

**SOCIAL AND ENTERPRISE
DEVELOPMENT INNOVATIONS
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
MARCH 31, 2011**

SOCIAL AND ENTERPRISE DEVELOPMENT INNOVATIONS

MARCH 31, 2011

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INDEPENDENT AUDITORS' 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 statement of financial position as at March 31, 2011, and the statements of changes in net assets, operations 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 generally accepted accounting principles, 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.

Auditors' 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 judgement, 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 audit 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, 2011, and the results of its operations and its cash flows for the year ended in accordance with Canadian generally accepted accounting principles.

*Akler, Browning, Frimet
& Landzberg LLP*

CHARTERED ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS
TORONTO, CANADA
JUNE 27, 2011

SOCIAL AND ENTERPRISE DEVELOPMENT INNOVATIONS

STATEMENT OF FINANCIAL POSITION

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| | Year Ended March 31 | |
|---|---------------------|-------------------|
| | 2011 | 2010 |
| | \$ | \$ |
| ASSETS | | |
| CURRENT | | |
| Cash | 691,124 | 481,185 |
| Term deposits | 609,398 | 605,324 |
| TD financial literacy funds (Note 4) | 3,131,147 | 2,557,634 |
| Grants receivable | 142,001 | 195,101 |
| Sundry receivables | 84,201 | 89,074 |
| Prepaid expenses and deposits | 11,683 | 15,598 |
| | 4,669,554 | 3,943,916 |
| TD FINANCIAL LITERACY FUNDS (Note 4) | 9,588,185 | 11,490,290 |
| PROPERTY AND EQUIPMENT (Note 3) | 4,020 | 6,248 |
| | <u>14,261,759</u> | <u>15,440,454</u> |
| LIABILITIES | | |
| CURRENT | | |
| Accounts payable and accrued liabilities | 213,274 | 274,323 |
| Deferred contributions (Note 5) | 3,547,741 | 2,723,283 |
| | 3,761,015 | 2,997,606 |
| DEFERRED CONTRIBUTIONS (Note 5) | 9,827,371 | 11,779,280 |
| | <u>13,588,386</u> | <u>14,776,886</u> |
| NET ASSETS | | |
| Net assets invested in property and equipment | 4,020 | 6,248 |
| Unrestricted net assets | 669,353 | 657,320 |
| | 673,373 | 663,568 |
| | <u>14,261,759</u> | <u>15,440,454</u> |

The accompanying notes are an integral part of these statements.

APPROVED ON BEHALF OF THE BOARD:



"ANTHONY GRNAK" - TREASURER

SOCIAL AND ENTERPRISE DEVELOPMENT INNOVATIONS

STATEMENT OF CHANGES IN NET ASSETS

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| | <u>Invested In Property and Equipment</u> \$ | <u>Unrestricted</u> \$ | <u>Year Ended March 31 2011 Total</u> \$ | <u>2010 Total</u> \$ (Note 9) |
|--|---|---------------------------|---|---|
| BALANCE AT BEGINNING OF YEAR | 6,248 | 657,320 | 663,568 | 624,327 |
| Investment in property and equipment | 2,805 | (2,805) | - | - |
| (Deficiency) excess of revenues over expenditures | <u>(5,033)</u> | <u>14,838</u> | <u>9,805</u> | <u>39,241</u> |
| BALANCE AT END OF YEAR | <u>4,020</u> | <u>669,353</u> | <u>673,373</u> | <u>663,568</u> |

The accompanying notes are an integral part of these statements.

