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

FINANCIAL STATEMENTS

MARCH 31, 2014

INDEPENDENT AUDITOR'S REPORT

To the Members,
Child Development Institute

Report on the Financial Statements

We have audited the accompanying financial statements of Child Development Institute, which comprise the statement of financial position as at March 31, 2014, 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 as at March 31, 2014, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Cowperthwaite Mehta

Chartered Accountants
Licensed Public Accountants

May 27, 2014
Toronto, Ontario

CHILD DEVELOPMENT INSTITUTE

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2014

				2014	2013
	Operating	Special	Capital	Total	Total
ASSETS					
Current assets					
Cash	\$ 730,722	\$	\$	\$ 730,722	\$ 939,893
Guaranteed investment certificates	503,375	637,245		1,140,620	1,133,195
Amounts receivable	389,992			389,992	287,628
Prepaid expenses	<u>52,999</u>			<u>52,999</u>	<u>28,276</u>
	1,677,088	637,245		2,314,333	2,388,992
Capital assets (note 5)	<u>14,695</u>		<u>341,960</u>	<u>356,655</u>	<u>382,101</u>
	<u>\$1,691,783</u>	<u>\$ 637,245</u>	<u>\$ 341,960</u>	<u>\$2,670,988</u>	<u>\$2,771,093</u>
LIABILITIES AND NET ASSETS					
Current liabilities					
Accounts payable and accrued liabilities	\$ 672,132	\$	\$	\$ 672,132	\$ 634,444
Deferred revenue (note 6)	587,449			587,449	851,289
Due to CDI Foundation (note 4)	<u>82,490</u>			<u>82,490</u>	
	1,342,071			1,342,071	1,485,733
Deferred capital grant			<u>222,480</u>	<u>222,480</u>	<u>228,660</u>
	<u>1,342,071</u>		<u>222,480</u>	<u>1,564,551</u>	<u>1,714,393</u>
Net assets					
Invested in capital assets	14,695		119,480	134,175	153,441
Unrestricted	<u>335,017</u>	<u>637,245</u>		<u>972,262</u>	<u>903,259</u>
	<u>349,712</u>	<u>637,245</u>	<u>119,480</u>	<u>1,106,437</u>	<u>1,056,700</u>
	<u>\$1,691,783</u>	<u>\$ 637,245</u>	<u>\$ 341,960</u>	<u>\$2,670,988</u>	<u>\$2,771,093</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, 2014

				2014	2013
	Operating	Special	Capital	Total	Total
NET ASSETS, BEGINNING OF YEAR	\$ 291,637	\$ 633,195	\$ 131,868	\$1,056,700	\$1,068,393
Excess of revenue over expenses	51,687	4,050	(6,000)	49,737	(11,693)
Inter-fund transfers	<u>6,388</u>	<u> </u>	<u>(6,388)</u>	<u>nil</u>	<u>nil</u>
NET ASSETS , END OF YEAR	<u>\$ 349,712</u>	<u>\$ 637,245</u>	<u>\$ 119,480</u>	<u>\$1,106,437</u>	<u>\$1,056,700</u>

see accompanying notes

CHILD DEVELOPMENT INSTITUTE

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2014

				2014	2013
	Operating (see schedule)	Special	Capital	Total	Total
REVENUE					
Grants (note 7)	\$ 7,716,604	\$	\$	\$ 7,716,604	\$ 7,555,260
Childcare	4,581,095			4,581,095	4,403,820
Donations from CDI					
Foundation (note 4)	796,429			796,429	634,617
United Way	389,137			389,137	389,142
Donations and other	359,007	4,050	6,180	369,237	362,452
Earned income	<u>159,730</u>			<u>159,730</u>	<u>236,101</u>
	<u>14,002,002</u>	<u>4,050</u>	<u>6,180</u>	<u>14,012,232</u>	<u>13,581,392</u>
EXPENSES					
Salaries	9,829,904			9,829,904	9,644,854
Employee benefits (note 10)	1,386,855			1,386,855	1,339,956
Program	1,368,954			1,368,954	1,271,880
Building occupancy (note 4)	946,678			946,678	865,678
Administration	231,297			231,297	255,465
Staff training and travel	164,270			164,270	170,193
Donation to CDI					
Foundation (note 4)	9,091			9,091	
Amortization	<u>13,266</u>		<u>12,180</u>	<u>25,446</u>	<u>45,059</u>
	<u>13,950,315</u>		<u>12,180</u>	<u>13,962,495</u>	<u>13,593,085</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR					
	<u>\$ 51,687</u>	<u>\$ 4,050</u>	<u>\$ (6,000)</u>	<u>\$ 49,737</u>	<u>\$ (11,693)</u>

