Financial Statements

Canadian Mental Health Association – Kelowna and District Branch

March 31, 2026

Contents

Doane Grant Thornton

Independent auditor’s report

Doane Grant Thornton LLP
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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, 2026, 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, 2026, 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.

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

Kelowna, Canada
June 26, 2026

Chartered Professional Accountants

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

	2026	2025
Assets		
Current assets		
Unrestricted cash and cash equivalents	$ **795,198**	$ 1,812,751
Current portion of restricted cash *(Note 2)*	**3,389,635**	3,734,723
Accounts receivable	**703,397**	610,875
Prepaid expenses and deposits	**173,267**	147,716
GST receivable	**126,541**	85,004
	5,188,038	6,391,069
Restricted cash *(Note 2)*	**5,011,926**	4,735,419
Tangible capital assets *(Note 3)*	**2,906,760**	2,164,762
	$ **13,106,724**	$ 13,291,250
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	$ **957,578**	$ 1,169,143
Payroll remittances payable	**116,685**	191,748
Deposits held	**106,655**	91,915
Deferred revenue	**107,419**	110,169
Current portion of deferred contributions *(Note 4)*	**3,377,691**	3,623,293
Current portion of mortgage *(Note 5)*	**86,490**	83,940
	4,752,518	5,270,208
Deferred contributions *(Note 4)*	**2,867,506**	2,911,115
Mortgage *(Note 5)*	**592,367**	678,858
Promissory note *(Note 6)*	**893,904**	351,843
	9,106,295	9,212,024
Net assets		
Unrestricted	**522,010**	1,204,800
Invested in tangible capital assets	**1,140,948**	863,957
Replacement reserves *(Note 7)*	**337,471**	310,469
Internally restricted *(Note 8)*	**2,000,000**	1,700,000
	4,000,429	4,079,226
	$ **13,106,724**	$ 13,291,250

Commitments *(Note 9)*

See accompanying notes to the financial statements.

On behalf of the Board:

Debbie da Silva (Jun 26, 2026 11:58:34 EDT) Director

Marc Proulx (Jun 26, 2026 09:40:10 PDT) Director

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

	2026	2025
Revenue		
BC Housing Management Commission	$ **7,987,775**	$ 7,190,305
Other government contracts	**4,630,985**	3,610,771
Tenants' rent	**1,259,835**	1,236,081
Other contributions & grants	**1,049,343**	932,933
Donations	**601,677**	376,875
Interest	**280,586**	383,394
Other	**69,922**	191,988
Workshops	**44,433**	53,494
	15,924,556	13,975,841
Expenses		
Advertising	**57,377**	53,291
Bank charges and processing fees	**65,102**	71,260
Contract fees and honorarium	**268,800**	237,710
Insurance	**152,890**	139,603
Interest on mortgage	**23,386**	19,553
Office and administration	**248,714**	228,387
Phone and internet	**121,409**	96,296
Professional fees	**80,154**	50,500
Program supplies and activities	**1,296,099**	1,059,172
Rent and property tax	**443,556**	399,952
Rent subsidies	**723,078**	547,578
Repairs and maintenance	**1,192,667**	833,040
Salaries, wages and benefits	**10,738,209**	9,508,591
Training	**64,197**	120,887
Utilities	**382,528**	379,565
	15,858,166	13,745,385
	66,390	230,456
Other income (expense):		
Amortization of deferred capital contributions	**40,977**	125,932
Amortization of tangible capital assets	**(186,164)**	(177,982)
	(145,187)	(52,050)
(Deficiency) excess of revenues over expenses	$ **(78,797)**	$ 178,406

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 2026**	Total 2025
Net assets, beginning of year	$ 1,700,000	$ 310,469	$ 863,957	$ 1,204,800	**$ 4,079,226**	$ 3,900,820
Excess (deficiency) of revenues over expenses	-	-	-	(78,797)	**(78,797)**	178,406
Net investment in tangible capital assets	-	-	928,162	(928,162)	**-**	-
Amortization of tangible capital assets	-	-	(186,164)	186,164	**-**	-
Amortization of deferred capital contributions	-	-	40,977	(40,977)	**-**	-
Deferred capital contributions	-	-	(47,863)	47,863	**-**	-
Promissory note for capital	-	-	(542,061)	542,061	**-**	-
Principal reduction of mortgage	-	-	83,940	(83,940)	**-**	-
Transfers in net assets	300,000	27,002	-	(327,002)	**-**	-
Net assets, end of year	**$ 2,000,000**	**$ 337,471**	**$ 1,140,948**	**$ 522,010**	**$ 4,000,429**	$ 4,079,226

See accompanying notes to the financial statements.

