

Financial Statements

Canadian Mental Health Association – Kelowna and
District Branch

March 31, 2025

Contents

Page

Independent auditor's report	1-2
Statement of financial position	3
Statement of operations	4
Statement of changes in net assets	5
Statement of cash flows	6
Notes to financial statements	7-13
Statement of operations – BC Housing (<i>Schedule 1-2</i>)	14-15

Independent auditor's report

To the Directors of Canadian Mental Health Association – Kelowna & District Branch:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Canadian Mental Health Association - Kelowna & District Branch ("the Association"), which comprise the statement of financial position as at March 31, 2025, 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 Association as at March 31, 2025, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

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 Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Restated Comparative Information

We draw attention to Note 13 to the financial statements, which explains that certain comparative information presented for the year ended March 31, 2024 has been restated. Our opinion is not modified in respect of this matter.

Other Matters

Our audit was conducted for the purposes of forming an opinion on the financial statements taken as a whole. The supplementary information included in the schedules is presented for purposes of additional information and is not required as part of the financial statements. Such information has been subject to the auditing procedures applied, only to the extent necessary to express an opinion in the audit of the financial statements taken as a whole.

Responsibilities of Management and Those Charged with Governance 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.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 Societies Act of British Columbia, we report that, in our opinion, these financial statements were prepared on a basis consistent with that applied in preparing the financial statements of the preceding period.

Doane Grant Thornton LLP

Chartered Professional Accountants

Kelowna, Canada
September 24, 2025

Canadian Mental Health Association – Kelowna and District Branch
Statement of financial position
March 31

	2025	2024 Restated Note 13
Assets		
Current assets		
Cash and cash equivalents	\$ 1,812,751	\$ 845,105
Current portion of restricted cash (Note 2)	3,734,723	2,773,503
Accounts receivable	610,875	1,453,591
Prepaid expenses and deposits	147,716	108,339
	6,306,065	5,180,538
Restricted cash (Note 2)	4,735,419	4,638,611
Tangible capital assets (Note 3)	2,164,762	1,768,595
	\$ 13,206,246	\$ 11,587,744
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 1,169,143	\$ 1,048,510
Government remittances payable	106,744	105,073
Deposits held	91,915	86,648
Deferred revenue	110,169	105,343
Current portion of deferred contributions (Note 4)	3,623,293	2,616,834
Current portion of mortgage (Note 5)	83,940	84,430
	5,185,204	4,046,838
Deferred contributions (Note 4)	2,911,115	2,877,288
Mortgage (Note 5)	678,858	762,798
Promissory note (Note 6)	351,843	-
	9,127,020	7,686,924
Net assets		
Unrestricted	852,957	1,218,132
Invested in tangible capital assets	1,215,800	658,512
Replacement reserves (Note 7)	310,469	324,176
Internally restricted (Note 8)	1,700,000	1,700,000
	4,079,226	3,900,820
	\$ 13,206,246	\$ 11,587,744

Commitments (Note 9)

See accompanying notes to the financial statements.

On behalf of the Board:



Director

Debbie da Silva

Debbie da Silva (Sep 20, 2025 07:50:07 GMT+9)

Director

Canadian Mental Health Association – Kelowna and District Branch
Statement of operations
Year ended March 31

		2025	2024 Restated Note 13
Revenue			
BC Housing Management Commission	\$	7,190,305	\$ 7,666,579
Other government contracts		3,610,771	3,301,525
Tenants' rent		1,236,081	1,191,834
Other contributions & grants		932,933	985,446
Interest		383,394	354,236
Donations		376,875	538,399
Other		191,988	42,073
Workshops		53,494	7,640
		13,975,841	14,087,732
Expenses			
Advertising		53,291	111,968
Bank charges and processing fees		71,260	41,611
Contract fees and honorarium		237,710	545,143
Insurance		139,603	133,620
Interest on mortgage		19,553	21,568
Office and administration		228,387	200,833
Phone and internet		194,496	174,927
Professional fees		50,500	40,099
Program supplies and activities		960,972	763,573
Rent and property tax		399,952	390,805
Rent subsidies		547,578	568,129
Repairs and maintenance		833,040	1,462,415
Salaries, wages and benefits		9,508,591	8,650,215
Training		120,887	55,091
Utilities		379,565	371,532
		13,745,385	13,531,529
		230,456	556,203
Other income (expense):			
Amortization of deferred capital contributions		125,932	55,012
Amortization of tangible capital assets		(177,982)	(140,127)
		(52,050)	(85,115)
Excess of revenues over expenses	\$	178,406	\$ 471,088

See accompanying notes to the financial statements.

