
**CHILD DEVELOPMENT INSTITUTE
FOUNDATION**

FINANCIAL STATEMENTS

MARCH 31, 2016

INDEPENDENT AUDITOR'S REPORT

To the Members,
Child Development Institute Foundation

We have audited the accompanying financial statements of Child Development Institute Foundation which comprise the statement of financial position as at March 31, 2016, and the statements of operations and changes in net assets 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 Child Development Institute Foundation as at March 31, 2016, 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.

Conperthwaite Mehta

Chartered Accountants
Licensed Public Accountants

May 31, 2016
Toronto, Ontario


CHILD DEVELOPMENT INSTITUTE FOUNDATION

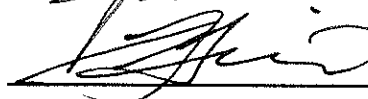
STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2016

				2016	2015
	Restricted Funds	Board Funds	Capital Funds	Total	Total
ASSETS					
Current assets					
Cash	\$ 64,734	\$ 269,151	\$	\$ 333,885	\$ 461,428
Short-term investments (note 5)	3,394,207	1,557,653		4,951,860	4,639,308
Sales tax recoverable		943		943	579
Due from Child Development Institute (note 4)		13,800		13,800	nil
	3,458,941	1,841,547		5,300,488	5,101,315
Capital assets (note 6)			3,190,510	3,190,510	3,263,277
	<u>\$3,458,941</u>	<u>\$1,841,547</u>	<u>\$3,190,510</u>	<u>\$8,490,998</u>	<u>\$8,364,592</u>
LIABILITIES AND NET ASSETS					
Current liabilities					
Accounts payable and accrued liabilities	\$	\$ 4,853	\$	\$ 4,853	\$ 22
Due to Child Development Institute (note 4)					29,099
		4,853		4,853	29,121
Net assets					
Wimodausis Children's Endowment Fund (note 8)	418,163			418,163	451,915
CDI Research Fund (note 11)	1,154,522			1,154,522	1,449,202
Family Violence Fund (note 11)	405,722			405,722	410,495
SNAP Campaign (note 11)	930,376			930,376	523,234
Integra funds (note 11)	531,290			531,290	438,774
Other funds (note 11)	18,868			18,868	27,898
Board Fund (note 9)		1,836,694		1,836,694	1,770,676
Invested in capital assets			3,190,510	3,190,510	3,263,277
	<u>3,458,941</u>	<u>1,836,694</u>	<u>3,190,510</u>	<u>8,486,145</u>	<u>8,335,471</u>
	<u>\$3,458,941</u>	<u>\$1,841,547</u>	<u>\$3,190,510</u>	<u>\$8,490,998</u>	<u>\$8,364,592</u>

Approved on behalf of the Board:


_____, Director


_____, Director

see accompanying notes

CHILD DEVELOPMENT INSTITUTE FOUNDATION

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2016

				2016	2015
	Restricted Funds	Board Funds	Capital Funds	Total	Total
REVENUE					
Donations and fundraising	\$1,038,081	\$ 104,961	\$	\$1,143,042	\$1,102,658
Investment income (loss)	(72,370)	(24,861)		(97,231)	325,372
Rental income (note 4)		90,688		90,688	90,688
	<u>965,711</u>	<u>170,788</u>		<u>1,136,499</u>	<u>1,518,718</u>
EXPENSES					
Donation to Child Development Institute (note 4)	802,314	63,545		865,859	747,936
Administration	3,474	23,935		27,409	19,006
Professional fees		9,871		9,871	
Fundraising		7,419		7,419	2,688
Caring Award	2,500			2,500	2,500
Amortization			72,767	72,767	75,000
	<u>808,288</u>	<u>104,770</u>	<u>72,767</u>	<u>985,825</u>	<u>847,130</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	157,423	66,018	(72,767)	150,674	671,588
Net assets, beginning of year	3,301,518	1,770,676	3,263,277	8,335,471	7,339,948
Contributed net assets (note 10)				nil	323,935
NET ASSETS, END OF YEAR	<u>\$3,458,941</u>	<u>\$1,836,694</u>	<u>\$3,190,510</u>	<u>\$8,486,145</u>	<u>\$8,335,471</u>

see accompanying notes

CHILD DEVELOPMENT INSTITUTE FOUNDATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2016

