

Canadian Mental Health Association  
Shuswap/Revelstoke Branch  
Financial Statements  
For the Year Ended March 31, 2022

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Canadian Mental Health Association Shuswap/Revelstoke  
Branch  
Financial Statements  
For the Year Ended March 31, 2022

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## Independent Auditor's Report

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To the members of Canadian Mental Health Association Shuswap/Revelstoke Branch

### Qualified Opinion

We have audited the financial statements of Canadian Mental Health Association Shuswap/Revelstoke Branch (the Association), which comprise the statement of financial position as at March 31, 2022, 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, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at March 31, 2022, and its financial performance and 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 non-profit organizations, Canadian Mental Health Association derives revenue from private cash donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of Canadian Mental Health Association. Therefore, we were unable to determine whether any adjustments might be necessary to donation revenues, excess of revenues over expenses and cash flows from operations for the years ended March 31, 2022 and 2021, current assets as at March 31, 2022 and 2021, and net assets as at April 1 and March 31 for both the 2022 and 2021 years. Our audit opinion on the financial statements for the year ended March 31, 2022 was modified accordingly because of the possible effects of this limitation in scope.

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 qualified audit opinion.



#### Other Matter

We draw attention to the fact that the supplementary information included in Schedule 1 does not form part of the financial statements. We have not audited or reviewed this supplementary information and, accordingly, we do not express an opinion, a review conclusion or any form of assurance on this supplementary information.

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

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

In preparing the financial statements, management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters 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 Society Act of British Columbia, we report that, in our opinion, the accounting principles in Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

*BDO Canada LLP*

Chartered Professional Accountants

Salmon Arm, British Columbia  
June 23, 2022

## Canadian Mental Health Association Shuswap/Revelstoke Branch Statement of Financial Position

March 31	2022	2021
<b>Assets</b>		
<b>Current</b>		
Cash and bank (Note 2)	\$ 1,382,649	\$ 1,067,029
Short-term investments (Note 3)	-	45,994
Accounts receivable	250,766	1,391,419
Prepaid expenses	666	30,108
Current portion of prepaid rent (Note 4)	7,264	7,264
	1,641,345	2,541,814
Long-term investments (Note 3)	205,250	154,392
Prepaid rent (Note 4)	242,772	250,036
Capital assets (Note 5)	22,411,407	27,002,821
Assets under capital lease (Note 6)	3,090,756	3,219,537
	\$ 27,591,530	\$ 33,168,600
<b>Liabilities and Net Assets</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 7)	\$ 365,897	\$ 3,049,099
Prepaid rent	174,041	71,869
Deferred revenue (Note 8)	280,826	247,011
Convertible construction loan (Note 9)	14,899,900	17,627,323
Current portion of deferred capital contributions (Note 10)	9,977	6,407
Current portion of long-term debt (Note 11)	425,000	1,511,500
	16,155,641	22,513,209
Deferred contributions for capital assets (Note 10)	6,856,560	6,853,787
Long-term debt (Note 11)	3,675,423	3,001,263
	26,687,624	32,368,259
<b>Net Assets</b>		
Invested in Capital Assets	241,916	(435,111)
Internally Restricted for Future Expenditures	205,249	200,385
Externally Restricted for Foxridge Expenditures	16,998	7,689
Externally Restricted for Replacement Reserves	477,332	458,570
Unrestricted	(37,589)	568,808
	903,906	800,341
	\$ 27,591,530	\$ 33,168,600

On behalf of the Board:

Sylvia Simons Director

[Signature] Director

The accompanying notes are an integral part of these financial statements.

