

**HEALTHY MINDS CANADA -
BONNE SANTÉ MENTALE AU CANADA**

FINANCIAL STATEMENTS

March 31, 2017

CONTENTS

INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Balance Sheet	2
Statement of Operations and Changes in Fund Balances	3
Statement of Cash Flows	4
Schedule 1: Summary of Expenditures	5
Schedule 2: Summary of Expenditures by Program	6
Notes to Financial Statements	7-13

INDEPENDENT AUDITOR'S REPORT

To the Directors of Healthy Minds Canada - Bonne Santé Mentale Au Canada:

Report on the Financial Statements

We have audited the accompanying financial statements of Healthy Minds Canada - Bonne Santé Mentale Au Canada, which comprise the balance sheet as at March 31, 2017, and the statements of operations and changes in fund balances, and cash flows for the year then ended, 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 not-for-profit organizations, Healthy Minds Canada - Bonne Santé Mentale Au Canada derives part of its funding from the general public in the form of donations and contributions which are not susceptible to complete audit verification. Accordingly, our verification of revenue from these sources was limited to the amounts recorded in the books of the foundation and we were not able to determine whether any adjustments might be necessary to revenues, surplus (deficiency) of revenues over expenditures, and surplus.

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 revenues referred to in the preceding paragraph these financial statements present fairly, in all material respects, the financial position of Healthy Minds Canada - Bonne Santé Mentale Au Canada as at March 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Bass & Murphy

Chartered Accountants, LLP
Licensed Public Accountants

Toronto, Ontario
June 15, 2017

HEALTHY MINDS CANADA - BONNE SANTÉ MENTALE AU CANADA

BALANCE SHEET

as at March 31, 2017

	Operating Fund	Restricted Fund	Endowment Fund	Total 2017	Total 2016
ASSETS					
CURRENT ASSETS					
Cash	\$ 207,321	\$ 25,000	\$ -	\$ 232,321	\$ 104,763
Investments (Note 2)	58,466	-	312,239	370,705	587,678
Amounts receivable (Note 3)	54,461	-	-	54,461	94,863
Inventory (Note 4)	28,047	-	-	28,047	33,317
Prepaid expenditures	22,242	-	-	22,242	20,033
	370,537	25,000	312,239	707,776	840,654
CAPITAL ASSETS (Note 5)	3,395	13,728	-	17,123	24,091
	\$ 373,932	\$ 38,728	\$ 312,239	\$ 724,899	\$ 864,745

LIABILITIES					
CURRENT LIABILITIES					
Accounts payable (Note 6)	\$ 30,537	\$ -	\$ -	\$ 30,537	\$ 35,559
Research grants payable (Note 7)	-	25,000	-	25,000	50,000
Current portion of deferred revenue (Note 9)	-	4,913	-	4,913	20,000
	30,537	29,913	-	60,450	105,559
DEFERRED REVENUE (Note 9)	-	4,912	-	4,912	14,738
	30,537	34,825	-	65,362	120,297

SURPLUS					
FUND BALANCES	343,395	3,903	312,239	659,537	744,448
	\$ 373,932	\$ 38,728	\$ 312,239	\$ 724,899	\$ 864,745

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS:

Director

Director

HEALTHY MINDS CANADA - BONNE SANTÉ MENTALE AU CANADA
STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES

for the year ended March 31, 2017

	Operating Fund	Restricted Fund	Endowment Fund	Total 2017	Total 2016
REVENUES					
Events	\$ 388,952	\$ -	\$ -	\$ 388,952	\$ 297,960
Project specific grants	-	74,913	-	74,913	54,913
Donations (Note 10)	49,705	-	-	49,705	40,162
Handbook sales	10,527	-	-	10,527	18,295
Investment	845	-	2,279	3,124	8,425
Other	72	-	-	72	932
	450,101	74,913	2,279	527,293	420,687
EXPENDITURES - Schedules 1 and 2					
Administrative	48,015	-	-	48,015	77,889
Fundraising	260,903	-	-	260,903	257,005
Education and awareness	179,695	76,864	-	256,559	201,260
Research	46,727	-	-	46,727	18,307
	535,340	76,864	-	612,204	554,461
Surplus (deficiency) of revenues over expenditures	(85,239)	(1,951)	2,279	(84,911)	(133,774)
Fund balances, beginning of year	428,634	5,854	309,960	744,448	878,222
Fund balances, end of year	\$ 343,395	\$ 3,903	\$ 312,239	\$ 659,537	\$ 744,448

