
CHILD DEVELOPMENT INSTITUTE
(Incorporated as EarlsCourt-Crèche Child Development
Institute)

FINANCIAL STATEMENTS

MARCH 31, 2016

INDEPENDENT AUDITOR'S REPORT

To the Members,
Child Development Institute

We have audited the accompanying financial statements of Child Development Institute, which comprise the statement of financial position as at March 31, 2016, and the statements of operations, 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 organization'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 organization'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 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.

Cowpenthwaite Mehta

Chartered Accountants
Licensed Public Accountants

May 31, 2016
Toronto, Ontario

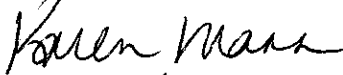
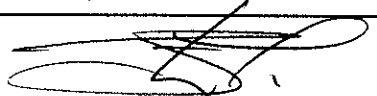
CHILD DEVELOPMENT INSTITUTE

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2016

				2016	2015
	Operating	Special	Capital	Total	Total
ASSETS					
Current assets					
Cash	\$ 1,068,985	\$ -	\$ -	\$ 1,068,985	\$ 80,892
Short-term investments (note 2)	518,484	656,638	-	1,175,122	1,161,977
Amounts receivable	859,196	-	-	859,196	422,071
Due from CDI Foundation (note 4)	-	-	-	-	29,099
Prepaid expenses	22,617	-	-	22,617	8,457
	2,469,282	656,638	-	3,125,920	1,702,496
Capital assets (note 3)	46,400	-	317,600	364,000	395,595
	<u>\$2,515,682</u>	<u>\$ 656,638</u>	<u>\$ 317,600</u>	<u>\$3,489,920</u>	<u>\$2,098,091</u>
LIABILITIES AND NET ASSETS					
Current liabilities					
Accounts payable and accrued liabilities	\$ 995,111	\$ -	\$ -	\$ 995,111	\$ 656,162
Deferred contributions	958,815	-	-	958,815	114,530
Due to CDI Foundation (note 4)	13,800	-	-	13,800	-
	1,967,726	-	-	1,967,726	770,692
Deferred capital grant	-	-	210,120	210,120	216,300
	<u>1,967,726</u>	<u>-</u>	<u>210,120</u>	<u>2,177,846</u>	<u>986,992</u>
Net assets					
Invested in capital assets	46,400	-	107,480	153,880	179,295
Unrestricted	501,556	656,638	-	1,158,194	931,804
	<u>547,956</u>	<u>656,638</u>	<u>107,480</u>	<u>1,312,074</u>	<u>1,111,099</u>
	<u>\$2,515,682</u>	<u>\$ 656,638</u>	<u>\$ 317,600</u>	<u>\$3,489,920</u>	<u>\$2,098,091</u>

Approved on behalf of the Board:


 _____, Director

 _____, Director

see accompanying notes

CHILD DEVELOPMENT INSTITUTE
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2016

	2016			2015	
	Operating	Special	Capital	Total	Total
NET ASSETS, BEGINNING OF YEAR	\$ 348,360	\$ 649,259	\$ 113,480	\$1,111,099	\$1,554,107
Excess (deficiency) of revenue over expenses for the year	199,596	7,379	(6,000)	200,975	(119,073)
Net assets contributed to CDI Foundation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(323,935)</u>
NET ASSETS , END OF YEAR	<u>\$ 547,956</u>	<u>\$ 656,638</u>	<u>\$ 107,480</u>	<u>\$1,312,074</u>	<u>\$1,111,099</u>

