

Financial statements of

**Griffin Centre Mental  
Health Services**

March 31, 2017

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# Griffin Centre Mental Health Services

March 31, 2017

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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, 2017, 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, 2017, 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.

A handwritten signature in black ink that reads "Deloitte LLP". The signature is written in a cursive, flowing style.

Chartered Professional Accountants  
Licensed Public Accountants  
June 28, 2017

# Griffin Centre Mental Health Services

Statement of operations  
year ended March 31, 2017

	2017			2016		
	Operating Funds	Special Purpose Funds	Total	Operating Funds	Special Purpose Funds	Total
	\$	\$	\$	\$	\$	\$
<b>Revenue</b>						
Ministry funds	15,773,326	1,357,120	17,130,446	15,107,748	1,635,690	16,743,438
Expenditure recoveries	659,297	85,816	745,113	643,141	2,895	646,036
Non-retainable income	159,832	156,176	316,008	129,631	177,144	306,775
Service agreements	-	1,026,625	1,026,625	-	1,014,910	1,014,910
Charitable donations	-	51,552	51,552	-	40,673	40,673
Interest	-	2,755	2,755	-	3,496	3,496
Fundraising	-	77,334	77,334	-	40,075	40,075
Staff contributions	-	7,382	7,382	-	7,376	7,376
Amortization of deferred capital contributions	37,045	-	37,045	37,045	-	37,045
	<b>16,629,500</b>	<b>2,764,760</b>	<b>19,394,260</b>	<b>15,917,565</b>	<b>2,922,259</b>	<b>18,839,824</b>
<b>Expenses</b>						
Salaries and wages	8,480,590	1,700,300	10,180,890	8,219,692	1,410,718	9,630,410
Employee benefits	1,568,474	281,069	1,849,543	1,587,913	279,703	1,867,616
Travel	120,205	29,645	149,850	119,049	21,128	140,177
Communication	68,894	7,396	76,290	83,430	7,899	91,329
Rent and utilities	499,134	107,106	606,240	553,691	128,885	682,576
Staff Training	79,623	16,391	96,014	34,836	16,421	51,257
Advertising and promotion	30	-	30	50,308	500	50,808
Maintenance and repairs	273,838	-	273,838	293,845	1,030	294,875
Purchased services	4,718,124	348,429	5,066,553	4,103,755	630,285	4,734,040
Insurance	69,247	9,989	79,236	66,844	12,425	79,269
Other services	42,526	1,000	43,526	36,756	-	36,756
Supplies and equipment	437,674	85,975	523,649	362,022	98,552	460,574
Miscellaneous	-	20,250	20,250	-	21,601	21,601
Fundraising	-	34,547	34,547	-	36,257	36,257
Amortization of capital assets	377,824	27,913	405,737	379,539	27,719	407,258
	<b>16,736,183</b>	<b>2,670,010</b>	<b>19,406,193</b>	<b>15,891,680</b>	<b>2,693,123</b>	<b>18,584,803</b>
<b>(Deficiency) excess of revenue over expenses</b>	<b>(106,683)</b>	<b>94,750</b>	<b>(11,933)</b>	<b>25,885</b>	<b>229,136</b>	<b>255,021</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, 2017

	2017					2016						
	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	(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
(Deficiency) excess of revenue over expenses	(106,683)	-	(407)	95,157	-	(11,933)	25,885	-	53,346	175,790	-	255,021
Investment in capital assets	(192,496)	192,496	-	-	-	-	(385,522)	386,486	(964)	-	-	-
Amortization of capital assets	377,824	(405,737)	363	27,550	-	-	379,539	(407,258)	169	27,550	-	-
Amortization of deferred capital contributions	(37,045)	37,045	-	-	-	-	(37,045)	37,045	-	-	-	-
Principal repayment of mortgage	(11,094)	11,094	-	-	-	-	(10,707)	10,707	-	-	-	-
<b>Fund balances, end of year</b>	<b>(756,648)</b>	<b>2,672,432</b>	<b>346,421</b>	<b>1,792,617</b>	<b>50,000</b>	<b>4,104,822</b>	<b>(787,154)</b>	<b>2,837,534</b>	<b>346,465</b>	<b>1,669,910</b>	<b>50,000</b>	<b>4,116,755</b>

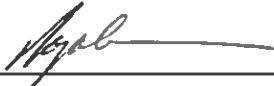
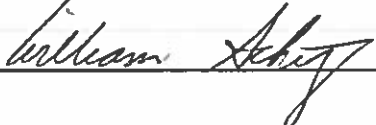
The accompanying notes to the financial statements are an integral part of this financial statement.