**Canadian Mental Health Association Shuswap/Revelstoke Branch  
Statement of Changes in Net Assets**

For the year ended March 31	Invested in Capital Assets	Internally Restricted for Future Expenditures	Externally Restricted for Foxridge Expenditures	Externally Restricted for Replacement Reserves	Unrestricted	2022 Total	2021 Total
				(Note 13)			
Balance, beginning of the year	\$ (435,111)	\$ 200,385	\$ 7,689	\$ 458,570	\$ 568,808	\$ 800,341	\$ 589,749
Excess of revenues over expenses	(597,350)	-	12,562	18,762	653,016	86,990	200,527
Investment in capital assets	6,094,765	-	-	-	(6,094,765)	-	-
Disposal of capital assets	(10,217,611)	-	-	-	10,217,611	-	-
Change in debt	412,340	-	-	-	(412,340)	-	-
Net deferred capital contributions and holdbacks	4,984,883	-	-	-	(4,984,883)	-	-
Transfer to (from) unrestricted fund	-	4,864	2,188	-	(7,052)	-	-
Subsidy adjustment	-	-	(5,441)	-	22,016	16,575	10,065
Balance, end of the year	\$ 241,916	\$ 205,249	\$ 16,998	\$ 477,332	\$ (37,589)	\$ 903,906	\$ 800,341

The accompanying notes are an integral part of these financial statements.

## Canadian Mental Health Association Shuswap/Revelstoke Branch Statement of Operations

For the year ended March 31	2022	2021
Revenue		
Rent	\$ 1,357,685	\$ 831,865
BC Housing subsidy	1,021,213	413,602
Interior Health Authority	722,109	707,084
Grants	423,619	317,514
Thrift Shoppe	107,353	74,260
Sale of services	88,625	40,980
Replacement reserve subsidy	75,168	74,304
Donations and fundraising	47,327	21,890
Miscellaneous	27,501	53,185
Interest	5,764	6,132
Memberships	465	455
	<u>3,876,829</u>	<u>2,541,271</u>
Expenses		
Advertising	1,893	1,841
Amortization	597,350	180,185
Board expenses	9,934	13,250
Insurance	117,532	100,449
Interest on long-term debt	125,124	152,985
Land lease	7,264	7,264
Licenses, dues and fees	10,096	9,092
Office	33,750	45,712
Professional fees	29,995	41,280
Program costs	438,020	91,245
Property Taxes	5,578	4,247
Rent	63,405	62,790
Repairs and maintenance	365,228	285,537
Replacement reserve	56,864	26,718
Staff development	4,306	8,369
Travel and vehicle	16,111	10,410
Utilities	260,800	148,628
Wages and benefits	1,666,521	1,269,575
	<u>3,809,771</u>	<u>2,459,577</u>
Operating income	67,058	81,694
Other income		
Wage subsidy	19,932	118,833
	<u>19,932</u>	<u>118,833</u>
Excess of revenues over expenses	<u>\$ 86,990</u>	<u>\$ 200,527</u>

The accompanying notes are an integral part of these financial statements.



## Canadian Mental Health Association Shuswap/Revelstoke Branch Statement of Cash Flows

For the year ended March 31	2022	2021
<b>Cash flows from operating activities</b>		
Cash received from Interior Health Authority	\$ 722,109	\$ 707,084
Cash received from tenants	1,459,857	881,928
Cash received from services	205,510	150,036
Cash received from BC Housing	1,128,943	366,296
Cash received from grant funding	483,708	572,123
Cash received from donations	47,327	21,890
Cash paid for operations	(4,590,693)	(349,679)
Interest paid	(125,124)	(152,985)
Interest received	5,764	6,132
	(662,599)	2,202,825
<b>Cash flows from investing activities</b>		
Acquisition of investments	(4,864)	(5,094)
Purchase of capital assets	(6,094,765)	(16,164,864)
Disposal of capital assets	10,823,002	23,600
	4,723,373	(16,146,358)
<b>Cash flows from financing activities</b>		
Loans from (repayments to) BC Housing	(3,332,814)	14,542,079
Long-term debt principal repayments	(412,340)	(393,339)
	(3,745,154)	14,148,740
Net increase in cash	315,620	205,207
Cash, beginning of the Cash	1,067,029	861,822
Cash, end of the year	\$ 1,382,649	\$ 1,067,029
<b>Represented by:</b>		
Cash - restricted	681,277	666,645
Cash - unrestricted	701,372	400,384
	\$ 1,382,649	\$ 1,067,029

The accompanying notes are an integral part of these financial statements.

