

PATHWAYS SERIOUS MENTAL ILLNESS SOCIETY

FINANCIAL STATEMENTS

DECEMBER 31, 2020

INDEPENDENT AUDITORS' REPORT

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NORTH VANCOUVER

CHARTERED PROFESSIONAL
ACCOUNTANTS

219 - 700 Marine Drive
North Vancouver, BC V7M 1H3
Telephone 604-987-8101
Fax 604-987-1794
www.eprnv.ca

INDEPENDENT AUDITOR'S REPORT

To the Members of the PATHWAYS SERIOUS MENTAL ILLNESS SOCIETY

Opinion

I have audited the accompanying financial statements of the Pathways Serious Mental Illness Society, which comprise the statement of financial position as at December 31, 2020 and December 31, 2019, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Pathways Serious Mental Illness Society as at December 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 Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of Pathways Serious Mental Illness Society in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 Pathways Serious Mental Illness 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 Pathways Serious Mental Illness Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Pathways Serious Mental Illness Society's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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, I exercise professional judgment and maintain professional scepticism throughout the audit. I 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 my 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 Pathways Serious Mental Illness Society internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimated and related disclosures made by management.
- Conclude 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 Pathways Serious Mental Illness Society's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention to my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause Pathways Serious Mental Illness 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.

I 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 I identify during my audit.

Report on Other Legal and Regulatory Requirements

As required by the Society Act of British Columbia, I report that, in my opinion, these principals have been applied on a basis consistent with that of the preceding year.

EPR

CHARTERED PROFESSIONAL ACCOUNTANTS

North Vancouver, B.C.
February 24, 2020

PATHWAYS SERIOUS MENTAL ILLNESS SOCIETY
STATEMENT OF OPERATIONS - GENERAL FUND
DECEMBER 31, 2020

STATEMENT 1

	2020	2019
Revenues		
B.C. gaming funds (Note 5)	52,097	52,543
Other grants	87,667	55,029
Canada Emergency Wages Subsidy	30,925	-
Membership fees	2,660	4,006
Donations and fundraising	52,728	100,657
Interest income	529	91
Endowment income	21,574	20,865
	\$248,180	\$233,191
Expenses		
Bank and credit card charges	1,586	2,202
Fundraising	169	13,501
Insurance	1,508	1,503
Office expenses	8,957	8,882
Professional fees	3,990	3,824
Programs	8,786	27,843
Rent	13,996	22,940
Salaries and benefits	172,508	143,959
Telephone	1,083	1,179
Training and workshops	7,405	11,370
Volunteer expenses	239	1,081
	\$220,227	\$238,284
Excess (Deficiency) of revenues over expenses	27,953	(\$5,093)

The accompanying notes are an integral part of these financial statements
EPR NORTH VANCOUVER

PATHWAYS SERIOUS MENTAL ILLNESS SOCIETY
STATEMENT OF THE JANET MORGAN FUND
DECEMBER 31, 2020

STATEMENT 2

	2020	2019
The Janet Morgan Fund balance, beginning of year	173,515	173,084
Transfer to the Vancouver Foundation	-	-
Transfer from General Fund	-	431
Donations received	-	-
Interest and gains earned	5,453	5,145
Interest transferred to General Fund	(5,453)	(5,145)
The Janet Morgan Fund balance, end of year	\$173,515	\$173,515

The accompanying notes are an integral part of these financial statements
EPR NORTH VANCOUVER

PATHWAYS SERIOUS MENTAL ILLNESS SOCIETY
STATEMENT OF THE FAMILY NAVIGATOR FUND
DECEMBER 31, 2020

STATEMENT 3

	2020	2019
The Family Navigator Fund Balance, beginning of year	24,000	24,000
Donations received and deferred	-	-
Donations earned	-	-
Transfer from General Fund	-	-
The Family Navigator Fund balance, end of year	\$24,000	\$24,000

The accompanying notes are an integral part of these financial statements
EPR NORTH VANCOUVER

PATHWAYS SERIOUS MENTAL ILLNESS SOCIETY
STATEMENT OF CHANGES IN NET ASSETS
DECEMBER 31, 2020

STATEMENT 4

	Restricted		Unrestricted		2020 Total	2019 Total
	The Janet Morgan Fund	The Family Navigator Fund	General Fund	COVID Incentive Fund		
Balance, beginning of year	\$173,515	\$24,000	\$35,106	-	\$232,621	\$237,714
Excess (Deficiency) of Revenues over Expenses	-	-	27,953	-	27,953	(5,093)
Donations received and deferred	-	-	-	-	-	-
Donations earned	-	-	-	-	-	-
Transfer to Vancouver Foundation	-	-	-	-	-	-
Transfer from general Fund	-	-	(27,000)	27,000	-	-
Balance, end of year	\$173,515	\$24,000	\$36,059	\$27,000	\$260,574	\$232,621

