

Financial statements of

The Hincks-Dellcrest Institute

(Operating as The Hincks-Dellcrest
Centre - Gail Appel Institute)

March 31, 2017

The Hincks-Dellcrest Institute

(Operating as The Hincks-Dellcrest Centre - Gail Appel Institute)

March 31, 2017

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Independent Auditor's Report

To the Board of Trustees
The Hincks-Dellcrest Institute
(Operating as The Hincks-Dellcrest Centre - Gail Appel Institute)

We have audited the accompanying financial statements of The Hincks-Dellcrest Institute (the "Institute"), which comprise the statement of financial position as at March 31, 2017, and the statements of revenue and expenses, 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 Institute 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.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
May 31, 2017

The Hincks-Dellcrest Institute

(Operating as The Hincks-Dellcrest Centre - Gail Appel Institute)

Statement of financial position

as at March 31, 2017

	2017			2016		
	Operating fund	Capital fund	Total	Operating fund	Capital fund	Total
	\$	\$	\$	\$	\$	\$
Assets						
Current assets						
Accounts receivable	39,910	19	39,929	71,096	-	71,096
Prepaid expenses	20,283	-	20,283	21,206	-	21,206
Due from Capital Fund	118,710	-	118,710	104,174	-	104,174
	178,903	19	178,922	196,476	-	196,476
Capital assets (Note 4)	-	1,066,105	1,066,105	-	1,161,175	1,161,175
	178,903	1,066,124	1,245,027	196,476	1,161,175	1,357,651
Liabilities						
Current liabilities						
Bank indebtedness (Note 3)	63,040	4,065	67,105	61,128	1,074	62,202
Due to Operating Fund	-	118,710	118,710	-	104,174	104,174
Accounts payable and accrued liabilities (Note 7)	74,564	238	74,802	118,242	185	118,427
Deferred revenue (Note 5)	306,485	-	306,485	238,296	-	238,296
Due to The Hincks-Dellcrest Treatment Centre (Note 6)	5,248	-	5,248	89,159	-	89,159
	449,337	123,013	572,350	506,825	105,433	612,258
Fund balances						
Invested in capital assets	-	943,111	943,111	-	1,055,742	1,055,742
Unrestricted	(270,434)	-	(270,434)	(310,349)	-	(310,349)
	(270,434)	943,111	672,677	(310,349)	1,055,742	745,393
	178,903	1,066,124	1,245,027	196,476	1,161,175	1,357,651

Approved by the Board

_____ Trustee

_____ Trustee

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

The Hincks-Dellcrest Institute

(Operating as The Hincks-Dellcrest Centre - Gail Appel Institute)

Statement of revenue and expenses
year ended March 31, 2017

	2017			2016		
	Operating fund	Capital fund	Total	Operating fund	Capital fund	Total
	\$	\$	\$	\$	\$	\$
Revenue						
Training fees	753,223	-	753,223	1,150,127	-	1,150,127
Building rental (Note 6)	288,130	-	288,130	279,354	-	279,354
Programs						
Grants and donations (Note 6)	16,792	-	16,792	14,456	-	14,456
Other	34,714	-	34,714	47,308	-	47,308
	1,092,859	-	1,092,859	1,491,245	-	1,491,245
Expenses						
Training	451,289	-	451,289	700,390	-	700,390
Research	5,765	-	5,765	6,085	-	6,085
Administration	433,352	15,698	449,050	703,163	-	703,163
Building	162,538	-	162,538	149,312	-	149,312
Interest and bank charges	-	1,863	1,863	-	1,701	1,701
Amortization	-	95,070	95,070	-	93,027	93,027
	1,052,944	112,631	1,165,575	1,558,950	94,728	1,653,678
Excess (deficiency) of revenue over expenses for the year	39,915	(112,631)	(72,716)	(67,705)	(94,728)	(162,433)

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

The Hincks-Dellcrest Institute

(Operating as The Hincks-Dellcrest Centre - Gail Appel Institute)