HEALTHY MINDS CANADA - BONNE SANTÉ MENTALE AU CANADA
STATEMENT OF CASH FLOWS

for the year ended March 31, 2017

	2017	2016
CASH FLOW FROM (USED IN) OPERATING ACTIVITIES		
Deficiency of revenues over expenditures	\$ (84,911)	\$ (133,774)
Adjustment for items not affecting current cash flow:		
Amortization of capital assets	8,317	8,047
	(76,594)	(125,727)
Changes in non-cash working capital items:		
Amounts receivable	40,402	(57,661)
Prepaid expenditures	(2,209)	9,696
Inventory	5,270	17,715
Accounts payable	(5,018)	2,006
Research grants payable	(25,000)	-
Deferred revenue	(24,913)	15,088
	(88,062)	(138,883)
CASH FLOW FROM (USED IN) INVESTING ACTIVITIES		
Proceeds from disposal of investments	220,000	100,000
Purchase of investments	(3,028)	(8,392)
Purchase of capital assets	(1,352)	(1,044)
	215,620	90,564
INCREASE (DECREASE) IN CASH DURING THE YEAR	127,558	(48,319)
CASH, beginning of year	104,763	153,082
CASH, end of year	\$ 232,321	\$ 104,763

HEALTHY MINDS CANADA - BONNE SANTÉ MENTALE AU CANADA
SCHEDULE 1: SUMMARY OF EXPENDITURES

for the year ended March 31, 2017

	Operating Fund	Restricted Fund	Endowment Fund	Total 2017	Total 2016
Amortization of capital assets	\$ 1,453	\$ 6,864	-	\$ 8,317	\$ 8,047
Travel and meetings	36,000	-	-	36,000	35,000
Salaries and wages	179,539	-	-	179,539	155,742
Rental	37,263	-	-	37,263	37,302
Office and general	27,246	-	-	27,246	20,298
Telephone and internet	930	-	-	930	4,313
Professional fees	28,792	-	-	28,792	32,432
Events	196,357	-	-	196,357	149,831
Education materials (Note 4)	4,944	-	-	4,944	17,208
Insurance	15,692	-	-	15,692	15,327
Program related costs	7,124	70,000	-	77,124	78,961
	\$ 535,340	\$ 76,864	-	\$ 612,204	\$ 554,461

