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Financial statements of  
SickKids Centre for Community  
Mental Health  
(formerly The Hincks-Dellcrest Treatment Centre)

March 31, 2018

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## Independent Auditor's Report

To the Board of Trustees of  
SickKids Centre for Community Mental Health

We have audited the accompanying financial statements of SickKids Centre for Community Mental Health (the "Centre"), which comprise the statement of financial position as at March 31, 2018, and the statements of revenue and expenses, changes in net assets, and cash flow 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 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.

### 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, 2018, and the results of its operations, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### **Comparative Information**

Without modifying our opinion, we draw attention to Note 2 to the financial statements, which describes that the Centre adopted Canadian public sector accounting standards including government not-for-profit sections PS 4200 to 4270 on April 1, 2017 with a transition date of April 1, 2016. These standards were applied retroactively by management to the comparative information in these financial statements, including the statement of financial position as at March 31, 2017 and April 1, 2016, and the statements of revenue and expenses, and of cash flow for the year ended March 31, 2017 and related disclosures. We were not engaged to report on the restated comparative information, and as such, it is unaudited.

*Deloitte LLP*

Chartered Professional Accountants  
Licensed Public Accountants  
June 20, 2018

**SickKids Centre for Community Mental Health**


**Statement of financial position**

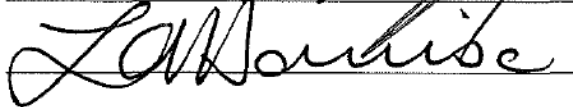
As at March 31, 2018

	Notes	March 31, 2018 \$	March 31, 2017 \$ (Unaudited) (Note 2)	April 1, 2016 \$ (Unaudited) (Note 2)
<b>Assets</b>				
Current assets				
Cash		2,726,109	2,660,783	2,523,617
Short-term investments	3	—	532,230	526,023
Accounts receivable		898,956	256,124	395,739
Prepaid expenses		30,248	40,702	110,436
		<b>3,655,313</b>	3,489,839	3,555,815
Long-term assets				
Capital assets	5	3,149,712	2,858,896	2,732,210
Accrued pension asset	6	2,850,600	2,660,600	2,371,280
		<b>9,655,625</b>	9,009,335	8,659,305
<b>Liabilities</b>				
Current liabilities				
Accounts payable and accrued liabilities	12	1,373,378	1,588,357	980,158
Deferred contributions	7	854,658	743,727	889,622
		<b>2,228,036</b>	2,332,084	1,869,780
Long-term liabilities				
Deferred capital contributions	8	2,271,338	1,875,281	1,740,519
Long-term deferred contributions	7	99,814	99,814	99,814
		<b>4,599,188</b>	4,307,179	3,710,113
<b>Net assets</b>				
Internally restricted	9	3,728,974	3,644,215	3,362,971
Unrestricted		1,327,463	1,057,941	1,586,221
		<b>5,056,437</b>	4,702,156	4,949,192
		<b>9,655,625</b>	9,009,335	8,659,305

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

Approved by the Board

 Trustee

 Trustee

## SickKids Centre for Community Mental Health

### Statement of revenue and expenses

Year ended March 31, 2018

	Notes	March 31, 2018	March 31, 2017
		\$	\$ (Unaudited)
<b>Revenue</b>			
Government funding	10	12,477,672	12,342,939
Other revenues		1,936,839	2,598,284
Amortization of deferred capital contributions		186,100	213,131
Investment income	11	25,959	24,143
		<b>14,626,570</b>	15,178,497
<b>Expenses</b>			
Compensation		10,759,684	11,640,329
Other operating		2,201,051	2,370,082
Administrative and general		970,436	1,107,295
Amortization expense		341,118	307,827
		<b>14,272,289</b>	15,425,533
<b>Excess (deficiency) of revenue over expenses for the year</b>		<b>354,281</b>	(247,036)

