

Financial Statements

Canadian Mental Health Association – Kelowna and
District Branch

March 31, 2020

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Independent auditor's report

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To the Directors of Canadian Mental Health Association – Kelowna & District Branch:

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Canadian Mental Health Association - Kelowna & District Branch ("the Association"), which comprise the statement of financial position as at March 31, 2020, and the statements of operations, 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 Canadian Mental Health Association - Kelowna & District Branch as at March 31, 2020, and its results of 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 these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matters

Our audit was conducted for the purposes of forming an opinion on the financial statements taken as a whole. The supplementary information included in the schedules is presented for purposes of additional information and is not required as part of the financial statements. Such information has been subject to the auditing procedures applied, only to the extent necessary to express an opinion in the audit of the financial statements taken as a whole.

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 the Association's 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 the Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

As required by the Societies Act of British Columbia, we report that, in our opinion, these financial statements were prepared on a basis consistent with that applied in preparing the financial statements of the preceding period.



Chartered Professional Accountants

Kelowna, Canada
June 25, 2020

Canadian Mental Health Association - Kelowna and District Branch

Statement of financial position

Year Ended March 31

2020

2019

Assets

Current

Cash and cash equivalents - Unrestricted funds	\$ 2,114,120	\$ 1,747,478
Cash - Restricted funds (Note 5)	302,830	303,241
Investments (Note 6)	-	203,507
Receivables	175,041	208,484
Goods and services tax recoverable	40,674	35,313
Prepaid expenses and deposits (Note 7)	81,244	64,127
	<u>2,713,909</u>	<u>2,562,150</u>

Replacement reserve funds (Note 8)	397,260	390,538
Tangible capital assets (Note 9)	<u>2,766,074</u>	<u>3,002,034</u>
	<u>\$ 5,877,243</u>	<u>\$ 5,954,722</u>

Liabilities

Current

Payables	\$ 108,390	\$ 135,891
Wages payable	107,751	107,420
Deferred revenue (Note 10)	511,285	409,017
Rent security deposits	49,072	44,227
Current portion of mortgage payable (Note 11)	76,655	74,826
	<u>853,153</u>	<u>771,381</u>

Mortgage payable (Note 11)	1,088,621	1,165,276
Deferred capital contributions (Note 12)	<u>1,380,000</u>	<u>1,725,984</u>
	<u>3,321,774</u>	<u>3,662,641</u>

Net assets

Restricted	401,736	438,069
Unrestricted	1,682,135	1,425,664
Invested in tangible capital assets	471,598	428,348
	<u>2,555,469</u>	<u>2,292,081</u>
	<u>\$ 5,877,243</u>	<u>\$ 5,954,722</u>

Commitments (Note 13)

Significant events (Note 16)

On behalf of the Board



Director



Director

See accompanying notes to the financial statements.

