

CANADIAN MENTAL HEALTH ASSOCIATION - COWICHAN VALLEY BRANCH 1992
Financial Statements
Year Ended March 31, 2020

CANADIAN MENTAL HEALTH ASSOCIATION - COWICHAN VALLEY BRANCH 1992

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Year Ended March 31, 2020

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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, 2020, 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, 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

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 29, 2020

CHARTERED PROFESSIONAL
ACCOUNTANTS

CANADIAN MENTAL HEALTH ASSOCIATION - COWICHAN VALLEY BRANCH 1992

Statement of Financial Position

March 31, 2020

	Operating Fund	Capital Fund	Total 2020	Total 2019
ASSETS				
CURRENT				
Cash:				
- unrestricted	\$ 603,321	\$ -	\$ 603,321	\$ 464,877
- restricted (Note 15)	17,230	14,006	31,236	52,604
Term deposit:				
- unrestricted (Note 6)	153,760	-	153,760	-
- restricted (Notes 6, 15)	6,167	10,313	16,480	6,167
Accounts				
receivable (Note 4)	26,140	-	26,140	160,120
Interest receivable	4,021	-	4,021	3,557
Prepaid expenses	40,828	7,668	48,496	58,533
	<u>851,467</u>	<u>31,987</u>	883,454	745,858
FUNDS HELD IN TRUST (Note 14)	-	222,586	222,586	217,870
LONG TERM INVESTMENTS (Note 6)	79,629	80,694	160,323	284,863
TANGIBLE CAPITAL ASSETS (Net of accumulated amortization) (Note 5)	-	6,980,150	6,980,150	7,091,763
	<u>\$ 931,096</u>	<u>\$ 7,315,417</u>	\$ 8,246,513	\$ 8,340,354

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, 2020

	Operating Fund	Capital Fund	Total 2020	Total 2019
LIABILITIES AND NET ASSETS				
CURRENT				
Accounts payable	\$ 81,084	\$ -	\$ 81,084	\$ 134,725
Current portion of long term debt (Note 11)	-	270,792	270,792	64,270
Interest payable	-	9,170	9,170	9,377
Wages payable	179,196	-	179,196	149,993
Employee deductions payable	34,510	-	34,510	11,646
Deferred revenue (Note 7)	317,279	-	317,279	299,349
	<u>612,069</u>	<u>279,962</u>	<u>892,031</u>	<u>669,360</u>
LONG TERM DEBT (Note 11)	-	7,474,104	7,474,104	7,949,499
	<u>612,069</u>	<u>7,754,066</u>	<u>8,366,135</u>	<u>8,618,859</u>
NET ASSETS				
Invested in capital fund	-	(543,663)	(543,663)	(705,845)
Restricted	77,461	105,014	182,475	169,918
Unrestricted	241,566	-	241,566	257,422
	<u>319,027</u>	<u>(438,649)</u>	<u>(119,622)</u>	<u>(278,505)</u>
	<u>\$ 931,096</u>	<u>\$ 7,315,417</u>	<u>\$ 8,246,513</u>	<u>\$ 8,340,354</u>

APPROVED BY THE BOARD

_____ Director

_____ Director

CANADIAN MENTAL HEALTH ASSOCIATION - COWICHAN VALLEY BRANCH 1992

Statement of Changes in Net Assets

Year Ended March 31, 2020

	Operating Fund	Restricted Fund	Capital Fund	Total 2020	Total 2019
NET ASSETS - BEGINNING OF YEAR	\$ 257,423	\$ 75,844	\$ (611,771)	\$ (278,504)	\$ (280,991)
Deficiency of revenue over expenses	42,420	1,617	(89,155)	(45,118)	2,487
Interfund transfer	(10,000)	-	10,000	-	-
Assets acquired	(48,277)	-	48,277	-	-
BC Housing Loan Forgiveness	-	-	204,000	204,000	-
NET ASSETS - END OF YEAR	\$ 241,566	\$ 77,461	\$ (438,649)	\$ (119,622)	\$ (278,504)