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

## SickKids Centre for Community Mental Health

### Statement of changes in net assets

Year ended March 31, 2018

	March 31, 2018			March 31, 2017		
	Internally restricted	Unrestricted	Total	Internally restricted	Unrestricted	Total
	\$	\$	\$	\$	\$	\$
	(Note 9)			(Note 9)		(Unaudited) (Note 2)
Net assets, beginning of year	3,644,215	1,057,941	4,702,156	3,362,971	1,586,221	4,949,192
Excess (deficiency) of revenue over expenses	—	354,281	354,281	—	(247,036)	(247,036)
Interfund transfers	84,759	(84,759)	—	281,244	(281,244)	—
Net assets, end of year	3,728,974	1,327,463	5,056,437	3,644,215	1,057,941	4,702,156

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

# SickKids Centre for Community Mental Health

## Statement of cash flow

Year ended March 31, 2018

	March 31, 2018	March 31, 2017
	\$	\$
		(Unaudited) (Note 2)
<b>Operating activities</b>		
Excess (deficiency) of revenue over expenses	354,281	(247,036)
Items not involving cash		
Amortization of deferred capital contributions	(186,100)	(213,131)
Amortization expense	341,118	307,827
Accrued pension asset	(190,000)	(289,320)
Unrealized gain on investments	—	(1,207)
	319,299	(442,867)
Changes in non cash working capital balances		
Accounts receivable	(642,832)	139,615
Prepaid expenses	10,454	69,734
Accounts payable and accrued liabilities	(214,979)	434,623
Deferred contributions	110,931	(145,895)
	(417,127)	55,210
<b>Investing activities</b>		
Purchase of investments	—	(526,000)
Proceeds from sale of investments	532,230	521,000
Purchases of capital assets (net of change in accounts payable related to capital asset additions of nil (\$173,576 in 2017))	(631,934)	(260,937)
	(99,704)	(265,937)
<b>Financing activity</b>		
Capital contributions	582,157	347,893
Net cash inflow	65,326	137,166
Cash, beginning of year	2,660,783	2,523,617
<b>Cash, end of year</b>	<b>2,726,109</b>	<b>2,660,783</b>

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



# SickKids Centre for Community Mental Health

## Notes to the financial statements

March 31, 2018

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### 1. Description of operations

Formally known as “The Hincks-Dellcrest Treatment Centre”, the SickKids Centre for Community Mental Health (the “Centre”) is a mental health centre serving infants, children, youth and families. Prevention, early intervention, treatment research and education are major activities of the Centre.

In affiliation with the University of Toronto and other centres of higher education, training is provided to students in all major mental health disciplines.

The Hospital for Sick Children (the “Hospital”) exercises control over the Centre 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 Centre 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 Chartered Professional Accountants Canada (“CPA Canada”) Public Sector Accounting Handbook, which sets out generally accepted accounting standards for government not-for-profit organizations in Canada. The Centre 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 Centre’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. Accordingly, actual results could differ from those estimates. Accounts requiring significant estimates and assumptions are certain accrued liabilities the accrued pension asset and amortization which is based on the estimated useful lives of capital assets.

#### *Revenue recognition*

##### *Grants and donations*

The Centre 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 be 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.

## **2. Significant accounting policies (continued)**

### *Revenue recognition (continued)*

#### *Other revenue*

Other revenue is recorded in the financial statements when earned.

### *Capital assets*

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

Buildings	2½% and 5%
Furniture, equipment and computers	5%, 10% and 20%, respectively
Vehicles	20%

### *Financial instruments*

The Centre's financial assets are comprised of cash, short-term investments, accounts receivable; financial liabilities are comprised of accounts payable and accrued liabilities. Other accounts noted on the Statement of financial position, such as prepaid expenses, capital assets, accrued pension asset, deferred contributions and deferred capital contributions are not financial instruments.

Financial assets and financial liabilities are initially recognized at fair value when the Centre 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 required to be carried at fair value. The Centre has elected to use the fair value option to measure its fixed income investments. Any subsequent changes in fair value are recorded in the Statement of remeasurement gains and losses.

The fair value of investments is determined directly from published price quotations in an active market. The fair value of investments not quoted in an active market, such as Guaranteed Investment Certificates ("GICs"), approximates their carrying value plus any accrued interest due to their short-term nature. Any transaction costs are expensed as incurred.

