545)	4,175
Less:		
Miscellaneous	—	—
Balance, end of year	199,683	223,409

11. DEFERRED CONTRIBUTION RELATED TO CPTK-ANXIETY START UP

	2020	2019
	\$	\$
Balance, beginning of year	255,846	—
Contribution during the year	—	288,727
Transfer to revenue	(57,264)	(32,881)
Balance, end of year	198,582	255,846

In 2019, the total funding received from the Ministry of Child and Family Development that was designated for the CPTK-Anxiety program was \$1,500,000. The deferred contribution represents amounts required for the start up of the program that was spent on capital assets for the Society's Victoria office. The contribution has been deferred and will be amortized to income over the estimated useful life of the capital assets and the term of the Victoria office lease.

12. PERMANENT ENDOWMENT

The Society holds \$408,512 [2019 - \$407,837] of aggregate contributed principal with the Vancouver Foundation. The market value of these funds at March 31, 2020 is \$473,703 [2019 - \$519,957]. In accordance with the provisions of the Vancouver Foundation Act, the amounts are held permanently by the Vancouver Foundation. As the Society has the right to receive only the investment income on these funds and has no access to the contributed principal, the Society's financial statements do not reflect this amount as an asset.

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NOTES TO FINANCIAL STATEMENTS

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13. INTERNALLY RESTRICTED FUNDS

The Society has internally restricted \$1,000,000 as a contract cancellation contingency. Contracts received by the Society have cancellation clauses with notice periods of 10 – 30 days. This internally restricted amount is not available for other purposes without the approval of the Society's board of directors.

There was no [2019 - \$200,000] transfer to internally restricted funds for the year ended March 31, 2020.

14. NET UNREALIZED GAIN (LOSS)

The net unrealized gain (loss) represents the difference between the cost and the quoted market value of the Society's investments at the date of the financial statements. These market values fluctuate on a daily basis.

As of the audit report date, the unrealized loss has since largely been recovered.

15. DIRECT BRANCH SUPPORT

	2020	2019
	\$	\$
Bounce Back	2,002,612	1,865,739
Donation sharing	21,899	24,747
Workplace Training (WorkSafeBC)	—	20,727
Communications Support	—	37,000
Gatekeeper	—	373,653
	2,024,511	2,321,866

16. COMMITMENTS

Operations are conducted from leased premises in Vancouver and Victoria, currently rented at a base rent plus operating expenses and property taxes. The lease expires on September 30, 2026.

The future lease commitment for the next five years, for base rent only, is:

	\$
2021	255,771
2022	221,198
2023	208,535
2024	195,122
2025	148,953
	1,029,579

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17. FINANCIAL INSTRUMENTS

The Society is exposed to various risks through its financial instruments. The following analysis presents the Society's exposures to significant risk as at March 31, 2020.

Credit Risk

The Society is exposed to credit risk with respect to its bank deposits, accounts receivable and short-term investments. The Society assesses, on a continuous basis, accounts receivable on the basis of amounts it is virtually certain to receive and short-term investments are invested with a large Canadian credit union.

Liquidity Risk

Liquidity risk is the risk of being unable to meet cash requirements or fund obligations as they become due. It stems from the possibility of a delay in realizing the fair value of financial instruments.

The Society manages its liquidity risk by constantly monitoring forecasted and actual cash flows and financial liability maturities, and by holding assets that can be readily converted into cash.

Interest Rate Risk

The Society is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed-rate instruments are subject to periodic interest rate review on maturity and renewal and the floating rate instruments subject the Society to cash flow risks.

Currency Risk

The Society has bank accounts that are denominated in a foreign currency and thus are exposed to the financial risk of earnings fluctuations arising from changes in foreign exchange rates and the degree of volatility of these rates. As at March 31, 2020, the Society held \$34,510 [2019 - \$237,904] in a U.S. dollar bank account.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Society is exposed to market risk through its investment in equity-based investments (mutual funds).

18. BLUE WAVE YOUTH FUND

The Blue Wave Youth Fund was initiated by a gift from Blue Wave Foundation, a private foundation. The fund is designated specifically to support youth mental health.

Canadian Mental Health Association, BC Division

NOTES TO FINANCIAL STATEMENTS

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19. WAGES AND BENEFITS AND CONTRACT AND CONSULTING SERVICES

Pursuant to the British Columbia Societies Act, the Society is required to disclose wages and benefits paid to employees and fees paid to contractors, in excess of \$75,000 during the fiscal year.

Contract and consulting services expense includes \$279,170 [2019 - \$304,329] for services provided by three [2019 - three] contractors during the year.

