
Financial statements of
Child Development Institute
(Incorporated as Earls court-Crèche Child
Development Institute)

March 31, 2021

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Independent Auditor's Report

To the Members of
Child Development Institute

Opinion

We have audited the financial statements of Child Development Institute (the "Organization"), which comprise the statement of financial position as at March 31, 2021, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2021, 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.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte LLP


Chartered Professional Accountants
Licensed Public Accountants
June 29, 2021

Child Development Institute
Statement of financial position
As at March 31, 2021


				2021	2020
	Operating fund	Board fund	Capital fund	Total	Total
Notes	\$	\$	\$	\$	(Restated) \$ (Note 3)
Assets					
Current assets					
Cash	2,313,288	710,567	—	3,023,855	878,312
Short term investments	—	—	—	—	1,938,932
Amounts receivable	1,139,436	—	—	1,139,436	936,177
Due from CDI Foundation	14,033	—	—	14,033	59,990
Prepaid expenses	32,699	—	—	32,699	31,686
	<u>3,499,456</u>	<u>710,567</u>	<u>—</u>	<u>4,210,023</u>	<u>3,845,097</u>
Capital assets	146,437	—	256,700	403,137	268,880
	<u>3,645,893</u>	<u>710,567</u>	<u>256,700</u>	<u>4,613,160</u>	<u>4,113,977</u>
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities	1,669,131	—	—	1,669,131	1,389,453
Deferred contributions	1,765,826	—	—	1,765,826	1,382,032
	<u>3,434,957</u>	<u>—</u>	<u>—</u>	<u>3,434,957</u>	<u>2,771,485</u>
Deferred capital grant	—	—	179,220	179,220	185,400
	<u>3,434,957</u>	<u>—</u>	<u>179,220</u>	<u>3,614,177</u>	<u>2,956,885</u>
Net assets					
Invested in capital assets	—	—	77,480	77,480	83,480
Unrestricted	210,936	710,567	—	921,503	1,073,612
	<u>210,936</u>	<u>710,567</u>	<u>77,480</u>	<u>998,983</u>	<u>1,157,092</u>
	<u>3,645,893</u>	<u>710,567</u>	<u>256,700</u>	<u>4,613,160</u>	<u>4,113,977</u>

The accompanying notes are an integral part of the financial statements.

Approved on behalf of the Board

 Director

DocuSigned by:

 Director

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Child Development Institute
Statement of operations
Year ended March 31, 2021

		Operating fund (Schedule 1)	Board fund	Capital fund	2021 Total	2020 Total (Restated) (Note 3)
	Notes	\$	\$	\$	\$	\$
Revenue						
Government grants	7 and 15	16,307,412	—	—	16,307,412	14,138,614
Childcare (Schedule 2)		1,769,437	—	—	1,769,437	5,120,657
Earned income		233,238	—	—	233,238	737,741
Donations from CDI Foundation	6	322,051	—	—	322,051	554,604
United Way		319,446	—	—	319,446	349,446
Donations and other		746,477	9,017	6,180	761,674	895,097
		<u>19,698,061</u>	<u>9,017</u>	<u>6,180</u>	<u>19,713,258</u>	<u>21,796,159</u>
Expenses						
Salaries		14,291,903	—	—	14,291,903	15,111,665
Program		1,294,114	—	—	1,294,114	2,080,599
Employee benefits	3 and 12	2,196,626	—	—	2,196,626	2,024,163
Building occupancy	6	1,114,341	—	—	1,114,341	1,423,585
Administration		710,065	—	—	710,065	851,825
Staff training and travel		68,379	—	—	68,379	293,589
COVID-19 expenses		167,488	—	—	167,488	—
Amortization		16,271	—	12,180	28,451	23,780
		<u>19,859,187</u>	<u>—</u>	<u>12,180</u>	<u>19,871,367</u>	<u>21,809,206</u>
(Deficiency) excess of revenue over expenses for the year		<u>(161,126)</u>	<u>9,017</u>	<u>(6,000)</u>	<u>(158,109)</u>	<u>(13,047)</u>

The accompanying notes are an integral part of the financial statements.

Child Development Institute
Statement of changes in net assets
Year ended March 31, 2021

	Operating fund \$	Board fund \$	Capital fund \$	2021 Total \$	2020 Total (Restated) (Note 3) \$
Net assets, beginning of year	372,062	701,550	83,480	1,157,092	1,170,139
(Deficiency) excess of revenue over expenses for the year	<u>(161,126)</u>	<u>9,017</u>	<u>(6,000)</u>	<u>(158,109)</u>	<u>(13,047)</u>
Net assets, end of year	<u>210,936</u>	<u>710,567</u>	<u>77,480</u>	<u>998,983</u>	<u>1,157,092</u>

The accompanying notes are an integral part of the financial statements.

