



Financial Statements

Child Development Institute

March 31, 2026

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Independent Auditor's Report

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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, 2026, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2026, 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 ("ASNPO").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. 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 opinion.

Other Matter

Our audit was conducted for the purposes of forming an opinion on the financial statements taken as a whole. The supplementary information included in the Schedules are presented for purposes of additional information and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied, only to the extent necessary to express an opinion on the audit of the financial statements taken as a whole.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with ASNPO, 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.

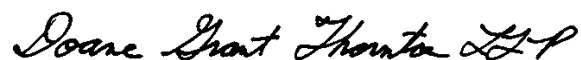
Auditor's Responsibilities for the Audit of the Financial Statements

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 generally accepted auditing standards 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 generally accepted auditing standards, 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.



Mississauga, Canada
June 30, 2026

Chartered Professional Accountants
Licensed Public Accountants

Child Development Institute

Statement of Financial Position

As at March 31

2026

2025

Assets

Current

Cash	\$ 1,721,439	\$ 1,614,603
Short-term investments (Note 3)	13,659,578	12,557,050
Accounts receivable	756,611	1,990,392
Prepaid expenses	105,894	275,067
	<u>16,243,522</u>	<u>16,437,112</u>

Capital assets (Note 4)	<u>2,129,134</u>	<u>2,096,663</u>
	<u>\$ 18,372,656</u>	<u>\$ 18,533,775</u>

Liabilities

Current

Accounts payable and accrued liabilities	\$ 1,113,362	\$ 1,299,517
Deferred contributions (Note 5)	4,458,194	4,655,455
	<u>5,571,556</u>	<u>5,954,972</u>

Deferred capital contributions (Note 6)	<u>372,139</u>	<u>207,127</u>
	<u>5,943,695</u>	<u>6,162,099</u>

Net assets

Unrestricted	5,692,155	5,556,729
Internally restricted	4,100,643	4,100,643
Invested in capital assets	1,944,122	2,076,663
Endowment	692,041	637,641
	<u>12,428,961</u>	<u>12,371,676</u>
	<u>\$ 18,372,656</u>	<u>\$ 18,533,775</u>

Lease commitments (Note 10)

On behalf of the Board of Directors



Director



Director

Child Development Institute

Statement of Operations

Year ended March 31

2026

2025

Revenue

Government grants (Note 7)	\$ 18,721,131	\$ 19,455,121
Childcare fees	1,892,415	1,838,171
Donations	1,520,102	1,475,019
Investment income	721,113	945,055
Fee for service	531,927	424,268
United Way grants	292,140	296,038
Other	86,497	67,956
Amortization of deferred capital contributions (Note 6)	10,000	10,000

<u>23,775,325</u>	<u>24,511,628</u>
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Expenses

Salaries	16,073,295	16,294,611
Employee benefits (Note 9)	2,818,851	2,657,445
Administration	2,140,005	2,677,947
Building occupancy	1,437,670	1,450,564
Program	966,938	1,038,522
Amortization	174,798	193,428
Staff training and travel	160,883	186,299

<u>23,772,440</u>	<u>24,498,816</u>
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Excess of revenue over expenses

<u>\$ 2,885</u>	<u>\$ 12,812</u>
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Child Development Institute

Statement of Changes in Net Assets

Year ended March 31, 2026

	Unrestricted	Internally restricted	Invested in capital assets	Endowment	2026 Total	2025 Total
Net assets, beginning of year	\$ 5,556,729	\$ 4,100,643	\$ 2,076,663	\$ 637,641	\$ 12,371,676	\$ 12,300,907
Excess (deficiency) of revenue over expenses	167,683	-	(164,798)	-	2,885	12,812
Purchase of capital assets	(207,269)	-	207,269	-	-	-
Externally restricted contributions received for Capital assets	175,012	-	(175,012)	-	-	-
Endowment contributions – unrealized gain on investment	-	-	-	54,400	54,400	57,957
Net assets, end of year	<u>\$ 5,692,155</u>	<u>\$ 4,100,643</u>	<u>\$ 1,944,122</u>	<u>\$ 692,041</u>	<u>\$ 12,428,961</u>	<u>\$ 12,371,676</u>

See accompanying notes and schedules to the financial statements

Child Development Institute

Statement of Cash Flows

Year ended March 31

2026

2025

Increase (decrease) in cash

Operating

Excess of revenue over expenses	\$ 2,885	\$ 12,812
Items not involving cash		
Unrealized gains on investments	(113,490)	(609,503)
Amortization of deferred capital contributions	(10,000)	(10,000)
Amortization of capital assets	<u>174,798</u>	<u>193,428</u>

54,193 (413,263)

