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**CHILD DEVELOPMENT INSTITUTE  
FOUNDATION**

**FINANCIAL STATEMENTS**

**MARCH 31, 2015**

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**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, 2015, 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, 2015, 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

June 8, 2015  
Toronto, Ontario

# CHILD DEVELOPMENT INSTITUTE FOUNDATION

## STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2015

				2015	2014
	Restricted Funds	Board Funds	Capital Funds	Total	Total
<b>ASSETS</b>					
Current assets					
Cash	\$ 195,234	\$ 266,194	\$	\$ 461,428	\$ 537,266
Short-term investments (note 5)	3,106,284	1,533,024		4,639,308	3,396,066
Sales tax recoverable		579		579	2,849
Due from Child Development Institute (note 4)					82,490
	3,301,518	1,799,797		5,101,315	4,018,671
Capital assets (note 6)			3,263,277	3,263,277	3,338,277
	<u>\$3,301,518</u>	<u>\$1,799,797</u>	<u>\$3,263,277</u>	<u>\$8,364,592</u>	<u>\$7,356,948</u>
<b>LIABILITIES AND NET ASSETS</b>					
Current liabilities					
Accounts payable and accrued liabilities	\$	\$ 22	\$	\$ 22	\$ 17,000
Due to Child Development Institute (note 4)		29,099		29,099	
		29,121		29,121	17,000
Net assets					
Wimodausis Children's Endowment Fund (note 7)	451,915			451,915	428,082
CDI Research Fund (note 8)	1,449,202			1,449,202	1,457,402
Family Violence Fund (note 8)	410,495			410,495	196,002
SNAP and other funds (note 8)	989,906			989,906	256,145
Special Fund (note 9)		1,177,805		1,177,805	1,205,501
Operating Fund (note 9)		592,871		592,871	458,539
Invested in capital assets			3,263,277	3,263,277	3,338,277
	<u>3,301,518</u>	<u>1,770,676</u>	<u>3,263,277</u>	<u>8,335,471</u>	<u>7,339,948</u>
	<u>\$3,301,518</u>	<u>\$1,799,797</u>	<u>\$3,263,277</u>	<u>\$8,364,592</u>	<u>\$7,356,948</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, 2015

				2015	2014
	Restricted Funds	Board Funds	Capital Funds	Total	Total
<b>REVENUE</b>					
Donations and fundraising	\$ 932,094	\$ 170,564	\$	\$1,102,658	\$ 656,570
Investment income	208,705	116,667		325,372	500,884
Rental income (note 4)		90,688		90,688	90,688
	<u>1,140,799</u>	<u>377,919</u>	<u></u>	<u>1,518,718</u>	<u>1,248,142</u>
<b>EXPENSES</b>					
Donation to Child Development Institute (note 4)	497,837	250,099		747,936	486,502
Administration	510	18,496		19,006	61,118
Fundraising		2,688		2,688	32,220
Professional fees					9,603
Other donations	2,500			2,500	2,500
Amortization			75,000	75,000	93,000
	<u>500,847</u>	<u>271,283</u>	<u>75,000</u>	<u>847,130</u>	<u>684,943</u>
<b>EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR</b>	639,952	106,636	(75,000)	671,588	563,199
Net assets, beginning of year	2,337,631	1,664,040	3,338,277	7,339,948	6,776,749
Contributed net assets (note 10)	<u>323,935</u>	<u></u>	<u></u>	<u>323,935</u>	<u></u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$3,301,518</u>	<u>\$1,770,676</u>	<u>\$3,263,277</u>	<u>\$8,335,471</u>	<u>\$7,339,948</u>

see accompanying notes

# CHILD DEVELOPMENT INSTITUTE FOUNDATION

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2015

	2015	2014
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses for the year	\$ 671,588	\$ 563,199
Adjustments for items not involving cash		
Deduct net unrealized gains on investments	(141,004)	(318,382)
Add amortization	75,000	93,000
Net change in non-cash working capital items (see below)	<u>96,881</u>	<u>(76,584)</u>
Net cash generated from (used for) operating activities	<u>702,465</u>	<u>261,233</u>
<b>FINANCING ACTIVITIES</b>		
Contributed net assets	<u>323,935</u>	<u>          </u>
<b>INVESTING ACTIVITIES</b>		
Net redemption (purchase) of managed funds	(757,134)	(20,428)
Net redemption (purchase) of guaranteed investment certificates	<u>(345,104)</u>	<u>68,901</u>
Net cash generated from (used for) investing activities	<u>(1,102,238)</u>	<u>48,473</u>
<b>NET INCREASE (DECREASE) IN CASH FOR THE YEAR</b>	(75,838)	309,706
Cash, beginning of year	<u>537,266</u>	<u>227,560</u>
<b>CASH, END OF YEAR</b>	<u>\$ 461,428</u>	<u>\$ 537,266</u>
Net change in non-cash working capital items:		
Decrease (increase) in current assets-		
Sales tax recoverable	\$ 2,270	\$ (1,587)
Due from Child Development Institute	82,490	(82,490)
Increase (decrease) in current liabilities-		
Accounts payable and accrued liabilities	(16,978)	16,793
Due to Child Development Institute	<u>29,099</u>	<u>(9,300)</u>
	<u>\$ 96,881</u>	<u>\$ (76,584)</u>
Interest received in the year	<u>\$ 2,232</u>	<u>\$ 1,682</u>

see accompanying notes

# CHILD DEVELOPMENT INSTITUTE FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2015

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Child Development Institute Foundation (the Foundation) is incorporated as a not-for-profit foundation under the Canada Not-for-profit 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. 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 be spent by 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 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, 2015

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### 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.