Wages and benefits expense includes \$1,478,117 [2019 - \$450,805] paid to fourteen [2019 - four] employees during the year.

20. OTHER PROGRAM NON-STAFFING COSTS

Other program non-staffing costs include:

	2020	2019
	\$	\$
Expenses related to:		
Administrative	324,974	355,485
Programs	1,353,531	1,782,653
	1,678,505	2,138,138
Bank, credit card charges, payroll and pension processing	83,350	62,924
Cultural adaptation	960	5,498
Equipment	7,384	27,116
GST recovery	(47,710)	(62,759)
Honoraria [note 22]	9,577	43,482
Insurance	32,012	30,245
License fees	97,293	53,340
Membership fees and dues	20,926	17,186
National membership fees	7,276	7,268
Office and administration	135,313	137,620
Shipping & handling	78,381	103,392
Printing and resource materials	361,906	581,988
Professional fees	81,253	50,510
Program conferences and events	161,169	276,997
Project support	273,477	235,048
Royalties	68,740	97,748
Scholarships and awards	11,759	12,411
Staff development	49,680	37,954
Technology and website	173,932	355,020
Telephone	71,827	65,150
	1,678,505	2,138,138

Canadian Mental Health Association, BC Division**NOTES TO FINANCIAL STATEMENTS**

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21. WAGES AND BENEFITS

Approximately 68% of the increase in wages and benefits is due to the union certification of approximately 66 staff members.

22. RELATED PARTY TRANSACTIONS

Honoraria expense includes \$3,381 [2019 - \$Nil] paid to a board member who contributed time and expertise on a Society project outside of their fiduciary duties as a Director. This was approved by the board of directors.

Contract and consulting services expense includes \$1,614 [2019 - \$Nil] paid to a spouse of a Director-level employee, following full disclosure and management of the conflict of interest and a competitive procurement process.

Amounts paid to related parties were incurred in the normal course of business and are measured at the exchange amount, which is the amount agreed upon by the transacting parties on terms and conditions similar to non-related parties.

23. PENSION PLAN

The Society and its employees contribute to the Municipal Pension Plan of British Columbia ("MPP"), a multi-employer defined benefit pension plan.

Employer contributions to the MPP of \$153,675 [2019 - \$Nil] were expensed during the year. Every three years an actuarial valuation is performed to assess the financial position of the plan and the adequacy of plan funding. The plan covers approximately 360,000 active employees, of which approximately 75 are employees of the Society.

When the Society's application for membership in the MPP was approved, existing employees were given 90 days to decide whether or not they wanted to join the plan. Those who opted out of the MPP have provided a Waiver of Pension Coverage. After this period, enrolment for regular full time employees is mandatory after 3 months of continuous employment.

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24. OTHER - COVID-19

The recent outbreak of the coronavirus, also known as COVID-19, has and continues to impact worldwide economic activity. The extent of the impact and related containment measures on the Society's operations cannot be estimated in totality, however certain impacts have been significant and are described below.

Bottom Line Conference

Health-related guidelines and regulations arising from COVID-19 resulted in the cancellation of the Society's Bottom Line Conference in March 2020. As a result, the Society incurred a loss of \$145,828 arising from incurred labor costs to organize the conference and the loss of non-refundable deposits. In addition, prepaid registration fees and sponsorships totaling \$232,761 have been accrued as future obligations to be recognized as revenue subject to the expected occurrence of the Bottom Line Conference in 2021. Registration fees and sponsorship fees will be refunded to registrants who choose not to attend the Conference in 2021.

Requirement to work remotely

Health-related guidelines and regulations arising from COVID-19 obliged the Society to restrict employees from working at its rented facilities and require them to work remotely from their homes. The Society has incurred additional costs of approximately \$75,734 to provision staff with hardware, software and communication equipment enabling them to work remotely. It is anticipated that the Society's strategic direction will continue to encourage employees to work remotely, thereby providing the Society with opportunities to reduce its rental space and related costs in the future.

Additional funding received from government

The Federal and Provincial government has provided additional funding for new programs that support the mental health and welfare of individuals who have been impacted by COVID-19. The Society has received approximately \$17.5M in additional funding that will be used to implement specific programs over the next three years.

No government benefits claimed

The Federal and Provincial government has implemented several programs to support organizations and workers that have been financially impacted by COVID-19. The Society's funding and revenue streams have not been impacted significantly and no workers have been laid-off or terminated. Accordingly, the Society has not yet applied for financial support provided by these programs.

25. COMPARATIVE FIGURES

Certain 2019 comparative figures have been reclassified where necessary to conform to the current year's presentation.