

**CANADIAN MENTAL HEALTH ASSOCIATION
NORTH AND WEST VANCOUVER BRANCH**

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

(Expressed in Canadian dollars)

TOGETHER WITH THE AUDITOR'S REPORT

**Canadian Mental Health Association
North and West Vancouver Branch**

March 31, 2017

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charlton & company
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Members of **Canadian Mental Health Association, North and West Vancouver Branch**

We have audited the accompanying consolidated financial statements of Canadian Mental Health Association, North and West Vancouver Branch, which comprise the consolidated statements of financial position as at March 31, 2017 and 2016, and the consolidated statements of revenue and expenditures (including schedule of revenue and expenditures), changes in consolidated net assets and consolidated cash flows for the years ended March 31, 2017 and 2016, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits 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 about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Canadian Mental Health Association, North and West Vancouver Branch as at March 31, 2017 and 2016 and the results of its operations and its cash flows for the years ended March 31, 2017 and 2016 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, 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.

“Charlton & Company”

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, British Columbia
July 17, 2017

**CANADIAN MENTAL HEALTH ASSOCIATION
NORTH AND WEST VANCOUVER BRANCH**

STATEMENTS OF CONSOLIDATED FINANCIAL POSITION

	<u>March 31,</u> <u>2017</u>	<u>March 31,</u> <u>2016</u>
Current		
Cash and cash equivalent (Note 2(d) & 3)	\$ 274,433	\$ 314,589
Accounts receivable (GST: \$5,412; 2016: \$9,576)	134,383	116,232
Inventory	4,371	4,049
Prepaid expenditures	17,197	34,730
	430,384	469,600
Property and equipment (Notes 2(h) & 4)	1,986,842	1,999,769
	\$ 2,417,226	\$ 2,469,369
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 130,776	\$ 116,545
Employment deductions payable	3,733	-
GST payable	8,383	2,962
Deferred revenue (Note 5)	61,000	85,864
Current portion of long-term debt (Note 7)	31,101	30,025
	234,993	235,396
Mortgages payable (Note 7)	1,146,229	1,177,393
	1,381,222	1,412,789
NET ASSETS		
Net assets invested in capital assets (Note 4)	807,196	789,108
Internally restricted net assets (Note 3)	130,445	129,739
Unrestricted net assets	96,363	137,733
Endowment fund (Note 3)	2,000	-
	1,036,004	1,056,580
	\$ 2,417,226	\$ 2,469,369
Incorporation and nature of operation (Note 1)		
Commitments (Note 9)		

Approved on Behalf of the Board:

“Donald Stuckert” Director

“Joshua Radcliffe” Director

The accompanying notes are an integral part of the consolidated financial statements.

**CANADIAN MENTAL HEALTH ASSOCIATION
NORTH AND WEST VANCOUVER BRANCH**

STATEMENTS OF CONSOLIDATED REVENUE AND EXPENDITURES

Years Ended March 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
CONTRIBUTIONS, per Schedule	\$ 1,933,132	\$ 1,958,548
EXPENDITURES, per Schedule	<u>1,945,736</u>	<u>2,181,189</u>
NET (LOSS) REVENUE, CMHA	(12,604)	(222,641)
HOpe Centre Café, Loss per Schedule	<u>(9,972)</u>	<u>(22,887)</u>
NET (LOSS) REVENUE, after HOpe Centre Café	<u>\$ (22,576)</u>	<u>\$ (245,528)</u>

The accompanying notes are an integral part of the consolidated financial statements.

**CANADIAN MENTAL HEALTH ASSOCIATION
NORTH AND WEST VANCOUVER BRANCH**

SCHEDULE OF REVENUE

Years Ended March 31, 2017 and 2016

	<u>2017</u>		<u>2016</u>
CONTRIBUTIONS			
BC Housing (Note 6)	\$ 99,012	\$	90,075
CMHA BC	305,847		416,783
Donations	180,923		67,071
Fundraising	27,118		20,549
Grants – BC Gaming	25,000		-
Grants – Municipal Government (Note 11)	15,725		53,758
Interest	706		930
Kelty Dennehy Mental Health Centre	39,998		62,800
Memberships	345		565
Ministry of Housing and Social Development	170,532		162,537
Other	52,786		44,877
Residential Rental (clients)	61,183		59,624
Vancouver Coastal Health	636,849		643,507
YWCA	317,108		335,472
	\$ 1,933,132	\$	1,958,548

The accompanying notes are an integral part of the consolidated financial statements.

