

**CANADIAN MENTAL HEALTH ASSOCIATION - COWICHAN VALLEY BRANCH 199:**  
**Financial Statements**  
**Year Ended March 31, 2022**

**CANADIAN MENTAL HEALTH ASSOCIATION - COWICHAN VALLEY BRANCH 199:**

**Index to Financial Statements**

**Year Ended March 31, 2022**

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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, 2022, 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, 2022, 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 Statement*

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 Statement:*

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.

(*continues*)

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

*Report on Other Legal and Regulatory Requirement:*

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.

A handwritten signature in black ink, appearing to read "Peter Leslie". The signature is written in a cursive, flowing style.

Duncan, British Columbia  
June 22, 2022

CHARTERED PROFESSIONAL  
ACCOUNTANTS

**CANADIAN MENTAL HEALTH ASSOCIATION - COWICHAN VALLEY BRANCH 199:**

**Statement of Financial Position**

**March 31, 2022**

	Operating Fund	Capital Fund	Total 2022	Total 2021
<b>ASSETS</b>				
<b>CURRENT</b>				
Cash:				
- unrestricted	\$ 764,098	\$ -	\$ 764,098	\$ 713,425
- restricted (Note 4)	121,447	14,011	<b>135,458</b>	115,953
Term deposit:				
- unrestricted (Note 5)	-	-	-	181,942
- restricted (Notes 4, 5)	57,072	39,016	<b>96,088</b>	137,861
Accounts receivable (Note 6)	191,825	-	<b>191,825</b>	72,949
Interest receivable	1,129	418	<b>1,547</b>	5,426
Prepaid expenses	44,818	-	<b>44,818</b>	60,981
	<b>1,180,389</b>	<b>53,445</b>	<b>1,233,834</b>	<b>1,288,537</b>
<b>LONG TERM INVESTMENTS</b>				
- unrestricted	186,430	-	<b>186,430</b>	-
- restricted	81,381	106,187	<b>187,568</b>	27,647
<b>TANGIBLE CAPITAL ASSETS</b>				
(Net of accumulated amortization) (Note 7)	-	6,794,803	<b>6,794,803</b>	6,903,746
	<b>\$ 1,448,200</b>	<b>\$ 6,954,435</b>	<b>\$ 8,402,635</b>	<b>\$ 8,219,930</b>

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, 2022**

	Operating Fund	Capital Fund	Total 2022	Total 2021
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT</b>				
Accounts payable	\$ 111,093	\$ -	\$ 111,093	\$ 54,227
Current portion of long term debt (Note 8)	-	291,098	291,098	289,988
Interest payable	-	3,255	3,255	3,419
Wages payable	223,504	-	223,504	210,899
Employee deductions payable	36,698	-	36,698	27,195
Deferred revenue (Note 10)	686,529	-	686,529	543,994
	1,057,824	294,353	1,352,177	1,129,722
<b>LONG TERM DEBT (Note 8)</b>	-	6,667,940	6,667,940	6,958,908
	1,057,824	6,962,293	8,020,117	8,088,630
<b>NET ASSETS</b>				
Invested in capital fund	-	(167,072)	(167,072)	(330,238)
Restricted	259,900	159,214	419,114	281,461
Unrestricted	130,476	-	130,476	180,077
	390,376	(7,858)	382,518	131,300
	\$ 1,448,200	\$ 6,954,435	\$ 8,402,635	\$ 8,219,930

