

CANADIAN MENTAL HEALTH ASSOCIATION - COWICHAN VALLEY BRANCH 1992

FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2015

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Auditors' Report

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at March 31, 2015

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for the year ended March 31, 2015

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Alex E. Palmer, B.Sc., C.P.A., C.A.*
Tammy Leslie, C.P.A., C.G.A., C.A.*

*A Professional Corporation

**To the Members of the
Canadian Mental Health Association - Cowichan Valley Branch 1992
Duncan, BC**

AUDITORS' REPORT

We have audited the accompanying financial statements of the Canadian Mental Health Association - Cowichan Valley Branch 1992 which comprise the Statement of Financial Position as at March 31, 2015 and the Statements of Changes in Net Assets, Operations and Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information and schedules.

Management's Responsibility 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian Generally Accepted Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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To the Members of the
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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Canadian Mental Health Association - Cowichan Valley Branch 1992 at March 31, 2015, financial performance, and the results of its operations and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

Report on Other Legal and Regulatory Requirements

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

Duncan, BC
June 15, 2015



Chartered Accountants

CANADIAN MENTAL HEALTH ASSOCIATION - COWICHAN VALLEY BRANCH 1992



STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2015

ASSETS

	OPERATING FUND		CAPITAL FUND	
	2015	2014	2015	2014
CURRENT				
Cash - unrestricted	\$ 192,784	\$ 171,654	\$ -	\$ -
- restricted (Note 15)	34,095	56,540	-	-
Term deposit - unrestricted (Note 6)	-	-	-	9,974
Term deposit - restricted (Notes 6 & 15)	50,000	-	54,583	34,205
Accounts receivable (Note 4)	26,052	46,740	-	-
Prepaid expenses	28,040	4,957	-	-
	<u>330,971</u>	<u>279,891</u>	<u>54,583</u>	<u>44,179</u>
FUNDS HELD IN TRUST (Note 14)	-	-	214,026	201,472
PROPERTY, PLANT & EQUIPMENT (Note 5)	-	-	7,519,449	7,679,505
	<u>\$ 330,971</u>	<u>\$ 279,891</u>	<u>\$ 7,788,058</u>	<u>\$ 7,925,156</u>
	LIABILITIES			
CURRENT				
Accounts payable and accrued	\$ 48,239	\$ 26,934	\$ -	\$ 9,974
Wages and benefits payable	75,660	73,738	-	-
Deferred revenues (Note 7 & 8)	147,607	140,854	-	-
Mortgage payable - current portion (Note 11)	-	-	55,100	53,019
	<u>271,506</u>	<u>241,526</u>	<u>55,100</u>	<u>62,993</u>
LONG TERM				
RBC mortgage payable (Note 11)	-	-	3,097,247	3,152,347
BC Housing forgivable mortgage payable (Note 12)	-	-	5,100,000	5,100,000
	<u>-</u>	<u>-</u>	<u>8,197,247</u>	<u>8,252,347</u>
	<u>271,506</u>	<u>241,526</u>	<u>8,252,347</u>	<u>8,315,340</u>
	EQUITY			
FUND BALANCES - Exhibit "B"				
Invested in capital fund	-	-	(498,872)	(424,389)
Restricted (Note 15)	89,202	56,540	34,583	34,205
Unrestricted - operating fund	(29,737)	(18,175)	-	-
	<u>59,465</u>	<u>38,365</u>	<u>(464,289)</u>	<u>(390,184)</u>
	<u>\$ 330,971</u>	<u>\$ 279,891</u>	<u>\$ 7,788,058</u>	<u>\$ 7,925,156</u>

