

MENTAL HEALTH FOUNDATION
Financial Statements
Year Ended March 31, 2018

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Year Ended March 31, 2018

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June 26, 2018
Edmonton, Alberta

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees 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, 2018 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 audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Mental Health Foundation as at March 31, 2018 and the results of its operations and its cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.


Kingston Ross Pasnak LLP
Chartered Professional Accountants

MENTAL HEALTH FOUNDATION
Statement of Financial Position
March 31, 2018

	2018	2017
ASSETS		
CURRENT		
Cash	\$ 288,290	\$ 240,529
Marketable securities (Note 3)	1,348,703	1,636,936
Accounts receivable	195,040	85,868
Prepaid expenses	1,369	1,369
Goods and Services Tax recoverable	2,121	2,427
Restricted cash (Note 4)	-	13,837
	1,835,523	1,980,966
ENDOWMENT INVESTMENTS (Note 4)	238,663	224,826
	\$ 2,074,186	\$ 2,205,792
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 79,288	\$ 56,869
Deferred contributions (Note 5)	4,821	4,570
Deferred investment earnings on endowments (Note 6)	22,618	43,275
Deferred grant revenue (Note 7)	21,274	17,000
	128,001	121,714
COMMITMENTS (Note 9)		
NET ASSETS		
Unrestricted fund	732,522	870,415
Endowments (Note 4)	238,663	238,663
Internally restricted fund (Note 8)	975,000	975,000
	1,946,185	2,084,078
	\$ 2,074,186	\$ 2,205,792

ON BEHALF OF THE BOARD

_____ Trustee

_____ Trustee

MENTAL HEALTH FOUNDATION
Statement of Revenues and Expenditures
Year Ended March 31, 2018

	2018	2017
REVENUE		
Donations and fundraising	\$ 941,442	\$ 576,669
Investment income	74,843	103,224
Alberta Health Services funding	48,000	43,500
	1,064,285	723,393
DIRECT FUNDRAISING EXPENDITURES	166,123	125,934
	898,162	597,459
EXPENSES		
Administration	245,103	156,753
EXCESS OF REVENUE OVER EXPENSES BEFORE OTHER INCOME (DISBURSEMENTS)	653,059	440,706
OTHER INCOME (DISBURSEMENTS)		
Realized gain on marketable securities	35,682	34,159
Unrealized (loss) gain on marketable securities	(35,266)	23,282
Disbursements	(791,368)	(432,655)
	(790,952)	(375,214)
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENSES	\$ (137,893)	\$ 65,492

MENTAL HEALTH FOUNDATION
Statement of Changes in Net Assets
Year Ended March 31, 2018

	2017 Balance	Deficiency of revenue over expenses	2018 Balance
Unrestricted Fund	\$ 870,415	\$ (137,893)	\$ 732,522
Endowments <i>(Note 4)</i>	238,663	-	238,663
Internally Restricted Net Asset Reserve Fund <i>(Note 8)</i>	975,000	-	975,000
	\$ 2,084,078	\$ (137,893)	\$ 1,946,185

MENTAL HEALTH FOUNDATION**Statement of Cash Flow****Year Ended March 31, 2018**

	2018	2017
OPERATING ACTIVITIES		
(Deficiency) excess of revenue over expenses	\$ (137,893)	\$ 65,492
Items not affecting cash:		
Realized gain on marketable securities	(35,682)	(34,159)
Unrealized loss (gain) on marketable securities	35,266	(23,259)
	(138,309)	8,074
Changes in non-cash working capital:		
Accounts receivable	(109,172)	(85,868)
Accounts payable and accrued liabilities	22,419	8,542
Deferred contributions	251	(4,709)
Prepaid expenses	-	4,502
Goods and Services Tax recoverable	306	633
Deferred investment earnings on endowments	(20,657)	(35,130)
Deferred grant revenue	4,274	(136,500)
	(102,579)	(248,530)
Cash flow used by operating activities	(240,888)	(240,456)
INVESTING ACTIVITIES		
Proceeds from sale of marketable securities	733,855	933,440
Purchase of marketable securities	(459,043)	(762,240)
Cash flow from investing activities	274,812	171,200
INCREASE (DECREASE) IN CASH	33,924	(69,256)
Cash - beginning of year	254,366	323,622
CASH - END OF YEAR	\$ 288,290	\$ 254,366
CASH CONSISTS OF:		
Cash	\$ 288,290	\$ 240,529
Restricted cash (Note 4)	-	13,837
	\$ 288,290	\$ 254,366

MENTAL HEALTH FOUNDATION

Notes to Financial Statements

Year Ended March 31, 2018

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. As a registered charity the Foundation is exempt from the payment of income tax under Section 149(1) of the Income Tax Act. The Foundation receives contributions and donations and provides funding for patient care, research and education.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO). Canadian accounting standards for not-for-profit organizations are part of Canadian GAAP.

