

**CANADIAN MENTAL HEALTH ASSOCIATION,  
MID ISLAND BRANCH**

**FINANCIAL STATEMENTS**

**March 31, 2020**

Partners

Grant McDonald, CPA, CA\*

Lee-Anne Harrison, CPA, CA\*

Anna Jones, CPA, CA\*

Joanne Novak, CPA, CA\*

\*incorporated



## INDEPENDENT AUDITORS' REPORT

To the Members

### Report on the Audit of the Financial Statements

#### Qualified Opinion

We have audited the financial statements of **Canadian Mental Health Association, Mid Island Branch**, which comprise the statements of financial position as at **March 31, 2020**, and the statements of revenues and expenditures, changes in fund balances, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of **Canadian Mental Health Association, Mid Island Branch** as at **March 31, 2020** and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

#### Basis for Qualified Opinion

In common with many not-for-profit organizations, the society derives revenue from donations and sponsorships, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the society and we were not able to determine whether any adjustments might be necessary to donations and sponsorships, excess of revenues over expenditures, assets, or fund balances.

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 **Canadian Mental Health Association, Mid Island Branch** in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Other Information

Management is responsible for the other information. The other information comprises the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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# INDEPENDENT AUDITOR'S REPORT

(Continued)

## **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing **Canadian Mental Health Association, Mid Island Branch** ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate **Canadian Mental Health Association, Mid Island Branch** or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing **Canadian Mental Health Association, Mid Island Branch** 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 **Canadian Mental Health Association, Mid Island Branch** internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

# INDEPENDENT AUDITOR'S REPORT

(Continued)

- 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 entity'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 **Canadian Mental Health Association, Mid Island Branch** 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of **Canadian Mental Health Association, Mid Island Branch** to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

## Report on Other Legal and Regulatory Requirements

As required by the *Societies Act of British Columbia* we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.



**CHURCH PICKARD**

Chartered Professional Accountants

Nanaimo, B.C.  
August 16, 2020

# CANADIAN MENTAL HEALTH ASSOCIATION, MID ISLAND BRANCH

## STATEMENT OF FINANCIAL POSITION

As at **March 31, 2020**

|                                                                                | 2020                | 2019                |
|--------------------------------------------------------------------------------|---------------------|---------------------|
| <b>Assets</b>                                                                  |                     |                     |
| <b>Current</b>                                                                 |                     |                     |
| Cash and term deposits                                                         | \$ 560,208          | \$ 576,246          |
| Accounts receivable - Note 10                                                  | 22,024              | 23,250              |
| Prepaid expenses                                                               | <u>21,795</u>       | <u>21,961</u>       |
|                                                                                | 604,027             | 621,457             |
| <b>Cash and investments</b> - internally and externally<br>restricted - Note 2 | 320,290             | 319,778             |
| <b>Property and equipment</b> - Note 4                                         | <u>2,140,431</u>    | <u>2,171,092</u>    |
|                                                                                | <u>\$ 3,064,748</u> | <u>\$ 3,112,327</u> |

## Liabilities and Net Assets

|                                                                               |                     |                     |
|-------------------------------------------------------------------------------|---------------------|---------------------|
| <b>Current</b>                                                                |                     |                     |
| Accounts payable and accrued liabilities - Note 10                            | \$ 112,864          | \$ 108,353          |
| Wages payable                                                                 | 98,595              | 76,176              |
| Deferred revenue - Note 11                                                    | 176,552             | 155,710             |
| Current portion of long-term debt - Note 8                                    | <u>75,600</u>       | <u>72,600</u>       |
|                                                                               | 463,611             | 412,839             |
| <b>Callable debt</b> - Note 9                                                 | 41,132              | 18,395              |
| <b>Long-term debt</b> - Note 8                                                | 1,413,298           | 1,488,755           |
| <b>Deferred contributions related to<br/>property and equipment</b> - Note 14 | <u>1,000</u>        | <u>1,428</u>        |
|                                                                               | <u>1,919,041</u>    | <u>1,921,417</u>    |
| <b>Net assets</b>                                                             |                     |                     |
| Net investment in property and equipment                                      | 609,401             | 589,914             |
| Internally restricted - Note 2                                                | 79,704              | 79,704              |
| Externally restricted - Note 2                                                | 240,586             | 240,074             |
| Unrestricted - Note 3                                                         | <u>216,016</u>      | <u>281,218</u>      |
|                                                                               | 1,145,707           | 1,190,910           |
|                                                                               | <u>\$ 3,064,748</u> | <u>\$ 3,112,327</u> |