**CANADIAN MENTAL HEALTH ASSOCIATION
NORTH AND WEST VANCOUVER BRANCH**

SCHEDULE OF EXPENDITURES

Years Ended March 31, 2017 and 2016

		<u>2017</u>		<u>2016</u>
EXPENDITURES				
Advertising and promotion	\$	20,469	\$	6,155
Amortization		18,734		16,158
Bank charges and mortgage interest		37,015		38,128
Computer expenses		12,484		16,230
Contracted direct services		26,058		28,490
Food and groceries		54,295		57,099
Insurance		10,174		10,464
Legal, audit and other dues and fees		11,529		49,625
Maintenance and repairs		18,465		17,474
Medical and other services		-		139
Office supplies, moving and miscellaneous		22,799		53,933
Program supplies		35,133		71,513
Rent – Office and meeting rooms (Note 11)		116,671		143,941
Rent subsidies – Supported Independent Living units		14,376		14,364
Salaries and benefits		1,502,046		1,607,867
Telephone		15,573		16,931
Training and professional development		1,378		10,712
Travel		11,959		11,414
Utilities		16,578		10,552
		<hr/>		<hr/>
	\$	1,945,736	\$	2,181,189

The accompanying notes are an integral part of the consolidated financial statements.

1013915 B.C. LTD. (HOPE CENTRE CAFÉ)

SCHEDULE OF OPERATIONS

Year Ended March 31,

	2017	2016
REVENUE		
Sales	\$ 192,551	\$ 183,624
Catering	<u>31,704</u>	<u>24,368</u>
	224,255	207,992
COST OF GOODS SOLD	<u>98,342</u>	<u>91,914</u>
GROSS PROFIT	<u>125,913</u>	<u>116,078</u>
EXPENDITURES		
Advertising and promotion	5,191	4,087
Amortization	927	927
Bank charges and interest	2,531	2,707
Donations	525	413
Insurance	3,150	3,188
Legal, audit and other dues and fees	3,354	4,354
Maintenance and repairs	973	1,018
Office supplies, moving and miscellaneous	1,345	1,842
Royalty fees	17,697	15,904
Salaries and benefits	103,397	106,566
Telephone	250	249
	<u>139,340</u>	<u>141,255</u>
LOSS FROM OPERATIONS	(13,427)	(25,177)
OTHER INCOME		
Miscellaneous income	<u>3,455</u>	<u>2,290</u>
LOSS FOR THE PERIOD	<u>\$ (9,972)</u>	<u>(22,887)</u>

The accompanying notes are an integral part of the consolidated financial statements.

**CANADIAN MENTAL HEALTH ASSOCIATION
NORTH AND WEST VANCOUVER BRANCH**

STATEMENTS OF CONSOLIDATED CHANGES IN NET ASSETS

Years Ended March 31, 2017 and 2016

NET ASSETS	March 31, 2017						March 31, 2016
	Capital Assets	Internally Restricted	Unrestricted	Endowment	HOpe Centre Café	Total	Total
Balance, beginning of year	\$ 789,108	\$ 129,739	\$ 192,620	\$ -	\$ (54,887)	\$ 1,056,580	\$ 1,302,108
Net revenue (expenditures)	(18,734)	706	5,424	-	(9,972)	(22,576)	(245,528)
Reduction of mortgage payable	30,088	-	(30,088)	-	-	-	-
Net investment in capital assets	6,734	-	(6,734)	-	-	-	-
Additions to Endowment fund	-	-	-	2,000	-	2,000	-
Balance, end of year	\$ 807,196	\$ 130,445	\$ 161,222	\$ 2,000	\$ (64,859)	\$ 1,036,004	\$ 1,056,580

The accompanying notes are an integral part of the consolidated financial statements.

