Docusign Envelope ID: 1F0FB700-697F-88BD-8060-7C4C273EB352

Financial Statements of

CANADIAN MENTAL HEALTH ASSOCIATION, KAMLOOPS BRANCH

And Independent Auditor's Report thereon

Year ended March 31, 2026

Docusign Envelope ID: 1F0FB700-697F-88BD-8060-7C4C273EB352



KPMG LLP
560 Victoria Street
Kamloops, BC V2C 2B2
Canada
Telephone 250 372 5581
Fax 250 828 2928

INDEPENDENT AUDITOR'S REPORT

To the Directors of Canadian Mental Health Association, Kamloops Branch

Qualified Opinion

We have audited the financial statements of Canadian Mental Health Association, Kamloops Branch (the "Association"), which comprise:

- the statement of financial position as at March 31, 2026
- the statement of operations and changes in net assets (deficiency) for the year then ended
- the statement of cash flows for the year then ended
- and notes and schedule to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, except for the possible effects of the matter described in the ***"Basis for Qualified Opinion"*** section of our auditor's report, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at March 31, 2026 and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Association derives revenue from donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Association. Therefore, we were not able to determine whether any adjustments might be necessary to:

- the current assets and net assets (deficiency) reported in the statements of financial position as at March 31, 2026 and 2025
- the donation revenue and excess (deficiency) of revenue over expenses reported in the statements of operations and changes in net assets (deficiency) for the years ended March 31, 2026 and 2025

KPMG LLP, an Ontario limited liability partnership and member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Canada provides services to KPMG LLP.

Docusign Envelope ID: 1F0FB700-697F-88BD-8060-7C4C273EB352

- the net assets (deficiency), at the beginning and end of the year, reported in the statements of operations and changes in net assets (deficiency) for the years ended March 31, 2026 and 2025
- the deficiency of revenue over expenses reported in the statements of cash flows for the years ended March 31, 2026 and 2025

Our opinion on the financial statements for the year ended March 31, 2025 was qualified, accordingly, because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the ***"Auditor's Responsibilities for the Audit of the Financial Statements"*** section of our auditor's report.

We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the 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.

Docusign Envelope ID: 1F0FB700-697F-88BD-8060-7C4C273EB352

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

As required by the Societies Act (British Columbia), we report that, in our opinion, the accounting policies applied by Canadian Mental Health Association, Kamloops Branch in preparing and presenting the financial statements in accordance with Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding period.

KPMG LLP

Chartered Professional Accountants

Kamloops, Canada

July 30, 2026

Docusign Envelope ID: 1F0FB700-697F-88BD-8060-7C4C273EB352

CANADIAN MENTAL HEALTH ASSOCIATION, KAMLOOPS BRANCH

Statement of Financial Position

March 31, 2026, with comparative information for 2025

	General Fund	Capital Fund	Replacement Reserve Fund	2026	2025
Assets					
Current assets:					
Cash and cash equivalents	$ 19,409	$ -	$ -	$ 19,409	$ 665,460
Investments (note 2)	265,000	-	-	265,000	400,000
Accounts receivable (note 3)	478,490	-	-	478,490	659,272
Prepaid expenses	45,059	-	-	45,059	64,772
Interfund accounts	(286,279)	92,530	193,749	-	-
	521,679	92,530	193,749	807,958	1,789,504
Restricted cash (note 4)	-	-	188,641	188,641	289,952
Investments (note 2)	320,000	-	-	320,000	-
Capital assets (notes 5 and 6)	-	3,138,498	-	3,138,498	3,113,667
	$ 841,679	$ 3,231,028	$ 382,390	$ 4,455,097	$ 5,193,123
Liabilities and Net Assets					
Current liabilities:					
Accounts payable and accrued liabilities (note 7(b))	$ 338,437	$ -	$ -	$ 338,437	$ 522,441
Employee benefits and other liabilities (note 7)	921,084	-	-	921,084	881,045
Deferred contributions (note 8)	1,176,072	-	-	1,176,072	1,402,469
Current portion of long-term debt (note 9)	-	486,856	-	486,856	446,534
	2,435,593	486,856	-	2,922,449	3,252,489
Long-term debt (note 9)	-	2,096,526	-	2,096,526	2,149,952
	2,435,593	2,583,382	-	5,018,975	5,402,441
Net assets (deficiency):					
Invested in capital assets	-	647,646	-	647,646	609,712
Externally restricted (note 10)	-	-	294,759	294,759	279,773
Internally restricted (note 10)	-	-	87,631	87,631	86,374
Unrestricted (deficiency)	(1,593,914)	-	-	(1,593,914)	(1,185,177)
	(1,593,914)	647,646	382,390	(563,878)	(209,318)
Commitments and contingencies (note 12)					
Economic dependence (note 13)					
Liquidity risk (note 14(c))					
	$ 841,679	$ 3,231,028	$ 382,390	$ 4,455,097	$ 5,193,123

