

**MENTAL HEALTH FOUNDATION**  
**Financial Statements**  
**Year Ended March 31, 2013**

**MENTAL HEALTH FOUNDATION**  
**Index to Financial Statements**  
**Year Ended March 31, 2013**

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	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Revenues and Expenditures	3
Statement of Changes in Net Assets	4
Statement of Financial Position	5
Statement of Cash Flow	6
Notes to Financial Statements	7 - 12

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INTERNATIONAL

June 25, 2013  
Edmonton, Alberta

## **INDEPENDENT AUDITOR'S REPORT**

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To the Boards of Mental Health Foundation

We have audited the accompanying financial statements of Mental Health Foundation, which comprise the statement of financial position as at March 31, 2013 and the statements of revenues and expenditures, changes in net assets and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Accounting Standards for Not-for-Profit Organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### *Basis for Qualified Opinion*

In common with many charitable organizations, the Foundation derives revenue from donations received from various fundraising activities, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Foundation and we were not able to determine whether any adjustments might be necessary to contributions, excess of revenues over expenses, current assets and net assets.

### *Qualified Opinion*

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the contributions referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of Mental Health Foundation, formerly Alberta Hospital Edmonton and Community Mental Health Foundation, as at March 31, 2013 and the results of its operations and its cash flow for the year then ended in accordance with Accounting Standards for Not-for-Profit Organizations.

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Independent Auditor's Report to the Boards of Mental Health Foundation (continued)

*Comparative Information*

Without modifying our opinion, we draw attention to Note 2 to the financial statements which describes that Mental Health Foundation adopted Canadian Accounting Standards for Not-for-Profit Organizations on April 1, 2012 with a transition date of April 1, 2011. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statements of financial position as at March 31, 2012 and April 1, 2011 and the statements of revenues and expenditures, changes in net assets and cash flow for the year ended March 31, 2012 and related disclosures. We were not engaged to report on the restated comparative information, and as such, it is unaudited.

*Kingston Ross Pasmak LLP*  
Kingston Ross Pasmak LLP  
Chartered Accountants

**MENTAL HEALTH FOUNDATION**  
**Statement of Revenues and Expenditures**  
**Year Ended March 31, 2013**

	<b>2013</b>	2012 <i>(unaudited)</i>
<b>REVENUE</b>		
Donations and fundraising	\$ 358,284	\$ 351,523
Alberta Health Services funding	133,333	133,333
Investment income	24,599	29,148
	<b>516,216</b>	514,004
<b>DIRECT FUNDRAISING EXPENDITURES</b>	<b>38,412</b>	66,923
	<b>477,804</b>	447,081
<b>EXPENSES</b>		
Administration	172,104	164,415
Amortization	2,306	2,903
	<b>174,410</b>	167,318
<b>EXCESS OF REVENUE OVER EXPENDITURES BEFORE OTHER INCOME (DISBURSEMENTS)</b>	<b>303,394</b>	279,763
<b>OTHER INCOME (DISBURSEMENTS)</b>		
Unrealized gain on marketable securities	41,877	31,828
Gain on disposal of investments	20,068	6,647
Foreign exchange gain	101	127
Disbursements	(371,519)	(90,001)
	<b>(309,473)</b>	(51,399)
<b>(DEFICIENCY) EXCESS OF REVENUE OVER EXPENSES</b>	<b>\$ (6,079)</b>	\$ 228,364

**MENTAL HEALTH FOUNDATION**  
**Statement of Changes in Net Assets**  
**Year Ended March 31, 2013**

	2012 Balance <i>(unaudited)</i>	Deficiency of revenue over expenses	<b>2013 Balance</b>
Unrestricted Fund	\$ 1,074,355	\$ (3,773)	\$ <b>1,070,582</b>
Endowments	224,826	-	<b>224,826</b>
Investment in Equipment	2,306	(2,306)	-
	<b>\$ 1,301,487</b>	<b>\$ (6,079)</b>	<b>\$ 1,295,408</b>