Canadian Mental Health Association - Kelowna and District Branch

Statement of operations

Year Ended March 31

	<u>Gaming</u>	<u>Rosemead Apartments</u>	<u>Willowbridge</u>			
	<u>Program Operations</u>	<u>Building Operations</u>	<u>Building Operations</u>	<u>Unrestricted Operations</u>	<u>Total 2020</u>	<u>Total 2019</u>
Revenue						
BC Housing and Interior Health Authority	\$ -	\$ 169,370	\$ 537,108	\$ 3,758,394	\$ 4,464,872	\$ 3,773,714
Donations	39,130	-	80	801,734	840,944	674,273
Grants	71,750	-	-	564,426	636,176	539,739
Tenants' rent	-	94,397	182,957	367,343	644,697	495,776
Amortization of deferred capital contributions	1,388	-	-	351,871	353,259	332,263
Sales and workshops	84,636	-	-	134,528	219,164	118,150
Other income	3,210	14,981	11,546	77,521	107,258	86,862
Sponsorships	-	-	-	106,091	106,091	61,530
BC Gaming	93,950	-	-	-	93,950	251,195
United Way	-	-	-	22,500	22,500	27,500
Interest	4,667	2,544	4,237	28,093	39,541	8,677
	<u>298,731</u>	<u>281,292</u>	<u>735,928</u>	<u>6,212,501</u>	<u>7,528,452</u>	<u>6,369,679</u>
Expenses						
Advertising	683	-	60	43,695	44,438	31,223
Amortization	1,388	39,769	702	382,490	424,349	406,658
Bank charges and processing fees	132	498	605	10,472	11,707	25,761
Conference and education	10,835	-	410	24,949	36,194	32,512
Contract fees and honorarium	8,890	-	101,183	577,653	687,726	420,273
Dues and memberships	-	-	1,040	9,512	10,552	10,728
Insurance	-	17,823	3,993	27,021	48,837	26,425
Interest on mortgage	-	29,157	-	-	29,157	30,943
Office	2,225	100	5,170	56,994	64,489	59,092
Professional fees	-	5,181	4,000	13,498	22,679	19,808
Program supplies and activities	18,144	940	28,074	372,648	419,806	308,019
Property tax	-	5,378	-	100	5,478	4,979
Rent	-	-	-	166,623	166,623	168,722
Rent subsidies	-	-	-	441,059	441,059	413,441
Repairs and maintenance	-	66,470	28,096	245,456	340,022	211,757
Salaries and wages	215,640	37,043	458,364	3,462,905	4,173,952	3,529,522
Telephone and internet	1,077	1,898	3,763	66,237	72,975	60,215
Travel	4,013	-	868	53,083	57,964	52,421
Utilities	-	48,025	56,905	102,127	207,057	167,455
	<u>263,027</u>	<u>252,282</u>	<u>693,233</u>	<u>6,056,522</u>	<u>7,265,064</u>	<u>5,979,954</u>
Excess of revenues over expenditures	\$ <u>35,704</u>	\$ <u>29,010</u>	\$ <u>42,695</u>	\$ <u>155,979</u>	\$ <u>263,388</u>	<u>389,725</u>

Canadian Mental Health Association - Kelowna and District Branch

Statement of changes in net assets

Year Ended March 31

		Rosemead Apartments		Willowbridge						
	Gaming Fund	Replacement Reserve	Restricted for Building Operations	Replacement Reserve	Restricted for Building Operations	Total Restricted	Unrestricted	Invested in Tangible Capital Assets	Total 2020	Total 2019
Net assets (deficiency), beginning of year	\$ 60,840	\$ 144,705	\$ 1,230	\$ 245,836	\$ (14,542)	\$ 438,069	\$ 1,425,664	\$ 428,348	\$ 2,292,081	\$ 1,902,356
Interfund transfer for BC Housing expense allocation	-	(1,650)	1,650	(3,152)	3,152	-	-	-	-	-
Revenue (expenditures), net for the year	35,704	-	68,779	-	43,397	147,880	186,598	(71,090)	263,388	389,725
Administrative fee and rent (<i>Note 4</i>)	(50,350)	-	(23,351)	-	(35,686)	(109,387)	109,387	-	-	-
Replacement reserve provision	-	16,560	(16,560)	28,800	(28,800)	-	-	-	-	-
Repairs and maintenance	-	(32,890)	32,890	(6,749)	6,749	-	-	-	-	-
Mortgage principal repayments	-	-	(74,826)	-	-	(74,826)	-	74,826	-	-
Interest on replacement reserve	-	1,566	(1,566)	4,234	(4,234)	-	-	-	-	-
Purchase of tangible capital assets	(141,600)	-	-	-	-	(141,600)	(46,789)	188,389	-	-
Additions to deferred capital contributions	141,600	-	-	-	-	141,600	7,275	(148,875)	-	-
	\$ 46,194	\$ 128,291	\$ (11,754)	\$ 268,969	\$ (29,964)	\$ 401,736	\$ 1,682,135	\$ 471,598	\$ 2,555,469	\$ 2,292,081

Canadian Mental Health Association - Kelowna and District Branch

Statement of cash flows

March 31

2019

2018

Increase (decrease) in cash and cash equivalents

Operating

Excess of revenue over expenses - Restricted funds	\$ 107,409	\$ 149,471
Excess of revenue over expenses - Unrestricted funds	155,979	240,254
	<u>263,388</u>	<u>389,725</u>

