

Financial statements of

**Griffin Centre Mental Health  
Services**

March 31, 2014

# **Griffin Centre Mental Health Services**

March 31, 2014

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## **Independent Auditor's Report**

To the Board of Directors of  
Griffin Centre Mental Health Services

We have audited the accompanying financial statements of Griffin Centre Mental Health Services (the "Centre"), which comprise the balance sheet as at March 31, 2014, the statements of operations, changes in fund balances, and cash flows 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 the Centre as at March 31, 2014, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

*Deloitte LLP*

Chartered Professional Accountants, Chartered Accountants  
Licensed Public Accountants  
June 25, 2014

# Griffin Centre Mental Health Services

## Statement of operations year ended March 31, 2014

	2014			2013		
	Operating Funds	Special Purpose Funds	Total	Operating Funds	Special Purpose Funds	Total
	\$	\$	\$	\$	\$	\$
<b>Revenue</b>						
Ministry funds	13,671,085	1,387,552	15,058,637	11,438,191	1,419,934	12,858,125
Expense recoveries	394,768	81,779	476,547	314,112	10,209	324,321
Non-retainable revenue	136,201	163,374	299,575	135,248	131,336	266,584
Service agreements	-	1,013,750	1,013,750	-	915,501	915,501
Charitable donations	-	50,114	50,114	-	92,152	92,152
Interest	-	13,399	13,399	-	13,511	13,511
Fundraising	-	90,303	90,303	-	78,517	78,517
Staff contributions	-	7,263	7,263	-	8,268	8,268
Amortization of deferred capital contributions	37,045	-	37,045	19,795	-	19,795
	<b>14,239,099</b>	<b>2,807,534</b>	<b>17,046,633</b>	<b>11,907,346</b>	<b>2,669,428</b>	<b>14,576,774</b>
<b>Expenses</b>						
Salaries and wages	7,859,210	1,532,760	9,391,970	7,593,472	1,392,775	8,986,247
Employee benefits	1,431,007	263,116	1,694,123	1,362,169	251,791	1,613,960
Travel	117,786	27,778	145,564	105,770	30,748	136,518
Communication	87,022	16,336	103,358	83,883	14,978	98,861
Rent and utilities	294,598	182,001	476,599	265,908	94,289	360,197
Staff training	83,649	44,504	128,153	81,290	40,729	122,019
Advertising and promotion	22,649	5,384	28,033	14,417	-	14,417
Maintenance and repairs	409,257	11,432	420,689	103,434	16,330	119,764
Purchased services	2,691,989	318,383	3,010,372	1,728,935	250,774	1,979,709
Insurance	59,498	10,930	70,428	65,533	750	66,283
Other services	41,587	93,843	135,430	35,471	96,033	131,504
Supplies and equipment	336,592	82,152	418,744	308,606	80,858	389,464
Miscellaneous	-	35,507	35,507	3,494	25,477	28,971
Fundraising	-	38,121	38,121	-	56,503	56,503
Amortization of capital assets	242,029	31,402	273,431	220,935	34,619	255,554
	<b>13,676,873</b>	<b>2,693,649</b>	<b>16,370,522</b>	<b>11,973,317</b>	<b>2,386,654</b>	<b>14,359,971</b>
<b>Excess of revenues over expenses (expenses over revenue)</b>	<b>562,226</b>	<b>113,885</b>	<b>676,111</b>	<b>(65,971)</b>	<b>282,774</b>	<b>216,803</b>

The accompanying notes to the financial statements are an integral part of this financial statement.

## Griffin Centre Mental Health Services

### Statement of changes in fund balances year ended March 31, 2014

						2014	2013
	Unrestricted	Invested in capital assets	Externally designated	Internally designated	U.D.S.S. Special Purpose	Total	Total
	\$	\$	\$	\$	\$	\$	\$
<b>Fund balances, beginning of year</b>	(536,445)	1,452,138	309,010	1,978,854	50,000	3,253,557	3,036,754
Excess (deficiency) of revenue over expenses	562,226	-	(32,009)	145,894	-	676,111	216,803
Investment in capital assets	(769,512)	784,187	(10,393)	(4,282)	-	-	-
Amortization	204,984	(236,386)	24,279	7,123	-	-	-
Principal repayment of mortgage	(187,392)	187,392	-	-	-	-	-
<b>Fund balances, end of year</b>	<b>(726,139)</b>	<b>2,187,331</b>	<b>290,887</b>	<b>2,127,589</b>	<b>50,000</b>	<b>3,929,668</b>	<b>3,253,557</b>

The accompanying notes to the financial statements are an integral part of this financial statement.

