

**SOCIAL AND ENTERPRISE
DEVELOPMENT INNOVATIONS
FINANCIAL STATEMENTS
FOR THE YEARS ENDED
MARCH 31, 2013 AND 2012**

SOCIAL AND ENTERPRISE DEVELOPMENT INNOVATIONS

MARCH 31, 2013 AND 2012

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INDEPENDENT AUDITOR'S REPORT

To the Members of
Social and Enterprise Development Innovations

We have audited the accompanying financial statements of Social and Enterprise Development Innovations, which comprise the statements of financial position as at March 31, 2013, March 31, 2012 and April 1, 2011 and the statements of changes in net assets, operations and cash flows for the years ended March 31, 2013 and March 31, 2012, 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 audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits 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 Social and Enterprise Development Innovations as at March 31, 2013, March 31, 2012 and April 1, 2011 and the results of its operations and its cash flows for the years ended March 31, 2013 and March 31, 2012 in accordance with Canadian accounting standards for not-for-profit organizations.

*Akler, Browning, Frimet
& Landzberg LLP*

CHARTERED ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS
TORONTO, CANADA
JUNE 27, 2013

SOCIAL AND ENTERPRISE DEVELOPMENT INNOVATIONS

STATEMENTS OF FINANCIAL POSITION

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	March 31 <u>2013</u> \$	March 31 <u>2012</u> \$	April 1 <u>2011</u> \$
ASSETS			
CURRENT			
Cash	614,545	715,084	691,124
Term deposits	604,782	618,573	609,398
TD financial literacy funds (Note 5)	3,523,988	3,270,021	3,131,147
Grants receivable	248,685	254,185	142,001
Sundry receivables	65,036	65,655	84,201
Prepays and deposits	<u>13,207</u>	<u>26,560</u>	<u>11,683</u>
	5,070,243	4,950,078	4,669,554
TD FINANCIAL LITERACY FUNDS (Note 5)	4,340,546	7,108,314	9,588,185
PROPERTY AND EQUIPMENT (Note 4)	<u>43,705</u>	<u>10,344</u>	<u>4,020</u>
	<u><u>9,454,494</u></u>	<u><u>12,068,736</u></u>	<u><u>14,261,759</u></u>
LIABILITIES AND FUND BALANCES			
CURRENT			
Accounts payable and accrued liabilities	209,917	253,256	213,274
Deferred contributions (Note 6)	<u>3,721,886</u>	<u>3,541,180</u>	<u>3,547,741</u>
	3,931,803	3,794,436	3,761,015
DEFERRED CONTRIBUTIONS (Note 6)	<u>4,954,592</u>	<u>7,708,270</u>	<u>9,827,371</u>
	<u>8,886,395</u>	<u>11,502,706</u>	<u>13,588,386</u>
NET ASSETS			
Net assets invested in property and equipment	43,705	10,344	4,020
Unrestricted net assets	<u>524,394</u>	<u>555,686</u>	<u>669,353</u>
	<u>568,099</u>	<u>566,030</u>	<u>673,373</u>
	<u><u>9,454,494</u></u>	<u><u>12,068,736</u></u>	<u><u>14,261,759</u></u>

The accompanying notes are an integral part of these statements.

APPROVED ON BEHALF OF THE BOARD:



"ANTHONY GRNAK" - CHAIR OF AUDIT COMMITTEE

SOCIAL AND ENTERPRISE DEVELOPMENT INNOVATIONS

STATEMENTS OF CHANGES IN NET ASSETS

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	Invested In Property and Equipment \$	Unrestricted \$	Year Ended March 31 2013 Total \$	2012 Total \$
BALANCE, BEGINNING OF YEAR	10,344	555,686	566,030	673,373
Investment in property and equipment	47,260	(47,260)	-	-
Excess (Deficiency) of revenues over expenditures	<u>(13,899)</u>	<u>15,968</u>	<u>2,069</u>	<u>(107,343)</u>
BALANCE, END OF YEAR	<u>43,705</u>	<u>524,394</u>	<u>568,099</u>	<u>566,030</u>

The accompanying notes are an integral part of these statements.