Canadian Mental Health Association – Kelowna and District Branch
Statement of changes in net assets
Year ended March 31

	Internally restricted	Replacement reserves	Invested in tangible capital assets	Unrestricted	Total 2025	Total 2024 Restated Note 13
Net assets, beginning of year, as restated	\$ 1,700,000	\$ 324,176	\$ 658,512	\$ 1,218,132	\$ 3,900,820	\$ 3,429,732
Excess of revenues over expenses	-	-	-	178,406	178,406	471,088
Net investment in tangible capital assets	-	-	524,907	(524,907)	-	-
Amortization of tangible capital assets	-	-	(177,982)	177,982	-	-
Amortization of deferred capital contributions	-	-	125,932	(125,932)	-	-
Principal reduction of mortgage	-	-	84,431	(84,431)	-	-
Transfers in net assets	-	(13,707)	-	13,707	-	-
Net assets, end of year	\$ 1,700,000	\$ 310,469	\$ 1,215,800	\$ 852,957	\$ 4,079,226	\$ 3,900,820

See accompanying notes to the financial statements.

Canadian Mental Health Association – Kelowna and District Branch
Statement of cash flows
Year ended March 31

	2025	2024 Restated Note 13
Cash provided by (used in):		
Operating activities:		
Excess of revenues over expenses	\$ 178,406	\$ 471,088
Adjustment for non-cash items		
Amortization of tangible capital assets	177,982	140,127
Amortization of deferred capital contributions	(125,932)	(55,012)
	52,050	85,115
Changes in non-cash operating working capital		
Accounts receivable	842,716	(36,442)
Prepaid expenses and deposits	(39,377)	51,705
Accounts payable and accrued liabilities	120,632	232,950
Government remittances payable	1,671	105,073
Deposits held	5,267	9,017
Deferred revenue	4,826	558
Deferred contributions for future period expenses	1,116,974	1,420,769
	2,052,709	1,783,630
	\$ 2,283,165	\$ 2,339,833
Investing activities		
Net purchase of tangible capital assets	(574,149)	(74,868)
Net change in restricted cash	(1,058,028)	(3,092,044)
	\$ (1,632,177)	\$ (3,166,912)
Financing activities		
Receipt of deferred contributions for capital acquisition	49,245	-
Receipt of promissory note for capital acquisition	351,843	-
Repayment of debt	(84,430)	(82,415)
	316,658	(82,415)
Increase (decrease) in unrestricted cash and cash equivalents	967,646	(909,494)
Unrestricted cash and cash equivalents, beginning of year	845,105	1,754,599
Unrestricted cash and cash equivalents, end of year	\$ 1,812,751	\$ 845,105

See accompanying notes to the financial statements.

Canadian Mental Health Association – Kelowna and District Branch

Notes to the financial statements

March 31, 2025

The Canadian Mental Health Association - Kelowna and District Branch (the "Association") is a branch of the Canadian Mental Health Association and is incorporated under the Societies Act of British Columbia. The Association promotes the mental health of all and supports the resilience and recovery of people in the Central Okanagan experiencing mental illness through supportive housing, community education, influencing public policy, research and service.

The Association is a registered charity within the definition of the Income Tax Act and therefore, as long as it complies with the rules and regulations of the Income Tax Act, it is exempt from income taxes and may issue receipts to donors.

1. Significant accounting policies

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations. The Association's significant accounting policies are as follows:

a) Revenue recognition:

The Association follows the deferral method of accounting for contributions. Unrestricted contributions from contracts with government organizations, grants and other income are recognized as revenue in the year received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Restricted contributions from these sources for expenses of one or more future periods are deferred and recognized as revenue in the period in which the related expenses are incurred.

Contributions restricted for the purchase of tangible capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related asset.

Rental and workshop income is recognized as services are provided. Deferred revenue represents cash received related to rent or workshops for which services will be provided in a future period.

Revenue from other contributions is recognized as revenue in accordance with the terms of the agreement, when proceeds are collected or when collection is reasonably assured.

Interest income is earned over time, using the accrual method and is recorded when amounts are due.

b) Contributed services:

The operations of the Association depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and is therefore not reflected in these financial statements.

c) Cash and cash equivalents:

Cash and cash equivalents consist of cash on hand and short-term deposits that are readily convertible into cash.