**APPROVED BY THE BOARD**

  
 \_\_\_\_\_ Chair  
  
 \_\_\_\_\_ Treasurer

**CANADIAN MENTAL HEALTH ASSOCIATION - COWICHAN VALLEY BRANCH 199:**

**Statement of Revenues and Expenditures**

**Year Ended March 31, 2022**

	Operating Fund	Capital Fund	Total 2022	Total 2021
<b>REVENUE</b>				
Ministry of Children and Family Development	\$ 387,542	\$ -	\$ 387,542	\$ 413,418
Vancouver Island Health Authority	685,048	-	<b>685,048</b>	986,275
BC Housing	1,207,270	125,512	<b>1,332,782</b>	1,182,585
Fees for service	233,861	-	<b>233,861</b>	1,185,707
Fundraising events	52,687	-	<b>52,687</b>	10,432
Community Gaming Grant	99,914	-	<b>99,914</b>	66,419
Interest	2,604	1,393	<b>3,997</b>	8,465
CMHA-BC Bounceback	497,860	-	<b>497,860</b>	538,521
Rent				
-Festubert	20,223	-	<b>20,223</b>	20,223
-Warmland	108,402	-	<b>108,402</b>	110,362
-Dingwall (Note 12)	108,797	-	<b>108,797</b>	89,202
-Other rental revenue	87,161	-	<b>87,161</b>	127,377
Donations	44,991	-	<b>44,991</b>	59,220
Other	136,915	-	<b>136,915</b>	30,828
	<b>3,673,275</b>	<b>126,905</b>	<b>3,800,180</b>	<b>4,829,034</b>
<b>EXPENSES</b>				
Auditing and legal	46,059	-	<b>46,059</b>	34,356
Advertising	3,953	-	<b>3,953</b>	7,039
Amortization	-	181,985	<b>181,985</b>	169,581
Insurance	34,681	-	<b>34,681</b>	29,384
Mortgage interest	-	39,488	<b>39,488</b>	80,332
Fundraising	8,815	-	<b>8,815</b>	3,756
Office	52,266	-	<b>52,266</b>	74,608
Programs	276,686	-	<b>276,686</b>	425,413
Equipment lease	2,415	-	<b>2,415</b>	2,415
Staff training	10,222	-	<b>10,222</b>	10,786
Board costs	1,540	-	<b>1,540</b>	2,051
Dingwall expenses	83,311	-	<b>83,311</b>	82,209
Safety & Security	3,000	-	<b>3,000</b>	4,212
Service Contracts	21,375	-	<b>21,375</b>	34,791
Property tax	4,162	-	<b>4,162</b>	2,962
Rent	135,337	-	<b>135,337</b>	747,732
Repairs and maintenance	85,744	-	<b>85,744</b>	126,937
Salaries and benefits	2,652,437	-	<b>2,652,437</b>	2,833,153
Travel	20,248	-	<b>20,248</b>	20,686
Utilities and telephone	89,238	-	<b>89,238</b>	89,708
	<b>3,531,489</b>	<b>221,473</b>	<b>3,752,962</b>	<b>4,782,111</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<b>\$ 141,786</b>	<b>\$ (94,568)</b>	<b>\$ 47,218</b>	<b>\$ 46,923</b>

The accompanying notes form an integral part of these financial statements



**CANADIAN MENTAL HEALTH ASSOCIATION - COWICHAN VALLEY BRANCH 199:**

**Statement of Changes in Net Assets**

**Year Ended March 31, 2022**

	Operating Fund	Restricted Fund	Capital Fund	Total 2022	Total 2021
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 180,077	\$ 163,573	\$ (212,350)	\$ 131,300	\$ (119,623)
Excess of revenue over expenses	139,759	2,027	(94,568)	<b>47,218</b>	46,923
Interfund transfer	(113,146)	94,300	18,846	-	-
Assets acquired	(76,214)	-	76,214	-	-
BC Housing Loan Forgiveness	-	-	204,000	<b>204,000</b>	204,000
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 130,476</b>	<b>\$ 259,900</b>	<b>\$ (7,858)</b>	<b>\$ 382,518</b>	<b>\$ 131,300</b>

The accompanying notes form an integral part of these financial statements

**CANADIAN MENTAL HEALTH ASSOCIATION - COWICHAN VALLEY BRANCH 199:**

**Statement of Cash Flows**

**Year Ended March 31, 2022**

	Operating Fund	Capital Fund	Total 2022	Total 2021
<b>OPERATING ACTIVITIES</b>				
Excess (deficiency) of revenue	\$ 141,786	\$ (94,568)	\$ 47,218	\$ 46,923
Item not affecting cash:				
Amortization of tangible capital assets	-	181,985	181,985	169,581
	<u>141,786</u>	<u>87,417</u>	<u>229,203</u>	<u>216,504</u>
Changes in non-cash working capital				
Accounts receivable	(118,876)	-	(118,876)	(46,809)
Interest receivable	2,946	933	3,879	(1,405)
Accounts payable	56,868	-	56,868	(26,863)
Deferred income	142,535	-	142,535	226,715
Prepaid expenses	(819)	16,899	16,080	(12,228)
Interest payable	-	-	-	(5,749)
Wages payable	12,604	-	12,604	31,703
Employee deductions payable	9,503	-	9,503	(7,315)
	<u>104,761</u>	<u>17,832</u>	<u>122,593</u>	<u>158,049</u>
Cash flow from operating activities	<u>246,547</u>	<u>105,249</u>	<u>351,796</u>	<u>374,553</u>
<b>INVESTING ACTIVITIES</b>				
Purchase of tangible capital assets	-	(76,214)	(76,214)	(93,423)
Proceeds on disposal of tangible capital assets	-	3,089	3,089	-
Net transfers (to)/from long term investments	(261,465)	(84,886)	(346,351)	(27,647)
Cash flow used by investing activities	<u>(261,465)</u>	<u>(158,011)</u>	<u>(419,476)</u>	<u>(121,070)</u>
<b>FINANCING ACTIVITIES</b>				
BC Housing loan forgiveness	-	204,000	204,000	204,000
Repayment of long term debt	-	(289,858)	(289,858)	(496,005)
Cash flow from (used by) financing activities	<u>-</u>	<u>(85,858)</u>	<u>(85,858)</u>	<u>(292,005)</u>
<b>INTERFUND TRANSFERS</b>				
Interfund	(18,846)	18,846	-	-
Asset purchases	(76,214)	76,214	-	-
	<u>(95,060)</u>	<u>95,060</u>	<u>-</u>	<u>-</u>