See accompanying notes to financial statements.

On behalf of the Board:

Signed by:
Shari Finlay
D7D7D30D92E1435...
, Director

Signed by:
Dianne Bingley
57EDC4D98D0C4A4...
, Director

Docusign Envelope ID: 1F0FB700-697F-88BD-8060-7C4C273EB352

CANADIAN MENTAL HEALTH ASSOCIATION, KAMLOOPS BRANCH

Statement of Operations and Changes in Net Assets (Deficiency)

Year ended March 31, 2026, with comparative information for 2025

	General Fund	Capital Fund	Replacement Reserve Fund	2026	2025
Revenue:					
BC Housing Management Commission	$ 10,789,331	$ -	$ -	$ 10,789,331	$ 9,974,367
Donations and other	835,380	-	4,651	840,031	656,226
Rental	686,033	-	-	686,033	684,237
BC Housing Management Commission special grants	428,284	-	-	428,284	251,935
Interior Health Authority	368,313	-	-	368,313	375,570
	13,107,341	-	4,651	13,111,992	11,942,335
Expenses:					
Accounting and legal	79,297	-	-	79,297	64,045
Advertising and promotion	5,721	-	-	5,721	6,495
Amortization	-	198,980	-	198,980	181,638
Bad debts	250	-	-	250	-
Bank charges and interest	54	-	-	54	54
Client allowances	27,998	-	-	27,998	25,165
Insurance	108,488	-	-	108,488	97,379
Interest on long-term debt	110,450	-	-	110,450	112,883
Office and general	375,424	-	-	375,424	304,687
Program expenditures	1,036,128	-	-	1,036,128	1,044,845
Property taxes	23,486	-	-	23,486	26,752
Rent	41,563	-	-	41,563	41,638
Repairs, maintenance and security	1,109,732	-	-	1,109,732	1,127,818
Staff and board development	78,493	-	-	78,493	132,096
Travel	67,116	-	-	67,116	63,943
Utilities	373,635	-	-	373,635	387,375
Wages and benefits	9,818,273	-	-	9,818,273	8,683,640
	13,256,108	198,980	-	13,455,088	12,300,453
Other revenue (expenses):					
BC Housing surplus repayment	(11,464)	-	-	(11,464)	-
Excess (deficiency) of revenue over expenses	(160,231)	(198,980)	4,651	(354,560)	(358,118)
Net assets (deficiency), beginning of year	(1,185,177)	609,712	366,147	(209,318)	148,800
Interfund transfers:					
Issuance of long-term debt	37,763	(37,763)	-	-	-
Repayments on long-term debt	(50,867)	50,867	-	-	-
Purchases of capital assets	(223,810)	223,810	-	-	-
Replacement reserve provisions	(11,592)	-	11,592	-	-
Net assets (deficiency), end of year	$ (1,593,914)	$ 647,646	$ 382,390	$ (563,878)	$ (209,318)

See accompanying notes to financial statements.