Adjustment for non-cash items

Amortization of deferred capital contributions - Restricted funds	(1,388)	(708)
Amortization of deferred capital contributions - Unrestricted funds	(351,871)	(331,555)
Amortization - Restricted funds	41,859	44,089
Amortization - Unrestricted funds	382,490	362,569
	<u>71,090</u>	<u>74,395</u>

Changes in non-cash operating working capital

Investments	224,488	(130,384)
Receivables	33,443	(38,745)
Goods and service tax recoverable	(5,361)	20,955
Prepaid expenses and deposits	(17,117)	8,822
Payables	(27,501)	40,629
Wages payable	331	20,913
Deferred revenue	102,268	87,873
Rent security deposits	4,845	16,414
	<u>315,396</u>	<u>26,477</u>
	<u>649,874</u>	<u>490,597</u>

Investing

Purchase of tangible capital assets - Restricted funds	(141,600)	(36,811)
Purchase of tangible capital assets - Unrestricted funds	(46,789)	(260,604)
	<u>(188,389)</u>	<u>(297,415)</u>

Financing

Additions to deferred capital contributions - Restricted funds		35,404
Additions to deferred capital contributions - Unrestricted funds	7,275	252,030
Mortgage principal repayments	(74,826)	(73,040)
	<u>(67,551)</u>	<u>214,394</u>

Increase in cash and cash equivalents

	393,934	407,576
Cash and cash equivalents, beginning of year	2,139,527	1,731,951
Cash and cash equivalents, end of year	<u>\$ 2,533,461</u>	<u>\$ 2,139,527</u>

Cash consists of:

Cash and cash equivalents - Unrestricted funds	\$ 2,114,120	\$ 1,747,478
Cash - Restricted funds	302,830	303,241
Cash - Replacement reserve funds	116,511	88,808
	<u>\$ 2,533,461</u>	<u>\$ 2,139,527</u>

Canadian Mental Health Association – Kelowna and District Branch

Notes to the financial statements

March 31, 2020

1. Nature of organization

The Canadian Mental Health Association - Kelowna and District Branch (the "Association") is a branch of the Canadian Mental Health Association and is incorporated under the Societies Act of British Columbia. The Association promotes the mental health of all and supports the resilience and recovery of people in the Central Okanagan experiencing mental illness through community education, influencing public policy, research and service.

The Association is a registered charity within the definition of the Income Tax Act and therefore, as long as it complies with the rules and regulations of the Income Tax Act, it is exempt from income taxes and may issue receipts to donors.

2. Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO). Canadian accounting standards for not-for-profit organizations are part of Canadian generally accepted accounting principles (GAAP).

3. Changes in accounting policies

Effective April 1, 2019, the Organization adopted Section 4433 – Tangible Capital Assets Held by Not for Profit Organizations. Section 4433 replaced Section 4431 Tangible Capital Assets Held by Not for Profit Organizations and requires the application of Part II of the CPA Handbook – ASPE Section 3061 Property, Plant and Equipment and ASPE Section 3110 Asset Retirement Obligations for tangible capital assets held by NPOs, and provides guidance on contributed assets and write-downs of tangible capital assets. As a result of adopting Section 4433 tangible capital assets are written down to fair value or replacement cost to reflect partial impairments when conditions indicate that the assets no longer contribute to an organization's ability to provide goods and services, or that the value of future economic benefits or service potential associated with the tangible capital assets are less than their net carrying amounts. This section was adopted prospectively. The Association determined that the adoption of this section had no impact on the March 31, 2020 financial statements.

4. Summary of significant accounting policies

Fund accounting and revenue recognition

The Association follows the restricted fund method of accounting for contributions. The funds are segregated into restricted and unrestricted funds depending on externally imposed spending requirements.

