

CANADIAN MENTAL HEALTH ASSOCIATION - COWICHAN VALLEY BRANCH 1992
Financial Statements
Year Ended March 31, 2019

CANADIAN MENTAL HEALTH ASSOCIATION - COWICHAN VALLEY BRANCH 1992

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Year Ended March 31, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Directors of Canadian Mental Health Association - Cowichan Valley Branch 1992

Report on the Financial Statements

Opinion

We have audited the financial statements of Canadian Mental Health Association - Cowichan Valley Branch 1992 (the Association), which comprise the statement of financial position as at March 31, 2019, and the statements of changes in net assets, revenues and expenditures 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, 2019, 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

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 those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 Association's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the

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Independent Auditor's Report to the Directors of Canadian Mental Health Association - Cowichan Valley Branch 1992 *(continued)*

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 British Columbia Societies Act, we report that, in our opinion, the Society's financial statements have been prepared following Canadian accounting standards for not-for-profit organizations..

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Independent Auditor's Report to the Directors of Canadian Mental Health Association - Cowichan Valley
Branch 1992 *(continued)*

Duncan, British Columbia
July 23, 2019



CHARTERED PROFESSIONAL
ACCOUNTANTS

CANADIAN MENTAL HEALTH ASSOCIATION - COWICHAN VALLEY BRANCH 1992

Statement of Financial Position

March 31, 2019

	Operating Fund	Capital Fund	Total 2019	Total 2018
ASSETS				
CURRENT				
Cash				
- unrestricted	\$ 464,877	\$ -	\$ 464,877	\$ 526,727
- restricted (Note 15)	22,845	29,759	52,604	66,807
Restricted term deposits (Notes 6, 15)	6,167	-	6,167	93,888
Accounts receivable (Note 4)	160,120	-	160,120	96,172
Interest receivable	3,557	-	3,557	-
Prepaid expenses	50,865	7,668	58,533	37,217
	708,431	37,427	745,858	820,811
FUNDS HELD IN TRUST (Note 14)	-	217,870	217,870	221,169
LONG TERM INVESTMENTS (Note 6)	220,548	64,315	284,863	-
TANGIBLE CAPITAL ASSETS (Net of accumulated amortization) (Note 5)	-	7,091,763	7,091,763	7,232,912
	\$ 928,979	\$ 7,411,375	\$ 8,340,354	\$ 8,274,892

The accompanying notes form an integral part of these financial statements

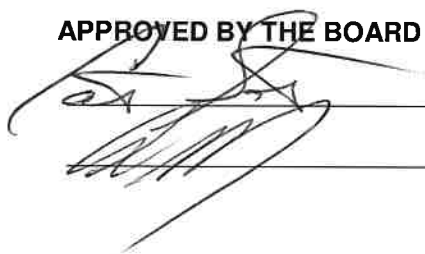
CANADIAN MENTAL HEALTH ASSOCIATION - COWICHAN VALLEY BRANCH 1992

Statement of Financial Position

March 31, 2019

	Operating Fund	Capital Fund	Total 2019	Total 2018
LIABILITIES AND NET ASSETS				
CURRENT				
Accounts payable	\$ 134,725	\$ -	\$ 134,725	\$ 46,890
Current portion of long term debt (Note 11)	-	64,270	64,270	61,843
Interest payable	-	9,377	9,377	9,576
Wages payable	149,993	-	149,993	131,490
Employee deductions payable	11,646	-	11,646	8,996
Deferred revenue (Note 7)	299,349	-	299,349	283,518
	595,713	73,647	669,360	542,313
LONG TERM DEBT (Note 11)	-	7,949,499	7,949,499	8,013,570
	595,713	8,023,146	8,618,859	8,555,883
NET ASSETS				
Invested in capital fund	-	(705,845)	(705,845)	(630,908)
Restricted	75,844	94,074	169,918	160,695
Unrestricted	257,422	-	257,422	189,222
	333,266	(611,771)	(278,505)	(280,991)
	\$ 928,979	\$ 7,411,375	\$ 8,340,354	\$ 8,274,892