### *Accrued pension asset*

The Centre accrues for its obligations under employee benefit plans and the related costs, net of plan assets. The Centre has adopted the following policies:

- The cost of pension benefits earned by employees is actuarially determined using the projected unit credit benefit method prorated on services and management's best estimate assumptions. Under this method, members' projected pensions at retirement age are apportioned into units of pension to be funded over their years of credited service.
- For the purpose of calculating the expected return on plan assets, those assets are valued at market related values whereby all investment gains and losses are recognized over five years.
- Actuarial gains and losses are amortized on a straight-line basis over the expected average remaining service of the active employees.
- An actuarial valuation for accounting purposes is used to determine the Centre's accrued pension asset.

## **2. Significant accounting policies (continued)**

### *First-time adoption of accounting standards for government not-for-profit organizations and change in accounting policy*

#### *First-time adoption of accounting standards for government not-for-profit organizations*

Effective April 1, 2017, the Centre has adopted Public Sector Accounting Standards ("PSAS") of the CPA Canada Public Sector Accounting Handbook in order to harmonize its accounting policies with those used by the Hospital. The Hospital follows CPA Canada's Public Sector Accounting Handbook using standards for not-for-profit organizations that include Section PS 4200 to PS 4270.

#### *Change in accounting policy*

In addition, effective April 1, 2017, the Centre has changed its policy for accounting for contributions from the restricted fund method to the deferral method of accounting.

#### *Opening Statement of financial position*

In preparing its opening Statement of financial position as at April 1, 2016 (the "Transition Date"), the Centre has applied Section 2125, First time Adoption by Government Organizations. The accounting policies that the Centre has used in the preparation of its opening Statement of financial position have resulted in certain adjustments to balances which were presented in the Statement of financial position prepared in accordance with Canadian accounting standards for not-for-profit organizations under Part III of the CPA Canada's Handbook, using the restricted fund method of accounting for contributions. These adjustments were recorded directly to the Centre's net assets at the Transition Date using the transitional provisions set out in PS 2125 and are described below.

#### *Optional exemption*

PS 3250 Retirement Benefits - actuarial gains and losses

The Centre has elected to recognize all cumulative actuarial gains and losses directly into net assets at the Transition Date. No other exemptions were elected on the transition to PSAS.

#### *Reconciliation of net assets and excess of revenue over expenses*

The Centre issued financial statements for the year ended March 31, 2016 using Canadian accounting standards for not-for-profit organizations under Part III of the CPA Canada's Handbook ("the previous accounting framework"). The adoption of PSAS resulted in adjustments to previously reported liabilities, net assets, and excess of revenue over expenses. An explanation of how the transition from the previous accounting framework to PSAS has effected the Centre's financial position, operations and changes in net assets is set out in the notes and tables below.

The impact of the adoption of PSAS on the statement of financial position as at April 1, 2016 is summarized as follows. In addition, the table below sets out the impact of the Centre's change in its policy for accounting for contributions from the restricted fund method to the deferral method of accounting.

**SickKids Centre for Community Mental Health**  
**Notes to the financial statements**  
 March 31, 2018

**2. Significant accounting policies (continued)**

*First-time adoption of accounting standards for government not-for-profit organizations and change in accounting policy (continued)*

	Balance as previously reported March 31, 2016	Adjustments				Balance as adjusted as April 1, 2016
		Transition to PSAS	Ref.	Change in accounting policy	Ref.	
	\$ (Unaudited)	\$ (Unaudited)		\$ (Unaudited)		\$ (Unaudited)
Accrued pension asset	1,684,080	687,200	(i)	—		2,371,280
Deferred contributions (current and long-term)	3,750	—		985,686	(ii)	989,436
Deferred capital contributions	—	—		1,740,519	(iii)	1,740,519
Net assets	6,988,197	687,200	(iv)	(2,726,205)	(iv)	4,949,192

The impact of the adoption of PSAS on the statement of financial position as at March 31, 2017 is summarized as follows. In addition, the table below sets out the impact of the Centre's change in its policy for accounting for contributions from the restricted fund method to the deferral method of accounting:

	Balance as previously reported March 31, 2017	Adjustments				Balance as adjusted as at March 31, 2017
		Transition to PSAS	Ref.	Change in accounting policy	Ref.	
	\$ (Unaudited)	\$ (Unaudited)		\$ (Unaudited)		\$ (Unaudited)
Accrued pension asset	2,517,008	143,592	(i)	—		2,660,600
Deferred contributions (current and long-term)	—	—		843,541	(ii)	843,541
Deferred capital contributions	—	—		1,875,281	(iii)	1,875,281
Net assets	7,277,386	143,592	(iv)	(2,718,822)	(iv)	4,702,156

The impact of the adoption of PSAS and of the Centre's change in its policy for accounting for contributions from the restricted fund method to the deferral method of accounting on the statement of revenue and expenses for the year ended March 31, 2017 is summarized as follows:

	Amounts as previously reported March 31, 2017	Adjustments						Amounts as adjusted March 31, 2017
		Transition to PSAS	Ref.	Change in accounting policy	Ref.	Reclassi- cation	Ref.	
	\$ (unaudited)	\$ (unaudited)		\$ (unaudited)		\$ (unaudited)		\$ (unaudited)
Other revenues	2,657,218	75,137	(i)	93,145	(ii) and (iii)	(227,216)	(v)	2,598,284
Government funding	12,641,832	—		(298,893)	(iii)	—		12,342,939
Amortization of deferred capital contributions	—	—		213,131	(iii)	—		213,131
Other operating expenses	2,239,458	—		—		130,624	(v)	2,370,082
Administration and general expenses	1,010,703	—		—		96,592	(v)	1,107,295
Deficiency of revenue over expenses for the year	(329,556)	75,137	(vi)	7,383	(vi)	—	(vi)	(247,036)

## **2. Significant accounting policies (continued)**

*First-time adoption of accounting standards for government not-for-profit organizations and change in accounting policy (continued)*

Explanations for adjustments:

- (i) Impact on the accrued pension asset due to transition to PS 3250.
- (ii) Under the deferral method of accounting for contributions, externally restricted contributions are initially deferred and recognized as revenue in the year in which the related expenses are recognized. Therefore, these amounts originally recorded as revenue in restricted funds, under the restricted method have been restated. This change in accounting policy was applied retrospectively with restatement.
- (iii) Under the restricted fund method of accounting for contributions, externally restricted capital contributions are recognized in the year that they are received in the capital fund. Under the deferral method, externally restricted capital contributions are recorded as deferred capital contributions and are amortized to operations on the same basis as the related asset is amortized. Therefore, these amounts reflect the balance of deferred capital contributions on the Statement of financial position, net of amortization in relation to the net book value of its related capital assets. This change in accounting policy was applied retrospectively with restatement.
- (iv) Net impact on net assets due to the adjustments noted in (i), (ii), and (iii) above.
- (v) The Centre has reclassified Harmonized Sales Tax ("HST") rebates from a recoveries revenue account and instead expenses are recorded net of the refundable portion of the HST.
- (vi) Net impact on deficiency of revenue over expenses for the year due to the above-noted adjustments.

*New accounting pronouncements*

During the year, the Centre adopted the new accounting standards PS 2200, related party disclosures, and PS 3420 inter-entity transactions. These new standards are effective for fiscal years beginning on or after April 1, 2017. PS 2200 defines a related party and establishes disclosures required for related party transactions. PS 3420 establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective. The change in accounting policy was applied on a retroactive basis and did not have any impact on the financial statements.

## **3. Short-term investments**

Investments are recorded at fair value. There were no fixed income investments at March 31, 2018 (\$532,230 in March 31, 2017 (unaudited), with a maturity date of April 19, 2017 bearing interest at 1.25%; \$526,023 April 1, 2016 (unaudited), with a maturity date of April 14, 2016, bearing interest at 1.00%).

## SickKids Centre for Community Mental Health

### Notes to the financial statements

March 31, 2018

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#### 4. Financial instruments and risk management

The investments held by the Centre are exposed to a variety of financial risks. The Centre seeks to minimize the potential adverse effects of these risks by regularly monitoring the investment's position, market events and by diversifying the investment portfolio within the constraints of the Centre's Investment Policies.