SOCIAL AND ENTERPRISE DEVELOPMENT INNOVATIONS

STATEMENTS OF OPERATIONS

	SEDI Core \$	TD Financial Literacy Grant Fund \$	ILA Match Fund \$	ILA 2012 \$	START \$	CCFL \$	Trillium Financial Literacy \$	Financial Literacy for Newcomers \$	Financial Literacy Evaluation \$	Year Ended March 31 2013 \$	Year Ended March 31 2012 \$
REVENUES											
Financial Literacy Funds											
Grants	-	1,803,587	-	-	696,124	-	-	-	-	2,499,711	1,980,227
Investment	-	-	26,686	168,109	53,840	-	135,251	237,061	23,750	1,067,203	1,027,772
Donations	4,659	156,331	-	-	20,412	-	-	-	-	176,743	192,742
Sundry	11,937	-	26,686	-	-	-	-	-	-	31,345	29,492
Consulting	500	-	-	-	4,533	-	-	-	-	11,937	16,150
	<u>17,096</u>	<u>1,959,918</u>	<u>53,372</u>	<u>168,109</u>	<u>422,506</u>	<u>774,909</u>	<u>135,251</u>	<u>237,061</u>	<u>23,750</u>	<u>3,791,972</u>	<u>3,260,193</u>
EXPENDITURES											
Grant disbursement	-	1,737,064	-	-	-	-	-	-	-	1,737,064	1,300,989
Wages and benefits	(42,048)	192,742	500	125,874	257,446	510,189	77,525	73,274	-	1,195,502	1,240,462
Program delivery	-	-	-	14,947	137,065	33,428	14,000	66,585	-	266,025	143,868
Program consulting	-	7,006	-	4,963	292	69,728	11,289	62,060	23,750	179,088	286,659
Rent	9,009	7,680	-	9,000	9,163	51,725	2,800	7,235	-	96,612	74,304
Match funds	-	-	52,872	-	5,592	-	-	-	-	58,464	27,692
Telephone and internet	1,304	2,400	-	2,849	1,020	16,075	17,253	14,306	-	55,207	26,037
Travel and meetings	8,061	945	-	3,270	4,399	24,813	6,849	6,599	-	54,936	92,304
Office and general	6,206	4,387	-	4,631	3,747	10,320	2,413	1,179	-	32,883	32,028
Printing and stationery	405	41	-	575	62	27,719	1,839	-	-	30,641	19,937
Professional fees	7,614	5,087	-	-	-	5,394	500	650	-	19,245	25,450
Amortization	13,899	-	-	-	-	-	-	-	-	13,899	10,177
Equipment	(1,342)	2,566	-	2,000	3,250	4,611	-	2,484	-	13,569	19,997
Special events	10,571	-	-	-	-	11,693	-	-	-	11,693	-
Organization development	267	-	-	-	470	6,050	783	-	-	10,571	50,537
Promotion	1,081	-	-	-	-	3,164	-	-	-	7,570	11,930
Resource materials	-	-	-	-	-	-	-	-	-	4,245	2,627
GST/HST absorbed	-	-	-	-	-	-	-	2,689	-	2,689	1,155
Professional development	-	-	-	-	-	-	-	-	-	-	1,383
	<u>15,027</u>	<u>1,959,918</u>	<u>53,372</u>	<u>168,109</u>	<u>422,506</u>	<u>774,909</u>	<u>135,251</u>	<u>237,061</u>	<u>23,750</u>	<u>3,789,903</u>	<u>3,367,536</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>2,069</u>									<u>2,069</u>	<u>(107,343)</u>

The accompanying notes are an integral part of these statements.