APPROVED BY THE BOARD



 _____ Director

_____ Director

CANADIAN MENTAL HEALTH ASSOCIATION - COWICHAN VALLEY BRANCH 1992

Statement of Changes in Net Assets

Year Ended March 31, 2019

	Operating Fund	Restricted Fund	Capital Fund	Total 2019	Total 2018
NET ASSETS - BEGINNING OF YEAR	\$ 189,222	\$ 72,874	\$ (543,087)	\$ (280,991)	\$ (377,405)
Excess of revenue over expenses	97,800	-	(95,313)	2,487	96,414
Interfund transfer	(7,489)	2,970	4,519	-	-
Assets acquired	(22,110)	-	22,110	-	-
NET ASSETS - END OF YEAR	\$ 257,423	\$ 75,844	\$ (611,771)	\$ (278,504)	\$ (280,991)

The accompanying notes form an integral part of these financial statements

CANADIAN MENTAL HEALTH ASSOCIATION - COWICHAN VALLEY BRANCH 1992

Statement of Revenues and Expenditures

Year Ended March 31, 2019

	Operating Fund	Capital Fund	Total 2019	Total 2018
REVENUE				
Ministry of Children & Family Development	\$ 464,557	\$ -	\$ 464,557	\$ 452,300
Vancouver Island Health Authority	1,118,224	-	1,118,224	810,246
BC Housing	729,544	175,653	905,197	919,056
Fees for service	576,550	-	576,550	226,989
Community Gaming Grant	13,840	-	13,840	13,900
Interest	2,878	6,104	8,982	5,046
CMHA-BC Bounceback	386,516	-	386,516	399,117
Rent				
-Festubert	18,300	-	18,300	21,668
-Warmland	171,834	-	171,834	157,079
-Dingwall (Note 9)	76,259	-	76,259	72,297
-Other rental revenue	93,900	-	93,900	70,393
Donations	43,587	-	43,587	39,756
Other	(58,322)	-	(58,322)	14,517
	<u>3,637,667</u>	<u>181,757</u>	<u>3,819,424</u>	<u>3,202,364</u>
EXPENSES				
Auditing and legal	17,871	-	17,871	15,071
Advertising	441	-	441	1,655
Amortization	-	163,260	163,260	164,761
Bad debts	(481)	-	(481)	-
Insurance	23,443	-	23,443	20,290
Mortgage interest	-	113,809	113,809	104,104
Office	57,266	-	57,266	55,116
Programs	292,277	-	292,277	234,068
Equipment lease and maintenance	5,546	-	5,546	4,981
Staff training	12,118	-	12,118	6,877
Memberships	2,917	-	2,917	2,851
Board costs	1,476	-	1,476	4,017
Dingwall expenses	69,550	-	69,550	66,946
Safety & Security	50,826	-	50,826	3,411
Service Contracts	123,764	-	123,764	-
Property tax	2,817	-	2,817	2,306
Rent	180,707	-	180,707	143,101
Repairs and maintenance	109,788	-	109,788	88,728
Salaries and benefits	2,467,147	-	2,467,147	2,090,821
Telephone	22,955	-	22,955	21,410
Travel	28,094	-	28,094	21,255
Utilities	71,346	-	71,346	55,599
	<u>3,539,868</u>	<u>277,069</u>	<u>3,816,937</u>	<u>3,107,368</u>

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CANADIAN MENTAL HEALTH ASSOCIATION - COWICHAN VALLEY BRANCH 1992

Statement of Revenues and Expenditures *(continued)*

Year Ended March 31, 2019

	Operating Fund	Capital Fund	Total 2019	Total 2018
OTHER INCOME				
Gain on disposal of tangible capital assets	-	-	-	1,418
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ 97,799	\$ (95,312)	\$ 2,487	\$ 96,414

