
Financial statements of
Child Development
Institute Foundation

March 31, 2019

Independent Auditor's Report	1-2
Statement of financial position	3
Statement of operations and changes in net assets	4
Statement of cash flows	5
Notes to the financial statements	6-10

Independent Auditor's Report

To the Members of
Child Development Institute Foundation

Opinion

We have audited the financial statements of Child Development Institute Foundation (the "Foundation"), which comprise the statement of financial position as at March 31, 2019, and the statements of operations and changes in net assets and of 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 Foundation as at March 31, 2019, 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 Foundation 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 Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation'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 Foundation'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 Foundation'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 Foundation 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
May 28, 2019

Child Development Institute Foundation

Statement of financial position

As at March 31, 2019

		2019				2018
		Restricted funds	Board fund	Endowment fund	Total	Total
Notes		\$	\$	\$	\$	\$
Assets						
Current assets						
	Cash	—	116,775	—	116,775	320,424
5	Short-term investments	4,290,063	1,888,235	457,911	6,636,209	5,910,414
	Sales tax recoverable	—	433	—	433	3,018
4	Inter-fund amounts	(70,068)	70,068	—	—	—
	Due from Child Development Institute	—	191,521	—	191,521	187,953
4		4,219,995	2,267,032	457,911	6,944,938	6,421,809
Capital assets						
6		2,982,950	—	—	2,982,950	3,050,394
		7,202,945	2,267,032	457,911	9,927,888	9,472,203
Liabilities						
Current liabilities						
	Accounts payable and accrued liabilities	—	6,435	—	6,435	5,500
Net assets						
	Wimodausis Children's Endowment Fund	—	—	457,911	457,911	466,188
7		—	—	—	—	717
9	Camp Wimodausis Fund	—	—	—	—	72,290
9	SNAP Girls Fund	98,779	—	—	98,779	1,364,619
9	CDI Research Fund	1,316,868	—	—	1,316,868	496,092
9	Family Violence Fund	568,832	—	—	568,832	1,163,076
9	SNAP Campaign	1,316,745	—	—	1,316,745	784,603
9	Integra funds	905,933	—	—	905,933	3,050,394
9	Capital fund	2,982,950	—	—	2,982,950	15,339
9	Other funds	12,838	—	—	12,838	2,053,385
8	Board fund	—	2,260,597	—	2,260,597	9,466,703
		7,202,945	2,260,597	457,911	9,921,453	9,472,203
		7,202,945	2,267,032	457,911	9,927,888	9,472,203

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

Approved on behalf of the Board

_____, Director

_____, Director

Child Development Institute Foundation
Statement of operations and changes in net assets
Year ended March 31, 2019

	Notes	Restricted funds	Board fund	Endowment fund	2019 Total	2018 Total
		\$	\$	\$	\$	\$
Revenue						
Donations and fundraising		416,492	116,015	—	532,507	510,864
Investment income		142,333	68,510	19,078	229,921	206,156
Rental income	4	—	99,996	—	99,996	98,040
		558,825	284,521	19,078	862,424	815,060
Expenses						
Donation to Child Development Institute	4	259,421	54,556	—	313,977	241,334
Administration		—	22,753	—	22,753	76,486
Consultant fees		—	—	—	—	19,584
Fundraising		1,000	—	—	1,000	—
Caring award		2,500	—	—	2,500	2,500
Amortization		67,444	—	—	67,444	69,171
		330,365	77,309	—	407,674	409,075
Excess of revenue over expenses for the year		228,460	207,212	19,078	454,750	405,985
Net assets, beginning of year		6,947,130	2,053,385	466,188	9,466,703	9,060,718
Inter-fund transfer during year	7	27,355	—	(27,355)	—	—
Net assets, end of year		7,202,945	2,260,597	457,911	9,921,453	9,466,703

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

Child Development Institute Foundation

Statement of cash flows

Year ended March 31, 2019

	2019	2018
	\$	\$
Operating activities		
Excess of revenue over expenses for the year	454,750	405,985
Adjustments for items not involving cash		
Add net unrealized losses		
on investments	131,944	87,097
Add amortization	67,444	69,171
Net change in non-cash working capital items (see below)	(48)	(169,748)
	654,090	392,505
Investing activities		
Net purchase of managed funds	(356,041)	(290,583)
Net purchase of guaranteed investment certificates	(501,698)	(95,988)
	(857,739)	(386,571)
Net (decrease) increase in cash for the year	(203,649)	5,934
Cash, beginning of year	320,424	314,490
Cash, end of year	116,775	320,424
Net change in non-cash working capital items		
Decrease (increase) in current assets		
Sales tax recoverable	2,585	(1,914)
Due from Child Development Institute	(3,568)	(171,942)
Increase in current liabilities		
Accounts payable and accrued liabilities	935	4,108
	(48)	(169,748)

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

Child Development Institute Foundation

Notes to the financial statements

March 31, 2019

Child Development Institute Foundation (the Foundation) is a registered charitable public foundation under the Income Tax Act (Canada) and incorporated under the Canada Not-for-profit Corporations Act without share capital. The Foundation is exempt from income tax in 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.