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# Canadian Mental Health Association Shuswap/Revelstoke Branch

## Notes to Financial Statements

March 31, 2022

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### 1. Significant Accounting Policies

Nature and Purpose of Organization	The Canadian Mental Health Association Shuswap/Revelstoke Branch "the Association" is a not-for-profit organization incorporated under the Society Act of British Columbia. The Association is a registered charity under the Income Tax Act and operates several programs to support people with mental health issues in the Shuswap / Revelstoke areas.
Basis of Accounting	The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.
Revenue Recognition	<p>The Canadian Mental Health Association Shuswap/Revelstoke Branch follows the deferral method of accounting for contributions.</p> <p>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.</p> <p>Deferred capital contributions for capital asset acquisitions are amortized to revenue on the same basis as the related capital asset.</p> <p>Rent and Thrift Shoppe revenue is recognized when the price is fixed or determinable, collectibility is reasonably assured and the service or good has been provided to the tenant or customer.</p>
Inventory	The Association does not record the inventory of its donated clothing and household goods as there is minimal or no cost to the Association for these items.

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## Canadian Mental Health Association Shuswap/Revelstoke Branch Notes to Financial Statements

March 31, 2022

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### 1. Significant Accounting Policies (continued)

#### Capital Assets

Capital assets have been recorded at cost. If events or circumstances indicate that the carrying value of the capital assets may be impaired, a recoverability analysis is performed based upon estimated undiscounted cash flows to be generated from the capital assets. If the analysis indicates that the carrying value is not recoverable from future cash flows, the capital assets are written down to estimated fair value and an impairment loss is recognized. Cost includes all amounts related to the acquisition and improvements of the capital assets including replacement of equipment. All costs associated with upgrading the existing capital assets, other than ordinary repairs and maintenance, are capitalized and amortized over their expected useful lives.

Amortization based on the estimated useful life of the asset is calculated as follows:

	Method	Rate
Buildings	Declining balance	4%
Computer equipment	Declining balance	30%
Equipment, furnishings and signage	Declining balance	20%
Vehicles	Declining balance	30%

Assets which were purchased in order to provide certain programs according to contracts, have not been capitalized but have been shown as an expenditure in the year of acquisition. Assets are amortized at one half the above rates in the year of acquisition.

Interest expense related to the construction loan for capital assets under construction is capitalized for accounting purposes.

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# Canadian Mental Health Association Shuswap/Revelstoke Branch

## Notes to Financial Statements

March 31, 2022

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### 1. Significant Accounting Policies (continued)

**Financial Instruments**      Financial Instruments are recorded at fair value at initial recognition.

In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any change in fair value reported in income. All other financial instruments are reported at cost or amortized cost less impairment. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost.

Financial assets are tested for impairment when indicators of impairment exist. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in net income.

**Use of Estimates**      The preparation of the financial statements 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 the reported amounts of revenues and expenditures during the reporting period.

Actual results could differ from management's best estimates as additional information becomes available in the future. Significant estimates include the valuation of accounts receivable, completeness of accounts payable and accrued liabilities, and amortization of capital assets.

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## Canadian Mental Health Association Shuswap/Revelstoke Branch Notes to Financial Statements

March 31, 2022

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### 2. Cash and Bank

- a) The Association's bank accounts are held by one financial institution. The bank accounts earn interest from 0% to 0.10% (2021 - 0% to 0.10%).
- b) The Association has an available operating line of credit in the amount of \$10,000 (2021 - \$10,000) bearing interest at prime (2021 - prime). As of March 31, 2022, the Association had undrawn capacity under this facility of \$10,000 (2021 - \$10,000).

The bank's prime rate as at March 31, 2022 was 2.70% (2021 - 2.45%).

- c) Restricted cash of \$459,029 (2021 - \$458,570) represents amounts to be used as approved by BC Housing for Replacement Reserves.

Under the terms of the agreement with BC Housing, the Replacement Reserve accounts are to be credited with 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 or the Credit Union Deposit Insurance Corporation.

The Replacement Reserve Fund was underfunded by 18,303 (2021 - fully funded).

