

**CANADIAN MENTAL HEALTH ASSOCIATION - COWICHAN VALLEY BRANCH 1992**  
**Financial Statements**  
**Year Ended March 31, 2021**

**CANADIAN MENTAL HEALTH ASSOCIATION - COWICHAN VALLEY BRANCH 1992**

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**Year Ended March 31, 2021**

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\*A Professional Corporation

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## INDEPENDENT AUDITOR'S REPORT

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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, 2021, and the statements of revenues and expenditures, 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, 2021, 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.

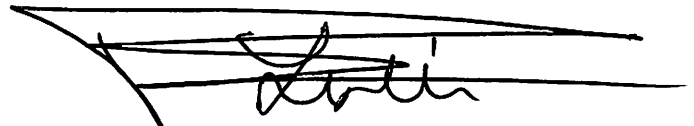
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Independent Auditor's Report to the Directors of Canadian Mental Health Association - Cowichan Valley  
Branch 1992 *(continued)*

*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.

Duncan, British Columbia  
June 29, 2021



CHARTERED PROFESSIONAL  
ACCOUNTANTS

**CANADIAN MENTAL HEALTH ASSOCIATION - COWICHAN VALLEY BRANCH 1992**

**Statement of Financial Position**

**March 31, 2021**

	Operating Fund	Capital Fund	Total 2021	Total 2020
<b>ASSETS</b>				
<b>CURRENT</b>				
Cash:				
- unrestricted	\$ 713,425	\$ -	\$ 713,425	\$ 603,321
- restricted (Note 15)	101,944	14,009	115,953	31,236
Term deposit:				
- unrestricted (Note 6)	181,942	-	181,942	153,760
- restricted (Notes 6, 15)	55,283	82,578	137,861	16,480
Accounts receivable (Note 4)	72,949	-	72,949	26,140
Interest receivable	4,075	1,351	5,426	4,021
Prepaid expenses	44,000	16,981	60,981	48,496
	<u>1,173,618</u>	<u>114,919</u>	<u>1,288,537</u>	<u>883,454</u>
FUNDS HELD IN TRUST (Note 14)	-	-	-	222,586
LONG TERM INVESTMENTS (Note 6)	6,347	21,301	27,648	160,323
TANGIBLE CAPITAL ASSETS (Net of accumulated amortization) (Note 5)	-	6,903,746	6,903,746	6,980,150
	<u>\$ 1,179,965</u>	<u>\$ 7,039,966</u>	<u>\$ 8,219,931</u>	<u>\$ 8,246,513</u>

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, 2021**

	Operating Fund	Capital Fund	Total 2021	Total 2020
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT</b>				
Accounts payable	\$ 54,227	\$ -	\$ 54,227	\$ 81,084
Current portion of long term debt (Note 11)	-	289,988	289,988	270,792
Interest payable	-	3,419	3,419	9,170
Wages payable	210,899	-	210,899	179,196
Employee deductions payable	27,195	-	27,195	34,510
Deferred revenue (Note 7)	543,994	-	543,994	317,279
	<u>836,315</u>	<u>293,407</u>	<u>1,129,722</u>	<u>892,031</u>
<b>LONG TERM DEBT (Note 11)</b>	<u>-</u>	<u>6,958,908</u>	<u>6,958,908</u>	<u>7,474,104</u>
	<u>836,315</u>	<u>7,252,315</u>	<u>8,088,630</u>	<u>8,366,135</u>
<b>NET ASSETS</b>				
Invested in capital fund	-	(330,237)	(330,237)	(543,663)
Restricted	163,573	117,888	281,461	182,475
Unrestricted	180,077	-	180,077	241,566
	<u>343,650</u>	<u>(212,349)</u>	<u>131,301</u>	<u>(119,622)</u>
	<u>\$ 1,179,965</u>	<u>\$ 7,039,966</u>	<u>\$ 8,219,931</u>	<u>\$ 8,246,513</u>