APPROVED BY THE BOARD

 Director
 Director

CANADIAN MEANTAL HEALTH ASSOCIATION - COWICHAN VALLEY BRANCH 1992

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2015

	OPERATING FUND		RESTRICTED		CAPITAL FUND	
	2015	2014	2015	2014	2015	2014
BALANCE, beginning of year	\$ (18,175)	\$ (10,755)	\$ 90,745	\$ 79,041	\$ (424,389)	\$ (312,385)
Net Revenue/(Expenses) (Exhibit "C")	53,022	10,733	-	-	(106,027)	(118,453)
Interfund transfers	(55,500)	(4,255)	33,040	11,704	22,460	(7,449)
Capital assets acquired	(9,084)	(13,898)	-	-	9,084	13,898
Change in net assets	(11,562)	(7,420)	33,040	11,704	(74,483)	(112,004)
BALANCE, end of year (Exhibit "A")	\$ (29,737)	\$ (18,175)	\$ 123,785	\$ 90,745	\$ (498,872)	\$ (424,389)

CANADIAN MENTAL HEALTH ASSOCIATION - COWICHAN VALLEY BRANCH 1992

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2015

	OPERATING FUND		CAPITAL FUND	
	2015	2014	2015	2014
REVENUE				
Ministry of Children & Family Development	\$ 428,066	\$ 428,066	\$ -	\$ -
Vancouver Island Health Authority	164,302	169,518	-	-
B.C. Housing	709,502	660,639	172,500	172,500
Fees for service	11,610	17,310	-	-
Fundraising	39,123	47,594	-	-
Gaming receipts	5,335	31,458	-	-
Interest	734	538	3,104	3,072
Bounceback	290,921	292,093	-	-
Rent	126,980	111,993	-	-
Other	43,968	48,732	-	-
	<u>1,820,541</u>	<u>1,807,941</u>	<u>175,604</u>	<u>175,572</u>
EXPENSES				
Advertising	7,899	2,848	-	-
Amortization	-	-	159,167	163,919
Audit and legal	13,148	16,109	-	-
Board costs	1,343	3,673	-	-
Equipment lease and maintenance (Note 9)	5,769	6,921	-	-
Insurance	21,180	20,528	-	-
Loss on disposal of assets	-	-	-	5,634
Memberships	2,183	2,951	-	-
Mortgage interest	-	-	122,464	124,472
Office	37,844	57,046	-	-
Programs	179,568	183,913	-	-
Property Tax	2,848	2,763	-	-
Rent (Note 9)	52,009	52,006	-	-
Repairs and maintenance	46,114	44,684	-	-
Salaries and benefits	1,319,730	1,320,925	-	-
Staff training	2,373	1,744	-	-
Telephone	10,929	12,654	-	-
Travel	16,870	17,229	-	-
Utilities	47,712	51,214	-	-
	<u>1,767,519</u>	<u>1,797,208</u>	<u>281,631</u>	<u>294,025</u>
EXCESS OF REVENUE/(EXPENSES) - Exhibit "B"	<u>\$ 53,022</u>	<u>\$ 10,733</u>	<u>\$ (106,027)</u>	<u>\$ (118,453)</u>