	2016	2015
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	\$ 150,674	\$ 671,588
Adjustments for items not involving cash		
Add (deduct) net unrealized losses (gains) on investments	297,518	(141,004)
Add amortization	72,767	75,000
Net change in non-cash working capital items (see below)	<u>(38,432)</u>	<u>96,881</u>
Net cash generated from operating activities	<u>482,527</u>	<u>702,465</u>
FINANCING ACTIVITIES		
Contributed net assets	<u> </u>	<u>323,935</u>
INVESTING ACTIVITIES		
Net purchase of managed funds	(532,816)	(757,134)
Net purchase of guaranteed investment certificates	<u>(77,254)</u>	<u>(345,104)</u>
Net cash used for investing activities	<u>(610,070)</u>	<u>(1,102,238)</u>
NET DECREASE IN CASH FOR THE YEAR	(127,543)	(75,838)
Cash, beginning of year	<u>461,428</u>	<u>537,266</u>
CASH, END OF YEAR	<u>\$ 333,885</u>	<u>\$ 461,428</u>

Net change in non-cash working capital items:

Decrease (increase) in current assets-		
Sales tax recoverable	\$ (364)	\$ 2,270
Due from Child Development Institute	(13,800)	308,498
Increase (decrease) in current liabilities-		
Accounts payable and accrued liabilities	4,831	(16,978)
Due to Child Development Institute	<u>(29,099)</u>	<u>(196,909)</u>
	<u>\$ (38,432)</u>	<u>\$ 96,881</u>

see accompanying notes

CHILD DEVELOPMENT INSTITUTE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2016

Child Development Institute Foundation (the Foundation) is a registered charitable public foundation under the Income Tax Act (Canada) and incorporated under the Canada Not-for-profit Corporations Act without share capital. The Foundation is exempt from income tax in Canada as a. In order to maintain its status as a registered public foundation, the Foundation must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

The primary objective of the Foundation is to support the charitable activities of Child Development Institute (CDI), a charitable organization operating in Toronto.

1. CLASSIFICATION OF NET ASSETS BY RESTRICTION

Donations received by the Foundation have been classified in funds by type of restriction imposed. Fund groupings are as follows:

Restricted Funds

Donations with externally imposed restrictions are classified as Restricted Funds (see note 11). Donations of which the capital is not available to be spent by the Foundation are further classified as endowments within the restricted fund category (see note 8).

Board Funds

Donations with restrictions imposed by the Board of Directors of the Foundation are classified as Board Funds (see note 9).

Capital Funds

Land, buildings, major building improvements and related liabilities used in operations by Child Development Institute are classified as Capital Funds.

2. SIGNIFICANT ACCOUNTING POLICIES

Management is responsible for preparation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations. Outlined below are those policies considered particularly significant:

Revenue recognition

The principal sources of revenue and their recognition in these financial statements are as follows:

- i) The Foundation follows the restricted fund method of revenue recognition whereby donations and other contributions are recorded as revenue in the period received. Pledges are not recorded as revenue. Donated materials and services which are normally purchased by the Foundation are not recorded in the accounts.
- ii) Investment income is recognized in the period earned. Realized and unrealized gains and losses are recognized in the period in which they occur.
- iii) Rental income is recognized in the period earned.

Capital assets

Costs relating to the acquisition of land, buildings, furniture and equipment and related major improvements and other capital assets are recorded in the financial statements at cost. Land and buildings contributed by Child Development Institute were recorded at book value at the date of contribution. Capital assets are amortized over their estimated economic useful life as follows:

Buildings and improvements - 40 years, declining balance basis

CHILD DEVELOPMENT INSTITUTE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2016

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of estimates

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses. Specifically, significant assumptions have been made in arriving at the estimated useful life of buildings and improvements. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in the period in which they become known.

