

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

**CONSOLIDATED FINANCIAL STATEMENTS**

**MARCH 31, 2018**

(Expressed in Canadian dollars)

**TOGETHER WITH THE AUDITOR'S REPORT**

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

**March 31, 2018**

**Index**

	Page
<b>INDEPENDENT AUDITOR'S REPORT</b>	1 – 2
<b>CONSOLIDATED FINANCIAL STATEMENTS</b>	
Statements of Consolidated Financial Position	3
Statements of Consolidated Revenue and Expenditures	4
Schedule of Revenue – CHMA North and West Vancouver Branch	5
Schedule of Expenditures – CHMA North and West Vancouver Branch	6
Schedule of Operations – HOpe Centre Cafe	7
Statements of Consolidated Changes in Net Assets	8
Statements of Consolidated Cash Flows	9
Notes to the Consolidated Financial Statements	10 – 19
Statements of Revenue and Expenditures - Homeless Outreach Program	20



p | 604.683.3277  
f | 604.684.8464

SUITE 1735, TWO BENTALL CENTRE  
555 BURRARD STREET  
BOX 243  
VANCOUVER, BC V7X 1M9

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, 2018 and 2017, 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, 2018 and 2017, 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, 2018 and 2017 and the results of its operations and its cash flows for the years ended March 31, 2018 and 2017 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 30, 2018

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

**STATEMENTS OF CONSOLIDATED FINANCIAL POSITION**

	<u>March 31,</u> <u>2018</u>	<u>March 31,</u> <u>2017</u>
<b>Current</b>		
Cash and cash equivalent (Note 2(d) & 3)	\$ 171,644	\$ 274,433
Accounts receivable (GST: \$3,983; 2017: \$5,412)	107,713	134,383
Inventory	4,066	4,371
Prepaid expenditures	19,914	17,197
	303,337	430,384
<b>Property and equipment (Notes 2(h) &amp; 4)</b>	<b>1,982,964</b>	<b>1,986,842</b>
	\$ 2,286,301	\$ 2,417,226
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 126,118	\$ 130,776
Employment deductions payable	226	3,733
GST payable	4,711	8,383
Deferred revenue (Note 5)	64,460	61,000
Current portion of long-term debt (Note 8)	32,215	31,101
	227,730	234,993
<b>Mortgages payable (Note 8)</b>	<b>1,114,022</b>	<b>1,146,229</b>
	1,341,752	1,381,222
<b>NET ASSETS</b>		
Net assets invested in capital assets (Note 4)	835,338	807,196
Internally restricted net assets (Note 3)	37,201	130,445
Unrestricted net assets	70,010	96,363
Endowment fund (Note 3)	2,000	2,000
	944,549	1,036,004
	\$ 2,286,301	\$ 2,417,226
<b>Incorporation and nature of operation (Note 1)</b>		
<b>Commitments (Note 10)</b>		

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, 2018 and 2017**

	<u><b>2018</b></u>	<u><b>2017</b></u>
<b>CONTRIBUTIONS, per Schedule</b>	\$ <b>1,769,603</b>	\$ 1,933,132
<b>EXPENDITURES, per Schedule</b>	<u><b>1,849,976</b></u>	<u>1,945,736</u>
<b>NET (LOSS) REVENUE, CMHA</b>	<b>(80,373)</b>	(12,604)
<b>HOpe Centre Café, Loss per Schedule</b>	<u><b>(11,082)</b></u>	<u>(9,972)</u>
<b>NET (LOSS) REVENUE, after HOpe Centre Café</b>	\$ <u><b>(91,455)</b></u>	\$ <u>(22,576)</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, 2018 and 2017**

		<u>2018</u>		<u>2017</u>
<b>CONTRIBUTIONS</b>				
BC Housing (Note 6)	\$	<b>101,359</b>	\$	99,012
CMHA BC		<b>180,275</b>		305,847
Donations		<b>74,732</b>		180,923
Fundraising		<b>33,964</b>		27,118
Grants – BC Gaming		-		25,000
Grants – Other		<b>37,325</b>		15,725
Interest		<b>1,104</b>		706
Memberships		<b>620</b>		345
Ministry of Housing and Social Development		<b>178,390</b>		170,532
Other		<b>50,752</b>		52,786
Residential Rental (clients)		<b>71,977</b>		61,183
Vancouver Coastal Health		<b>700,143</b>		676,847
YWCA		<b>338,962</b>		317,108
		<hr/>		<hr/>
	\$	<b>1,769,603</b>	\$	1,933,132
		<hr/>		<hr/>

