

**The Ontario Mental Health
Foundation**

Financial Statements

March 31, 2008



Denis Paganelli, C.A.

18 Easthampton Drive
Etobicoke, ON M9P 3P6

Phone: 416-614-7770

Fax: 416-614-9984

Email: dpaganelli@sympatico.ca

AUDITOR'S REPORT TO THE MEMBERS OF THE FOUNDATION AND THE PROVINCIAL AUDITOR

Pursuant to the Ontario Mental Health Foundation Act which provides that The Ontario Mental Health Foundation (the Foundation), an agency of the Crown, shall be audited by the Provincial Auditor or an auditor designated by the Lieutenant Governor in Council, I have audited the statement of financial position of the Foundation as at March 31, 2008 and the statement of operations and changes in fund balances for the year then ended. These financial statements are the responsibility of the Foundation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2008 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in black ink that reads 'Denis Paganelli'. The signature is written in a cursive, flowing style.

Denis Paganelli, C.A.
Licensed Public Accountant

Toronto, Canada
May 14, 2008

The Ontario Mental Health Foundation

Statement of Financial Position As at March 31, 2008

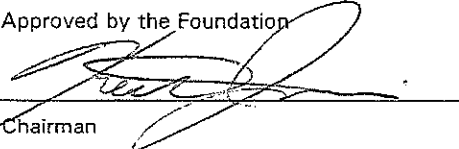
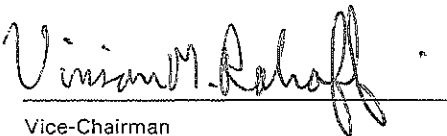
	Operating Funds					Restricted Funds			2008	2007
	Research	Administration	Special Initiatives Fund	Transition Fund	Evaluation Fund	SEEI Fund	Other Funds			
Assets										
Current assets										
Cash	\$ 9,860	\$ -	\$ -	\$ -	\$ 6,131	\$ 765	\$ -	\$ 16,756	\$ 42,109	
Accounts receivable	-	-	-	-	50,000	-	-	50,000	997,660	
Short-term investments	556,989	81,943	322,768	-	1,231,038	29,825	620,100	2,842,663	3,286,129	
Prepaid expenses	-	2,500	-	-	-	-	-	2,500	7,845	
	566,849	84,443	322,768	-	1,287,169	30,590	620,100	2,911,919	4,333,743	
Capital assets (note 4)										
Long-term investments (note 5)	-	-	6,152,334	-	-	-	-	6,152,334	9,893	
	-	-	6,152,334	-	-	-	-	6,152,334	6,080,557	
	\$ 566,849	\$ 84,443	\$ 6,475,102	\$ -	\$ 1,287,169	\$ 30,590	\$ 620,100	\$ 9,064,253	\$ 10,424,193	
Liabilities										
Current liabilities										
Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,381	
Grants, fellowships and associateships payable	519,090	-	-	-	74,625	50,000	-	643,715	362,047	
Accounts payable and accrued liabilities	-	11,890	-	-	731	100	-	12,721	14,381	
	519,090	11,890	-	-	75,356	50,100	-	656,436	387,809	
Fund balances										
Externally restricted	47,759	72,553	-	-	1,211,813	(19,510)	620,100	1,932,715	3,621,581	
Internally restricted	-	-	6,475,102	-	-	-	-	6,475,102	6,414,803	
	47,759	72,553	6,475,102	-	1,211,813	(19,510)	620,100	8,407,817	10,036,384	
	\$ 566,849	\$ 84,443	\$ 6,475,102	\$ -	\$ 1,287,169	\$ 30,590	\$ 620,100	\$ 9,064,253	\$ 10,424,193	

See accompanying notes to financial statements.

Approved by the Foundation

Chairman

Denis Paganelli, C.A.