	Cash Balance	Replacement Reserve (Note 13)	Overfunded / (Underfunded)
Clover Court	\$ 107,895	\$ 117,340	\$ (9,445)
The Terrace	153,378	159,382	(6,004)
680 Shuswap	197,756	200,610	(2,854)
	\$ 459,029	\$ 477,332	\$ (18,303)

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### 3. Investments

- a) The Association's investments consist of internally restricted funds to be used for specific purposes as outlined by the Board.
- b) The investments include various GICs and earn interest from 1.68% to 3.28% (2021 - 1.68% to 3.28%) and have maturity dates ranging from February 2023 to February 2026.
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## Canadian Mental Health Association Shuswap/Revelstoke Branch Notes to Financial Statements

March 31, 2022

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### 4. Prepaid Rent

Prepaid rent represents the payments made in advance for the lease of the land related to the leased properties as detailed in Note 6. Prepayment on the leased land is expensed over the lease terms on a straight-line basis.

	2022	2021
Clover Court	\$ 63,767	\$ 65,829
The Terrace	148,540	152,757
680 Shuswap	37,729	38,714
	250,036	257,300
Current portion	7,264	7,264
	\$ 242,772	\$ 250,036

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### 5. Capital Assets

	2022		2021	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 1,182,275	\$ -	\$ 1,521,694	\$ -
Buildings	22,398,141	1,241,539	26,234,989	790,945
Computer equipment	50,082	45,216	44,787	44,266
Equipment, furnishings and signage	128,295	118,990	128,295	116,664
Vehicles	101,958	43,599	53,833	28,902
	23,860,751	1,449,344	27,983,598	980,777
		\$22,411,407		\$ 27,002,821

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## Canadian Mental Health Association Shuswap/Revelstoke Branch Notes to Financial Statements

March 31, 2022

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### 6. Assets Under Capital Lease

	2022		2021	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
51 9th Avenue SE	\$ 3,525,612	\$ 2,394,780	\$ 3,525,612	\$ 2,347,662
3110 2nd Avenue NE	2,927,994	1,805,168	2,927,994	1,758,384
680 Shuswap Street SE	1,896,567	1,059,469	1,896,567	1,024,590
	8,350,173	5,259,417	8,350,173	5,130,636
		\$ 3,090,756		\$ 3,219,537

The Association entered into the following lease agreements with the Province of British Columbia ("the Province") and the Provincial Rental Housing Corporation ("PRHC"). The PRHC is a corporate "stand-alone" entity created by the Province:

#### 51 9th Avenue SE (Clover Court)

The Association entered into a 60-year lease agreement for land in Salmon Arm with PRHC commencing on March 1, 1994. The total basis rent of \$123,750 was prepaid (balance disclosed in Note 4) and the cost of the building and improvements was financed by long-term debt as disclosed in Note 11. The property, including land, building and building improvements, will revert to PRHC upon the expiry or earlier termination of the lease term. The lease of the land is accounts for as a prepaid operating lease and the building on the leased land is treated as a capital lease.

#### 3110 2nd Avenue NE (The Terrace)

The Association entered into a 60-year lease agreement for land in Salmon Arm with PRHC commencing on June 23, 1997. The total basis rent of \$253,000 was prepaid (balance disclosed in Note 4) and the cost of the building and improvements was financed by long-term debt as disclosed in Note 11. The property, including land, building and building improvements, will revert to PRHC upon the expiry or earlier termination of the lease term. The lease of the land is accounts for as a prepaid operating lease and the building on the leased land is treated as a capital lease.

#### 680 Shuswap Street SE (680 Shuswap)

The Association entered into a 60-year lease agreement for land in Salmon Arm with PRHC commencing on July 26, 2000. The total basis rent of \$59,076 was prepaid (balance disclosed in Note 4) and the cost of the building and improvements was financed by long-term debt as disclosed in Note 11. The property, including land, building and building improvements, will revert to PRHC upon the expiry or earlier termination of the lease term. The lease of the land is accounts for as a prepaid operating lease and the building on the leased land is treated as a capital lease.

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## Canadian Mental Health Association Shuswap/Revelstoke Branch Notes to Financial Statements

March 31, 2022

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### 7. Government Remittances

Included in accounts payable and accrued liabilities are government remittances payable of \$12,996 (2021 - \$33,239).

