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

March 31, 2018

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Independent Auditor's Report

To the Members of Child Development Institute

We have audited the accompanying financial statements of Child Development Institute, which comprise the statement of financial position as at March 31, 2018, and the statements of operations, 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 organization'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 organization's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Child Development Institute as at March 31, 2018, 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.

Other Matter

The statement of financial position as at March 31, 2017 and the statements of operations and changes in net assets and cash flows for the year then ended were audited by another auditor who issued an unmodified opinion on May 30, 2017.

Deloitte LLP

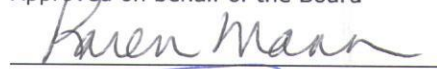
Chartered Professional Accountants
Licensed Public Accountants
May 29, 2018

Child Development Institute
Statement of financial position
As at March 31, 2018

	Notes	2018			2017
		Operating Fund	Special Fund	Capital Fund	Total
		\$	\$	\$	\$
Assets					
Current assets					
Cash		450,809	—	—	837,826
Short-term investments	3	831,828	666,485	—	1,186,839
Amounts receivable		1,411,216	—	—	829,800
Prepaid expenses		40,218	—	—	27,019
		2,734,071	666,485	—	2,881,484
Capital assets					
	4	23,200	—	293,240	340,220
		2,757,271	666,485	293,240	3,221,704
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities		844,768	—	—	836,362
Deferred contributions		957,046	—	—	685,307
Due to CDI Foundation	6	187,953	—	—	116,011
		1,989,767	—	—	1,637,680
Deferred capital grant	5	—	—	197,760	203,940
		1,989,767	—	197,760	1,841,620
Net assets					
Invested in capital assets		23,200	—	95,480	136,280
Unrestricted		744,304	666,485	—	1,243,804
		767,504	666,485	95,480	1,380,084
		2,757,271	666,485	293,240	3,221,704

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

Approved on behalf of the Board

 , Director

 , Director

Child Development Institute

Statement of operations

Year ended March 31, 2018

		2018			2017
Notes	Operating Fund (Schedule 1)	Special Fund	Capital Fund	Total	Total
	\$	\$	\$	\$	\$
Revenue					
Government grants	7	12,702,649	—	12,702,649	11,100,600
Childcare (Schedule 2)		5,303,308	—	5,303,308	5,446,185
Earned income		908,747	—	908,747	1,260,287
Donations from CDI					
Foundation	6	241,334	—	241,334	898,190
United Way		389,145	—	389,145	389,137
Donations and other		840,582	3,315	850,077	371,131
		20,385,765	3,315	20,395,260	19,465,530
Expenses					
Salaries		13,786,454	—	13,786,454	13,293,338
Program		2,233,720	—	2,233,720	2,063,169
Employee benefits	12	2,018,183	—	2,018,183	1,975,252
Building occupancy		1,170,172	—	1,170,172	1,152,354
Administration		621,793	—	621,793	635,955
Staff training and travel		391,773	—	391,773	253,672
Amortization		11,600	12,180	23,780	23,780
		20,233,695	—	20,245,875	19,397,520
Excess (deficiency) of revenue over expenses for the year					
		152,070	3,315	(6,000)	68,010

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

Child Development Institute**Statement of changes in net assets**

Year ended March 31, 2018

	2018			2017
	Operating Fund	Special Fund	Capital Fund	Total
	\$	\$	\$	\$
Net assets, beginning of year	615,434	663,170	101,480	1,380,084
Excess (deficiency) of revenue over expenses for the year	152,070	3,315	(6,000)	149,385
Net assets, end of year	767,504	666,485	95,480	1,529,469

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

Child Development Institute**Statement of cash flows**

Year ended March 31, 2018

	2018	2017
	\$	\$
Operating activities		
Excess of revenue over expenses for the year	149,385	68,010
Adjustments for items not involving cash		
Amortization of deferred capital grant	(6,180)	(6,180)
Amortization of capital assets	23,780	23,780
	166,985	85,610
 Net change in non-cash working capital items		
Amounts receivable	(581,416)	29,396
Prepaid expenses	(13,199)	(4,402)
Accounts payable and accrued liabilities	8,406	(158,749)
Deferred contributions	271,739	(273,508)
Due to CDI Foundation	71,942	102,211
Net cash used in operating activities	(75,543)	(219,442)
 Investing activity		
Purchase of guaranteed investment certificates	(311,474)	(11,717)
 Net decrease in cash for the year	(387,017)	(231,159)
Cash, beginning of year	837,826	1,068,985
Cash, end of year	450,809	837,826

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

1. Nature of operations

Child Development Institute (the "Organization") is incorporated as EarlsCourt-Crèche Child Development Institute in the Province of Ontario without share capital. 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:

Contributions

The Organization follows the deferral method of revenue recognition for 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 recorded as revenue in the same period, and 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 otherwise normally be purchased by the Organization are not recorded in the accounts.