Vice-Chairman

The Ontario Mental Health Foundation

Statement of Operations and Changes in Fund Balances For the year ended March 31, 2008

	Operating Funds				Restricted Funds				2008	2007
	Research	Administration	Special Initiatives Fund	Transition Fund	Evaluation Fund	SEEI Fund	Other Funds			
Revenues										
Province of Ontario (note 2(a))	\$ 2,959,075	\$ 431,680	\$ -	\$ -	\$ 50,000	\$ -	\$ -	\$ 3,440,755	\$ 4,501,204	
Investment income	44,634	-	286,282	66,335	53,856	-	-	451,107	461,644	
Autism Ontario	-	-	-	-	-	-	-	-	19,100	
Donations received	1,293	-	90,220	-	-	-	-	91,513	269,423	
Net unrealized gain (loss) on investments	622	-	(271,314)	-	7,311	-	-	(263,381)	(2,565)	
Grants and Fellowships returned	109,958	-	-	17,941	-	3,607	-	131,506	351,925	
Other income	63	-	-	-	-	-	-	63	1,655	
	3,115,645	431,680	105,188	84,276	111,167	3,607	-	3,851,563	5,602,386	
Expenditures										
Grants										
Research (note 2(a))	2,695,559	-	209,379	41,340	149,250	1,278,274	9,900	4,373,702	3,262,425	
Autism Ontario research	(450)	-	-	-	-	-	-	(450)	20,000	
Fellowships										
Senior research	228,765	-	-	-	-	-	-	228,765	219,492	
Intermediate research	100,000	-	-	-	-	-	-	100,000	160,000	
New investigator	241,070	-	-	-	-	-	-	241,070	139,120	
Post-doctoral	198,114	-	-	-	-	-	-	198,114	351,561	
Research studentships	148,433	-	-	-	-	-	-	148,433	99,348	
Publications and Conferences	14,490	-	-	-	-	-	-	14,490	4,593	
	3,615,981	-	209,379	41,340	149,250	1,278,274	9,900	5,304,124	4,256,539	
Administration (note 7)	-	411,211	2,000	952	503	165	-	414,831	369,293	
Investment management fees	1,340	-	12,746	4,921	4,409	-	-	23,416	20,305	
	3,617,321	411,211	224,125	47,213	154,162	1,278,439	9,900	5,742,371	4,646,137	
Excess (deficiency) of revenues over expenditures for the year	(501,676)	20,469	(118,937)	37,063	(42,995)	(1,274,832)	(9,900)	(1,890,808)	956,249	
Fund balances, beginning of year	466,430	52,084	6,414,803	429,234	1,351,536	692,297	630,000	10,036,384	9,123,810	
Return to Province of Ontario (note 8)	-	-	-	-	-	-	-	-	(43,675)	
Interfund transfers (note 10)	83,005	-	(83,005)	(466,297)	(96,728)	563,025	-	-	-	
Change in accounting policy (note 3)	-	-	262,241	-	-	-	-	262,241	-	
Fund balances, end of year	\$ 47,759	\$ 72,553	\$ 6,475,102	\$ -	\$ 1,211,813	\$ (19,510)	\$ 620,100	\$ 8,407,817	\$ 10,036,384	

See accompanying notes to financial statements.

The Ontario Mental Health Foundation

Notes to Financial Statements

March 31, 2008

1. Purpose of the organization

The Ontario Mental Health Foundation, as established by the Ontario Mental Health Foundation Act, and in accordance with the Agency Establishment and Accountability Directive of the Province of Ontario Management Board of Cabinet, is an Ontario Operational Service Agency. The Foundation aims to promote the mental health of people living in Ontario, to prevent mental illness and to improve diagnosis, treatment and rehabilitation. This is done primarily by supporting the development of researchers and by funding excellent mental health research. The Foundation is a registered charitable public foundation under certain provisions of the Income Tax Act and is able to issue donation receipts for income tax purposes.

2. Summary of significant accounting policies

The accounting policies followed by the Foundation and the disclosure of its financial information conform to Canadian generally accepted accounting principles. These financial statements reflect the results of operations and financial position of the Foundation's activities. The significant accounting policies followed in the preparation of these financial statements are as follows:

a) Fund accounting

The Foundation follows the restricted fund method of accounting for contributions. Accordingly, funds have been established to account for these activities, as described below:

i) Operating funds

The Operating funds receive an annual grant for research programs and administration activities from the Ontario Ministry of Health and Long-term Care (MOHLTC). At the request of the MOHLTC, these activities have been subdivided into research and administration funds.

The Research Fund is used by the Foundation to account for its three principal mandates, which are:

- research in mental health;
- training; and
- education.

