
**CHILD DEVELOPMENT INSTITUTE
FOUNDATION**

FINANCIAL STATEMENTS

MARCH 31, 2014

INDEPENDENT AUDITOR'S REPORT

To the Members,
Child Development Institute Foundation

Report on the Financial Statements

We have audited the accompanying financial statements of Child Development Institute Foundation 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 Foundation 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.

Conperthwaite Mehta

Chartered Accountants
Licensed Public Accountants

May 27, 2014
Toronto, Ontario

CHILD DEVELOPMENT INSTITUTE FOUNDATION

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2014

				2014	2013
	Restricted Funds	Board Funds	Capital Funds	Total	Total
ASSETS					
Current assets					
Cash	\$	\$ 537,266	\$	\$ 537,266	\$ 227,560
Short-term investments (note 5)	2,049,710	1,346,356		3,396,066	3,126,157
Sales tax recoverable		2,849		2,849	1,262
Due from (to) funds (note 4)	287,923	(287,923)		nil	nil
Due from Child Development Institute (note 4)		82,490		82,490	nil
	2,337,633	1,681,038		4,018,671	3,354,979
Capital assets (note 6)			3,338,277	3,338,277	3,431,277
	<u>\$2,337,633</u>	<u>\$1,681,038</u>	<u>\$3,338,277</u>	<u>\$7,356,948</u>	<u>\$6,786,256</u>
LIABILITIES AND NET ASSETS					
Current liabilities					
Accounts payable and accrued liabilities	\$	\$ 17,000	\$	\$ 17,000	\$ 9,507
Net assets					
Wimodausis Children's Endowment Fund (note 7)	428,082			428,082	380,639
CDI Research Fund (note 8)	1,457,402			1,457,402	1,426,041
Family Violence Fund (note 8)	196,002			196,002	74,929
SNAP and Other Funds (note 8)	256,147			256,147	36,881
Special Fund (note 9)		1,205,501		1,205,501	1,087,523
Operating Fund (note 9)		458,537		458,537	339,459
Invested in capital assets			3,338,277	3,338,277	3,431,277
	<u>2,337,633</u>	<u>1,664,038</u>	<u>3,338,277</u>	<u>7,339,948</u>	<u>6,776,749</u>
	<u>\$2,337,633</u>	<u>\$1,681,038</u>	<u>\$3,338,277</u>	<u>\$7,356,948</u>	<u>\$6,786,256</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, 2014

				2014	2013
	Restricted Funds	Board Funds	Capital Funds	Total	Total
REVENUE					
Donations and fundraising	\$ 448,639	\$ 257,281	\$	\$ 705,920	\$ 197,560
Investment income	283,480	168,054		451,534	255,641
Rental income (note 4)			90,688	90,688	90,688
	<u>732,119</u>	<u>425,335</u>	<u>90,688</u>	<u>1,248,142</u>	<u>543,889</u>
EXPENSES					
Donation to Child Development Institute (note 4)	310,476	176,026		486,502	901,863
Administration		61,118		61,118	11,873
Fundraising		32,220		32,220	16,488
Professional fees		9,603		9,603	9,507
Other donations	2,500			2,500	2,500
Mortgage interest					8,298
Amortization			93,000	93,000	93,000
	<u>312,976</u>	<u>278,967</u>	<u>93,000</u>	<u>684,943</u>	<u>1,043,529</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	419,143	146,368	(2,312)	563,199	(499,640)
Net assets, beginning of year	1,918,490	1,426,982	3,431,277	6,776,749	7,276,389
Inter-fund transfers during year		90,688	(90,688)	nil	nil
NET ASSETS, END OF YEAR	<u>\$2,337,633</u>	<u>\$1,664,038</u>	<u>\$3,338,277</u>	<u>\$7,339,948</u>	<u>\$6,776,749</u>

see accompanying notes

CHILD DEVELOPMENT INSTITUTE FOUNDATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2014

