

SickKids Centre for Community Mental Health
Learning Institute
[formerly The Hincks-Dellcrest Institute]

Financial statements
March 31, 2019



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** [formerly The Hincks-Dellcrest Institute] [the "Institute"], which comprise the statement of financial position as at March 31, 2019, 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, 2019 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.

Other matter

The financial statements of the Institute for the year ended March 31, 2018 were audited by another auditor who expressed an unmodified opinion on those statements on June 20, 2018. The March 31, 2018 financial statements previously issued have been restated [note 11].

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 consolidated 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
September 30, 2019

Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants



SickKids Centre for Community Mental Health Learning Institute

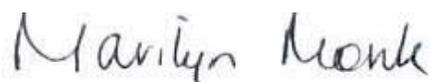
Statement of financial position

As at March 31

	2019	2018
	\$	\$
		<i>[restated – note 11]</i>
Assets		
Current		
Cash	332,402	140,412
Accounts receivable <i>[note 8]</i>	351,696	447,187
Prepaid expenses	2,760	18,281
Total current assets	686,858	605,880
Capital assets, net <i>[note 4]</i>	1,168,104	1,270,664
	1,854,962	1,876,544
Liabilities and net assets		
Current		
Accounts payable and accrued liabilities <i>[note 8]</i>	439,942	614,879
Deferred revenue	161,411	212,142
Deferred contributions <i>[note 5]</i>	5,400	20,219
Total current liabilities	606,753	847,240
Deferred capital contributions <i>[note 6]</i>	285,666	292,991
Total liabilities	892,419	1,140,231
Commitments <i>[note 10]</i>		
Net assets		
Internally restricted net assets <i>[note 7]</i>	882,438	977,673
Unrestricted net assets (deficit)	80,105	(241,360)
Total net assets	962,543	736,313
	1,854,962	1,876,544

See accompanying notes

On behalf of the Board:



Marilyn Monk, Trustee



Laurie Harrison, Trustee

SickKids Centre for Community Mental Health Learning Institute

Statement of revenue and expenses

Year ended March 31

	2019	2018
	\$	\$
		<i>[restated – note 11]</i>
Revenue		
Training fees	1,119,793	911,207
Building rental <i>[note 8]</i>	287,010	280,048
Grants and donations <i>[notes 5, 6 and 8]</i>	113,793	37,734
	1,520,596	1,228,989
Expenses		
Training	690,425	572,829
Administration <i>[note 9]</i>	298,823	343,905
Building	202,558	153,549
Amortization	102,560	95,070
	1,294,366	1,165,353
Excess of revenue over expenses for the year	226,230	63,636

See accompanying notes

SickKids Centre for Community Mental Health Learning Institute

Statement of changes in net assets

Year ended March 31

	2019			2018		
	Unrestricted \$	Internally restricted \$	Total \$	Unrestricted \$	Internally restricted \$	Total \$
					<i>[restated – note 11]</i>	
Net assets (deficit), beginning of year	(241,360)	977,673	736,313	(393,428)	1,066,105	672,677
Excess of revenue over expenses for the year	226,230	—	226,230	63,636	—	63,636
Interfund transfers	95,235	(95,235)	—	88,432	(88,432)	—
Net assets (deficit), end of year	80,105	882,438	962,543	(241,360)	977,673	736,313

See accompanying notes

SickKids Centre for Community Mental Health Learning Institute

Statement of cash flows

Year ended March 31

	2019	2018
	\$	\$
Operating activities		
Excess of revenue over expenses for the year	226,230	63,636
Add (deduct) items not involving cash		
Amortization of deferred capital contributions	(7,325)	—
Amortization	102,560	95,070
	<u>321,465</u>	<u>158,706</u>
Net change in non-cash working capital balances related to operations	(129,475)	55,449
Cash provided by operating activities	<u>191,990</u>	<u>214,155</u>
Capital activities		
Purchase of capital assets	—	(299,629)
Cash used in capital activities	<u>—</u>	<u>(299,629)</u>
Financing activities		
Capital contributions	—	292,991
Cash provided by financing activities	<u>—</u>	<u>292,991</u>
Net increase in cash during the year	191,990	207,517
Cash (bank indebtedness), beginning of year	140,412	(67,105)
Cash, end of year	<u>332,402</u>	<u>140,412</u>

See accompanying notes

SickKids Centre for Community Mental Health Learning Institute

Notes to financial statements

March 31, 2019

1. Description of operations

Formally known as The Hincks-Dellcrest Institute, the 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 amortization 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 amortized.

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, 2019

Capital assets

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

Building	2.5%
Equipment	10% to 20%

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, 2019 and March 31, 2018, the Institute has no amount outstanding relating to this line of credit.

4. Capital assets

	2019 \$	2018 \$
Cost		
Building	3,346,497	3,046,868
Equipment	709,316	709,316
Construction-in-progress	—	299,629
	4,055,813	4,055,813
Accumulated amortization		
Building	2,201,906	2,118,409
Equipment	685,803	666,740
	2,887,709	2,785,149
Total capital assets, net	1,168,104	1,270,664

Construction-in-progress related to certain enhancements at the Maitland Street property that were completed and put into service during the current year.

SickKids Centre for Community Mental Health Learning Institute

Notes to financial statements

March 31, 2019

5. Deferred contributions

The continuity of deferred contributions is as follows:

	2019 \$	2018 \$
Balance, beginning of year	20,219	—
Amounts received during the year	—	20,219
Amounts recognized as revenue during the year	(14,819)	—
Balance, end of year	5,400	20,219

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:

	2019 \$	2018 \$
Balance, beginning of year	292,991	—
Amounts received during the year <i>[note 8]</i>	—	292,991
Amounts recognized as revenue during the year	(7,325)	—
Balance, end of year	285,666	292,991

7. Internally restricted net assets

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

8. Related party information

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, \$185,142 [2018 – \$184,364] was recognized from the Centre for office rent and is included in building rental revenue. As at March 31, 2019, \$253,495 [2018 – \$68,350] is included in accounts receivable.

As at March 31, 2019, the Institute owed the Centre \$328,663 [2018 – \$206,563] relating to utilities and facilities that the Centre paid on its behalf. This amount is included in accounts payable and accrued liabilities.

SickKids Centre for Community Mental Health Learning Institute

Notes to financial statements

March 31, 2019

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. During the year, nil [2018 – \$322,281] was granted to the Institute from the Foundation, of which nil [2018 – \$292,991] was recorded as deferred capital contributions [note 6] and nil [2018 – \$29,290] was recognized as revenue [note 11].

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, \$65,265 [2018 – \$73,577] was charged by the Hospital, of which \$13,424 [2018 – \$59,981] 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, 2019, accounts payable and accrued liabilities include \$11,361 [2018 – \$2,380] 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 \$9,211 [2018 – \$6,680].

10. Commitments

The Institute has lease commitments in the following annual amounts for office equipment, which expire in December 2019:

	\$
2020	1,929

11. Comparative financial statements and restatement

During the year, the Institute identified an amount of \$29,290 in deferred contributions related to a prior year contribution from the Foundation that should have been recognized in grants and donations revenue in the statement of revenue and expenses for the year ended March 31, 2018. As a result, the financial statements for the 2018 comparative year have been retroactively restated to correct this error. On the statement of financial position, deferred contributions have decreased and unrestricted net assets (deficit) have increased by \$29,290, respectively. On the statement of revenue and expenses, grants and donations and excess of revenue over expenses have increased by \$29,290, respectively.

The comparative financial statements have also been reclassified from statements previously presented to conform to the presentation of the 2019 financial statements.