(continued)

Canadian Mental Health Association – Kelowna and District Branch

Notes to the financial statements

March 31, 2020

4. Summary of significant accounting policies (continued)

The Restricted Funds consist of the Rosemead Apartments Fund, the Willowbridge Fund, Gaming Fund and Replacement Reserve Funds.

The Gaming Fund receives grants from the BC Gaming Commission. Expenses of this fund must comply with the policies and procedures of the BC Gaming Commission.

The Rosemead Apartments Fund and the Willowbridge Fund receive funding from the British Columbia Housing Management Commission (BC Housing) which may only be used for the operations of the related housing projects.

The Replacement Reserve Fund reports details of funds reserved for tangible capital asset purchases and repairs and maintenance activities for Rosemead Apartments and Willowbridge housing projects.

Unrestricted Funds consist of General program and several self-funded and government-funded programs. Funded programs receive funding and grants from BC Housing, Interior Health Authority, CMHA BC Division and other federal and provincial organizations. Grants and donations are also received from other organizations and private donors.

For restricted contributions received that do not pertain to specific restricted funds, the Association follows the deferral method of accounting for contributions.

Government funding and grants

Unrestricted revenue from contracts from federal and provincial organizations is recognized when received or receivable if the amounts to be received can be reasonably estimated and collection is reasonably assured. Restricted revenue from these contracts is recognized in the corresponding restricted funds or, if there is no corresponding restricted fund, it is deferred and recognized in the year in which the related expenses are incurred and/or the services are provided in accordance with the terms of the applicable agreement.

Tenant rent contributions

Revenue from tenant rent contributions is recognized when cash is collected or reasonably collectible. The Association has verification of the income of all tenants on-file, as required by the operating agreement with BC Housing.

Deferred capital contributions

Externally restricted contributions for depreciable capital assets are deferred and recognized as revenue at a rate corresponding with the amortization rate for the related capital asset.

(continued)

Canadian Mental Health Association – Kelowna and District Branch

Notes to the financial statements

March 31, 2020

4. Summary of significant accounting policies (continued)

Other revenue

Fundraising and miscellaneous revenue are recognized in the respective programs in the current period when cash is received and the services or goods are provided.

Unrestricted income is recognized as revenue when earned in the unrestricted fund. Restricted interest income is recognized as revenue in the corresponding restricted fund.

Replacement reserve funds from BC Housing

Contributions received from BC Housing for the Replacement Reserve Funds are reported as inter-fund transfers from the Housing Operations Fund to the Replacement Reserve Fund.

Contributed services

The operations of the organization depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and is therefore not reflected in these financial statements.

Cash and cash equivalents

Cash and cash equivalents consists of cash on hand, GIC's and term deposits that are readily convertible into cash. GIC's and term deposits that are not readily convertible into cash are classified as investments.

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.

Buildings	4%	declining-balance method
Computer equipment	4 years	straight-line method
Furniture and fixtures	20%	declining-balance method and
	5 years	straight-line method
Leasehold improvements	5 years	straight-line method
Vehicles	5 years	straight-line method

The Association's management regularly reviews its tangible capital assets to ensure that tangible capital assets that no longer contribute to the Association's ability to provide services are written down to their residual value.

Tangible capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

(continued)

Canadian Mental Health Association – Kelowna and District Branch

Notes to the financial statements

March 31, 2020

4. Summary of significant accounting policies (continued)

Financial instruments

The Association considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in certain limited circumstances. A financial asset or liability is recognized when the Association becomes party to contractual provisions of the instrument.

Initial measurement

Financial assets or liabilities obtained in arm's length transactions are initially measured at their fair value.

Financial assets or liabilities obtained in related party transactions are measured at their carrying amount, except for those transactions that are with a person or entity whose sole relationship with the Association is in the capacity of management, which are accounted for in accordance with the policy described in the previous paragraph.

Subsequent measurement

The Association subsequently measures all of its financial assets and financial liabilities at amortized cost. These financial instruments include cash and cash equivalents, receivables, payables, rent security deposits and mortgage payable.