*(continues)*

The accompanying notes form an integral part of these financial statements

**CANADIAN MENTAL HEALTH ASSOCIATION - COWICHAN VALLEY BRANCH 199:**

**Statement of Cash Flows (continued)**

**Year Ended March 31, 2022**

	Operating Fund	Capital Fund	Total 2022	Total 2021
<b>DECREASE IN CASH FLOW</b>	(109,978)	(43,560)	<b>(153,538)</b>	(38,522)
Cash - beginning of year	1,052,595	96,587	<b>1,149,182</b>	1,187,704
<b>CASH - END OF YEAR</b>	<b>942,617</b>	<b>53,027</b>	<b>995,644</b>	<b>1,149,182</b>
<b>CASH CONSISTS OF:</b>				
Unrestricted cash	\$ 764,098	\$ -	\$ 764,098	\$ 713,425
Restricted cash	121,447	14,011	<b>135,458</b>	115,953
Restricted term deposits	57,072	39,016	<b>96,088</b>	137,862
Unrestricted term deposits	-	-	-	181,942
	<b>\$ 942,617</b>	<b>\$ 53,027</b>	<b>\$ 995,644</b>	<b>\$ 1,149,182</b>

The accompanying notes form an integral part of these financial statements

**CANADIAN MENTAL HEALTH ASSOCIATION - COWICHAN VALLEY BRANCH 199:**

**Notes to Financial Statements**

**Year Ended March 31, 2022**

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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, 2022**

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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, 2022.

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**CANADIAN MENTAL HEALTH ASSOCIATION - COWICHAN VALLEY BRANCH 199:**

**Notes to Financial Statements**

**Year Ended March 31, 2022**

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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.

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4. RESTRICTED CASH AND TERM DEPOSITS

	<u>2022</u>	<u>2021</u>
Restricted cash:		
Gaming externally restricted	\$ 119,458	\$ 100,205
Brian Bleske externally restricted	1,989	1,739
Capital fund internally restricted	14,011	14,009
	<u>135,458</u>	<u>115,953</u>
Restricted term deposits:		
Board of directors internally restricted	132,072	55,283
Brian Bleske externally restricted	6,381	6,346
Capital fund externally restricted	145,203	103,879
	<u>283,656</u>	<u>165,508</u>
	<u>\$ 419,114</u>	<u>\$ 281,461</u>

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**CANADIAN MENTAL HEALTH ASSOCIATION - COWICHAN VALLEY BRANCH 199:**

**Notes to Financial Statements**

**Year Ended March 31, 2022**

**5. 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 \$145,203 (2021 - \$103,879). Term deposits held by financial institutions are as follows:

	<u>2022</u>	<u>2021</u>
<b>Restricted</b>		
Capital Fund externally restricted		
Term deposit @ .70% to mature January 24, 2024	\$ 10,623	\$ 10,565
Term deposit @ .70% to mature November 10, 2022	10,768	10,431
Term deposit @ .55% to mature May 23, 2024	32,294	31,282
Term deposit @ .70% to mature December 10, 2022	7,145	7,075
Term deposit @ .60% to mature October 11, 2024	7,308	7,079
Term deposit @ 1.35% to mature March 29, 2025	17,046	16,511
Term deposit @ .70% to mature December 10, 2022	10,302	10,200
Term deposit @ .60% to mature September 30, 2022	10,801	10,736
Term deposit @ .60% to mature November 3, 2024	8,180	-
Term deposit @ .60% to mature November 3, 2024	19,976	-
Term deposit @ 1.00% to mature September 8, 2023	10,760	-
Total Capital Fund externally restricted	<u>145,203</u>	<u>103,879</u>
Externally restricted		
Term deposit @ .70% to mature December 9, 2023	6,381	6,346
Total externally restricted	<u>6,381</u>	<u>6,346</u>
Internally restricted		
Term deposit @ .70% to mature November 10, 2022	57,072	55,283
Term deposit @ 1.50% to mature March 29, 2025	75,000	-
Total internally restricted	<u>132,072</u>	<u>55,283</u>
Unrestricted		
Term deposit @ .80% to mature April 11, 2023	159,311	155,675
Term deposit @ .60% to mature October 11, 2024	27,119	26,268
Total unrestricted	<u>186,430</u>	<u>181,943</u>
	<u>\$ 470,086</u>	<u>\$ 347,451</u>