Significant risks that are relevant to the Centre's investments are as follows:

##### *Interest rate risk*

Interest rate risk arises from the possibility that changes in interest rates will affect the value of fixed income securities held by the Centre. The short-term interest bearing investments held by the Centre have a limited exposure to interest rate risk due to their short-term maturity. The Centre has formal policies and procedures that establish target asset mix, minimum credit ratings and varying terms of the securities held.

##### *Credit risk*

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. As at March 31, 2018, the Centre's investments in fixed income securities are primarily with banking institutions. The Centre provides credit to its customers in the normal course of its operations and hence it carries out credit checks on its customers as required.

##### *Market risk*

Market risk arises as a result of trading in fixed income securities. Fluctuations in the market expose the Centre to a risk of loss. The Centre mitigates this risk through controls to monitor and limit concentration levels.

#### 5. Capital assets

	<b>March 31, 2018</b>	March 31, 2017	April 1, 2016
	<b>\$</b>	\$	\$
		(Unaudited)	(Unaudited)
Cost			
Land	<b>341,315</b>	341,315	341,315
Buildings and building service equipment	<b>3,427,723</b>	3,385,983	3,385,983
Other equipment and systems	<b>3,667,944</b>	3,667,944	3,314,028
Construction-in-progress	<b>590,193</b>	—	—
	<b>8,027,175</b>	7,395,242	7,041,326
Accumulated depreciation			
Buildings and building service equipment	<b>2,667,371</b>	2,576,968	2,486,565
Other equipment and systems	<b>2,210,092</b>	1,959,378	1,822,551
	<b>4,877,463</b>	4,536,346	4,309,116
Total capital assets, net	<b>3,149,712</b>	2,858,896	2,732,210

## SickKids Centre for Community Mental Health

### Notes to the financial statements

March 31, 2018

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#### 5. Capital assets (continued)

Construction-in-progress relates to certain building enhancements at the Jarvis Street and Sheppard Avenue properties that were not completed by the year-end, and hence no amortization expense was incurred.

The Centre has agreed that in the event of the sale of two of its properties, amounts of \$534,879 and \$678,101, respectively, from the proceeds of any such sale would be remitted to the Province of Ontario.

#### 6. Accrued pension asset

The Centre maintains a registered defined benefit pension plan, which includes a defined contribution component, covering substantially all of its employees. The plan provides pensions based on length of service and final average earnings. The last actuarial valuation on the defined benefit plan for funding purposes was as at December 31, 2016, and the valuation indicated that the plan had a surplus of \$521,600 on a going-concern basis and a deficit of \$2,473,000 on a solvency basis. An actuarial valuation for accounting purposes was completed using PS3250 and prepared for April 1, 2016, March 31, 2017 and March 31, 2018.

Information about the Centre's defined benefit plan is as follows:

	<b>March 31, 2018</b>	March 31, 2017	March 31, 2016
	<b>\$</b>	\$	\$
		(Unaudited)	(Unaudited)
Accrued benefit obligation	<b>(18,327,700)</b>	(18,309,900)	(18,747,800)
Plan assets	<b>21,157,100</b>	20,852,600	21,066,800
	<b>2,829,400</b>	2,542,700	2,319,000
Employer contributions for service cost after measurement date	<b>18,400</b>	49,500	18,500
Employer contributions for special payments after measurement date	<b>34,900</b>	31,300	30,800
Employee contributions after measurement date	<b>5,200</b>	8,500	2,980
Unrecognized actuarial (gains) losses	<b>(37,300)</b>	28,600	—
Accrued benefit asset	<b>2,850,600</b>	2,660,600	2,371,280

## SickKids Centre for Community Mental Health

### Notes to the financial statements

March 31, 2018

#### 6. Accrued pension asset (continued)

The expense of the year is calculated as follows:

	2018	2017
	\$	\$
		(Unaudited)
Amortization of actuarial loss in the period	<b>(3,300)</b>	—
Expected return on plan assets	<b>1,072,900</b>	1,073,000
Current year benefit cost	<b>(137,300)</b>	(104,100)
Interest on accrued benefit obligation	<b>(941,300)</b>	(952,000)
(Income) expense for the year	<b>(9,000)</b>	16,900
Employer contributions	<b>202,300</b>	266,900
Employee contributions	<b>20,300</b>	24,500
Benefits paid	<b>1,084,400</b>	1,513,000