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, 2018 and 2017**

	<u>2018</u>		<u>2017</u>
<b>EXPENDITURES</b>			
Advertising and promotion	\$ 4,221	\$	20,469
Amortization	15,564		18,734
Bank charges and mortgage interest	35,939		37,015
Computer expenses	13,982		12,484
Contracted direct services	12,980		26,058
Food and groceries	57,179		54,295
Insurance	9,539		10,174
Legal, audit and other dues and fees	15,298		11,529
Maintenance and repairs	26,712		18,465
Office supplies and miscellaneous	27,854		22,799
Program supplies	46,636		35,133
Rent – Office and meeting rooms (Note 12)	103,629		116,671
Rent subsidies – Supported Independent Living units	14,418		14,376
Salaries and benefits	1,418,349		1,502,046
Telephone	14,578		15,573
Training and professional development	5,112		1,378
Travel	12,657		11,959
Utilities	15,329		16,578
	<b>\$ 1,849,976</b>	<b>\$</b>	<b>1,945,736</b>

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,**

	<b>2018</b>	<b>2017</b>
<b>REVENUE</b>		
Sales	\$ 203,629	\$ 192,551
Catering	23,803	31,704
	<u>227,432</u>	<u>224,255</u>
<b>COST OF GOODS SOLD</b>	<u>96,320</u>	<u>98,342</u>
<b>GROSS PROFIT</b>	<u>131,112</u>	<u>125,913</u>
<b>EXPENDITURES</b>		
Advertising and promotion	145	5,191
Amortization	927	927
Bank charges and interest	2,758	2,531
Business development	2,500	-
Donations	310	525
Insurance	3,150	3,150
Legal, audit and other dues and fees	2,913	3,354
Maintenance and repairs	1,039	973
Office supplies and miscellaneous	4,090	1,345
Royalty fees	16,709	17,697
Salaries and benefits	109,494	103,397
Telephone	250	250
	<u>144,285</u>	<u>139,340</u>
<b>LOSS FROM OPERATIONS</b>	<u>(13,173)</u>	<u>(13,427)</u>
<b>OTHER INCOME</b>		
Miscellaneous income	2,091	3,455
<b>LOSS FOR THE PERIOD</b>	<u>\$ (11,082)</u>	<u>(9,972)</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, 2018 and 2017**

<b>NET ASSETS</b>	<b>March 31, 2018</b>						<b>March 31, 2017</b>
	<b>Capital Assets</b>	<b>Internally Restricted</b>	<b>Unrestricted</b>	<b>Endowment</b>	<b>HOpe Centre Café</b>	<b>Total</b>	<b>Total</b>
Balance, beginning of year	\$ 807,196	\$ 130,445	\$ 161,222	\$ 2,000	\$ (64,859)	\$ 1,036,004	\$ 1,056,580
Net revenue (expenditures)	(15,564)	1,104	(65,913)	-	(11,082)	(91,455)	(22,576)
Transfer to Unrestricted	-	(94,348)	94,348	-	-	-	-
Reduction of mortgage payable	31,093	-	(31,093)	-	-	-	-
Purchase of capital assets	12,769	-	(12,769)	-	-	-	-
Net book value of equipment disposed	(156)	-	156	-	-	-	-
Additions to Endowment fund	-	-	-	-	-	-	2,000
Balance, end of year	\$ 835,338	\$ 37,201	\$ 145,951	\$ 2,000	\$ (75,941)	\$ 944,549	\$ 1,036,004

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, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
<b>OPERATING ACTIVITIES</b>		
Net revenue (loss)	\$ (91,455)	\$ (22,576)
Items not involving cash resources:		
Amortization	16,491	19,661
Additions to endowment fund	-	2,000
Gain on disposal of equipment	(2,194)	
	(77,158)	(915)
Net changes in non-cash current accounts		
Accounts receivable	26,670	(18,151)
Accounts payable and accrued liabilities	(11,837)	23,385
Deferred revenue	3,460	(24,864)
Inventory	305	(322)
Prepaid expenses	(2,717)	17,533
	15,881	(2,419)
	(61,277)	(3,334)
<b>INVESTING ACTIVITIES</b>		
Proceeds on disposal of equipment	2,350	-
Purchase of capital assets	(12,769)	(6,734)
	(10,419)	(6,734)
<b>FINANCING ACTIVITIES</b>		
Net borrowing (mortgage payable)	(31,093)	(30,088)
<b>NET CASH INFLOW (OUTFLOW)</b>	<b>(102,789)</b>	<b>(40,156)</b>
<b>CASH AND CASH EQUIVALENT, beginning of year</b>	<b>274,433</b>	<b>314,589</b>
<b>CASH AND CASH EQUIVALENT, end of year</b>	<b>\$ 171,644</b>	<b>\$ 274,433</b>
<b>UNRESTRICTED CASH</b>	<b>\$ 134,443</b>	<b>\$ 143,988</b>
<b>RESTRICTED CASH (Note 3)</b>	<b>37,201</b>	<b>130,445</b>
	<b>\$ 171,644</b>	<b>\$ 274,433</b>