Change in non-cash working capital items

Accounts receivable	1,233,781	(430,016)
Prepaid expenses	169,173	(115,931)
Accounts payable and accrued liabilities	(186,155)	(851,444)
Deferred contributions	<u>(197,261)</u>	<u>(2,079,347)</u>

1,073,731 (3,890,001)

Investing

Purchase of capital assets	(207,269)	-
Externally restricted contributions received for capital assets	175,012	-
Purchase of investments	(17,785,450)	-
Realized gains on investments	(467,247)	-
Proceeds from sale of investments	<u>17,318,059</u>	<u>1,750,000</u>

(966,895) 1,750,000

Increase (decrease) in cash

106,836 (2,140,001)

Cash, beginning of year

1,614,603 3,754,604

Cash, end of year

\$ 1,721,439 \$ 1,614,603

See accompanying notes and schedules to the financial statements

Child Development Institute

Notes to the Financial Statements

March 31, 2026

1. Nature of organization

Child Development Institute (the "Organization") was incorporated as Earls court-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. Through Articles of Amalgamation, effective April 1, 2021, Child Development Institute ("CDI") and Child Development Institute Foundation (the "Foundation") amalgamated to form the Organization. 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. Summary of significant accounting policies

These financial statements are prepared by management in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO"), the more significant policies of which are outlined below.

Fund presentation

The accounts are maintained in funds, whereby net assets of the Organization are classified for accounting and reporting purposes into funds to be used as determined by the Organization.

Unrestricted

Unrestricted net assets include the day-to-day program activities of the Organization.

Internally restricted

Amounts have been designated by the Board of Directors to be used, when required, to meet basic operating expenses, to provide funds for the repair, renewal, or replacement of capital assets, or for other purposes as directed by the Board of Directors from time to time.

Invested in capital assets

Invested in capital assets reflect the assets, liabilities, revenue, and expenses related to the Organization's capital assets.

Endowment

Endowment net assets relate to the Wimodausis children's endowment fund, the principal being held to perpetuity. The interest income earned on the principal is restricted to be used for Camp Wimodausis while all other investment income (loss) is restricted to be held in perpetuity, added to the principal balance.

Child Development Institute

Notes to the Financial Statements

March 31, 2026

2. Summary of significant accounting policies (continued)

Revenue recognition

The Organization follows the deferral method of accounting for contributions, whereby externally restricted contributions are recognized as revenue in the fiscal period in which the related expenses are incurred. Externally restricted contributions received in the year for expenses to be incurred in future years are recorded as deferred contributions. Externally restricted contributions received for the purchase of capital assets are recognized as deferred capital contributions and are deferred and amortized over the useful life of the related capital assets so that revenue recognition corresponds with the related amortization expense.

Childcare and fee for service revenue are recognized in the period in which the related services have occurred.

Investment income is recognized as earned. Investment income includes unrealized gains (losses), realized gains (losses) and interest income.

Contributed materials and services

Volunteers contribute an undeterminable number of hours each year. The Organization also receives donations of materials from time to time. Because of the difficulty of determining their fair value, contributed materials and services are not recognized in the financial statements.

Financial instruments

The Organization considers any contract creating a financial asset, liability, or equity instrument as a financial instrument. The Organization's financial instruments include cash, short-term investments, accounts receivable and accounts payable.

The Organization's financial instruments are initially measured at its fair value and subsequently measured at amortized cost, with the exception of investments in pooled funds, which are subsequently measured at fair value. Unrealized gains (losses) on investments are recorded in the statement of operations in the period earned, with the exception of those related to the endowment, which are recorded directly into net assets consistent with the terms of the endowment.

Capital assets

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

Land	Not amortized
Buildings	2.5% straight-line basis
Leasehold improvements	Straight-line basis over a period of not less than the life of the lease or five years
Vehicles	20% straight line basis

Capital assets are tested for impairment whenever events or changes in circumstances indicate that an asset might be impaired. The assets are tested for impairment by comparing the net carrying value to its fair value or replacement cost. If the asset's fair value or replacement cost is determined to be less than its net carrying value, the resulting impairment is reported in the statement of operations. Any impairment recognized is not reversed.

Child Development Institute

Notes to the Financial Statements

March 31, 2026

2. Summary of significant accounting policies (continued)

Use of estimates

The preparation of financial statements in accordance with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenue and expenses during the reporting period. These estimates are reviewed periodically, and adjustments are made to the excess (deficiency) of revenue over expenses as appropriate in the period.

Key areas where management has made estimates include the allowance for doubtful accounts, valuation of investments, and the useful lives and impairment of capital assets. Actual results could differ from these and other estimates, the impact of which would be recorded in future affected periods.