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.

2. Significant accounting policies (continued)

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 5 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
Automobile	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

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. Short-term investments

Short-term investments are guaranteed investment certificates, which are issued by a major Canadian chartered bank, bear interest rates ranging 1.25% to 1.55% and mature between September 2018 and March 2020.

4. Capital assets

Capital assets are as follows:

	2018			2017
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Operating				
Furniture and equipment	58,000	(34,800)	23,200	34,800
Capital				
Land – St. Clair Gardens	34,989	—	34,989	34,989
Building – St. Clair Gardens	238,385	(177,894)	60,491	66,491
Leasehold improvements – Euclid	247,200	(49,440)	197,760	203,940
	520,574	(227,334)	293,240	305,420
	578,574	(262,134)	316,440	340,220

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:

	2018	2017
	\$	\$
Balance, beginning of year	203,940	210,120
Less: Current year's amortization	6,180	6,180
Balance, end of year	197,760	203,940

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 \$98,040 for use of the Parkdale and Annex childcare facilities for the year ended March 31, 2018 (\$96,120 for the year ended March 31, 2017). Rent charged is based on an amount negotiated with CDI Foundation.

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

6. Controlled organization (continued)

Summarized financial statement information of CDI Foundation as at March 31, 2018 and for the year then ended is as follows:

Summary of financial position

	2018	2017
	\$	\$
Total assets	9,472,203	9,062,110
Total liabilities	(5,500)	(1,392)
Net assets	9,466,703	9,060,718
Net assets are as follows		
Restricted funds	6,947,130	6,502,469
Internally restricted funds	2,053,385	2,098,051
Endowment funds	466,188	460,198
	9,466,703	9,060,718

Summary of results of operations

	2018	2017
	\$	\$
Total revenue	815,060	1,593,321
Total expenses	(409,075)	(1,018,748)
Excess of revenue over expenses for the year	405,985	574,573

Summary of cash flows

	2018	2017
	\$	\$
Cash generated from operating activities	392,505	134,097
Cash used for investing activities	(386,571)	(153,492)
Net increase (decrease) in cash for the year	5,934	(19,395)

7. Government grants

Government grants recognized in the year were as follows:

	2018	2017
	\$	\$
Operating		
Federal government		
Public Health Agency of Canada (Note 10)	439,566	350,038
Public Safety Canada	981,474	234,297
Department of Justice Canada	127,582	143,500
Human Resource Skills Development Canada	27,258	16,200
	1,575,880	744,035
Provincial government		
Ministries of Community and Social Services and Children and Youth Services	8,734,885	8,253,086
Ministry of Education		
Ontario Early Years Centres (Note 11)	364,464	485,952
	9,099,349	8,739,038
City of Toronto		
Ontario EarlyON (Note 11)	107,220	—
Total operating government grants	10,782,449	9,483,073
Special needs		
City of Toronto		
Special Needs Resourcing	884,717	760,725
Wage improvement funding	7,244	7,243
Total special needs government grants	891,961	767,968
Childcare		
City of Toronto		
Fraser Mustard ELC	298,930	236,264
Annex ELC	198,627	203,307
Parkdale ELC	178,969	182,048
Wellesley ELC	191,795	140,097
Windermere ELC	159,918	87,843
Total childcare government grants	1,028,239	849,559
	12,702,649	11,100,600

8. Youth justice SNAP program

Included in non-residential funding from the Ontario Ministry of Children and Youth Services are the following revenues and expenses related to the Strategy to Support Gang Involved Youth Program:

	2018	2017
	\$	\$
Revenue		
Government grants	1,055,489	744,929
Expenses		
Program	513,733	285,539
Salaries	312,494	265,932
Consultants	56,410	75,846
Employee benefits	44,779	51,400
Administration	95,953	35,000
Staff training and travel	32,128	31,212
	1,055,497	744,929
Excess of expenses over revenue	(8)	—

9. Youth justice leadership program

Included in non-residential funding from the Ontario Ministry of Children and Youth Services are the following revenues and expenses related to services to support youth at risk in the community:

	2018	2017
	\$	\$
Revenue		
Government grants	107,046	95,000
Donations and other	20,528	5,559
	127,574	100,559
Expenses		
Salaries	85,655	69,713
Employee benefits	15,260	10,700
Program	16,134	9,942
Administration	9,732	7,000
Staff training and travel	793	3,204
	127,574	100,559
Excess of revenue over expenses	—	—

10. Public health agency of Canada funding

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

	2018	2017
	\$	\$
Revenue		
Safe & understood project funding	439,566	350,038
Expenses		
Salaries	351,350	254,084
Program	51,407	76,551
Benefits	25,387	11,737
Staff travel and training	11,422	7,666
	439,566	350,038
Excess of revenue over expenses	—	—

11. Ontario Early Years Centres ("OEYC")/EarlyOn Program

The Organization has a service agreement with the Ontario Ministry of Education to support OEYC programming. Responsibility for managing and funding this program was transferred by the Ministry of Education to the City of Toronto effective January 1, 2018. The organization has a service agreement with the City of Toronto to support EarlyOn programming.

