Financial statements of

Griffin Centre Mental Health Services

March 31, 2020

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Independent Auditor's Report

To the Board of Directors of Griffin Centre Mental Health Services

Opinion

We have audited the financial statements of Griffin Centre Mental Health Services (the "Centre"), which comprise the balance sheet as at March 31, 2020, and the statements of operations, changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Centre as at March 31, 2020, 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.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). 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 independent of the Centre in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Centre's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Centre or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Centre's financial reporting process.

Auditor's 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 a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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.
- 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 the Centre's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Centre's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Centre to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
September 22, 2020

Griffin Centre Mental Health Services

Statement of operations

Year ended March 31, 2020

	Operating Funds $	Internally designated Fund $	2020 Total $	Operating Funds $	Internally designated Fund $	2019 Total $
Revenue						
Ministry funds	17,254,605	1,281,900	18,536,505	17,793,637	1,370,650	19,164,287
Expenditure recoveries	792,930	—	792,930	738,773	—	738,773
Non-retainable income	92,054	117,000	209,054	157,911	159,980	317,891
Service agreements	—	623,035	623,035	—	537,162	537,162
Charitable donations	—	23,430	23,430	—	39,443	39,443
Interest	—	66,631	66,631	—	39,312	39,312
Fundraising	—	61,658	61,658	—	73,743	73,743
Staff contributions	—	6,978	6,978	—	7,276	7,276
Amortization of deferred capital contributions	37,045	—	37,045	37,045	—	37,045
	18,176,634	2,180,632	20,357,266	18,727,366	2,227,566	20,954,932
Expenses						
Salaries and wages	9,279,753	1,127,243	10,406,996	8,925,234	1,108,881	10,034,115
Employee benefits	1,734,042	227,815	1,961,857	1,794,738	221,059	2,015,797
Travel	136,260	25,637	161,897	213,394	26,274	239,668
Communication	88,222	7,144	95,366	84,970	7,177	92,147
Rent and utilities	535,513	113,981	649,494	541,948	94,900	636,848
Staff Training	22,439	7,213	29,652	70,202	7,951	78,153
Advertising and promotion	1,827	—	1,827	—	—	—
Maintenance and repairs	462,311	—	462,311	285,160	—	285,160
Purchased services	4,952,346	457,958	5,410,304	5,435,637	394,132	5,829,769
Insurance	77,720	8,278	85,998	77,596	8,278	85,874
Other services	48,317	—	48,317	41,755	—	41,755
Supplies and equipment	370,669	34,543	405,212	383,429	25,630	409,059
Miscellaneous	—	—	—	—	33,458	33,458
Fundraising	—	11,581	11,581	—	8,385	8,385
Amortization of capital assets	386,790	27,743	414,533	414,907	27,743	442,650
Loss on disposal of capital assets	—	—	—	4,000	—	4,000
	18,096,209	2,049,136	20,145,345	18,272,970	1,963,868	20,236,838
Excess of revenue over expenses	80,425	131,496	211,921	454,396	263,698	718,094

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, 2020

	Notes	Unrestricted $	Invested in capital assets $	Internally designated $	2020 Total $	Unrestricted $	Invested in capital assets $	Internally designated $	2019 Total $
Fund balances, beginning of year	12	**(354,693)**	**2,947,107**	**2,267,882**	**4,860,296**	(471,985)	2,637,553	1,976,634	4,142,202
Excess of revenue over expenses		**80,425**	**—**	**131,496**	**211,921**	454,396	—	263,698	718,094
Investment in capital assets		**(445,001)**	**445,001**	**—**	**—**	(707,144)	707,144	—	—
Loss on disposal of capital assets		**—**	**—**	**—**	**—**	4,000	(4,000)	—	—
Amortization of capital assets		**386,983**	**(414,533)**	**27,550**	**—**	415,100	(442,650)	27,550	—
Amortization of deferred capital contributions		**(37,045)**	**37,045**	**—**	**—**	(37,045)	37,045	—	—
Principal repayment of mortgage		**(12,477)**	**12,477**	**—**	**—**	(12,015)	12,015	—	—
Fund balances, end of year		**(381,808)**	**3,027,097**	**2,426,928**	**5,072,217**	(354,693)	2,947,107	2,267,882	4,860,296

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, 2020

	Notes	2020 $	2019 $
Assets			
Current assets			
Cash		**1,707,673**	2,308,463
Short Term Investments		**2,047,105**	2,014,619
Accounts receivable		**1,011,228**	1,457,339
Prepaid expenses		**221,173**	172,128
		4,987,179	5,952,549
Capital assets	3	**4,431,874**	4,401,406
		9,419,053	10,353,955
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		**2,826,728**	3,924,029
Current portion of mortgage payable	4	**12,891**	12,433
		2,839,619	3,936,462
Deferred capital contributions		**1,095,120**	1,132,165
Deferred revenue	12	**115,329**	115,329
Mortgage payable	4	**296,768**	309,703
		4,346,836	5,493,659
Fund balances			
Invested in capital assets		**3,027,097**	2,947,107
Internally designated		**2,426,928**	2,267,882
Unrestricted		**(381,808)**	(354,693)
		5,072,217	4,860,296
		9,419,053	10,353,955