HEALTHY MINDS CANADA - BONNE SANTÉ MENTALE AU CANADA
SCHEDULE 2 - SUMMARY OF EXPENDITURES BY PROGRAM

for the year ended March 31, 2017

	Operating Fund	Restricted Fund	Endowment Fund	Total 2017	Total 2016
ADMINISTRATIVE					
Amortization of capital assets	\$ 145	\$ -	\$ -	\$ 145	7,810
Salaries and wages	28,400	-	-	28,400	33,853
Rental	7,080	-	-	7,080	7,088
Office and general	2,725	-	-	2,725	1,218
Telephone and internet	92	-	-	92	216
Professional fees	1,727	-	-	1,727	1,946
Education materials (Note 4)	-	-	-	-	3,614
Insurance	7,846	-	-	7,846	7,664
Program related costs	-	-	-	-	14,480
	\$ 48,015	\$ -	\$ -	\$ 48,015	77,889
FUNDRAISING					
Amortization of capital assets	\$ 145	\$ -	\$ -	\$ 145	118
Travel and meetings	36,000	-	-	36,000	35,000
Salaries and wages	10,462	-	-	10,462	28,726
Rental	5,589	-	-	5,589	5,595
Office and general	1,362	-	-	1,362	5,886
Telephone and internet	47	-	-	47	431
Professional fees	10,941	-	-	10,941	12,324
Event related costs	196,357	-	-	196,357	149,831
Education materials (Note 4)	-	-	-	-	1,549
Insurance	-	-	-	-	3,065
Program related costs	-	-	-	-	14,480
	\$ 260,903	\$ -	\$ -	\$ 260,903	257,005
EDUCATION AND AWARENESS					
Salaries and wages	\$ 110,677	\$ -	\$ -	\$ 110,677	83,588
Rental	19,377	-	-	19,377	19,397
Office and general	17,710	-	-	17,710	12,179
Telephone and internet	605	-	-	605	3,235
Education materials (Note 4)	4,944	-	-	4,944	12,046
Professional fees	14,396	-	-	14,396	16,216
Amortization of capital assets	872	6,864	-	7,736	-
Insurance	7,846	-	-	7,846	4,598
Program related costs	3,268	70,000	-	73,268	50,001
	\$ 179,695	\$ 76,864	\$ -	\$ 256,559	201,260
RESEARCH					
Amortization of capital assets	\$ 291	\$ -	\$ -	\$ 291	118
Salaries and wages	30,000	-	-	30,000	9,575
Rental	5,217	-	-	5,217	5,222
Office and general	5,449	-	-	5,449	1,015
Telephone and internet	186	-	-	186	431
Program	3,856	-	-	3,856	-
Professional fees	1,728	-	-	1,728	1,946
	\$ 46,727	\$ -	\$ -	\$ 46,727	18,307

HEALTHY MINDS CANADA - BONNE SANTÉ MENTALE AU CANADA

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

Healthy Minds Canada - Bonne Santé Mentale Au Canada was originally incorporated by letters patent pursuant to the Canada Corporations Act effective December 24, 1985 under the name Canadian Psychiatric Research Foundation. On April 7, 2010 a supplementary letters patent was filed with Industry Canada to officially change the foundation's name to Healthy Minds Canada - Bonne Santé Mentale Au Canada. The foundation is a registered charity and is therefore exempt from income taxes under paragraph 149(1)(f) of the Income Tax Act (Canada).

The foundation raises funds to support mental health and addiction research conducted at universities and hospitals across Canada and for the translation and dissemination of the outcomes of this type of research. This research is conducted and disseminated to develop a better understanding and improved treatments and services for those living with mental health issues. To build awareness and educate the general public, the foundation also hosts workshops, symposia and publishes and manages the distribution of information booklets for parents, teachers and employers.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Fund Accounting

The accounts of the foundation are maintained in accordance with the principles of fund accounting. Under fund accounting, resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose. The foundation follows the restricted fund method of accounting for contributions and has the following funds:

- (i) The Operating Fund accounts for the foundation's administration, fundraising and unrestricted educational and research activities.
- (ii) The Restricted Fund reports revenues and expenditures for project specific grants and donations that are externally restricted.
- (iii) The Endowment Fund includes a \$250,000 gift made in 2000 from the Edward Bronfman Family Foundation. The capital amount is to remain in the fund in perpetuity and the annual income from the fund is to be used to support research into mood disorders through the Mona Bronfman Sheckman Award. On March 8, 2010, the Edward Bronfman Family Foundation informed Healthy Minds Canada they were free to use the funds at the discretion of the Board of Directors.

Also included in the Endowment Fund are gifts made in 2008, 2009 and 2010 from the Estate of Renee Lyons. The capital amount is to remain in the fund in perpetuity and the annual income from the fund is to support that area of research thought to have the greatest need at the time as determined by the Board of Directors of the foundation. There were no payments/awards issued from this endowment during the years ended March 31, 2016 and 2017.

HEALTHY MINDS CANADA - BONNE SANTÉ MENTALE AU CANADA

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Revenue Recognition

Unrestricted contributions and donations are recognized as revenue in the Operating Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection reasonably assured.

Contributions, donations and grants directed to a specific activity or project are recognized as revenue of the Restricted Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection reasonably assured.

Contributions for endowment are recognized as revenue in the Endowment Fund when received.

Event revenue from the Silver Dinner (an annual fundraising gala held by the foundation) is recognized as revenue in the Operating Fund in the year the event is held. Revenue generated from workshops and projects organized by the foundation are recognized as revenue in the Operating Fund when workshops and projects are held.