Approved: \_\_\_\_\_




# CANADIAN MENTAL HEALTH ASSOCIATION, MID ISLAND BRANCH

## STATEMENT OF CHANGES IN NET ASSETS

For the year ended **March 31, 2020**

|                                                      | Investment                   |                          |                          |                   | 2020                | 2019                |
|------------------------------------------------------|------------------------------|--------------------------|--------------------------|-------------------|---------------------|---------------------|
|                                                      | in Property<br>and Equipment | Internally<br>Restricted | Externally<br>Restricted | Unrestricted      |                     |                     |
| Balance, beginning of the year                       | \$ 589,914                   | \$ 79,704                | \$ 240,074               | \$ 281,218        | \$ 1,190,910        | \$ 1,083,599        |
| Excess of (expenditures over revenues)               |                              |                          |                          |                   |                     |                     |
| revenues over expenditures                           | (65,996)                     | -                        | -                        | 20,793            | (45,203)            | 107,311             |
| Principal payments on mortgages<br>and callable debt | 78,269                       | -                        | -                        | (78,269)          | -                   | -                   |
| Additional callable debt                             | (28,549)                     | -                        | -                        | 28,549            | -                   | -                   |
| Interest earned on restricted funds                  | -                            | -                        | 2,270                    | (2,270)           | -                   | -                   |
| Contributions to restricted funds                    | -                            | -                        | 28,998                   | (28,998)          | -                   | -                   |
| Expenditures from restricted funds                   | -                            | -                        | (25,869)                 | 25,869            | -                   | -                   |
| BC Housing requested transfer                        | -                            | -                        | (4,887)                  | 4,887             | -                   | -                   |
| Purchase of property and equipment                   | 35,763                       | -                        | -                        | (35,763)          | -                   | -                   |
| Balance, end of the year                             | <u>\$ 609,401</u>            | <u>\$ 79,704</u>         | <u>\$ 240,586</u>        | <u>\$ 216,016</u> | <u>\$ 1,145,707</u> | <u>\$ 1,190,910</u> |

# CANADIAN MENTAL HEALTH ASSOCIATION, MID ISLAND BRANCH

## STATEMENT OF REVENUES AND EXPENDITURES

For the year ended **March 31, 2020**

|                                                          | <b>2020</b>        | <b>2019</b>       |
|----------------------------------------------------------|--------------------|-------------------|
| <b>Revenues</b>                                          |                    |                   |
| BC Housing                                               | \$ 1,408,462       | \$ 1,084,720      |
| Island Health                                            | 716,758            | 746,066           |
| Rental income                                            | 266,404            | 278,221           |
| National employment program                              | 94,247             | 97,207            |
| Other income                                             | 51,021             | 21,022            |
| Canada Mortgage and Housing Corporation                  | 20,117             | 20,117            |
| Donations and fundraising                                | 15,755             | 38,269            |
| Program revenue                                          | 13,402             | 22,479            |
| Amortization of deferred capital contributions - Note 14 | 428                | 612               |
| CMHA BC                                                  | -                  | 69,910            |
|                                                          | <u>2,586,594</u>   | <u>2,378,623</u>  |
| <b>Expenditures</b>                                      |                    |                   |
| Wages and benefits                                       | 1,698,801          | 1,501,842         |
| Program expenses                                         | 333,837            | 170,279           |
| Repairs and maintenance                                  | 139,212            | 147,589           |
| Utilities                                                | 112,201            | 114,708           |
| Rent                                                     | 69,550             | 48,663            |
| Amortization                                             | 66,424             | 64,952            |
| Insurance                                                | 37,684             | 33,129            |
| Interest on long-term debt                               | 37,201             | 38,303            |
| Office                                                   | 34,618             | 35,111            |
| Professional fees                                        | 19,370             | 21,274            |
| Travel                                                   | 18,997             | 20,334            |
| Telephone                                                | 18,632             | 21,096            |
| Security                                                 | 16,000             | 26,043            |
| Training                                                 | 10,495             | 4,885             |
| Vehicle operation                                        | 7,495              | 7,577             |
| Memberships                                              | 4,495              | 4,484             |
| Advertising and promotion                                | 2,587              | 6,310             |
| Property taxes                                           | 2,316              | 2,958             |
| Bank charges                                             | 1,882              | 1,775             |
|                                                          | <u>2,631,797</u>   | <u>2,271,312</u>  |
| <b>Excess of (expenditures over revenues)</b>            |                    |                   |
| <b>revenues over expenditures</b>                        | <u>\$ (45,203)</u> | <u>\$ 107,311</u> |