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, 2018 and 2017**

**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 30, 2018.

**(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, 2018 and 2017**

**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, 2018 and 2017**

**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, 2018 and 2017**

**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, 2018</u>	<u>March 31, 2017</u>
<b>Internally restricted funds</b>	\$ <b>37,201</b>	\$ 130,445

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, 2018, \$37,201 (2017: \$130,217) internally restricted funds, held in term deposits, are included in cash and cash equivalent. The decline held in term deposits was due to the transfer of \$94,348 (2017: \$Nil) from the internally restricted funds to the general fund to meet obligations of the Association. The utilization of the restricted funds were approved by the board of the Association and there is no requirement of the Association to increase the contingency funds to its original amount in the future.

For the year ended March 31, 2018, interest earned on the term deposit was \$1,104 (2017: \$706).

As at March 31, 2018, the Association had \$2,000 (2017: \$2,000) 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 1.20% per year.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**Years Ended March 31, 2018 and 2017**

**4. PROPERTY AND EQUIPMENT**

	<u>March 31, 2018</u>	<u>March 31, 2017</u>
<b>Total net book value of property and equipment:</b>	<b>\$ 1,982,964</b>	<b>\$ 1,986,842</b>
Less loans payable used for the purchase of:		
Goodman House	\$ (164,292)	\$ (164,292)
Aborlynn House	(523,621)	(540,207)
Harold House	(458,324)	(472,831)
Less property and equipment in HOpe Centre Café	\$ (1,389)	(2,316)
<b>Net assets invested in capital assets</b>	<b>\$ 835,338</b>	<b>\$ 807,196</b>

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

	<u>Net Book Value, March 31, 2018</u>	<u>Fair Value, March 31, 2018</u>
Goodman House	\$ 487,197	\$ 1,259,000
Aborlynn House	779,114	1,410,000
Harold House	682,343	1,208,300
	<u>\$ 1,948,654</u>	<u>\$ 3,877,300</u>
	<u>Net Book Value, March 31, 2017</u>	<u>Fair Value, 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, 2018 and 2017**

**4. PROPERTY AND EQUIPMENT – continued**

	Cost	Accumulated Amortization	Net March 31, 2018	Net March 31, 2017
<b>Office:</b>				
Computer equipment	\$ 30,670	\$ 27,347	\$ 3,323	\$ 5,560
Computer software	8,248	8,248	-	-
Furniture & equipment	52,248	44,993	7,255	8,809
Leasehold improvements	7,952	3,976	3,976	5,567
	<u>\$ 99,118</u>	<u>\$ 84,564</u>	<u>\$ 14,554</u>	<u>\$ 19,936</u>
<b>Goodman House:</b>				
Furniture & equipment	\$ 10,061	\$ 9,227	\$ 834	\$ 1,042
Building	70,876	25,679	45,197	47,080
Land	442,000	-	442,000	442,000
	<u>\$ 522,937</u>	<u>\$ 34,906</u>	<u>\$ 488,031</u>	<u>\$ 490,122</u>
<b>Aborlynn House:</b>				
Furniture & equipment	\$ 8,492	\$ 1,436	\$ 7,056	\$ 1,519
Building	98,210	25,886	72,324	75,337
Land	706,790	-	706,790	706,790
	<u>\$ 813,492</u>	<u>\$ 27,322</u>	<u>\$ 786,170</u>	<u>\$ 783,646</u>
<b>Harold House:</b>				
Furniture & equipment	\$ 9,967	\$ 1,983	\$ 690,327	\$ 4,929
Building	66,990	17,657	49,333	51,389
Land	633,010	-	633,010	633,010
	<u>\$ 709,967</u>	<u>\$ 19,640</u>	<u>\$ 690,327</u>	<u>\$ 689,328</u>
<b>Lillian House:</b>				
Furniture & equipment	\$ 3,517	\$ 1,024	\$ 2,493	\$ 1,494
<b>HOpe Centre Café</b>				
Leasehold Improvements	\$ 4,633	\$ 3,244	\$ 1,389	2,316
<b>Total</b>	<u>\$ 2,153,664</u>	<u>\$ 170,700</u>	<u>\$ 1,982,964</u>	<u>\$ 1,986,842</u>

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**Years Ended March 31, 2018 and 2017**