CANADIAN MENTAL HEALTH ASSOCIATION - COWICHAN VALLEY BRANCH 1992

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2015

	OPERATING FUND		CAPITAL FUND	
	2015	2014	2015	2014
CASH FROM OPERATING ACTIVITIES				
Ministry of Children & Family Development	\$ 428,066	\$ 428,066	\$ -	\$ -
Vancouver Island Health Authority	150,022	167,740	-	-
B.C. Housing	719,260	662,789	172,500	172,500
Rent	126,605	111,713	-	-
Gaming receipts	30,479	3,333	-	-
Bounceback	311,556	301,331	-	-
Other income	81,259	137,498	-	-
Salaries and benefits	(1,317,808)	(1,324,216)	-	-
Mortgage interest	-	-	(123,465)	(124,472)
Other expenses	(449,567)	(463,077)	(9,974)	9,974
CASH PROVIDED/(USED) BY OPERATING ACTIVITIES	79,872	25,177	39,061	58,002
FINANCING ACTIVITIES				
Mortgage payments	-	-	(53,019)	(51,018)
CASH USED FOR FINANCING ACTIVITIES	-	-	(53,019)	(51,018)
INVESTING ACTIVITIES				
Interest income	734	538	3,104	3,072
GIC redemption	-	-	9,974	-
Purchase of assets	-	-	(9,084)	(13,898)
CASH PROVIDED/(USED) FOR INVESTING ACTIVITIES	734	538	3,994	(10,826)
INTERFUND TRANSFERS				
Expenses	(22,838)	6,985	22,838	(6,985)
Restricted cash	-	(10,408)	-	10,408
Purchase of assets	(9,084)	(13,899)	9,084	13,899
Net interfund transfers	(31,922)	(17,322)	31,922	17,322
Net increase/(decrease) in cash	48,684	8,393	21,958	13,480
Cash and equivalents, beginning of year	228,195	219,801	246,651	232,171
Cash and equivalents, end of year	\$ 276,879	\$ 228,194	\$ 268,609	\$ 245,651
Represented by:				
Cash	\$ 192,784	\$ 171,654	\$ -	\$ -
Restricted cash	34,095	56,540	-	-
Term deposits	-	-	-	9,974
Restricted term deposits	50,000	-	54,583	34,205
Funds held in trust (Note 14)	-	-	214,026	201,472
	\$ 276,879	\$ 228,194	\$ 268,609	\$ 245,651
Supplemental information:				
Cash paid for: interest	\$ -	\$ -	\$ 122,634	\$ 124,635
Cash received for: interest	\$ 734	\$ 538	\$ 3,104	\$ 3,072

CANADIAN MENTAL HEALTH ASSOCIATION - COWICHAN VALLEY BRANCH 1992
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

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1. PURPOSE OF THE ORGANIZATION

Canadian Mental Health Association – Cowichan Valley Branch 1992 (the “Association”) is a Not-for-Profit community agency whose mission is to improve the mental health of people in the Cowichan Valley Communities through public education and promotion of mental health. Its charitable objectives are to develop, operate and support the highest possible level of mental health services, to develop community advocacy and advisory capacity, to provide family support and education, to generate and encourage activities designed to promote mental health and well-being and connections between individuals and groups in the Cowichan Valley Communities which contribute to and facilitate on-going positive relationships.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Accounting standards

These financial statements have been prepared in accordance with standards for Not for Profit Organizations which is one of the financial reporting frameworks included in Canadian Generally Accepted Accounting Principles.

b) Property, Plant & Equipment

Capital assets purchased are recorded at cost at the date of acquisition. Contributed assets are recorded at fair market value at the date of contribution. Amortization of these assets is based on the following annual rates:

Leasehold interest	60 years straight-line
Automotive	30% declining balance
Computers	30% declining balance
Furniture and fixtures	20% declining balance
Office equipment	20% declining balance

The leasehold interest is amortized over the 60 year lease period held on property known as Warmland House.

In the year of acquisition, amortization is recorded at one-half of the above stated rates and no amortization is taken in the year of disposition.

CANADIAN MENTAL HEALTH ASSOCIATION - COWICHAN VALLEY BRANCH 1992
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

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2. SIGNIFICANT ACCOUNTING POLICIES Cont'd

c) Fund accounting

The Association follows the deferral method of accounting for contributions. The Operating Fund reports unrestricted and restricted assets, liabilities, revenues and expenses related to the Association's activities. The Capital Fund reports the ownership and equity related to the Association's capital assets.

d) Cash

Cash includes cash on hand and balances with banking institutions net of bank overdrafts.

e) Donated Services

If donated services are received by the Association the value of these services is not recognized in these statements.