It is management's opinion that the Foundation'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, 2015 (\$90,688 for the year ended March 31, 2014). Rent charged is based on amounts negotiated with Child Development Institute.

During the year the Foundation donated \$747,936 to Child Development Institute (\$486,502 in the year ended March 31, 2014).

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, 2015

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### 5. SHORT-TERM INVESTMENTS

Short-term investments at March 31 were as follows:

	2015	2014
Guaranteed investment certificates	\$ 522,254	\$ 177,150
Managed funds	<u>4,117,054</u>	<u>3,218,916</u>
	<u>\$ 4,639,308</u>	<u>\$ 3,396,066</u>

Short-term investments comprise guaranteed investment certificates with a major Canadian chartered bank with interest rates between 0.85% and 2.25%, and maturing from June 2015 to September 2016.

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	2015 Net	2014 Net
Land	\$ 352,632		\$ 352,632	\$ 352,632
Buildings	<u>5,117,979</u>	<u>\$(2,207,334)</u>	<u>2,910,645</u>	<u>2,985,645</u>
	<u>\$ 5,470,611</u>	<u>\$(2,207,334)</u>	<u>\$ 3,263,277</u>	<u>\$ 3,338,277</u>

### 7. WIMODAUSIS 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:

	2015	2014
Wimodausis Children's Endowment Fund, beginning of year	\$ 428,082	\$ 380,639
Investment income earned	40,728	59,363
Transfer to the Camp Wimodausis Fund (note 8)	<u>(16,895)</u>	<u>(11,920)</u>
Wimodausis Children's Endowment Fund, end of year	<u>\$ 451,915</u>	<u>\$ 428,082</u>

# CHILD DEVELOPMENT INSTITUTE FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2015

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### 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.

**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.
- 4) **Camp Towhee Fund** - In accordance with donor intent and stipulations, funds are to support capital improvements, camp projects and other special needs as required.
- 5) **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.

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

	CDI Research Fund	Family Violence	SNAP and Other	2015 Total	2014 Total
Restricted Funds, beginning of year	<u>\$1,457,402</u>	<u>\$ 196,002</u>	<u>\$ 256,145</u>	<u>\$1,909,549</u>	<u>\$1,537,851</u>
Donations received from CDI					132,654
Donations received from others	25,000	238,010	669,084	932,094	315,974
Investment income earned	157,991	13,983	(3,997)	167,977	224,117
Less donations to CDI and program disbursements	(191,191)	(37,500)	(269,146)	(497,837)	(310,467)
Less other donations			<u>(3,010)</u>	<u>(3,010)</u>	<u>(2,500)</u>
Excess of revenue over expenses	(8,200)	214,493	392,931	599,224	359,778
Transfer from endowment fund (see note 7)			16,895	16,895	11,920
Contributed net assets (see note 9)			<u>323,935</u>	<u>323,935</u>	
Restricted Funds, end of year	<u>\$1,449,202</u>	<u>\$ 410,495</u>	<u>\$ 989,906</u>	<u>\$2,849,603</u>	<u>\$1,909,549</u>

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# CHILD DEVELOPMENT INSTITUTE FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2015

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### 8. RESTRICTED FUNDS (continued)

SNAP and other restricted funds at March 31 were as follows:

	2015	2014
SNAP Campaign	\$ 523,234	\$ 233,735
Camp Towhee Fund	142,361	
Other Integra Foundation legacy funds	296,413	
Caring Award	17,802	20,124
Camp Wimodausis Fund	6,031	2,286
Dr. Aurlick Fund	<u>4,065</u>	<u></u>
SNAP and other restricted funds, end of year	<u>\$ 989,906</u>	<u>\$ 256,145</u>

### 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	2015 Total	2014 Total
Board Funds, beginning of year	<u>\$ 1,205,501</u>	<u>\$ 458,539</u>	<u>\$ 1,664,040</u>	<u>\$ 1,426,982</u>
Add donations received		170,564	170,564	257,283
Add investment income earned	115,430	91,925	207,355	168,054
Less expenses incurred		(21,184)	(21,184)	(102,941)
Less donations to CDI	<u>(143,126)</u>	<u>(106,973)</u>	<u>(250,099)</u>	<u>(176,026)</u>
Excess of revenue over expenses	(27,696)	134,332	106,636	146,370
Transfer from (to) Capital Fund	<u></u>	<u></u>	<u></u>	<u>90,688</u>
Board Funds, end of year	<u>\$ 1,177,805</u>	<u>\$ 592,871</u>	<u>\$ 1,770,676</u>	<u>\$ 1,664,040</u>

### 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.

# **CHILD DEVELOPMENT INSTITUTE FOUNDATION**

## **NOTES TO THE FINANCIAL STATEMENTS**

**MARCH 31, 2015**

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### **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.