Docusign Envelope ID: 1F0FB700-697F-88BD-8060-7C4C273EB352

CANADIAN MENTAL HEALTH ASSOCIATION, KAMLOOPS BRANCH

Statement of Cash Flows

Year ended March 31, 2026, with comparative information for 2025

	2026	2025
Cash provided by (used in):		
Operating activities:		
Deficiency of revenue over expenses	$ (354,560)	$ (358,118)
Item not involving cash:		
Amortization	198,980	181,638
	(155,580)	(176,480)
Changes in non-cash operating working capital:		
Accounts receivable	180,782	(395,188)
Prepaid expenses	19,713	6,159
Accounts payable and accrued liabilities	(184,005)	83,207
Employee benefits and other liabilities	40,039	113,738
Deferred contributions	(226,397)	866,715
	(325,448)	498,151
Financing activities:		
Issuance of long-term debt	37,763	395,667
Repayments on long-term debt	(50,867)	(48,434)
	(13,104)	347,233
Investing activities:		
Purchase of capital assets	(223,810)	(444,574)
Net decrease (increase) in restricted cash	101,311	(7,434)
Purchase of investments	(185,000)	(400,000)
	(307,499)	(852,008)
Decrease in cash and cash equivalents	(646,051)	(6,624)
Cash and cash equivalents, beginning of year	665,460	672,084
Cash and cash equivalents, end of year	$ 19,409	$ 665,460

See accompanying notes to financial statements.

Docusign Envelope ID: 1F0FB700-697F-88BD-8060-7C4C273EB352

CANADIAN MENTAL HEALTH ASSOCIATION, KAMLOOPS BRANCH

Notes to Financial Statements

Year ended March 31, 2026

Nature of operations:

Canadian Mental Health Association, Kamloops Branch (the "Association") is a not-for-profit registered society incorporated without share capital under the Societies Act (British Columbia). The Association is a registered charity under the Income Tax Act and, accordingly, is exempt from income taxes, provided certain requirements of the Income Tax Act are met. Its purpose is to deliver a broad range of programs promoting mental health for all and support the resilience and recovery of people experiencing mental illness.

1. Significant accounting policies:

The financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The Association's significant accounting policies are as follows:

(a) Fund accounting:

The Association reports its activities on a fund accounting basis. A fund is determined for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. Each fund has its own statement of operations and changes in net assets which presents the results of operations for the fund, and its own statement of financial position.

The general fund reports the Association's program delivery, administrative and fundraising activities of the Kamloops Clubhouse, Consumer Facilitation and housing and temporary shelter programs. While certain of these activities are restricted by the terms of the contracts entered into with funding agencies, the net assets retained after completing these activities are under no restriction in how they may be used by the Association.

The capital fund reports the assets, liabilities, revenues and expenses related to the Association's capital assets.

The replacement reserve fund reports the assets, liabilities, revenues and expenses as prescribed by BC Housing Management Commission ("BC Housing") as well as internal appropriations made by the Board of Directors of the Association.

All inter-fund balances have been eliminated in the statement of operations.

Docusign Envelope ID: 1F0FB700-697F-88BD-8060-7C4C273EB352

1. Significant accounting policies (continued):

(b) Revenue recognition:

The Association follows the restricted fund method of accounting for contributions. Externally restricted contributions are recognized as revenue in the appropriate restricted fund in the period the amounts are received or receivable, provided collection is reasonably assured. Externally restricted contributions for future expenses and specific purposes for which a restricted fund does not exist are recorded as deferred contributions in the general fund and recognized as revenue in the period in which the related expenses are incurred or the restrictions are met.

Unrestricted contributions are recognized as revenue in the general fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Cash donations are recorded as revenue when received. Donations received in-kind are recognized as revenue when received and when their fair market value can be reasonably estimated.

Interest income is recorded as earned.

Rental income is recognized as it is earned over the term of the lease in accordance with the terms of the agreement, when proceeds are collected or when collection is reasonably assured.

(c) Cash and cash equivalents, and restricted cash:

Cash and cash equivalents consist of cash and other short-term instruments or investments with a maturity of less than 90 days from the date of acquisition and convertible into known amounts of cash.

Restricted cash is cash related to the replacement reserves. Under agreements with BC Housing for certain specific properties, the Association is required to transfer funds to be held in separate replacement reserve bank accounts. The funds in these accounts may only be used as approved by BC Housing.

Docusign Envelope ID: 1F0FB700-697F-88BD-8060-7C4C273EB352

1. Significant accounting policies (continued):

(d) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Betterments which extend the estimated life of an asset are capitalized. Assets under construction are not amortized until they are put in use.