**5. DEFERRED REVENUE**

	<u>March 31,</u> <u>2018</u>	<u>March 31,</u> <u>2017</u>
Balancing Bipolar Peer Support	\$ -	\$ 30,000
Enhanced Supported Housing	<b>24,982</b>	-
Income Outreach program	<b>8,141</b>	8,141
Peer Family Navigators	<b>4,478</b>	-
Peer support programming	<b>6,000</b>	6,000
Peer support – Foundry	<b>1,859</b>	1,859
STEPS program	<b>19,000</b>	10,000
Kelty Dennehy Mental Health Resource Centre	-	5,000
	<u>\$ <b>64,460</b></u>	<u>\$ 61,000</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. OPERATING LOAN**

During the year ended March 31, 2018, Association received an operating loan to borrow up to \$250,000 from Vancity Credit Union. The operating loan of \$Nil (2017: \$Nil) is charged at an interest rate of prime plus 1.5% (4.95% as at date of signing on March 19, 2018), is secured by the Arborlynn House and Harold House, and is repayable upon demand.

**8. 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 \$981,945 (2017: \$1,013,038) 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 mature on March 10, 2019.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**Years Ended March 31, 2018 and 2017**

**8. LONG-TERM DEBT - continued**

		<u>March 31, 2018</u>		<u>March 31, 2017</u>
<b>Current portion</b>				
Arborlynn House loan	\$	17,179	\$	16,585
Harold House loan		15,036		14,516
		32,215		31,101
Total	\$	32,215	\$	31,101
<b>Long-term portion</b>				
Marineview Housing Society loan	\$	164,292	\$	164,292
Arborlynn House loan		506,442		523,622
Harold House loan		443,288		458,315
		1,114,022		1,146,229
Total	\$	1,114,022	\$	1,146,229

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:

2019		32,215	
2020		33,368	
2021		34,563	
2022		35,801	
2023		37,084	
thereafter		940,991	
		1,114,022	\$

**9. 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, 2018 and 2017**

**9. 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.

**10. 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 seven 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:

<b>Year</b>	<b>Premises</b>
2019	96,193
2020	99,789
2021	100,688
2022	100,688
2023	106,082
2024	107,880
2025	107,880

**11. 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.

**12. 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. For the year ended March 31, 2018, the permissive tax exemption of \$26,817 (2017: \$26,376) is included in the rent expense.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**Years Ended March 31, 2018 and 2017**

**13. COMPENSATION**

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

	<b>2018</b>	2017
Executive Director	\$ <b>71,945</b>	\$ 82,628

**12. SUBSEQUENT EVENT**

On May 18, 2018, the Association entered into a sublease agreement to sublease 2223 square feet of their office space to an arms-length party (the “Subtenant”). The term of the sublease shall commence on September 1, 2018 and expire on June 29, 2025. The rent paid by the Subtenant is as follows:

<b>Dates</b>	<b>Basic Rent</b>
September 1, 2018 – June 30, 2019	\$22.50 per rentable sq. ft. plus applicable taxes
July 1, 2019 – June 30, 2022	\$23.50 per rentable sq. ft. plus applicable taxes
July 1, 2022 – June 29, 2025	\$24.50 per rentable sq. ft. plus applicable taxes

The Subtenant is also responsible to pay its proportionate share of building property taxes and operating expenses, which are estimated at \$13.03 per rentable sq. ft. plus applicable taxes for 2018 (the “Additional Rent”).

The Association has granted the Subtenant three months of free rent from September 1, 2018 to November 30, 2018. The Association is to pay a real estate commission to an arms-length party equal to two months of basic rent and Additional Rent plus applicable taxes in connection to this sublease agreement.

The Association must pay three months’ rent as commission to the realtor for finding and securing the Subtenant.

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

**HOMELESS OUTREACH PROGRAM**

**SCHEDULE OF REVENUE AND EXPENDITURES**

**Years Ended March 31, 2018 and 2017**

	<u><b>2018</b></u>	<u><b>2017</b></u>
<b>REVENUE</b>		
B.C. Housing	\$ <b>97,699</b>	\$ 95,352
<b>EXPENDITURES</b>		
Computer expenses	<b>418</b>	426
Insurance	-	-
Legal, audit & other dues & fees	<b>493</b>	497
Maintenance & repairs	<b>1,044</b>	673
Office supplies	<b>748</b>	297
Program supplies	<b>403</b>	591
Rent	<b>23,118</b>	24,430
Salaries & benefits	<b>69,928</b>	69,032
Telephone & cable	<b>1,482</b>	1,973
Training & professional development	-	-
Travel	<b>1,878</b>	2,502
	<u><b>99,512</b></u>	<u>100,421</u>
<b>NET REVENUE (LOSS)</b>	<u><b>\$ (1,813)</b></u>	<u>\$ (5,069)</u>