# CANADIAN MENTAL HEALTH ASSOCIATION, MID ISLAND BRANCH

## STATEMENT OF CASH FLOWS

For the year ended **March 31, 2020**

|                                                                            | <b>2020</b>       | <b>2019</b>       |
|----------------------------------------------------------------------------|-------------------|-------------------|
| <b>Cash provided (used):</b>                                               |                   |                   |
| <b>Operating activities</b>                                                |                   |                   |
| Excess of (expenditures over revenues),<br>revenues over expenditures      | \$ (45,203)       | \$ 107,311        |
| Items not involving cash                                                   |                   |                   |
| Amortization                                                               | 66,424            | 64,952            |
| Amortization of deferred capital contributions                             | <u>(428)</u>      | <u>(612)</u>      |
|                                                                            | 20,793            | 171,651           |
| Changes in non-cash operating accounts                                     |                   |                   |
| Decrease (increase) in accounts receivable                                 | 1,226             | (4,571)           |
| Decrease (increase) in prepaid expenses                                    | 166               | (9,500)           |
| Increase in accounts payable and<br>accrued liabilities, and wages payable | 26,930            | 16,691            |
| Increase (decrease) in deferred revenue                                    | <u>20,842</u>     | <u>(29,557)</u>   |
|                                                                            | <u>69,957</u>     | <u>144,714</u>    |
| <b>Investing activities</b>                                                |                   |                   |
| Purchase of property and equipment                                         | <u>(35,763)</u>   | <u>(27,443)</u>   |
| <b>Financing activities</b>                                                |                   |                   |
| Increase in bank loans                                                     | 22,737            | 18,395            |
| Repayment of long-term debt                                                | (72,457)          | (71,146)          |
| Advances from related parties                                              | <u>-</u>          | <u>45,215</u>     |
|                                                                            | <u>(49,720)</u>   | <u>(7,536)</u>    |
| <b>(Decrease) increase in cash</b>                                         | (15,526)          | 109,735           |
| <b>Cash and cash equivalents, beginning of the year</b>                    | <u>896,024</u>    | <u>786,289</u>    |
| <b>Cash and cash equivalents, end of the year</b>                          | <u>\$ 880,498</u> | <u>\$ 896,024</u> |
| <b>Cash and cash equivalents are defined as:</b>                           |                   |                   |
| Cash and term deposits                                                     | \$ 560,208        | \$ 576,246        |
| Cash and investments - restricted                                          | <u>320,290</u>    | <u>319,778</u>    |
|                                                                            | <u>\$ 880,498</u> | <u>\$ 896,024</u> |



# CANADIAN MENTAL HEALTH ASSOCIATION, MID ISLAND BRANCH

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended **March 31, 2020**

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### **Purpose of the association**

Canadian Mental Health Association, Mid Island Branch is part of a national and provincial association that has existed for nearly 100 years and is the nationwide leader and champion for mental health. The association's vision is mentally healthy people in a healthy society. It promotes mental wellness by working to reduce the stigma and silence around mental illness and substance misuse as well as by providing services to community members who are living with challenges. Its programs include homelessness outreach, supported housing, food security, vocational support, social groups, as well as wellness recovery education and support. It promotes inclusiveness in the community through public education and influencing policy. It is dedicated to understanding the ever-changing mental health needs within the community, and responds with projects that are based on principles of empowerment, support, and wellness.

### **1. Significant accounting policies**

The financial statements have been prepared in accordance with the Canadian accounting standards for not-for-profit organizations and are in accordance with Canadian generally accepted accounting principles.

- Cash and cash equivalents

Cash and cash equivalents consists of cash on hand, cash on deposit, and short-term deposits with maturity dates of less than 90 days, net of cheques issued and outstanding at the reporting date.

- Property and equipment

Property and equipment are recorded at cost. Amortization is recorded on a declining-balance basis, except for the leases which are amortized on a straight-line basis. The amortization rates of the assets are as follows:

|                          |          |
|--------------------------|----------|
| Balmoral Hotel building  | 3%       |
| Vehicles                 | 20%      |
| Furniture and equipment  | 20%      |
| Leasehold improvements   | 20%      |
| Computer hardware        | 55%      |
| Courtenay lease interest | 60 years |
| Courtenay land lease     | 60 years |

In the year of acquisition, amortization is recorded at one-half of these rates.

# CANADIAN MENTAL HEALTH ASSOCIATION, MID ISLAND BRANCH

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended **March 31, 2020**

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### 1. **Significant accounting policies** - cont.

#### - Revenue recognition

The association follows the deferral method of accounting for revenue. Contributions received are recognized in the period to which the funding contract relates. Program funds received in advance of service performed are recorded as deferred revenue. Grants, donations, and gaming revenue with external restrictions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted donations are recognized when received or receivable if the amount can be reasonably estimated and collection is assured. Revenue from events are recognized when the event occurs and when the amount can be reasonably estimated and collection is reasonably assured.

