

# **Mental Health Foundation of Texas**

Independent Auditors' Report and Financial Statements  
for the Year Ended December 31, 2023



**Tipton & Company**

*CERTIFIED PUBLIC ACCOUNTANTS*

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Mental Health Foundation of Texas  
Houston, Texas

### Opinion

We have audited the accompanying financial statements of Mental Health Foundation of Texas (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mental Health Foundation of Texas as of December 31, 2023, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Mental Health Foundation of Texas and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Mental Health Foundation of Texas' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered

material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Mental Health Foundation of Texas' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Mental Health Foundation of Texas' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Tipton & Company LLC*

Tipton & Company LLC  
Certified Public Accountants  
Houston, Texas

September 20, 2024

# Mental Health Foundation of Texas

## Statement of Financial Position

***As of December 31, 2023***

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**Assets**

Cash and cash equivalents	\$	673,545
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**Total Assets**

\$	673,545
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**Liabilities and Net Assets****Liabilities**

Accounts payable and accrued expenses	\$	-
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Total Liabilities	-
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**Net Assets**

Without donor restrictions	673,545
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With donor restrictions	-
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Total Net Assets	673,545
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**Total Liabilities and Net Assets**

\$	673,545
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# Mental Health Foundation of Texas

## Statement of Activities

<b><i>Year ending December 31, 2023</i></b>	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues and Support</b>			
Grants and contributions	\$ 765,115	\$ -	\$ 765,115
Special events	13,225	-	13,225
Less cost of direct benefit to donor	(3,886)	-	(3,886)
<b>Total Revenues and Support</b>	<b>774,454</b>	<b>-</b>	<b>774,454</b>
<b>Expenses</b>			
Program Services			
Residential treatment scholarships	75,800	-	75,800
Total Program Services	75,800	-	75,800
Supporting Services			
Management and General	22,179	-	22,179
Fundraising	2,930	-	2,930
Total Supporting Services	25,109	-	25,109
<b>Total Expenses</b>	<b>100,909</b>	<b>-</b>	<b>100,909</b>
<b>Change in Net Assets</b>	<b>673,545</b>	<b>-</b>	<b>673,545</b>
Net assets, beginning of year	-	-	-
<b>Net Assets, End of Year</b>	<b>\$ 673,545</b>	<b>\$ -</b>	<b>\$ 673,545</b>

The accompanying notes are an integral part of these financial statements.

# Mental Health Foundation of Texas

## Statement of Functional Expenses

	Program Services	Supporting Services			Total
	Residential Treatment Scholarships	Management and General	Fundraising	Total Supporting Services	
<b>Year ending December 31, 2023</b>					
<b>Expenses</b>					
Advertising	\$ -	\$ 5,236	\$ 2,455	\$ 7,691	\$ 7,691
Board compensation	-	9,450	-	9,450	9,450
Contract labor	-	1,023	-	1,023	1,023
Dues and subscriptions	-	3,311	-	3,311	3,311
Miscellaneous	-	1,651	475	2,126	2,126
Professional fees	-	600	-	600	600
Scholarships awarded	75,800	-	-	-	75,800
Software	-	908	-	908	908
Venue rental	-	-	3,886	3,886	3,886
<b>Total Expenses, gross</b>	<b>75,800</b>	<b>22,179</b>	<b>6,816</b>	<b>28,995</b>	<b>104,795</b>
Less: Direct benefit to donor	-	-	(3,886)	(3,886)	(3,886)
<b>Total Expenses, net</b>	<b>\$ 75,800</b>	<b>\$ 22,179</b>	<b>\$ 2,930</b>	<b>\$ 25,109</b>	<b>\$ 100,909</b>

# Mental Health Foundation of Texas

## Statement of Cash Flows

*Year ending December 31, 2023*

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**Cash Flows From Operating Activities**

Change in net assets	\$	673,545
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Net Change in Operating Activities		673,545
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**Net Change in Cash and Cash Equivalents**

673,545

Cash and Cash Equivalents, beginning of year		-
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**Cash and Cash Equivalents, end of year**

	\$	673,545
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# Mental Health Foundation of Texas

## Notes to Financial Statements

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### NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Nature of Activities** - Mental Health Foundation (the "Foundation") is a Texas not-for-profit organization incorporated in April 2023 and located in Houston, Texas. The primary purpose of the Foundation is to provide scholarships to those in need of residential mental health services. The Foundation's primary sources of revenue are from grants and contributions from individuals and foundations.

**Basis of Accounting** - The financial statements of the Foundation have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

**Basis of Presentation** - The Foundation reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

- *Net assets without donor restrictions* are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Foundation, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.
- *Net assets with donor restrictions* are resources that are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by passage of time or use for a purpose specified by the donor. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor-imposed restrictions are perpetual in nature; where the donor stipulates those resources be maintained in perpetuity. Donor-restricted endowment earnings are released when those earnings are appropriated with spending policies and are used for the specified purpose.

**Cash and Cash Equivalents** - Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months.

**Grants and Contributions** - Grants and contributions are recognized when cash, or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the condition.

**Expense Allocation** - The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities. The Statement of Functional Expenses presents the natural classification of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include rent, which is allocated on a square footage basis, as well as personnel costs, which are allocated on the basis of estimates of time and effort.

**Income Taxes** - The Foundation is a nonprofit corporation that is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code ("Code") and comparable State law, and contributions to it are tax deductible within the limitations prescribed by the Code. The Foundation did not conduct any unrelated business activities in the current fiscal year. Therefore, the Foundation has made no provision for federal income taxes in the accompanying financial statements. In addition, the Foundation qualifies for the charitable contribution deduction and has been classified as a public charity under Section 170(b)(1)(A)(vi) of the Internal Revenue Code.

The Foundation applies the provisions of FASB ASC Topic 740, *Income Taxes*, which prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Topic 740 also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosures and transition. The Foundation believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

# Mental Health Foundation of Texas

## Notes to Financial Statements

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**Advertising** - Advertising costs are charged to expense when incurred because no costs are associated with direct response advertising. Advertising expense for the year ended December 31, 2023 was \$7,691.

**Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates. The significant estimates included in the financial statements are the allocation of expenses for the statement of functional expenses.

### **NOTE 2 – LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure that is, without donor or other restrictions limiting their use, within one year as of December 31, 2023 are comprised of cash and cash equivalents amounting to \$673,545. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Foundation considers all expenditures related to its ongoing program activities, as well as the conduct of services undertaken to support those activities, to be general expenditures.

### **NOTE 3 – CONCENTRATION OF CREDIT RISKS**

Financial instruments that potentially subject the Foundation to credit risk consist primarily of cash and cash equivalents. All of a depositor's accounts at an insured depository institution, including all noninterest-bearing transaction accounts, will be insured by the Federal Deposit Insurance Corporation ("FDIC") up to the standard maximum deposit insurance amount (\$250,000), for each deposit insurance ownership category.

The Foundation maintains its cash balances at a national financial institution. At December 31, 2023, the excess above the FDIC insured limit was approximately \$424,000. The Foundation has not experienced any losses in such accounts and believes the risk of future loss is mitigated by monitoring the balances and the financial institutions where the cash is deposited.

### **NOTE 4 – CONCENTRATIONS**

For the year ended December 31, 2023, approximately ninety-seven percent (97%) of the Foundation's contribution revenue came from one donor.

### **NOTE 5 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through September 20, 2024, the date the financial statements were available to be issued. No events were identified that are required to be disclosed or would have a material impact on reported net assets or changes in net assets.