

# SickKids Centre for Community Mental Health Learning Institute

Financial statements  
March 31, 2020



# Independent auditor's report

To the Board of Trustees of  
**SickKids Centre for Community Mental Health Learning Institute**

## Opinion

We have audited the financial statements of **SickKids Centre for Community Mental Health Learning Institute** [the "Institute"], which comprise the statement of financial position as at March 31, 2020, and the statement of revenue and expenses, statement of changes in net assets, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Institute as at March 31, 2020 and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

## Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. 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 Institute 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 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 public sector accounting standards, 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 Institute'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 Institute or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Institute'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 generally accepted auditing standards 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 generally accepted auditing standards, 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 Institute'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 Institute'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 Institute 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.

Toronto, Canada  
June 10, 2020

*Ernst & Young LLP*

Chartered Professional Accountants  
Licensed Public Accountants



SickKids Centre for Community Mental Health Learning Institute


Statement of financial position

As at March 31

	2020	2019
	\$	\$
<b>Assets</b>		
<b>Current</b>		
Cash	875,697	332,402
Accounts receivable [note 8]	96,236	351,696
Prepaid expenses	19,481	2,760
<b>Total current assets</b>	<b>991,414</b>	<b>686,858</b>
Capital assets, net [note 4]	1,085,488	1,168,104
	<b>2,076,902</b>	<b>1,854,962</b>
<b>Liabilities and net assets</b>		
<b>Current</b>		
Accounts payable and accrued liabilities [note 8]	233,344	439,942
Deferred revenue	229,610	161,411
Deferred contributions [note 5]	—	5,400
<b>Total current liabilities</b>	<b>462,954</b>	<b>606,753</b>
Deferred capital contributions, net [note 6]	278,338	285,666
<b>Total liabilities</b>	<b>741,292</b>	<b>892,419</b>
<b>Net assets</b>		
Internally restricted [note 7]	807,150	882,438
Unrestricted	528,460	80,105
<b>Total net assets</b>	<b>1,335,610</b>	<b>962,543</b>
	<b>2,076,902</b>	<b>1,854,962</b>

See accompanying notes

On behalf of the Board:

  
Jeff Mainland, Trustee

  
Laurie Harrison, Trustee

# SickKids Centre for Community Mental Health Learning Institute

## Statement of revenue and expenses

Year ended March 31

	2020	2019
	\$	\$
<b>Revenue</b>		
Training fees	1,186,424	1,119,793
Building rental <i>[note 8]</i>	341,404	287,010
Grants and donations <i>[note 5]</i>	15,258	106,468
Amortization of deferred capital contributions <i>[note 6]</i>	7,328	7,325
	<u>1,550,414</u>	<u>1,520,596</u>
<b>Expenses</b>		
Training	708,515	690,425
Administration <i>[note 9]</i>	244,524	298,823
Building	136,600	202,558
Depreciation of capital assets <i>[note 4]</i>	87,708	102,560
	<u>1,177,347</u>	<u>1,294,366</u>
<b>Excess of revenue over expenses for the year</b>	<u><b>373,067</b></u>	<u><b>226,230</b></u>

See accompanying notes

SickKids Centre for Community Mental Health Learning Institute

Statement of changes in net assets

Year ended March 31

	2020			2019		
	Unrestricted	Internally restricted	Total	Unrestricted	Internally restricted	Total
	\$	\$	\$	\$	\$	\$
<b>Net assets (deficit), beginning of year</b>	80,105	882,438	962,543	(241,360)	977,673	736,313
Excess of revenue over expenses for the year	373,067	—	373,067	226,230	—	226,230
Interfund transfers <i>[note 7]</i>	75,288	(75,288)	—	95,235	(95,235)	—
<b>Net assets, end of year</b>	<b>528,460</b>	<b>807,150</b>	<b>1,335,610</b>	80,105	882,438	962,543