3. Short-term investments

	<u>2026</u>	<u>2025</u>
Pooled funds	\$ 8,959,578	\$ 8,307,050
Guaranteed investment certificates	<u>4,700,000</u>	<u>4,250,000</u>
	<u>\$ 13,659,578</u>	<u>\$ 12,557,050</u>

The guaranteed investment certificates have an annual interest rate ranging from of 2.00% to 2.45% (2025 – 0.40% to 5.20%) and mature between November 2026 and January 2027 (2025 – April 2025 and November 2025).

4. Capital assets

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2026 Net Book Value</u>	<u>2025 Net Book Value</u>
Land – Euclid and Close	\$ 152,632	\$ -	\$ 152,632	\$ 152,632
Land – St. Clair Gardens	34,989	-	34,989	34,989
Building – Euclid and Close	4,438,621	2,753,515	1,685,106	1,790,085
Building – St. Clair Gardens	443,978	273,978	170,000	36,186
Leasehold improvement				
Wellesley	114,785	99,474	15,311	38,268
Towhee	276,987	205,891	71,096	44,503
Vehicles	<u>33,665</u>	<u>33,665</u>	<u>-</u>	<u>-</u>
	<u>\$ 5,495,657</u>	<u>\$ 3,366,523</u>	<u>\$ 2,129,134</u>	<u>\$ 2,096,663</u>

Child Development Institute

Notes to the Financial Statements

March 31, 2026

5. Deferred contributions

	<u>2026</u>	<u>2025</u>
Balance, beginning of year	\$ 4,655,455	\$ 6,734,802
Externally restricted contributions received during the year	10,807,341	9,128,239
Less: revenue recognized during the year	<u>(11,004,602)</u>	<u>(11,207,586)</u>
Balance, end of year	<u>\$ 4,458,194</u>	<u>\$ 4,655,455</u>

6. Deferred capital contributions

	<u>2026</u>	<u>2025</u>
Balance, beginning of year	\$ 207,127	\$ 217,127
Externally restricted contributions received for capital assets	175,012	-
Amortization of deferred capital contributions	<u>(10,000)</u>	<u>(10,000)</u>
Balance, end of year	<u>\$ 372,139</u>	<u>\$ 207,127</u>

Included in deferred capital contributions is \$187,127 (2025 - \$187,127) of deferred capital contributions that have not yet been spent.

7. Government grants

	<u>2026</u>	<u>2025</u>
Operating		
Federal government		
Public Safety Canada	\$ 498,172	\$ 1,034,227
Other funding – clinical services	42,803	40,247
Public Health Agency of Canada (Note 8)	<u>-</u>	<u>318,707</u>
	<u>540,975</u>	<u>1,393,181</u>
Provincial government		
Ministry of Health	7,686,749	7,373,591
Ministry of Children, Community and Social Services	1,845,307	1,821,853
Ministry of Education	<u>306,423</u>	<u>1,093,761</u>
	<u>9,838,479</u>	<u>10,289,205</u>
City of Toronto		
Ontario EarlyON	512,691	480,621
Annex ELC	<u>-</u>	<u>29,166</u>
	<u>\$ 10,892,145</u>	<u>\$ 12,192,173</u>

Child Development Institute

Notes to the Financial Statements

March 31, 2026

7. Government grants (continued)

	<u>2026</u>	<u>2025</u>
Special needs		
City of Toronto		
Special Needs Resourcing	<u>\$ 1,493,367</u>	<u>\$ 1,541,104</u>
Childcare		
City of Toronto		
Fraser Mustard ELC	2,126,927	2,235,638
Wellesley ELC	1,514,095	1,323,352
Windermere ELC	1,480,199	1,104,237
Parkdale ELC	<u>1,214,398</u>	<u>1,058,617</u>
	<u>6,335,619</u>	<u>5,721,844</u>
	<u>\$ 18,721,131</u>	<u>\$ 19,455,121</u>

8. Public Health Agency of Canada funding

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

	<u>2026</u>	<u>2025</u>
Revenue		
Prevent Gender Based Violence Project	<u>\$ -</u>	<u>\$ 318,707</u>
Expenses		
Salaries	-	201,873
Administration, staff training and travel	-	53,419
Employee benefits	-	38,356
Program	-	24,942
Building occupancy	<u>-</u>	<u>117</u>
	<u>-</u>	<u>318,707</u>
Excess of revenue over expenses	<u>\$ -</u>	<u>\$ -</u>

Child Development Institute

Notes to the Financial Statements

March 31, 2026

9. Employee benefits

Included in employee benefits expense are payments made to a defined contribution pension plan for the Organization's employees of \$282,525 (2025 - \$281,190).