# Griffin Centre Mental Health Services

Balance sheet  
as at March 31, 2017

	2017	2016
	\$	\$
<b>Assets</b>		
<b>Current assets</b>		
Cash	2,903,232	1,820,393
Accounts receivable	755,626	1,125,978
Prepaid expenses	186,782	153,302
	<u>3,845,640</u>	<u>3,099,673</u>
<b>Capital assets (Note 3)</b>	<b>4,223,775</b>	<b>4,437,016</b>
	<u>8,069,415</u>	<u>7,536,689</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	2,413,250	1,820,452
Current portion of mortgage payable (Note 4)	345,088	11,108
	<u>2,758,338</u>	<u>1,831,560</u>
Deferred capital contributions	1,206,255	1,243,300
Mortgage payable (Note 4)	-	345,074
	<u>3,964,593</u>	<u>3,419,934</u>
<b>Fund balances</b>		
Invested in capital assets	2,672,432	2,837,534
Externally designated	346,421	346,465
Internally designated	1,792,617	1,669,910
U.D.S.S. Special Purpose (Note 1(n))	50,000	50,000
Unrestricted	(756,648)	(787,154)
	<u>4,104,822</u>	<u>4,116,755</u>
	<u>8,069,415</u>	<u>7,536,689</u>

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, 2017

	2017	2016
	\$	\$
<b>Operating activities</b>		
(Deficiency) excess of revenue over expenses	(11,933)	255,021
Items not affecting cash		
Amortization of deferred capital contribution	(37,045)	(37,045)
Amortization of capital assets	405,737	407,258
	<u>356,759</u>	<u>625,234</u>
Changes in non-cash working capital items		
Accounts receivable	370,352	(365,878)
Prepaid expenses	(33,480)	40,644
Accounts payable and accrued liabilities	592,798	788,923
	<u>1,286,429</u>	<u>1,088,923</u>
<b>Investing activity</b>		
Additions to capital assets (net of disposals)	(192,496)	(386,486)
<b>Financing activity</b>		
Principal repayment of mortgages payable	(11,094)	(10,707)
Increase in cash	1,082,839	691,730
Cash, beginning of year	1,820,393	1,128,663
<b>Cash, end of year</b>	<u>2,903,232</u>	<u>1,820,393</u>
<b>Supplementary cash flow information</b>		
Mortgage interest paid	12,867	13,257

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, 2017

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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 ("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 "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, 2017

### 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:

Asset/liability	Measurement
Cash	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

	2017			2016		
	Cost	Accumulated amortization	Net book value	Cost	Accumulated amortization	Net book value
	\$	\$	\$	\$	\$	\$
Equipment	375,513	169,490	206,023	246,639	128,888	117,751
Computer software	110,783	109,069	1,714	110,782	108,213	2,569
Furniture and fixtures	889,321	646,257	243,064	875,481	546,437	329,044
Leasehold improvements	2,188,386	961,469	1,226,917	2,138,605	810,011	1,328,594
Automobile	170,488	131,810	38,678	170,488	89,302	81,186
Building and building improvements						
Centre funded	1,345,482	285,213	1,060,269	1,345,482	251,576	1,093,906
MCSS funded	1,474,231	261,513	1,212,718	1,474,231	224,657	1,249,574
Land						
Centre funded	190,270	-	190,270	190,270	-	190,270
MCSS funded	44,122	-	44,122	44,122	-	44,122
	<b>6,788,596</b>	<b>2,564,821</b>	<b>4,223,775</b>	<b>6,596,100</b>	<b>2,159,084</b>	<b>4,437,016</b>

# Griffin Centre Mental Health Services

Notes to the financial statements

March 31, 2017

## 4. Mortgages payable

	2017	2016
	\$	\$
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.	345,089	356,182
	<u>345,089</u>	<u>356,182</u>
Less: current portion	345,089	11,108
	<u>-</u>	<u>345,074</u>

Principal repayments to maturity are as follows:

	\$
2018	<u>345,089</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, 2017, there were no borrowings outstanding under this credit facility (2016 - \$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:

	\$
2018	428,676
2019	434,193
2020	442,470
2021	450,746
2022	456,264
2023	467,299
2024	236,408
	<u>2,916,056</u>

# Griffin Centre Mental Health Services

## Notes to the financial statements

March 31, 2017

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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), 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, 2017.

### 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, 2017 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, 2017

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**10. 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.

**11. Comparative Figures**

Certain comparative numbers have been reclassified to conform to the current year presentation.