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

Approved on behalf of the Board

S Waterfield

Susan Waterfield, Board Chair

N. Chopra

Nidhi Chopra, Treasurer

Griffin Centre Mental Health Services

Statement of cash flows

Year ended March 31, 2020

	2020	2019
	$	$
Operating activities		
Excess of revenue over expenses	**211,921**	718,094
Items not affecting cash		
Amortization of deferred capital contribution	**(37,045)**	(37,045)
Loss on disposal of capital assets	**—**	4,000
Amortization of capital assets	**414,533**	442,650
	589,409	1,127,699
Changes in non-cash working capital items		
Accounts receivable	**446,111**	(713,809)
Prepaid expenses	**(49,045)**	(6,339)
Accounts payable and accrued liabilities	**(1,097,301)**	(27,928)
	(110,826)	379,623
Investing activities		
Change in short-term investments (net)	**(32,486)**	(2,014,619)
Additions to capital assets (net of disposals)	**(445,001)**	(707,144)
	(477,487)	(2,721,763)
Financing activity		
Principal repayment of mortgages payable	**(12,477)**	(12,015)
Decrease in cash	**(600,790)**	(2,354,155)
Cash, beginning of year	**2,308,463**	4,662,618
Cash, end of year	**1,707,673**	2,308,463
Supplementary cash flow information		
Mortgage interest paid	**11,400**	11,906

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

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 Children, Community and Social 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) 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.

Effective April 1, 2020 Griffin Centre Mental Health Services amalgamated with three other multi-service agencies in Toronto: Adventure Place, The Etobicoke Children's Centre and Skylark Children Youth and Families to form a new agency called Lumenus Community Services ("Lumenus"). The vision of Lumenus is to provide excellent, accessible and integrated mental health, developmental and community services to individuals of all ages.

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

The Centre follows the deferral method of accounting for restricted contributions. Contributions externally restricted are deferred and recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue in the unrestricted fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions are deferred and recognized as revenue in the year in which the related expenses are incurred.

Ministry of Children, 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.

2. Significant accounting policies (continued)

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

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
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

			2020			2019
		Accumulated	Net book		Accumulated	Net book
	Cost	amortization	value	Cost	amortization	value
	$	$	$	$	$	$
Equipment	451,811	259,986	191,825	388,398	199,480	188,918
Computer software	102,672	102,672	—	102,672	102,672	—
Furniture and fixtures	871,661	836,786	34,875	871,661	797,935	73,726
Leasehold improvements	3,111,461	1,284,203	1,827,258	2,811,889	1,039,520	1,772,369
Automobile	182,998	100,983	82,015	170,488	170,488	—
Building and building						
Centre funded	1,345,482	367,864	977,618	1,345,482	340,314	1,005,168
Ministry funded	1,474,231	390,340	1,083,891	1,474,231	347,398	1,126,833
Land						
Centre funded	190,270	—	190,270	190,270	—	190,270
Ministries funded	44,122	—	44,122	44,122	—	44,122
	7,774,708	3,342,834	4,431,874	7,399,213	2,997,807	4,401,406

4. Mortgages payable

	2020	2019
	$	$
First mortgage secured by the property located at 53 Hopecrest Crescent, Toronto and bearing fixed interest at 3.65% per annum, and due September 13, 2022. Monthly blended principal and interest payments amount to $1,990.	309,659	322,136
	309,659	322,136
Less: current portion	12,891	12,433
	296,768	309,703

Principal repayments to maturity are as follows:

	$
2021	12,891
2022	13,366
2023	13,858
2024	14,369
2025	14,898
2026 thereafter	240,277
	309,659

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, 2020, there were no borrowings outstanding under this credit facility (2019 - $Nil).

6. Short term investments

Investments consist of Guaranteed Investment Certificates, which are recorded at cost plus accrued interest, which approximates fair value as of March 31, 2020.

7. 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:

	$
2021	450,746
2022	456,264
2023	467,299
2024	236,408
	1,610,717

8. 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), LIUNA Local 183, Seamless Care Pharmacy, WM&A, Alex & Nelly Singer Foundation, CHUM Charitable Foundation and the City of Toronto.

9. Government remittances

There were no outstanding balances payable with respect to government remittances as at March 31, 2020.

10. 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.

10. Guarantees (continued)

(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.

11. 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, 2020 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.

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.

12. Change in accounting policy

During the year, Management of the Centre adopted the deferral method for accounting for restricted contribution. In accordance with ASNPO the Centre has implemented this change in accounting policy retrospectively. The adoption of this new policy had no impact on comparative amounts reported on the statement of operations.

12. Change in accounting policy (continued)

The impact of the change on the comparative figures presented in the balance sheet and statement of changes in fund balances are as follows:

	As at April 1, 2018, as previously reported $	Change in balances $	As at April 1, 2018, as reported $
Unrestricted fund	(770,473)	298,488	(471,985)
Externally designated fund	363,817	(363,817)	—
U.D.S.S. Special Purpose fund	50,000	(50,000)	—
Deferred revenue	—	115,329	115,329
	(356,656)	—	(356,656)

13. Subsequent event

At the Board approval date, although the Centre has merged as noted in Note 1, the merged entities major funding agreements have remained relatively unchanged from previous fundings provided to the previous organizations. However, the merged entity has and continues to consider options available to adjust its operations should there be any changes in their revenue streams.

14. COVID-19 Pandemic

On March 11 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of the Lumenus in future periods.