

Financial statements of

**Griffin Centre Mental
Health Services**

March 31, 2016



Deloitte LLP
5140 Yonge Street
Suite 1700
Toronto ON M2N 6L7
Canada

Tel: 416-601-6150
Fax: 416-601-6151
www.deloitte.ca

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, 2016, 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, 2016, 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
Licensed Public Accountants
June 22, 2016

Griffin Centre Mental Health Services

Statement of operations
year ended March 31, 2016

	2016			2015		
	Operating Funds	Special Purpose Funds	Total	Operating Funds	Special Purpose Funds	Total
	\$	\$	\$	\$	\$	\$
Revenue						
Ministry funds	15,107,748	1,635,690	16,743,438	14,153,302	1,419,934	15,573,236
Expenditure recoveries	743,463	2,895	746,358	680,170	74,323	754,493
Non-retainable income	129,631	177,144	306,775	120,235	155,889	276,124
Service agreements	-	1,014,910	1,014,910	-	1,026,331	1,026,331
Charitable donations	-	40,673	40,673	-	30,636	30,636
Interest	-	3,496	3,496	-	16,115	16,115
Fundraising	-	40,075	40,075	-	92,972	92,972
Staff contributions	-	7,376	7,376	-	7,962	7,962
Amortization of deferred capital contributions	37,045	-	37,045	37,045	-	37,045
	16,017,887	2,922,259	18,940,146	14,990,752	2,824,162	17,814,914
Expenses						
Salaries and wages	8,320,014	1,410,718	9,730,732	8,398,171	1,449,984	9,848,155
Employee benefits	1,587,913	279,703	1,867,616	1,523,078	269,280	1,792,358
Travel	119,049	21,128	140,177	138,123	28,689	166,812
Communication	83,430	7,899	91,329	106,642	15,170	121,812
Rent and utilities	553,691	128,885	682,576	427,225	137,501	564,726
Staff Training	34,836	16,421	51,257	53,841	27,965	81,806
Advertising and promotion	50,308	500	50,808	6,367	212	6,579
Maintenance and repairs	293,845	1,030	294,875	211,482	10,079	221,561
Purchased services	4,103,755	630,285	4,734,040	3,514,786	374,484	3,889,270
Insurance	66,844	12,425	79,269	65,457	12,079	77,536
Other services	36,756	-	36,756	42,432	102,010	144,442
Supplies and equipment	362,022	98,552	460,574	366,757	91,232	457,989
Miscellaneous	-	21,601	21,601	-	31,452	31,452
Fundraising	-	36,257	36,257	-	32,180	32,180
Amortization of capital assets	379,539	27,719	407,258	294,474	24,279	318,753
Loss on disposal of capital assets	-	-	-	127,417	-	127,417
	15,992,002	2,693,123	18,685,125	15,276,252	2,606,596	17,882,848
Excess (deficiency) of revenue over expenses	25,885	229,136	255,021	(285,500)	217,566	(67,934)

Griffin Centre Mental Health Services

Statement of changes in fund balances
year ended March 31, 2016

	2016					2015						
	Unrestricted	Invested in capital assets	Externally designated	Internally designated	U.D.S.S. Special Purpose	Total	Unrestricted	Invested in capital assets	Externally designated	Internally designated	U.D.S.S. Special Purpose	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Fund balances, beginning of year	(759,304)	2,810,554	293,914	1,466,570	50,000	3,861,734	(726,139)	2,187,331	290,887	2,127,589	50,000	3,929,668
Excess (deficiency) of revenue over expenses	25,885	-	53,346	175,790	-	255,021	(285,500)	-	(21,252)	238,818	-	(87,934)
Investment in capital assets	(385,522)	386,486	(964)	-	-	-	(122,189)	1,022,026	-	(899,837)	-	-
Loss on disposal of capital assets	-	-	-	-	-	-	127,417	(127,417)	-	-	-	-
Amortization of capital assets	379,539	(407,258)	169	27,550	-	-	284,474	(318,753)	24,279	-	-	-
Amortization of deferred capital contributions	(37,045)	37,045	-	-	-	-	(37,045)	37,045	-	-	-	-
Principal repayment of mortgage	(10,707)	10,707	-	-	-	-	(10,322)	10,322	-	-	-	-
Fund balances, end of year	(787,154)	2,837,534	346,465	1,669,910	50,000	4,116,755	(759,304)	2,810,554	293,914	1,466,570	50,000	3,861,734