The Association's financial assets (or groups of similar financial assets) are tested for impairment when there are indicators of impairment. Previously recognized impairment losses are reversed to the extent of the improvement provided the asset is not carried at an amount, at the date of the reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of any write-downs or reversals are recognized in the statement of operations.

Measurement uncertainty

The preparation of financial statements in conformity with ANSPO requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in the statement of operations in the period in which they become known. Actual results could differ from these estimates. Items subject to significant management estimates include allowance for doubtful accounts, useful lives of tangible capital assets and the related amortization of tangible capital assets and deferred capital contributions.

(continued)

Canadian Mental Health Association – Kelowna and District Branch

Notes to the financial statements

March 31, 2020

4. Summary of significant accounting policies (continued)

Inter-department charges

Administration fees and rents were charged by the General program to individual programs according to the annual operating budget as approved by management and the Board of Directors, and as agreed between the Association and funding agencies.

Administration fees and rents charged to each program in Unrestricted Operations have been eliminated in the Statement of operations.

Administration fees were charged in Unrestricted Operations to Gaming, Rosemead Apartments, and Willowbridge in Restricted Funds in the amount of \$40,750, \$23,351 and \$35,686 (2019 - \$38,500, \$15,063 and \$27,393) respectively for administrative services. Rent was charged to Gaming by the Unrestricted operations in the amount of \$9,600 (2019 - \$9,600).

5. Restricted cash

	2020	2019
BC Gaming Commission	\$ 146,996	\$ 303,241
Restricted - Building Fund	<u>155,834</u>	<u>-</u>
	<u>\$ 302,830</u>	<u>\$ 303,241</u>

Restricted cash is made up of:

Grants received from the BC Gaming Commission that are restricted for use towards specific programs as outlined in the grant agreement, of which \$100,800 (2019 - \$242,400) is related to the purchase of a new mobile unit for youth programs.

A donation from a private donor that is restricted for the development and implementation of a new facility to meet the needs of the Association.

Canadian Mental Health Association – Kelowna and District Branch
Notes to the financial statements
March 31, 2020

6. Investments

	2020	2019
Bank of Montreal GIC – matured March 2020	<u>\$ -</u>	<u>\$ 203,507</u>

7. Prepaid expenses and deposits

	2020	2019
Prepays and deposits - General	\$ 76,244	\$ 59,127
Security deposit - Foundry	<u>5,000</u>	<u>5,000</u>
	<u>\$ 81,244</u>	<u>\$ 64,127</u>

Canadian Mental Health Association – Kelowna and District Branch
Notes to the financial statements
March 31, 2020

8. Replacement reserve funds

Under the terms of an agreement with B.C. Housing, the Replacement Reserve Funds are to be credited in an amount determined by the budget provision per annum plus interest earned. These funds along with 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, the Credit Union Deposit Insurance Corporation, in investments guaranteed by the Canadian government or in other investment instruments as agreed upon with B.C. Housing. The funds are to be used for tangible capital asset purchases or other repairs and maintenance needs to ensure that the buildings continue to be functional over their useful lives. As of March 31, the Replacement Reserve Funds are fully funded and consist of:

	2020	2019
Rosemead apartments		
Savings account	\$ 44,192	\$ 56,310
Restricted cash	-	5,863
Bank of Montreal GIC - maturing April 2020	8,430	8,264
Interior Savings term investment - maturing January 2021	17,860	17,568
Interior Savings term investment - maturing March 2021	57,808	56,700
	<u>\$ 128,290</u>	<u>\$ 144,705</u>
Willowbridge		
Restricted cash	\$ 72,319	\$ 26,635
Bank of Montreal GIC - matured March 2020	-	26,204
Bank of Montreal GIC - maturing April 2020	30,750	30,133
Interior Savings term investment - maturing March 2021	109,800	107,836
Interior Savings term investment - maturing March 2021	33,483	32,841
Interior Savings term investment - maturing November 2020	22,618	22,184
	<u>\$ 268,970</u>	<u>\$ 245,833</u>
Total cash	116,511	88,808
Total investments	<u>280,749</u>	<u>301,730</u>
Total	<u>\$ 397,260</u>	<u>\$ 390,538</u>

During the year, the Rosemead Apartments' Replacement Reserve Fund earned interest of \$1,566 (2019 - \$1,285), and incurred expenditures of \$32,890 (2019 - \$10,671). The Willowbridge Replacement Reserve Fund earned interest of \$4,237 (2019 - \$2,566) and incurred expenditures of \$6,749 (2019 - \$2,165).