Capital assets, excluding land, are amortized using the following methods and annual rates, which approximate the useful life of the assets:

Asset	Basis	Rate
Buildings	Declining balance	4%
Computers	Declining balance	45%
Equipment	Declining balance	20%
Vehicles	Declining balance	30%
Furniture and fixtures	Declining balance	20%
Leasehold improvements	Straight-line	lease term

The Association reviews the carrying amount of its capital assets for impairment whenever events or changes in circumstances indicate that the asset no longer contributes to the Association's ability to provide services, or the value of future economic benefits or service potential associated with the asset is less than its carrying amount. If such conditions exist, an impairment loss is measured and recorded in the statement of operations at the amount by which the carrying amount of the asset exceeds its fair value or replacement cost.

(e) Land held for lease:

Land held for lease is stated at cost and is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the leased land may not be recoverable and exceeds its fair value.

(f) Inter-fund transfers:

Transfers between the net asset accounts are accounted for as an appropriation from accumulated net asset balances.

Docusign Envelope ID: 1F0FB700-697F-88BD-8060-7C4C273EB352

1. Significant accounting policies (continued):

(g) Use of estimates:

The preparation of the financial statements 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 revenue and expenses during the year. Actual results could differ from those estimates. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in excess (deficiency) of revenue over expenses in the year in which they become known.

(h) Contributed services:

A substantial number of volunteers contribute a significant amount of their time each year to the Association. Due to the difficulty inherent in determining a fair value for these services, they are not recognized in the financial statements.

(i) Employee benefits:

i) The Association provides certain employee benefits which will require funding in future periods. These benefits include non-vesting sick leave provided to employees. The costs of sick leave arising from past service and expected to be paid out in a future period have been accrued as a liability and have been determined using management's best estimate of salary and utilization rates.

ii) The Association contributes to the Municipal Pension Plan, a multi-employer jointly trusteed pension plan, for certain of its employees. The plan is a defined benefit plan, providing a pension on retirement based on the member's age at retirement, length of service and highest earnings averaged over five years. Inflation adjustments are contingent upon available funding. As the assets and liabilities of the plan are not segregated by employer, the plan is accounted for as a defined contribution plan and, accordingly, the Association's contributions are expensed when incurred.

Docusign Envelope ID: 1F0FB700-697F-88BD-8060-7C4C273EB352

1. Significant accounting policies (continued):

(j) Financial instruments:

i) Initial measurement:

Financial instruments are measured at fair value on origination or acquisition, adjusted by, in the case of financial instruments that will not be subsequently measured at fair value, financing fees and transaction costs. All other transaction costs are recognized in excess (deficiency) of revenue over expenses in the year incurred.

ii) Subsequent to initial recognition:

Investments in equity instruments that are quoted in an active market are measured at fair value without any adjustment for transaction costs that may be incurred on sale or other disposal. Changes in fair value are recognized in excess (deficiency) of revenue over expenses in the period incurred. Investments in equity instruments that are not quoted in an active market are measured at cost, less any reduction for impairment. Other financial instruments are measured at amortized cost.

The Association’s financial instruments, including cash and cash equivalents, guaranteed investment certificates, accounts receivable, restricted cash, accounts payable and accrued liabilities, employee benefits and other liabilities, and long-term debt, are measured at amortized cost. The Association's portfolio investments are measured at fair value.

iii) Impairment:

At year end, the Association assesses whether there are any indications that a financial asset measured at cost or amortized cost may be impaired. For purposes of impairment testing, each individually significant asset is assessed individually; the balance of the assets are grouped on the basis of similar credit risk characteristics. When there is an indication of impairment, the Association determines whether a significant adverse change has occurred during the year in the expected timing or amount of future cash flows from the financial asset. When there has been a significant adverse change, the carrying amount of the asset is reduced to the highest of the present value of expected cash flows, the amount that could be realized by selling the asset, and the amount that could be realized by exercising the Association’s right to any collateral held as security.

When the extent of impairment decreases and the decrease can be related to an event occurring after the impairment was recognized, the impairment is reversed to the extent of the improvement in the year the reversal occurs.

Docusign Envelope ID: 1F0FB700-697F-88BD-8060-7C4C273EB352

2. Investments:

	2026	2025
Guaranteed investment certificates earning interest at rates ranging from 3.40% to 3.83% with maturity dates ranging from August 2026 to August 2030	$ 400,000	$ 400,000
Portfolio investments (Book value - $184,943)	185,000	-
	585,000	400,000
Current portion	(265,000)	-
	$ 320,000	$ 400,000

Investments have been pledged as security on the long-term debt (note 9) in accordance with the respective agreement.