**APPROVED BY THE BOARD**

 \_\_\_\_\_ Director

 \_\_\_\_\_ Director

**CANADIAN MENTAL HEALTH ASSOCIATION - COWICHAN VALLEY BRANCH 1992**

**Statement of Revenues and Expenditures**

**Year Ended March 31, 2021**

	Operating Fund	Capital Fund	Total 2021	Total 2020
<b>REVENUE</b>				
Ministry of Children and Family Development Vancouver Island Health Authority	\$ 413,418	\$ -	\$ 413,418	\$ 428,172
BC Housing	986,275	-	986,275	1,109,584
Fees for service	1,027,824	154,761	1,182,585	1,244,378
Fundraising events	1,185,707	-	1,185,707	280,880
Community Gaming Grant	10,432	-	10,432	54,366
Interest	66,419	-	66,419	14,300
CMHA-BC Bounceback	5,284	3,181	8,465	12,564
Rent	538,521	-	538,521	377,862
-Festubert	20,223	-	20,223	16,317
-Warmland	110,362	-	110,362	116,344
-Dingwall (Note 9)	89,202	-	89,202	80,356
-Other rental revenue	127,377	-	127,377	158,787
Donations	59,220	-	59,220	69,453
Other	31,075	(247)	30,828	(20,458)
	<u>4,671,339</u>	<u>157,695</u>	<u>4,829,034</u>	<u>3,942,905</u>
<b>EXPENSES</b>				
Auditing and legal	34,356	-	34,356	26,571
Advertising	7,039	-	7,039	3,084
Amortization	-	169,581	169,581	159,890
Insurance	29,384	-	29,384	25,338
Mortgage interest	-	80,332	80,332	110,573
Fundraising	3,756	-	3,756	31,927
Office	74,608	-	74,608	49,482
Programs	425,413	-	425,413	239,534
Equipment lease	2,415	-	2,415	3,875
Staff training	19,286	-	19,286	5,728
Board costs	2,051	-	2,051	6,190
Dingwall expenses	82,209	-	82,209	71,205
Safety & Security	4,212	-	4,212	34,269
Service Contracts	34,791	-	34,791	38,147
Property tax	2,962	-	2,962	2,878
Rent	747,732	-	747,732	193,521
Repairs and maintenance	126,937	-	126,937	213,626
Salaries and benefits	2,824,653	-	2,824,653	2,648,192
Travel	20,686	-	20,686	25,640
Utilities and telephone	89,708	-	89,708	98,353
	<u>4,532,198</u>	<u>249,913</u>	<u>4,782,111</u>	<u>3,988,023</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<b>\$ 139,141</b>	<b>\$ (92,218)</b>	<b>\$ 46,923</b>	<b>\$ (45,118)</b>

The accompanying notes form an integral part of these financial statements



**CANADIAN MENTAL HEALTH ASSOCIATION - COWICHAN VALLEY BRANCH 1992**

**Statement of Changes in Net Assets**

**Year Ended March 31, 2021**

	Operating Fund	Restricted Fund	Capital Fund	Total 2021	Total 2020
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 241,566	\$ 77,461	\$ (438,649)	\$ (119,622)	\$ (278,504)
Excess of revenue over expenses	138,115	1,027	(92,218)	<b>46,923</b>	(45,118)
Interfund transfer	(106,181)	85,085	21,096	-	-
Assets acquired	(93,423)	-	93,423	-	-
BC Housing Loan Forgiveness	-	-	204,000	<b>204,000</b>	204,000
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 180,077</b>	<b>\$ 163,573</b>	<b>\$ (212,349)</b>	<b>\$ 131,301</b>	<b>\$ (119,622)</b>

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, 2021**

	Operating Fund	Capital Fund	Total 2021	Total 2020
<b>OPERATING ACTIVITIES</b>				
Excess (deficiency) of revenue	\$ 139,141	\$ (92,218)	\$ 46,923	\$ (45,118)
Item not affecting cash:				
Amortization of tangible capital assets	-	169,581	169,581	159,890
	<u>139,141</u>	<u>77,363</u>	<u>216,504</u>	<u>114,772</u>
Changes in non-cash working capital:				
Accounts receivable	(46,809)	-	(46,809)	133,518
Interest receivable	(54)	(1,351)	(1,405)	(464)
Accounts payable	(26,855)	(8)	(26,863)	(57,699)
Deferred income	226,715	-	226,715	17,930
Prepaid expenses	(3,171)	(9,057)	(12,228)	10,037
Interest payable	-	(5,749)	(5,749)	(207)
Wages payable	31,703	-	31,703	29,202
Employee deductions payable	(7,315)	-	(7,315)	22,864
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>174,214</u>	<u>(16,165)</u>	<u>158,049</u>	<u>155,181</u>
Cash flow from operating activities	<u>313,355</u>	<u>61,198</u>	<u>374,553</u>	<u>269,953</u>
<b>INVESTING ACTIVITY</b>				
Purchase of tangible capital assets	-	(93,423)	(93,423)	(48,277)
<b>FINANCING ACTIVITIES</b>				
BC Housing loan forgiveness	-	204,000	204,000	204,000
Repayment of long term debt	-	(496,005)	(496,005)	(264,354)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash flow from (used by) financing activities	<u>-</u>	<u>(292,005)</u>	<u>(292,005)</u>	<u>(60,354)</u>
<b>INTERFUND TRANSFERS</b>				
Due to/from funds	(21,096)	21,096	-	-
Asset purchases	(93,423)	93,423	-	-
Asset disposals	-	-	-	-
	<u>(114,519)</u>	<u>114,519</u>	<u>-</u>	<u>-</u>
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>198,836</b>	<b>(209,711)</b>	<b>(10,875)</b>	<b>161,322</b>