Canadian Mental Health Association – Kelowna and District Branch

Notes to the financial statements

March 31, 2025

1. Significant accounting policies (continued)

d) Tangible capital assets:

Tangible capital assets are recorded at cost less accumulated amortization. Tangible capital assets are amortized over their estimated useful lives using the following rates and methods.

Buildings	4%	declining-balance
Computer equipment	4-10 years	straight-line
Furniture and fixtures	20%	declining-balance and
	5-10 years	straight-line
Leasehold improvements	5 years	straight-line
Vehicles	30%	declining-balance

The Association reviews the carrying amount of tangible capital assets for impairment whenever events or changes in circumstances indicate that the asset no longer contributes to the Association's ability to provide services, or that the value of future economic benefits or service potential associated with the asset is less than its carrying amount. If such conditions exist, an impairment loss is measured and recorded in the statement of operations at the amount by which the carrying amount of the net asset exceeds its fair value or replacement cost. Impairment losses recognized are not reversed.

e) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Items subject to management estimates include allowance for doubtful accounts, current portion of deferred contributions, useful lives of tangible capital assets, and the related amortization of tangible capital assets and deferred capital contributions.

f) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Financial instruments obtained in a related party transaction are measured at their carrying amount, except those transactions with a person or entity whose sole relationship with the Association is in the capacity of management, which are accounted for at fair value on initial recognition. Financial instruments are subsequently measured at cost or amortized cost, including cash and cash equivalents, restricted cash, receivables, payables, deposits, promissory note, and mortgage.

Financial assets are assessed for impairment annually if there are indicators of impairment. Previously recognized impairment losses will be reversed to the extent of the improvement, not exceeding the initial carrying value. The amounts of any write down or reversal are recognized in the statement of operations.

Canadian Mental Health Association – Kelowna and District Branch
Notes to the financial statements
March 31, 2025

2. Restricted cash

	2025	2024 Restated Note 13
Externally restricted funds:		
BC Housing Management Commission replacement reserve (<i>Note 7</i>)	\$ 310,469	\$ 324,176
Community Gaming Grant program	111,430	156,669
Program funding	6,348,243	5,231,269
	6,770,142	5,712,114
Internally restricted funds:		
Capital investment (<i>Note 8</i>)	1,700,000	1,700,000
Total restricted cash	\$ 8,470,142	\$ 7,412,114
	2025	2024
Current portion	\$ 3,734,723	\$ 2,773,503
Non-current portion	4,735,419	4,638,611
	\$ 8,470,142	\$ 7,412,114

3. Tangible capital assets

				2025		2024		
		Cost	Accumulated amortization		Net book value		Net book value	
Land	\$	483,019	\$	-	\$	483,019	\$	483,019
Buildings		2,566,359		1,611,036		955,323		995,129
Construction in progress		351,844		-		351,844		-
Computer equipment		219,253		43,210		176,043		67,263
Furniture and fixtures		414,314		299,411		114,903		15,294
Leasehold improvements		1,447,492		1,387,082		60,410		30,071
Vehicle		309,994		286,774		23,220		177,819
	\$	5,792,275	\$	3,627,513	\$	2,164,762	\$	1,768,595

Canadian Mental Health Association – Kelowna and District Branch
Notes to the financial statements
March 31, 2025

4. Deferred contributions

	2025	2024 Restated Note 13
Deferred contributions - future period funding		
Balance, beginning of year	\$ 5,081,269	\$ 2,960,445
Contributions received	1,873,723	2,643,942
Amount recognized into revenue	(756,749)	(523,118)
Balance, end of year	6,198,243	5,081,269
Deferred contributions - capital acquisitions		
Balance, beginning of year	\$ 412,853	\$ 467,866
Contributions received	49,245	-
Amount recognized into revenue	(125,933)	(55,013)
Balance, end of year	336,165	412,853
	\$ 6,534,408	\$ 5,494,122
Unspent portion of deferred contributions - capital	\$ 150,000	\$ 150,000

5. Mortgage

	2025	2024
Mortgage bearing interest at 3.329%, repayable in monthly blended payments of \$8,969. Matures April 1, 2030 & secured by specific property which has a carrying value of \$1,033,377.	\$ 762,798	\$ 847,228
Current portion	(83,940)	(84,430)
	\$ 678,858	\$ 762,798

Principal repayments due over the next year and thereafter are approximately as follows:

2026	\$ 83,940
2027	86,490
2028	89,392
2029	92,393
2030	95,494
Thereafter	315,089

The Association renewed its mortgage on April 1, 2025. The updated terms are disclosed above and reflected in these financial statements.