3. Accounts receivable:

	2026	2025
BC Housing Management Commission ("BC Housing")	$ 205,853	$ 528,704
City of Kamloops	191,651	104,668
Goods and Services Tax recoverable	49,423	17,391
Other	26,163	8,509
CMHA B.C. Division	5,400	-
	$ 478,490	$ 659,272

Accounts receivable has been pledged as security on the long-term debt (note 9) in accordance with the respective agreement.

Docusign Envelope ID: 1F0FB700-697F-88BD-8060-7C4C273EB352

4. Restricted cash:

	2026	2025
Clubhouse replacement reserve	$ 45,498	$ 89,257
Golden Vista replacement reserve	63,861	114,063
Meadow Creek replacement reserve	79,282	86,632
	$ 188,641	$ 289,952

The Association makes transfers to the Clubhouse replacement reserve at the discretion of the Board of Directors and to the Golden Vista and Meadow Creek replacement reserves as a requirement under the terms of the BC Housing agreement (note 10).

Restricted cash has been pledged as security on the long-term debt (note 9) in accordance with the respective agreement.

	2026	2025
Restricted cash - Clubhouse replacement reserve	$ 45,498	$ 89,257
Amounts to be deposited (transferred) subsequent to year-end	42,133	(2,883)
Total restricted reserve funds (note 10)	$ 87,631	$ 86,374

	2026	2025
Restricted cash - Golden Vista replacement reserve	$ 63,861	$ 114,063
Amounts to be deposited subsequent to year-end	63,200	11,296
Total restricted reserve funds (note 10)	$ 127,061	$ 125,359

	2026	2025
Restricted cash - Meadow Creek replacement reserve	$ 79,282	$ 86,632
Amounts to be deposited subsequent to year-end	88,416	67,782
Total restricted reserve funds (note 10)	$ 167,698	$ 154,414

Docusign Envelope ID: 1F0FB700-697F-88BD-8060-7C4C273EB352

5. Land held for lease (included in capital assets):

	Cost	2026 Net book value	2025 Net book value
Land held for lease	$ 152,442	$ 152,442	$ 152,442

6. Capital assets:

	Cost	Accumulated amortization	2026 Net book value	2025 Net book value
Land (note 5)	$ 754,945	$ -	$ 754,945	$ 754,945
Buildings	2,622,969	1,164,530	1,458,439	1,516,454
Computers	221,410	129,934	91,476	52,375
Equipment	570,193	256,508	313,685	299,769
Vehicles	59,451	43,490	15,961	15,605
Furniture and fixtures	153,588	89,528	64,060	68,558
Leasehold improvements	11,596	570	11,026	11,250
Capital projects in progress (note 9)	428,906	-	428,906	394,711
	$ 4,823,058	$ 1,684,560	$ 3,138,498	$ 3,113,667

Capital assets have been pledged as security on the long-term debt (note 9) in accordance with the respective agreement.

Docusign Envelope ID: 1F0FB700-697F-88BD-8060-7C4C273EB352

7. Employee benefits and other liabilities:

	2026	2025
Vacation	$ 351,287	$ 275,429
Sick leave (a)	458,057	289,596
Wages and benefits (b)	80,966	316,020
Municipal Pension Plan (c)	30,774	-
	$ 921,084	$ 881,045

a) Accumulated sick leave:

The Association provides sick leave benefits to all its full-time and part-time employees, excluding casual staff. All eligible employees accumulate non-vesting sick leave entitlement on a monthly basis and can only use this entitlement for paid time off under certain circumstances. Under the terms of the current agreement, employees earn sick leave benefits at a rate of 6.9% of base pay for service, which accumulate and carry forward year-to-year, up to a maximum of 1,170 hours per employee.

b) Wages and benefits:

Included in wages and benefits as at March 31, 2026 are government remittances payable of $4,007 (2025 - $81,282) which includes amounts payable for payroll-related taxes, and included in accounts payable and accrued liabilities are government remittances payable of $39,201 (2025 - $34,477) related to workers' safety insurance.