see accompanying notes

CHILD DEVELOPMENT INSTITUTE

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2016

				2016	2015
	Operating (see schedule 1)	Special	Capital	Total	Total
REVENUE					
Government grants (note 5)	\$10,234,919	\$ -	\$ -	\$10,234,919	\$ 9,554,093
Childcare (see schedule 2)	5,236,213	-	-	5,236,213	4,383,818
Earned income	896,863	-	-	896,863	521,409
Donations from CDI					
Foundation (note 4)	865,859	-	-	865,859	747,936
United Way	394,837	-	-	394,837	389,137
Donations and other	<u>222,301</u>	<u>7,379</u>	<u>6,180</u>	<u>235,860</u>	<u>633,116</u>
	<u>17,850,992</u>	<u>7,379</u>	<u>6,180</u>	<u>17,864,551</u>	<u>16,229,509</u>
EXPENSES					
Salaries	12,009,733	-	-	12,009,733	10,981,034
Program	1,767,748	-	-	1,767,748	1,466,793
Employee benefits (note 10)	1,737,040	-	-	1,737,040	1,582,608
Building occupancy	1,236,807	-	-	1,236,807	1,387,924
Administration	661,222	-	-	661,222	721,911
Staff training and travel	219,431	-	-	219,431	189,253
Amortization	<u>19,415</u>	<u>-</u>	<u>12,180</u>	<u>31,595</u>	<u>19,059</u>
	<u>17,651,396</u>	<u>-</u>	<u>12,180</u>	<u>17,663,576</u>	<u>16,348,582</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR					
	<u>\$ 199,596</u>	<u>\$ 7,379</u>	<u>\$ (6,000)</u>	<u>\$ 200,975</u>	<u>\$ (119,073)</u>

see accompanying notes

CHILD DEVELOPMENT INSTITUTE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2016

	2016	2015
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses for the year	\$ 200,975	\$ (119,073)
Adjustments for items not involving cash		
Deferred capital grant recognized	(6,180)	(6,180)
Amortization	31,595	19,059
Net change in non-cash working capital items (see below)	<u>774,848</u>	<u>(567,552)</u>
Net cash generated from (used for) operating activities	<u>1,001,238</u>	<u>(673,746)</u>
FINANCING ACTIVITIES		
Net assets contributed to CDI Foundation	<u>-</u>	<u>(323,935)</u>
INVESTING ACTIVITIES		
Purchase of capital assets	-	(58,000)
Redemption (purchase) of guaranteed investment certificates	<u>(13,145)</u>	<u>128,644</u>
Net cash generated from (used for) investing activities	<u>(13,145)</u>	<u>70,644</u>
NET INCREASE (DECREASE) IN CASH FOR THE YEAR	988,093	(927,037)
Cash, beginning of year	<u>80,892</u>	<u>1,007,929</u>
CASH, END OF YEAR	<u>\$ 1,068,985</u>	<u>\$ 80,892</u>

Net change in non-cash working capital items:

Decrease (increase) in current assets-		
Amounts receivable	\$ (437,125)	\$ 15,298
Prepaid expenses	(14,160)	47,360
Due from CDI Foundation	29,099	(29,099)
Increase (decrease) in current liabilities-		
Accounts payable and accrued liabilities	338,949	(25,307)
Deferred contributions	844,285	(493,314)
Due to CDI Foundation	<u>13,800</u>	<u>(82,490)</u>
	<u>\$ 774,848</u>	<u>\$ (567,552)</u>

see accompanying notes

CHILD DEVELOPMENT INSTITUTE

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2016

Child Development Institute (the organization) is incorporated as EarlsCourt-Crèche Child Development Institute in the Province of Ontario without share capital. Child Development Institute is exempt from income tax in Canada as a registered charitable organization under the Income Tax Act (Canada). In order to maintain its status as a registered charity, the organization must meet certain requirements within the Income Tax Act. In the opinion of management these requirements have been met.

Child Development Institute is dedicated to strengthening families and promoting healthy development, with a focus on families of children and youth from birth to age 18.

1. SIGNIFICANT ACCOUNTING POLICIES

Management is responsible for the 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 recognition of these revenues for financial statement purposes are as follows:

Contributions

The organization follows the deferral method of revenue recognition for contributions.

Externally restricted contributions, including grants and restricted donations, related to current expenses are recognized as revenue in the current year. Externally restricted contributions received in the year for expenses to be incurred in the following year are recorded as deferred contributions. Externally restricted contributions related to the purchase of capital assets are recorded as revenue in the same period, and on the same basis, as the related capital assets are amortized.

Unrestricted contributions, including donations and amounts received from fundraising, are recorded when received.

Contributed materials and services

Contributed materials and services which are normally purchased by the organization are not recorded in the accounts.

Child care fees and Toronto Children's Services (TCS) fee subsidy

Child care fees received from parents and subsidized child care fees received from TCS are recognized as revenue in the period that child care services are provided.

Interest income

Interest income is recognized as revenue over the term of the guaranteed investment certificates.

Controlled organization

The Child Development Institute Foundation (CDI Foundation) is a not-for-profit registered charitable foundation incorporated in the Province of Ontario without share capital. Child Development Institute controls CDI Foundation in that Child Development Institute is the sole member with voting rights to elect the Board of Directors of CDI Foundation.