Revenues generated from handbook sales are recognized in the Operating Fund when the title passes to the customer, which generally coincides with the delivery and acceptance of the handbooks.

Investment income is recognized as it is earned.

Investments

The foundation invests in money market funds, which are fully liquid and yield investment income at market rates.

Inventory

Inventory consists of educational books and is carried at the lower of cost or net realizable value. Cost is determined using the weighted average basis. Cost includes the original cost of the handbooks and the freight to transport the handbooks to the foundation's head office.

Capital Assets

Capital assets purchased are recorded at cost and contributed capital assets are recorded at fair market value at the date of the contribution. Amortization is calculated at per annum rates which are expected to amortize the cost of the assets over their estimated useful lives as follows:

Furniture and fixtures	- Straight-line over 5 years
Website	- Straight-line over 5 years
Computer equipment	- Straight-line over 5 years

HEALTHY MINDS CANADA - BONNE SANTÉ MENTALE AU CANADA

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Financial Instruments

The foundation initially measures its financial assets and liabilities at fair value. The foundation subsequently measures its financial assets and financial liabilities as follows:

Financial assets measured at amortized cost include cash and amounts receivable. Investments are measured at fair value.

Financial liabilities measured at amortized cost include accounts payable and research grants payable.

Use of Estimates

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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Significant areas requiring the use of significant judgment include inventory obsolescence, amortization of capital assets, useful lives and impairment of capital assets, deferred revenue, and accrued liabilities. Actual results could differ from these estimates. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the period in which they become known.

Impairment of Long-Lived Assets

The foundation reviews long-lived assets for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable. During the year, there were no events or changes in circumstances that caused management to review long-lived assets for impairment. Recoverability is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset.

Donated Services

The foundation is dependent on the services of many volunteers. These services are not recognized in these financial statements due to the difficulty in determining their fair value.

HEALTHY MINDS CANADA - BONNE SANTÉ MENTALE AU CANADA

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Allocation of Expenditures

The foundation allocates some of its general operating and fundraising expenditures by identifying the appropriate basis of allocating each component expenditure, and applying that basis consistently each year as follows:

Salaries and wages are allocated proportionately on the basis of hours worked by employees from each program.

Rental, event related costs, telephone and internet, professional fees, travel and meetings, education materials, insurance and office and general expenditures are proportionately allocated on the basis of actual usage by each program.

2. INVESTMENTS

	<u>2017</u>	<u>2016</u>
(i) Investment Savings Account	<u>\$ 370,705</u>	<u>\$ 587,678</u>

(i) The Investment Savings Account bears interest at 0.75% (2016 - 0.75%) per annum and is reinvested in the account on a monthly basis.

All investments held by the foundation can be liquidated and sold during the ensuing fiscal period.

3. AMOUNTS RECEIVABLE

	<u>2017</u>	<u>2016</u>
Unrestricted:		
Corporate sponsors, donors and other receivables	\$ 32,393	\$ 764
Harmonized sales tax rebate	<u>22,068</u>	<u>44,099</u>
	54,461	44,863
Restricted:		
Grant receivable - Pfizer Canada Inc.	<u>-</u>	<u>50,000</u>
	<u>\$ 54,461</u>	<u>\$ 94,863</u>

HEALTHY MINDS CANADA - BONNE SANTÉ MENTALE AU CANADA

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

4. INVENTORY

The cost of handbooks sold during the year was \$1,985 (2016 - \$5,772) and is included in Education materials on the Summary of Expenditures (Schedule 1).

During the year, the foundation wrote-off 545 handbooks considered to be obsolete with a cost of \$2,959 (2016 - \$11,436). The handbooks consisted entirely of the 1st edition versions of the Teachers handbooks and is included in Education materials on the Summary of Expenditures (Schedule 1).