#### - Use of estimates

The preparation of the financial statements of the association in accordance 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Significant areas requiring the use of management estimates relate to the determination of the collectibility of accounts receivable, estimated useful life of property and equipment, the estimated usage of the banked sick time, and the amount of deferred revenue. Actual results could differ from those estimates. Adjustments, if any, will be reflected in operations in the period of settlement.

#### - Donated property and equipment

Donated property and equipment materials are recognized in the financial statements when their fair value can be reasonably determined and they are used in the normal course of the association's operations and would otherwise have been purchased.

### 2. **Internally and externally restricted cash and investments**

The short-term investments consist of several GICs, having interest rates ranging from 0.35% to 1.6393% and maturing at various dates from April 2, 2020 to February 25, 2021. Investments are initially and subsequently measured at cost. Transaction costs that are directly attributable to the acquisition of this investment are recognized in the net income in the period incurred.

# CANADIAN MENTAL HEALTH ASSOCIATION, MID ISLAND BRANCH

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended **March 31, 2020**

### 2. Internally and externally restricted cash and investments - cont.

|                                      | 2020              | 2019              |
|--------------------------------------|-------------------|-------------------|
| Cash                                 |                   |                   |
| Externally restricted for BC Housing | \$ 240,586        | \$ 240,074        |
| Internally restricted for operations | <u>59,652</u>     | <u>59,697</u>     |
|                                      | <u>300,238</u>    | <u>299,771</u>    |
| GICs                                 |                   |                   |
| Internally restricted for operations | <u>20,052</u>     | <u>20,007</u>     |
|                                      | <u>\$ 320,290</u> | <u>\$ 319,778</u> |

Under the terms of the agreement with BC Housing, the replacement reserve accounts are to be credited in the amount determined by the budget provision per annum plus interest earned. These funds, along with the accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or the Credit Union Deposit Insurance Corporation, in investments guaranteed by a Canadian government, or in other investment instruments as agreed upon with BC Housing. The society has transferred the agreed provision and maintained the reserve fund in accordance with the operating agreement.

The reserve funds may only be used for capital repairs and replacements in accordance with the operating agreement.

The internally restricted fund is for a future office building, program development, staff training, website upgrades, and a Balmoral contingency fund. This amount is not available for any other purposes without appropriate board approval.

### 3. Unrestricted net assets

Unrestricted net assets consist of funds for general and government funded programs. The government funding is received from BC Housing, and Island Health.

**CANADIAN MENTAL HEALTH ASSOCIATION,  
MID ISLAND BRANCH**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended **March 31, 2020**

**4. Property and equipment**

|                          | Cost                | Accumulated<br>Amortization | Net<br>2020         | Net<br>2019         |
|--------------------------|---------------------|-----------------------------|---------------------|---------------------|
| Land                     | \$ 371,338          | \$ -                        | \$ 371,338          | \$ 371,338          |
| Balmoral Hotel building  | 1,604,506           | 429,248                     | 1,175,258           | 1,211,606           |
| Vehicles                 | 65,970              | 23,984                      | 41,986              | 21,084              |
| Furniture and equipment  | 122,507             | 84,814                      | 37,693              | 47,116              |
| Leasehold improvements   | 12,577              | 2,108                       | 10,469              | 4,253               |
| Computer hardware        | 13,299              | 12,909                      | 390                 | 864                 |
| Courtenay lease interest | 626,025             | 158,295                     | 467,730             | 478,164             |
| Courtenay land lease     | <u>66,007</u>       | <u>30,440</u>               | <u>35,567</u>       | <u>36,667</u>       |
|                          | <u>\$ 2,882,229</u> | <u>\$ 741,798</u>           | <u>\$ 2,140,431</u> | <u>\$ 2,171,092</u> |

The Wesley Street building and its contents are owned by BC Housing and, as such, are not recorded in the financial statements of the association.

**5. Bank advances**

The association has a \$50,000 line of credit available with CIBC at an interest rate of prime. During the year the line of credit was not used.

# CANADIAN MENTAL HEALTH ASSOCIATION, MID ISLAND BRANCH

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended **March 31, 2020**

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### **6. Related party transactions**

The Canadian Mental Health Association, Mid Island Branch, is a branch of a national charity with various locations across Canada. In the current year, this association paid membership fees to CMHA National in the amount of \$0 (2019 - \$661), received revenue for the National Employment Program from CMHA Toronto in the amount of \$94,247 (2019 - \$97,207), paid fees to CMHA Cowichan Valley of \$0 (2019 - \$1,551), paid fees to CMHA Vancouver-Fraser of \$673 (2019 - \$13,130) and revenue less expenses from CMHA BC of \$134 (2019 - \$59,871) which was a reimbursement of expenses. These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

### **7. Contingent liability**

Based on the current union contract, sick pay for employees is accumulated at a rate of 6.9% to a maximum of 1,170 hours and does not vest. For non-union staff, sick pay is accumulated at a rate of 1.5 days per month to a maximum of 120 days. As of March 31, 2020, there are 4,513 (2019 - 3,527) sick time hours accumulated in the pool. Based on the employees' current rates of pay, the maximum liability of the association could be \$144,753 (2019 - \$105,753). The association has accrued \$31,739 (2019 - \$22,674) for sick pay.