The significant actuarial assumptions adopted in measuring the Centre's accrued pension obligations for the defined plan are as follows:

	March 31, 2018	March 31, 2017	April 1, 2016
		(Unaudited)	(Unaudited)
Discount rate	<b>5.25%</b>	5.25%	5.25%
Salary escalation	<b>3.00%</b>	3.00%	3.00%

The significant actuarial assumptions adopted in measuring the Centre's expense for the defined plan are as follows:

	2018	2017	2016
		(Unaudited)	(Unaudited)
Discount rate	<b>5.25%</b>	5.25%	5.25%
Expected long-term rate of return on plan assets	<b>5.25%</b>	5.25%	5.25%
Salary escalation	<b>3.00%</b>	3.00%	3.00%

The breakdown of plan assets held at measurement date was as follows:

	March 31, 2018	March 31, 2017	April 1, 2016
		(Unaudited)	(Unaudited)
Equity securities	<b>58%</b>	54%	58%
Debt securities	<b>28%</b>	32%	26%
Real Estate	<b>8%</b>	10%	10%
Other	<b>6%</b>	4%	6%
	<b>100%</b>	100%	100%



## SickKids Centre for Community Mental Health

### Notes to the financial statements

March 31, 2018

#### 7. Deferred contributions

Deferred contributions represent unspent resources externally restricted that are related to subsequent years. Changes in deferred contributions balances are as follows:

	<b>March 31, 2018</b>	March 31, 2017	April 1, 2016
	\$	\$	\$
		(Unaudited)	(Unaudited)
		(Note 2)	(Note 2)
Balance, beginning of year	<b>843,541</b>	989,436	658,334
Amounts received during the year	<b>2,428,616</b>	3,326,748	2,163,010
Amounts recognized as revenue during the year	<b>(2,317,685)</b>	(3,472,643)	(1,831,908)
Balance, end of year	<b>954,472</b>	843,541	989,436
Presented as			
Short-term	<b>854,658</b>	743,727	889,622
Long-term	<b>99,814</b>	99,814	99,814
	<b>954,472</b>	843,541	989,436

The long-term portion of deferred contributions is made up of the following:

- \$50,000 (\$50,000 in March 31, 2017 (unaudited); \$50,000 in April 1, 2016 (unaudited)) which has been funded by the Ministry of Children and Youth Services ("MCYS") and may only be used with the approval of the MYCS.
- \$49,814 (\$49,814 in March 31, 2017 (unaudited); \$49,814 in April 1, 2016 (unaudited)) which was established as a Medical Staff Reserve Fund to fund the Centre's operations to the extent that the revenues from the Ministry of Health and Long-term Care ("MOHLTC") should fall below the amounts provided for in the annual service plan agreement between the Centre and the MOHLTC.

#### 8. 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:

	<b>March 31, 2018</b>	March 31, 2017	April 1, 2016
	\$	\$	\$
		(Unaudited)	(Unaudited)
		(Note 2)	(Note 2)
Balance, beginning of year	<b>1,875,281</b>	1,740,519	1,264,044
Amounts received during the year	<b>582,157</b>	347,893	708,056
Amounts recognized as revenue during the year	<b>(186,100)</b>	(213,131)	(231,581)
Balance, end of year	<b>2,271,338</b>	1,875,281	1,740,519

## 9. Internally restricted net assets

Internally restricted net assets consists of the following:

	<b>March 31, 2018</b>	March 31, 2017	April 1, 2016
	\$	\$	\$
		(Unaudited)	(Unaudited)
		(Note 2)	(Note 2)
Capital assets internally funded	<b>878,374</b>	983,615	991,691
Accrued pension benefits	<b>2,850,600</b>	2,660,600	2,371,280
	<b>3,728,974</b>	3,644,215	3,362,971

Internally restricted net assets include funds committed for the following purposes:

- (i) Capital assets internally funded represent capital assets funded using internal resources;
- (ii) Accrued pension benefits represent the asset recorded on the Statement of financial position related to the pension plan.