Statement of changes in fund balances

year ended March 31, 2017

	2017			2016		
	Unrestricted	Invested in capital assets	Total	Unrestricted	Invested in capital assets	Total
	\$	\$	\$	\$	\$	\$
Fund balances, beginning of year	(310,349)	1,055,742	745,393	(242,644)	1,150,470	907,826
Excess (deficiency) of revenue over expenses	39,915	(112,631)	(72,716)	(67,705)	(94,728)	(162,433)
Fund balances, end of year	(270,434)	943,111	672,677	(310,349)	1,055,742	745,393

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

The Hincks-Dellcrest Institute

(Operating as The Hincks-Dellcrest Centre - Gail Appel Institute)

Statement of cash flows year ended March 31, 2017

	2017	2016
	\$	\$
Operating activities		
Excess (deficiency) of revenue over expenses for the year		
Operating fund	39,915	(67,705)
Capital fund	(112,631)	(94,728)
Item not involving cash		
Amortization	95,070	93,027
	22,354	(69,406)
Changes in non-cash operating working capital items		
Accounts receivable	31,167	21,286
Prepaid expenses	923	5,884
Accounts payable and accrued liabilities and due to/from The Hincks-Dellcrest Treatment Centre and The Hincks-Dellcrest Foundation	(127,536)	50,431
Deferred revenue	68,189	(143,067)
Net cash outflow	(4,903)	(134,872)
(Bank indebtedness) cash, beginning of year	(62,202)	72,670
Bank indebtedness, end of year	(67,105)	(62,202)

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

The Hincks-Dellcrest Institute

(Operating as The Hincks-Dellcrest Centre - Gail Appel Institute)

Notes to the financial statements

March 31, 2017

1. Description of operations

The Hincks-Dellcrest Institute (the "Institute"), operating as The Hincks-Dellcrest Centre - Gail Appel 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.

On November 8, 2016, the Institute and The Hospital for Sick Children (the "Hospital") entered into a memorandum of understanding whereby, effective February 1, 2017, the Hospital has governance and operational oversight of the Institute.

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 Canadian accounting standards for not-for-profit organizations under Part III of the Chartered Professional Accountants Canada ("CPA Canada") Handbook, using the restricted fund method of reporting restricted contributions.

Funds

The financial statements separately disclose the activities of the following funds maintained by the Institute:

Operating fund - records the activities associated with program delivery, day to day administration and fundraising of the Institute.

Capital fund - records the revenue and expenses associated with The Silverman Building.

Financial instruments

The Institute's financial assets are comprised of accounts receivable. Financial liabilities are comprised of bank indebtedness, accounts payable and accrued liabilities, and due to The Hincks-Dellcrest Treatment Centre. Other balances noted on the Statement of financial position, such as prepaid expenses, capital assets and deferred revenue, are not financial instruments.

Financial assets and financial liabilities are initially recognized at fair value when the Institute becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at amortized cost, except for equities quoted in active markets, which are carried at fair value, if any. Any subsequent changes in fair value are recorded in the Statement of revenue and expenses.

The fair value of investments, as applicable, is determined directly from published price quotations in an active market.

Any transaction costs are expensed as incurred.

Capital assets

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

Building	2.5%
Equipment	10% to 20%

Revenue recognition

Grants and donations

Unrestricted grants and donations are recorded in the financial statements when earned and/or received, respectively. Restricted contributions for which there are no restricted funds are deferred and amortized to revenue as the related expenses are incurred.

The Hincks-Dellcrest Institute

(Operating as The Hincks-Dellcrest Centre - Gail Appel Institute)

Notes to the financial statements

March 31, 2017

2. Significant accounting policies (continued)

Revenue recognition (continued)

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.

Use of estimates

In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, and 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. Actual results could differ from those estimates. Accounts requiring estimates and assumptions include certain accrued liabilities and amortization expense, which is based on the estimated useful lives of capital assets.

Change in accounting framework effective April 1, 2017

Effective April 1, 2017, the Institute will adopt Public Sector Accounting Standards ("PSAS") in order to harmonize its accounting policies with those used by the Hospital. The Hospital follows CPA Canada's Public Sector Handbook using standards for not-for-profit organizations that include Section PS 4200 to PS 4270. For the Institute, significant differences between Part III and PSAS are not expected.

Although the change in control of the Institute by the Hospital was effective February 1, 2017, for practical reasons, management has decided that the Institute will transition to the new accounting framework (PSAS) effective April 1, 2017.