The following is a summary of OEYC/EarlyOn revenue and expenses for the year:

	2018	2017
	\$	\$
Revenue		
Government grants	364,464	485,952
Ontario Ministry of Education funding	107,220	—
City of Toronto	—	6,160
Donations and other	471,684	492,112
Expenses	496,230	492,112
Excess of expenses over revenue	(24,546)	—

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:

	\$
2019	539,129
2020	442,202
2021	451,707
2022	459,571
2023	428,202
Thereafter	1,469,109
	<u>3,789,920</u>

14. Financial instruments and related financial risks

The organization's financial instruments include cash, short-term investments, amounts receivable, due from 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 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. Industry changes

The Ontario Ministry of Children and Youth Services (the "Ministry") has announced their intention to transform the way community based mental health services are delivered to children and youth in Ontario. Key to this transformation initiative is the move toward the implementation of Lead Agencies in 33 Service Delivery Areas across the Province of Ontario. These Lead Agencies will be responsible for working with local child and youth mental health providers and other community partners to determine how best to serve children, youth and families.

The Lead Agency selected for the Toronto area is East Metro Youth Services. East Metro Youth Services continues its planning work. As the planning process continues, it is uncertain what impact, if any, introduction of the transformation of children's mental health services in the Province of Ontario will have on the future programs and operations of the Organization.

Child Development Institute

Schedule 1 – Schedule of operating revenue and expenses

Year ended March 31, 2018

	2018		2017	
	General	Special needs	Childcare (Schedule 2)	Total
	\$	\$	\$	\$
Revenue				
Government grants	10,782,449	891,961	1,028,239	12,702,649
Childcare				11,100,600
Fee subsidy	—	—	3,891,483	4,103,645
Parent fees	—	—	1,411,825	1,342,540
Insurance claim	—	—	142,222	—
Earned income	908,747	—	—	1,260,287
Donations from CDI Foundation	241,334	—	—	898,190
United Way	389,145	—	—	389,137
Donations and other	698,360	—	—	358,419
	13,020,035	891,961	6,473,769	20,385,765
				19,452,818
Expenses				
Salaries	8,460,949	577,231	4,748,274	13,293,338
Program	1,692,026	46,090	495,604	2,063,169
Employee benefits	1,220,581	142,400	655,202	1,975,252
Building occupancy	700,050	46,678	423,444	1,152,354
Administration	478,474	67,704	75,615	635,955
Staff training and travel	353,920	11,858	25,995	253,672
Amortization	—	—	11,600	11,600
	12,906,000	891,961	6,435,734	19,385,340
				19,385,340
Excess of revenue over expenses from operations for the year	114,035	—	38,035	67,478

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

Child Development Institute

Schedule 2 – Schedule of operations by Licensed Child Care Centre

Year ended March 31, 2018

	2018					2017
	Annex ELC	Parkdale ELC	Wellesley ELC	Windermere ELC	Fraser Mustard ELC	Total
	\$	\$	\$	\$	\$	\$
Revenue						
Childcare fees						
Fee subsidy	472,786	732,783	919,676	130,008	1,636,230	3,891,483
Parent fees	423,595	132,197	145,128	608,427	102,478	1,411,825
Total childcare fees	896,381	864,980	1,064,804	738,435	1,738,708	5,303,308
TCS Grants						
PWE	42,807	32,403	46,681	35,374	79,367	236,632
GOF	154,940	125,379	145,114	122,344	213,963	761,740
Other one-time funding	880	21,187	—	2,200	5,600	29,867
Total childcare grants	198,627	178,969	191,795	159,918	298,930	1,028,239
Insurance claim	—	—	—	142,222	—	142,222
Total childcare revenue	1,095,008	1,043,949	1,256,599	1,040,575	2,037,638	6,473,769
Expenses						
Salaries	835,360	723,049	949,310	764,992	1,475,563	4,748,274
Employee benefits	105,475	97,634	137,036	105,258	209,798	655,202
Program	70,674	71,050	77,868	87,088	188,924	495,604
Building occupancy	114,802	119,874	47,302	25,077	116,389	423,444
Administration	15,824	13,752	11,967	10,362	23,710	75,615
Staff training and travel	1,633	3,431	2,776	10,596	7,559	25,995
Amortization	—	—	—	—	11,600	11,600
	1,143,768	1,028,790	1,226,259	1,003,373	2,033,543	6,435,734
Excess (deficiency) of revenue over expenses for the year	(48,760)	15,159	30,340	37,202	4,095	38,035
						72,809

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