SOCIAL AND ENTERPRISE DEVELOPMENT INNOVATIONS

STATEMENT OF OPERATIONS

| | SEDI Core | SEDI Awards | TD Financial Literacy Grant Fund | ILA Expansion | My Child's Future | Ontario Accounts | CCFL | Trillium Financial Literacy | New Start | Financial Literacy "The City" | Financial Literacy for Newcomers | Financial Literacy Evaluation | Year Ended March 31 2011 | Year Ended March 31 2010 |
|--|-----------------|----------------|----------------------------------|----------------|-------------------|------------------|----------------|-----------------------------|---------------|-------------------------------|----------------------------------|-------------------------------|--------------------------|--------------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| REVENUES | | | | | | | | | | | | | | |
| Grants | 23,021 | - | - | 198,137 | 51,731 | 78,105 | 69,565 | 183,904 | 51,850 | 102,650 | 306,862 | 75,625 | 1,141,450 | 1,140,127 |
| Financial Literacy Funds | - | - | 949,911 | - | - | - | 428,326 | - | - | - | - | - | 1,378,237 | 257,216 |
| Donations | 6,167 | - | - | 28,081 | - | - | - | - | - | - | - | - | 34,248 | 5,500 |
| Event tickets/ publications | - | 139,800 | - | - | - | - | - | - | - | - | - | - | 139,800 | - |
| Consulting fees | 23,096 | - | - | - | - | - | - | - | 31,669 | - | - | - | 54,765 | 257,788 |
| Investment income | - | - | 182,195 | - | - | - | 52,453 | - | - | - | - | - | 234,648 | 26,994 |
| Sundry | 4,337 | - | - | - | - | - | - | - | - | - | - | - | 4,337 | 15,958 |
| | <u>56,621</u> | <u>139,800</u> | <u>1,132,106</u> | <u>226,218</u> | <u>51,731</u> | <u>78,105</u> | <u>550,344</u> | <u>183,904</u> | <u>83,519</u> | <u>102,650</u> | <u>306,862</u> | <u>75,625</u> | <u>2,987,485</u> | <u>1,703,583</u> |
| EXPENDITURES | | | | | | | | | | | | | | |
| Program consulting | 21,437 | 8,467 | 41,718 | 6,243 | 6,272 | - | 28,939 | 6,000 | 19,329 | 16,000 | 28,894 | 20,246 | 203,545 | 148,346 |
| Program delivery | - | - | - | 47,659 | 24,490 | - | 20,305 | 14,500 | 4,000 | 5,428 | 155,116 | - | 271,498 | 485,756 |
| Equipment expense | (837) | - | 2,431 | 1,406 | 271 | 3,082 | 7,100 | 1,713 | 6 | 362 | 917 | 799 | 17,250 | 5,510 |
| Grant disbursement | - | - | 902,938 | - | - | - | - | - | - | - | - | - | 902,938 | - |
| GST/HST absorbed | - | - | - | - | 126 | - | - | - | - | - | 1,912 | - | 2,038 | 1,383 |
| Match funds | - | - | - | 28,081 | - | - | - | - | - | - | - | - | 28,081 | 3,825 |
| Office and general | 15,687 | 2,918 | 3,214 | 3,383 | 221 | 610 | 6,013 | 3,028 | 123 | 1,117 | 1,933 | 1,057 | 39,303 | 33,740 |
| Organization development | 61,875 | - | - | - | - | - | - | - | - | - | - | - | 61,875 | - |
| Printing and stationery | (630) | 2,888 | 94 | 172 | 2,650 | 125 | 8,739 | - | - | - | 880 | 78 | 14,996 | 14,404 |
| Professional development | 841 | - | - | - | - | - | 200 | - | - | - | - | - | 1,041 | 3,980 |
| Professional fees | 1,825 | - | 5,000 | - | 3,000 | - | 4,107 | - | - | 600 | 625 | 450 | 15,607 | 18,770 |
| Promotion | 1,433 | 19,796 | 1,560 | - | 6,853 | 267 | 22,366 | 3,940 | 1,913 | 2,007 | 2,520 | - | 62,655 | 26,090 |
| Rent | (2,238) | - | 7,740 | 6,000 | 6,853 | 2,500 | 39,100 | 4,800 | - | 3,300 | 6,600 | 600 | 68,402 | 67,137 |
| Resource materials | 870 | - | - | 100 | - | - | 50 | - | 34,135 | - | - | - | 35,155 | - |
| Salaries and benefits | 3,210 | - | 164,841 | 127,430 | 7,596 | 70,608 | 381,882 | 138,967 | 21,292 | 58,889 | 81,010 | 51,450 | 1,107,175 | 743,955 |
| Special events | - | 22,908 | - | - | - | - | - | - | - | - | 20,934 | - | 43,842 | - |
| Telephone and internet | (248) | - | 2,490 | 3,824 | 252 | 690 | 12,995 | 2,766 | - | 1,085 | 1,893 | 945 | 26,693 | 57,764 |
| Travel and meetings | 20,508 | 873 | 80 | 1,920 | - | 223 | 18,548 | 8,190 | 2,721 | 13,862 | 3,628 | - | 70,553 | 46,657 |
| Amortization | 5,033 | - | - | - | - | - | - | - | - | - | - | - | 5,033 | 7,025 |
| | <u>128,766</u> | <u>57,850</u> | <u>1,132,106</u> | <u>226,218</u> | <u>51,731</u> | <u>78,105</u> | <u>550,344</u> | <u>183,904</u> | <u>83,519</u> | <u>102,650</u> | <u>306,862</u> | <u>75,625</u> | <u>2,977,680</u> | <u>1,664,342</u> |
| (DEFICIENCY) EXCESS OF REVENUES OVER EXPENDITURES | <u>(72,145)</u> | <u>81,950</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>9,805</u> | <u>39,241</u> |