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, 2020

	Operating Fund	Capital Fund	Total 2020	Total 2019
REVENUE				
Ministry of Children & Family				
Development	\$ 428,172	\$ -	\$ 428,172	\$ 464,557
Vancouver Island Health				
Authority	1,109,584	-	1,109,584	1,118,224
BC Housing	1,068,725	175,653	1,244,378	905,197
Fees for service	280,880	-	280,880	576,550
Fundraising events	54,366	-	54,366	-
Community Gaming Grant	14,300	-	14,300	13,840
Interest	6,909	5,655	12,564	8,982
CMHA-BC Bounceback	377,862	-	377,862	386,516
Rent				
-Festubert	16,317	-	16,317	18,300
-Warmland	116,344	-	116,344	110,690
-Dingwall (Note 9)	80,356	-	80,356	76,259
-Other rental revenue	158,787	-	158,787	155,044
Donations	69,453	-	69,453	43,587
Other	(20,458)	-	(20,458)	(58,322)
	<u>3,761,597</u>	<u>181,308</u>	<u>3,942,905</u>	<u>3,819,424</u>
EXPENSES				
Auditing and legal	26,571	-	26,571	17,871
Advertising	3,084	-	3,084	441
Amortization	-	159,890	159,890	163,260
Bad debts	250	-	250	(481)
Insurance	25,338	-	25,338	23,443
Mortgage interest	-	110,573	110,573	113,809
Fundraising	31,927	-	31,927	-
Office	46,424	-	46,424	57,266
Programs	239,284	-	239,284	292,277
Equipment lease	3,875	-	3,875	5,546
Staff training	5,728	-	5,728	12,118
Memberships	3,058	-	3,058	2,917
Board costs	6,190	-	6,190	1,476
Dingwall expenses	71,205	-	71,205	69,550
Safety & Security	34,269	-	34,269	50,826
Service Contracts	38,147	-	38,147	123,764
Property tax	2,878	-	2,878	2,817
Rent	193,521	-	193,521	180,707
Repairs and maintenance	213,626	-	213,626	109,788
Salaries and benefits	2,648,192	-	2,648,192	2,467,147
Travel	25,640	-	25,640	28,094
Utilities and telephone	98,353	-	98,353	94,301
	<u>3,717,560</u>	<u>270,463</u>	<u>3,988,023</u>	<u>3,816,937</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>\$ 44,037</u>	<u>\$ (89,155)</u>	<u>\$ (45,118)</u>	<u>\$ 2,487</u>

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, 2020

	Operating Fund	Capital Fund	Total 2020	Total 2019
OPERATING ACTIVITIES				
Excess (deficiency) of revenue	\$ 44,037	\$ (89,155)	\$ (45,118)	\$ 2,487
Item not affecting cash:				
Amortization of tangible capital assets	-	159,890	159,890	163,260
	<u>44,037</u>	<u>70,735</u>	<u>114,772</u>	<u>165,747</u>
Changes in non-cash working capital:				
Accounts receivable	133,518	-	133,518	(63,948)
Interest receivable	(464)	-	(464)	(3,557)
Accounts payable	(57,699)	-	(57,699)	87,769
Deferred income	17,930	-	17,930	15,831
Prepaid expenses	10,037	-	10,037	(21,053)
Interest payable	-	(207)	(207)	(199)
Wages payable	29,202	-	29,202	18,503
Employee deductions payable	22,864	-	22,864	2,650
	<u>155,388</u>	<u>(207)</u>	<u>155,181</u>	<u>35,996</u>
Cash flow from operating activities	<u>199,425</u>	<u>70,528</u>	<u>269,953</u>	<u>201,743</u>
INVESTING ACTIVITY				
Purchase of tangible capital assets	-	(48,277)	(48,277)	(22,110)
FINANCING ACTIVITIES				
BC Housing loan forgiveness	-	204,000	204,000	-
Repayment of long term debt	-	(264,354)	(264,354)	(61,843)
Cash flow from (used by) financing activities	<u>-</u>	<u>(60,354)</u>	<u>(60,354)</u>	<u>(61,843)</u>
INTERFUND TRANSFERS				
Due to/from funds	(10,000)	10,000	-	-
Asset purchases	(48,277)	48,277	-	-
Asset disposals	-	-	-	-
	<u>(58,277)</u>	<u>58,277</u>	<u>-</u>	<u>-</u>
INCREASE IN CASH FLOW	141,148	20,174	161,322	117,790
Cash - beginning of year	718,957	307,425	1,026,382	908,592
CASH - END OF YEAR	<u>860,105</u>	<u>327,599</u>	<u>1,187,704</u>	<u>1,026,382</u>

(continues)

The accompanying notes form an integral part of these financial statements

CANADIAN MENTAL HEALTH ASSOCIATION - COWICHAN VALLEY BRANCH 1992

Statement of Cash Flows (continued)

Year Ended March 31, 2020

	Operating Fund	Capital Fund	Total 2020	Total 2019
CASH CONSISTS OF:				
Unrestricted cash	\$ 603,321	\$ -	\$ 603,321	\$ 464,877
Restricted cash	17,230	14,006	31,236	52,604
Restricted term deposits	60,230	91,007	151,237	123,482
Restricted trust account	-	222,586	222,586	217,870
Unrestricted term deposits	179,324	-	179,324	167,549
	<u>\$ 860,105</u>	<u>\$ 327,599</u>	<u>\$ 1,187,704</u>	<u>\$ 1,026,382</u>

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, 2020

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, 2020

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, 2020.

