

**Canadian Mental Health Association
Shuswap/Revelstoke Branch
Financial Statements
For the Year Ended March 31, 2024**

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**Canadian Mental Health Association Shuswap/Revelstoke
Branch
Financial Statements
For the Year Ended March 31, 2024**

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Independent Auditor's Report

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, 2024, 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, 2024, 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, 2024 and 2023, current assets as at March 31, 2024 and 2023, and net assets as at April 1 and March 31 for both the 2024 and 2023 years. Our audit opinion on the financial statements for the year ended March 31, 2024 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 Schedules 1 and 2 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

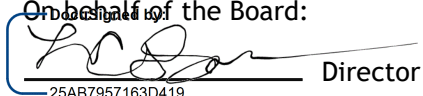
Chartered Professional Accountants

Salmon Arm, British Columbia
June 26, 2024

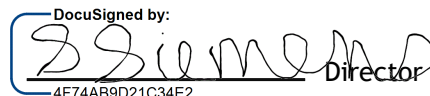
Canadian Mental Health Association Shuswap/Revelstoke Branch Statement of Financial Position

March 31	2024	2023
Assets		
Current		
Cash and bank (Note 2)	\$ 1,622,762	\$ 2,093,466
Short-term investments (Note 3)	958,000	-
Accounts receivable	165,446	499,569
Prepaid expenses	-	3,751
Current portion of prepaid rent (Note 5)	7,264	7,264
	2,753,472	2,604,050
Long-term investments (Note 4)	217,749	210,780
Prepaid rent (Note 5)	228,244	235,508
Capital assets (Note 6)	21,090,673	22,059,469
Assets under capital lease (Note 7)	2,848,440	2,967,126
	\$27,138,578	\$ 28,076,933
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities (Note 8)	\$ 497,562	\$ 595,193
Deferred revenue (Note 9)	199,462	436,849
Current portion of deferred capital contributions (Note 10)	7,543	8,584
Current portion of long-term debt (Note 11)	716,000	716,400
	1,420,567	1,757,026
Deferred contributions for capital assets (Note 10)	6,840,434	6,847,976
Long-term debt (Note 11)	17,685,947	18,380,426
	25,946,948	26,985,428
Net Assets (Deficiency)		
Invested in Capital Assets	(1,310,981)	(926,962)
Internally Restricted for Future Expenditures	217,749	210,780
Externally Restricted for Foxridge Expenditures	11,238	6,445
Externally Restricted for Cedar Expenditures	106,155	-
Externally Restricted for Replacement Reserves	1,196,163	921,703
Unrestricted	971,306	879,539
	1,191,630	1,091,505
	\$ 27,138,578	\$ 28,076,933

On behalf of the Board:


25AB7957163D419... Director

DocuSigned by:


4F74AB9D21C34E2... 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 Cedar Expenditures	Externally Restricted for Replacement Reserves	Unrestricted	2024 Total	2023 Total
					(Note 13)			
Balance, beginning of the year	\$ (926,962)	\$ 210,780	\$ 6,445	\$ -	\$ 921,703	\$ 879,539	\$ 1,091,505	\$ 903,906
Excess of revenues over expenses	(957,895)	-	8,453	78,643	118,614	846,446	94,261	(232,029)
Change in debt	694,879	-	-	-	-	(694,879)	-	-
Transfer to (from) unrestricted fund	(121,003)	6,969	(3,660)	27,512	-	90,182	-	-
Transfer to replacement reserves	-	-	-	-	155,846	(155,846)	-	419,628
Subsidy adjustment (Note 12)	-	-	-	-	-	5,864	5,864	-
Balance, end of the year	\$ (1,310,981)	\$ 217,749	\$ 11,238	\$ 106,155	\$ 1,196,163	\$ 971,306	\$ 1,191,630	\$ 1,091,505

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	2024	2023
Revenue		
Rent	\$ 1,923,712	\$ 1,897,061
BC Housing subsidy	3,108,017	2,418,981
Interior Health Authority	828,702	737,723
Grants	295,474	398,180
Thrift Shoppe	114,295	116,310
Sale of services	93,052	94,534
Replacement reserve subsidy	182,700	133,056
Donations and fundraising	20,313	47,663
Miscellaneous	22,195	4,890
Interest	70,948	16,592
Memberships	190	465
	6,659,598	5,865,455
Expenses		
Advertising	2,767	1,728
Amortization	966,478	1,004,080
Bad debts	2,433	4,131
Board expenses	14,676	10,965
Insurance	188,843	146,886
Interest on long-term debt	533,833	502,627
Land lease	7,264	7,264
Licenses, dues and fees	11,114	11,869
Office	78,498	72,120
Professional fees	84,747	42,693
Program costs	659,208	868,298
Property Taxes	43,100	39,709
Rent	54,623	63,829
Repairs and maintenance	358,406	405,134
Replacement reserve	75,228	115,541
Staff development	17,952	10,319
Travel and vehicle	36,559	27,792
Utilities	350,200	344,618
Wages and benefits	3,079,408	2,417,881
	6,565,337	6,097,484
Excess (deficiency) of revenues over expenses	\$ 94,261	\$ (232,029)