The accompanying notes are an integral part of these statements.

SOCIAL AND ENTERPRISE DEVELOPMENT INNOVATIONS

STATEMENT OF CASH FLOWS

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| | Year Ended March 31 | |
|---|-------------------------|-------------------------|
| | <u>2011</u> | <u>2010</u> |
| | \$ | \$ |
| | | (Note 9) |
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Excess of revenues over expenditures | 9,805 | 39,241 |
| Adjustment for items not requiring an outlay of cash: | | |
| Amortization of property and equipment | <u>5,033</u> | <u>7,025</u> |
| | 14,838 | 46,266 |
| Net changes in non-cash working capital balances related to operations: | | |
| Grants receivable | 53,100 | (128,567) |
| Sundry receivables | 4,873 | (56,356) |
| Prepaid expenses and deposits | 3,915 | (4,324) |
| Accounts payable and accrued liabilities | (61,049) | 95,085 |
| Deferred contributions | <u>(1,127,451)</u> | <u>14,278,248</u> |
| Cash Flow (Used In) From Operating Activities | <u>(1,111,774)</u> | <u>14,230,352</u> |
| CASH FLOW USED IN INVESTING ACTIVITIES | | |
| TD Financial Literacy Funds | 1,902,105 | (14,047,924) |
| Purchase of property and equipment | <u>(2,805)</u> | <u>(5,953)</u> |
| Cash Flow From (Used In) Investing Activities | <u>1,899,300</u> | <u>(14,053,877)</u> |
| INCREASE IN CASH AND CASH EQUIVALENTS | 787,526 | 176,475 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | <u>1,086,509</u> | <u>910,034</u> |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | <u><u>1,874,035</u></u> | <u><u>1,086,509</u></u> |
| CASH AND CASH EQUIVALENTS ARE COMPRISED OF: | | |
| Cash | 691,124 | 481,185 |
| Term deposits | <u>609,398</u> | <u>605,324</u> |
| | <u><u>1,300,522</u></u> | <u><u>1,086,509</u></u> |

The accompanying notes are an integral part of these statements.

SOCIAL AND ENTERPRISE DEVELOPMENT INNOVATIONS

NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2011

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Note 1: Purpose Of The Organization

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. 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

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 SEDI Awards: a SEDI event to celebrate the drive, strength and passion of the human spirit; to acknowledge the achievements of extraordinary people who have, through SEDI's initiatives, found a way to overcome challenges such as unemployment, poverty or a disability; to recognize front line agents who help deliver SEDI's programs and make a difference in the lives of thousands of low income Canadians.

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.

Note 2: Significant Accounting Policies - cont'd

Fund Accounting - cont'd

The Independent Living Account ("ILA") Expansion program operation and administrative costs are funded by the City of Toronto and restricted to assisting people living in transitional housing, or shelters, to increase their self sufficiency and transition into affordable, appropriate and more stable accommodation. Matched funds were provided by TD Bank Financial Group. This program operated in 6 transitional housing facilities/shelters. Under this contract financial literacy supports were also provided to 10 organizations that provide support services to those who are homeless or at risk.

The My Child's Future project is funded by Human Resources and Social Development Canada and restricted to promoting the importance of planning and saving for post secondary education using the Canada Learning Bond.

The Ontario Opportunities Accounts is a pilot project that aims to enroll 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.

Note 2: Significant Accounting Policies - cont'd

Fund Accounting - cont'd

The New Start project is funded by the Ontario Ministry of Small Business and Consumer Services and is restricted to helping raise the level of entrepreneurship and financial literacy awareness for newcomer and francophone youth in Ontario.