f) Revenue Recognition

- i) Contributions from Ministry of Children & Family Development, Vancouver Island Health Authority, BC Housing and Bounceback are recorded as deferred revenue and recognized in income in the month for which the funding was intended.
- ii) Fees for service revenue are recognized as income when the service is provided.
- iii) Fundraising and other revenue is recognized as income immediately upon receipt. Donations are deferred in the event an external restriction has been imposed and the purpose of the donation has not been fulfilled at year end.
- iv) Gaming revenue from Duncan Dabbers is recognized as revenue immediately upon receipt. Duncan Dabbers is an Association of Registered Charities that is responsible for all expenses and the net proceeds are distributed quarterly to participating organizations. Contributions received from the Ministry of Public Safety is recorded as deferred revenue and recognized in income in the month for which the funding was intended.
- v) Rental revenue is recorded as it becomes receivable on the first of the month by the tenants or the Ministry subsidizing the unit. Rental deposits are deferred until forfeited for partial rent payments, retained for repairs upon change in occupancy or returned to the tenants.
- vi) Interest income earned is recognized as revenue in the year the investment income is earned.

CANADIAN MENTAL HEALTH ASSOCIATION - COWICHAN VALLEY BRANCH 1992
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

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2. SIGNIFICANT ACCOUNTING POLICIES Cont'd

g) Use of Estimates

The preparation of these financial statements in conformity with Canadian Accounting Standards for Not-for-Profit Organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the current period. Significant areas requiring the use of management estimates relate to the collectability of accounts receivable, deferred revenues, sick pay accruals and provisions for contingencies. Actual results could differ from those estimated. Adjustments, if any will be reflected in operations in subsequent fiscal periods.

3. FINANCIAL INSTRUMENTS

The Association's financial instruments consist of cash, term deposits, accounts receivable, accounts payable and accrued, wages and benefits payable and long term debt. It is the board's opinion that the Association is not exposed to significant market risk or currency risk arising from these financial instruments. For further information regarding these financial instruments please see notes 4, 6, 10, 11 and 12.

Interest rate risk

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market interest rates.

The Association is exposed to interest rate risk as a result of term deposits and long term debt payable. The term deposits are restricted per details in note 6 and mature annually allowing for monitoring of interest rates. The long term debt is at a fixed rate of interest and is paid based on the contractual requirements of the debt instrument. A change in market interest rates has no impact on cash flows to service this debt. The long term debt payable is at a fixed rate of interest until October 1, 2020 at which time changes in market rates may result in a change to the cash flows required to service this debt. The Association maintains an operating line of credit subject to floating rates of interest, a change in the variable rate can impact cash flow to service the debt when such debt is outstanding. There has been no change to the risk exposure from 2014 and there is expected to be no substantive change in the next fiscal period.

CANADIAN MENTAL HEALTH ASSOCIATION - COWICHAN VALLEY BRANCH 1992
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

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3. FINANCIAL INSTRUMENTS Cont'd

Credit risk

The Association is exposed to credit risk resulting from the possibility that parties may default on their financial obligations, if there is a concentration of transactions carried out with the same party or if there is a concentration of financial obligations which have similar economic characteristics that they could be similarly affected by changes in economic conditions. The Association does not hold any collateral as security for financial obligations.

The maximum exposure of the Association to credit risk at March 31, 2015 relates to unrestricted cash, restricted cash and accounts receivable.

Cash: Credit risk associated with cash and term deposits is minimized substantially by ensuring that these assets are invested in financial obligations of banks that have been accorded investment grade ratings by a primary rating agency.

Accounts receivable: Credit risk associated with amounts receivable is minimized by the Association's large and diverse funder base, which covers government and government agency sectors in British Columbia. The Association follows a program of credit evaluation of funders and would limit the amount of credit extended when deemed necessary. The Association maintains allowances for potential doubtful accounts (nil in 2015) (2014 - nil), and any such losses to date have been within management's expectations. Management believes concentration of credit risk with respect to amounts receivable is limited due to the credit quality of the parties extended credit.

Liquidity risk

Liquidity risk is the risk that the Association will not be able to meet demands for cash or fund its obligations as they come due. Liquidity risk also includes the risk of the Association not being able to liquidate assets in a timely manner at a reasonable price.

The Association meets its liquidity requirements by preparing and monitoring detailed forecasts of cash flows from operations as well as anticipating investing and financing activities. The Association has a short-term unsecured bank facility of up to \$10,000 in place should it be required to meet temporary fluctuations in cash requirements. Please see Notes 10, 11 and 12 relating to short and long term lending available.