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	2024	2023
Cash flows from operating activities		
Cash received from Interior Health Authority	\$ 828,702	\$ 737,723
Cash received from tenants	1,833,466	1,857,292
Cash received (paid) from services	563,853	(431,242)
Cash received from BC Housing	3,296,609	2,971,665
Cash received from grant funding	139,750	407,956
Cash received from donations	20,313	47,663
Cash paid for operations	(5,151,667)	(4,357,303)
Interest paid	(533,833)	(502,627)
Interest received	70,948	16,592
GST recovered	121,003	-
	1,189,144	747,719
Cash flows from investing activities		
Acquisition of investments	(964,969)	(5,530)
Purchase of capital assets	-	(129,874)
	(964,969)	(135,404)
Cash flows from financing activities		
Repayments to BC Housing	-	(14,899,900)
Long-term debt principal repayments	(694,879)	(699,222)
Issuance of long-term debt	-	15,695,624
	(694,879)	96,502
Net (decrease) increase in cash	(470,704)	708,817
Cash, beginning of the Cash	2,093,466	1,384,649
Cash, end of the year	\$ 1,622,762	\$ 2,093,466
Represented by:		
Cash - restricted	390,569	968,521
Cash - unrestricted	1,232,193	1,124,945
	\$ 1,622,762	\$ 2,093,466

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

Canadian Mental Health Association Shuswap/Revelstoke Branch

Notes to Financial Statements

March 31, 2024

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>Sale of services, 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.

Canadian Mental Health Association Shuswap/Revelstoke Branch

Notes to Financial Statements

March 31, 2024

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.

Canadian Mental Health Association Shuswap/Revelstoke Branch

Notes to Financial Statements

March 31, 2024

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.

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

March 31, 2024

2. Cash and Bank

- a) The Association's bank accounts are held by one financial institution. The bank accounts earn interest from 0% to 1.60% (2023 - 0% to 1.60%).
- b) The Association has an available operating line of credit in the amount of \$10,000 (2023 - \$10,000) bearing interest at prime (2023 - prime). As of March 31, 2024, the Association had undrawn capacity under this facility of \$10,000 (2023 - \$10,000).

The bank's prime rate as at March 31, 2024 was 7.20% (2023 - 6.70%).

- c) Included in restricted cash are amounts for Foxridge of \$11,239 (2023 - \$6,445) and Cedar of \$106,154 (2023 - \$nil) and represent amounts held in surplus to be used for future expenditures of the associated programs subject to review by BC Housing.
- d) Restricted cash of \$273,176 (2023 - \$962,076) 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 \$124,987 (2023 - overfunded by \$40,375).

	Cash Balance	Term Deposits (Note 4)	Total	Replacement Reserve (Note 13)	Overfunded / (Underfunded)
Clover Court	26,272	78,000	104,272	\$ 80,068	\$ 24,204
680 Shuswap	38,937	112,000	150,937	127,179	23,758
The Terrace	54,701	159,000	213,701	238,123	(24,422)
Rotary Gardens	108,719	318,000	426,719	468,125	(41,406)
Larch & Birch	44,547	131,000	175,547	282,668	(107,121)
	273,176	798,000	1,071,176	\$ 1,196,163	\$ (124,987)

3. Short-term Investments

Short-term investments consist of \$958,000 (2023 - \$nil) in SASCU Term Deposits, earning interest at 5.10%, with maturity dates of November 2, 2024. Term deposits of \$798,000 (2023 - \$nil) are restricted for use as approved by BC Housing for Replacement Reserves.

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

March 31, 2024

4. Long-term 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 5.03% (2023 - 1.68% to 5.03%) and have maturity dates of February 2025 to May 2028.

5. 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 7. Prepayment on the leased land is expensed over the lease terms on a straight-line basis.