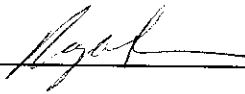
# Griffin Centre Mental Health Services

## Balance sheet

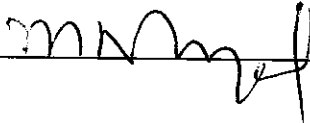
as at March 31, 2014

	2014	2013
	\$	\$
<b>Assets</b>		
Current assets		
Cash	1,331,368	1,422,614
Short-term investments	679,069	670,018
Accounts receivable	624,016	540,960
Prepaid expenses	109,686	169,211
	<b>2,744,139</b>	<b>2,802,803</b>
Capital assets (Note 3)	<b>3,881,932</b>	<b>2,681,176</b>
	<b>6,626,071</b>	<b>5,483,979</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities	1,001,802	1,001,384
Current portion of mortgage payable (Note 4)	10,319	187,392
	<b>1,012,121</b>	<b>1,188,776</b>
Deferred capital contributions	<b>1,317,390</b>	<b>664,435</b>
Mortgage payable (Note 4)	<b>366,892</b>	<b>377,211</b>
	<b>2,696,403</b>	<b>2,230,422</b>
<b>Fund balances</b>		
Invested in capital assets	<b>2,187,331</b>	<b>1,452,138</b>
Externally designated	<b>290,887</b>	<b>309,010</b>
Internally designated	<b>2,127,589</b>	<b>1,978,854</b>
U.D.S.S. Special Purpose (Note 1(e))	<b>50,000</b>	<b>50,000</b>
Unrestricted	<b>(726,139)</b>	<b>(536,445)</b>
	<b>3,929,668</b>	<b>3,253,557</b>
	<b>6,626,071</b>	<b>5,483,979</b>

Approved on behalf of the Board


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The accompanying notes to the financial statements are an integral part of this financial statement.

# Griffin Centre Mental Health Services

## Statement of cash flows year ended March 31, 2014

	2014	2013
	\$	\$
<b>Operating activities</b>		
Excess of revenue over expenses	676,111	216,803
Items not affecting cash		
Amortization of deferred capital contribution	(37,045)	(19,795)
Amortization of capital assets	273,431	255,554
	912,497	452,562
Changes in non-cash working capital items		
Accounts receivable	(83,056)	(72,023)
Prepaid expenses	59,525	(30,177)
Accounts payable and accrued liabilities	418	(68,343)
	889,384	282,019
<b>Investing activities</b>		
Change in short-term investments (net)	(9,051)	503,476
Additions to capital assets (net of disposals)	(1,474,187)	(744,056)
	(1,483,238)	(240,580)
<b>Financing activities</b>		
Principal repayment of mortgages payable	(187,392)	(23,975)
Deferred capital contributions received	690,000	-
Mortgage received	-	392,000
	502,608	368,025
Decrease (increase) in cash	(91,246)	409,464
Cash, beginning of year	1,422,614	1,013,150
<b>Cash (Bank indebtedness), end of year</b>	<b>1,331,368</b>	<b>1,422,614</b>
<b>Supplementary cash flow information</b>		
Mortgage interest paid	18,027	12,530

The accompanying notes to the financial statements are an integral part of this financial statement.



# Griffin Centre Mental Health Services

Notes to the financial statements

March 31, 2014

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## 1. Description of operations

The Griffin Centre Mental Health Services (the "Centre") is an accredited, non-profit, charitable, multi-service, mental health agency providing flexible and accessible services to youth, adults and their families. The Centre's programs and services are primarily funded by the Ministry of Community and Social Services and the Ministry of Children and Youth Services (the "Ministry"). These services include; assessment, service coordination and planning, individual, family and group counseling, specialized day/residential services and respite services. The legislative authority for the Centre is the Child and Family Services Act and the Developmental Services Act, administered by the Ministry.

The Centre changed its name from J. D. Griffin Adolescent Centre Inc. on August 21, 2009.