The accompanying notes are an integral part of these financial statement
EPR NORTH VANCOUVER

PATHWAYS SERIOUS MENTAL ILLNESS SOCIETY
STATEMENT OF CASH FLOWS
DECEMBER 31, 2020

STATEMENT 5

	2020	2019
Operating Activities		
Excess (Deficiency) of revenues over expenses	27,953	(5,093)
Transfer from general fund	-	(431)
Changes in non-cash working capital items		
Amounts receivable	7,688	(7,932)
Accounts payable and accrued liabilities	(1,772)	2,496
Government agencies payable	7,396	1,224
Deferred gaming funds	102	(2,093)
Deferred grants	16,993	3,500
Cash flow from operating activities	58,360	(8,329)
Financing Activity:		
Proceeds of long term debt	40,000	-
Net change in cash during the year	98,360	(8,329)
Cash beginning of year	41,763	50,092
Cash, end of year	\$140,123	\$41,763
Represented by:		
Cash	20,096	17,789
Term deposit	119,088	23,137
Gaming account	939	837
	\$140,123	\$41,763

The accompanying notes are an integral part of these financial statements
EPR NORTH VANCOUVER

PATHWAYS SERIOUS MENTAL ILLNESS SOCIETY
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020

STATEMENT 6

	2020	2019
ASSETS		
General Fund		
Current assets		
Cash	20,096	17,789
Term deposits (Note 3)	119,088	23,137
Gaming Account	939	837
Amounts receivable	4,030	11,718
	144,153	53,481
The Janet Morgan Fund (Note 4)	173,515	173,515
The Family Navigator Fund (Note 2)	24,000	24,000
	\$341,668	\$250,996

LIABILITIES, AND NET ASSETS

Current General Fund		
Current liabilities		
Accounts payable and accrued liabilities	4,288	6,060
Government agencies payable	15,374	7,978
Deferred gaming funds (Note 5)	939	837
Deferred grants	20,493	3,500
	41,094	18,375
Long Term Debt (Note 6)	40,000	-
	81,094	18,375

NET ASSETS

Restricted – The Janet Morgan Fund (Note 4)	173,515	173,515
The Family Navigator Fund (Note 2)	24,000	24,000
Unrestricted – General Fund	36,059	35,106
COVID Incentive fund (Note 2)	27,000	-
	260,574	232,621
	\$341,668	\$250,996

Approved by the Board of Directors:

 Director  Director

The accompanying notes are an integral part of these financial statements
EPR NORTH VANCOUVER

PATHWAYS SERIOUS MENTAL ILLNESS SOCIETY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

1. NATURE OF OPERATIONS

The Society was incorporated on May 1, 1996 under the Society Act of British Columbia as the British Columbia Schizophrenia Society, North Shore Branch. The Society is also a registered Canadian charitable organization under registration number BN 89422 6935 RR0001.

The Society changed its name to Pathways Serious Mental Illness Society by Special Resolution passed on October 17, 2017.

The objectives of the Society are to provide support for people with serious mental illness and their families, increase public awareness and understanding about serious mental illness and promote research into the cause, treatment and ultimate cure of serious mental illness.

2. SIGNIFICANT ACCOUNTING POLICIES

The Society prepares its financial statements in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO). Outlined below are those policies considered particularly significant.

Use of Estimates

When preparing financial statements according to ASNPO, the Society makes estimates and assumptions relating to:

- Reported amounts of revenue and expenses
- Reported amount of assets and liabilities
- Disclosure of contingent assets and liabilities

Management based their assumptions on a number of factors including historical experience, current events, actions that the Society may undertake in the future, and other assumptions that management believes are reasonable under the circumstances. Actual results could differ from those estimates under difference conditions and assumptions. The Society uses estimates when accounting for certain items such as useful lives of capital assets.

Financial Instruments

The Society has classified its financial instruments as follows:

The fair value of cash, receivables, accounts payable and accrued liabilities, and grants payable approximate their carrying amounts, due to the short-term nature of these financial instruments. The fair values of investments are reflected in the statement of financial position.

It is the Directors' opinion that the Society is not exposed to significant interest or currency risk arising from these financial instruments or credit risk arising from any balances receivable.

PATHWAYS SERIOUS MENTAL ILLNESS SOCIETY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash in banks and term deposits, with maturities of 12 months or less at acquisition.