The financial position, results of operations and cash flows of the controlled organization are summarized in note 4 to these financial statements. The amounts are not included in the statements of financial position, changes in net assets, operations and cash flows of Child Development Institute. The accounting policies of the controlled organization and Child Development Institute are not significantly different.

CHILD DEVELOPMENT INSTITUTE

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2016

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital assets

Capital asset purchases are recorded at cost and are amortized over their estimated useful lives as follows:

Buildings and improvements	- 2.5% straight-line basis
Furniture	- 20% straight-line basis
Automobile	- 20% straight-line basis
Computer equipment	- one year, straight-line basis
Leasehold improvements	- Straight-line basis over a period not less than the life of the lease and five years

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 calculation of certain accrued liabilities and deferred contributions at year end, the calculation of capital grants recognized in the year and amortization of buildings expensed in the year. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in the period in which they become known.

2. SHORT-TERM INVESTMENTS

Short-term investments are guaranteed investment certificates, which are issued by a major Canadian chartered bank, bear interest rates ranging 0.90% to 1.10% and mature between September 2016 and March 2017.

3. CAPITAL ASSETS

Capital assets are as follows:

	Cost	Accumulated Amortization	2016 Net	2015 Net
Operating				
Furniture and equipment	\$ 58,000	\$ (11,600)	\$ 46,400	\$ 58,000
Automobile	-	-	-	7,815
	<u>\$ 58,000</u>	<u>\$ (11,600)</u>	<u>\$ 46,400</u>	<u>\$ 65,815</u>
Capital - St. Clair Gardens				
Land	\$ 34,989	\$ -	\$ 34,989	\$ 34,989
Building	485,585	(202,974)	282,611	294,791
	<u>\$ 578,574</u>	<u>\$ (214,574)</u>	<u>\$ 317,600</u>	<u>\$ 329,780</u>

CHILD DEVELOPMENT INSTITUTE

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2016

4. CONTROLLED ORGANIZATION

All transactions between CDI Foundation and Child Development Institute occurred in the normal course of operations. CDI 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.

CDI 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 an amount negotiated with CDI Foundation.

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

Summarized financial statement information of CDI Foundation as at March 31, 2016 and for the year then ended is as follows:

	2016	2015
Summary of financial position as at March 31		
Total assets	\$ 8,490,998	\$ 8,364,592
Total liabilities	<u>(4,853)</u>	<u>(29,121)</u>
Net assets	<u>\$ 8,486,145</u>	<u>\$ 8,335,471</u>
Net assets are as follows:		
Externally restricted funds	\$ 3,458,941	\$ 3,301,518
Internally restricted funds	1,836,694	1,770,676
Capital funds	<u>3,190,510</u>	<u>3,263,277</u>
	<u>\$ 8,486,145</u>	<u>\$ 8,335,471</u>
Summary of results of operations for the year ended March 31		
	2016	2015
Total revenue	\$ 1,136,499	\$ 1,518,718
Total expenses	<u>(985,825)</u>	<u>(847,130)</u>
Excess of revenue over expenses for the year	<u>\$ 150,674</u>	<u>\$ 671,588</u>
Summary of cash flows for the year ended March 31		
	2016	2015
Cash generated from operating activities	\$ 482,527	\$ 702,465
Cash used for investing and financing activities	<u>(610,070)</u>	<u>(778,303)</u>
Net decrease in cash for the year	<u>\$ (127,543)</u>	<u>\$ (75,838)</u>

CHILD DEVELOPMENT INSTITUTE

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2016

5. GOVERNMENT GRANTS

Government grants recognized in the year were as follows:

	2016	2015
Operating		
Federal government		
Public Health Agency of Canada (note 7)	\$ 198,370	\$ -
Human Resource Skills Development Canada	19,795	22,042
Department of Justice Canada	<u>18,468</u>	<u>199,872</u>
	<u>236,633</u>	<u>221,914</u>
Provincial government		
Ministries of Community and Social Services and Children and Youth Services		
Core - non-residential	7,237,851	6,780,481
One-time funding - non-residential (note 6)	870,437	730,948
Ministry of Education		
Ontario Early Years Centres (note 8)	<u>485,952</u>	<u>485,952</u>
	<u>8,594,240</u>	<u>7,997,381</u>
Total operating government grants	<u>8,830,873</u>	<u>8,219,295</u>
Special Needs		
City of Toronto		
Special Needs Resourcing	725,657	705,751
Wage improvement funding	<u>16,745</u>	<u>19,908</u>
Total special needs government grants	<u>742,402</u>	<u>725,659</u>
Childcare		
City of Toronto		
Annex ELC	164,218	154,903
Fraser Mustard ELC	159,511	36,699
Wellesley ELC	139,639	88,244
Parkdale ELC	148,366	153,301
Windermere ELC	49,910	43,013
Cabbagetown ELC	<u>-</u>	<u>109,279</u>
Total childcare government grants	<u>661,644</u>	<u>609,139</u>
Provincial government		
Ministry of Children and Youth Services	<u>-</u>	<u>23,700</u>
	<u>\$10,234,919</u>	<u>\$ 9,554,093</u>

CHILD DEVELOPMENT INSTITUTE

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2016

6. YOUTH JUSTICE SNAP PROGRAM

Included in non-residential funding from the Ontario Ministry of Children and Youth Services are the following revenues and expenses related to the Strategy to Support Gang Involved Youth Program:

	2016	2015
Revenue		
Ministry of Children and Youth Services grant	<u>\$ 523,450</u>	<u>\$ 310,762</u>
Expenses		
Program	232,663	89,702
Salaries	200,258	104,607
Benefits	37,120	17,658
Staff travel and training	29,319	23,527
Administration	22,500	10,268
Consultants	<u>1,590</u>	<u>65,000</u>
	<u>523,450</u>	<u>310,762</u>
Excess of revenue over expenses	<u>\$ -</u>	<u>\$ -</u>

7. PUBLIC HEALTH AGENCY OF CANADA FUNDING

The following is a summary of revenues and expenses related to funding received from Public Health Agency of Canada for the year ended March 31, 2016:

Revenue	
Safe & Understood project funding	<u>\$ 198,370</u>
Expenses	
Salaries	132,612
Administration	29,491
Program	14,133
Benefits	11,432
Staff travel and training	<u>10,702</u>
	<u>198,370</u>
Excess of revenue over expenses	<u>\$ -</u>

CHILD DEVELOPMENT INSTITUTE

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2016

8. ONTARIO EARLY YEARS CENTRES (OEYC) PROGRAM

The organization has a service agreement with the Ontario Ministry of Education to support OEYC programming. The following is a summary of OEYC revenue and expenses for the year:

	2016	2015
Revenue		
Ontario Ministry of Education funding (note 5)	\$ 485,952	\$ 485,952
Other	<u>4,950</u>	<u>3,630</u>
Total revenue	<u>490,902</u>	<u>489,582</u>
Total expenses	<u>490,902</u>	<u>489,582</u>
Excess of revenue over expenses	<u>\$ -</u>	<u>\$ -</u>

9. FINANCIAL INSTRUMENTS AND RELATED FINANCIAL RISKS

The organization's financial instruments include cash, short-term investments, amounts receivable, due from CDI Foundation, accounts payable and accrued liabilities.

Short-term investments are guaranteed investment certificates, which are recorded at cost plus accrued interest income, which approximates fair market value. Amounts receivable, due from CDI Foundation, accounts payable and accrued liabilities are initially recorded at fair value and are subsequently recorded net of any provisions for impairment in value.

It is management's opinion that the organization's financial instruments are not exposed to significant financial risks and that existing cash balances and cash flows generated from operations are sufficient to meet the organization's financial liabilities. Fluctuations in market interest rates do not affect future cash flows from the organization's guaranteed investment certificates.

10. EMPLOYEE PENSION COSTS

Included in employee benefits expense are payments made to a defined contribution pension plan for the organization's employees. The organization does not provide or contribute to a defined benefit pension plan and therefore has no unfunded obligations related thereto.

11. LEASE COMMITMENTS

Child Development Institute rents space for programming and administration. Minimum lease payments over the next five years are as follows:

2017	\$ 455,783
2018	418,477
2019	327,228
2020	79,037
2021	79,037

CHILD DEVELOPMENT INSTITUTE

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2016

12. INDUSTRY CHANGES

The Ontario Ministry of Children and Youth Services (the Ministry) has announced their intention to transform the way community based mental health services are delivered to children and youth in Ontario. Key to this transformation initiative is the move toward the implementation of Lead Agencies in 33 Service Delivery Areas across the province. These Lead Agencies will be responsible for working with local child and youth mental health providers and other community partners to determine how best to serve children, youth and families.