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### 8. Deferred Revenue

Deferred revenue represents contributions received for future expenditures. Changes in the deferred revenues balance are as follows:

	2022	2021
Beginning balance	\$ 247,011	\$ 104,560
Less: amounts recognized as revenue in the year	(438,099)	(130,559)
Add: Restricted amounts received related to expenses of a subsequent period	471,914	273,010
Ending balance	<u>\$ 280,826</u>	<u>\$ 247,011</u>

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### 9. Convertible Construction Loan

The Association has entered into a loan commitment agreement to obtain a maximum demand non-revolving construction loan of up to \$27,010,784 from BC Housing Management Commission (BCHMC). The construction loan is advanced as costs are incurred on the construction of 105 affordable and supporting housing units. These consist of three buildings, referred to as Larch Place, Birch Place, and Cedar Place. As at March 31, 2022, the Association drew \$25,117,511 (2021 - \$17,627,323) of the demand loan. During the year, \$10,217,611 of the loan was transferred back to BCHMC upon completion and transfer of the Cedar Place Building to BCHMC resulting in remaining demand loan \$14,899,900 at year-end. The interest is accrued monthly on the balance outstanding at a variable rate calculated as the weighted average of the interest charged by the Ministry of Finance of the Government of British Columbia to BCHMC plus administration spread of up to 0.56% and, in any event, not more than the Royal Bank of Canada prime rate plus 1.00%. The interest rate as at March 31, 2022 was 0.64% (2021 - 0.64%).

Upon completion of the construction, the demand non-revolving construction loan will be reduced to an amount not exceeding \$16,046,653. Subsequent to year-end, the demand loan was refinanced with a third party by BCHMC on behalf of the Association, and is secured by the Birch and Larch Place buildings and land (Note 22). The difference in the mortgage and the actual costs incurred in the demand loan represent anticipated future costs on the development. These funds are held in trust by BC Housing to repay additional costs incurred and the remaining amount, if any, is to be deducted from the mortgage at the first renewal period on April 1, 2032.

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## Canadian Mental Health Association Shuswap/Revelstoke Branch Notes to Financial Statements

March 31, 2022

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### 10. Deferred Contributions Related to Capital Assets

In 2009, the Association entered into a Residential Rehabilitation Assistance Agreement (RRAP) with Canada Mortgage and Housing Corporation (CMHC). Under the terms of the agreement, the Association was loaned funds to complete repairs on the properties owned by the Association. The forgivable loan, in the amount of \$ 170,966, will be earned over a fourteen-year period commencing from the first day of the month, following the final advance of the loan funds. If the Association were to sell or transfer the property during the fourteen-year period, without informing CMHC, the outstanding balance of the loan, including the unearned forgivable portion plus interest at 8.00%, would become due and payable.

In 2019, the Association entered into an agreement with British Columbia Housing Management Commission (BCHMC) to construct and operate affordable and supportive housing. Under the terms of the agreement, the Association was loaned funds to complete development on the properties. In 2019, the Association received \$6,700,000 in funding in the form of a forgivable loan for the construction of Larch Place and Birch Place. The forgivable loan, in the amount of \$ 6,700,000, will be earned over a twenty-five-year period commencing from the 11th anniversary of the commencement date, i.e in 2031. If during the thirty-five-year period, an event of default occurs, the outstanding balance of the loan, including the unearned forgivable portion plus interest at prime plus 2%, would become due and payable.

	2022	2021
BCHMC contributions	\$ 6,700,000	\$ 6,700,000
Residential Rehabilitation Assistance Agreement contributions	104,754	109,119
Other capital contributions	70,440	57,750
Amortization of deferred capital contributions	(8,657)	(6,675)
Balance, end of year	6,866,537	6,860,194
Current portion	9,977	6,407
	\$ 6,856,560	\$ 6,853,787

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**Canadian Mental Health Association Shuswap/Revelstoke Branch  
Notes to Financial Statements**