	2024	2023
Clover Court	\$ 59,643	\$ 61,705
The Terrace	140,106	144,323
680 Shuswap	35,759	36,744
	235,508	242,772
Current portion	7,264	7,264
	\$ 228,244	\$ 235,508

6. Capital Assets

	2024		2023	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 1,182,275	\$ -	\$ 1,182,275	\$ -
Buildings	22,779,050	2,925,089	22,900,053	2,097,840
Computer equipment	63,289	53,046	63,289	48,657
Equipment, furnishings and signage	141,688	126,090	141,688	122,190
Vehicles	101,958	73,362	101,958	61,107
	\$24,268,260	\$ 3,177,587	\$ 24,389,263	\$ 2,329,794
Net book value		\$21,090,673		\$ 22,059,469

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

March 31, 2024

7. Assets Under Capital Lease

	2024		2023	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
51 9th Avenue SE	\$ 3,525,612	\$ 2,483,437	\$ 3,525,612	\$ 2,440,013
3110 2nd Avenue NE	2,927,994	1,893,198	2,927,994	1,850,081
680 Shuswap Street SE	1,896,567	1,125,098	1,896,567	1,092,953
	\$ 8,350,173	\$ 5,501,733	\$ 8,350,173	\$ 5,383,047
Net book value		\$ 2,848,440		\$ 2,967,126

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 5) 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 5) 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 5) 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.

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

March 31, 2024

8. Government Remittances

Included in accounts payable and accrued liabilities are government remittances payable of \$58,348 (2023 - \$38,394).

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

March 31, 2024

9. Deferred Revenue

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

	Balance, March 31, 2023	Contributions Received	Revenue Recognized	Balance March 31, 2024
Eagle Homes - Homeless Outreach	\$ -	\$ 10,000	\$ -	\$ 10,000
Interior Health Authority - Harm Reduction Vending Machine	20,000	-	-	20,000
BC Housing - Cedar Start-Up	111,003	-	(47,372)	63,631
BC Housing - Team Building & Resilience	4,325	-	(1,108)	3,217
BC Housing - Rotary Gardens Start-Up	25,753	-	(25,753)	-
BC Housing - Outreach	78,634	-	(76,374)	2,260
BC Housing - Marshlands Shelter Start-Up	-	21,709	(7,380)	14,329
BC Housing - Temporary Winter Shelter Start-Up	16,813	-	(16,813)	-
BC Housing - Capacity Building (Cedar)	10,000	-	-	10,000
BC Housing - Maintenance & Furniture (Cedar)	30,000	-	-	30,000
Security Deposits (Rotary)	4,050	-	(4,050)	-
Prepaid rent from tenants	136,271	46,025	(136,271)	46,025
	\$ 436,849	\$ 77,734	\$ (315,121)	\$ 199,462

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

March 31, 2024

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. The Residential Rehabilitation Assistance agreement loan was fully forgiven in the amount of \$96,541 as at June 1, 2023.

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.

	2024	2023
BCHMC contributions	\$ 6,700,000	\$ 6,700,000
Residential Rehabilitation Assistance Agreement contributions	96,541	100,564
Other capital contributions	60,020	65,973
Amortization of deferred capital contributions	(8,584)	(9,977)
Balance, end of year	6,847,977	6,856,560
Current portion	7,543	8,584
	\$ 6,840,434	\$ 6,847,976

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

March 31, 2024

11. Long-term Debt

	2024	2023
Mortgage, repayable \$1,878 monthly including interest at 3.89%, secured by land and building at 461 - 4 Avenue SE, Salmon Arm with a carrying value of \$221,273 and assignment of rents, due November 2026.	\$ 56,945	\$ 76,836
Mortgage, repayable \$2,280 monthly including interest at 3.79%, secured by land and building at 431 Hudson Avenue NE, Salmon Arm with a carrying value of \$452,449, due November 2024.	18,037	44,169
Mortgage, repayable \$1,850 monthly including interest at 3.79%, secured by land and building at 435 Hudson Avenue NE, Salmon Arm with a carrying value of \$452,449, due November 2024.	14,574	35,780
Mortgage, repayable \$4,046 monthly including interest at 3.89%, secured by land and building 20 Alexander Street NE, Salmon Arm with a carrying value of \$484,177 assignment of rents and fire insurance, due November 2026.	122,745	165,595
Mortgage, repayable \$1,428 monthly including interest at 1.91%, secured by building at 51 9th Avenue SE, Salmon Arm with a carrying value of \$1,042,175, due April 2029.	780,206	924,963
Mortgage, repayable \$14,030 monthly including interest at 4.42%, secured by building at 3110 2nd Avenue NE, Salmon Arm with a carrying value of \$1,034,796, due March 2029.	1,278,850	1,394,334
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 \$771,469, due April 2031.	966,322	1,033,588
Mortgage, repayable \$57,679 monthly including interest at 2.70%, secured by building at 540 3rd Street SW, Salmon Arm with a carrying value of \$19,878,337, due April 2032.	15,164,268	15,421,561
	18,401,947	19,096,826
Current portion	716,000	716,400
	\$17,685,947	\$ 18,380,426

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

March 31, 2024

11. Long-term Debt (continued)

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

<u>Year</u>	<u>Amount</u>
2025	\$ 716,000
2026	703,300
2027	700,290
2028	672,500
2029	705,106
Thereafter	<u>14,904,751</u>
	<u>\$ 18,401,947</u>

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.