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, 2017 \$67,105 (2016 - \$62,202) was drawn against this line of credit.

4. Capital assets

			2017	2016
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Building	3,046,868	2,042,238	1,004,630	1,080,802
Equipment	709,317	647,842	61,475	80,373
	3,756,185	2,690,080	1,066,105	1,161,175

The Hincks-Dellcrest Institute

(Operating as The Hincks-Dellcrest Centre - Gail Appel Institute)

Notes to the financial statements

March 31, 2017

5. Deferred revenue

The deferred revenue balance represents restricted funds received which will be applied to future years' operations, from the following sources:

	2017	2016
	\$	\$
Designated grants and donations		
The Hincks-Dellcrest Foundation (Note 6)	11,957	8,693
Other	35,855	37,410
Programs	258,673	192,193
	306,485	238,296

The continuity of the deferred revenue account is as follows:

	2017	2016
	\$	\$
Balance, beginning of year	238,296	381,363
Add: amounts received	715,926	890,952
Less: amounts recognized as revenue	(647,737)	(1,034,019)
Balance, end of year	306,485	238,296

6. Related party information

The Hincks-Dellcrest Foundation

The Hincks-Dellcrest Foundation (the "Foundation") was established to raise and maintain funds and to use those funds to support and promote the activities of both the Institute and The Hincks-Dellcrest Treatment Centre (the "Centre"). The Foundation is a not-for-profit organization and is a registered charity under the Income Tax Act.

On January 31, 2017, the Foundation executed an Asset Transfer Agreement with The Hospital for Sick Children Foundation (the "SickKids Foundation"). The Foundation agreed to convey, assign and transfer to the SickKids Foundation as a gift, its estate, right, title and interest in and to the Transferred Assets, and the SickKids Foundation agreed to accept the Transferred Assets, on the closing date, subject to the terms and conditions contained in the Agreement.

With respect to the funds that constitute Transferred Assets, the SickKids Foundation agrees to use the funds solely in support of child and youth community mental health, including research, evaluation, clinical care, education of staff, clients and stakeholders and populations of children and youth with mental and co-occurring medical conditions, and projects that support care pathways and tracking outcomes across care continuums inclusive of community mental health.

Subsequent to the transfer of assets to the SickKids Foundation, the Foundation is arranging for cessation of operations and its eventual dissolution.

Transactions between the Institute and Foundation are disclosed below. Related party balances are shown separately on the Statement of financial position.

During the year, \$18,000 (2016 - \$9,000) was received from the Foundation. Of this amount, \$6,043 (2016 - \$307) is included in program grants and donations revenue, and \$11,957 (2016 - \$8,693) is included in deferred revenue.

Additionally, \$14,135 (2016 - \$15,898) was received from the Foundation for office rent.

The Hincks-Dellcrest Institute

(Operating as The Hincks-Dellcrest Centre - Gail Appel Institute)

Notes to the financial statements

March 31, 2017

6. Related party information (continued)

The Hincks-Dellcrest Treatment Centre

The Institute and the Centre have the same Board of Trustees. The Centre is a mental health centre serving infants, children and youth with a wide range of emotional and/or behavioral problems, and their families. The Centre is registered with Canada Revenue Agency as a charitable organization.

Transactions between the Institute and the Centre are disclosed below. Related party balances are shown separately on the Statement of financial position

During the year, \$158,555 (2016 - \$149,087) was received from the Centre for office rent.

7. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities include \$1,499 (2016 - \$Nil) with respect to government remittances.

8. Guarantees

Indemnity has been provided to all trustees and/or officers of the Institute for various items including, but not limited to, all costs to settle suits or actions due to their association with the Institute, subject to certain restriction. The Institute has purchased Directors' and Officers' liability insurance to mitigate the cost of any potential future suits or actions. The maximum amount of any potential future payment cannot be reasonably estimated.

9. Pension plan

The Institute participates in a defined contribution pension plan administrated by the Centre. The amount recorded in expense for contributions made to the pension plan is \$9,923 (2016 - \$15,390).

10. Commitments

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

	\$
2018	3,859
2019	3,859
2020	1,929
	<hr/> 9,647 <hr/>