The Administration Fund is used by the Foundation to account for the coordination, communication and administration activities of the Foundation.

ii) Restricted Special Initiatives Fund

The internally restricted Special Initiatives Fund has been established by the Foundation's Board of Directors to account for bequests received by the Foundation. These funds may not be used without the prior approval of the Board.

The Ontario Mental Health Foundation

Notes to Financial Statements

March 31, 2008

2. Summary of significant accounting policies (continued)

a) Fund accounting (continued)

iii) Restricted Transition Fund

The externally restricted Transition Fund was created on April 11, 1994 when the Foundation received \$5,000,000 from the MOHLTC for the purpose of funding agencies and hospitals for services to promote the transition from an institutional to a community based system. Under the terms of the funding, the MOHLTC will determine and direct the Foundation on the expenditures of the fund. During fiscal 1997, the Foundation received permission from the MOHLTC to transfer \$3,535,200 to a newly created Evaluation Fund (referred to below). The MOHLTC has the option at any time to request the return of all remaining funds from the Foundation. All investment income earned on the fund belongs to the fund and is subject to the MOHLTC's restrictions.

iv) Restricted Evaluation Fund

The externally restricted Evaluation Fund was created to fund and conduct projects which evaluate community mental health services. All investment income earned on investments of the fund belongs to the fund and is subject to the MOHLTC's restrictions.

v) Restricted System Enhancement Evaluation Initiative (SEEI) Fund

The externally restricted SEEI Fund was created to fund and conduct projects which assess the health system outcomes from the investment in community mental health services and supports. All investment income earned on investments of the fund belongs to the fund and is subject to the MOHLTC's restrictions.

Other Funds

vi) Restricted Community Treatment Order Fund

The externally restricted Community Treatment Order Fund of \$500,000 was created to fund and conduct projects which assess the efficacy of Ontario's implementation of community treatment orders for people with mental illness. All income earned on investments of the fund belong to the fund and is subject to the MOHLTC's restrictions.

vii) Restricted Forensic Housing Fund

The externally restricted Forensic Housing Fund of \$100,000 was created to fund and conduct projects which evaluate the implementation of a program for forensic housing and support units in Ottawa and Toronto. All income earned on investments of the fund belong to the fund and is subject to the MOHLTC's restrictions.

viii) Restricted Tertiary Mental Health Fund

The externally restricted Tertiary Mental Health Fund of \$30,000 was created to fund a forum on the role of tertiary mental health care programs. All income earned on investments of the fund belong to the fund and is subject to the MOHLTC's restrictions.

The Ontario Mental Health Foundation

Notes to Financial Statements

March 31, 2008

2. Summary of significant accounting policies (continued)

b) Revenue and expenditure recognition

Restricted contributions of the Operating Research Fund are recognized as revenue in the year in which the related expenditures are incurred. Unrestricted contributions to the operating funds and contributions to the restricted funds are recognized as revenue in the year received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

c) Investments

All investments are considered held-for-trading and are segregated according to fund as required in the terms of the funds, and investment income earned on these funds is accrued separately in each of the respective funds.

i) Short-term investments

Short-term investments, which consist of Emerald Canadian Short-Term Investment Mutual Funds, are carried at market value, with unrealized gains and losses being included in income for the year.

ii) Long-term investments

Long-term investments, which consist of various different Emerald Mutual Funds, are now carried at fair value (see note 3) with unrealized gains and losses being included in income for the year.

d) Capital assets

Capital assets purchased by the Foundation are recorded at cost and any donated assets are reflected at their market value on the date of acquisition. The carrying value of computers and other capital assets is amortized on a declining balance basis at rates ranging from 10% to 33-1/3% per annum. The Board approved, during the year, the requirement that an item to be considered a capital asset must be at a minimum greater than \$2,000.

e) Contributed services

Volunteers also contribute significant time each year to assist the Foundation in carrying out its activities. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

f) Financial instruments

The Foundation's financial instruments consist of cash, accounts receivable, short-term investments, long-term investments, grants, fellowships and associateships payable and accounts payable and accrued liabilities.

These financial instruments are reported at their fair values on the statement of financial position. The fair values are the same as the carrying values due to their short-term nature. Long-term investments which consist of Emerald Mutual Funds are reported at fair value based on the market values reported by the TD Asset Management Inc.