The Centre manages the following funds:

- (a) The unrestricted fund records the revenue and costs of various services and programs funded by the Ministry, excluding investments in capital assets.
- (b) The investment in capital assets fund records the cost of capital assets, less amortization, deferred capital contributions and any related mortgage.
- (c) The externally designated fund records funds received through service agreements with various organizations funded directly by the Ministry of Health for the provision of specific services for adults with a dual diagnosis and/or complex mental health needs.
- (d) The internally designated fund records funds received from service agreements with various organizations and fundraising initiatives that are used by the Centre to support internal activities and the provision of specific services.
- (e) The U.D.S.S. Special Purpose fund comprises an amount of \$50,000, maintained by agreement with the Ministry, as a special fund for cash management purposes to cover unusually difficult service situations.

## 2. Significant accounting policies

These financial statements have been prepared in accordance with the ASPE-NPO published by the Chartered Professional Accountants of Canada, using the restricted fund method for the recognition of restricted contributions.

### *Revenue recognition*

Income from donations and fund-raising activities is recorded when received. Restricted contributions are recorded as revenue of the appropriate restricted fund. Unrestricted revenue is recorded when received or receivable.

### *Ministry of Community and Social Services and Ministry of Children and Youth Services (the "Ministries") funding*

The Centre is funded primarily by the Ministries in accordance with budget arrangements established by the Ministries. These financial statements reflect agreed funding arrangements approved by the Ministries.

# Griffin Centre Mental Health Services

## Notes to the financial statements

March 31, 2014

### 2. Significant accounting policies (continued)

#### Capital assets

Capital assets are capitalized on acquisition and are amortized on the straight-line basis over the useful life of the assets, as follows:

Equipment	5 years
Computer software	5 years
Furniture and fixtures	5-10 years
Leasehold improvements	5-10 years
Automobile	3 years
Building	40 years
Deferred capital contributions	

Grants received for the purchase of capital assets are deferred and amortized into revenue at rates corresponding to the amortization rates of the related capital assets.

#### Financial instruments

The Centre initially recognizes financial instruments at fair value and subsequently measures them at each reporting date as follows:

<u>Asset/liability</u>	<u>Measurement</u>
Cash	Fair Value
Short-term investments	Fair Value
Accounts receivable	Amortized Cost
Accounts payable and accrued liabilities	Amortized Cost
Mortgage payable	Amortized Cost

#### Use of estimates

The preparation of financial statements in accordance 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 balance sheet date and the reported amounts of revenues and expenses for the year then ended. Actual results may differ from such estimates. Accounts requiring significant estimates and assumptions include accounts receivable, accrued liabilities, and amortization of capital assets and deferred capital contributions.

### 3. Capital assets

			2014	2013
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Equipment	232,175	87,696	144,479	80,091
Computer software	110,782	106,500	4,282	18,277
Furniture and fixtures	827,917	392,182	435,735	198,649
Leasehold improvements	1,623,225	1,114,152	509,073	428,135
Automobile	172,926	103,421	69,505	14,322
Building and building improvements				
Centre funded	1,345,482	189,989	1,155,493	1,189,528
MCSS funded	1,474,231	145,258	1,328,973	586,782
Land				
Centre funded	190,270	-	190,270	121,270
MCSS funded	44,122	-	44,122	44,122
	<b>6,021,130</b>	<b>2,139,198</b>	<b>3,881,932</b>	<b>2,681,176</b>

# Griffin Centre Mental Health Services

## Notes to the financial statements

March 31, 2014

### 4. Mortgages payable

	2014	2013
	\$	\$
First mortgage secured by the property located at 22 Wicklow Drive, Toronto and bearing fixed interest at 2.65 to 3.50% per annum. Monthly blended principal and interest payments amount to \$2,000. The mortgage was repaid on the due date of April 1, 2013.	-	177,443
First mortgage secured by the property located at 53 Hopecrest Crescent, Toronto and bearing fixed interest at 3.69% per annum, and due September 13, 2017. Monthly blended principal and interest payments amount to \$1,997.	377,211	387,160
	<u>377,211</u>	<u>564,603</u>
Less: current portion	10,319	187,392
	<u>366,892</u>	<u>377,211</u>

Principal repayments to maturity are as follows:

	\$
2015	10,319
2016	10,703
2017	11,101
2018	345,088
	<u>377,211</u>

### 5. Bank overdraft

The Centre has a bank operating line of credit with the RBC for \$50,000. This line of credit bears interest at prime plus 1.1% per annum. The line of credit is secured by a general security agreement pertaining to personal property of the Centre. As at March 31, 2014, there were no borrowings.