The accompanying notes form an integral part of these financial statements

CANADIAN MENTAL HEALTH ASSOCIATION - COWICHAN VALLEY BRANCH 1992

Statement of Cash Flows

Year Ended March 31, 2019

	Operating Fund	Capital Fund	Total 2019	Total 2018
OPERATING ACTIVITIES				
Excess (deficiency) of revenue	\$ 97,799	\$ (95,312)	\$ 2,487	\$ 96,414
Items not affecting cash:				
Amortization of tangible capital assets	-	163,260	163,260	164,761
Gain on disposal of tangible capital assets	-	-	-	(1,418)
	<u>97,799</u>	<u>67,948</u>	<u>165,747</u>	<u>259,757</u>
Changes in non-cash working capital:				
Accounts receivable	(63,948)	-	(63,948)	(68,352)
Interest receivable	(3,557)	-	(3,557)	-
Accounts payable	87,769	-	87,769	(21,065)
Deferred income	15,831	-	15,831	98,150
Prepaid expenses	(13,582)	(7,471)	(21,053)	(2,975)
Interest payable	-	(199)	(199)	(189)
Wages payable	18,503	-	18,503	30,496
Employee deductions payable	2,650	-	2,650	6,517
	<u>43,666</u>	<u>(7,670)</u>	<u>35,996</u>	<u>42,582</u>
Cash flow from operating activities	<u>141,465</u>	<u>60,278</u>	<u>201,743</u>	<u>302,339</u>
INVESTING ACTIVITIES				
Purchase of tangible capital assets	-	(22,110)	(22,110)	(113,649)
Proceeds on disposal of tangible capital assets	-	-	-	3,500
Cash flow from (used by) investing activities	<u>-</u>	<u>(22,110)</u>	<u>(22,110)</u>	<u>(110,149)</u>
FINANCING ACTIVITY				
Repayment of long term debt	-	(61,843)	(61,843)	(64,572)
Cash flow from (used by) financing activity	<u>-</u>	<u>(61,843)</u>	<u>(61,843)</u>	<u>(64,572)</u>
INTERFUND TRANSFERS				
Due to/from funds	-	-	-	-
Asset purchases	(22,110)	22,110	-	-
Asset disposals	-	-	-	-
	<u>(22,110)</u>	<u>22,110</u>	<u>-</u>	<u>-</u>

(continues)

CANADIAN MENTAL HEALTH ASSOCIATION - COWICHAN VALLEY BRANCH 1992

Statement of Cash Flows (continued)

Year Ended March 31, 2019

	Operating Fund	Capital Fund	Total 2019	Total 2018
INCREASE (DECREASE) IN CASH FLOW	119,355	(1,565)	117,790	127,618
Cash - beginning of year	599,602	308,990	908,592	780,974
CASH - END OF YEAR	718,957	307,425	1,026,382	908,592
CASH CONSISTS OF:				
Unrestricted cash	\$ 464,877	\$ -	\$ 464,877	\$ 526,727
Restricted cash	22,844	29,760	52,604	66,808
Restricted term deposits	63,687	59,795	123,482	93,888
Restricted trust account	-	217,870	217,870	221,169
Unrestricted term deposits	167,549	-	167,549	-
	\$ 718,957	\$ 307,425	\$ 1,026,382	\$ 908,592

The accompanying notes form an integral part of these financial statements

CANADIAN MENTAL HEALTH ASSOCIATION - COWICHAN VALLEY BRANCH 1992

Notes to Financial Statements

Year Ended March 31, 2019

1. OPERATIONS

Canadian Mental Health Association – Cowichan Valley Branch 1992 (the “Association”) is a Not-for-Profit community agency whose mission is to improve the mental health of people in the Cowichan Valley through public education and promotion of mental health. Its charitable objectives are to develop, operate and support the highest possible level of mental health services, to develop community advocacy and advisory capacity, to provide family support and education and to generate and encourage activities designed to promote mental health and well-being and connections between individuals and groups in the Cowichan Valley Communities which contribute to and facilitate on-going positive relationships.

The Association is registered as a Charity under the Income Tax Act (13990 7772RR) and is therefore tax-exempt under Section 149(1)(f).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Donated services

If donated services are received by the Association the value of these services is not recognized in these statements.

Accounting standards

These financial statements have been prepared in accordance with standards for Not-for-Profit Organizations which is one of the financial reporting frameworks included in Canadian Generally Accepted Accounting Standards.

Tangible capital assets

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

Leasehold interest	60 years	straight-line method
Motor vehicles	30%	declining balance method
Computer equipment	30%	declining balance method
Furniture and fixtures	20%	declining balance method

The leasehold interest is amortized over the 60 year lease period held on property known as Warmland House.

One-half of the year's amortization is recorded in the year of purchase and none in the year of disposal.

Fund accounting

The Association follows the deferral method of accounting for contributions. The Operating Fund reports unrestricted and restricted assets, liabilities, revenues and expenses related to the Association's activities. The Capital Asset Fund reports the ownership, liabilities and equity related to the Association's capital assets.

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CANADIAN MENTAL HEALTH ASSOCIATION - COWICHAN VALLEY BRANCH 1992

Notes to Financial Statements

Year Ended March 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Cash

Cash includes cash on hand and balances with banks net of bank overdrafts.

Revenue recognition

Revenue consists of contracts, fees for services, donations and contributions, grants, rental revenue, memberships, fundraising events and interest from savings.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. 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. Endowment contributions are recognized as direct increases in net assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Rental revenue is recorded as it becomes receivable on the first of the month by tenants or the Ministry subsidizing the unit. Rental deposits are deferred until forfeited for partial rent payments, retained for repairs upon change in occupancy or returned to the tenants.

