

Financial statements of

**Griffin Centre Mental Health  
Services**

March 31, 2015

# Griffin Centre Mental Health Services

March 31, 2015

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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 sheets as at March 31, 2015, 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, 2015, 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 24, 2015

# Griffin Centre Mental Health Services

Statement of operations  
year ended March 31, 2015

	2015			2014		
	Operating Funds	Special Purpose Funds	Total	Operating Funds	Special Purpose Funds	Total
	\$	\$	\$	\$	\$	\$
<b>Revenue</b>						
Ministry funds	14,153,302	1,419,934	15,573,236	13,671,085	1,387,552	15,058,637
Expenditure recoveries	680,170	74,323	754,493	394,768	81,779	476,547
Non-retainable income	120,235	155,889	276,124	136,201	163,374	299,575
Service agreements	-	1,026,331	1,026,331	-	1,013,750	1,013,750
Charitable donations	-	30,636	30,636	-	50,114	50,114
Interest	-	16,115	16,115	-	13,399	13,399
Fundraising	-	92,972	92,972	-	90,303	90,303
Staff contributions	-	7,962	7,962	-	7,263	7,263
Amortization of deferred capital contributions	37,045	-	37,045	37,045	-	37,045
	<b>14,990,752</b>	<b>2,824,162</b>	<b>17,814,914</b>	<b>14,239,099</b>	<b>2,807,534</b>	<b>17,046,633</b>
<b>Expenses</b>						
Salaries and wages	8,398,171	1,449,984	9,848,155	7,859,210	1,532,760	9,391,970
Employee benefits	1,523,078	269,280	1,792,358	1,431,007	263,116	1,694,123
Travel	138,123	28,689	166,812	117,786	27,778	145,564
Communication	106,642	15,170	121,812	87,022	16,336	103,358
Rent and utilities	427,225	137,501	564,726	294,598	182,001	476,599
Staff Training	53,841	27,965	81,806	83,649	44,504	128,153
Advertising and promotion	6,367	212	6,579	22,649	5,384	28,033
Maintenance and repairs	211,482	10,079	221,561	409,257	11,432	420,689
Purchased services	3,514,786	374,484	3,889,270	2,691,989	318,383	3,010,372
Insurance	65,457	12,079	77,536	59,498	10,930	70,428
Other services	42,432	102,010	144,442	41,587	93,843	135,430
Supplies and equipment	366,757	91,232	457,989	336,592	82,152	418,744
Miscellaneous	-	31,452	31,452	-	35,507	35,507
Fundraising	-	32,180	32,180	-	38,121	38,121
Amortization of capital assets	294,474	24,279	318,753	242,029	31,402	273,431
Loss on disposal of capital assets	127,417	-	127,417	-	-	-
	<b>15,276,252</b>	<b>2,606,596</b>	<b>17,882,848</b>	<b>13,676,873</b>	<b>2,693,649</b>	<b>16,370,522</b>
<b>(Deficiency) excess of revenues over expenses</b>	<b>(285,500)</b>	<b>217,566</b>	<b>(67,934)</b>	<b>562,226</b>	<b>113,885</b>	<b>676,111</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, 2015

	2015			2014		
	Unrestricted	Invested in capital assets	Externally designated	Internally designated	U.D.S.S. Special Purpose	Total
	\$	\$	\$	\$	\$	\$
<b>Fund balances, beginning of year</b>	(726,139)	2,187,331	290,887	2,127,589	50,000	3,929,668
(Deficiency) excess of revenue over expenses	(285,500)	-	(21,252)	238,818	-	(67,934)
Investment in capital assets	(122,189)	1,022,026	-	(899,837)	-	-
Loss on disposal of capital assets	127,417	(127,417)	-	-	-	-
Amortization of capital assets	294,474	(318,753)	24,279	-	-	-
Amortization of deferred capital contributions	(37,045)	37,045	-	-	-	-
Principal repayment of mortgage	(10,322)	10,322	-	-	-	-
<b>Fund balances, end of year</b>	<b>(759,304)</b>	<b>2,810,554</b>	<b>293,914</b>	<b>1,466,570</b>	<b>50,000</b>	<b>3,861,734</b>
						<b>3,929,668</b>

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

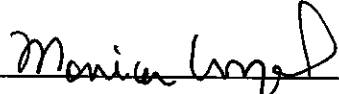

# Griffin Centre Mental Health Services

## Balance sheet

as at March 31, 2015

	2015	2014
	\$	\$
<b>Assets</b>		
Current assets		
Cash	1,128,663	1,331,368
Short-term investments	-	679,069
Accounts receivable	760,100	624,016
Prepaid expenses	193,946	109,686
	<b>2,082,709</b>	<b>2,744,139</b>
Capital assets (Note 3)	4,457,788	3,881,932
	<b>6,540,497</b>	<b>6,626,071</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities (Note 8)	1,031,529	1,001,802
Current portion of mortgage payable (Note 4)	10,707	10,319
	<b>1,042,236</b>	<b>1,012,121</b>
Deferred capital contributions	1,280,345	1,317,390
Mortgage payable (Note 4)	356,182	366,892
	<b>2,678,763</b>	<b>2,696,403</b>
<b>Fund balances</b>		
Invested in capital assets	2,810,554	2,187,331
Externally designated	293,914	290,887
Internally designated	1,466,570	2,127,589
U.D.S.S. Special Purpose (Note 1(e))	50,000	50,000
Unrestricted	(759,304)	(726,139)
	<b>3,861,734</b>	<b>3,929,668</b>
	<b>6,540,497</b>	<b>6,626,071</b>