Based on the current union contract, special leave for employees is accumulated at a rate of 1/2 day every four weeks up to a maximum of 25 days. As of March 31, 2020 there are 2,141 (2019 - 1,680) special leave hours accumulated in the pool. Based on the employees' current rates of pay, the maximum liability of the association could be \$54,843 (2019 - \$40,899). No accrual has been made for special leave as it is rarely used and does not vest.

**CANADIAN MENTAL HEALTH ASSOCIATION,  
MID ISLAND BRANCH**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended **March 31, 2020**

**8. Long-term debt**

|                                                                                                                                                                                                                                                                     | 2020                | 2019                |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|---------------------|
| Canada Mortgage and Housing Corporation - mortgage - payable at \$2,787 per month including interest at 2.52%; secured by a 60-year leasehold interest in land and buildings, with a carrying value of \$467,730, and an assignment of rents; due September 1, 2023 | \$ 253,523          | \$ 280,232          |
| Peoples Trust - mortgage - payable at \$4,685 per month including interest at 3.13%; secured by land and buildings, with a carrying value of \$1,175,258, and an assignment of rents; due December 1, 2024                                                          | 969,704             | 995,336             |
| Canada Mortgage and Housing Corporation - forgivable loan for renovations made to Balmoral land and building, with a carrying value of \$1,175,258; to be forgiven over 15 years as long as the property is used for its intended purpose; due December 1, 2025     | 115,671             | 135,787             |
| BC Housing - forgivable mortgage for the Balmoral land and building; with a carrying value of \$1,175,258; to be forgiven over 25 years commencing December 1, 2020                                                                                                 | <u>150,000</u>      | <u>150,000</u>      |
|                                                                                                                                                                                                                                                                     | 1,488,898           | 1,561,355           |
| Less: Current portion                                                                                                                                                                                                                                               | <u>75,600</u>       | <u>72,600</u>       |
|                                                                                                                                                                                                                                                                     | <u>\$ 1,413,298</u> | <u>\$ 1,488,755</u> |

Principal payments due in each of the next five years are as follows:

|      |                   |
|------|-------------------|
| 2021 | \$ 75,600         |
| 2022 | 81,600            |
| 2023 | 83,100            |
| 2024 | 84,700            |
| 2025 | <u>86,300</u>     |
|      | <u>\$ 411,300</u> |

# CANADIAN MENTAL HEALTH ASSOCIATION, MID ISLAND BRANCH

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended **March 31, 2020**

### 9. Callable debt

|                                                                                                                                                                                                       | 2020             | 2019             |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|------------------|
| CIBC demand loan - payable at \$485 per month plus, interest at CIBC prime rate (2.45% at March 31, 2020) secured by a specific vehicle, with a carrying value of \$16,356; the loan is due on demand | \$ 12,583        | \$ 18,395        |
| CIBC demand loan - payable at \$476 per month plus, interest at CIBC prime rate (2.45% at March 31 2020) secured by a specific vehicle, with a carrying value of \$25,120; the loan is due on demand  | <u>28,549</u>    | <u>-</u>         |
|                                                                                                                                                                                                       | <u>\$ 41,132</u> | <u>\$ 18,395</u> |

These loans are part of a revolving term facility loan agreement that is not to exceed \$200,000 and is to be used for the purchase and or repair of vehicles. All loans under this facility agreement will be issued at the prime rate, with maximum of 60 regular payments, plus interest and are due on demand

### 10. Government remittances

The association has the following amounts receivable/(payable) for government remittances at March 31, 2020:

|                                               | 2020        | 2019        |
|-----------------------------------------------|-------------|-------------|
| Public service body rebate net of GST payable | \$ 3,666    | \$ 3,557    |
| WCB                                           | \$ (3,631)  | \$ (3,252)  |
| Payroll source deductions                     | \$ (13,705) | \$ (45,190) |

# CANADIAN MENTAL HEALTH ASSOCIATION, MID ISLAND BRANCH

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended **March 31, 2020**

### 11. Deferred revenue

Deferred revenue consists of funding received in the current period that are related to a subsequent period as well as damage deposits paid by tenants, and donations designated for specific programs. Deferred revenue is comprised of:

|                 | 2020              | 2019              |
|-----------------|-------------------|-------------------|
| Prepaid funding | \$ 146,262        | \$ 130,745        |
| Damage deposits | 10,448            | 9,722             |
| Prepaid rent    | <u>19,842</u>     | <u>15,243</u>     |
|                 | <u>\$ 176,552</u> | <u>\$ 155,710</u> |

### 12. Pension obligations

The Canadian Mental Health Association, Mid Island Branch and its employees contribute to the Municipal Pension Plan (Plan), a jointly trusted pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of benefits. The Plan is a multi-employer contributory pension plan. Basic pension benefits provided are defined. The Plan has about 349,000 members.

