

**CANADIAN MENTAL HEALTH ASSOCIATION,
MID ISLAND BRANCH**

FINANCIAL STATEMENTS

March 31, 2019

Partners

Grant McDonald, CPA, CA*

Lee-Anne Harrison, CPA, CA*

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*incorporated



INDEPENDENT AUDITORS' REPORT

To the Members

Opinion

We have audited the accompanying financial statements of **Canadian Mental Health Association, Mid Island Branch**, which comprise the statements of financial position as at **March 31, 2019**, and the statements of revenue and expenses, changes in fund balances, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of **Canadian Mental Health Association, Mid Island Branch** as at **March 31, 2019** and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

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 **Canadian Mental Health Association, Mid Island Branch** 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 opinion.

In common with many not-for-profit organizations, the society derives revenue from donations and sponsorships, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the society and we were not able to determine whether any adjustments might be necessary to donations and sponsorships, excess of revenues over expenditures, assets, or fund balances.

INDEPENDENT AUDITOR'S REPORT

(Continued)

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing **Canadian Mental Health Association, Mid Island Branch** 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 **Canadian Mental Health Association, Mid Island Branch** or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing **Canadian Mental Health Association, Mid Island Branch** 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 **Canadian Mental Health Association, Mid Island Branch** internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITOR'S REPORT

(Continued)

- 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 entity'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 **Canadian Mental Health Association, Mid Island Branch** 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of **Canadian Mental Health Association, Mid Island Branch** to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

As required by the *Societies 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.



CHURCH PICKARD
Chartered Professional Accountants

Nanaimo, B.C.
June 26, 2019

CANADIAN MENTAL HEALTH ASSOCIATION, MID ISLAND BRANCH

STATEMENT OF FINANCIAL POSITION

As at **March 31, 2019**

	2019	2018
Assets		
Current		
Cash and term deposits	\$ 576,246	\$ 450,630
Accounts receivable - Note 11	23,250	18,679
Prepaid expenses	<u>21,961</u>	<u>12,461</u>
	621,457	481,770
Cash and investments - internally and externally restricted - Note 2	319,778	335,659
Due from related party - Note 6	-	45,215
Property and equipment - Note 4	<u>2,171,092</u>	<u>2,208,601</u>
	<u><u>\$ 3,112,327</u></u>	<u><u>\$ 3,071,245</u></u>
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities - Note 11	\$ 108,353	\$ 89,018
Wages payable	76,176	78,820
Deferred revenue - Note 12	155,710	185,267
Current portion of long-term debt - Note 9	<u>72,600</u>	<u>71,200</u>
	412,839	424,305
Callable debt - Note 10	18,395	-
Long-term debt - Note 9	1,488,755	1,561,301
Deferred contributions related to property and equipment - Note 15	<u>1,428</u>	<u>2,040</u>
	<u>1,921,417</u>	<u>1,987,646</u>
Net assets		
Net investment in property and equipment	589,914	574,060
Internally restricted - Note 2	79,704	79,704
Externally restricted - Note 2	240,074	255,955
Unrestricted - Note 3	<u>281,218</u>	<u>173,880</u>
	<u>1,190,910</u>	<u>1,083,599</u>
	<u><u>\$ 3,112,327</u></u>	<u><u>\$ 3,071,245</u></u>

Approved:




CANADIAN MENTAL HEALTH ASSOCIATION, MID ISLAND BRANCH

STATEMENT OF CHANGES IN NET ASSETS

For the year ended **March 31, 2019**

	Investment in Property and Equipment	Internally Restricted	Externally Restricted	Unrestricted	2019	2018
Balance, beginning of the year	\$ 574,060	\$ 79,704	\$ 255,955	\$ 173,880	\$ 1,083,599	\$ 1,060,947
Excess of revenues over expenditures (expenditures over revenues)	(64,340)	-	-	171,651	107,311	22,652
Principal payments on mortgages	52,751	-	-	(52,751)	-	-
Interest earned on restricted funds	-	-	1,509	(1,509)	-	-
Contributions to restricted funds	-	-	28,998	(28,998)	-	-
Expenditures from restricted funds	-	-	(46,388)	46,388	-	-
Purchase of property and equipment	27,443	-	-	(27,443)	-	-
Balance, end of the year	<u>\$ 589,914</u>	<u>\$ 79,704</u>	<u>\$ 240,074</u>	<u>\$ 281,218</u>	<u>\$ 1,190,910</u>	<u>\$ 1,083,599</u>