*(continues)*

**CANADIAN MENTAL HEALTH ASSOCIATION - COWICHAN VALLEY BRANCH 1992**

**Statement of Cash Flows (continued)**

**Year Ended March 31, 2021**

	Operating Fund	Capital Fund	Total 2021	Total 2020
Cash - beginning of year	860,105	327,599	1,187,704	1,026,382
<b>CASH - END OF YEAR</b>	<b>1,058,941</b>	<b>117,888</b>	<b>1,176,829</b>	<b>1,187,704</b>
<b>CASH CONSISTS OF:</b>				
Unrestricted cash	\$ 713,425	\$ -	\$ 713,425	\$ 603,321
Restricted cash	101,944	14,009	115,953	31,236
Restricted term deposits	61,630	103,879	165,509	151,237
Restricted trust account	-	-	-	222,586
Unrestricted term deposits	181,942	-	181,942	179,324
	<b>\$ 1,058,941</b>	<b>\$ 117,888</b>	<b>\$ 1,176,829</b>	<b>\$ 1,187,704</b>

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, 2021

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### 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).

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### 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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**Notes to Financial Statements**

**Year Ended March 31, 2021**

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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.

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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, 2021.

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**CANADIAN MENTAL HEALTH ASSOCIATION - COWICHAN VALLEY BRANCH 1992**

**Notes to Financial Statements**

**Year Ended March 31, 2021**

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>2021</u>	<u>2020</u>
Government and other contracts	\$ 62,289	\$ 16,419
Goods and services tax recoverable	10,660	9,721
	<u>\$ 72,949</u>	<u>\$ 26,140</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	2021 Net book value	2020 Net book value
Motor vehicles	\$ 95,589	\$ 26,790	\$ 68,799	\$ 6,628
Computer equipment	34,719	29,723	4,996	4,098
Furniture and fixtures	352,966	282,007	70,959	79,880
Leasehold interest	8,293,476	1,534,483	6,758,992	6,889,544
	<u>\$ 8,776,750</u>	<u>\$ 1,873,003</u>	<u>\$ 6,903,746</u>	<u>\$ 6,980,150</u>

The Association recorded amortization of \$169,581 in the current year (2020 - \$159,890).

**CANADIAN MENTAL HEALTH ASSOCIATION - COWICHAN VALLEY BRANCH 1992**

**Notes to Financial Statements**

**Year Ended March 31, 2021**

**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 \$103,880 (2020 - \$91,008). In prior years the term deposits matured annually, however, in 2020 the funds were reinvested into longer term GIC's. They are represented by term deposits held by financial institutions as follows:

	<u>2021</u>	<u>2020</u>
<b>Restricted</b>		
Capital Fund externally restricted		
Term deposit @ .55% to mature January 24, 2024	\$ 10,565	\$ 10,313
Term deposit @ 3.25% to mature May 10, 2021	10,431	10,201
Term deposit @ 3.25% to mature May 23, 2021	31,282	30,592
Term Deposit @ 2.0% to mature June 10, 2021	7,075	6,936
Term deposit @ 3.25% to mature October 11, 2021	7,079	6,889
Term Deposit @ 2.7% to mature March 29, 2022	16,511	16,077
Term Deposit @ 2% to mature June 10, 2021	10,200	10,000
Term Deposit @ .60% to mature September 30, 2022	10,736	-
Total Capital Fund	<u>103,879</u>	<u>91,008</u>
Externally restricted		
Term deposit @ .55% to mature December 9, 2023	6,346	6,167
Internally restricted		
Term deposit @ 3.25% to mature May 21, 2021	55,283	54,063
Unrestricted		
Term deposit @ 1.55% to mature October 11, 2021	155,675	153,760
Term deposit @ 3.25% to mature October 11, 2021	26,268	25,565
Total unrestricted	<u>243,572</u>	<u>239,555</u>
	<u>\$ 347,451</u>	<u>\$ 330,563</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>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 317,279	\$ 299,349
Revenue received	2,691,211	2,449,145
Revenue recognized	<u>(2,464,496)</u>	<u>(2,431,215)</u>
Balance, end of year	<u>\$ 543,994</u>	<u>\$ 317,279</u>