CANADIAN MENTAL HEALTH ASSOCIATION - COWICHAN VALLEY BRANCH 1992
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

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4. ACCOUNTS RECEIVABLE

Accounts receivable consist of the following:

	2015	2014
Government contracts	\$ 23,614	\$ 44,975
Interest receivable	865	-
Goods & services sales tax	<u>1,573</u>	<u>1,765</u>
	<u>\$ 26,052</u>	<u>\$ 46,740</u>

GST has been calculated as 50% in accordance with GST requirements for Not-for-Profit Organizations.

5. PROPERTY, PLANT & EQUIPMENT

	Cost	Accumulated Amortization	Net Book Value 2015
Leasehold interest	\$8,136,259	\$ 713,008	\$7,423,251
Automotive	11,978	9,534	2,444
Computers	19,523	17,842	1,681
Furniture & fixtures	<u>262,890</u>	<u>170,817</u>	<u>92,073</u>
	<u>\$8,430,650</u>	<u>\$ 911,201</u>	<u>\$7,519,449</u>

	Cost	Accumulated Amortization	Net Book Value 2014
Leasehold interest	\$8,146,232	\$ 577,227	\$7,569,005
Automotive	11,978	8,486	3,492
Computers	19,523	17,121	2,402
Furniture & fixtures	<u>253,806</u>	<u>149,200</u>	<u>104,606</u>
	<u>\$8,431,539</u>	<u>\$ 752,034</u>	<u>\$7,679,505</u>

The Association recorded amortization of \$159,167 in the current year (2014 - \$163,919).

CANADIAN MENTAL HEALTH ASSOCIATION - COWICHAN VALLEY BRANCH 1992
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

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6. TERM DEPOSITS

Certain term deposits are externally restricted as noted below under the operating agreement with B.C. Housing for the repair and replacement of property known as Warmland House in the amount of \$34,583 (2014 - \$34,205). The term deposits mature annually at which time the Association will determine whether it should be cashed or re-invested for another year. They are represented by term deposits held by financial institutions as follows:

	2015	2014
Unrestricted		
CIBC @ 0.45% matured March 20, 2014	\$ <u> -</u>	\$ <u> 9,974</u>
Restricted		
ISCU @ 1.10% maturing July 18, 2015	\$ 20,000	\$ -
ISCU @ 1.70% maturing December 12, 2015	34,583	34,205
ISCU @ 1.65% maturing November 30, 2015	25,000	-
ISCU @ 1.10% maturing November 30, 2015	<u>25,000</u>	<u> -</u>
	<u>\$ 104,583</u>	<u>\$ 34,205</u>

7. DEFERRED REVENUES

	2015	2014
Opening balance	\$ 140,854	\$ 158,028
New funds	1,346,328	1,337,275
Funds utilized	<u>(1,339,575)</u>	<u>(1,354,449)</u>
Ending balance	<u>\$ 147,607</u>	<u>\$ 140,854</u>

	2015	2014
B.C. Housing	\$ 88,056	\$ 78,297
Vancouver Island Health Authority	15,554	29,835
Gaming	27,804	2,600
Ministry of Children & Family Development	6,798	7,656
Rent security deposits (Note 8)	3,938	4,313
FREE program	-	13,000
Fundraising pool	<u>5,457</u>	<u>5,033</u>
	<u>\$147,607</u>	<u>\$140,854</u>

CANADIAN MENTAL HEALTH ASSOCIATION - COWICHAN VALLEY BRANCH 1992
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

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8. SECURITY DEPOSITS

Security deposits are represented by tenant deposits to be returned upon termination of rental or applied to repairs. No interest has been calculated on potential refunds.