See accompanying notes

# SickKids Centre for Community Mental Health Learning Institute

## Statement of cash flows

Year ended March 31

	2020	2019
	\$	\$
<b>Operating activities</b>		
Excess of revenue over expenses for the year	373,067	226,230
Add (deduct) items not involving cash		
Amortization of deferred capital contributions	(7,328)	(7,325)
Depreciation of capital assets	87,708	102,560
	<u>453,447</u>	321,465
Net change in non-cash working capital balances related to operations	94,940	(129,475)
<b>Cash provided by operating activities</b>	<u>548,387</u>	191,990
<b>Capital activities</b>		
Purchase of capital assets	(5,092)	—
<b>Cash used in capital activities</b>	<u>(5,092)</u>	—
<b>Net increase in cash during the year</b>	543,295	191,990
Cash, beginning of year	332,402	140,412
<b>Cash, end of year</b>	<u>875,697</u>	332,402

See accompanying notes

## **SickKids Centre for Community Mental Health Learning Institute**

### **Notes to financial statements**

March 31, 2020

#### **1. Description of operations**

SickKids Centre for Community Mental Health Learning Institute [the “Institute”] was established to sponsor and provide programs for training, research, consultation, and professional and public education in the disciplines of psychology, psychiatry, social work, child care and related areas in children’s mental health.

The Hospital for Sick Children [the “Hospital”] exercises control over the Institute through a governance and operational structure managed by the Hospital. This integration was outlined in a memorandum of understanding between the two entities dated November 8, 2016 and effective February 1, 2017.

The Institute is registered with Canada Revenue Agency as a charitable organization and is therefore not subject to income taxes.

#### **2. Significant accounting policies**

The financial statements have been prepared in accordance with the *CPA Canada Public Sector* [“PS”] *Accounting Handbook*, which sets out generally accepted accounting principles for government not-for-profit organizations in Canada. The Institute has chosen to use the standards for not-for-profit organizations that include Section PS 4200 to PS 4270. The significant accounting policies are summarized below.

##### **Use of estimates**

The preparation of the Institute’s financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accounts requiring significant estimates and assumptions are certain accrued liabilities and depreciation expense, which is based on the estimated useful lives of capital assets. Accordingly, actual results could differ from those estimates.

##### **Revenue recognition**

###### *Grants and donations*

The Institute follows the deferral method of accounting for contributions, which include grants. Unrestricted contributions are recorded as revenue when received or receivable if the amount to be received can reasonably be estimated and collection is reasonably assured. Externally restricted contributions are initially deferred when recorded in the accounts and recognized as revenue in the year in which the related expenses are recognized. Contributions externally restricted for capital assets are recorded as deferred capital contributions and are amortized to operations on the same basis as the related asset is depreciated.

###### *Training and rental revenue*

Training and rental revenue are recorded in the financial statements when earned through the provision of service and the passage of time, respectively.



## SickKids Centre for Community Mental Health Learning Institute

### Notes to financial statements

March 31, 2020

#### Capital assets

Capital assets are recorded at cost and are depreciated over their useful lives on a straight-line basis. The Institute uses the following annual depreciation rates:

Building	2.5%
Equipment	10% to 20%

Construction-in-progress comprises construction and development costs capitalized during the construction period. No amortization is recorded until construction is substantially complete and the assets are ready for productive use.

When a capital asset no longer has any long-term service potential to the Institute, the excess of the carrying value amount over any residual value is recognized as an expense in the statement of revenue and expenses.

#### Financial instruments

The Institute's financial instruments, including cash, accounts receivable, accounts payable and accrued liabilities, are initially recorded at their fair value and are subsequently measured at cost, net of any provisions for impairment.

Unless otherwise noted, the Institute is not subject to any significant market, liquidity or credit risks.

#### 3. Line of credit

The Institute has an operating line of credit in the amount of \$100,000. The line of credit bears interest at the prime rate, is secured by all assets of the Institute and is payable on demand. As at March 31, 2020 and 2019, the Institute has no amount outstanding relating to this line of credit.