Based on the prior year financial statements, BC Housing requested that \$4,802 (2019 - \$10,535) be transferred from the Willowbridge and Rosemead Replacement Reserve Funds, respectively, to the Operations Funds for repairs and maintenance.

Canadian Mental Health Association – Kelowna and District Branch
Notes to the financial statements
March 31, 2020

9. Tangible capital assets

			2020	2019
	Cost	Accumulated Amortization	Net book value	Net book value
Land	\$ 483,019	\$ -	\$ 483,019	\$ 483,019
Buildings	2,566,360	1,394,720	1,171,640	1,217,948
Computer equipment	176,594	113,849	62,745	80,476
Furniture and fixtures	473,670	232,497	241,173	281,125
Leasehold improvements	1,367,840	701,943	665,897	939,466
Vehicle	141,600	-	141,600	-
	<u>\$ 5,209,083</u>	<u>\$ 2,443,009</u>	<u>\$ 2,766,074</u>	<u>\$ 3,002,034</u>

The vehicle is not in use as at year end and therefore has not been amortized.

10. Deferred revenue

	2020	2019
Deferred revenue - General programs	\$ 316,361	\$ 282,895
Deferred revenue - Foundry fundraising	<u>194,924</u>	<u>126,122</u>
	<u>\$ 511,285</u>	<u>\$ 409,017</u>

11. Mortgage payable

	2020	2019
Peoples Trust Company loan bearing interest at 2.43% per annum, repayable in monthly blended payments of \$8,665. The loan matures on April 1, 2025 and is secured by specific property which has a carrying value of \$888,343	\$ 1,165,276	\$ 1,240,102
Amounts payable within one year	<u>(76,655)</u>	<u>(74,826)</u>
	<u>\$ 1,088,621</u>	<u>\$ 1,165,276</u>

Principal repayment terms are approximately:

2021	\$ 76,655
2022	78,529
2023	80,449
2024	82,415
2025	84,475
Thereafter	<u>762,753</u>
	<u>\$ 1,165,276</u>

Canadian Mental Health Association – Kelowna and District Branch
Notes to the financial statements
March 31, 2020

12. Deferred capital contributions

	2020	2019
Balance, beginning of the year	\$ 1,725,984	\$ 1,770,818
Additions	7,275	287,429
Amortization	<u>(353,259)</u>	<u>(332,263)</u>
	<u>\$ 1,380,000</u>	<u>\$ 1,725,984</u>

Deferred capital contributions consist of funds received for mobile Foundry, building improvements, leasehold improvements, and equipment for the Foundry and a donation received from a private donor that is restricted for the development and implementation of a new facility to meet the needs of the Association. As at year-end, \$250,800 (2019 - \$392,400) of the total above has not yet been used to purchase tangible capital assets.

13. Commitments

Lease commitment

The Association has a long term lease with respect to its premises for the Foundry program. The lease term extends from March 15, 2017 to March 14, 2022. It contains renewal options and provides for payment of utilities, property taxes and maintenance costs. Future minimum lease payments as at March 31, 2020, are as follows:

2021	\$ 169,938
2022	<u>169,938</u>
	<u>\$ 339,876</u>

Purchase commitment

In July 2019, the Association made a commitment to acquire a Mobile Health Clinic for \$283,200. As at year-end, the Association has paid 50% of this amount. The remaining 50% will be payable on delivery of the capital asset.

14. Financial risk and concentration of risks

The Association is exposed to interest rate risks with respect to its cash equivalents and investments. Unless otherwise noted, it is management's opinion that the Association is not exposed to significant currency, liquidity or credit risks. The maximum credit risk exposure of the Association's financial assets is the carrying value of the assets.