9. LEASE OBLIGATION AND COMMITMENTS

An office is rented through Neil Bevan at 371 Festubert Street, Duncan, B.C. This rental is on a month by month basis with no formal contract in place. A retail space is rented through GJ Holdings Ltd. at 55 Trunk Road, Duncan, B.C. This rental is on a month by month basis with no formal contract in place. An office space is rented through Oak Bay Rentals Investment at #214-2186 Oak Bay Avenue, Victoria, B.C. This rental is on a month by month basis with no formal contract in place. A storage unit is rented from Kenneth Court Holdings at 1643 Stamps Road, Duncan, B.C. This rental is on a month by month basis with no formal contract in place. The Association leases two photocopiers through Konica Minolta. The lease expires July 31, 2018 and requires monthly payments of \$297.

Minimum commitment for the next four years is as follows:

2015	\$3,564
2016	\$3,564
2017	\$3,564
2018	\$1,782

The Association has a lease agreement with B.C. Housing which owns the land and building known as Warmland House. The lease of this property with B.C. Housing is for 60 years commencing on January 6, 2009. The Association does not pay B.C. Housing for the leasing of this property but rather is responsible for paying the mortgages advanced for the cost of constructing the building. Please see Notes 11 and 12 for further information in regards to these mortgages. The total cost of the leasehold improvements at March 31, 2015 is \$8,136,259 (2014 - \$8,146,232).

10. LINE OF CREDIT

The Association holds an unsecured \$10,000 line of credit with Island Savings Credit Union with an interest rate of prime plus 2% which is payable on demand. The Association has not utilized this extended credit during the 2015 fiscal year.

CANADIAN MENTAL HEALTH ASSOCIATION - COWICHAN VALLEY BRANCH 1992

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2015

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11. MORTGAGE PAYABLE – ROYAL BANK OF CANADA

This mortgage is secured by a first mortgage over the leasehold interest with a net book value of \$7,423,251 (2014 - \$7,569,005) which completed construction during the 2012 fiscal year end. Payments of principal and interest totalling \$14,638 are required monthly, due on the first of each month. Interest is accruing monthly at a fixed rate equal to 3.886%. This rate is compounded monthly.

	2015	2014
Closing Balance	\$3,152,347	\$3,205,366
Less current portion	<u>(55,100)</u>	<u>(53,019)</u>
	<u>\$3,097,247</u>	<u>\$3,152,347</u>

Principal repayments due within the next five years:

Current	\$ 55,100
2017	57,262
2018	59,508
2019	61,843
2020	64,270
Thereafter	<u>2,854,364</u>
	<u>\$ 3,152,347</u>

12. B.C. HOUSING FORGIVABLE MORTGAGE PAYABLE

This mortgage is a forgivable mortgage secured by a second charge over the leasehold interest with a net book value of \$7,423,251 (2014 - \$7,569,005) to be forgiven over 25 years commencing in 2020. The Warmland House building must be used for the intended purpose of providing affordable housing during the 10 years prior to forgiveness commencing and continue to be used for this purpose during the forgiveness term. In the current year, the property was operational and did meet the terms of this contract by providing affordable housing for twelve months.

13. ECONOMIC DEPENDENCY

The Association is economically dependent on continued government contracts.

CANADIAN MENTAL HEALTH ASSOCIATION - COWICHAN VALLEY BRANCH 1992
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

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14. FUNDS HELD IN TRUST

The RBC mortgage has been advanced at an amount higher than the current required mortgage funds to allow extra funds to cover the estimated costs to complete the property shown as the leasehold interest. Per B.C. Housing, these funds can be used to complete the property, and if not utilized for this purpose will continue to be held in trust until the mortgage renews and will then be applied to the outstanding principal. These funds can be used for capital expenditures relating to the leasehold interest upon the review and approval of B.C. Housing. This fund earned interest of \$2,579 (2014 - \$2,501) during the year.