(continues)

CANADIAN MENTAL HEALTH ASSOCIATION - COWICHAN VALLEY BRANCH 1992

Notes to Financial Statements

Year Ended March 31, 2020

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>2020</u>	2019
Government and other contracts	\$ 16,419	\$ 156,128
Goods and services tax recoverable	<u>9,721</u>	<u>3,992</u>
	\$ 26,140	\$ 160,120

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	2020 Net book value	2019 Net book value
Motor vehicles	\$ 24,607	\$ 17,979	\$ 6,628	\$ 9,468
Computer equipment	32,216	28,118	4,098	5,854
Furniture and fixtures	345,126	265,247	79,879	76,982
Leasehold interest	<u>8,285,868</u>	<u>1,396,323</u>	<u>6,889,545</u>	<u>6,999,459</u>
	\$ 8,687,817	\$ 1,707,667	\$ 6,980,150	\$ 7,091,763

The Association recorded amortization of \$159,890 in the current year (2019 - \$163,260).

CANADIAN MENTAL HEALTH ASSOCIATION - COWICHAN VALLEY BRANCH 1992

Notes to Financial Statements

Year Ended March 31, 2020

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 \$81,008 (2019 - \$64,315). 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>2020</u>	<u>2019</u>
Restricted		
Capital Fund externally restricted		
Term deposit @ 2.5% to mature April 11, 2020	\$ -	\$ 7,452
Term deposit @ 1.75% to mature January 4, 2021	10,313	10,135
Term deposit @ 2.25% to mature May 10, 2021	10,201	10,000
Term deposit @ 2.25% to mature May 23, 2021	30,592	29,991
Term Deposit @ 2.0% to mature June 10, 2021	6,936	-
Term deposit @ 2.25% to mature October 11, 2021	6,889	6,737
Term Deposit @ 2.7% to mature March 29, 2022	16,077	-
Term Deposit @ 2..% to mature June 10, 2021	10,000	-
Total Capital Fund	<u>91,008</u>	<u>64,315</u>
Externally restricted		
Term deposit @ .6% to mature November 3, 2019	6,167	6,167
Internally restricted		
Term deposit @ 2.25% to mature May 10, 2021	54,063	53,000
Unrestricted		
Term deposit @ 2.5% to mature April 11, 2020	153,760	142,548
Term deposit @ 2.25% to mature October 11, 2021	25,565	25,000
Total unrestricted	<u>239,555</u>	<u>226,715</u>
	<u>\$ 330,563</u>	<u>\$ 291,030</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>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 299,349	\$ 283,518
Revenue received	2,449,145	3,116,961
Revenue recognized	<u>(2,431,215)</u>	<u>(3,101,130)</u>
Balance, end of year	<u>\$ 317,279</u>	<u>\$ 299,349</u>

CANADIAN MENTAL HEALTH ASSOCIATION - COWICHAN VALLEY BRANCH 1992

Notes to Financial Statements

Year Ended March 31, 2020

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 \$10,684 in damage deposits for 2020 (2019 - \$11,518). 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, Duncan, B.C. that runs from April 1, 2020 to March 31, 2021. A store front is rented for the operation of the Bikeworks Program from G.J. Holdings on a month by month basis with no formal contract in place and is located at 51 Trunk Road, Duncan, B.C. 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>2020</u>	
Minimum commitment for the next three years is as follows:		
2021	\$	68,668
2022		49,659
2023		12,198

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>2020</u>	<u>2019</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 \$6,889,545	\$ 2,848,896	\$ 2,913,769
BC Housing forgivable loan (Note 12)	4,896,000	5,100,000
	7,744,896	8,013,769

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CANADIAN MENTAL HEALTH ASSOCIATION - COWICHAN VALLEY BRANCH 1992

Notes to Financial Statements

Year Ended March 31, 2020

11. LONG TERM DEBT *(continued)*

	<u>2020</u>	<u>2019</u>
Amounts payable within one year	<u>(270,792)</u>	<u>(64,270)</u>
	<u>\$ 7,474,104</u>	<u>\$ 7,949,499</u>

Principal repayment terms are approximately:

2021	\$ 270,792
2022	2,986,104
2023	204,000
2024	204,000
Thereafter	<u>4,080,000</u>
	<u>\$ 7,744,896</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 \$6,889,545 (2019 - \$6,999,460) to be forgiven over 25 years which commenced in 2020. The Warmland House building must have been 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 \$4,716 (2019 - \$4,376) during the year.

