

MENTAL HEALTH FOUNDATION
Financial Statements
Year Ended March 31, 2015

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Year Ended March 31, 2015

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June 22, 2015

INDEPENDENT AUDITOR'S REPORT

Edmonton, Alberta

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, 2015 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, as at March 31, 2015 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.

Kingston Ross Pasnak LLP
Chartered Accountants

MENTAL HEALTH FOUNDATION
Statement of Financial Position
March 31, 2015

	2015	2014
ASSETS		
CURRENT		
Cash	\$ 415,810	\$ 477,591
Marketable securities (Note 3)	1,730,654	1,353,618
Prepaid expenses	6,414	3,851
Goods and Services Tax recoverable	3,246	-
	2,156,124	1,835,060
ENDOWMENT INVESTMENTS (Note 4)	224,826	224,826
	\$ 2,380,950	\$ 2,059,886
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 32,755	\$ 51,329
Goods and Services Tax payable	-	2,184
Deferred contributions (Note 5)	9,452	13,808
Deferred investment earnings on endowments (Note 6)	100,183	54,978
Deferred grant revenue (Note 7)	278,500	430,495
	420,890	552,794
COMMITMENTS (Note 8)		
NET ASSETS		
Unrestricted fund	1,735,234	1,282,266
Endowments (Note 4)	224,826	224,826
	1,960,060	1,507,092
	\$ 2,380,950	\$ 2,059,886

ON BEHALF OF THE BOARD

_____ Trustee

_____ Trustee

MENTAL HEALTH FOUNDATION
Statement of Revenues and Expenditures
Year Ended March 31, 2015

	2015	2014
REVENUE		
Donations and fundraising	\$ 559,705	\$ 578,881
Investment income	44,365	24,251
Alberta Health Services funding	36,000	129,680
	640,070	732,812
DIRECT FUNDRAISING EXPENDITURES	46,293	35,969
	593,777	696,843
EXPENSES		
Administration	143,373	134,423
EXCESS OF REVENUE OVER EXPENSES BEFORE OTHER INCOME (DISBURSEMENTS)	450,404	562,420
OTHER INCOME (DISBURSEMENTS)		
Unrealized gains on marketable securities	90,060	19,931
Gain on disposal of marketable securities	47,623	78,567
Disbursements	(135,119)	(449,234)
	2,564	(350,736)
EXCESS OF REVENUE OVER EXPENSES	\$ 452,968	\$ 211,684

MENTAL HEALTH FOUNDATION
Statement of Changes in Net Assets
Year Ended March 31, 2015

	2014 Balance	Excess of revenue over expenses	2015 Balance
Unrestricted Fund	\$ 1,282,266	\$ 452,968	\$ 1,735,234
Endowments	224,826	-	224,826
	\$ 1,507,092	\$ 452,968	\$ 1,960,060

MENTAL HEALTH FOUNDATION**Statement of Cash Flow****Year Ended March 31, 2015**

	2015	2014
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 452,968	\$ 211,684
Items not affecting cash:		
Gain on disposal of marketable securities	(47,623)	(78,567)
Unrealized gain on marketable securities	(90,060)	(19,931)
Deferred funding	-	(129,680)
	315,285	(16,494)
Changes in non-cash working capital:		
Accounts receivable	-	350,000
Accounts payable and accrued liabilities	(18,576)	11,232
Deferred contributions	(4,356)	6,148
Prepaid expenses	(2,563)	947
Goods and Services Tax recoverable	(5,428)	(581)
Deferred investment earnings on endowments	45,205	13,304
Deferred grant revenue	(151,995)	3,495
	(137,713)	384,545
Cash flow from operating activities	177,572	368,051
INVESTING ACTIVITIES		
Proceeds from sale of marketable securities	832,066	1,053,575
Purchase of marketable securities	(1,071,419)	(1,081,972)
Cash flow used by investing activities	(239,353)	(28,397)
(DECREASE) INCREASE IN CASH	(61,781)	339,654
CASH - BEGINNING OF YEAR	477,591	137,937
CASH - END OF YEAR	\$ 415,810	\$ 477,591
CASH FLOW SUPPLEMENTARY INFORMATION		
Interest received	\$ 29,669	\$ 27,548

MENTAL HEALTH FOUNDATION

Notes to Financial Statements

Year Ended March 31, 2015

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

Basis of presentation

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

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 money market investments. Transactions costs are recognized immediately in the statement of operations.

(continues)

MENTAL HEALTH FOUNDATION
Notes to Financial Statements
Year Ended March 31, 2015

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

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

	2015	2014
Fixed income investments, with effective yield ranging from 1.058% to 6.500% and maturity dates ranging from February 2017 to December 2106	\$ 1,199,187	\$ 991,515
Canadian equity investments	213,018	196,504
Foreign equity investments	433,880	283,088
Money market investments	109,395	107,337
	1,955,480	1,578,444
Allocated to endowment investments	(224,826)	(224,826)
	\$ 1,730,654	\$ 1,353,618

4. ENDOWMENT INVESTMENTS

	2015	2014
Lillian Simonet	\$ 203,126	\$ 203,126
Cottonwood Rehabilitation	12,700	12,700
Easton Memorial	6,000	6,000
Theirman Construction	3,000	3,000
	\$ 224,826	\$ 224,826

MENTAL HEALTH FOUNDATION
Notes to Financial Statements
Year Ended March 31, 2015

5. DEFERRED CONTRIBUTIONS

	2015	2014
Balance, beginning of year	\$ 13,808	\$ 7,660
Contributions (used) received during the year, net	(5,450)	5,450
Externally restricted amounts received:		
Investment earnings	1,094	698
	\$ 9,452	\$ 13,808

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
Sponsorship	-	5,450
Bridgeway Fund	3,314	2,220
Patient library	184	184
	\$ 9,452	\$ 13,808

6. DEFERRED INVESTMENT EARNINGS ON ENDOWMENTS

	2015	2014
Balance, beginning of year	\$ 54,978	\$ 41,674
Investment income deferred	45,205	28,832
Disbursement	-	(15,528)
	\$ 100,183	\$ 54,978

7. DEFERRED GRANT REVENUE

Deferred grant revenue represents unspent externally restricted grants.

	2015	2014
Beginning balance	\$ 430,495	\$ 427,000
Add: amounts received in the current year	-	250,000
Less: amounts recognized as revenue in the year	(151,995)	(230,235)
Less: amounts refunded in the current year	-	(16,270)
	\$ 278,500	\$ 430,495

8. COMMITMENTS

At March 31, 2015, the Foundation committed \$278,500 for funding of specifically identified external projects. The Foundation has deferred these funds as at March 31, 2015 until it can be confirmed that the money is spend in accordance to the requirements of the funding agreements.

MENTAL HEALTH FOUNDATION

Notes to Financial Statements

Year Ended March 31, 2015

9. 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.

10. 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, 2015. 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.

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

In 2015, \$228,473 (2014 - \$83,569) was received as fundraising campaign revenue where donation receipts were not issued.

In 2015, \$94,883 (2014 - \$93,930) was paid as remuneration to employees whose duties involve fundraising.

12. COMPARATIVE FIGURES

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