CANADIAN MENTAL HEALTH ASSOCIATION, MID ISLAND BRANCH

STATEMENT OF REVENUES AND EXPENDITURES

For the year ended **March 31, 2019**

	2019	2018
Revenues		
BC Housing	\$ 1,084,720	\$ 815,886
Island Health	746,066	612,320
Rental income	278,221	291,195
National employment program	97,207	116,176
CMHA BC	69,910	89,561
Donations and fundraising	38,269	21,855
Program revenue	22,479	32,252
Other income	21,022	7,606
Canada Mortgage and Housing Corporation	20,117	20,117
Amortization of deferred capital contributions - Note 15	612	875
Gaming	-	23,549
	<u>2,378,623</u>	<u>2,031,392</u>
Expenditures		
Wages and benefits	1,501,842	1,341,545
Program expenses	170,279	111,351
Repairs and maintenance	147,589	92,254
Utilities	114,708	105,847
Amortization	64,952	65,889
Rent	48,663	34,037
Interest on long-term debt	38,303	38,822
Office	35,111	33,580
Insurance	33,129	29,878
Security	26,043	26,759
Professional fees	21,274	34,159
Telephone	21,096	16,615
Travel	20,334	28,220
Training	4,885	9,163
Vehicle operation	7,577	5,352
Advertising and promotion	6,310	21,942
Memberships	4,484	5,453
Property taxes	2,958	2,350
Bank charges	1,775	3,670
Fundraising	-	886
	<u>2,271,312</u>	<u>2,007,772</u>
Excess of revenues over expenditures before other expenses	107,311	23,620
Loss on disposal of property and equipment	-	(968)
Excess of revenues over expenditures	<u>\$ 107,311</u>	<u>\$ 22,652</u>

CANADIAN MENTAL HEALTH ASSOCIATION, MID ISLAND BRANCH

STATEMENT OF CASH FLOWS

For the year ended **March 31, 2019**

	2019	2018
Cash provided (used):		
Operating activities		
Excess of expenditures over revenues	\$ 107,311	\$ 22,652
Items not involving cash		
Amortization	64,952	65,889
Loss on disposal of property and equipment	-	968
Amortization of deferred capital contributions	<u>(612)</u>	<u>(875)</u>
	171,651	88,634
Changes in non-cash operating accounts		
Increase in accounts receivable	(4,571)	(13,685)
(Increase) decrease in prepaid expenses	(9,500)	10,927
Increase (decrease) in accounts payable and accrued liabilities, and wages payable	16,691	(40,653)
(Decrease) increase in deferred revenue	<u>(29,557)</u>	<u>28,663</u>
	<u>144,714</u>	<u>73,886</u>
Investing activities		
Purchase of property and equipment	<u>(27,443)</u>	<u>(12,777)</u>
Financing activities		
Increase in bank loans	18,395	-
Repayment of long-term debt	(71,146)	(70,693)
Advances from (repayments to) related parties	<u>45,215</u>	<u>(45,215)</u>
	<u>(7,536)</u>	<u>(115,908)</u>
Increase (decrease) in cash	109,735	(54,799)
Cash and cash equivalents, beginning of the year	<u>786,289</u>	<u>841,088</u>
Cash and cash equivalents, end of the year	<u>\$ 896,024</u>	<u>\$ 786,289</u>
Cash and cash equivalents are defined as:		
Cash and term deposits	\$ 576,246	\$ 450,630
Cash and investments - restricted	<u>319,778</u>	<u>335,659</u>
	<u>\$ 896,024</u>	<u>\$ 786,289</u>

CANADIAN MENTAL HEALTH ASSOCIATION, MID ISLAND BRANCH

NOTES TO THE FINANCIAL STATEMENTS

For the year ended **March 31, 2019**

Purpose of the association

Canadian Mental Health Association, Mid Island Branch is part of a national and provincial association that has existed for nearly 100 years and is the nationwide leader and champion for mental health. The association's vision is mentally healthy people in a healthy society. It promotes mental wellness by working to reduce the stigma and silence around mental illness and substance misuse as well as by providing services to community members who are living with challenges. Its programs include homelessness outreach, supported housing, food security, vocational support, social groups, as well as wellness recovery education and support. It promotes inclusiveness in the community through public education and influencing policy. It is dedicated to understanding the ever-changing mental health needs within the community, and responds with projects that are based on principles of empowerment, support, and wellness.