Estimates

The preparation of these financial statements in conformity with Canadian Accounting Standards for Not-for-Profit Organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the current period. All estimates are reviewed periodically and adjustments are made to the statements of operations as appropriate in the year they become known.

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and assessed for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

3. FINANCIAL INSTRUMENTS

The Association's financial instruments consist of cash, accounts receivable, term deposits, accounts payable, accrued liabilities, and security deposits. It is the board's opinion that the Association is not exposed to significant credit risk, market risk or currency risk arising from these financial instruments as of March 31, 2019.

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CANADIAN MENTAL HEALTH ASSOCIATION - COWICHAN VALLEY BRANCH 1992

Notes to Financial Statements

Year Ended March 31, 2019

3. FINANCIAL INSTRUMENTS *(continued)*

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Association manages exposure through its normal operating and financing activities.

The exposure of the Association to interest rate risk arises from its interest bearing term deposits. The Association manages its exposure to interest rate risk through contracts stating the guaranteed rate. Fluctuations in market rates of interest on the term deposits do not have a significant impact on the Association's results of operations.

4. ACCOUNTS RECEIVABLE

	<u>2019</u>	<u>2018</u>
Government and other contracts	\$ 156,128	\$ 87,218
Goods and services tax recoverable	3,992	8,954
	<u>\$ 160,120</u>	<u>\$ 96,172</u>

Management of the Association believes all of the contract receivables are fully collectable, therefore there is no allowance for doubtful accounts provision in the current or prior year.

5. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Motor vehicles	\$ 24,607	\$ 15,139	\$ 9,468	\$ 13,526
Computer equipment	32,216	26,362	5,854	8,362
Furniture and fixtures	324,799	247,818	76,981	96,227
Leasehold interest	8,257,918	1,258,458	6,999,460	7,114,797
	<u>\$ 8,639,540</u>	<u>\$ 1,547,777</u>	<u>\$ 7,091,763</u>	<u>\$ 7,232,912</u>

The Association recorded amortization of \$163,260 in the current year (2018 - \$164,761).

CANADIAN MENTAL HEALTH ASSOCIATION - COWICHAN VALLEY BRANCH 1992

Notes to Financial Statements

Year Ended March 31, 2019

6. TERM DEPOSITS

Certain term deposits are externally restricted under the operating agreement with B.C. Housing for the repair and replacement of property known as Warmland House in the amount of \$59,796 (2018 - \$87,821). In prior years the term deposits matured annually, however, in 2019 the funds were reinvested into longer term GIC's. They are represented by term deposits held by financial institutions as follows:

	<u>2019</u>	<u>2018</u>
Restricted		
Capital Fund		
Term deposit @ 1.1% to mature December 18, 2018	\$ -	\$ 20,889
Term deposit @ 2.8% to mature February 25, 2019	-	36,488
Term deposit @ 2.8% to mature February 25, 2019	-	10,333
Term deposit @ .6% to mature November 3, 2019	-	10,111
Term deposit @ 2.25% to mature May 10, 2021	10,000	10,000
Term deposit @ 1.75% to mature January 4, 2021	10,135	-
Term deposit @ 2.25% to mature May 23, 2021	29,991	-
Term deposit @ 2.25% to mature October 11, 2021	6,737	-
Term deposit @ 2.5% to mature April 11, 2020	7,452	-
Total Capital Fund	<u>64,315</u>	<u>87,821</u>
Externally restricted		
Term deposit @ .6% to mature November 3, 2019	6,167	6,067
Internally Restricted		
Term deposit @ 2.25% to mature May 10, 2021	53,000	-
Unrestricted		
Term deposit @ 2.5% to mature April 11, 2020	142,548	-
Term deposit @ 2.25% to mature October 11, 2021	25,000	-
Total unrestricted	<u>226,715</u>	<u>6,067</u>
	<u>\$ 291,030</u>	<u>\$ 93,888</u>

7. DEFERRED REVENUE

Deferred contributions represent government and other contracts and contributions, donations and fundraised dollars received that remain unspent. Changes in the deferred contributions balance are as follows:

	<u>2019</u>	<u>2018</u>
Balance, beginning of year	\$ 283,518	\$ 185,368
Revenue received	3,116,961	1,404,581
Revenue recognized	<u>(3,101,130)</u>	<u>(1,306,431)</u>
Balance, end of year	<u>\$ 299,349</u>	<u>\$ 283,518</u>

CANADIAN MENTAL HEALTH ASSOCIATION - COWICHAN VALLEY BRANCH 1992

Notes to Financial Statements

Year Ended March 31, 2019

8. SECURITY DEPOSITS

Security deposits are represented by tenant deposits to be returned upon termination of rental or applied to repairs and are included in deferred revenue - see Note 7. There are \$11,518 in damage deposits for 2019 (2018 \$10,769). No interest has been calculated on potential refunds.