Child Development Institute
Statement of cash flows
Year ended March 31, 2021

	2021	2020
	\$	\$
Operating activities		
(Deficiency) of revenue over expenses for the year	(158,109)	(13,047)
Adjustments for items not involving cash		
Amortization of deferred capital grant	(6,180)	(6,180)
Amortization of capital assets	28,451	23,780
	(135,838)	4,553
Net change in non-cash working capital items		
Amounts receivable	(203,259)	43,054
Prepaid expenses	(1,013)	12,398
Accounts payable and accrued liabilities	279,678	44,014
Deferred contributions	383,794	(138,261)
Due from CDI Foundation	45,957	(251,511)
	369,319	(285,753)
Investing activities		
Purchase of capital assets	(162,708)	—
Disposal (purchase) of guaranteed investment certificates	1,938,932	(26,324)
	1,776,224	(26,324)
Net increase (decrease) in cash for the year	2,145,543	(312,077)
Cash, beginning of year	878,312	1,190,389
Cash, end of year	3,023,855	878,312

The accompanying notes are an integral part of the financial statements.

Child Development Institute

Notes to the financial statements

March 31, 2021

1. Nature of operations

Child Development Institute (the "Organization") was incorporated as Earlscourt-Crèche Child Development Institute in the Province of Ontario without share capital. On March 16, 2021 the Organization continued under the Canada Not-for-profit Corporations Act and changed its name to Child Development Institute. The Organization is exempt from income tax in Canada as a registered charitable organization under the Income Tax Act (Canada) (the "Act"). In order to maintain its status as a registered charity, the Organization must meet certain requirements within the Act.

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

2. Significant accounting policies

Basis of presentation

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 considered to be particularly significant.

Revenue recognition

The principal sources of revenue and recognition of these revenues for financial statement purposes are as follows:

Fund accounting

The Organization follows the deferral method of accounting for contributions. The Organization ensures, as part of its fiduciary responsibility, that all funds received with a restricted purpose are expended in accordance with the purpose intended.

For financial reporting, the accounts have been classified into three funds:

- (a) The Operating Fund is used to record The Organization's general fundraising, administrative activities, and unrestricted disbursements. This fund reports unrestricted resources.
- (b) The Board Fund is used to record restricted contributions that are to be used for purposes as internally designated by the Board of Directors.
- (c) The Capital fund is used to record restricted contributions that are to be used for capital expenditures as designated by the donor or as stipulated in the fundraising appeal.

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 deferred and amortized into income 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 would not normally be purchased by the Organization are not reflected in the financial statements.

2. Significant accounting policies (continued)

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. The Organization controls CDI Foundation in that the Organization 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 6 to these financial statements. The amounts are not included in the statements of financial position, changes in net assets, operations and cash flows of the Organization. The accounting policies of the controlled organization and the Organization are not significantly different.

Financial instruments

The Organization initially measures its financial assets and financial liabilities at fair value and subsequently measures them at amortized cost. Changes in fair value are recognized in the Statement of operations and changes in net assets.

Short-term investments are guaranteed investment certificates, which are recorded at cost plus accrued interest income, which approximates fair market value.

Capital assets

Capital asset purchases are recorded at cost and are amortized on the following basis:

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

Government assistance

Government assistance is recorded in the financial statements when there is reasonable assurance that the Organization has complied with, and will continue to comply with, all conditions necessary to obtain the assistance.

Government assistance related to wages and rent subsidies are recorded in government grants revenue on the statement of operations.

2. Significant accounting policies (continued)

Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the reporting period. 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 recorded in the period in which they become known.