Revenue recognition

The Foundation follows the deferral method of accounting for contributions.

- (a) Unrestricted donations are recognized as revenue in the year they are received or become receivable.
- (b) Externally restricted contributions and funding are deferred and recognized as revenue as the related expenses are incurred.
- (c) Endowments are recorded as direct increases to net assets.
- (d) Unrestricted investment income is recognized as revenue in the year it is earned.
- (e) 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.
- (f) Donations and contributions-in-kind are recorded at fair value when such value can be reasonably determined.
- (g) 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 money market investments.

(continues)

MENTAL HEALTH FOUNDATION
Notes to Financial Statements
Year Ended March 31, 2018

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

Contributed goods and services

The operations of the Foundation depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian 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, collectibility of accounts receivable and accrual of expenses.

3. MARKETABLE SECURITIES

	2018	2017
Fixed income investments, with effective yield ranging from 1.340% to 6.400% and maturity dates ranging from January 2020 to December 2046	\$ 756,589	\$ 879,533
Canadian equity investments	454,421	492,235
Foreign equity investments	376,356	364,648
Money market investments	-	125,346
	1,587,366	1,861,762
Allocated to endowment investments	(238,663)	(224,826)
	\$ 1,348,703	\$ 1,636,936

4. ENDOWMENT INVESTMENTS

	2018	2017
Lillian Simonet	\$ 203,126	\$ 203,126
Lindsay Kelly Fund	13,837	-
Cottonwood Rehabilitation	12,700	12,700
Easton Memorial	6,000	6,000
Theirman Construction	3,000	3,000
Subtotal	238,663	224,826
Restricted cash	-	13,837
	\$ 238,663	\$ 238,663

During the year ended March 31, 2018, the full balance of the restricted cash was invested the Lindsay Kelly Fund.

MENTAL HEALTH FOUNDATION
Notes to Financial Statements
Year Ended March 31, 2018

5. DEFERRED CONTRIBUTIONS

	2018	2017
Balance, beginning of year	\$ 4,570	\$ 9,279
Contributions used during the year, net	-	(5,000)
Externally restricted amounts received:		
Investment earnings	251	291
	\$ 4,821	\$ 4,570

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

Bridgeway Fund	\$ 3,598	\$ 3,432
Patient care and education	954	954
Patient library	184	184
Lindsay Kelly Fund	85	-
	\$ 4,821	\$ 4,570

6. DEFERRED INVESTMENT EARNINGS ON ENDOWMENTS

	2018	2017
Balance, beginning of year	\$ 43,275	\$ 84,433
Investment income deferred	6,872	12,011
Disbursement	(27,529)	(53,169)
	\$ 22,618	\$ 43,275

7. DEFERRED GRANT REVENUE

Deferred grant revenue represents unspent externally restricted grants.

	2018	2017
Beginning balance	\$ 17,000	\$ 153,500
Add: amounts received in the current year	344,065	-
Less: amounts recognized as revenue in the year	(339,791)	(136,500)
	\$ 21,274	\$ 17,000

WinWin50 deferred contribution is restricted towards initiatives approved by the Alberta Gaming and Liquor Commission and its distribution will be determined by the Foundation in the following fiscal year.

8. INTERNALLY RESTRICTED FUND

The Net Asset Reserve Fund is internally restricted for the purpose of funding unanticipated events and contingencies and for other funding projects as determined by the Fund Allocation Committee.

MENTAL HEALTH FOUNDATION

Notes to Financial Statements

Year Ended March 31, 2018

9. COMMITMENTS

At March 31, 2018, the Foundation had committed \$300,000 (of a grand total of \$500,000, \$200,000 of which had been previously disbursed) for funding of a specifically identified external project. The committed disbursement of funds is scheduled as follows:

- April 16, 2018 - \$100,000
- April 16, 2019 - \$100,000
- April 16, 2020 - \$100,000

10. 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.

11. 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, 2018. Unless otherwise noted, the Foundation's risk exposure has not changed from the prior year

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Foundation is exposed to credit risk from donors and funders. The Foundation has a large number of donors, which mitigates the credit risk. As at March 31, 2018, 79% of accounts receivable are due from two donors, which subsequent to the year end have been collected.

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.

MENTAL HEALTH FOUNDATION

Notes to Financial Statements

Year Ended March 31, 2018

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

In 2018, \$240,453 (2017 - \$197,500) was received as fundraising campaign revenue where donation receipts were not issued.

In 2018, \$272,703 (2017 - \$179,339) was paid as remuneration to employees whose duties involve fundraising.

13. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.