Approved on behalf of the Board

  
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 MONICA GOYAL, CHAIR  
  
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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, 2015

	2015	2014
	\$	\$
<b>Operating activities</b>		
Excess of revenue over expenses	(67,934)	676,111
Items not affecting cash		
Amortization of deferred capital contribution	(37,045)	(37,045)
Loss on disposal of capital assets	127,417	-
Amortization of capital assets	318,753	273,431
	<b>341,191</b>	<b>912,497</b>
Changes in non-cash working capital items		
Accounts receivable	(136,084)	(83,056)
Prepaid expenses	(84,260)	59,525
Accounts payable and accrued liabilities	29,727	418
	<b>150,574</b>	<b>889,384</b>
<b>Investing activities</b>		
Change in short-term investments (net)	679,069	(9,051)
Additions to capital assets	(1,022,026)	(1,474,187)
	<b>(342,957)</b>	<b>(1,483,238)</b>
<b>Financing activities</b>		
Principal repayment of mortgages payable	(10,322)	(187,392)
Deferred capital contributions received	-	690,000
	<b>(10,322)</b>	<b>502,608</b>
Decrease in cash	(202,705)	(91,246)
Cash, beginning of year	1,331,368	1,422,614
<b>Cash, end of year</b>	<b>1,128,663</b>	<b>1,331,368</b>
<b>Supplementary cash flow information</b>		
Mortgage interest paid	13,641	18,027

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, 2015

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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 Services and Supports to Promote the Social Inclusion of Persons with Developmental Disabilities Act, administered by the Ministry.

The Centre manages the following funds:

- (a) Unrestricted fund comprises various services and programs funded by the Ministry, excluding investments in capital assets.
- (b) Invested in capital assets fund comprises a separate fund to maintain costs and amortization of property and other fixed assets.
- (c) Externally designated fund comprises 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) Internally designated fund comprises 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) 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 Canadian accounting standards for not-for-profit organizations ("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.

### *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.

### *Capital assets*

Capital assets are capitalized on acquisition and are amortized on a 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

# Griffin Centre Mental Health Services

## Notes to the financial statements

March 31, 2015

### 2. Significant accounting policies (continued)

#### *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

	2015			2014		
	Cost	Accumulated amortization	Net book value	Cost	Accumulated amortization	Net book value
	\$	\$	\$	\$	\$	\$
Equipment	225,512	90,783	134,729	232,175	87,696	144,479
Computer software	110,782	107,356	3,426	110,782	106,500	4,282
Furniture and fixtures	820,754	415,482	405,272	827,917	392,182	435,735
Leasehold improvements	1,890,902	671,242	1,219,660	1,623,225	1,114,152	509,073
Automobile	172,926	126,589	46,337	172,926	103,421	69,505
Building and building improvements						
Centre funded	1,345,482	224,026	1,121,456	1,345,482	189,989	1,155,493
MCSS funded	1,474,231	181,715	1,292,516	1,474,231	145,258	1,328,973
Land						
Centre funded	190,270	-	190,270	190,270	-	190,270
MCSS funded	44,122	-	44,122	44,122	-	44,122
	<b>6,274,981</b>	<b>1,817,193</b>	<b>4,457,788</b>	<b>6,021,130</b>	<b>2,139,198</b>	<b>3,881,932</b>

# Griffin Centre Mental Health Services

Notes to the financial statements

March 31, 2015

## 4. Mortgages payable

	2015	2014
	\$	\$
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.	<b>366,889</b>	377,211
	<b>366,889</b>	377,211
Less: current portion	<b>10,707</b>	10,319
	<b>356,182</b>	366,892

Principal repayments to maturity are as follows:

	\$
2016	10,707
2017	11,108
2018	345,074
	<b>366,889</b>

## 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, 2015, there were no borrowings outstanding under this credit facility (March 31, 2014 - \$Nil).

## 6. Lease commitments

The Centre leases premises at the following locations:

*1124 and 1126 Finch Avenue West, Toronto*

The lease on these facilities is for ten years, expiring on September 30, 2024. Administrative functions are housed at 1126 Finch Avenue while program staff and client activity space are located at 1124 Finch.

Lease payments are scheduled as follows:

	\$
2016	412,123
2017	417,640
2018	428,676
2019	434,193
2020	442,470
2021	450,746
2022	456,264
2023	467,299
2024	236,408
	<b>3,745,819</b>

# Griffin Centre Mental Health Services

## Notes to the financial statements

March 31, 2015

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### 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, 2015 and 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 of Accounting Guideline 14 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.

### 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*

At March 31, 2015 the Centre's financial assets are cash, 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.

# Griffin Centre Mental Health Services

Notes to the financial statements

March 31, 2015

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## 11. Financial instrument risk (continued)

### *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.