**CANADIAN MENTAL HEALTH ASSOCIATION - COWICHAN VALLEY BRANCH 1992**

**Notes to Financial Statements**

**Year Ended March 31, 2021**

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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 \$9,480 in damage deposits for 2021 (2020 - \$10,684). No interest has been calculated on potential refunds.

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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.

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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 was 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 ran from April 1, 2020 to December 31, 2020. 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 Association also leases a photocopier from Monk Office supply for 5 years that expires in September of 2022, at a cost of \$173.31 per month.

**Minimum commitment for the next two years is as follows:**

2022	\$	50,248
2023		17,304

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.

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11. LONG TERM DEBT

	<u>2021</u>	<u>2020</u>
RBC Mortgage loan bearing interest at 3.886% per annum, repayable in monthly blended payments of \$14,638. The loan was transferred to Coast Capital on October 1, 2020.	\$ -	\$ 2,848,896
BC Housing forgivable loan (Note 12)	4,692,000	4,896,000
Coast Capital Mortgage loan bearing interest at 1.58% per annum, repayable in monthly blended payments of \$10,459. The loan matures on September 30, 2030 and is secured by the Building which has a carrying value of \$6,758,992.	<u>2,556,896</u>	<u>-</u>

*(continues)*



**CANADIAN MENTAL HEALTH ASSOCIATION - COWICHAN VALLEY BRANCH 1992**

**Notes to Financial Statements**

**Year Ended March 31, 2021**

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11. LONG TERM DEBT *(continued)*

	<u>2021</u>	<u>2020</u>
	7,248,896	7,744,896
Amounts payable within one year	<u>(289,988)</u>	<u>(270,792)</u>
	<u>\$ 6,958,908</u>	<u>\$ 7,474,104</u>

Principal repayment terms are approximately:

2022	\$ 289,988
2023	291,348
2024	292,729
2025	294,132
2026	295,557
Thereafter	<u>5,785,142</u>
	<u>\$ 7,248,896</u>

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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 \$6,758,992 (2020 - \$6,889,544) to be forgiven over 25 years which commenced in 2019. 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.

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13. ECONOMIC DEPENDENCE

The Association is economically dependent on continued government contracts.

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14. FUNDS HELD IN TRUST

The original mortgage was advanced at an amount higher than the 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 were to be used to complete the property, and if not utilized for this purpose were to continue to be held in trust until the mortgage was renewed and was to then be applied to the outstanding principal. These funds could be used for capital expenditures relating to the leasehold interest upon the review and approval of B.C. Housing. This fund earned interest of \$735 (2020 - \$4,716) during the year. In fiscal 2021 the trust balance was applied against the outstanding mortgage as part of the renewal.

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**CANADIAN MENTAL HEALTH ASSOCIATION - COWICHAN VALLEY BRANCH 1992**

**Notes to Financial Statements**

**Year Ended March 31, 2021**

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15. RESTRICTED CASH AND TERM DEPOSITS

	<u>2021</u>	<u>2020</u>
Restricted cash:		
Gaming externally restricted	\$ 100,205	\$ 15,741
Brian Bleske externally restricted	1,739	1,489
Capital fund internally restricted	<u>14,009</u>	<u>14,006</u>
	<u>115,953</u>	<u>31,236</u>
Restricted term deposits:		
Board of directors internally restricted	55,283	54,063
Brian Bleske externally restricted	6,346	6,167
Capital fund externally restricted	<u>103,879</u>	<u>91,008</u>
	<u>165,508</u>	<u>151,238</u>
	<u>\$ 281,461</u>	<u>\$ 182,474</u>

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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.

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17. RELATED PARTY TRANSACTIONS

In 2021 there was \$6,303 included in office expenses that was paid to a spouse of one of the staff members for IT services rendered (2020 \$4,125). The transactions were conducted in the normal course of business at an agreed upon rate.

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18. COMPARATIVE FIGURES

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

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