1. Significant accounting policies

The financial statements have been prepared in accordance with the Canadian accounting standards for not-for-profit organizations and are in accordance with Canadian generally accepted accounting principles.

- Cash and cash equivalents

Cash and cash equivalents consists of cash on hand, cash on deposit, and short-term deposits with maturity dates of less than 90 days, net of cheques issued and outstanding at the reporting date.

- Property and equipment

Property and equipment are recorded at cost. Amortization is recorded on a declining-balance basis, except for the leases which are amortized on a straight-line basis. The amortization rates of the assets are as follows:

Balmoral Hotel building	3%
Vehicles	20%
Furniture and equipment	20%
Leasehold improvements	20%
Computer hardware	55%
Courtenay lease interest	60 years
Courtenay land lease	60 years

In the year of acquisition, amortization is recorded at one-half of these rates.

CANADIAN MENTAL HEALTH ASSOCIATION, MID ISLAND BRANCH

NOTES TO THE FINANCIAL STATEMENTS

For the year ended **March 31, 2019**

1. **Significant accounting policies** - continued

- Revenue recognition

The association follows the deferral method of accounting for revenue. Contributions received are recognized in the period to which the funding contract relates. Program funds received in advance of service performed are recorded as deferred revenue. Grants, donations, and gaming revenue with external restrictions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted donations are recognized when received or receivable if the amount can be reasonably estimated and collection is assured. Revenue from events are recognized when the event occurs and when the amount can be reasonably estimated and collection is reasonably assured.

- Use of estimates

The preparation of the financial statements of the association 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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Significant areas requiring the use of management estimates relate to the determination of the collectibility of accounts receivable, estimated useful life of property and equipment, the estimated usage of the banked sick time, and the amount of deferred revenue. Actual results could differ from those estimates. Adjustments, if any, will be reflected in operations in the period of settlement.

- Donated property and equipment

Donated property and equipment materials are recognized in the financial statements when their fair value can be reasonably determined and they are used in the normal course of the association's operations and would otherwise have been purchased.

2. **Internally and externally restricted cash and investments**

The short-term investments consist of several GICs, having interest rates ranging from 0.35% to 1.6393% and maturing at various dates from April 3, 2019 to November 7, 2020. Investments are initially and subsequently measured at cost. Transaction costs that are directly attributable to the acquisition of this investment are recognized in the net income in the period incurred.

CANADIAN MENTAL HEALTH ASSOCIATION, MID ISLAND BRANCH

NOTES TO THE FINANCIAL STATEMENTS

For the year ended **March 31, 2019**

2. Internally and externally restricted cash and investments - cont.

	2019	2018
Cash		
Externally restricted for BC Housing	\$ 240,074	\$ 255,955
Internally restricted for operations	<u>59,697</u>	<u>59,703</u>
	<u>299,771</u>	<u>315,658</u>
GICs		
Internally restricted for operations	<u>20,007</u>	<u>20,001</u>
	<u>\$ 319,778</u>	<u>\$ 335,659</u>

Under the terms of the agreement with BC Housing, the replacement reserve accounts are to be credited in the amount determined by the budget provision per annum plus interest earned. These funds, along with the 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, in investments guaranteed by a Canadian government, or in other investment instruments as agreed upon with BC Housing. The society has transferred the agreed provision and maintained the reserve fund in accordance with the operating agreement.

The reserve funds may only be used for capital repairs and replacements in accordance with the operating agreement.

The internally restricted fund is for a future office building, program development, staff training, website upgrades, and a Balmoral contingency fund. This amount is not available for any other purposes without appropriate board approval.

3. Unrestricted net assets

Unrestricted net assets consist of funds for general and government funded programs. The funding is received from BC Housing, and Island Health.

CANADIAN MENTAL HEALTH ASSOCIATION, MID ISLAND BRANCH

NOTES TO THE FINANCIAL STATEMENTS

For the year ended **March 31, 2019**

4. Property and equipment

	Cost	Accumulated Amortization	Net 2019	Net 2018
Land	\$ 371,338	\$ -	\$ 371,338	\$ 371,338
Balmoral Hotel building	1,604,506	392,900	1,211,606	1,249,079
Vehicles	38,060	16,976	21,084	798
Furniture and equipment	122,507	75,391	47,116	59,102
Leasehold improvements	4,726	473	4,253	-
Computer hardware	13,299	12,435	864	1,919
Courtenay lease interest	626,025	147,861	478,164	488,598
Courtenay land lease	<u>66,007</u>	<u>29,340</u>	<u>36,667</u>	<u>37,767</u>
	<u>\$ 2,846,468</u>	<u>\$ 675,376</u>	<u>\$ 2,171,092</u>	<u>\$ 2,208,601</u>

The Wesley Street building and its contents are owned by BC Housing and, as such, are not recorded in the financial statements of the association.