### 6. Lease commitments

The Centre leases premises at the following locations:

*24 Silverview Drive, Toronto*

The lease on this facility is for three years with annual rent of \$133,530, \$140,206 and \$146,883 respectively, expiring on December 31, 2014. The Centre will be vacating this premise by August 31, 2014, with no further commitments to the landlord. This location houses all administrative functions, as well as one of the Day School Support Programs. Space is currently shared with the landlord, the Toronto District School Board, which maintains a single-class program for its alternate-to-suspension students.

*1124/1126 Finch Avenue West, Toronto*

The Centre has recently entered into a new lease with Century Standard Development Corporation, effective August 1, 2014 and ending September 30, 2024.

# Griffin Centre Mental Health Services

Notes to the financial statements

March 31, 2014

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## 6. Lease commitments (continued)

Lease commitments are as follows:

	\$
2015	179,775
2016	359,551
2017	364,859
2018	374,591
2019	380,785
	<hr/> 1,659,561

## 7. Charitable donations

The Centre receives contributions from corporations, foundations and government, which are recorded in the Griffin Special Purpose Funds. Included in charitable donations (but not limited to) are contributions from United Way (Donor Choice Designation), MLSE Team Up Foundation, RBC Foundation, Toskan Foundation, CHUM Charitable Foundation, Human Resources Skills Development Canada, Citizenship & Immigration Canada and the City of Toronto.

## 8. Government remittances

There were no outstanding balances payable with respect to government remittances as at March 31, 2014.

## 9. Guarantees

In the normal course of business, the Centre enters into agreements that meet the definition of a guarantee. The Centre's primary guarantees subject to the disclosure requirements are as follows:

- (a) The Centre has provided indemnities under lease agreements for the use of various operating facilities. Under the terms of these agreements the Centre agrees to indemnify the counterparties for various items including, but not limited to, all liabilities, loss, suits, and damages arising during, on or after the term of the agreement. The maximum amount of any potential future payment cannot be reasonably estimated.
- (b) Indemnity has been provided to all directors and or officers of the Centre for various items including, but not limited to, all costs to settle suits or actions due to association with the Centre, subject to certain restrictions. The Centre has purchased directors' and officers' liability insurance to mitigate the cost of any potential future suits or actions. The term of the indemnification is not explicitly defined, but is limited to the period over which the indemnified party served as a director or officer of the Centre. The maximum amount of any potential future payment cannot be reasonably estimated.
- (c) In the normal course of business, the Centre has entered into agreements that include indemnities in favour of third parties, such as purchase and sale agreements, confidentiality agreements, engagement letters with advisors and consultants, outsourcing agreements, leasing contracts, information technology agreements and service agreements. These indemnification agreements may require the Centre to compensate counterparties for losses incurred by the counterparties as a result of breaches in representation and regulations or as a consequence of the transaction. The terms of these indemnifications are not explicitly defined and the maximum amount of any potential reimbursement cannot be reasonably estimated.

The nature of these indemnification agreements prevents the Centre from making a reasonable estimate of the maximum exposure due to the difficulties in assessing the amount of liability, which stems from the unpredictability of future events and the unlimited coverage offered to counterparties. Historically, the Centre has not made any significant payments under such or similar indemnification agreements and therefore no amount has been accrued in the balance sheet with respect to these agreements.

# Griffin Centre Mental Health Services

Notes to the financial statements

March 31, 2014

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## 10. Financial instrument risk

The Centre, through its financial assets and liabilities, has exposure to credit and interest risks from its use of financial instruments.

### *Credit risk*

The Centre's financial assets are cash, short-term investments, and accounts receivable, which are subject to credit risk. The carrying amounts of financial assets on the balance sheet represent the Centre's maximum credit exposure at the balance sheet date.

The Centre's credit risk is primarily attributable to its investments. The credit risk is limited because the counter parties are entities with high credit-ratings assigned by national credit-rating agencies.

### *Interest risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Changes in the prime interest rate will have a positive or negative impact on the Centre's interest income. Such exposure will increase accordingly should the Centre maintain higher levels of investments in the future.