Docusign Envelope ID: 1F0FB700-697F-88BD-8060-7C4C273EB352

7. Employee benefits and other liabilities (continued):

c) Municipal Pension Plan:

The Association and its employees contribute to the Municipal Pension Plan (a jointly trusteed pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2024, the plan had about 273,000 active members and approximately 133,000 retired members. Active members include approximately 47,000 contributors from local governments.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The most recent actuarial valuation for the Municipal Pension Plan as at December 31, 2024, indicated a $2,675 million funding surplus for basic pension benefits on a going concern basis.

The next valuation will be as at December 31, 2027.

The Association paid $384,154 (2025 - $342,680) for employer contributions to the plan in fiscal 2026.

Employers participating in the plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plan records accrued liabilities and accrued assets for the plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan.

Docusign Envelope ID: 1F0FB700-697F-88BD-8060-7C4C273EB352

8. Deferred contributions:

	Balance, beginning of year	BC Housing review adjustments	Contributions received	Amounts recognized as revenue	Balance, end of year
BC Housing - Temporary Shelter Program (Genesis House)	$ 52,592	$ (16,933)	$ 1,622,267	$ (1,567,928)	$ 89,998
BC Housing - Emergency Shelter Program (Emerald Centre)	229,657	(164,124)	2,426,910	(2,426,910)	65,533
BC Housing - Moira House	62,289	(62,289)	2,244,022	(2,244,022)	-
BC Housing - Merit Place	85,949	(85,949)	2,393,730	(2,393,730)	-
BC Housing - SRSP Subsidy	144,854	(144,854)	245,100	(162,839)	82,261
BC Housing - Meadow Creek	29,530	(29,530)	-	-	-
BC Housing - Encampment Program	7,197	-	-	-	7,197
BC Housing - Winter Shelter (EWR)	54,746	-	129,653	(75,249)	109,150
BC Housing Special Grant	438,159	-	-	(122,005)	316,154
BC Housing HEART Outreach Grant	14,939	-	130,800	(135,146)	10,594
BC Housing IT, Encampment, Maintenance & Replacement Reserves Grant	170,165	-	-	(20,318)	149,847
BC Housing PPE Funding	-	-	167,302	-	167,302
BC Housing EWR Coordinator/Representative Payment Balance	-	-	41,737	(38,259)	3,478
Canadian Red Cross	72,028	-	-	(33,492)	38,535
Rent Deposits	34,925	-	36,558	(34,925)	36,558
Prosper Canada	-	-	150,000	(88,452)	61,548
Other	5,439	-	39,501	(7,023)	37,917
	$ 1,402,469	$ (503,679)	$ 9,627,580	$ (9,350,298)	$ 1,176,072

Docusign Envelope ID: 1F0FB700-697F-88BD-8060-7C4C273EB352

8. Deferred contributions (continued):

The net change in deferred contributions for the year was as follows:

	2026	2025
Balance, beginning of year	$ 1,402,469	$ 535,754
BC Housing review adjustments	(503,679)	-
Contributions received	9,627,580	5,089,229
Amounts recognized as revenue	(9,350,298)	(4,222,514)
Balance, end of year	$ 1,176,072	$ 1,402,469

Docusign Envelope ID: 1F0FB700-697F-88BD-8060-7C4C273EB352

9. Long-term debt:

	2026	2025
Scotiabank, mortgage, repayable in monthly instalments of $13,300 including interest at 5.14% per annum, due November 2033, secured by a general security agreement and a collateral mortgage constituting a first fixed charge on land and building located at 271 Victoria Street West, Kamloops BC, with a net book value of $1,870,529 (March 31, 2025 - $1,922,630)	$ 2,144,816	$ 2,193,970
BC Housing, promissory note, non-interest bearing, repayable in annual instalments of $1,712, due February 2029	5,136	6,849
BC Housing, promissory note, for the project at 604 Lorne Street, Kamloops BC (note 6), unsecured, bearing interest at a variable rate set by the lender on a monthly basis (March 31, 2026 - 2.72%), due on demand and repayable from the proceeds of the first mortgage loan advance provided by BC Housing or forgivable as at July 10, 2027	433,430	395,667
	2,583,382	2,596,486
Less current portion of long-term debt	486,856	446,534
	$ 2,096,526	$ 2,149,952

Scheduled principal repayments due within each of the next five years and thereafter are approximately as follows:

2027	$ 486,856
2028	56,118
2029	58,950
2030	60,218
2031	63,353
Thereafter	1,857,887
	$ 2,583,382