March 31, 2022

11. Long-term Debt

	2022	2021
Mortgage, repayable \$1,878 monthly including interest at 3.89%, secured by land and building with a carrying value of \$233,629 and assignment of rents, due November 2026.	\$ 95,974	\$ 114,384
Mortgage, repayable \$2,280 monthly including interest at 3.79%, secured by land and building with a carrying value of \$450,980, due November 2024.	69,333	93,562
Mortgage, repayable \$1,850 monthly including interest at 3.79%, secured by land and building with a carrying value of \$450,980, due November 2024.	56,200	75,861
Mortgage, repayable \$4,046 monthly including interest at 3.89%, secured by land and building with a carrying value of \$510,479 assignment of rents and fire insurance, due November 2026.	206,826	246,487
Mortgage, repayable \$13,428 monthly including interest at 1.91%, secured by building at 51 9th Avenue SE, Salmon Arm with a carrying value of \$1,130,832, due April 2029.	1,067,028	1,206,418
Mortgage, repayable \$13,465 monthly including interest at 3.46%, secured by building at 3110 2nd Avenue NE, Salmon Arm with a carrying value of \$1,122,826, due March 2024.	1,505,924	1,613,751
Mortgage, repayable \$7,767 monthly including interest at 2.60%, secured by building at 680 Shuswap Street SE, Salmon Arm with a carrying value of \$837,098, due April 2031.	1,099,138	1,162,300
	4,100,423	4,512,763
Current portion	425,000	1,511,500
	<b>\$ 3,675,423</b>	<b>\$ 3,001,263</b>

Principal payments, due in the next five years and thereafter are as follows:

<u>Year</u>	<u>Amount</u>
2023	\$ 425,000
2024	1,716,324
2025	314,432
2026	288,900
2027	272,501
Thereafter	1,083,266
	<b>\$ 4,100,423</b>

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## Canadian Mental Health Association Shuswap/Revelstoke Branch Notes to Financial Statements

March 31, 2022

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### 12. Subsidy Adjustment

BC Housing conducts annual reviews of the Associations financial statements and may adjust for any operating surplus or deficit related to over or underfunded subsidies. Prior year adjustments are recognized in equity in the year they are determined.

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### 13. Replacement Reserve Fund Continuity

	Balance, March 31, 2021	Replacement Reserve Provision	Interest on Replacement Reserve Fund	Replacement Reserve Expenses	Balance March 31, 2022
Clover Court	\$ 107,787	\$ 32,832	\$ 108	\$ (23,387)	\$ 117,340
The Terrace	197,558	26,784	198	(23,930)	200,610
680 Shuswap	153,225	15,552	153	(9,548)	159,382
	<u>\$ 458,570</u>	<u>\$ 75,168</u>	<u>\$ 459</u>	<u>\$ 56,865</u>	<u>\$ 477,332</u>

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### 14. Commitments

- a) The Association has a rental commitment with monthly base rent payments of \$875, ending August 2023. Total commitment of \$10,500 plus GST for fiscal 2023.
  - b) As part of the loan commitment agreement with BCHMC (Note 9), the Association has a commitment to pay BCHMC a non-refundable commitment fee of \$160,467, being equal to 1.00% of the take-out loan amount of \$16,046,653.
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## Canadian Mental Health Association Shuswap/Revelstoke Branch Notes to Financial Statements

March 31, 2022

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### 15. Contingencies

- a) Any surplus on the rental and subsidy income, less related housing costs represents an overpayment of rental assistance and may be reclaimed by BC Housing.
- b) The non-Rent-Geared-To-Income ("non-RGI") assistance is contingently repayable to BC Housing in the event that the total non-RGI tenant rent contribution in any year exceeds the economic rent of the suites occupied by non-RGI tenants. The Association is required to commence repayment of the cumulative non-RGI assistance on the first day of the fiscal year following the fiscal year in which the preceding event occurs.

The balance then bears interest at bank prime and the required monthly payments are set annually, based upon the amount by which non-RGI tenant rent contributions exceed economic rent for these suites in the prior year.

- c) In the 2019 year-end, the Association received \$25,250 in funding in the form of a forgivable loan for balcony railing replacement. The loan is interest free until a default occurs. \$10,100 of the loan was forgiven as of year-end. The entire loan has been recognized as an improvement grant as the upgrade related to this funding was spent in 2019 and the loan is expected to be forgiven. The loan balance of \$15,150 is contingently repayable to BC Housing in the event that there is a default from the terms of the operating agreement, or that the operating agreement ends and is not renewed. In the event of default, the loan is due on demand with interest of prime plus 2% charged on the balance owing.