SOCIAL AND ENTERPRISE DEVELOPMENT INNOVATIONS

STATEMENTS OF CASH FLOWS

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	Year Ended March 31	
	2013	2012
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenditures	2,069	(107,343)
Adjustment for non cash items:		
Amortization of property and equipment	13,899	10,177
	15,968	(97,166)
Net changes in non-cash working capital items:		
Grants receivable	5,500	(112,184)
Sundry receivables	619	18,546
Prepays and deposits	13,353	(14,877)
Accounts payable and accrued liabilities	(43,339)	39,982
Deferred contributions	(2,572,972)	(2,125,662)
Cash Used In Operating Activities	(2,580,871)	(2,291,361)
CASH FLOWS FROM INVESTING ACTIVITIES		
Term deposits	13,791	(9,175)
TD Financial Literacy Funds	2,513,801	2,340,997
Purchase of property and equipment	(47,260)	(16,501)
Cash Provided By Investing Activities	2,480,332	2,315,321
NET (DECREASE) INCREASE IN CASH	(100,539)	23,960
CASH, BEGINNING OF YEAR	715,084	691,124
CASH, END OF YEAR	614,545	715,084

The accompanying notes are an integral part of these statements.

SOCIAL AND ENTERPRISE DEVELOPMENT INNOVATIONS

NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2013, MARCH 31, 2012 AND APRIL 1, 2011

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Note 1: Nature Of Operations

Social and Enterprise Development Innovations ("SEDI") is a non-profit organization incorporated without share capital and is registered with Canada Revenue Agency as a charity, within the meaning of the Income Tax Act. On October 26, 2012 the organization was granted authorization by the Ontario Ministry of Government Services to transfer to another jurisdiction and was also granted Articles of Continuance under the Canada Not-for-profit Corporations Act.

The organization was founded as an innovative response to high levels of unemployment and welfare dependency in Canada. SEDI has evolved into an innovator and producer/manager of effective Canadian self-sufficiency policies and programs.

Note 2: Significant Accounting Policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant policies are detailed as follows:

Fund Accounting

SEDI follows the deferral method of accounting for contributions. The funds created and their purpose are as follows:

The SEDI Core Fund accounts for the organization's strategic planning and administrative activities. This fund reports unrestricted resources and internally restricted operating resources.

The TD Financial Literacy Grant Fund represents funding for the purpose of making grants to charitable or other non-profit organizations who serve low income and otherwise economically disadvantaged persons and groups in Canada to support and promote financial literacy. The TD Financial Literacy Grant Fund shall be disbursed on or before December 31, 2015. Funds expended in the current year of the grant fund are for grant fund management and grant disbursement.

The Independent Living Account ("ILA") program, combining financial literacy training with incentivized savings accounts, enables low-income people living in Toronto transitional and shelter housing facilities to acquire the financial knowledge, skills and savings they need to move into secure housing and expand their economic opportunities. Its operation and administrative costs were funded by the City of Toronto. Match funds were provided by TD-Dominion Bank and other individual donors. This program operated in 7 transitional housing facilities/shelters.

SOCIAL AND ENTERPRISE DEVELOPMENT INNOVATIONS

NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2013, MARCH 31, 2012 AND APRIL 1, 2011

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Note 2: Significant Accounting Policies - cont'd

Fund Accounting - cont'd

START (Saving To Achieve Real Transformation) previously named The Ontario Opportunities Accounts is a pilot project that aims to enrol up to 500 low-income Ontarians currently living in social housing or on the waiting list for social housing in three locations in the province. The project is based on the tested assumption that participants will respond positively to financial incentives (matched savings) to set and achieve personal goals and prospects. In addition to matched savings incentives, financial literacy training and case management supports are provided to participants by Community Partners. Personal savings accounts and deposits are held at a local financial institution.