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

		2026		2025
Cash provided by (used in):				
Operating activities:				
(Deficiency) excess of revenues over expenses	$	**(78,797)**	$	178,406
Adjustment for non-cash items				
Amortization of tangible capital assets		**186,164**		177,982
Amortization of deferred capital contributions		**(40,977)**		(125,932)
		145,187		52,050
Changes in non-cash operating working capital				
Accounts receivable		**(92,522)**		842,716
Prepaid expenses and deposits		**(25,551)**		(39,377)
GST recoverable		**(41,537)**		(1,503)
Accounts payable and accrued liabilities		**(211,565)**		120,632
Payroll remittances payable		**(75,063)**		3,174
Deposits held		**14,740**		5,267
Deferred revenue		**(2,750)**		4,826
Deferred contributions		**(696,097)**		1,116,974
		(1,130,345)		2,052,709
	$	**(1,063,955)**	$	2,283,165
Investing activities				
Net purchase of tangible capital assets		**(928,162)**		(574,149)
Net change in restricted cash		**68,581**		(1,058,028)
	$	**(859,581)**	$	(1,632,177)
Financing activities				
Receipt of deferred capital contributions		**447,863**		49,245
Receipt of promissory note for capital		**542,061**		351,843
Principal reduction of mortgage		**(83,941)**		(84,430)
		905,983		316,658
(Decrease) increase in unrestricted cash and cash equivalents		**(1,017,553)**		967,646
Unrestricted cash and cash equivalents, beginning of year		**1,812,751**		845,105
Unrestricted cash and cash equivalents, end of year	$	**795,198**	$	1,812,751

See accompanying notes to the financial statements.

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.

b) Contributed materials & 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.

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.

2. Restricted cash

		2026		2025
Externally restricted funds:				
BC Housing Management Commission replacement reserve *(Note 7)*	$	**337,471**	$	310,469
Community Gaming Grant program		**11,944**		111,430
Program funding		**6,052,146**		6,348,243
		6,401,561		6,770,142
Internally restricted funds:				
Capital investment *(Note 8)*		**2,000,000**		1,700,000
Total restricted cash	$	**8,401,561**	$	8,470,142

		2026		2025
Current portion	$	**3,389,635**	$	3,734,723
Non-current portion		**5,011,926**		4,735,419
	$	**8,401,561**	$	8,470,142

3. Tangible capital assets

						2026		2025
		Cost		Accumulated amortization		**Net book value**		Net book value
Land	$	483,019	$	-	$	**483,019**	$	483,019
Buildings		2,620,122		1,651,399		**968,723**		955,323
Construction in progress		896,819		-		**896,819**		351,844
Computer equipment		312,325		114,712		**197,613**		176,043
Furniture and fixtures		491,042		326,390		**164,652**		114,903
Leasehold improvements		1,481,693		1,404,721		**76,972**		60,410
Vehicle		435,416		316,454		**118,962**		23,220
	$	6,720,436	$	3,813,676	$	**2,906,760**	$	2,164,762

4. Deferred contributions

		2026		2025
Deferred contributions - future period funding				
Balance, beginning of year	$	**6,198,243**	$	5,081,269
Contributions received		**2,513,245**		1,873,723
Amount recognized into revenue		**(3,209,342)**		(756,749)
Balance, end of year		**5,502,146**		6,198,243
Deferred contributions - capital acquisitions				
Balance, beginning of year	$	**336,165**	$	412,853
Contributions received		**447,863**		49,245
Amount recognized into revenue		**(40,977)**		(125,933)
Balance, end of year		**743,051**		336,165
	$	**6,245,197**	$	6,534,408
Unspent portion of deferred contributions - capital	$	**550,000**	$	150,000

5. Mortgage

		2026		2025
Mortgage bearing interest at 3.329%, repayable in monthly blended payments of $8,969. Matures April 1, 2030 and secured by specific property which has a carrying value of $1,005,562.	$	**678,858**	$	762,798
Current portion		**(86,490)**		(83,940)
	$	**592,368**	$	678,858

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

2027	$	**86,490**
2028		**89,392**
2029		**92,393**
2030		**95,494**
Thereafter		**315,089**

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		**2026**		2025
Balance, beginning of year	$	94,459	$	216,010	$	**310,469**	$	324,176
Adjustment (Schedule 1 (c))		-		-		**-**		(2,757)
Annual allocation		16,560		28,800		**45,360**		45,360
Interest income		2,675		6,114		**8,789**		14,244
Approved expenditures		(27,147)		-		**(27,147)**		(70,554)
Balance, end of year	$	86,547	$	250,924	$	**337,471**	$	310,469

8. Internally restricted net assets

The Board of Directors of the Association has 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 2027 and 2037. Minimum payments expected are approximately:

2027	$	**628,459**
2028		**143,817**
2029		**88,844**
2030		**72,812**
2031		**63,852**
Thereafter		**270,303**
	$	**1,268,087**

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-one (2025 - twenty) individual employees covered by this disclosure requirement, whose remuneration for the fiscal year totalled $2,154,300 (2025 - $1,978,900).

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 risk with respect to its cash and cash equivalents and restricted cash. The Association is not exposed to significant currency, liquidity or credit risks. The maximum exposure to credit risk is represented by the carrying amount of its financial assets. There were no significant changes in the Association's risk exposures from the prior year.

13. Comparative figures

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