**MENTAL HEALTH FOUNDATION**  
**Statement of Financial Position**  
**March 31, 2013**

	<b>March 31 2013</b>	<i>March 31 2012 (unaudited)</i>	<i>April 1 2011 (unaudited)</i>
<b>ASSETS</b>			
<b>CURRENT</b>			
Cash	\$ 137,937	\$ 249,040	\$ 587,411
Marketable securities (Note 4)	1,226,725	1,144,805	679,201
Accounts receivable	350,000	80	80
Goods and Services Tax recoverable	-	3,667	4,635
Prepaid expenses	4,798	3,029	-
	<b>1,719,460</b>	1,400,621	1,271,327
EQUIPMENT (Note 5)	-	2,306	5,209
ENDOWMENT INVESTMENTS (Note 6)	<b>224,826</b>	224,826	224,826
	<b>\$ 1,944,286</b>	\$ 1,627,753	\$ 1,501,362
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT</b>			
Accounts payable and accrued liabilities	\$ 40,099	\$ 35,372	\$ 12,342
Goods and Services Tax payable	2,765	-	-
Deferred funding (Note 7)	129,680	263,013	396,346
Deferred contributions (Note 8)	7,660	7,153	12,455
Deferred investment earnings on endowments (Note 9)	41,674	20,728	7,096
Deferred grant revenue (Note 10)	427,000	-	-
	<b>648,878</b>	326,266	428,239
COMMITMENTS (Note 11)			
<b>NET ASSETS</b>			
Unrestricted fund	1,070,582	1,074,355	843,088
Endowments (Note 6)	224,826	224,826	224,826
Investment in equipment	-	2,306	5,209
	<b>1,295,408</b>	1,301,487	1,073,123
	<b>\$ 1,944,286</b>	\$ 1,627,753	\$ 1,501,362

**ON BEHALF OF THE BOARD**

\_\_\_\_\_ Director

\_\_\_\_\_ Director

**MENTAL HEALTH FOUNDATION****Statement of Cash Flow****Year Ended March 31, 2013**

	2013	2012 <i>(unaudited)</i>
<b>OPERATING ACTIVITIES</b>		
(Deficiency) excess of revenue over expenses	\$ (6,079)	\$ 228,364
Items not affecting cash:		
Amortization	2,306	2,903
Gain on disposal of investments	(20,068)	(6,647)
Unrealized gain on marketable securities	(41,877)	(31,828)
Foreign exchange gain	101	127
	<b>(65,617)</b>	<b>192,919</b>
Changes in non-cash working capital:		
Accounts receivable	(349,920)	-
Accounts payable and accrued liabilities	4,727	23,029
Deferred contributions	507	(5,302)
Prepaid expenses	(1,769)	(3,029)
Goods and Services Tax recoverable	6,432	968
Deferred investment earnings on endowments	20,946	13,632
Deferred funding	(133,333)	(133,333)
Deferred grant revenue	427,000	-
	<b>(25,410)</b>	<b>(104,035)</b>
Cash flow (used by) from operating activities	<b>(91,027)</b>	<b>88,884</b>
<b>INVESTING ACTIVITIES</b>		
Proceeds from sale of marketable securities	532,141	442,568
Purchase of marketable securities	(552,217)	(869,823)
Cash flow used by investing activities	<b>(20,076)</b>	<b>(427,255)</b>
<b>DECREASE IN CASH</b>	<b>(111,103)</b>	<b>(338,371)</b>
CASH - BEGINNING OF YEAR	<b>249,040</b>	<b>587,411</b>
<b>CASH - END OF YEAR</b>	<b>\$ 137,937</b>	<b>\$ 249,040</b>
<b>CASH FLOW SUPPLEMENTARY INFORMATION</b>		
Interest received	\$ 25,063	\$ 18,722



## MENTAL HEALTH FOUNDATION

### Notes to Financial Statements

Year Ended March 31, 2013

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#### 1. PURPOSE OF ORGANIZATION

Mental Health Foundation (the "Foundation") was incorporated on June 24, 2004 but remained substantially inactive until April 1, 2005. The Foundation operates under the provision of the Regional Health Authorities Act of Alberta. The Foundation receives contributions and donations and provides funding for patient care, research and education. The Foundation is exempt from payment of income tax and is a registered charity under the Income Tax Act (Canada).