3. FINANCIAL INSTRUMENTS AND RELATED FINANCIAL RISKS

The Foundation's financial instruments include cash, short-term investments and accounts payable and accrued liabilities. Financial instruments are initially recorded at fair value and subsequently measured at amortized cost net of any provisions for impairment.

The following are those financial instruments considered particularly significant and their related financial risks:

- i) Fluctuations in market interest rates do not result in significant interest rate risks affecting future cash flows from fixed rate guaranteed investment certificates.
- ii) The fair value of future cash flows of a financial instrument such as managed funds will fluctuate because of changes in market prices, other than those arising from interest rate risk. This risk, which can be caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments trading in the market, is mitigated by having independent professional investment advisers manage the investment funds.
- iii) The Foundation expects to meet its financial obligations for accounts payable and accrued liabilities through cash flows from operations.

4. INTER-ORGANIZATION AND INTER-FUND AMOUNTS

The Foundation is controlled by Child Development Institute in that Child Development Institute is the sole member with voting rights to elect the Board of Directors of the Foundation.

All transactions between funds of the Foundation and between the Foundation and Child Development Institute occurred in the normal course of operations. The Foundation provides Child Development Institute with office and clinical space at the 197 Euclid Avenue location in Toronto. Child Development Institute provides the Foundation with personnel for administration and development activities. As the value of these services is not reasonably determinable, they have not been recorded in these financial statements.

The Foundation charged Child Development Institute rent of \$90,688 for use of the Parkdale and Annex childcare facilities for the year ended March 31, 2016 (\$90,688 for the year ended March 31, 2015). Rent charged is based on amounts negotiated with Child Development Institute.

During the year the Foundation donated \$865,859 to Child Development Institute (\$747,936 in the year ended March 31, 2015).

The inter-fund amounts payable and receivable are non-interest bearing, unsecured and payable based on the availability of funds.

CHILD DEVELOPMENT INSTITUTE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2016

5. SHORT-TERM INVESTMENTS

Short-term investments at March 31 were as follows:

	2016	2015
Guaranteed investment certificates	\$ 445,000	\$ 522,254
Managed funds	<u>4,506,860</u>	<u>4,117,054</u>
	<u>\$ 4,951,860</u>	<u>\$ 4,639,308</u>

Short-term investments comprise guaranteed investment certificates with a major Canadian chartered bank with interest rates between 0.9% and 2.5%, and maturing from June 2016 to March 2021.

Managed funds comprise balanced mutual funds administered by an independent investment management fund.

6. CAPITAL ASSETS

Capital assets at March 31 are as follows:

	Cost	Accumulated Amortization	2016 Net	2015 Net
Land	\$ 352,632		\$ 352,632	\$ 352,632
Buildings	<u>5,117,979</u>	<u>\$(2,280,101)</u>	<u>2,837,878</u>	<u>2,910,647</u>
	<u>\$ 5,470,611</u>	<u>\$(2,280,101)</u>	<u>\$ 3,190,510</u>	<u>\$ 3,263,279</u>

7. LINE OF CREDIT

The Foundation has a bank line of credit of \$375,000 bearing interest at prime plus 1.05%. As at March 31, 2016, \$nil of the line of credit was drawn down (\$nil at March 31, 2015).