Fund Accounting

The Society follows the practice of fund accounting in order to categorize its activities. Each fund is accounted for as a separate entity.

The General Fund accounts for all activities of the Society which support the general purposes of the Society.

The COVID Incentive Fund includes capital contributions specifically used for the operating activities of the Society impacted by the COVID pandemic. This fund is an unrestricted operational reserve fund, to include capital contributions and the interest earned on the COVID Incentive Fund.

The Janet Morgan Fund includes the Bequest Fund and is a restricted fund. The interest earned on the Janet Morgan Fund is available for operating activities of the Society.

The Family Navigator Fund includes capital contributions specifically used as the family navigator function of the Society to be delivered within a three-year term. The interest earned on the Family Navigator Fund and the capital are to be used for the delivery of the project.

The Board has approved an extension for an additional 3 year term, to the year of 2024, to include capital contributions and interest earned on the Family Navigator Fund.

Revenue Recognition

Grants are recorded as revenue when expended. The unexpended portion of grant funds received is recorded as unearned grant revenue.

Other income is recognized as revenue when received.

3. TERM DEPOSITS

	2020	2019
Term Deposit maturing 01/12/2021 with interest rate at 0.60%	15,000	-
Term Deposit maturing 01/12/2021 with interest rate at 0.60%	25,000	-
Term Deposit maturing 01/12/2021 with interest rate at 0.60%	25,000	-
Term Deposit maturing 01/12/2021 with interest rate at 0.60%	25,000	-
Term Deposit maturing 23/12/2021 with interest rate at 0.60%	29,088	-
Term Deposit maturing 19/12/2020 with interest rate at 2.05%	-	23,137
	\$119,088	\$23,137

PATHWAYS SERIOUS MENTAL ILLNESS SOCIETY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

4. THE JANET MORGAN FUND

The Society maintains one Bequest Fund. Marketable securities are recorded at cost and have a market value of \$20,335 (2019 - \$19,445). The monies are invested as follows:

	2020	2019
Marketable Securities	25,204	25,204
Term Deposit maturing 26/9/2022 with interest at 1.30%	100,597	100,597
Term Deposit maturing 19/12/2023 with interest rate at 0.85%	26,863	26,863
Term Deposit maturing 23/12/2023 with interest rate at 0.85%	20,851	20,851
	\$173,515	\$173,515

5. DEFERRED GAMING FUNDS

Deferred gaming proceeds represent unspent receipts from BC Gaming received in the current period that are related to the subsequent period. Changes in the deferred contributions balance are as follows:

	2020	2019
Gaming funds, opening	837	2,930
Funds received	52,200	52,543
Interest earned	-	-
Disbursements	(52,098)	(54,636)
Gaming funds, closing	\$ 939	\$ 837

6. LONG TERM DEBT

Vancity Canada Emergency Business Account – The amount of \$40,000 represents the interest-free loan received under the Government of Canada COVID response programs. 25% of the loan will be eligible for loan forgiveness, up to \$10,000, if \$30,000 of the loan is fully repaid on or before December 31, 2022. If the unforgiven balance of the loan is not fully repaid by December 31, 2022, the full amount of the loan will be repayable and will bear interest at a rate of 5% per annum beginning on January 1, 2023. The loan is due in full December 31, 2025.

PATHWAYS SERIOUS MENTAL ILLNESS SOCIETY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

7. LEASE COMMITMENTS

The Society has entered into an office lease for a period of 3 years commencing April 1, 2020. The annual payments for basic rent for the remainder of the term of the lease until March 31, 2023 under new lease arrangements are as follows:

2021	\$22,500
2022	\$22,500
2023	\$ 5,625

8. VANCOUVER FOUNDATION

During the year the Society received \$16,121, (2019 - \$15,720), from the Vancouver Foundation on account of interest earned on the Endowment Fund. All the interest was distributed to the General account for operational purposes.

The balance to date of the fund is \$334,274.

9. REMUNERATION OF DIRECTORS, EMPLOYEES AND CONTRACTORS

The Society Act of British Columbia requires disclosure of remuneration to Directors and remuneration to employees and contractors when this is in excess of \$75,000.

During the year, no amounts were paid to Directors and no employees or contractors received remuneration in excess of \$75,000.

10. SUBSEQUENT EVENTS

On March 11, 2020, the World Health Organization categorized COVID 19 as a pandemic. The potential economic effects within the Society's environment and in the global markets due to the possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact of the Society's operations.

The extent of the impact of the outbreak and related containment measures on the Society's operations cannot be reliably estimated at this time.