see accompanying notes

CHILD DEVELOPMENT INSTITUTE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2014

	2014	2013
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	\$ 49,737	\$ (11,693)
Adjustments for items not involving cash		
Deferred capital grant recognized	(6,180)	(6,180)
Amortization	25,446	45,059
Net change in non-cash working capital items (see below)	<u>(270,749)</u>	<u>538,509</u>
Net cash generated from (used for) operating activities	(201,746)	565,695
INVESTING ACTIVITIES		
Purchase of guaranteed investment certificates	<u>(7,425)</u>	<u>(33,985)</u>
NET INCREASE (DECREASE) IN CASH FOR THE YEAR	(209,171)	531,710
Cash, beginning of year	<u>939,893</u>	<u>408,183</u>
CASH, END OF YEAR	<u><u>\$ 730,722</u></u>	<u><u>\$ 939,893</u></u>

Net change in non-cash working capital items:

Decrease (increase) in current assets-		
Amounts receivable	\$ (102,364)	\$ 117,001
Prepaid expenses	(24,723)	(8,163)
Increase (decrease) in current liabilities-		
Accounts payable and accrued liabilities	37,688	119,135
Deferred revenue	(263,840)	310,536
Due to CDI Foundation	<u>82,490</u>	<u> </u>
	<u>\$ (270,749)</u>	<u>\$ 538,509</u>
Interest received in year	<u>\$ 5,786</u>	<u>\$ 3,466</u>

see accompanying notes

CHILD DEVELOPMENT INSTITUTE

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2014

THE ORGANIZATION

Child Development Institute is incorporated as EarlsCourt-Crèche Child Development Institute, a not-for-profit organization 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 child development, with a focus on families of children from birth to age 12.

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:

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.

Guaranteed investment certificates

The organization carries guaranteed investment certificates at cost plus accrued interest income which approximates fair market value.

Capital assets

All costs relating to the acquisition of land, buildings, furniture and equipment and major improvements thereto are recorded in the financial statements at cost. Capital assets are amortized over estimated economic useful lives as follows:

Buildings and improvements	- 2.5% straight-line basis
Furniture and equipment	- 20% straight-line basis
Automobile	- 20% 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 revenue 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.

CHILD DEVELOPMENT INSTITUTE

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2014

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

The organization follows the deferral method of revenue recognition. Under the deferral method, amounts received in the year for expenses to be incurred in the following year are recorded as deferred revenue. The organization's principal sources of revenue and their recognition in these financial statements are as follows:

- i) Unrestricted grants are recognized as revenue when they are received or receivable if the amount received can be reasonably estimated and collection is reasonably assured. Restricted grants and donations are recognized as revenue in the year in which the related expenses are incurred. Assistance related to the purchase of capital assets is recorded as revenue in the same period the related capital assets are charged to operations.
- ii) Unrestricted donations are recognized as revenue in the year they are received. Pledges are not recorded as revenue. Donated materials and services which are normally purchased by the organization are not recorded in the accounts.
- iii) Interest income is recognized as revenue when earned.
- iv) Fees paid by parents and parent fees subsidized by the Toronto Children's Services (TCS) are recognized when services are performed. Related expenses are recorded when goods or services are consumed.
- v) Toronto Children's Services funding related to current expenditures, comprising primarily grants to supplement salaries, is reflected in the accounts as revenue in the current year.