5. CAPITAL ASSETS

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	
			<u>2017</u>	<u>2016</u>
Furniture and fixtures	\$ 2,553	\$ 2,553	-	\$ -
Website	34,320	20,592	13,728	20,592
Computer equipment	18,584	15,189	3,395	3,499
	<u>\$ 55,457</u>	<u>\$ 38,334</u>	<u>\$ 17,123</u>	<u>\$ 24,091</u>

The website is included in the Restricted Fund as the funds used for this project were restricted in use by the donor. The furniture and fixtures and computer equipment are both included in the Operating Fund.

6. ACCOUNTS PAYABLE

Included in accounts payable are payroll taxes totaling \$3,700 (2016 - \$3,670).

7. RESEARCH GRANTS PAYABLE

Research grants payable represent amounts owing to professionals in the field of mental health research based on agreements signed with the foundation. In order to provide an incentive for researchers during the final stages of their work, 10% of the grants awarded are subject to holdbacks and are paid out once appropriate paperwork has been submitted and approved by the Professional Advisory Board.

Changes in the research grants payable balance are as follows:

	<u>2017</u>	<u>2016</u>
Opening balance	\$ 50,000	\$ 50,000
Payments made to researchers	(75,000)	(50,000)
Funding received from corporate donor to be paid out to research professionals	50,000	50,000
Closing balance	<u>\$ 25,000</u>	<u>\$ 50,000</u>

HEALTHY MINDS CANADA - BONNE SANTÉ MENTALE AU CANADA

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

8. COMMITMENTS

The foundation was committed under an operating lease for its business premises with the lease due to expire on August 31, 2018. On April 3, 2017, the lessor requested that the foundation vacate the premises by October 2017, with all lease payments until such time contingent on their continued use of the premises.

During the year, the foundation entered into an agreement with an IT service provider. This contract requires minimum annual payments of \$5,246 to be made in the years ending March 31, 2018 and 2019.

9. DEFERRED REVENUE

Deferred revenue represents funding restricted by external donors for which related expenditures have not yet occurred. Changes in the deferred revenue balance is as follows:

Balance, beginning of year	\$ 34,738
Less: program funds expended during the year	(20,000)
Less: amortization of deferred contributions for capital assets	<u>(4,913)</u>
Balance, end of year	<u>\$ 9,825</u>

The balance consists of the following:

	<u>2017</u>	<u>2016</u>
(i) Deferred contributions - capital assets	\$ 9,825	\$ 14,738
(ii) Deferred contributions - programs	<u>-</u>	<u>20,000</u>
	9,825	34,738
Less: current portion	<u>(4,913)</u>	<u>(20,000)</u>
	<u>\$ 4,912</u>	<u>\$ 14,738</u>

(i) During the March 31, 2015 fiscal year, the foundation completed the development of a Solving Matrix website that provides a more direct approach for parents, caregivers and those affected with disorders to reach solutions. The costs associated with the development of the website amounted to \$34,320 and have been capitalized as a capital asset (Note 5). Contributions amounting to \$24,563 for this project were recorded as deferred revenue and are being amortized at the same rate as the related capitalized website costs.

HEALTHY MINDS CANADA - BONNE SANTÉ MENTALE AU CANADA

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

10. DONATIONS IN KIND

The foundation received a life insurance policy as a donation. The amount included in donation revenue and insurance expense is \$10,674 (2016 - \$10,674) representing the premium amount of the life insurance policy paid by the donor during the year.

11. FINANCIAL INSTRUMENTS

The foundation is exposed to various risks through its financial instruments. The following analysis provides a measure of the foundation's risk exposure and concentrations at the balance sheet date.

Credit risk

Credit risk is the risk that the fair value or future cash flows of a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The foundation is exposed to credit risk arising from its amounts receivable. The foundation's ability to collect the amounts depends on the receipt of funds from its donors and contributors from events held.

Liquidity risk

Liquidity risk is the risk that the foundation will encounter difficulty in meeting obligations associated with its financial liabilities. The foundation is exposed to liquidity risk arising from its financial liabilities. The foundation's ability to meet obligations depends on the receipt of funds from its operations.

It is management's opinion that the foundation is not exposed to significant cash flow, interest rate, market, currency, or other price risks arising from these financial instruments.

There were no changes to the foundation's risk exposures during the year.