## 10. Government funding

	<b>2018</b>	2017
	\$	\$
		(Unaudited)
Ministry of Children and Youth Services	<b>11,113,610</b>	10,820,009
Ministry of Education	<b>362,249</b>	483,000
Federal grants	<b>1,001,813</b>	1,039,930
	<b>12,477,672</b>	12,342,939

## 11. Investment income

Included in investment income is nil in unrealized gains (\$1,207 in 2017 (Unaudited)) on short-term investments.

## 12. Related party information

### *The Hincks-Dellcrest Institute*

The Centre and The Hincks-Dellcrest Institute (the "Institute") have the same Board of Trustees. The Institute was established to sponsor and provide programs for training, research, consultation and public education in the disciplines of psychology, psychiatry, social work, childcare and related areas in children's mental health. The Institute is a not-for-profit organization and is a registered charity under the Income Tax Act.

During the year, \$184,364 (\$158,555 in 2017 (unaudited)) was paid to the Institute for rental of offices, of which, \$68,253 (nil in 2017 unaudited)) is included as accounts payable to the Institute.

## SickKids Centre for Community Mental Health

### Notes to the financial statements

March 31, 2018

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#### 12. Related party information (continued)

##### *The Hincks-Dellcrest Institute (continued)*

As of March 31, 2018, the Institute owed the Centre \$206,563 (\$5,248 in March 31, 2017 (unaudited); \$89,159 in April 1, 2016 (unaudited)) relating to utilities and facilities paid on its behalf.

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

The Centre has an economic interest in the SickKids Foundation. The SickKids 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 Centre. There were no grants received from the SickKids Foundation for year ended March 31, 2018 (\$28,472 in March 31, 2017 (unaudited)).

##### *The Hincks-Dellcrest Foundation*

The Hincks-Dellcrest Foundation was established to raise and maintain funds and to use those funds to support and promote the activities of the Centre and the Institute. The Hincks-Dellcrest Foundation was dissolved during the year. In 2017, grants in the amount of \$571,256 were received from the Hincks-Dellcrest Foundation.

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

As disclosed in Note 1, the Hospital has governance and operational oversight of the Centre. Designated officers of the Hospital serve as the only voting members on the Centre'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.

In 2018, the Hospital and the Centre entered into a managed service agreement whereby the Hospital has agreed to provide core administrative services to the Centre in exchange for a service fee. During the year, \$960,809 was paid to the Hospital under the managed service agreement, of which \$410,785 (nil in 2017 (unaudited)) is included in accounts payable to the Hospital. In 2017, \$161,179 was paid to the Hospital for legal fees.

As of March 31, 2018, the Centre owed the Hospital \$168,158 (nil in March 31, 2017 (unaudited); nil in April 1, 2016 (unaudited)) for expenses paid on behalf of the Centre.

#### 13. Commitments

The Centre has lease commitments in the following annual amounts for rental space and office equipment, which expire at various dates up to December 2019:

\$

2019	46,706
2020	23,353
	<u>70,059</u>

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

### **Notes to the financial statements**

March 31, 2018

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#### **14. Credit facilities**

The Centre has an operating line of credit in the amount of \$500,000. The line bears interest at the prime rate, is secured by all assets of the Centre and is payable on demand. As at March 31, 2018, March 31, 2017 and April 1, 2016 the Centre has no amount outstanding related to this credit facility.

#### **15. Guarantees**

Indemnity has been provided to all trustees and/or officers of the Centre for various items including, but not limited to, all costs to settle suits or actions due to their association with the Centre, subject to certain restrictions. The Centre has purchased trustees' 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.

#### **16. Contingencies**

At any point in time the Centre may be involved in various legal claims. Though the outcome of any claims as at March 31, 2018 cannot be determined with certainty, the Centre believes that their outcome will have no significant adverse impact on its financial position, operating costs or cash flows.

#### **17. Statement of Remeasurement gains and losses**

A statement of remeasurement gains and losses is not presented as there were no material unrealized gains/losses to report for the year end March 31, 2018 and March 31, 2017.