10. Lease commitments

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

2027	\$	666,806
2028		576,503
2029		364,482
2030		152,590
2031		157,167
Thereafter		<u>633,031</u>
	\$	<u>2,550,579</u>

11. Financial instruments and related risks

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of the financial statements in assessing the extent of risk related to financial instruments. There have been no changes in the risks from prior years.

Credit risk

Credit risk is the risk one party to a financial instrument will cause a financial loss for the other party by failing to meet its funding obligation. This risk is mitigated by the Organization through ensuring revenue is derived from qualified sources. The allowance for doubtful accounts in relation to accounts receivable is \$Nil (2025 - \$Nil).

Liquidity risk

Liquidity risk is the risk the Organization will encounter difficulty in meeting the obligations associated with its financial liabilities. The Organization is exposed to this risk mainly in respect of its accounts payable. The Organization reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due and maintaining adequate cash reserves to repay creditors.

Child Development Institute

Notes to the Financial Statements

March 31, 2026

11. Financial instruments and related risks (continued)

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Organization is not exposed to significant currency risk.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the value of fixed income investments held by the Organization, both directly and through its pooled funds. The underlying value of fixed income investments will generally rise if interest rates fall and decrease if interest rates rise.

Other price risk

Other price risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Organization is exposed to other price risk on its investments.

Child Development Institute

Schedule 1 – Schedule of Segmented Operations

Year ended March 31, 2026

	General	Every Child Belongs	EarlyOn	Childcare	2026 Total	2025 Total
Revenue						
Government grants	\$ 10,374,454	\$ 1,493,367	\$ 517,691	\$ 6,335,619	\$ 18,721,131	\$ 19,455,121
Childcare fees	193,042	-	-	1,699,373	1,892,415	1,838,171
Donations	1,520,102	-	-	-	1,520,102	1,475,019
Investment income	721,113	-	-	-	721,113	945,055
Fee for service	531,927	-	-	-	531,927	424,268
United way grants	292,140	-	-	-	292,140	296,038
Other	74,829	-	11,668	-	86,497	67,956
Amortization of deferred capital contributions	-	-	-	10,000	10,000	10,000
	<u>13,707,607</u>	<u>1,493,367</u>	<u>529,359</u>	<u>8,044,992</u>	<u>23,775,325</u>	<u>24,511,628</u>
Expenses						
Salaries	8,960,194	1,123,456	284,824	5,704,821	16,073,295	16,294,611
Employee benefits	1,554,609	187,162	46,490	1,030,590	2,818,851	2,657,445
Administration	1,886,259	57,092	17,830	178,824	2,140,005	2,677,947
Building occupancy	740,344	173,613	156,742	366,971	1,437,670	1,450,564
Program	505,298	8,686	12,468	440,486	966,938	1,038,522
Amortization	127,459	-	-	47,339	174,798	193,428
Staff training and travel	143,805	7,552	1,551	7,975	160,883	186,299
	<u>13,917,968</u>	<u>1,557,561</u>	<u>519,905</u>	<u>7,777,006</u>	<u>23,772,440</u>	<u>24,498,816</u>
Excess (deficiency) of revenue over expenses	<u>\$ (210,361)</u>	<u>\$ (64,194)</u>	<u>\$ 9,454</u>	<u>\$ 267,986</u>	<u>\$ 2,885</u>	<u>\$ 12,812</u>

Child Development Institute

Schedule 2 – Canada-Wide Early Learning and Child Care (CWELCC) Disclosure

Year ended March 31, 2026

	Parkdale ELC	Wellesley ELC	Windermere ELC	Fraser Mustard ELC	Total
Actual program costs					
Program staff	\$ 924,245	\$ 1,189,220	\$ 1,214,014	\$ 1,515,222	\$ 4,842,701
Supervisors	149,222	145,418	181,033	705,596	1,181,269
Accommodations	32,498	62,322	2,000	135,964	232,784
Operations	<u>328,953</u>	<u>365,047</u>	<u>330,169</u>	<u>459,075</u>	<u>1,483,244</u>
Total sum of all eligible costs incurred for the eligible centres, before one-time, unexpected costs	1,434,918	1,762,007	1,727,216	2,815,857	7,739,998
Actual cost covered as per approved one-time unexpected cost	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total sum of all eligible costs incurred for the eligible centres, after one-time, unexpected costs	<u>\$ 1,434,918</u>	<u>\$ 1,762,007</u>	<u>\$ 1,727,216</u>	<u>\$ 2,815,857</u>	<u>\$ 7,739,998</u>
Actual base fee revenue from families	\$ 100,818	\$ 151,522	\$ 261,005	\$ 179,599	\$ 692,944
Actual base fee revenue from fee subsidies	\$ 195,956	\$ 217,034	\$ 29,137	\$ 564,302	\$ 1,006,429