The Lead Agency selected for the Toronto area is East Metro Youth Services. Over the coming months East Metro Youth Services will begin its planning work to transition to the new model. However, full implementation of the new model will not take place for two to three years. In the interim, The Ministry has announced there will be no changes to the operations of current service providers. As full details of the program are not yet known it is uncertain what impact, if any, introduction of the transformation of children's mental health services in Ontario will have on the future programs and operations of the Child Development Institute over the medium and long term.

CHILD DEVELOPMENT INSTITUTE

SCHEDULE 1: OPERATING REVENUE AND EXPENSES

FOR THE YEAR ENDED MARCH 31, 2016

				2016	2015
	Operating	Special needs	Childcare (see schedule 2)	Total	Total
REVENUE					
Government grants (note 5)	\$ 8,830,873	\$ 742,402	\$ 661,644	\$ 10,234,919	\$ 9,554,093
Childcare					
Fee subsidy	-	-	4,062,192	4,062,192	3,416,961
Parent fees	-	-	1,174,021	1,174,021	966,857
Earned income	896,863	-	-	896,863	521,409
Donations from CDI Foundation	865,859	-	-	865,859	747,936
United Way	394,837	-	-	394,837	389,137
Donations and other	<u>222,116</u>	<u>-</u>	<u>185</u>	<u>222,301</u>	<u>614,922</u>
	<u>11,210,548</u>	<u>742,402</u>	<u>5,898,042</u>	<u>17,850,992</u>	<u>16,211,315</u>
EXPENSES					
Salaries	7,342,492	473,767	4,193,474	12,009,733	10,981,034
Program	1,303,653	37,765	426,330	1,767,748	1,466,793
Employee benefits	1,062,132	105,184	569,724	1,737,040	1,582,608
Building occupancy	764,461	55,648	416,698	1,236,807	1,387,924
Administration	542,222	53,991	65,009	661,222	721,911
Staff training and travel	182,440	16,047	20,944	219,431	189,253
Amortization	<u>7,815</u>	<u>-</u>	<u>11,600</u>	<u>19,415</u>	<u>6,879</u>
	<u>11,205,215</u>	<u>742,402</u>	<u>5,703,779</u>	<u>17,651,396</u>	<u>16,336,402</u>
EXCESS OF REVENUE OVER EXPENSES FROM OPERATIONS FOR THE YEAR	<u>\$ 5,333</u>	<u>\$ -</u>	<u>\$ 194,263</u>	<u>\$ 199,596</u>	<u>\$ (125,087)</u>

CHILD DEVELOPMENT INSTITUTE

SCHEDULE 2: OPERATIONS BY LICENSED CHILD CARE CENTRE

FOR THE YEAR ENDED MARCH 31, 2016

	Annex ELC	Parkdale ELC	Wellesley ELC	Windermere ELC	Fraser Mustard ELC	Total
REVENUE						
Childcare fees	\$ 392,175	\$ 765,972	\$ 987,202	\$ 345,169	\$1,571,674	\$ 4,062,192
Fee subsidy	375,008	75,729	44,529	606,624	72,131	1,174,021
Parent fees	767,183	841,701	1,031,731	951,793	1,643,805	5,236,213
Total childcare fees						
TCS Grants						
Wage subsidy	163,338	129,535	113,209	48,310	147,892	602,284
Other one-time funding	880	18,831	26,430	1,600	11,619	59,360
Total childcare grants (note 5)	164,218	148,366	139,639	49,910	159,511	661,644
Donations and other	56	-	63	66	-	185
Total childcare revenue	931,457	990,067	1,171,433	1,001,769	1,803,316	5,898,042
EXPENSES						
Salaries	701,163	684,293	862,496	779,747	1,165,775	4,193,474
Employee benefits	94,344	93,583	129,390	106,913	145,494	569,724
Program	65,640	57,219	86,232	76,056	141,183	426,330
Building occupancy (note 4)	106,801	150,320	41,666	21,274	96,637	416,698
Administration	14,755	11,593	12,901	11,219	14,541	65,009
Staff training and travel	1,182	1,559	1,346	2,416	14,441	20,944
Amortization	-	-	-	-	11,600	11,600
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR	\$ (52,428)	\$ (8,500)	\$ 37,402	\$ 4,144	\$ 213,645	\$ 194,263