Docusign Envelope ID: 1F0FB700-697F-88BD-8060-7C4C273EB352

10. Replacement reserve fund:

(a) Externally restricted:

	Golden Vista	Meadow Creek	2026	2025
Net assets, beginning of year	$ 125,359	$ 154,414	$ 279,773	$ 257,381
Interest	1,702	1,692	3,394	-
Provisions	-	11,592	11,592	22,392
Net assets, end of year	$ 127,061	$ 167,698	$ 294,759	$ 279,773

(b) Internally restricted - Clubhouse:

	2026	2025
Net assets, beginning of year	$ 86,374	$ 86,336
Interest	1,257	38
Net assets, end of year	$ 87,631	$ 86,374

The transfers to the reserve for the Clubhouse are at the discretion of the Board of Directors. The provisions allocated to the reserves for Golden Vista and Meadow Creek are required under the terms of the respective BC Housing agreements. Approval is required from BC Housing for the use of the Golden Vista and Meadow Creek replacement reserve funds.

Docusign Envelope ID: 1F0FB700-697F-88BD-8060-7C4C273EB352

11. Director, employee and contractor remuneration:

No directors of the Association were remunerated for the fiscal years ending March 31, 2026 and 2025.

For the fiscal year ending March 31, 2026, the Association paid total remuneration of $1,218,301 to twelve employees for services, each of whom received total remuneration of $75,000 or greater (March 31, 2025 - eight employees totaling $827,795).

12. Commitments and contingencies:

(a) The Association leases premises under an operating lease agreement with a three-year term ending March 31, 2027. The future minimum annual rent, including operating and property tax costs, through to expiry of the lease is approximately as follows:

2027	$	42,898

(b) Surpluses and deficits related to BC Housing projects:

In accordance with the Association's operating agreements with BC Housing, any surpluses and/or deficits being recognized in the year for programs funded by BC Housing are to be paid to or potentially collected from BC Housing subject to BC Housing’s formal financial review. Based on management’s assessment, certain of these operating agreements are in a surplus position. Management has deferred surpluses for the current fiscal year within deferred contributions (note 8). As the outcome of BC Housing’s reviews are indeterminable, adjustments to funding resulting from the reviews will be recorded in the period the amounts become known and determinable.

13. Economic dependence:

The Association receives the majority of its revenue from government sources, primarily from BC Housing which comprises approximately 86% (2025 - 86%) of the annual revenues. Revenues are earned pursuant to an Emergency Shelter Program Agreement, the Temporary Shelter Agreement and Rapid Response To Homelessness Program Agreement. The agreements are primarily long term and expire between April 2026 and December 2029. The agreements that expired in April 2026 have been renewed on a month to month basis. Any disruption of these funding arrangements could have a significant impact on the Association's operations.

Docusign Envelope ID: 1F0FB700-697F-88BD-8060-7C4C273EB352

14. Financial risks and concentration of risk:

(a) Market risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks include equity price risk, currency risk and interest rate risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Association has established policies and procedures in order to manage market risk. The risk exposure was impacted during the year ended March 31, 2026, by the acquisition of portfolio investments in the current year.

(b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Association deals with creditworthy counterparties to mitigate the risk of financial loss from defaults. In management's opinion, the maximum amount of credit risk is the carrying value of those assets. The accounts receivable balance consists primarily of receivables from provincial, federal, and municipal government entities. The Association has a concentration of credit risk as its accounts receivable is comprised of two (2025 - two) counterparties which represent approximately 83% (2025 - 96%) of total accounts receivable. There has been no significant change in the risk exposure from 2025.

(c) Liquidity risk:

Liquidity risk is the risk that the Association will not be able to meet its financial obligations as they become due. The Association manages liquidity risk by continually monitoring actual and forecasted cash flows from operations and anticipated investing and financing activities. These measures help to ensure, as far as possible, the Association will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Association’s reputation. Liquidity risk as at March 31, 2026 is impacted by the increase in the working capital deficiency, the current year deficit, and negative cash flows from operating activities. The promissory note which is presented as a current liability is not expected to be settled in cash (note 9).

The Association’s ability to manage its liquidity depends upon many factors, including the Association’s ability to realize on savings from cost mitigation measures, the timing of BC Housing funding relative to program expenditures, and its continued dependence on operating, capital and cash flow financial support from BC Housing (note 13).