	2014	2013
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	\$ 563,199	\$ (499,640)
Adjustments for items not involving cash		
Deduct net unrealized gains on investments	(318,382)	(157,663)
Add amortization	93,000	93,000
Net change in non-cash working capital items (see below)	<u>(76,584)</u>	<u>8,708</u>
Net cash generated from (used for) operating activities	<u>261,233</u>	<u>(555,595)</u>
FINANCING ACTIVITIES		
Mortgage principal payments in year	<u> </u>	<u>(83,412)</u>
INVESTING ACTIVITIES		
Net redemption (purchase) of managed funds	(20,428)	653,434
Net redemption of guaranteed investment certificates	<u>68,901</u>	<u>21,023</u>
Net cash generated from (used for) investing activities	<u>48,473</u>	<u>674,457</u>
NET INCREASE IN CASH FOR THE YEAR	309,706	35,450
Cash, beginning of year	<u>227,560</u>	<u>192,110</u>
CASH, END OF YEAR	<u>\$ 537,266</u>	<u>\$ 227,560</u>
Net change in non-cash working capital items:		
Decrease (increase) in current assets-		
Sales tax recoverable	\$ (1,587)	\$ 8,501
Due from Child Development Institute	(82,490)	
Increase (decrease) in current liabilities-		
Accounts payable and accrued liabilities	<u>7,493</u>	<u>207</u>
	<u>\$ (76,584)</u>	<u>\$ 8,708</u>
Interest received in the year	<u>\$ 1,682</u>	<u>\$ 1,777</u>
Interest paid in the year	<u>\$ nil</u>	<u>\$ 8,298</u>

see accompanying notes

CHILD DEVELOPMENT INSTITUTE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2014

Child Development Institute Foundation (the Foundation) is incorporated as a not-for-profit foundation under the Canada Corporations Act without share capital.

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 by the donor. Fund groupings are as follows:

Restricted Funds

Donations with externally imposed restrictions are classified as Restricted Funds (see note 8). Donations of which the capital is not available to the Foundation are further classified as endowments within the restricted fund category (see note 7).

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 Foundation follows the restricted fund method of revenue recognition whereby donations and other contributions are recorded as revenue in the period received. The principal sources of revenue and their recognition in these financial statements are as follows:

- i) Donations related to the purchase of capital assets are recognized as revenue in the same period the related assets are charged to operations. 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 are 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, straight-line basis

CHILD DEVELOPMENT INSTITUTE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2014

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 organization's financial instruments include cash, short-term investments and accounts payable and accrued liabilities. Cash is measured at fair value. Managed funds traded in an active market are measured at fair value. Guaranteed investment certificates and term deposits are measured at fair value calculated at original purchase price plus accrued interest. All other financial instruments are recorded at cost.

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 or 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 organization expects to meet its financial obligations for accounts payable and accrued liabilities through cash flows from operations.

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

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, 2014 (\$90,688 for the year ended March 31, 2013). Rent charged is based on amounts negotiated with Child Development Institute.

During the year the Foundation donated \$486,502 to CDI (\$901,863 in fiscal 2013).

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, 2014

5. SHORT-TERM INVESTMENTS

Short-term investments at March 31 were as follows:

	2014	2013
Guaranteed investment certificates	\$ 177,150	\$ 246,051
Managed funds	<u>3,218,916</u>	<u>2,880,106</u>
	<u>\$ 3,396,066</u>	<u>\$ 3,126,157</u>

Short-term investments comprise guaranteed investment certificates with a major Canadian chartered bank with interest rates between 1.1% and 1.35%, and maturing in March 2015.