15. RESTRICTED CASH

	2015	2014
Board of directors internally restricted	\$ 52,300	\$ 50,000
Bike shop internally restricted	980	3,492
Affordable counselling internally restricted	-	609
Outreach fundraising internally restricted	3,000	-
Gaming externally restricted	27,815	2,671
Capital fund internally restricted	<u>54,583</u>	<u>34,205</u>
	<u>\$ 138,678</u>	<u>\$ 90,977</u>

16. CONTINGENT LIABILITIES

During the 2014 fiscal year the Association changed its employee benefit provider from Health Benefit Trust ("HBT"). HBT is attempting to impose a \$20,339 exit levy on the Association as a result of cancelling their benefit contract. The Association has joined a class action Lawsuit against HBT. The potential liability has not been disclosed in the financial statements as the outcome of the lawsuit and potential amount owing is not known at June 15, 2015.

17. RELATED PARTY TRANSACTIONS

In 2014 there was \$240 included in repairs and maintenance that was paid to a representative of the Board of Directors for landscaping services rendered outside the individuals' duties as a Director. The transactions were conducted in the normal course of business at an agreed upon rate.

Schedule I

CANADIAN MENTAL HEALTH ASSOCIATION - COWICHAN VALLEY BRANCH 1992

DEPARTMENTAL INCOME STATEMENT - SHELTER

FOR THE YEAR ENDED MARCH 31, 2015

	2015	2014
REVENUE		
Vancouver Island Health Authority	\$ 58,509	\$ 81,102
B.C. Housing	509,407	510,582
Rent	21,645	9,175
Donations - homeless	4,185	20,072
Fundraising	3,356	18,369
Other	1,155	864
	<u>598,257</u>	<u>640,164</u>
EXPENSES		
Audit and legal	2,896	750
Amortization	54,002	55,518
Automotive	4,882	6,068
Equipment lease	1,156	2,486
Insurance	5,073	5,073
Memberships	329	329
Office	3,634	7,192
Programs	87,092	79,063
Repairs and maintenance	22,621	27,779
Salaries and benefits	447,924	511,630
Telephone	1,327	1,466
Travel	366	973
Utilities	11,103	10,890
	<u>642,405</u>	<u>709,217</u>
EXCESS OF REVENUE/(EXPENSES)	<u>\$ (44,148)</u>	<u>\$ (69,053)</u>

CANADIAN MENTAL HEALTH ASSOCIATION - COWICHAN VALLEY BRANCH 1992
DEPARTMENTALIZED INCOME STATEMENT - APARTMENTS
FOR THE YEAR ENDED MARCH 31, 2015

	2015	2014
REVENUE		
Vancouver Island Health Authority	\$ 91,513	\$ 69,086
B.C. Housing	274,541	225,740
Rent	103,640	102,818
Other	2,406	3,743
	<u>472,100</u>	<u>401,387</u>
EXPENSES		
Amortization	104,829	107,770
Audit and legal	4,530	1,174
Equipment lease	532	1,777
Insurance	9,848	9,848
Memberships	329	329
Office	2,259	9,157
Programs	13,064	9,667
Repairs and maintenance	17,952	18,833
Salaries and benefits	198,891	119,268
Telephone	3,025	3,895
Travel	1,188	805
Utilities	33,242	35,402
Mortgage interest	122,464	124,471
	<u>512,153</u>	<u>442,396</u>
EXCESS OF REVENUE/(EXPENSES)	<u>\$ (40,053)</u>	<u>\$ (41,009)</u>

Schedule III

**CANADIAN MENTAL HEALTH ASSOCIATION - COWICHAN VALLEY BRANCH 1992
DEPARTMENTALIZED INCOME STATEMENT - OUTREACH
FOR THE YEAR ENDED MARCH 31, 2015**

	2015	2014
REVENUE		
B.C. Housing	\$ 80,718	\$ 80,721
Fundraising	10,650	200
	91,368	80,921
EXPENSES		
Insurance	1,060	1,028
Office	720	1,755
Programs	15,754	3,155
Rent supplements	19,823	19,583
Salaries and benefits	46,187	46,065
Telephone	1,398	1,200
Travel	3,082	3,572
	88,024	76,358
EXCESS OF REVENUE/(EXPENSES)	\$ 3,344	\$ 4,563