13. Replacement Reserve Fund Continuity

	<u>Balance, March 31, 2023</u>	<u>Replacement Reserve Provision</u>	<u>Interest on Replacement Reserve Fund</u>	<u>Replacement Reserve Expenses</u>	<u>Balance, March 31, 2024</u>
Clover Court	\$ 94,194	\$ 17,443	\$ 1,257	\$ (32,826)	\$ 80,068
680 Shuswap	137,391	3,909	1,751	(15,872)	127,179
The Terrace	213,775	35,720	2,298	(13,670)	238,123
Rotary Gardens	422,009	49,680	4,710	(8,274)	468,125
Larch & Birch	54,334	231,794	1,126	(4,586)	282,668
	<u>\$ 921,703</u>	<u>\$ 338,546</u>	<u>\$ 11,142</u>	<u>\$ (75,228)</u>	<u>\$ 1,196,163</u>

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

March 31, 2024

14. 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.

15. Economic Dependence

The Association received 67% (2023 - 64%) of its revenue from subsidy and other funding.

16. 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 five employees (2023 - four employees) with remuneration over \$75,000 each. The total remuneration paid to these individuals for the year ended March 31, 2024 were \$582,820 (2023 - \$423,238). No honoraria were paid to members of the Board of Directors for the 2024 and 2023 years.

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

March 31, 2024

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, 2022, the plan has about 240,000 active members and approximately 124,000 retired members. Active members include approximately 43,000 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, 2021, indicated a \$3,761 million funding surplus for basic pension benefits on a going concern basis. Canadian Mental Health Association Shuswap/Revelstoke Branch paid \$152,270 (2023 - \$123,054) for employer contributions to the plan in fiscal 2024.

The next valuation will be as at December 31, 2024.

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.

18. Internal Administration Charge

The Association charges an administration fee to its separate programs for overhead and executive salary costs. Total administration fees of \$54,720 (2023 - \$59,774) were charged by the general program to other programs. This internal administration fee has been eliminated in the combined Statement of Operations.

Canadian Mental Health Association Shuswap/Revelstoke Branch

Notes to Financial Statements

March 31, 2024

19. 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.

20. Comparative Figures

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

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	Outreach	Shelter	Housing Programs (Schedule 2)	2024	2023
Administration fee	\$ 54,720	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 54,720	\$ 59,774
BC Housing subsidy	1	-	-	53,801	587,269	2,466,946	3,108,017	2,418,981
Donations and fundraising	19,013	1,300	-	-	-	-	20,313	47,663
Grants	31,891	6,000	-	76,374	51,401	129,808	295,474	398,180
Interest	59,806	-	-	-	-	11,142	70,948	16,592
Grants - Interior Health Authority	-	655,813	172,889	-	-	-	828,702	737,723
Memberships	190	-	-	-	-	-	190	465
Miscellaneous	6,167	-	400	10,730	-	4,898	22,195	4,890
Rent	54,200	-	32,475	-	-	1,837,037	1,923,712	1,897,061
Replacement reserve subsidy	-	-	-	-	-	182,700	182,700	133,056
Sale of services	7,873	3,676	-	-	-	81,503	93,052	94,534
Thrift Shoppe	114,295	-	-	-	-	-	114,295	116,310
	348,156	666,789	205,764	140,905	638,670	4,714,034	6,714,318	5,925,229
Administration fee	40,460	11,110	3,150	-	-	-	54,720	59,774
Advertising	2,115	652	-	-	-	-	2,767	1,728
Bad debts	-	-	-	-	-	2,433	2,433	4,131
Board expenses	14,676	-	-	-	-	-	14,676	10,965
Insurance	12,215	1,605	3,365	-	3,040	168,618	188,843	146,886
Interest on long-term debt	7,924	-	2,645	-	-	523,264	533,833	502,627
Land lease	-	-	-	-	-	7,264	7,264	7,264
Licenses, dues and fees	5,433	27	-	-	-	5,654	11,114	11,869
Office	30,515	6,744	1,445	-	2,745	37,049	78,498	72,120
Professional fees	49,488	-	-	-	500	34,759	84,747	42,693
Program costs	12,479	60,925	561	50,238	180,057	354,948	659,208	868,298
Property Taxes	1,473	-	543	-	-	41,084	43,100	39,709
Rent	-	1,365	-	-	-	53,258	54,623	63,829
Repairs and maintenance	32,675	11,411	1,221	-	7,422	305,677	358,406	405,134
Replacement reserve	-	-	-	-	-	75,228	75,228	115,541
Staff development	9,775	2,925	-	-	927	4,325	17,952	10,319
Travel and vehicle	2,907	2,817	1,531	1,570	1,619	26,115	36,559	27,792
Utilities	28,470	8,252	8,819	-	5,745	298,914	350,200	344,618
Wages and benefits	203,325	554,822	141,060	56,884	329,456	1,793,861	3,079,408	2,417,881
	453,930	662,655	164,340	108,692	531,511	3,732,451	5,653,579	5,153,178
	(105,774)	4,134	41,424	32,213	107,159	981,583	1,060,739	772,051
Amortization	966,478	-	-	-	-	-	966,478	1,004,080
Excess (deficit) revenues over expenses	\$ (1,072,252)	\$ 4,134	\$ 41,424	\$ 32,213	\$ 107,159	\$ 981,583	\$ 94,261	\$ (232,029)