The Canadian Centre for Financial Literacy ("CCFL") was created by SEDI and TD Bank Financial Group and is funded by various public and private supporters. Funds are restricted to building and developing financial literacy among low income Canadians. The CCFL's initial funding of \$3,500,000 was provided by the CCFL co-founder TD Bank Financial Group effective July 9, 2009 to support the activities of the CCFL over a five year period ending December 31, 2014. The purpose of the CCFL is to expand opportunities for increasing the financial literacy of low income and otherwise economically disadvantaged persons and groups in Canada.

The Trillium Financial Literacy in Northern Ontario project is funded by The Ontario Trillium Foundation and is an initiative that will work with more than 75 organizations in 15 Ontario communities to build the capacity of 100 trainers and to deliver financial literacy support to 2,000 low income Ontarians.

The Financial Literacy for Newcomers project is funded by Citizenship and Immigration Canada. This project's objective is to aid newcomers to integrate into society more quickly through financial literacy supports and services; and to build a community of practice in order to support more organizations to include financial literacy programs as part of the services offered to newcomers.

The Financial Literacy Evaluation project has as its key objective the development of an evaluation strategy for financial literacy initiatives in Canada.

SOCIAL AND ENTERPRISE DEVELOPMENT INNOVATIONS

NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2013, MARCH 31, 2012 AND APRIL 1, 2011

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Note 2: Significant Accounting Policies - cont'd

Revenue Recognition

Restricted grants, TD literacy funds and donations are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Consulting fees and interest income are recognized on an accrual basis.

Property and Equipment

Purchased property and equipment are recorded at cost and contributed property and equipment are recorded at fair value at the date of contribution. The organization provides for amortization using the following methods at rates designed to amortize the cost of the property and equipment over its useful life. The annual amortization rates and methods are as follows:

Furniture and equipment	20%	declining balance
Computer equipment and software	50%	straight-line

Amortization of leasehold improvements is recorded over the remaining term of the lease.

Expense Allocation

Project expenditures include both costs that are specifically identifiable with the project and costs that have been allocated to the project. Salaries and employee benefits are allocated based on management's estimate of time spent by staff on each project. Certain other supplies and services are allocated based on management's estimate of the usage of such resources by the project.

Use of Estimates

The presentation of financial statements in conformity 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, revenues and expenditures.

The main estimates relate to the impairment of financial assets.

SOCIAL AND ENTERPRISE DEVELOPMENT INNOVATIONS

NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2013, MARCH 31, 2012 AND APRIL 1, 2011

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Note 2: Significant Accounting Policies - cont'd

Financial Instruments

The organization initially measures its financial assets and liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate.

The organization subsequently measures all its financial assets and financial liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost on a straight-line basis include cash, term deposits, TD financial literacy funds, grants receivable, and sundry receivable.

Financial liabilities measured at amortized cost on a straight-line basis include accounts payable and accrued liabilities.

The organization has not designated any financial asset or financial liability to be measured at fair value.

Note 3: Impact Of The Change In The Basis Of Accounting

Effective April 1, 2012, the organization elected to apply the standards in Part III of the CICA Handbook - Accounting Standards for Not-for-Profit Organizations (ASNPO).

These are the first financial statements prepared in accordance with this new framework which has been applied retrospectively. The accounting policies set out above have been applied in preparing the financial statements for the year ended March 31, 2013, the comparative information for the year ended March 31, 2012 and in the preparation of an opening balance sheet date as at April 1, 2011, which is the organization's date of transition.

SOCIAL AND ENTERPRISE DEVELOPMENT INNOVATIONS

NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2013, MARCH 31, 2012 AND APRIL 1, 2011

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Note 3: Impact Of The Change In The Basis Of Accounting - Cont'd

The organization previously issued financial statements for the year ended March 31, 2012 using generally accepted accounting principles prescribed by Part V of the CICA Handbook.

The adoption of ASNPO has had no impact on the previously reported assets, liabilities and net assets of the organization, and accordingly, no adjustments have been recorded in the comparative statements of financial position, operations, changes in net assets and cash flows. Certain of the organization's presentation and disclosures included in these financial statements reflect the new presentation and disclosure requirements of ASNPO.