9. BUILDING MANAGEMENT

In 2015 the Association started to work with the owners of 2548 Dingwall Street to operate the building as a transitional housing facility. The Association recovers all costs of managing the building through rent and utilities collected.

10. LEASE OBLIGATION AND COMMITMENTS

An office is rented through Neil Bevan at 371 Festubert Street, Duncan, B.C. This rental is on a month by month basis with no formal contract in place. Another office is rented at 5878 York Road on a 5 year lease (started August 2017) that expires in July of 2022 and requires payments of \$3,910 per month from 2019-2021 and \$4,066 in 2021-2022. There is also a lease for the Overdose Prevention Site with required payments of \$1,600 per month located at 221 Trunk Road that runs from April 1, 2019 to March 31, 2020. A storage unit is rented from Kenneth Court Holdings on a month by month basis with no formal contract in place and is located at 1643 Stamps Road, Duncan, B.C. The Association leases 2 photocopiers through Konica Minolta on a month to month basis. The also Association leases a photocopier from Monk Office supply for 5 years that expires in September of 2022 at a cost of \$173.31 per month.

	<u>2019</u>
Minimum commitment for the next three years is as follows:	
2020	\$ 68,196
2021	48,996
2022	30,019

The Association has a lease agreement with B.C. Housing which owns the land and building known as Warmland House. The lease of this property with B.C. Housing is for 60 years commencing on January 6, 2009. The Association does not pay B.C. Housing for the leasing of this property but rather is responsible for paying the mortgages advanced for the cost of constructing the building. Please see Notes 12 and 13 for further information in regards to these mortgages.

11. LONG TERM DEBT

	<u>2019</u>	<u>2018</u>
RBC loan bearing interest at 3.886% per annum, repayable in monthly blended payments of \$14,638. The loan matures on March 31, 2022 and is secured by a building with a net book value of \$6,999,460.	\$ 2,913,769	\$ 2,975,413
BC Housing forgivable loan (Note 13)	5,100,000	5,100,000
	8,013,769	8,075,413
Amounts payable within one year	(64,270)	(61,843)

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CANADIAN MENTAL HEALTH ASSOCIATION - COWICHAN VALLEY BRANCH 1992

Notes to Financial Statements

Year Ended March 31, 2019

11. LONG TERM DEBT *(continued)*

<u>2019</u>	<u>2018</u>
<u>\$ 7,949,499</u>	<u>\$ 8,013,570</u>

Principal repayment terms are approximately:

2020	\$ 64,270
2021	270,792
2022	2,986,707
2023	204,000
2024	204,000
Thereafter	4,284,000
	<u>\$ 8,013,769</u>

12. B.C. HOUSING FORGIVABLE MORTGAGE PAYABLE

This mortgage is a forgivable mortgage secured by a second charge over the leasehold interest with a net book value of \$6,999,460 (2018 - \$7,114,797) to be forgiven over 25 years commencing in 2020. The Warmland House building must be used for the intended purpose of providing affordable housing during the 10 years prior to forgiveness commencing and continue to be used for this purpose during the forgiveness term. In the current year, the property was operational and did meet the terms of this contract by providing affordable housing for twelve months.

13. ECONOMIC DEPENDENCE

The Association is economically dependent on continued government contracts.

14. FUNDS HELD IN TRUST

The RBC mortgage has been advanced at an amount higher than the current required mortgage funds to allow extra funds to cover the estimated costs to complete the property shown as the leasehold interest. Per B.C. Housing, these funds can be used to complete the property, and if not utilized for this purpose will continue to be held in trust until the mortgage renews and will then be applied to the outstanding principal. These funds can be used for capital expenditures relating to the leasehold interest upon the review and approval of B.C. Housing. This fund earned interest of \$4,376 (2018 - \$2,952) during the year.