**6. ACCOUNTS RECEIVABLE**

	<u>2022</u>	<u>2021</u>
Government and other contracts	\$ 181,411	\$ 62,289
Goods and services tax recoverable	10,414	10,660
	<u>\$ 191,825</u>	<u>\$ 72,949</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.

**CANADIAN MENTAL HEALTH ASSOCIATION - COWICHAN VALLEY BRANCH 199:**

**Notes to Financial Statements**

**Year Ended March 31, 2022**

**7. TANGIBLE CAPITAL ASSETS**

	Cost	Accumulated amortization	<b>2022 Net book value</b>	2021 Net book value
Motor vehicles	\$ 91,237	\$ 34,193	\$ <b>57,044</b>	\$ 68,799
Computer equipment	36,859	31,543	<b>5,316</b>	4,996
Furniture and fixtures	413,976	302,300	<b>111,675</b>	70,959
Leasehold interest	8,293,476	1,672,707	<b>6,620,768</b>	6,758,992
	<b>\$ 8,835,548</b>	<b>\$ 2,040,743</b>	<b>\$ 6,794,803</b>	<b>\$ 6,903,746</b>

The Association recorded amortization of \$181,985 in the current year (2021 - \$169,581).

**8. LONG TERM DEBT**

	<b>2022</b>	2021
BC Housing forgivable loan (Note 12).	<b>\$ 4,488,000</b>	\$ 4,692,000
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 \$6,620,768.	<b>2,471,038</b>	2,556,896
	<b>6,959,038</b>	7,248,896
Amounts payable within one year	<b>(291,098)</b>	(289,988)
	<b>\$ 6,667,940</b>	\$ 6,958,908

Principal repayment terms are approximately:

2023	\$ 291,098
2024	292,484
2025	293,893
2026	295,323
2026	296,777
Thereafter	5,489,463
	<b>\$ 6,959,038</b>

**9. 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 \$6,620,768 (2021 - \$6,758,992) 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.



**CANADIAN MENTAL HEALTH ASSOCIATION - COWICHAN VALLEY BRANCH 199:**

**Notes to Financial Statements**

**Year Ended March 31, 2022**

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**10. 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>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 543,994	\$ 317,279
Revenue received	2,235,552	2,691,211
Revenue recognized	<u>(2,093,017)</u>	<u>(2,464,496)</u>
Balance, end of year	<u>\$ 686,529</u>	<u>\$ 543,994</u>

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**11. 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 \$10,945 in damage deposits for 2022 (2021 - \$9,480). No interest has been calculated on potential refunds.

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**12. 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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**13. LEASE OBLIGATION AND COMMITMENTS**

An office was rented through Neil Bevan at 371 Festubert Street, Duncan, B.C. This rental was on a month by month basis with no formal contract in place; this lease ended June 30, 2021. A space is rented through SK Properties Ltd. at 360 Festubert Street, Duncan, B.C. This lease began on December 1, 2021 and expires November 2023; this lease requires payments of \$2,867 per month. Another office is rented at 5878 York Road through SK Properties Ltd. that expires in July 2022; this lease requires payments of \$4,066 in 2021-2022. The Association leases two photocopiers from Monk Office; one requires monthly payments of \$173.31 until May 2023, the second requires monthly payments of \$47.22. The Association also leases two storage units on a month by month basis.

**Minimum commitment for the next year is as follows:**

2023	\$ 53,220
2024	23,283

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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**14. ECONOMIC DEPENDENCE**

The Association is economically dependent on continued government contracts.

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**Notes to Financial Statements**

**Year Ended March 31, 2022**

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**15. 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 in 2021. In fiscal 2021 the trust balance was applied against the outstanding mortgage as part of the renewal.

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**16. RELATED PARTY TRANSACTIONS**

In 2022 there was \$3,299 included in office expenses that was paid to a spouse of one of the staff members for IT services rendered (2021 - \$6,303). The transactions were conducted in the normal course of business at an agreed upon rate.

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**17. COMPARATIVE FIGURES**

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

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