5. Bank advances

The association has a \$30,000 line of credit available with CIBC at an interest rate of prime plus 0.50% per annum. This is secured by a GIC with a principal balance of \$31,081 that matures on April 3, 2019. The association did not utilize this financing during the year.

6. Due from related party

These balances are unsecured, non-interest bearing, with no specific terms of repayment.

	2019	2018
CMHA BC	\$ -	\$ 46,215
CMHA Cowichan	<u>-</u>	<u>(1,000)</u>
	<u>\$ -</u>	<u>\$ 45,215</u>

CANADIAN MENTAL HEALTH ASSOCIATION, MID ISLAND BRANCH

NOTES TO THE FINANCIAL STATEMENTS

For the year ended **March 31, 2019**

7. Related party transactions

The Canadian Mental Health Association, Mid Island Branch, is a branch of a national charity with various locations across Canada. In the current year, this association paid membership fees to CMHA National in the amount of \$661 (2018 - \$2,000), received revenue for the National Employment Program from CMHA Toronto \$97,207 (2018 - \$116,176), received revenue from CMHA Port Alberni of \$0 (2018 \$260), paid fees to CMHA Cowichan Valley of \$1,551 (2018 - \$1,000), paid fees to CMHA Vancouver-Fraser of \$13,130 (2018 - \$0) and revenue less expenses from CMHA BC of \$59,871 (2018 - \$60,147) primarily for the Gatekeeper program. These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

8. Contingent liability

Based on the current union contract, sick pay for employees is accumulated at a rate of 6.9% to a maximum of 1,170 hours and does not vest. For non-union staff, sick pay is accumulated at a rate of 1.5 days per month to a maximum of 120 days. As of March 31, 2019, there are 3,527 (2018 - 3,084) sick time hours accumulated in the pool. Based on the employees' current rates of pay, the maximum liability of the association could be \$105,753 (2018 - \$88,064). The association has accrued \$22,674 (2018 - \$20,514) for sick pay.

Based on the current union contract, special leave for employees is accumulated at a rate of 1/2 day every four weeks up to a maximum of 25 days. As of March 31, 2019 there are 1,680 special leave hours accumulated in the pool. Based on the employees' current rates of pay, the maximum liability of the association could be \$40,899. No accrual has been made for special leave as it is rarely used and does not vest.

CANADIAN MENTAL HEALTH ASSOCIATION, MID ISLAND BRANCH

NOTES TO THE FINANCIAL STATEMENTS

For the year ended **March 31, 2019**

9. Long-term debt

	2019	2018
Canada Mortgage and Housing Corporation - mortgage - payable at \$2,787 per month including interest at 2.52%; secured by a 60-year leasehold interest in land and buildings, with a carrying value of \$478,164, and an assignment of rents; due September 1, 2023	\$ 280,232	\$ 306,413
Peoples Trust - mortgage - payable at \$4,685 per month including interest at 3.13%; secured by land and buildings, with a carrying value of \$1,582,944, and an assignment of rents; due December 1, 2024	995,336	1,020,184
Canada Mortgage and Housing Corporation - forgivable loan for renovations made to Balmoral land and building, with a carrying value of \$1,582,944; to be forgiven over 15 years as long as the property is used for its intended purpose; due December 1, 2025	135,787	155,904
BC Housing - forgivable mortgage for the Balmoral land and building; with a carrying value of \$1,582,944; to be forgiven over 25 years commencing December 1, 2020	<u>150,000</u>	<u>150,000</u>
	1,561,355	1,632,501
Less: Current portion	<u>72,600</u>	<u>71,200</u>
	<u>\$ 1,488,755</u>	<u>\$ 1,561,301</u>

Principal payments due in each of the next five years are as follows:

2020	\$ 72,600
2021	75,600
2022	81,600
2023	83,100
2024	<u>84,700</u>
	<u>\$ 397,600</u>