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### 16. Economic Dependence

The Association received 56% (2021 - 59%) of its revenue from subsidy and other funding.

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## Canadian Mental Health Association Shuswap/Revelstoke Branch Notes to Financial Statements

March 31, 2022

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### 17. Pension Plan

The Association and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2020, the plan has about 220,000 active members and approximately 112,000 retired members. Active members include approximately 42,000 contributors from local governments.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The most recent valuation for the Municipal Pension Plan as at December 31, 2018, indicated a \$2,866 million funding surplus for basic pension benefits on a going concern basis. Canadian Mental Health Association Shuswap/Revelstoke Branch paid \$ 93,104 (2021 - \$ 80,676) for employer contributions to the plan in fiscal 2022.

The next valuation will be as at December 31, 2021, with results available in 2022.

Employers participating in the plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plan records accrued liabilities and accrued assets for the plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan.

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### 18. Wages, Honoraria and Benefits

The Society Act (British Columbia) requires certain information to be reported with regards to remuneration of employees, contractors and directors.

Included in wages and benefits are three employees (2021 - four employees) with remuneration over \$75,000 each. The total remuneration paid to these individuals for the year ended March 31, 2022 were \$315,957 (2021 - \$385,701). No honoraria were paid to members of the Board of Directors for the 2022 and 2021 years.

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### 19. Internal Administration Charge

The Association charges an administration fee to its separate programs for overhead and executive salary costs. Total administration fees of \$93,514 (2021 - \$205,404) were charged by the general program to other programs. This internal administration fee has been eliminated in the combined Statement of Operations.

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# Canadian Mental Health Association Shuswap/Revelstoke Branch

## Notes to Financial Statements

March 31, 2022

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### 20. Financial Instruments

#### 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 is exposed to interest rate risk on its fixed and floating interest rate financial instruments.

#### Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Association is exposed to credit risk resulting from the possibility that a customer or counterparty to a financial instrument defaults on their financial obligations; if there is a concentration of transactions carried out with the same counterparty; or of financial obligations which have similar economic characteristics such that they could be similarly affected by changes in economic conditions. The Association's financial instruments that are exposed to concentrations of credit risk relate primarily to its accounts receivable. The majority of the Association's receivables are from government sources and the Association works to ensure it meets all eligibility criteria in order to qualify to receive the funding.

The Association is also exposed to credit risk arising from all of its bank accounts being held at one financial institution.

#### Liquidity risk

Liquidity risk is the risk that the Association will encounter difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Association will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. The Association is exposed to this risk mainly in respect of its accounts payable, accrued liabilities, and long-term debt.

The Association's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash flows to fund its operations and to meet its liabilities when due, under both normal and stressed conditions.

There have not been any changes to the risk exposure of the Association from the prior year.

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### 21. Comparative Figures

Certain comparative figures have been reclassified to conform to current year's presentation.

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## Canadian Mental Health Association Shuswap/Revelstoke Branch Notes to Financial Statements

March 31, 2022

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### 22. Subsequent Events

Subsequent to year-end, the convertible construction loan (Note 9) was converted into a mortgage in the amount of \$15,695,624 on April 1, 2022. The mortgage is repayable in monthly instalments of \$57,679 including interest at 2.70% due April 2032 and is secured by building on 540 3rd Street SW Salmon Arm with a carrying value of \$20,684,693. The additional funding advanced was to cover expected costs of completion related to the Larch and Birch building.