3. Prior Period Adjustment

During the year, management identified a vacation accrued liability that was not previously accrued for. As a result, an adjustment was required to properly record this liability. Accordingly, the Organization has restated its 2020 accounts payable and accrual liabilities, net assets, and employee benefits expense as at April 1, 2019 and as at and for the year ended March 31, 2020 as follows:

	2020 as previously reported \$	Adjustment \$	2020 as restated \$
Statement of financial position			
Accounts payable and accrued liabilities	938,513	450,940	1,389,453
Unrestricted net assets	<u>1,524,552</u>	<u>(450,940)</u>	<u>1,073,612</u>
Statement of operations			
Employee benefits	2,040,923	(16,760)	2,024,163
Total expenses	21,825,966	(16,760)	21,809,206
Deficiency of revenues over expenses	<u>(29,807)</u>	<u>(16,760)</u>	<u>(13,047)</u>
Statement of Changes in Net Assets			
Total net assets, beginning of year	1,637,839	(467,700)	1,170,139
Deficiency of revenues over expenses	<u>(29,807)</u>	<u>16,760</u>	<u>(13,047)</u>
Total net assets, end of year	<u>1,608,032</u>	<u>(450,940)</u>	<u>1,157,092</u>

Child Development Institute
Notes to the financial statements
 March 31, 2021

4. Capital assets

Capital assets are as follows:

	Cost \$	Accumulated amortization \$	2021 Net book value \$	2020 Net book value \$
Operating				
Leasehold improvement				
St. Clair Gardens	21,827	(2,182)	19,645	—
Towhee	140,880	(14,088)	126,792	—
	<u>162,707</u>	<u>(16,270)</u>	<u>146,437</u>	<u>—</u>
Capital				
Land – St. Clair Gardens	34,989	—	34,989	34,989
Building – St. Clair Gardens	238,385	(195,894)	42,491	48,491
Leasehold improvements – Euclid Avenue	247,200	(67,980)	179,220	185,400
	<u>520,574</u>	<u>(263,874)</u>	<u>256,700</u>	<u>268,880</u>
	<u>683,281</u>	<u>(280,144)</u>	<u>403,137</u>	<u>268,880</u>

5. Deferred capital grants

Deferred capital grants represent the unamortized amount of donations received for the purchase of capital assets.

The changes in the deferred capital grants balance are as follows:

	2021 \$	2020 \$
Balance, beginning of year	185,400	191,580
Less: current year's amortization	6,180	6,180
Balance, end of year	<u>179,220</u>	<u>185,400</u>

6. Controlled organization

All transactions between CDI Foundation and the Organization occurred in the normal course of operations. CDI Foundation provides the Organization with office and clinical space at the 197 Euclid Avenue location in Toronto. The Organization provides CDI 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 the Organization rent of \$108,144 for use of the Parkdale and Annex childcare facilities for the year ended March 31, 2021 (\$104,988 for the year ended March 31, 2020) and is included in Building occupancy expense on the statement of operations. Rent charged is based on an amount negotiated with CDI Foundation.

During the year CDI Foundation donated \$322,051 to the Organization (\$554,604 in the year ended March 31, 2020).

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

6. Controlled organization (continued)

On April 1, 2021, the Foundation and the Organization amalgamated creating a new single organization named Child Development Institute. All activities of both entities are continued through Child Development Institute, and the Foundation ceased to exist.

Summarized financial statement information of CDI Foundation as at March 31, 2021 and for the year then ended is as follows:

Summary of financial position

	2021	2020
	\$	\$
Total assets	11,062,960	9,688,087
Total liabilities	(23,833)	(66,790)
Net assets	11,039,127	9,621,297
Net assets are as follows		
Restricted funds	7,519,059	6,860,031
Internally restricted funds	3,031,593	2,369,003
Endowment funds	488,475	392,263
	11,039,127	9,621,297

Summary of results of operations

	2021	2020
	\$	\$
Total revenue	1,850,657	341,902
Total expenses	(432,827)	(642,058)
Excess of revenue over expenses for the year	1,417,830	(300,156)

Summary of cash flows

	2021	2020
	\$	\$
Cash generated from operating activities	435,566	686,802
Cash used for investing activities	(735,247)	(168,643)
Net (decrease) increase in cash for the year	(299,681)	518,159

Child Development Institute

Notes to the financial statements

March 31, 2021

7. Government grants

Government grants recognized in the year were as follows:

	2021	2020
	\$	\$
Operating		
Federal government		
Canadian Emergency Wage Subsidy (Note 14)	2,246,393	—
Public Health Agency of Canada (Note 9)	424,066	286,345
Public Safety Canada	1,426,615	1,352,103
Department of Justice Canada	—	124,432
Human Resource Skills Development Canada	14,045	56,154
	<u>4,111,119</u>	<u>1,819,034</u>
Provincial government		
Strides Toronto	121,434	—
Ministry of Children, Community and Social Services	1,629,841	1,697,787
Ministry of Health	6,743,251	6,680,776
	<u>8,494,526</u>	<u>8,378,563</u>
City of Toronto		
Guns and Gangs	66,975	16,375
Ontario EarlyON (Note 10)	457,012	549,990
	<u>523,987</u>	<u>566,365</u>
 Total operating government grants	 <u>13,129,632</u>	 <u>10,763,962</u>
Special needs		
City of Toronto		
Special Needs Resourcing	1,270,394	1,292,809
Wage improvement funding	7,244	7,244
Total special needs government grants	<u>1,277,638</u>	<u>1,300,053</u>
Childcare		
City of Toronto		
Fraser Mustard ELC	588,031	649,324
Annex ELC	313,676	301,771
Parkdale ELC	300,424	330,315
Wellesley ELC	360,343	419,594
Windermere ELC	337,668	373,595
Total childcare government grants	<u>1,900,142</u>	<u>2,074,599</u>
	<u>16,307,412</u>	<u>14,138,614</u>

8. Youth Justice SNAP program

Included in non-residential funding from the Ontario Ministry of Children, Community and Social Services ("MCCSS") are the following revenues and expenses related to the Gang Involved Youth Program:

	2021	2020
	\$	\$
Revenue		
Government grants	491,941	489,421
Expenses		
Salaries	263,877	317,447
Employee benefits	52,509	63,015
Consultants	127,347	46,258
Administration	36,980	36,980
Staff training and travel	62	14,060
Program	11,166	11,661
	491,941	489,421
Excess of expenses over revenue	—	—

9. Youth Justice leadership program

Included in non-residential funding from the MCCSS are the following revenues and expenses related to services to support youth at risk in the community:

	2021	2020
	\$	\$
Revenue		
Government grants	96,267	98,787
Donations and other	—	5,757
	96,267	104,544
Expenses		
Salaries	77,376	84,694
Employee benefits	13,300	12,287
Program	5,592	6,278
Staff training and travel	—	1,285
	96,268	104,544
Excess of revenue over expenses	(1)	—

10. Public health agency of Canada funding

The following is a summary of revenues and expenses related to Safe & Understood Project funding received from Public Health Agency of Canada:

	2021	2020
	\$	\$
Revenue		
Safe & understood project funding	132,734	286,345
Expenses		
Salaries	112,799	229,711
Benefits	8,803	25,000
Program	11,191	19,803
Staff travel and training	(59)	11,831
	132,734	286,345
Excess of revenue over expenses	—	—

The following is a summary of revenues and expenses related to the Prevent Gender Based Violence Project funding received from Public Health Agency of Canada:

	2021	2020
	\$	\$
Revenue		
Prevent Gender Based Violence Project	291,332	—
	291,332	—
Expenses		
Program	15,180	—
Salaries	228,423	—
Employee benefits	44,729	—
Administration	3,000	—
	291,332	—
Excess of revenue over expenses	—	—

Child Development Institute

Notes to the financial statements

March 31, 2021

11. EarlyON program

The Organization has a service agreement with the City of Toronto to support EarlyON programming.

The following is a summary of EarlyON revenue and expenses for the year:

	2021	2020
	\$	\$
Revenue		
City of Toronto – Program fund	435,434	450,581
City of Toronto – One-time grant	9,243	99,409
City of Toronto – Safe Restart Fund	12,335	—
	<u>457,012</u>	<u>549,990</u>
Expenses		
Salaries	235,670	249,593
Building occupancy	104,206	138,867
Program	7,866	62,913
Administration	64,405	53,599
Employee benefits	44,690	44,902
Staff training and travel	175	116
	<u>457,012</u>	<u>549,990</u>
Excess of revenue over expenses	—	—

12. Employee benefits

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 plan and therefore has no unfunded obligations related thereto.

13. Lease commitments

The Organization rents space for programming and administration. Minimum lease payments for each of the following years and thereafter are as follows:

	\$
2022	613,293
2023	431,730
2024	256,779
2025	97,206
2026	100,122
Thereafter	<u>1,015,002</u>
	<u>2,514,132</u>

14. Financial instruments and related financial risks

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

Short-term investments are guaranteed investment certificates, which are recorded at cost plus accrued interest, which approximates market value. Amounts receivable, Due from/to CDI Foundation, and 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.

15. Canadian Emergency Wage Subsidy (CEWS)

Government assistance - wage subsidy

The wage subsidy relates to the CEWS that is available to corporations that experienced a reduction in revenue. A total amount of \$2,246,393 from the program has been taken into earnings as government grants revenue for the periods covering March 16, 2020 to March 31, 2021.

16. COVID-19 Pandemic

On March 11 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of the Organization in future periods.