**CANADIAN MENTAL HEALTH ASSOCIATION
NORTH AND WEST VANCOUVER BRANCH**

STATEMENTS OF CASH FLOWS

Years Ended March 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
OPERATING ACTIVITIES		
Net revenue (loss)	\$ (22,576)	\$ (245,528)
Items not involving cash resources:		
Amortization	19,661	17,085
Additions to endowment fund	2,000	-
	(915)	(228,443)
Net changes in non-cash current accounts		
Accounts receivable	(18,151)	152,960
Accounts payable and accrued liabilities	23,385	44,492
Deferred revenue	(24,864)	38,221
Inventory	(322)	1,347
Prepaid expenses	17,533	36,503
	(2,419)	273,523
	(3,334)	45,080
INVESTING ACTIVITIES		
Investment in capital assets	(6,734)	(31,170)
FINANCING ACTIVITIES		
Net borrowing (mortgage payable)	(30,088)	(28,896)
NET CASH INFLOW (OUTFLOW)	(40,156)	(14,986)
CASH AND CASH EQUIVALENT, beginning of year	314,589	329,575
CASH AND CASH EQUIVALENT, end of year	\$ 274,433	\$ 314,589
UNRESTRICTED CASH	\$ 143,988	\$ 184,850
RESTRICTED CASH (Note 3)	130,445	129,739
	\$ 274,433	\$ 314,589

The accompanying notes are an integral part of the consolidated financial statements.

**CANADIAN MENTAL HEALTH ASSOCIATION
NORTH AND WEST VANCOUVER BRANCH**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Years Ended March 31, 2017 and 2016

1. INCORPORATION AND NATURE OF OPERATIONS

The Association is a registered charity and it is incorporated under the Society Act of the Province of British Columbia.

Revenues are derived primarily from Vancouver Coastal Health funding, YWCA Metro Vancouver, CMHA BC, subcontract work and donations. These are used to cover the costs of providing and administering programs designed to promote mental health and to support the resilience and recovery of people experiencing mental illnesses.

The Association owns three houses in North Vancouver (Goodman House, Arborlynn House and Harold House), and operates a fourth house in North Vancouver (Lillian House), which are being used as group homes for individuals with mental illnesses.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Consolidation

These consolidated financial statements include the accounts of the Association and its wholly owned subsidiary: 1013915 B.C. Ltd (HOpe Centre Café). The results of the subsidiary will continue to be included in the consolidated financial statements of the Association until the date that the Association's control over the subsidiary ceases. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Inter-company balances and transactions, including unrealized income and expenses arising from intercompany transactions, are eliminated on consolidation.

Non-consolidated financial statements have been prepared for taxation purposes.

(b) Basis of Compliance

These consolidated financial statements have been prepared in accordance with accounting standards for not-for-profit organizations (ASNPO) as issued by Canadian Institute of Chartered Accountants (CICA) Handbook.

These consolidated financial statements were approved by the board of directors for use on July 17, 2017.

(c) Revenue Recognition

The Association follows the deferral method of accounting for contributions to non-profit organizations. Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Contributions and investment income which are not externally restricted are recognized as revenue in the year received or receivable if future collection is reasonably assured.

(d) Cash and Cash Equivalents

Cash and cash equivalents consist of cash and term deposits, which are cashable any time on the Association's demand. The term deposit is an internally restricted asset as per Note 3.

**CANADIAN MENTAL HEALTH ASSOCIATION
NORTH AND WEST VANCOUVER BRANCH**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Years Ended March 31, 2017 and 2016

2. SIGNIFICANT ACCOUNTING POLICIES – continued

(e) Inventory

Inventory is carried at lower of cost and net realizable value. Inventory is determined on an average cost basis.

(f) Financial Instruments

The Association has various financial instruments including cash and cash equivalents, accounts receivables, accounts payable and accrued liabilities, and mortgage payable. The estimated fair values of these financial instruments approximate their book values due to their short-term nature.

Measurement of financial instruments

The Association initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions.

The Association subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash and cash equivalent, and accounts receivable.

Financial liabilities measured at amortized cost include the accounts payable and accrued liabilities, and mortgage payable.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

(g) Contributed Materials and Services

Contributed materials and services are carried at no cost unless valuation is determinable. Furniture and equipment donated to the Association therefore may not be reflected in the consolidated financial statements. Groceries donated to the Association are reflected in the consolidated financial statements.