Griffin Centre Mental Health Services

Balance sheet as at March 31, 2016

	2016	2015
	\$	\$
Assets		
Current assets		
Cash	1,820,393	1,128,663
Accounts receivable	1,125,978	760,100
Prepaid expenses	153,302	193,946
	<u>3,099,673</u>	<u>2,082,709</u>
Capital assets (Note 3)	<u>4,437,016</u>	<u>4,457,788</u>
	<u>7,536,689</u>	<u>6,540,497</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	1,820,452	1,031,529
Current portion of mortgage payable (Note 4)	11,108	10,707
	<u>1,831,560</u>	<u>1,042,236</u>
Deferred capital contributions	1,243,300	1,280,345
Mortgage payable (Note 4)	345,074	356,182
	<u>3,418,934</u>	<u>2,678,763</u>
Fund balances		
Invested in capital assets	2,837,534	2,810,554
Externally designated	346,465	293,914
Internally designated	1,669,910	1,466,570
U.D.S.S. Special Purpose (Note 1(n))	50,000	50,000
Unrestricted	(787,154)	(759,304)
	<u>4,116,755</u>	<u>3,861,734</u>
	<u>7,536,689</u>	<u>6,540,497</u>

Approved on behalf of the Board

William Scholtz

William Scholtz, Chair

Griffin Centre Mental Health Services

Statement of cash flows year ended March 31, 2016

	2016	2015
	\$	\$
Operating activities		
Excess (deficiency) of revenue over expenses	255,021	(67,934)
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	407,258	318,753
	625,234	341,191
Changes in non-cash working capital items		
Accounts receivable	(365,878)	(136,084)
Prepaid expenses	40,644	(84,260)
Accounts payable and accrued liabilities	788,923	29,727
	1,088,923	150,574
Investing activities		
Change in short-term investments (net)	-	679,069
Additions to capital assets (net of disposals)	(386,486)	(1,022,026)
	(386,486)	(342,957)
Financing activity		
Principal repayment of mortgages payable	(10,707)	(10,322)
Increase (decrease) in cash	691,730	(202,705)
Cash, beginning of year	1,128,663	1,331,368
Cash, end of year	1,820,393	1,128,663
Supplementary cash flow information		
Mortgage interest paid	13,257	13,641

Griffin Centre Mental Health Services

Notes to the financial statements

March 31, 2016

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 ("ASNPO") 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 "Ministry") funding

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

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, 2016

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 ASNPO 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

	2016			2015		
	Cost	Accumulated amortization	Net book value	Cost	Accumulated amortization	Net book value
	\$	\$	\$	\$	\$	\$
Equipment	246,639	128,888	117,751	225,512	90,783	134,729
Computer software	110,782	108,213	2,569	110,782	107,356	3,426
Furniture and fixtures	875,481	546,437	329,044	820,754	415,482	405,272
Leasehold improvements	2,138,605	810,011	1,328,594	1,890,902	671,242	1,219,660
Automobile	170,488	89,302	81,186	172,926	126,589	46,337
Building and building improvements						
Centre funded	1,345,482	251,576	1,093,906	1,345,482	224,026	1,121,456
MCSS funded	1,474,231	224,657	1,249,574	1,474,231	181,715	1,292,516
Land						
Centre funded	190,270	-	190,270	190,270	-	190,270
MCSS funded	44,122	-	44,122	44,122	-	44,122
	6,596,100	2,159,084	4,437,016	6,274,981	1,817,193	4,457,788

Griffin Centre Mental Health Services

Notes to the financial statements

March 31, 2016

4. Mortgages payable

	2016	2015
	\$	\$
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.	356,182	366,889
	<u>356,182</u>	<u>366,889</u>
Less: current portion	11,108	10,707
	<u>345,074</u>	<u>356,182</u>

Principal repayments to maturity are as follows:

	\$
2017	11,108
2018	345,074
	<u>356,182</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, 2016, there were no borrowings outstanding under this credit facility (March 31, 2015 - \$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:

	\$
2017	417,640
2018	428,676
2019	434,193
2020	442,470
2021	450,746
2022	456,264
2023	467,299
2024	236,408
	<u>3,333,696</u>

Griffin Centre Mental Health Services

Notes to the financial statements

March 31, 2016

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), 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, 2016.

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.
- (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.
- (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.

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, 2016 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, 2016

10. Financial instrument risk (continued)

Interest rate 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.