CANADIAN MENTAL HEALTH ASSOCIATION, MID ISLAND BRANCH

NOTES TO THE FINANCIAL STATEMENTS

For the year ended **March 31, 2019**

10. Callable debt

	2019	2018
CIBC demand loan - payable at \$484 per month plus, interest at CIBC prime rate plus 1.500% (5.45% at March 31, 2019) secured by a specific vehicle, with a carrying value of \$21,084; the loan is due on demand	<u>\$ 18,395</u>	<u>\$ -</u>

11. Government remittances

The association has the following amounts receivable/(payable) for government remittances at March 31, 2019:

	2019	2018
Public service body rebate	\$ 3,557	\$ 2,582
WCB	\$ (3,252)	\$ (2,738)
Payroll source deductions	\$ (45,190)	\$ (36,053)

12. Deferred revenue

Deferred revenue consists of funding received in the current period that are related to a subsequent period as well as damage deposits paid by tenants, and donations designated for specific programs. Deferred revenue is comprised of:

	2019	2018
Prepaid funding	\$ 130,745	\$ 154,609
Damage deposits	9,722	11,291
Prepaid rent	<u>15,243</u>	<u>19,367</u>
	<u>\$ 155,710</u>	<u>\$ 185,267</u>

CANADIAN MENTAL HEALTH ASSOCIATION, MID ISLAND BRANCH

NOTES TO THE FINANCIAL STATEMENTS

For the year ended **March 31, 2019**

13. Pension obligations

The association and its employees contribute to the Municipal Pension Plan (Plan), a jointly trusted pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of benefits. The Plan is a multi-employer contributory pension plan. Basic pension benefits provided are defined. The Plan has about 197,000 active members and approximately 95,000 retired members.

Every three years an actuarial valuation is performed to assess the financial position of the Plan and adequacy of Plan funding. The most recent valuation, as at December 31, 2015, indicated a surplus of \$2.224 million for basic pension benefits. The next valuation will be as at December 31, 2018 with results available in 2019. The actuary does not attribute portions of the unfunded liability to individual employers. The association paid \$15,088 (2018 - \$14,819) for employer contributions to the plan in fiscal 2019.

14. Union contract

The Canadian Mental Health Association - Mid-Island Branch has an agreement with the Health Employers Association of BC. This collective agreement represents the relationship between management and a certain class of employees. In June 2018 the Community Subsector agreed to a new labour contract for the period of April 1, 2019 to March 31, 2022.

15. Deferred capital contributions related to property and equipment

Deferred contributions related to property and equipment represent contributions of assets or cash used for the acquisition of property and equipment. The changes in deferred contributions for the year are as follows:

	2019	2018
Balance, beginning of the year	\$ 2,040	\$ 2,915
Less: Amortization for the year	<u>612</u>	<u>875</u>
	<u>\$ 1,428</u>	<u>\$ 2,040</u>

CANADIAN MENTAL HEALTH ASSOCIATION, MID ISLAND BRANCH

NOTES TO THE FINANCIAL STATEMENTS

For the year ended **March 31, 2019**

16. Lease commitments

The association is committed under a property lease agreement for the rental of a property in Nanaimo until September 2021 with the option to renew for three additional years. The base payments required in each of the next three fiscal years are;

2020	\$	33,611
2021		35,929
2022		<u>18,544</u>
	\$	<u>88,084</u>

17. Economic dependence

During the year, the association received 46% (2018 - 40%) of its funding from various contracts with BC Housing.

18. Remuneration of employees and contractors

During the year, one employee earned over \$75,000. The total remuneration paid to this individual by the society during the period was \$89,773.

CANADIAN MENTAL HEALTH ASSOCIATION, MID ISLAND BRANCH

NOTES TO THE FINANCIAL STATEMENTS

For the year ended **March 31, 2019**

19. Financial risks and concentration of risk

- 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 does not use derivative instruments to reduce its exposure to interest risk and management does not consider them to be material. The callable debt interest rate fluctuates based off of the prime rate.

- Credit risk

Credit risk arises from the potential that a counterparty will fail to perform its obligations. The association is exposed to credit risk from its residents; however, there are a number of residents which reduces the concentration of credit risk. The association receives a large portion of its funding from the provincial government. Therefore, if the contract was not renewed, it could affect the organization's ability to operate, as mentioned in Note 17.

20. Comparative figures

Certain of the prior year's figures have been reclassified to conform to the current year's presentation.