**CANADIAN MENTAL HEALTH ASSOCIATION
NORTH AND WEST VANCOUVER BRANCH**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Years Ended March 31, 2017 and 2016

2. SIGNIFICANT ACCOUNTING POLICIES – continued

(h) Property and Equipment

Property and equipment which are purchased are recorded at cost and amortization is provided for at the following annual rates:

Computer equipment Computer software Furniture and equipment Leasehold improvements
Building

Computer equipment	- 40% declining balance
Computer software	- 100% declining balance
Furniture and equipment	- 20% declining balance
Leasehold improvements	- 20% straight line
Building	- 4% declining balance

Amortization is calculated at half of the applicable rates in the year assets are acquired. Full amortization is claimed in subsequent years.

(i) Income taxes

The Association is a non-profit organization and, as such, its revenue is not subject to income tax.

The HOpe Centre Café is a private corporation subject to Canadian corporation income taxes. Therefore, the HOpe Centre Café is in conformity with ASPE principles for income taxation.

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Association operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(j) Revenue recognition

The Association recognizes revenue when the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity, the stage of completion of the transaction at the end of the reporting period can be measured reliably, and the costs incurred for the transaction and the costs to complete the transaction can be measured reliably. The Association does not have multiple element arrangements. No right of return or exchange privileges are granted, and accordingly, no provision for sales allowances or returns are recognized.

**CANADIAN MENTAL HEALTH ASSOCIATION
NORTH AND WEST VANCOUVER BRANCH**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Years Ended March 31, 2017 and 2016

2. SIGNIFICANT ACCOUNTING POLICIES – continued

(k) Use of Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the year.

Significant items subject to such estimates and assumptions include valuation of accounts receivable, the estimated useful life of equipment, accrued liabilities and deferred revenue. It is reasonably possible that circumstances may arise which cause actual results to differ from management estimates. Management, however, does not believe it is likely that such differences will materially affect the Association's consolidated financial position.

3. INTERNALLY RESTRICTED NET ASSETS

	<u>March 31, 2017</u>	<u>March 31, 2016</u>
Internally restricted funds	\$ 130,445	\$ 129,739

On October 22, 2012, the board of the Association passed a resolution on reserving \$125,000 fund for contingency purpose. The purpose of this reserve is to utilise the funds for expenditures arising as a result of

- a) The Association ceasing to be a going concern and closing all operations
- b) Circumstances beyond the Association's control such as natural disasters, legislative requirements etc.
- c) Any other extraordinary circumstances as determined by the Board.

As at March 31, 2017, \$130,217 (2016: \$74,166) internally restricted funds, held in term deposits, are included in cash and cash equivalent. The decline held in term deposits was due to bank induced redemption to meet outgoing payroll obligations. For the year ended March 31, 2017, interest earned on the term deposit was \$706 (2016: \$930).

As at March 31, 2017, the Association had \$2,000 (2016: \$Nil) in endowment funds. The fund is used to generate income which can be transferred to the operating fund. The funds are held at Vancity in a term deposit which earns 1.10% per year.

**CANADIAN MENTAL HEALTH ASSOCIATION
NORTH AND WEST VANCOUVER BRANCH**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Years Ended March 31, 2017 and 2016

4. PROPERTY AND EQUIPMENT

	<u>March 31, 2017</u>	<u>March 31, 2016</u>
Total net book value of property and equipment:	\$ 1,986,842	\$ 1,999,769
Less loans payable used for the purchase of:		
Goodman House	\$ (164,292)	\$ (164,292)
Aborlynn House	(540,207)	(556,218)
Harold House	(472,831)	(486,908)
Less property and equipment in HOpe Centre Café	\$ (2,316)	(3,243)
Net assets invested in capital assets	\$ 807,196	\$ 789,108

As at the year ended March 31, the fair value of the three houses as per BC Assessment is as follows:

	<u>Cost,</u> <u>March 31, 2017</u>	<u>Fair Value,</u> <u>March 31, 2017</u>
Goodman House	\$ 489,080	\$ 1,338,600
Aborlynn House	782,127	1,353,000
Harold House	684,399	1,188,800
	<u>\$ 1,955,606</u>	<u>\$ 3,880,400</u>

**CANADIAN MENTAL HEALTH ASSOCIATION
NORTH AND WEST VANCOUVER BRANCH**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Years Ended March 31, 2017 and 2016

4. PROPERTY AND EQUIPMENT – continued

	Cost	Accumulated Amortization	Net March 31, 2017	Net March 31, 2016
Office:				
Computer equipment	\$ 36,670	\$ 31,110	\$ 5,560	\$ 9,266
Computer software	8,248	8,248	-	2,589
Furniture & equipment	53,100	44,291	8,809	10,087
Leasehold improvements	7,952	2,385	5,567	7,157
	\$ 105,970	\$ 86,034	\$ 19,936	\$ 29,099
Goodman House:				
Furniture & equipment	\$ 10,061	\$ 9,019	\$ 1,042	\$ 1,302
Building	70,876	23,796	47,080	49,042
Land	442,000	-	442,000	442,000
	\$ 522,937	\$ 32,815	\$ 490,122	\$ 492,344
Aborlynn House:				
Furniture & equipment	\$ 2,002	\$ 483	\$ 1,519	\$ 1,410
Building	98,210	22,873	75,337	78,476
Land	706,790	-	706,790	706,790
	\$ 807,002	\$ 23,356	\$ 783,646	\$ 786,676
Harold House:				
Furniture & equipment	\$ 5,477	\$ 548	\$ 4,929	\$ -
Building	66,990	15,601	51,389	53,530
Land	633,010	-	633,010	633,010
	\$ 705,477	\$ 16,149	\$ 689,328	\$ 686,540
Lillian House:				
Furniture & equipment	\$ 2,075	\$ 581	\$ 1,494	\$ 1,867
HOpe Centre Café				
Leasehold Improvements	\$ 4,633	\$ 2,317	\$ 2,316	\$ 3,243
Total	\$ 2,148,094	\$ 161,252	\$ 1,986,842	\$ 1,999,769

**CANADIAN MENTAL HEALTH ASSOCIATION
NORTH AND WEST VANCOUVER BRANCH**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Years Ended March 31, 2017 and 2016

5. DEFERRED REVENUE

	<u>March 31,</u> <u>2017</u>	<u>March 31,</u> <u>2016</u>
Information and referral	\$ -	\$ 8,000
Balancing Bipolar Peer Support	30,000	-
CAYAC program	-	50,000
Income Outreach program	8,141	7,946
North Shore Youth 4 Mental Health	-	3,918
Peer support program	6,000	6,000
Peer support – iYos program	1,859	-
STEPS program	10,000	10,000
Kelty Dennehy Mental Health Resource Centre	5,000	-
	<u>\$ 61,000</u>	<u>\$ 85,864</u>

6. BC HOUSING SUBSIDIES

BC Housing subsidies received by the Association in the current year may be subject to adjustments in the following year, after BC Housing has reviewed the Association's current year consolidated financial statements.

7. LONG-TERM DEBT

As part of the acquisition of its three houses in North Vancouver, the Association assumed the following debt:

- a) A loan of \$164,292 from Marineview Housing Society is secured by Goodman House, bearing no interest and without specific repayment terms. This loan becomes due and payable in the event that the Association sells the property or defaults on any loan with a prior claim on the mortgaged property.
- b) A loan of \$1,013,038 (2016: \$1,043,126) from Vancity Credit Union is secured by Arborlynn House and Harold House, repayable in blended monthly payments of \$5,525 with interest at 3.55% per annum. The loan has a fixed term of five years and it will be matured on March 10, 2019.