#### 4. Capital assets

	2020	2019
	\$	\$
<b>Cost</b>		
Building	<b>3,346,497</b>	3,346,497
Equipment	<b>709,316</b>	709,316
Construction-in-progress	<b>5,092</b>	—
	<b>4,060,905</b>	4,055,813
<b>Accumulated depreciation</b>		
Building	<b>2,285,735</b>	2,201,906
Equipment	<b>689,682</b>	685,803
	<b>2,975,417</b>	2,887,709
<b>Total capital assets, net</b>	<b>1,085,488</b>	1,168,104

## SickKids Centre for Community Mental Health Learning Institute

### Notes to financial statements

March 31, 2020

#### 5. Deferred contributions

The continuity of deferred contributions is as follows:

	2020	2019
	\$	\$
<b>Balance, beginning of year</b>	<b>5,400</b>	20,219
Amounts received during the year	—	—
Amounts recognized as revenue during the year	<b>(5,400)</b>	(14,819)
<b>Balance, end of year</b>	<b>—</b>	5,400

#### 6. Deferred capital contributions

Deferred capital contributions represent the unamortized amount of externally restricted contributions received for the purchase of capital assets. Changes in the deferred capital contributions balance are as follows:

	2020	2019
	\$	\$
<b>Balance, beginning of year</b>	<b>285,666</b>	292,991
Amounts received during the year	—	—
Amounts recognized as revenue during the year	<b>(7,328)</b>	(7,325)
<b>Balance, end of year</b>	<b>278,338</b>	285,666

#### 7. Internally restricted net assets

Internally restricted net assets represent capital assets funded using internal resources.

#### 8. Related party information

Transactions with related parties occur in the normal course of business and are recorded at their exchange amounts, which is the amount agreed upon by all parties.

#### SickKids Centre for Community Mental Health

The Institute and the SickKids Centre for Community Mental Health [the "Centre"] have the same Board of Trustees. The Centre is a mental health centre serving infants, children, youth and families. The Centre is registered with Canada Revenue Agency as a charitable organization.

During the year, \$186,625 [2019 – \$185,142] was recognized from the Centre for office rent and is included in building rental revenue. As at March 31, 2020, \$15,233 [2019 – \$253,495] is included in accounts receivable.

## **SickKids Centre for Community Mental Health Learning Institute**

### **Notes to financial statements**

March 31, 2020

As at March 31, 2020, the Institute owed the Centre \$151,688 [2019 – \$328,663] relating to utilities, facilities and compensation that the Centre paid on its behalf. This amount is included in accounts payable and accrued liabilities.

#### **The Hospital for Sick Children Foundation**

The Institute has an economic interest in the Hospital for Sick Children Foundation [the “Foundation”]. The Foundation receives, accumulates and distributes funds and/or the income therefrom for the benefit of the Hospital, any other hospital, university, medical association, foundation or person, in respect of medical research and other activities related to the health of children, including the Institute. There were no grants received from the Foundation for year ended March 31, 2020 or 2019.

#### **The Hospital for Sick Children**

As disclosed in note 1, the Hospital has governance and operational oversight of the Institute. Designated officers of the Hospital serve as the only voting members on the Institute’s Board of Trustees. The Hospital is a Canadian public hospital dedicated to advancing children’s health through the integration of patient care, research and education.

The Hospital and the Institute entered into a managed service agreement whereby the Hospital has agreed to provide core administrative services to the Institute in exchange for a service fee. During the year, \$54,188 [2019 – \$65,265] was charged by the Hospital, of which \$13,547 [2019 – \$13,424] is included in accounts payable and accrued liabilities. The Hospital also pays for certain expenses on behalf of the Institute, and as at March 31, 2020, accounts payable and accrued liabilities include \$5,756 [2019 – \$11,361] relating to these expenses.

#### **9. Pension plan**

The Institute participates in a defined contribution pension plan administrated by the Centre. The amount recorded in expenses for contributions made to the pension plan is \$9,788 [2019 – \$9,211].

#### **10. COVID-19 – global 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 into place to combat the spread of the virus. As a result of the Institute’s COVID-19 response, the Institute is experiencing a change in demand for its services and is working diligently to mitigate the financial impacts while carrying out its response to the impacts of COVID-19

Management considered the impact of COVID-19 in its assessment of the Institute’s assets and liabilities and its ability to continue as a going concern. Although COVID-19 has had an impact on funding and operations, management does not foresee any issues in the Institute’s ability to continue for the next year. Measures are being implemented to ensure that the Institute is still able to maintain its core operations.