CANADIAN MENTAL HEALTH ASSOCIATION - COWICHAN VALLEY BRANCH 1992

Notes to Financial Statements

Year Ended March 31, 2019

15. RESTRICTED CASH AND TERM DEPOSITS

	<u>2019</u>	<u>2018</u>
Restricted cash:		
Gaming externally restricted	\$ 14,740	\$ 14,263
Brian Bleske externally restricted	1,169	833
Board of directors internally restricted	-	51,711
Warmland restricted externally restricted	6,935	-
Capital fund externally restricted	15,760	-
Capital fund internally restricted	14,000	-
	<u>52,604</u>	<u>66,807</u>
Restricted term deposits:		
Board of directors internally restricted	53,000	-
Brian Bleske externally restricted	6,167	6,067
Capital fund externally restricted	64,315	87,821
	<u>123,482</u>	<u>93,888</u>
	<u>\$ 176,086</u>	<u>\$ 160,695</u>

16. CONTINGENT LIABILITIES

Claims against the Association were filed in the year, however, there is no amount known or measurable and the Association has sought legal advice in response to the claims. Legal advice obtained indicates that it is unlikely a significant liability will arise and the view of the Association is that the claims have no merit.

17. RELATED PARTY TRANSACTIONS

In 2019 there was \$3,375 included in office expenses that was paid to a spouse of one of the staff members for IT services rendered (2018 \$2,850). There was also \$22,575 included in program expenses for a contractor who was also the treasurer on the board. The transactions were conducted in the normal course of business at an agreed upon rate.

18. COMPARATIVE FIGURES

Certain prior year balances have been reclassified to conform to the current presentation's format.

CANADIAN MENTAL HEALTH ASSOCIATION - COWICHAN VALLEY BRANCH 1992

**Departmental Income Statement - Shelter
(Schedule 1)**

Year Ended March 31, 2019

	2019	2018
REVENUE		
Vancouver Island Health Authority	\$ 104,928	\$ 95,287
BC Housing	551,529	551,317
Donations - homeless	2,344	3,939
Fees for service	-	65,750
Miscellaneous Revenue - Branch	7,668	-
	<u>666,469</u>	<u>716,293</u>
EXPENSES		
Amortization	48,682	48,171
Auditing and legal	4,000	2,800
Equipment lease and maintenance	986	987
Insurance	4,975	4,873
Memberships	120	213
Office	4,158	5,318
Programs	49,631	57,252
Service Contracts	6,940	5,999
Repairs and maintenance	50,103	106,540
Salaries and benefits	549,655	553,533
Staff training	789	1,180
Telephone	2,988	1,993
Travel	109	491
Safety & Security	234	461
Utilities	16,832	15,942
	<u>740,202</u>	<u>805,753</u>
LOSS FROM OPERATIONS	<u>\$ (73,733)</u>	<u>\$ (89,460)</u>

CANADIAN MENTAL HEALTH ASSOCIATION - COWICHAN VALLEY BRANCH 1992

**Departmental Income Statement - Apartments
(Schedule 2)**

Year Ended March 31, 2019

	2019	2018
REVENUE		
Vancouver Island Health Authority	\$ 69,952	\$ 63,525
BC Housing	229,371	232,318
Rent - Warmland	117,890	110,690
Other	(16,576)	1,018
	<u>400,637</u>	<u>407,551</u>
EXPENSES		
Amortization	98,839	97,802
Auditing and legal	4,500	5,429
Equipment lease and maintenance	486	1,056
Insurance	10,101	9,895
Memberships	420	466
Office	3,041	3,476
Staff training	-	269
Programs	4,428	9,580
Service Contracts	5,810	3,034
Property tax	2,817	2,306
Repairs and maintenance	25,800	31,871
Salaries and benefits	222,238	236,888
Travel	1,092	1,402
Utilities	42,715	39,599
Mortgage interest	113,810	104,103
	<u>536,097</u>	<u>547,176</u>
LOSS FROM OPERATIONS	<u>\$ (135,460)</u>	<u>\$ (139,625)</u>

CANADIAN MENTAL HEALTH ASSOCIATION - COWICHAN VALLEY BRANCH 1992

**Departmental Income Statement - Outreach
(Schedule 3)**

Year Ended March 31, 2019

	2019	2018
REVENUE		
BC Housing	\$ 80,760	\$ 80,218
EXPENSES		
Auditing and legal	1,000	1,000
Insurance	1,357	1,385
Office	221	275
Programs	21,479	22,393
Salaries and benefits	62,002	57,744
Telephone	765	711
Travel	4,569	4,771
	91,393	88,279
LOSS FROM OPERATIONS	\$ (10,633)	\$ (8,061)