2. GUARANTEED INVESTMENT CERTIFICATES

Guaranteed investment certificates are issued by a major Canadian chartered bank, bear interest rates ranging from 1.30% to 1.60% and mature within one year.

3. FINANCIAL INSTRUMENTS AND RELATED FINANCIAL RISKS

The organization's financial instruments include cash, guaranteed investment certificates, amounts receivable and accounts payable and accrued liabilities. The following are those financial instruments and related financial risks considered particularly significant:

- i) The organization minimizes the likelihood of uncollected revenue, including grants, program fees and fees from parents for childcare, by regularly monitoring accounts receivable.
- ii) Fluctuations in market interest rates do not affect future cash flows from the organization's fixed rate guaranteed investments certificates.
- iii) Existing cash balances and cash flows generated from operations are sufficient to meet the organization's financial liabilities.

It is management's opinion that the organization's financial instruments are not exposed to significant financial risks.

CHILD DEVELOPMENT INSTITUTE

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2014

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.

During the year, \$9,091 was donated from Child Development Institute to CDI Foundation (no amounts donated by Child Development Institute to CDI Foundation in 2013).

The following is a continuity of deferred funding from CDI Foundation for the year:

Deferred CDIF funding, beginning of year	\$ 372,706	\$ 107,460
Add cash received from CDIF in the year	506,360	899,863
Deferred revenue reclassified to Due to CDIF	(82,490)	
Less CDIF donation revenue recognized	<u>(796,429)</u>	<u>(634,617)</u>
Deferred CDIF funding, end of year	<u>\$ 147</u>	<u>\$ 372,706</u>

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, 2014 (\$90,688 for the year ended March 31, 2013). Rent charged is based on an amount negotiated with CDI Foundation.

As at March 31, 2014, \$82,490 was payable to CDI Foundation (no amounts were payable to or receivable from CDI Foundation as at March 31, 2013)

The inter-fund 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, 2014 and for the year then ended is as follows:

	2014	2013
Summary of financial position as at March 31		
Total assets	\$ 7,356,948	\$ 6,786,256
Total liabilities	<u>(17,000)</u>	<u>(9,507)</u>
Net assets	<u>\$ 7,339,948</u>	<u>\$ 6,776,749</u>
Restrictions on net assets are as follows:		
Externally restricted funds	\$ 2,292,703	\$ 1,911,611
Internally restricted funds	1,708,968	1,433,861
Capital funds	<u>3,338,277</u>	<u>3,431,277</u>
	<u>\$ 7,339,948</u>	<u>\$ 6,776,749</u>

CHILD DEVELOPMENT INSTITUTE

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2014

4. CONTROLLED ORGANIZATION (continued)

Summary of results of operations for the year ended March 31

Total revenue	\$ 1,248,142	\$ 543,889
Total expenses	<u>(684,943)</u>	<u>(1,043,529)</u>
Excess of revenue over expenses for the year	<u>\$ 563,199</u>	<u>\$ (499,640)</u>

Summary of cash flows for the year ended March 31

Cash generated from (used for) operations	\$ 579,615	\$ (555,595)
Cash generated from (used for) investing and financing activities	<u>(269,909)</u>	<u>591,045</u>
Net increase in cash for the year	<u>\$ 309,706</u>	<u>\$ 35,450</u>

5. CAPITAL ASSETS

Capital assets, recorded at cost, are as follows:

	Cost	Accumulated Amortization	2014 Net	2013 Net
Operating				
Automobile	<u>\$ 33,665</u>	<u>\$ (18,970)</u>	<u>\$ 14,695</u>	<u>\$ 21,573</u>
Capital - St. Clair Gardens				
Land	\$ 34,989		\$ 34,989	\$ 34,989
Building	<u>485,585</u>	<u>\$ (178,614)</u>	<u>306,971</u>	<u>319,151</u>
	<u>\$ 520,574</u>	<u>(178,614)</u>	341,960	354,140
Leasehold improvements, net			<u>nil</u>	<u>6,388</u>
			<u>\$ 341,960</u>	<u>\$ 360,528</u>