Docusign Envelope ID: 1F0FB700-697F-88BD-8060-7C4C273EB352

14. Financial risks and concentration of risk (continued):

(d) Interest rate and cash flow risk:

Certain of the Association's long-term debt is subject to cash flow risk as the required payments to service the debts will fluctuate as a result of the variable rate disclosed in note 9. The Association allowed its obligations to generally float at market rates of interest. There has been no significant change in the risk exposure from 2025.

The Association is exposed to fair value risk as certain of its long-term debt and its guaranteed investment certificates are at fixed rates. As the Association plans to settle its long-term debt in accordance with the disclosed repayment schedule (note 9), it does not manage this risk. There has been no change in the risk exposure from 2025.

15. Comparative figures:

Certain comparative amounts have been reclassified from those previously presented to conform to the presentation of the 2026 financial statements.

Docusign Envelope ID: 1F0FB700-697F-88BD-8060-7C4C273EB352

CANADIAN MENTAL HEALTH ASSOCIATION, KAMLOOPS BRANCH

Schedule of Revenue and Expenses of BC Housing funded projects (General Fund)

Year ended March 31, 2026 with comparative information for 2025

	Rosethorn	Golden Vista	Meadow Creek	Merit Place	SRSP Subsidy	Genesis House	Moira House	Emerald Centre	2026	2025
Revenue:										
BC Housing	$ 1,502,638	$ -	$ -	$ 2,393,730	$ 162,838	$ 1,567,928	$ 2,243,324	$ 2,426,910	$ 10,297,369	$ 9,882,436
BC Housing - review adjustments	27,512	-	-	85,949	93,424	37,543	62,290	185,245	491,962	-
Donations and other income	906	-	-	-	-	42	755	-	1,703	4,748
Rental income	251,037	106,011	72,204	-	-	161,179	-	61,325	651,756	650,469
	1,782,093	106,011	72,204	2,479,679	256,263	1,766,691	2,306,369	2,673,480	11,442,789	10,537,652
Expenses:										
Accounting and legal	17,399	380	380	13,070	1,063	15,196	12,462	16,032	75,982	62,123
Advertising and promotion	-	-	-	-	-	-	-	-	-	146
Bad debts	-	-	-	-	-	-	-	-	-	-
Bank charges and interest	7	40	-	-	-	-	-	-	47	54
Client allowances	-	-	-	-	-	-	-	-	-	-
Insurance	27,852	1,427	1,427	16,377	-	9,862	16,267	31,055	104,267	93,812
Interest on long-term debt	-	-	-	-	-	-	-	110,450	110,450	112,883
Office and general	41,944	1,440	763	41,105	1,755	37,625	36,264	45,331	206,227	210,210
Program expenditures	145,226	46,873	78	183,384	77,841	125,487	177,011	168,059	923,959	932,704
Property taxes	-	14,442	9,043	-	-	-	-	-	23,485	26,752
Rent	-	-	-	-	-	-	-	-	-	-
Repairs, maintenance and security	75,924	3,798	15,769	306,317	5,605	83,802	299,659	223,557	1,014,431	1,029,348
Staff and board development	9,245	50	50	13,781	-	9,090	10,669	9,818	52,703	80,570
Travel	3,165	381	1,829	10,909	146	11,008	8,941	3,083	39,462	29,144
Utilities	95,103	6,505	1,656	45,475	-	62,252	67,251	56,541	334,783	337,804
Wages and benefits - program	1,357,130	9,649	6,482	1,844,051	76,428	1,247,751	1,601,640	1,735,817	7,878,948	7,371,513
Wages and benefits - administration	127,383	28,859	22,196	126,939	-	127,075	127,401	127,075	686,928	451,944
	1,900,378	113,844	59,673	2,601,408	162,838	1,729,148	2,357,565	2,526,818	11,451,672	10,739,007
Other revenue (expenses):										
BC Housing surplus repayment	-	(1,135)	(10,329)	-	-	-	-	-	(11,464)	-
Excess (deficiency) of revenue over expenses	**$ (118,285)**	**$ (8,968)**	**$ 2,202**	**$ (121,729)**	**$ 93,425**	**$ 37,543**	**$ (51,196)**	**$ 146,662**	**$ (20,347)**	**$ (201,355)**