**Canadian Mental Health Association Shuswap/Revelstoke Branch
Schedule 2 - Summary of Revenue and Expenditures by Housing Program
(Unaudited)**

For the year ended March 31	Foxridge	Clover Court	The Terrace	680 Shuswap	Larch / Birch	Cedar	Rotary Gardens	2024	2023
BC Housing subsidy	\$ 42,936	\$ 204,423	\$ 123,901	\$ 149,104	\$ 472,893	\$ 1,334,636	\$ 139,053	\$ 2,466,946	\$ 2,134,722
Grants	-	43,341	1,418	-	14,740	32,632	37,677	129,808	248,038
Interest	-	1,257	2,298	1,751	1,126	-	4,710	11,142	7,227
Miscellaneous	95	-	-	-	575	3,825	403	4,898	675
Rent	125,937	246,415	257,638	116,810	570,598	160,025	359,614	1,837,037	1,756,884
Replacement reserve subsidy	-	32,832	26,748	15,552	57,888	-	49,680	182,700	133,056
Sale of services	18,629	1,472	35	588	55,967	-	4,812	81,503	89,063
	187,597	529,740	412,038	283,805	1,173,787	1,531,118	595,949	4,714,034	4,369,665
Administration fee	-	-	-	-	-	-	-	-	7,162
Bad debts	-	-	-	-	43	2,390	-	2,433	3,756
Insurance	900	26,976	22,132	15,845	75,282	25,883	1,600	168,618	133,119
Interest on long-term debt	-	16,382	46,093	25,935	434,854	-	-	523,264	487,934
Land lease	-	2,062	4,217	985	-	-	-	7,264	7,264
Licenses, dues and fees	590	798	651	377	1,407	963	868	5,654	6,048
Office	5,747	2,941	2,260	1,612	5,669	14,032	4,788	37,049	36,418
Professional fees	1,874	6,174	4,961	2,977	6,460	6,013	6,300	34,759	33,281
Program costs	1,756	-	-	-	14,740	312,373	26,079	354,948	517,432
Property Taxes	-	1,368	1,368	796	1,193	5,642	30,717	41,084	38,443
Rent	53,258	-	-	-	-	-	-	53,258	53,258
Repairs and maintenance	7,792	43,707	40,765	21,599	66,511	55,769	69,534	305,677	347,712
Replacement reserve	-	32,826	13,670	15,872	4,586	-	8,274	75,228	115,541
Staff development	58	222	163	95	352	3,045	390	4,325	4,908
Travel and vehicle	2,238	2,737	2,232	1,296	4,825	7,487	5,300	26,115	20,487
Utilities	23,934	35,108	18,382	30,101	98,292	54,817	38,280	298,914	292,529
Wages and benefits	80,997	145,968	115,537	69,648	190,119	964,061	227,531	1,793,861	1,536,238
	179,144	317,269	272,431	187,138	904,333	1,452,475	419,661	3,732,451	3,641,530
	\$ 8,453	\$ 212,471	\$ 139,607	\$ 96,667	\$ 269,454	\$ 78,643	\$ 176,288	\$ 981,583	\$ 728,135