8. WIMODAUSIS CHILDREN'S ENDOWMENT FUND

Capital donated to the Wimodausis Children's Endowment Fund is not available for use by the Foundation. Investment income (loss) earned on the capital is allocated directly to the endowment fund. Interest income earned in a year is transferred to the Camp Wimodausis Fund in the following year. Activity in the fund for the year was as follows:

	2016	2015
Wimodausis Children's Endowment Fund, beginning of year	\$ 451,915	\$ 428,082
Investment income (loss)	(11,516)	40,728
Transfer to the Camp Wimodausis Fund (note 11)	<u>(22,236)</u>	<u>(16,895)</u>
Wimodausis Children's Endowment Fund, end of year	<u>\$ 418,163</u>	<u>\$ 451,915</u>

CHILD DEVELOPMENT INSTITUTE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2016

9. BOARD FUND

Amounts have been designated by the Board of Directors of the Foundation to be used for funding special programs or for purposes as directed by the Board of Directors of the Foundation and to meet the basic operating requirements of the Foundation.

10. TRANSFER OF RESTRICTED NET ASSETS

During 2015, Child Development Institute transferred restricted net assets of \$323,935 to the Foundation, a controlled organization (see note 4), as contemplated in an amalgamation agreement between the Child Development Institute and the Integra Foundation. The restrictions on the net assets remained in effect after the transfer and the transfer has been recorded as a reduction in net assets in the financial statement of Child Development Institute for the year ended March 31, 2015.

11. RESTRICTED FUNDS

Funds donated have been restricted for specific uses by donors as follows:

CDI Research Fund - in accordance with donor intent and stipulations, funds are to be used for Child Development Institute's research programs and related dissemination activities.

Family Violence Fund - In accordance with donor intent and stipulations, funds are to be directed to family violence services.

SNAP Campaign - In accordance with donor intent and stipulations, funds are to be used exclusively to fund Stop Now And Plan, an evidence-based cognitive-behavioural model that teaches behaviourally troubled children and their parents how to manage their emotions and behaviour by getting them to stop, think, and plan positive alternatives before acting impulsively.

Integra funds

1) **Camp Towhee Fund** - In accordance with donor intent and stipulations, funds are to support capital improvements, camp projects and other special needs as required.

2) **Integra Foundation legacy funds** - In accordance with donor intent and stipulations, to fund the operation and enhancement of the programs, services and research of the Integra Programs of the Child Development Institute, primarily for children and youth with mental health issues and learning disabilities, including specifically the reimbursement of expenses incurred in the operation of Camp Towhee.

Other

1) **Camp Wimodausis Fund** - In accordance with donor intent and stipulations, funds are to be used exclusively to fund Camp Wimodausis operated out of the St. Clair Gardens facility of Child Development Institute.

2) **Caring Award Fund** - In accordance with donor intent and stipulations, funds are to be used for staff acknowledgment by their peers.

3) **SNAP Girls funds** - In accordance with donor intent and stipulations, funds are to be used exclusively in delivery of SNAP Girls program operated out of the St. Clair Gardens facility of Child Development Institute.

CHILD DEVELOPMENT INSTITUTE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2016

11. RESTRICTED FUNDS (continued)

Activity in the Restricted Funds for the year was as follows:

	CDI Research Fund	Family Violence	SNAP Campaign	Integra funds	Other	2016 Total	2015 Total
Restricted Funds, beginning of year	\$1,449,202	\$ 410,495	\$ 523,234	\$ 438,774	\$ 27,898	\$2,849,603	\$1,909,549
Donations received from others		128,116	718,306	127,629	64,030	1,038,081	932,094
Investment income (loss)	(31,324)	(7,473)	(13,346)	(8,711)		(60,854)	167,977
Less donations to CDI and program disbursements	(263,356)	(125,416)	(294,844)	(26,402)	(92,296)	(802,314)	(497,837)
Less other donations			(2,974)		(3,000)	(5,974)	(3,010)
Excess of revenue over expenses	(294,680)	(4,773)	407,142	92,516	(31,266)	168,939	599,224
Transfer from endowment fund (see note 8)					22,236	22,236	16,895
Contributed net assets (see note 10)							323,935
Restricted Funds, end of year	<u>\$1,154,522</u>	<u>\$ 405,722</u>	<u>\$ 930,376</u>	<u>\$ 531,290</u>	<u>\$ 18,868</u>	<u>\$3,040,778</u>	<u>\$2,849,603</u>