#### 2. FIRST TIME ADOPTION OF ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT ORGANIZATIONS

During the year the Foundation adopted accounting standards for not-for-profit organizations (ASNPO). These financial statements are the first prepared in accordance with these standards. The adoption of ASNPO had no impact on net assets as at April 1, 2011 or revenues and expenditures or cash flow for the year ended March 31, 2012 as previously reported in accordance with pre-changeover Canadian generally accepted accounting principles.

#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. Significant accounting policies observed in the preparation of the financial statements are summarized below.

##### Changes in accounting policies - Accounting standards for not-for-profit organizations

With regard to the Foundation's transition from former Canadian generally accepted accounting principles (GAAP) to accounting standards for not-for-profit organizations, the Foundation has made the following elections available under Canadian Institute of Chartered Accountants (CICA) Handbook Section 1500 of Canadian accounting standards for not-for-profit organizations.

##### Financial instruments

The Foundation has elected upon transition to the new standards to report certain financial instruments at fair value. These financial instruments, which include marketable securities and endowment investments, will continue to be carried at fair value and future changes in fair value reported as part of excess of revenues over expenses.

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**MENTAL HEALTH FOUNDATION**  
**Notes to Financial Statements**  
**Year Ended March 31, 2013**

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Revenue recognition

These financial statements have been prepared using the deferral method of accounting which requires:

- i) Unrestricted donations are recognized as revenue in the year they are received or become receivable.
- ii) Externally restricted contributions and funding are deferred and recognized as revenue as the related expenses are incurred.
- iii) Endowments are recorded as direct increases to net assets.
- iv) Unrestricted investment income is recognized as revenue in the year it is earned.
- v) Investment income earned on endowments is recorded as deferred investment earnings on endowments. The investment income earned is taken into income upon disbursement in accordance with the endowment agreements.
- vi) Donations and contributions-in-kind are recorded at fair value when such value can be reasonably determined.
- vii) Fundraising revenues are recognized as revenue in the year they are received.

Allocation of expenses

The Foundation does not classify its expenses by function and as such does not allocate its operating expenses to the fundraising activities.

Financial instruments

All financial instruments are initially measured at fair value, and, unless otherwise noted, the Foundation subsequently measures its financial instruments at amortized cost.

Marketable securities and endowment investments

Marketable securities and endowment investments are recorded at fair value. The Foundation's marketable securities and endowment investments consist of fixed income investments, equities and mutual funds. Transactions costs are recognized immediately in the statement of operations.

Measurement uncertainty

The preparation of financial statements in conformity with the accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates. Significant management estimates pertain to the useful life of equipment and collectibility of accounts receivable.

**MENTAL HEALTH FOUNDATION**  
**Notes to Financial Statements**  
**Year Ended March 31, 2013**

4. MARKETABLE SECURITIES

	2013	2012
Fixed income investments, with effective yield ranging from 1.655% to 8.100% and maturity dates ranging from September 2014 to December 2106	\$ 714,879	\$ 624,705
Canadian equity investments	454,012	387,374
Foreign equity investments	176,845	103,720
Money market investments	105,815	253,832
	<b>1,451,551</b>	1,369,631
Allocated to endowment investments	<b>(224,826)</b>	<b>(224,826)</b>
	<b>\$ 1,226,725</b>	<b>\$ 1,144,805</b>

5. EQUIPMENT

	Cost	Accumulated amortization	2013 Net book value	2012 Net book value
Computer software	\$ 8,709	\$ 8,709	\$ -	\$ 2,306

6. ENDOWMENT INVESTMENTS

	2013	2012
Lillian Simonet	\$ 203,126	\$ 203,126
Cottonwood Rehabilitation	12,700	12,700
Easton Memorial	6,000	6,000
Theirman Construction	3,000	3,000
	<b>\$ 224,826</b>	<b>\$ 224,826</b>

7. DEFERRED FUNDING

In the 2011, the Foundation received \$400,000 from Alberta Health Services for the purpose of assisting the Foundation in achieving self-funding status. The funds are to be utilized in a manner consistent with enabling the Foundation to self-fund within three years from receipt of the funding and thus is recognized over the three year life.