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

6. CAPITAL ASSETS

Capital assets at March 31 are as follows:

	Cost	Accumulated Amortization	2014 Net	2013 Net
Land	\$ 352,632		\$ 352,632	\$ 352,632
Buildings	<u>5,117,979</u>	<u>\$(2,132,334)</u>	<u>2,985,645</u>	<u>3,078,645</u>
	<u>\$ 5,470,611</u>	<u>\$(2,132,334)</u>	<u>\$ 3,338,277</u>	<u>\$ 3,431,277</u>

7. WIMODAUISIS CHILDREN'S ENDOWMENT FUND

Capital donated to the Wimodausis Children's Endowment Fund is not available for use by the Foundation. Investment income earned on capital is to be used for funding operations of Camp Wimodausis. Investment 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:

	2014	2013
Wimodausis Children's Endowment Fund, beginning of year	\$ 380,639	\$ 353,437
Investment income earned	59,363	34,048
Transfer to the Camp Wimodausis Fund (note 8)	<u>(11,920)</u>	<u>(6,846)</u>
Wimodausis Children's Endowment Fund, end of year	<u>\$ 428,082</u>	<u>\$ 380,639</u>

CHILD DEVELOPMENT INSTITUTE FOUNDATION

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MARCH 31, 2014

8. 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.

FVS Sprott Asset Management Fund (Family Violence Fund) - In accordance with donor intent and stipulations, funds are to be directed to family violence services.

SNAP and other funds

1) **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.

2) **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.

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

Activity in the restricted funds for the year was as follows:

	CDI Research Fund	Family Violence	SNAP and Other	2014 Total	2013 Total
Restricted Funds, beginning of year	<u>\$1,426,041</u>	<u>\$ 74,929</u>	<u>\$ 36,881</u>	<u>\$1,537,851</u>	<u>\$1,893,438</u>
Add donations received from CDI		132,654		132,654	
Donations received from others			315,985	315,985	18,050
Investment income earned	223,074	919	124	224,117	110,138
Less donations to CDI and program disbursements	(191,713)	(12,500)	(106,263)	(310,476)	(745,113)
Less other donations			(2,500)	(2,500)	(2,500)
Excess of revenue over expenses	31,361	121,073	207,346	359,780	(619,425)
Transfer from endowment fund (see note 7)			11,920	11,920	6,846
Transfer from special fund (see note 9)					<u>256,992</u>
Restricted Funds, end of year	<u>\$1,457,402</u>	<u>\$ 196,002</u>	<u>\$ 256,147</u>	<u>\$1,909,551</u>	<u>\$1,537,851</u>

CHILD DEVELOPMENT INSTITUTE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2014

9. BOARD FUNDS

Funds have been designated by the Board of Directors of the Foundation to be used as follows:

Special Fund - The Special Fund is to be used for funding special programs or for purposes as directed by the Board of Directors of the Foundation.

Operating Fund - The Operating Fund is to be used to meet the basic operating requirements of the Foundation.

Activity in the Board designated funds for the year was as follows:

	Special Fund	Operating Fund	2014 Total	2013 Total
Board Funds, beginning of year	<u>\$ 1,087,523</u>	<u>\$ 339,459</u>	<u>\$ 1,426,982</u>	<u>\$ 1,569,083</u>
Add donations received		257,281	257,281	179,510
Add investment income earned	166,372	1,682	168,054	111,455
Less expenses incurred		(102,941)	(102,941)	(37,868)
Less donations to CDI	<u>(48,394)</u>	<u>(127,632)</u>	<u>(176,026)</u>	<u>(156,750)</u>
Excess of revenue over expenses	117,978	28,390	146,368	96,347
Transfer to Camp Fund (note 8)				(256,992)
Transfer from (to) Capital Fund	<u> </u>	<u>90,688</u>	<u>90,688</u>	<u>18,544</u>
Board Funds, end of year	<u>\$ 1,205,501</u>	<u>\$ 458,537</u>	<u>\$ 1,664,038</u>	<u>\$ 1,426,982</u>

10. SUBSEQUENT EVENT

The Board of Directors of Child Development Institute has reached an agreement to amalgamate its operations 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 Ministry, was approximately \$2 million.

In conjunction with the amalgamation, it is expected that Child Development Institute will transfer the net assets of Integra Foundation to the Child Development Institute Foundation, expected to be approximately \$400,000, to be used primarily for serving children and youth with learning disabilities and their families.

11. INCOME TAX STATUS

The Foundation is exempt from income tax in Canada as a registered charitable public foundation under the Income Tax Act (Canada). 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.