Every three years an actuarial valuation is performed to assess the financial position of the Plan and adequacy of Plan funding. The most recent valuation, as at December 31, 2018, indicated a surplus of \$2.866 million for basic pension benefits (including amortization requirements of \$2.203 million). The next valuation will be as at December 31, 2021 with results available in 2022. The actuary does not attribute portions of the unfunded liability to individual employers. The association paid \$34,574 for employer contributions to the plan in fiscal 2020.

### 13. Union contract

The Canadian Mental Health Association - Mid-Island Branch has an agreement with the Health Employers Association of BC. This collective agreement represents the relationship between management and a certain class of employees. The current Community Subsector labour contract covers the period of April 1, 2019 to March 31, 2022.



# CANADIAN MENTAL HEALTH ASSOCIATION, MID ISLAND BRANCH

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended **March 31, 2020**

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### 14. Deferred capital contributions related to property and equipment

Deferred contributions related to property and equipment represent contributions of assets or cash used for the acquisition of property and equipment. The changes in deferred contributions for the year are as follows:

|                                 | 2020            | 2019            |
|---------------------------------|-----------------|-----------------|
| Balance, beginning of the year  | \$ 1,428        | \$ 2,040        |
| Less: Amortization for the year | <u>428</u>      | <u>612</u>      |
|                                 | <u>\$ 1,000</u> | <u>\$ 1,428</u> |

### 15. Lease commitments

The association is committed under a property lease agreement for the rental of a property in Nanaimo until September 2021 with the option to renew for three additional years. The base payments required in each of the next two fiscal years are;

|      |                  |
|------|------------------|
| 2021 | \$ 35,929        |
| 2022 | <u>18,544</u>    |
|      | <u>\$ 54,473</u> |

### 16. Economic dependence

During the year, the association received 55% (2019 - 46%) of its funding from various contracts with BC Housing and 29% (2019 - 33%) funding from various contracts with VIHA.

**CANADIAN MENTAL HEALTH ASSOCIATION,  
MID ISLAND BRANCH**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended **March 31, 2020**

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**17. Remuneration of employees and contractors**

During the year, two employees earned over \$75,000. The total remuneration paid to these individuals by the society during the period was \$172,758.

**18. Subsequent events - Effects of COVID-19**

Before the end of the fiscal year on March 11, 2020, the World Health Organization classified the COVID-19 outbreak as a pandemic, based on the rapid increase in global cases. British Columbia's Public Health Officer also issued several public health orders, prior to the end of the fiscal year, to help curb the impact of the pandemic on the province.

While the society deals with a high-risk population and extra precautions have had to be taken, to date the only area of the society that has had to temporarily close due to the pandemic is the Social Center which closed prior to March 31, 2020. The Social Centre reopened on July 10, 2020 with limited services.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. Management is actively monitoring the situation and its effects on the society's finances, operations, and workforce. While BC has started to reopen, there are still many restrictions in place. Given the daily evolution of the COVID-19 outbreak and the responses to curb its spread, the society is not able to estimate the effects of the COVID-19 outbreak on its operations or finances at this time.

# **CANADIAN MENTAL HEALTH ASSOCIATION, MID ISLAND BRANCH**

## **NOTES TO THE FINANCIAL STATEMENTS**

For the year ended **March 31, 2020**

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### **19. Financial risks and concentration of risk**

- Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The association does not use derivative instruments to reduce its exposure to interest risk and management does not consider them to be material. The callable debt interest rate fluctuates based off of the prime rate.

- Credit risk

Credit risk arises from the potential that a counterparty will fail to perform its obligations. The association is exposed to credit risk from its residents; however, there are a number of residents which reduces the concentration of credit risk. The association receives a large portion of its funding from the provincial government. Therefore, if the contract was not renewed, it could affect the organization's ability to operate, as mentioned in Note 16.

### **20. Comparative figures**

Certain balances of the prior year have been reclassified to conform to the current year's financial statement presentation.