6. DEFERRED REVENUE

Deferred revenue at March 31 comprises:

	2014	2013
City of Toronto		
Special Needs Resourcing 2014-2015	\$ 176,989	\$
Special Needs Resourcing 2013-2014		125,590
Toronto Children's Services Wage Subsidy	125,426	
SNAP ORP Youth project	67,232	139,927
Centre for Children Committing Offences (CCCO)	6,277	199,026
Other	<u>211,525</u>	<u>386,746</u>
	<u>\$ 587,449</u>	<u>\$ 851,289</u>

CHILD DEVELOPMENT INSTITUTE

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2014

7. GOVERNMENT GRANTS

Government grants recognized in the year were as follows:

	2014	2013
Operating		
Federal government		
Department of Justice Canada	\$ 201,315	\$ 180,825
Human Resource Skills Development Canada	<u>21,063</u>	<u>21,636</u>
	<u>222,378</u>	<u>202,461</u>
Provincial government		
Ministries of Community and Social Services, Children and Youth Services and Community Safety and Correctional Services		
Core - non-residential	5,688,707	5,688,707
One-time funding - non-residential (note 8)	<u>688,898</u>	<u>576,138</u>
	<u>6,377,605</u>	<u>6,264,845</u>
Total operating government grants	<u>6,599,983</u>	<u>6,467,306</u>
Special Needs		
City of Toronto		
Special Needs Resourcing	555,202	500,968
Wage Enhancement	<u>19,908</u>	<u>19,908</u>
Total special needs government grants	<u>575,110</u>	<u>520,876</u>
Childcare		
Provincial government		
Ministry of Children and Youth Services	23,701	23,701
City of Toronto		
Annex ELC	159,215	172,613
Cabbagetown ELC	137,051	136,235
Parkdale ELC	112,887	125,112
Wellesley ELC	87,844	87,844
Windermere ELC	<u>20,813</u>	<u>21,573</u>
Total childcare government grants	<u>541,511</u>	<u>567,078</u>
	<u>\$ 7,716,604</u>	<u>\$ 7,555,260</u>

CHILD DEVELOPMENT INSTITUTE

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2014

8. 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:

	2014
Revenue	
Ministry of Children and Youth Services grant	\$ <u>272,709</u>
Expenses	
Program	137,995
Consultants	65,000
Salaries	46,149
Benefits	16,065
Administration	<u>7,500</u>
	<u>272,709</u>
Excess of revenue over expenses	\$ <u>nil</u>

9. LEASE COMMITMENTS

Child Development Institute rents space for programs. Minimum lease payments over the terms of the leases are as follows:

2015	\$ 266,058
2016	137,662
2017	45,894
2018	45,894

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 does not have any unfunded obligations related thereto.

11. SUBSEQUENT EVENT

The Board of Directors of Child Development Institute (CDI) has reached an agreement to amalgamate the operations of CDI with Integra Foundation, a charitable not-for-profit organization providing children's mental health services in Toronto, effective July 1, 2014. Gross revenue of Integra Foundation for the year ended March 31, 2014, primarily from the Ontario Ministry of Children and Youth Services, was approximately \$2 million.