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 9).

Board Fund

Donations with restrictions imposed by the Board of Directors of the Foundation are included in the Board Fund (see Note 8).

Endowment Fund

Donations of which the capital is not available to be spent by the Foundation are classified as endowments (see Note 7).

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 financial statements.
- (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. Buildings are amortized over their estimated economic useful life of 40 years on the declining balance basis.

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. 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.

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 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 \$99,996 for use of the Parkdale and Annex childcare facilities for the year ended March 31, 2019 (\$98,040 for the year ended March 31, 2018). Rent charged is based on amounts negotiated with Child Development Institute.

During the year the Foundation donated \$313,977 to Child Development Institute (\$241,334 in the year ended March 31, 2018).

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, 2019

5. Short-term investments

Short-term investments at March 31 were as follows:

	2019	2018
	\$	\$
Guaranteed investment certificates	1,045,031	543,333
Managed funds	5,591,178	5,367,081
	6,636,209	5,910,414

The guaranteed investment certificates were with a major Canadian chartered bank with interest rates between 1.75% and 2.15%, and maturing between September 2019 and March 2020 (2018 – interest rates between 0.90% and 1.78% and maturing between July 2018 and March 2020).

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

6. Capital assets

Capital assets at March 31 are as follows:

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
	\$	\$	\$	\$
Land	352,632	—	352,632	352,632
Buildings	5,117,981	(2,487,663)	2,630,318	2,697,762
	5,470,613	(2,487,663)	2,982,950	3,050,394

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 (loss) earned on the capital is allocated directly to the endowment fund. Interest income earned in a year is transferred to the Camp Wimodausis Fund in the following year. During the year, an inter-fund transfer of \$27,355 was made from the Wimodausis Children's Endowment Fund to the Camp Wimodausis Restricted Fund (\$14,254 in 2018).

8. Board Fund

Amounts have been designated by the Board of Directors of the Foundation to be used for funding special programs or for purposes as directed by the Board of Directors of the Foundation and to meet the basic operating requirements of the Child Development Institute.

Child Development Institute Foundation

Notes to the financial statements

March 31, 2019

9. 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 exclusively in the delivery of research programs of the Centre for Children Committing Offences (now called SNAP) operated out of the St. Clair Gardens facility of the Child Development Institute.

Family Violence Fund – In accordance with donor intent and stipulations, funds are to be directed to family violence services.

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.

Integra funds

- (1) Camp Towhee Fund – In accordance with donor intent and stipulations, funds are to support capital improvements, camp projects and other special needs as required.
- (2) Integra Foundation Legacy Funds – In accordance with donor intent and stipulations, funds are to be used for 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.

Capital fund

Land, buildings, major building improvements and related liabilities used in operations by Child Development Institute are recorded in the capital fund.

Other

- (1) 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.
- (2) Caring Award Fund – In accordance with donor intent and stipulations, funds are to be used for staff acknowledgment by their peers.
- (3) SNAP Girls Funds – In accordance with donor intent and stipulations, funds are to be used exclusively in the delivery of SNAP Girls program operated out of the St. Clair Gardens facility of Child Development Institute.
- (4) Dr. Aurlick Fund – In accordance with donor intent to award a single mother in one of our programs for a holiday experience.

Child Development Institute Foundation

Notes to the financial statements

March 31, 2019

9. Restricted Funds (continued)

Other (continued)

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

	2019						2018	
	CDI research \$	Family violence \$	SNAP campaign \$	Integra \$	Capital \$	SNAP Girls, Camp Wimodausis and other \$	Total \$	Total \$
Restricted funds, beginning of year	1,364,619	496,092	1,163,076	784,603	3,050,394	88,346	6,947,130	6,502,469
Donations received from others	—	84,191	173,454	95,395	—	63,452	416,492	418,575
Investment income	57,656	15,554	43,188	25,935	—	—	142,333	124,466
Less donations to CDI and program								
Disbursements	(105,407)	(27,005)	(61,973)	—	(67,444)	(65,036)	(326,865)	(110,134)
Other donations	—	—	(1,000)	—	—	(2,500)	(3,500)	(2,500)
Excess of revenue over expenses (expenses over revenue)	(47,751)	72,740	153,669	121,330	(67,444)	(4,084)	228,460	430,407
Transfer from endowment fund (Note 7)	—	—	—	—	—	27,355	27,355	14,254
Restricted funds, end of year	1,316,868	568,832	1,316,745	905,933	2,982,950	111,617	7,202,945	6,947,130