**CANADIAN MENTAL HEALTH ASSOCIATION
NORTH AND WEST VANCOUVER BRANCH**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Years Ended March 31, 2017 and 2016

7. LONG-TERM DEBT - continued

		<u>March 31, 2017</u>		<u>March 31, 2016</u>
Current portion				
Arborlynn House loan	\$	16,585	\$	16,012
Harold House loan		14,516		14,013
		31,101		30,025
Total	\$	31,101	\$	30,025
Long-term portion				
Marineview Housing Society loan	\$	164,292	\$	164,292
Arborlynn House loan		523,622		540,206
Harold House loan		458,315		472,895
		1,146,229		1,177,393
Total	\$	1,146,229	\$	1,177,393

Principal repayments required on long term debt are as follows under the assumption that the Association can renegotiate a debt renewal on similar terms upon maturity:

2018	31,100
2019	32,215
2020	33,368
2021	34,563
2022	35,801
thereafter	1,113,987
	\$ 1,177,302

8. FINANCIAL ASSETS AND LIABILITIES

The Association has a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The risks that arise from transacting financial instruments include inherent risk, liquidity risk, and market (other price) risk. Price risk arises from changes in interest rates, foreign currency exchange rates and market prices.

(i) Credit risk

The Association is exposed to credit risk in the event of non-performance by counterparties in connection with its accounts receivable. The Association does not obtain collateral or other security to support the accounts receivable subject to credit risk but mitigates this risk by dealing only with what management believes to be financially sound counterparties and, accordingly, does not anticipate significant loss for non-performance. The Association has a large number of diverse funders which minimizes the concentration of credit risk.

**CANADIAN MENTAL HEALTH ASSOCIATION
NORTH AND WEST VANCOUVER BRANCH**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Years Ended March 31, 2017 and 2016

8. FINANCIAL ASSETS AND LIABILITIES - continued

(ii) Liquidity risk:

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Association is exposed to this risk mainly in respect of its monthly mortgage payments and accounts payable and accrued liabilities. The management has set aside internally restricted fund which is sufficient for three months operations in order to minimize the risk.

(iii) Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Association is exposed to this risk mainly in respect of its mortgage payable. The management has set aside internally restricted fund which is sufficient for three months operations in order to minimize the risk.

It is management's opinion that the Association is not exposed to significant liquidity, credit or interest rate risks arising from these financial instruments.

9. COMMITMENTS

The Association is committed to the following minimum payments (before applicable taxes) for the leased premises located on 1835 Lonsdale Avenue, North Vancouver, over the next ten years. The lease on the premise commenced on July 1, 2015 and the terms of the lease (not including common area maintenance fees) are as follows:

Year		Premises
2018	\$	93,496
2019		96,193
2020		99,789
2021		100,688
2022		100,688
2023		106,082
2024		107,880
2025		107,880

10. ECONOMIC DEPENDENCE

The Association is economically dependent on Vancouver Coastal Health. The Association receives funding from Vancouver Coastal Health for its operations at Arborlynn House, Harold House and Lillian House.

11. PERMISSIVE TAX EXEMPTION

The Association has been granted permissive tax exemption on property taxes for the leased premises located on 1835 Lonsdale Avenue, North Vancouver. As at March 31, 2016, \$6,594 of the \$26,376 exemption for the 2016 calendar year has been recognized as revenue and offset in rental expenditures on the financial statements. For the year ended March 31, 2017, the permissive tax exemption is now included in the rent expense.

**CANADIAN MENTAL HEALTH ASSOCIATION
NORTH AND WEST VANCOUVER BRANCH**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Years Ended March 31, 2017 and 2016

12. COMPENSATION

The remuneration paid to directors and to the highest paid employees and contractors as defined in the BC Societies Act are as follows:

	2017
Executive Director	\$ 82,628

**CANADIAN MENTAL HEALTH ASSOCIATION
NORTH AND WEST VANCOUVER BRANCH**

HOMELESS OUTREACH PROGRAM

SCHEDULE OF REVENUE AND EXPENDITURES

Years Ended March 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
REVENUE		
B.C. Housing	\$ 95,352	\$ 86,415
EXPENDITURES		
Computer expenses	426	736
Insurance	-	731
Legal, audit & other dues & fees	497	612
Maintenance & repairs	673	454
Office supplies	297	678
Program supplies	591	1,537
Rent	24,430	21,652
Salaries & benefits	69,032	61,226
Telephone & cable	1,973	2,177
Training & professional development	-	285
Travel	2,502	2,282
	100,421	92,370
NET REVENUE (LOSS)	\$ (5,069)	\$ (5,955)