The Ontario Mental Health Foundation

Notes to Financial Statements

March 31, 2008

2. Summary of significant accounting policies (continued)

g) Statement of cash flows

This statement is not included within the financial statements, as information about these activities and their effects on cash resources and information about cash provided by or used in operations is readily apparent from the other financial statements.

3. Change in accounting policy

The Foundation adopted the provisions of CICA sections 3855 Financial Instruments – Recognition and Measurement and 3865, Hedges on April 1, 2007 which addresses the classification, recognition and measurement of financial instruments and hedges in the financial statements. As a result of adopting these new standards, the Foundation recorded a credit of \$262,241 for the change in accounting for financial assets classified as held-for-trading and measured at fair value rather than costs. This credit is recorded as a one-time cumulative effect of a change in accounting policy of the opening balance of the Special Initiatives Fund. See note 5 for the differences in market values and cost of these investments.

4. Capital assets

Capital assets are recorded at cost less accumulated amortization. Details of capital assets are as follows:

			2008	2007
	Cost	Accumulated amortization	Net	Net
Computers	\$46,985	\$46,985	\$nil	\$ 3,167
Other capital assets	35,246	35,246	nil	6,726
	\$82,231	\$82,231	\$nil	\$9,893

5. Long-term investments

The following table summarizes the market value and cost of long-term investments held by the Foundation:

	2008		2007	
	Market Value	Cost	Market value	Cost
Bonds	\$4,198,089	\$3,977,415	\$4,348,867	\$4,142,934
Canadian Equities	325,422	415,200	331,915	425,936
U.S. Equities	980,326	1,184,456	997,236	1,022,762
Global Equities	648,497	584,852	664,780	488,925
	\$6,152,334	\$6,161,923	\$6,342,798	\$6,080,557

The Ontario Mental Health Foundation

Notes to Financial Statements

March 31, 2008

6. Award commitments

The Foundation has made commitments to fund projects should funds be available over the next three fiscal years as follows:

	2009	2010	2011
Project research grants	\$2,835,738	\$1,198,113	\$nil
Senior research fellowships, intermediate research and new investigator fellowships	549,899	317,718	175,527
Research training/post-doctoral fellowships	389,950	283,600	141,800
Research studentships	390,350	254,700	135,600
	\$4,165,937	\$2,054,131	\$452,927

7. Administration expenses - Operating Fund

Administration expenses of the operating fund comprise the following:

	2008	2007
Audit fees	\$ 8,000	\$ 8,000
Computer maintenance and supplies	-	38
Meeting expenses	22,178	23,302
Office equipment, improvements and moving costs (note 2d)	33,350	-
Other employee costs	45,115	44,427
Other expenses	18,760	20,232
Postage stationery and office supplies	7,522	11,232
Rent	32,964	35,272
Salaries	226,542	218,761
Telephone	6,887	4,758
	401,318	366,022
Amortization	9,893	2,331
	\$411,211	\$368,353

The Ontario Mental Health Foundation

Notes to Financial Statements

March 31, 2008

8. Administration Fund

The Foundation must return to MOHLTC the unspent portion of the operating grant received for administration activities in the Administration Fund. The amount returned in 2008 totaling \$nil (2007 - \$43,675) represents the unspent portion of the grant from the prior year.

9. Operating leases

The Foundation leased office premises under an operating lease that ended on August 31, 2007. The Foundation has entered into a lease for new premises commencing on July 1, 2007 to June 30, 2012. The aggregate minimum annual lease payments under these operating leases are as follows:

Year ended March 31

2009	\$30,000
2010	30,000
2011	30,000
2012	30,000
2013	7,500

10. Interfund transfers

During the year the Board of Directors approved the transfer of \$83,005 (2007 - \$385,584) from the Special Initiatives Fund to the Research Fund. Also during the year, MOHLTC approved the transfer of \$429,234 (2007 - \$365,900) from the Transition fund to the SEEI fund, \$133,791 (2007 - \$nil) from the Evaluation fund to the SEEI fund and \$37,063 from the Transition fund to the Evaluation fund.

11. Public Sector Salary Disclosure Act, 1996

Section 3(5) of this Act requires disclosure of Ontario public sector employees paid an annual salary in excess of \$100,000 in calendar year 2007. For the Foundation, this disclosure is as follows:

	Salary Paid	Benefits
Dr. Alexander Greer	\$114,463	\$nil