# CANADIAN MENTAL HEALTH ASSOCIATION, MID ISLAND BRANCH

## BC HOUSING

### SCHEDULE OF REVENUE AND EXPENSES

For the year ended **March 31, 2020**

|                            | New<br>Horizons | Outreach       | Wesley<br>Street | Total<br>2020    | Total<br>2019    |
|----------------------------|-----------------|----------------|------------------|------------------|------------------|
| <b>Revenue</b>             |                 |                |                  |                  |                  |
| BCH subsidy                | \$ 68,986       |                | \$ 642,485       | \$ 1,408,462     | \$ 1,084,720     |
| Tenant rent revenue        | 27,552          | -              | 150,000          | 177,552          | 181,326          |
| Fundraising and donations  | -               | -              | -                | -                | 400              |
| Other revenue              | 25,615          | -              | 6,870            | 32,485           | 995              |
|                            | <u>122,153</u>  | <u>696,991</u> | <u>799,355</u>   | <u>1,618,499</u> | <u>1,267,441</u> |
| <b>Expenses</b>            |                 |                |                  |                  |                  |
| Wages and benefits         | 4,955           | 295,916        | 604,742          | 905,613          | 751,207          |
| Program expenses           | 248             | 232,508        | 13,146           | 245,902          | 100,245          |
| Repair and maintenance     | 34,185          | 205            | 38,583           | 72,973           | 63,337           |
| Utilities                  | 15,295          | -              | 58,424           | 73,719           | 76,800           |
| Interest on long-term debt | 6,678           | -              | -                | 6,678            | 7,050            |
| Office                     | -               | 3,990          | 9,894            | 13,884           | 11,316           |
| Insurance                  | 4,040           | -              | 19,000           | 23,040           | 23,035           |
| Security                   | 554             | 691            | 6,092            | 7,337            | 11,735           |
| Professional fees          | 2,500           | 3,000          | 9,170            | 14,670           | 15,812           |
| Telephone                  | 359             | 3,273          | 4,484            | 8,116            | 8,840            |
| Travel                     | 76              | 7,189          | 736              | 8,001            | 7,982            |
| Training                   | -               | 2,458          | 16               | 2,474            | 615              |
| Vehicle operations         | -               | 1,949          | 2,778            | 4,727            | 5,200            |
| Advertising and promotion  | -               | 218            | 1,086            | 1,304            | 851              |
| Property taxes             | 2,300           | -              | -                | 2,300            | 2,944            |
| Membership                 | -               | 544            | 273              | 817              | 1,088            |
| Bank charges               | -               | 48             | 465              | 513              | 164              |
|                            | <u>71,190</u>   | <u>551,989</u> | <u>768,889</u>   | <u>1,392,068</u> | <u>1,088,221</u> |

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# CANADIAN MENTAL HEALTH ASSOCIATION, MID ISLAND BRANCH

Schedule 1 - cont.

## BC HOUSING

### SCHEDULE OF REVENUE AND EXPENSES

For the year ended **March 31, 2020**

|                                                                                        | New<br>Horizons  | Outreach         | Wesley<br>Street   | Total<br>2020    | Total<br>2019    |
|----------------------------------------------------------------------------------------|------------------|------------------|--------------------|------------------|------------------|
| <b>Excess of revenue over expenses before undernoted items</b>                         | \$ 50,963        | \$ 145,002       | \$ 30,466          | \$ 226,431       | \$ 179,220       |
| <b>Additional fees and payments</b>                                                    |                  |                  |                    |                  |                  |
| Administration fees*                                                                   | 6,504            | 63,363           | 39,816             | 109,683          | 92,947           |
| Rent*                                                                                  | -                | 9,000            | -                  | 9,000            | 2,250            |
| Replacement reserve provision**                                                        | 3,000            | -                | 25,998             | 28,998           | 28,998           |
| Principal payments on mortgage**                                                       | 26,708           | -                | -                  | 26,708           | 26,182           |
| Payment on vehicle loan**                                                              | -                | -                | 2,906              | 2,906            | 2,420            |
|                                                                                        | <u>36,212</u>    | <u>72,363</u>    | <u>68,720</u>      | <u>177,295</u>   | <u>152,797</u>   |
| <b>Increase (decrease) to net assets after capital items and reserve contributions</b> | \$ <u>14,751</u> | \$ <u>72,639</u> | \$ <u>(38,254)</u> | \$ <u>49,136</u> | \$ <u>26,423</u> |

\* The above administration fees and rent were interdepartmental charges that were eliminated in the statement of revenues and expenditures.  
 \*\* The replacement reserve provision, principal payments on the mortgage and vehicle loan are cash requirements that do not show up on the statement of revenues and expenditures.