Canadian Mental Health Association – Kelowna and District Branch

Notes to the financial statements

March 31, 2025

6. Promissory note

The Association has received funding in the form of a promissory note from BC Housing for construction purposes. The funding is expected to convert into a long-term mortgage upon completion of the project.

7. Replacement reserves

Under the terms of the agreement with BC Housing, the replacement reserve accounts are to be credited in an amount determined by the budget provision per annum plus interest earned. These funds, along with 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 the Canadian government or in other investment instruments as agreed upon with BC Housing. The funds are to be used for tangible capital asset purchases or other repairs and maintenance to ensure that the buildings continue to be functional over their useful lives.

	Rosemead Apartments	Willowbridge Apartments	2025	2024
Balance, beginning of year	\$ 86,507	\$ 237,669	\$ 324,176	\$ 317,015
Adjustment (Schedule 1 (c))	(2,757)	-	(2,757)	-
Annual allocation	16,560	28,800	45,360	45,360
Interest income	3,801	10,443	14,244	16,407
Approved expenditures	(9,652)	(60,902)	(70,554)	(54,606)
Balance, end of year	\$ 94,459	\$ 216,010	\$ 310,469	\$ 324,176

8. Internally restricted net assets

The Board of Directors of the Association have established an internally restricted Capital Investment Reserve restricted for the purpose of replacing equipment, repairing existing buildings and leasehold improvements, and for other capital investments.

9. Commitments

The Association has operating lease commitments for various program locations, with expiry dates between 2026 and 2032. Minimum payments expected are approximately:

2026	\$ 515,792
2027	335,919
2028	65,892
2029	29,588
2030	13,557
Thereafter	9,942
	\$ 970,690

Canadian Mental Health Association – Kelowna and District Branch

Notes to the financial statements

March 31, 2025

10. British Columbia Societies Act

The British Columbia Societies Act includes a requirement to disclose the remuneration, if any, paid to directors, and the remuneration paid to employees, and contractors of at least \$75,000 annually. The Association had twenty-eight (2024 - sixteen) individual employees covered by this disclosure requirement, whose remuneration for the fiscal year totalled \$2,706,200 (2024 - \$1,531,800).

11. Economic dependence

The Association receives the majority of its revenue from government sources, notably from the Province of British Columbia through BC Housing Management Commission and Interior Health Authority. The contracts are renewed on an annual basis. Any disruption of these funding arrangements could have a significant impact on the Association's operations.

12. Financial risk and concentration of risks

The Association is exposed to interest rate risks with respect to its cash and cash equivalents, and restricted cash. Unless otherwise noted, it is management's opinion that the Association is not exposed to significant currency, liquidity or credit risks. The maximum credit risk exposure of the Association's financial assets is the carrying value of the assets.

13. Prior period restatement

After the year-end, the BC Housing Management Commission completed a financial review of the project expenditures for the 2022, 2023, and 2024 fiscal years. The review identified an error in allocating expenses which resulted in the associated deferred contribution balances being understated for those years. The March 31, 2024 comparative figures have been restated for this correction of error, resulting in the following changes to the amounts that were previously reported.

	Previously reported	Error adjustment	Restated
Statement of Financial Position			
Cash and cash equivalents	\$ 2,041,883	\$ (1,196,778)	\$ 845,105
Current portion of restricted cash	1,576,725	1,196,778	2,773,503
Current portion of deferred contributions	1,420,056	1,196,778	2,616,834
Unrestricted net assets	2,414,910	(1,196,778)	1,218,132
Statement of Operations			
BC Housing Management Commission	8,163,303	(496,724)	7,666,579
Excess of revenues over expenses	967,812	(496,724)	471,088
Statement of Changes in Net Assets			
Net assets, beginning of year	4,129,786	(700,054)	3,429,732
Statement of Cash Flows			
Excess of revenues over expenses	967,812	(496,724)	471,088
Deferred contributions for future period expenses	924,045	496,724	1,420,769
Net change in restricted cash	(2,595,320)	(496,724)	(3,092,044)
Unrestricted cash and cash equivalents, beginning of year	2,454,653	(700,054)	1,754,599

14. Comparative figures

Some of the comparative figures have been reclassified, where applicable, to conform to the current year's presentation.