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**Canadian Mental Health Association Shuswap/Revelstoke Branch  
Schedule 1 - Summary of Revenue and Expenditures by Program  
(Unaudited)**

For the year ended March 31	General	Rehab- ilitation	4th Avenue	Foxridge	Clover Court	The Terrace	680 Shuswap	Larch / Birch	Cedar	2022	2021
Administration fee	\$ 93,514	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 93,514	\$ 205,404
BC Housing subsidy	153,244	-	-	27,240	171,108	100,788	125,868	-	442,965	1,021,213	413,602
Donations and fundraising	47,327	-	-	-	-	-	-	-	-	47,327	21,890
Grants	80,902	-	-	-	-	39,027	55,939	121,464	126,287	423,619	317,514
Interest	5,305	-	-	-	108	198	153	-	-	5,764	6,132
Interior Health Authority	-	577,636	144,473	-	-	-	-	-	-	722,109	707,084
Memberships	465	-	-	-	-	-	-	-	-	465	455
Miscellaneous	27,501	-	-	-	-	-	-	-	-	27,501	53,185
Rent	157,651	-	-	124,693	213,302	240,391	107,954	457,644	56,050	1,357,685	831,865
Replacement reserve subsidy	-	-	-	-	32,832	26,784	15,552	-	-	75,168	74,304
Sale of services	8,702	-	-	17,824	2,072	448	380	59,199	-	88,625	40,980
Thrift Shoppe	107,353	-	-	-	-	-	-	-	-	107,353	74,260
Wage subsidy	19,932	-	-	-	-	-	-	-	-	19,932	118,833
	<b>701,896</b>	<b>577,636</b>	<b>144,473</b>	<b>169,757</b>	<b>419,422</b>	<b>407,636</b>	<b>305,846</b>	<b>638,307</b>	<b>625,302</b>	<b>3,990,275</b>	<b>2,865,508</b>
Administration fee	41,566	47,973	3,975	-	-	-	-	-	-	93,514	205,404
Advertising	1,193	700	-	-	-	-	-	-	-	1,893	1,841
Board expenses	9,934	-	-	-	-	-	-	-	-	9,934	13,250
Insurance	6,751	1,702	2,922	741	23,422	19,217	13,758	43,260	5,759	117,532	100,449
Interest on long-term debt	14,561	-	4,126	-	21,749	53,750	30,938	-	-	125,124	152,985
Land lease	-	-	-	-	2,062	4,217	985	-	-	7,264	7,264
Licenses, dues and fees	8,585	300	-	530	176	135	78	292	-	10,096	9,092
Office	15,992	3,796	1,172	1,396	2,650	2,228	1,517	2,775	2,224	33,750	45,712
Professional fees	7,607	-	-	1,700	5,700	4,600	4,478	5,910	-	29,995	41,280
Program costs	173,759	58,131	1,723	-	-	-	-	5,676	198,731	438,020	92,341
Property Taxes	873	-	393	-	1,218	1,218	646	1,230	-	5,578	4,247
Rent	-	10,147	-	53,258	-	-	-	-	-	63,405	62,790
Repairs and maintenance	36,016	8,662	3,657	3,393	45,494	79,919	76,395	37,150	74,542	365,228	285,537
Replacement reserve	-	-	-	-	23,386	23,930	9,548	-	-	56,864	26,718
Staff development	504	2,870	-	327	65	65	65	-	410	4,306	8,369
Travel and vehicle	3,279	1,643	605	709	2,567	1,994	1,167	3,517	630	16,111	10,410
Utilities	26,901	12,623	8,110	22,972	33,978	17,821	35,034	83,453	19,908	260,800	148,628
Wages and benefits	272,586	435,386	118,873	72,169	139,740	100,943	61,062	174,241	291,521	1,666,521	1,269,575
	<b>620,107</b>	<b>583,933</b>	<b>145,556</b>	<b>157,195</b>	<b>302,207</b>	<b>310,037</b>	<b>235,671</b>	<b>357,504</b>	<b>593,725</b>	<b>3,305,935</b>	<b>2,485,892</b>
	81,789	(6,297)	(1,083)	12,562	117,215	97,599	70,175	280,803	31,577	684,340	379,616
Amortization	597,350	-	-	-	-	-	-	-	-	597,350	180,185
Excess (deficit) revenues over expenses	<b>\$(515,561)</b>	<b>\$ (6,297)</b>	<b>\$ (1,083)</b>	<b>\$ 12,562</b>	<b>\$ 117,215</b>	<b>\$ 97,599</b>	<b>\$ 70,175</b>	<b>\$ 280,803</b>	<b>\$ 31,577</b>	<b>\$ 86,990</b>	<b>\$ 199,431</b>