Note 4: Property And Equipment

	<u>Cost</u> \$	<u>Accumulated Amortization</u> \$	Net March 31 <u>2013</u> \$	Net March 31 <u>2012</u> \$	Net April 1 <u>2011</u> \$
Furniture and equipment	48,213	37,951	10,262	2,093	1,497
Computer equipment and software	32,978	32,350	628	8,251	1,403
Leasehold Improvements	<u>36,461</u>	<u>3,646</u>	<u>32,815</u>	-	-
	<u>117,652</u>	<u>73,947</u>	<u>43,705</u>	<u>10,344</u>	<u>4,020</u>

SOCIAL AND ENTERPRISE DEVELOPMENT INNOVATIONS

NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2013, MARCH 31, 2012 AND APRIL 1, 2011

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Note 5: TD Financial Literacy Funds

TD Financial Literacy Funds consist of cash and fixed income Canadian instruments and are externally restricted for use as follows:

	CCFL Operating Fund \$	TD Financial Literacy Grant Fund \$	March 31 2013 \$	March 31 2012 \$	April 1 2011 \$
Cash	261,143	562,920	824,063	631,391	51,635
Fixed income investments	<u>1,032,543</u>	<u>6,007,928</u>	<u>7,040,471</u>	<u>9,746,944</u>	<u>12,667,697</u>
	<u>1,293,686</u>	<u>6,570,848</u>	<u>7,864,534</u>	<u>10,378,335</u>	<u>12,719,332</u>

Note 6: Deferred Contributions

Deferred contributions represent unspent resources externally restricted by funding agencies and restricted operating funding received in the current or a prior period that are related to a period subsequent to the year end, comprised of the following programs:

	March 31 2013 \$	March 31 2012 \$	April 1 2011 \$
<u>Current portion</u>			
TD Financial Literacy Grant Fund	2,429,500	2,427,885	2,429,667
CCFL Operating Fund	1,094,488	842,136	701,480
Trillium Financial Literacy	52,256	94,707	70,465
ILA's Match Fund	119,260	112,632	130,324
IIROC	-	23,750	205,805
OTHER	<u>26,382</u>	<u>40,070</u>	<u>10,000</u>
	<u>3,721,886</u>	<u>3,541,180</u>	<u>3,547,741</u>
<u>Long term portion</u>			
TD Financial Literacy Grant Fund	4,491,503	6,296,705	7,648,810
CCFL Operating Fund	<u>463,089</u>	<u>1,411,565</u>	<u>2,178,561</u>
	<u>4,954,592</u>	<u>7,708,270</u>	<u>9,827,371</u>

SOCIAL AND ENTERPRISE DEVELOPMENT INNOVATIONS

NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2013, MARCH 31, 2012 AND APRIL 1, 2011

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Note 7: Contractual Obligations

The organization is committed to total minimum rentals, (excluding certain occupancy charges) of \$218,331 under an operating lease for its existing premises which expires August 31, 2017.

The minimum commitment is as follows:

Years Ending

2014	\$ 47,554
2015	49,169
2016	49,315
2017	51,011
Thereafter	<u>21,282</u>
	<u>\$ 218,331</u>

Note 8: Financial Instruments

Transactions in financial instruments may result in an entity assuming or transferring to another part one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

(a) Market risk

Market risk is the risk that the fair value of 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 entity does not have significant exposure to any of these types of risk.

(b) Credit risk

Credit risk is the risk that one party to a financial transaction will cause a financial loss for the other party by failing to discharge an obligation. The organizations main credit risk relate to its grants receivable and sundry receivable. There has been no change to the risk exposure from the prior year.

(c) Liquidity risk

Liquidity risk is the risk that the organization will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect to its accounts payable and accrued liabilities. There has been no change to the risk exposure from the prior year.