Canadian Mental Health Association – Kelowna and District Branch

Notes to the financial statements

March 31, 2020

15. British Columbia Societies Act

The British Columbia Societies Act includes a requirement to disclose the remuneration paid to all directors, the ten highest paid employees, and all contractors who were paid at least \$75,000 annually. The Association had three (2019 - four) individuals that fall within this disclosure requirement with remuneration totalling \$321,486 (2019 - \$389,599).

16. Significant events

Since March 31, 2020, the spread of COVID-19 has continued to severely impact many local economies around the globe. In many countries, including Canada, businesses were forced to cease operations or have voluntarily ceased or limited operations for an indefinite period of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing and closures of non-essential services have triggered significant disruptions to business worldwide, resulting in an economic slowdown and global stock markets have experienced great volatility. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

During this time, the Association has remained fully operational, adapting organizational programming to provide virtual and online options. The Association has experienced a negative impact on donations and fundraising activities, but there has been no interruption to government funding. The only office closures experienced were to the administrative building, and the Foundry office, and all housing locations remained operational. There have been minimal layoffs. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remain unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences or their impact on the financial position and results of the Association for future periods. However, if measures related to the pandemic were to limit the Association's fundraising activities over the longer term, this could result in layoffs and significantly impact the Association's ability to provide administrative and operational support to its government-funded programs.

17. Comparative figures

Some of the comparative figures have been reclassified, where applicable, to conform to the current year's presentation.

Canadian Mental Health Association - Kelowna and District Branch

Statement of operations

- Homeless Outreach and Rent Subsidy *(Schedule 1)*

Year Ended March 31

	2020	2019
Revenue		
BC Housing	\$ 327,693	\$ 320,038
	<u>327,693</u>	<u>320,038</u>
Expenses		
Administration fee (a)	43,462	42,967
Conference and education	292	274
Dues and memberships	-	285
Insurance	1,932	1,420
Office	232	1,250
Professional fees	2,000	1,600
Program supplies and activities	8,597	25,916
Rent (a)	4,500	4,500
Rent subsidies	66,689	80,197
Repairs and maintenance	11,884	1,923
Salaries and wages	181,957	183,929
Telephone	1,940	3,366
Travel	11,379	10,297
	<u>334,865</u>	<u>357,924</u>
Deficiency of revenues over expenditures	<u>\$ (7,172)</u>	<u>(37,886)</u>

(a) Administration fee and rent are charged to the program according to the annual operating budget as approved by management and the Board of Directors, and as agreed between the Association and BC Housing. Administration fee and rent were recorded as revenue in the General program and have been eliminated in the Statement of operations on page 4.

Canadian Mental Health Association - Kelowna and District Branch

Statement of operations

- Homeless Prevention and Rent Subsidy Youth (*Schedule 2*)

Year Ended March 31

	<u>2020</u>	<u>2019</u>
Revenue		
BC Housing	\$ 385,323	\$ 368,100
	<u>385,323</u>	<u>368,100</u>
Expenses		
Administration fee (<i>a</i>)	36,452	35,600
Conference and education	200	-
Insurance	3,897	1,775
Office	563	317
Program supplies and activities	5,955	14,778
Rent subsidies	200,407	220,324
Repairs and maintenance	12,537	1,257
Salaries and wages	118,206	114,051
Telephone	1,392	1,857
Travel	3,812	1,134
	<u>383,421</u>	<u>391,093</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 1,902</u>	<u>(22,993)</u>

(a) Administration fee is charged to the program according to the annual operating budget as approved by management and the Board of Directors, and as agreed between the Association and BC Housing. Administration fee was recorded as revenue in the General program and have been eliminated in the Statement of operations on page 4.