# CANADIAN MENTAL HEALTH ASSOCIATION, MID ISLAND BRANCH

## ISLAND HEALTH PROGRAMS

### SCHEDULE OF REVENUE AND EXPENSES

For the year ended **March 31, 2020**

|                           |    | <b>Courtenay<br/>Peppermill</b> | <b>Social<br/>Center</b> | <b>OPS</b>     | <b>Total<br/>2020</b> | <b>Total<br/>2019</b> |
|---------------------------|----|---------------------------------|--------------------------|----------------|-----------------------|-----------------------|
| <b>Revenue</b>            |    |                                 |                          |                |                       |                       |
| Island health             | \$ | 69,659                          | \$ 200,189               | \$ 446,910     | \$ 716,758            | \$ 746,066            |
| Program revenue           |    | 10,053                          | 613                      | 894            | 11,560                | 12,389                |
| Fundraising and donations |    | 300                             | -                        | -              | 300                   | 17,144                |
| Other revenue             |    | -                               | -                        | -              | -                     | 5,362                 |
|                           |    | <u>80,012</u>                   | <u>200,802</u>           | <u>447,804</u> | <u>728,618</u>        | <u>780,961</u>        |
| <b>Expenses</b>           |    |                                 |                          |                |                       |                       |
| Wages and benefits        |    | 42,293                          | 136,166                  | 405,110        | 583,569               | 548,414               |
| Program expenses          |    | 14,096                          | 13,000                   | 29,885         | 56,981                | 56,102                |
| Repair and maintenance    |    | 2,026                           | 1,683                    | 13,868         | 17,577                | 11,663                |
| Utilities                 |    | -                               | 3,307                    | 5,814          | 9,121                 | 5,470                 |
| Rent                      |    | 13,530                          | 39,416                   | -              | 52,946                | 30,995                |
| Office                    |    | 503                             | 4,112                    | 6,939          | 11,554                | 8,209                 |
| Insurance                 |    | -                               | -                        | 2,000          | 2,000                 | 2,000                 |
| Security                  |    | -                               | 778                      | 833            | 1,611                 | 2,927                 |
| Professional fees         |    | -                               | 4,700                    | -              | 4,700                 | 4,899                 |
| Telephone                 |    | -                               | 2,803                    | -              | 4,537                 | 3,641                 |
| Travel                    |    | -                               | 1,918                    | 1,422          | 3,340                 | 3,058                 |
| Training                  |    | 100                             | 190                      | 666            | 956                   | 1,850                 |
| Vehicle operations        |    | -                               | 2,768                    | -              | 2,768                 | 2,338                 |
| Advertising and promotion |    | -                               | -                        | 1,002          | 1,002                 | 4,534                 |
| Membership                |    | 193                             | 62                       | -              | 255                   | 428                   |
| Bank charges              |    | 23                              | 434                      | 23             | 480                   | 233                   |
|                           |    | <u>72,764</u>                   | <u>211,337</u>           | <u>469,296</u> | <u>753,397</u>        | <u>686,761</u>        |
|                           |    |                                 |                          |                | (21)                  |                       |

# CANADIAN MENTAL HEALTH ASSOCIATION, MID ISLAND BRANCH

Schedule 2 - cont.

## ISLAND HEALTH PROGRAMS

### SCHEDULE OF REVENUE AND EXPENSES

For the year ended **March 31, 2020**

|                                                                                        | Courtenay<br>Peppermill | Social<br>Center | OPS         | Total<br>2020 | Total<br>2019 |
|----------------------------------------------------------------------------------------|-------------------------|------------------|-------------|---------------|---------------|
| <b>Excess of revenue over expenses (expenses over revenue) before undernoted items</b> | \$ 7,248                | \$ (10,535)      | \$ (21,492) | \$ (24,779)   | \$ 94,200     |
| <b>Additional fees and payments</b>                                                    |                         |                  |             |               |               |
| Administration fees*                                                                   | 8,244                   | 12,108           | 38,100      | 58,452        | 63,156        |
| Rent*                                                                                  | -                       | -                | 24,928      | 24,928        | 33,867        |
| Payment on vehicle loan**                                                              | -                       | 2,906            | -           | 2,906         | 2,420         |
| Purchase of capital assets**                                                           | -                       | -                | 7,852       | 7,852         | 4,726         |
|                                                                                        | 8,244                   | 15,014           | 70,880      | 94,138        | 104,169       |
| <b>Increase (decrease) to net assets after capital items and reserve contributions</b> | \$ (996)                | \$ (25,549)      | \$ (92,372) | \$ (118,917)  | \$ (9,969)    |

\* The above administration fees and rent were interdepartmental charges that were eliminated in the statement of revenues and expenditures.  
 \*\* The purchase of capital assets, and principal payments vehicle loan are cash requirements that do not show up on the statement of revenues and expenditures.