CHILD DEVELOPMENT INSTITUTE
SCHEDULE OF OPERATING REVENUE AND EXPENSES
FOR THE YEAR ENDED MARCH 31, 2014

	2014			2013	
	Operating	Special needs	Childcare (see schedule)	Total	Total
REVENUE					
Grants (note 7)	\$ 6,599,983	\$ 575,110	\$ 541,511	\$ 7,716,604	\$ 7,555,260
Childcare					
Fee subsidy			3,591,193	3,591,193	3,406,511
Parent fees			989,902	989,902	997,309
Donations from CDI Foundation	796,429			796,429	634,617
United Way	389,137			389,137	389,142
Donations and other	317,804		41,203	359,007	350,678
Earned income	<u>159,730</u>			<u>159,730</u>	<u>236,101</u>
	<u>8,263,083</u>	<u>575,110</u>	<u>5,163,809</u>	<u>14,002,002</u>	<u>13,569,618</u>
EXPENSES					
Salaries	5,779,360	397,504	3,653,040	9,829,904	9,644,854
Employee benefits	852,658	73,843	460,354	1,386,855	1,339,956
Program	944,540	10,693	413,721	1,368,954	1,271,880
Building occupancy	404,829	32,853	508,996	946,678	865,678
Administration	110,440	49,094	71,763	231,297	255,178
Staff training and travel	139,445	11,123	13,702	164,270	170,193
Donation to CDI Foundation	9,091			9,091	
Amortization	<u>6,878</u>		<u>6,388</u>	<u>13,266</u>	<u>21,879</u>
	<u>8,247,241</u>	<u>575,110</u>	<u>5,127,964</u>	<u>13,950,315</u>	<u>13,569,618</u>
EXCESS OF REVENUE OVER EXPENSES FROM OPERATIONS FOR THE YEAR					
	<u>\$ 15,842</u>	<u>\$ nil</u>	<u>\$ 35,845</u>	<u>\$ 51,687</u>	<u>\$ nil</u>

CHILD DEVELOPMENT INSTITUTE

SCHEDULE OF OPERATIONS BY LICENSED CENTRE

FOR THE YEAR ENDED MARCH 31, 2014

	Annex ELC	Cabbagetown ELC	Parkdale ELC	Wellesley ELC	Windermere ELC	Fraser ELC	Mustard B&A	Total
REVENUE								
Childcare fees								
Fee subsidy	\$ 427,443	\$ 875,738	\$ 761,129	\$ 918,608	\$ 521,289	\$	\$ 86,986	\$ 3,591,193
Parent fees	<u>461,945</u>	<u>83,639</u>	<u>56,344</u>	<u>46,124</u>	<u>329,481</u>		<u>12,369</u>	<u>989,902</u>
Total childcare fees	<u>889,388</u>	<u>959,377</u>	<u>817,473</u>	<u>964,732</u>	<u>850,770</u>		<u>99,355</u>	<u>4,581,095</u>
TCS Grants								
Wage subsidy	149,107	135,796	108,912	87,044	20,813			501,672
Other one-time funding	10,108	1,255	3,975	800				16,138
MCSS/MCYS		<u>23,701</u>						<u>23,701</u>
Total childcare grants (note 7)	<u>159,215</u>	<u>160,752</u>	<u>112,887</u>	<u>87,844</u>	<u>20,813</u>			<u>541,511</u>
Donations and other	<u>4,375</u>			<u>1,000</u>	<u>35,828</u>			<u>41,203</u>
Total childcare revenue	<u>1,052,978</u>	<u>1,120,129</u>	<u>930,360</u>	<u>1,053,576</u>	<u>907,411</u>		<u>99,355</u>	<u>5,163,809</u>
EXPENSES								
Salaries	704,649	768,219	624,754	804,303	689,113		62,002	3,653,040
Employee benefits	86,078	89,385	85,391	110,482	81,791		7,227	460,354
Building occupancy	103,939	213,376	120,328	53,114	17,484		755	508,996
Program	78,124	68,741	55,628	62,844	68,419	70,553	9,412	413,721
Administration	16,406	15,209	11,135	14,225	13,720	157	911	71,763
Staff training and travel	3,416	2,926	2,277	2,338	2,564		181	13,702
Amortization		<u>6,388</u>						<u>6,388</u>
	<u>992,612</u>	<u>1,164,244</u>	<u>899,513</u>	<u>1,047,306</u>	<u>873,091</u>	<u>70,710</u>	<u>80,488</u>	<u>5,127,964</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR								
	<u>\$ 60,366</u>	<u>\$ (44,115)</u>	<u>\$ 30,847</u>	<u>\$ 6,270</u>	<u>\$ 34,320</u>	<u>\$ (70,710)</u>	<u>\$ 18,867</u>	<u>\$ 35,845</u>