Canadian Mental Health Association - Kelowna and District Branch

Statement of operations - Heath House

(Schedule 3)

Year Ended March 31

	2020	2019
Revenue		
BC Housing (b)	\$ 809,122	\$ 497,773
Tenant rent	168,031	36,044
Donations	200	-
Other revenue	74	-
	<u>977,427</u>	<u>533,817</u>
Expenses		
Administration fee (a)	55,989	29,224
Bank charges and processing fees	55	-
Conference and education	576	1,333
Contract fees and honorarium	16,696	21,171
Insurance	6,684	1,815
Office	3,904	4,817
Professional fees	3,998	-
Program supplies and activities	182,546	88,854
Repairs and maintenance	91,711	14,735
Salaries and wages	590,376	215,318
Telephone and internet	20,699	8,778
Travel	3,821	557
Utilities	35,502	6,577
	<u>1,012,557</u>	<u>393,179</u>
Deficiency (excess) of revenues over expenditures	<u>\$ (35,129)</u>	<u>140,638</u>
Purchase of equipment (b)	2,771	122,235
Deficiency (excess) of revenues over expenditures	<u>\$ (37,899)</u>	<u>\$ 18,403</u>

(a) Administration fee is charged to the program according to the annual operating budget as approved by management and the Board of Directors, and as agreed between the Association and BC Housing. Administration fee was recorded as revenue in the General program and have been eliminated in the Statement of operations on page 4.

(b) Equipment purchased during the year is presented on this statement for operational review purposes as requested by BC Housing. Funds received from BC Housing for the purpose of equipment purchases have been included above, but for the purposes of the financial statements, are included in deferred capital contributions.

Canadian Mental Health Association - Kelowna and District Branch

Statement of operations - Gordon Place

(Schedule 4)

Year Ended March 31

	2020	2019
Revenue		
BC Housing (b)	\$ 833,177	\$ 791,219
Tenant rent	199,312	186,200
Other revenue	29,127	26,856
	<u>1,061,617</u>	<u>1,004,275</u>
Expenses		
Administration fee (a)	55,825	43,016
Bank charges and processing fees	69	-
Conference and education	772	2,176
Contract fees and honorarium	23,958	82,630
Insurance	5,159	2,081
Office	6,800	4,889
Professional fees	5,100	5,000
Program supplies and activities	190,383	181,579
Property taxes	50	-
Repairs and maintenance	39,334	18,262
Salaries and wages	642,254	508,692
Telephone and internet	20,149	22,177
Travel	3,873	3,292
Utilities	48,657	41,624
	<u>1,042,383</u>	<u>915,418</u>
Excess of revenues over expenditures	<u>\$ 19,234</u>	<u>88,857</u>
Purchase of equipment (b)	-	15,672
Excess of revenues over expenditures	<u>\$ 19,234</u>	<u>\$ 73,185</u>

(a) Administration fee is charged to the program according to the annual operating budget as approved by management and the Board of Directors, and as agreed between the Association and BC Housing. Administration fee was recorded as revenue in the General program and have been eliminated in the Statement of operations on page 4.

(b) Equipment purchased during the year is presented on this statement for operational review purposes as requested by BC Housing. Funds received from BC Housing for the purpose of equipment purchases have been included above, but for the purposes of the financial statements, are included in deferred capital contributions.

Canadian Mental Health Association - Kelowna and District Branch

Statement of operations

- Homeless Outreach and Rent Subsidy Scattered Sites *(Schedule 5)*

Year Ended March 31

	<u>2020</u>	<u>2019</u>
Revenue		
BC Housing	\$ 185,000	\$ 61,667
	<u>185,000</u>	<u>61,667</u>
Expenses		
Administration fee <i>(a)</i>	13,970	4,657
Bank charges and processing fees	14	-
Insurance	1,932	-
Office	488	-
Program supplies and activities	7,925	716
Rent subsidies	98,472	34,513
Repairs and maintenance	10,719	11,120
Salaries and wages	42,748	10,645
Telephone	682	200
Travel	2,898	-
	<u>179,848</u>	<u>61,851</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 5,152</u>	<u>(184)</u>

(a) Administration fee is charged to the program according to the annual operating budget as approved by management and the Board of Directors, and as agreed between the Association and BC Housing. Administration fee was recorded as revenue in the General program and have been eliminated in the Statement of operations on page 4.