8. DEFERRED CONTRIBUTIONS

	2013	2012
Balance, beginning of year	\$ 7,153	\$ 12,455

(continues)

**MENTAL HEALTH FOUNDATION**  
**Notes to Financial Statements**  
**Year Ended March 31, 2013**

8. DEFERRED CONTRIBUTIONS *(continued)*

Externally restricted amounts received:

Investment earnings	507	329
Contribution used during the year, net	-	(5,631)
	<b>\$ 7,660</b>	<b>\$ 7,153</b>

Unspent amounts at the end of the year are current liabilities and are restricted for the following purposes:

Patient care and education	\$ 5,954	\$ 5,954
Bridgeway Fund	1,522	1,015
Patient library	184	184
	<b>\$ 7,660</b>	<b>\$ 7,153</b>

9. DEFERRED INVESTMENT EARNINGS ON ENDOWMENTS

	2013	2012
Balance, beginning of year	\$ 20,728	\$ 7,096
Interest income deferred	20,946	13,632
	<b>\$ 41,674</b>	<b>\$ 20,728</b>

10. DEFERRED GRANT REVENUE

Deferred grant revenue represents unspent externally restricted grants.

	2013	2012
Beginning balance	\$ -	\$ -
Add: amounts received in the current year	474,854	-
Less: amounts recognized as revenue in the year	(47,854)	-
	<b>\$ 427,000</b>	<b>\$ -</b>

11. COMMITMENTS

At March 31, 2013, the Foundation committed \$427,000 for funding of specifically identified external projects. A total of \$72,000 was disbursed within the year and \$355,000 disbursed subsequent to the year-end. The Foundation has deferred these funds as at March 31, 2013 until it can be confirmed that the money is spent in accordance to the requirements of the funding agreements.

## MENTAL HEALTH FOUNDATION

### Notes to Financial Statements

Year Ended March 31, 2013

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#### 12. SERVICES IN KIND

Accommodation costs and certain overhead costs incurred in the administration of the Foundation, paid for by Alberta Health Services cannot be reasonably estimated and consequently are not reflected in these financial statements.

#### 13. FINANCIAL INSTRUMENTS

The Foundation is exposed to various risks through its financial instruments. The following analysis provides information about the Foundation's risk exposure and concentration as of March 31, 2013. Unless otherwise noted, the Foundation's risk exposure has not changed from the prior year

##### *Currency risk*

Currency risk is the risk to the Foundation's earnings that arise from fluctuation of foreign exchange rates and the degree of volatility of these rates. The Foundation is exposed to foreign currency exchange risk on investments held in foreign currencies. The Foundation does not use derivative instruments to reduce its exposure to foreign currency risk.

##### *Interest rate risk*

The Foundation is exposed to interest risk on its fixed and floating rate marketable securities. The Foundation has not entered into any financial derivatives or other financial instruments to hedge against risk. In seeking to minimize the risks from interest rate fluctuations, the Foundation actively manages exposure through its active portfolio management policies and procedures.

##### *Market risk*

The Foundation is exposed to market risk through its marketable securities and endowment investments. Management believes the risk faced by the Foundation with regards to market risk is an acceptable risk faced in the ordinary course of business and seeks to minimize the risks associated with its investment portfolio through effectively supervising, monitoring and evaluating the management of its investment portfolio. The Foundation has developed a formal Investment Policy Statement to assist in minimizing the risk associated with its marketable securities while preserving the investment portfolio value and providing a stable income stream to permit the Foundation to carry out its mandate.

#### 14. ADDITIONAL INFORMATION TO COMPLY WITH DISCLOSURE REQUIREMENTS OF THE CHARITABLE FUND RAISING ACT AND REGULATIONS

In 2013, \$223,012 (2011 - \$193,370) was received as fundraising campaign revenue.

In 2013, \$122,072 (2012 - \$127,651) was paid as remuneration to employees whose duties involve fundraising

**MENTAL HEALTH FOUNDATION**  
**Notes to Financial Statements**  
**Year Ended March 31, 2013**

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15. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation and the comparative figures have not been audited under Accounting Standards for Not-For-Profit Organizations. The prior year comparative figures were originally prepared under Canadian Generally Accepted Accounting Principles. Users may refer to the prior year statements which are available.