CANADIAN MENTAL HEALTH ASSOCIATION - COWICHAN VALLEY BRANCH 1992

Notes to Financial Statements

Year Ended March 31, 2020

15. RESTRICTED CASH AND TERM DEPOSITS

	<u>2020</u>	<u>2019</u>
Restricted cash:		
Gaming externally restricted	\$ 15,741	\$ 14,740
Brian Bleske externally restricted	1,489	1,169
Warmland restricted externally restricted	-	6,935
Capital fund externally restricted	-	15,760
Capital fund internally restricted	<u>14,006</u>	<u>14,000</u>
	<u>31,236</u>	<u>52,604</u>
Restricted term deposits:		
Board of directors internally restricted	54,063	53,000
Brian Bleske externally restricted	6,167	6,167
Capital fund externally restricted	<u>91,007</u>	<u>64,315</u>
	<u>151,237</u>	<u>123,482</u>
	<u>\$ 182,473</u>	<u>\$ 176,086</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 although there will likely be a claim.

17. SUBSEQUENT EVENT

In March 2020, the COVID-19 outbreak has caused governments worldwide to enact emergency measures to combat the spread of the virus. These measures, which include the implementation of self-imposed quarantine periods and social distancing measures that could have a significant impact on the services offered by the Association as well as many other businesses worldwide. At this time, it is not possible to reliably estimate the length and severity of the impact the COVID-19 outbreak may have on the Association's financial results for 2020 and beyond.

18. RELATED PARTY TRANSACTIONS

In 2020 there was \$4,125 included in office expenses that was paid to a spouse of one of the staff members for IT services rendered (2019 \$3,375). There was also \$112 (2019 - \$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. As well, there was one employee (executive director) earning remuneration over \$75,000 at \$90,887 in the 2020 fiscal year.

19. 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, 2020

	2020	2019
REVENUE		
Vancouver Island Health Authority	\$ 90,667	\$ 95,287
BC Housing	797,028	551,317
Donations - homeless	1,662	3,939
Fees for service	-	65,750
	<u>889,357</u>	<u>716,293</u>
EXPENSES		
Amortization	48,682	48,171
Auditing and legal	4,000	2,800
Equipment lease and maintenance	644	987
Insurance	5,392	4,873
Memberships	198	213
Office	8,493	5,318
Programs	73,355	57,252
Service Contracts	6,168	6,940
Repairs and maintenance	137,071	106,540
Salaries and benefits	667,346	553,533
Staff training	2,258	789
Telephone	-	1,993
Travel	486	491
Safety & Security	4,024	234
Utilities and telephone	21,345	15,942
	<u>979,462</u>	<u>806,076</u>
LOSS FROM OPERATIONS	<u>\$ (90,105)</u>	<u>\$ (89,783)</u>

The accompanying notes form an integral part of these financial statements

CANADIAN MENTAL HEALTH ASSOCIATION - COWICHAN VALLEY BRANCH 1992

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

Year Ended March 31, 2020

	2020	2019
REVENUE		
Vancouver Island Health Authority	\$ 60,445	\$ 63,525
BC Housing	342,895	232,318
Rent - Warmland	116,344	110,690
Other	1,418	1,018
	<u>521,102</u>	<u>407,551</u>
EXPENSES		
Amortization	98,839	97,802
Auditing and legal	4,500	5,429
Equipment lease and maintenance	317	1,056
Insurance	10,948	9,895
Memberships	880	466
Office	2,842	3,476
Programs	913	9,580
Service Contracts	7,128	5,810
Property tax	2,878	2,817
Repairs and maintenance	56,785	31,871
Salaries and benefits	231,864	236,888
Travel	1,333	1,402
Utilities and telephone	43,023	39,599
Mortgage interest	113,810	104,103
	<u>576,060</u>	<u>550,194</u>
LOSS FROM OPERATIONS	<u>\$ (54,958)</u>	<u>\$ (142,643)</u>

The accompanying notes form an integral part of these financial statements

CANADIAN MENTAL HEALTH ASSOCIATION - COWICHAN VALLEY BRANCH 1992

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

Year Ended March 31, 2020

	2020	2019
REVENUE		
BC Housing	\$ 85,011	\$ 80,218
EXPENSES		
Auditing and legal	1,500	1,000
Insurance	1,471	1,385
Office	218	275
Programs	20,995	22,393
Salaries and benefits	60,601	57,744
Telephone	-	711
Travel	8,935	4,771
	93,720	88,279
LOSS FROM OPERATIONS	\$ (8,709)	\$ (8,061)

The accompanying notes form an integral part of these financial statements