The Financial Literacy Resources "The City" is funded by the Financial Consumer Agency of Canada ("FCAC"). This project aims to assist the FCAC to fulfill the following objectives: Develop and disseminate a Financial Literacy Train-the-Trainer Program for leaders and educators within community based organization with a focus on building financial and money management skills; Develop and implement an Outreach and Delivery Plan for FCAC's financial life skill resource "The City" within community based organizations; Evaluate and recommend modifications to FCAC financial life skills resource to determine the usability and appropriateness of the resource within community based organizations; Track and evaluate program success and impact on users of FCAC's financial life skills resource.

The Financial Literacy for Newcomers project is funded by Citizenship and Immigration Canada. This project has as its key objective the development and piloting of a service delivery model that will raise the level of support provided to low-income newcomers to increase their financial literacy during their initial settlement period, thereby increasing the likelihood that they will enjoy more successful, speedy and sustainable integration outcomes.

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

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.

SOCIAL AND ENTERPRISE DEVELOPMENT INNOVATIONS

NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2011

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Note 2: Significant Accounting Policies - cont'd

Financial Instruments

The organization has elected to use the exemption provided by the Canadian Institute of Chartered Accountants ("CICA") permitting not-for-profit organizations not to apply the following sections of the CICA Handbook: Section 3862, Financial Instruments - Disclosures, and Section 3863, Financial Instruments - Presentation, which would otherwise have applied to the financial statements of the organization for the year ended March 31, 2010. The organization applies the requirements of Section 3861, Financial Instruments - Disclosures and Presentation.

The organization designates its cash, term deposits, accounts payable and accrued liabilities and deferred contributions as held for trading and carries them at fair value due to their short term nature. TD Financial Literacy Funds are designated as held to maturity and are measured at amortized cost.

Cash and Cash Equivalents

Cash and cash equivalents are defined as cash and highly liquid investments including term deposits with maturities of three months or less from date of acquisition.

Amortization

Amortization is provided at the following annual rates on the following basis:

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

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.

Measurement Uncertainty

The presentation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenditures, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

SOCIAL AND ENTERPRISE DEVELOPMENT INNOVATIONS

NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2011

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Note 3: Property And Equipment

Purchased property and equipment are recorded at cost, contributed property and equipment are recorded at fair value at the date of contribution. The recorded amount less accumulated amortization are comprised of the following:

| | <u>Cost</u> \$ | <u>Accumulated Amortization</u> \$ | <u>Net 2011</u> \$ | <u>Net 2010</u> \$ (Note 9) |
|--|-------------------|---|---------------------------|---------------------------------------|
| Furniture and equipment - Core | 22,081 | 20,584 | 1,497 | 1,871 |
| Computer equipment and software - Core | 18,470 | 17,067 | 1,403 | 2,977 |
| Furniture and equipment - Learn\$ave | <u>16,591</u> | <u>15,471</u> | <u>1,120</u> | <u>1,400</u> |
| | <u>57,142</u> | <u>53,122</u> | <u>4,020</u> | <u>6,248</u> |

Note 4: TD Financial Literacy Funds

TD Financial Literacy Funds consist of cash, short term notes and medium term Canadian instruments and are externally restricted for use as follows:

| | <u>CCFL Operating Fund</u> \$ | <u>TD Financial Literacy Grant Fund</u> \$ | <u>Total</u> \$ |
|-------------------------|--|---|--------------------|
| Cash | 3,722 | 47,913 | 51,635 |
| Short term notes | 2,295,401 | 3,154,453 | 5,449,854 |
| Medium term instruments | <u>307,288</u> | <u>6,910,555</u> | <u>7,217,843</u> |
| | <u>2,606,411</u> | <u>10,112,921</u> | <u>12,719,332</u> |

SOCIAL AND ENTERPRISE DEVELOPMENT INNOVATIONS

NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2011

Note 5: 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:

Current portion

| | |
|----------------------------------|---------------------|
| TD Financial Literacy Grant Fund | \$ 2,429,667 |
| CCFL Operating Fund | 701,480 |
| Trillium Financial Literacy | 70,465 |
| ILA's Match Fund | 130,324 |
| IIROC | 205,805 |
| OTHER | <u>10,000</u> |
| | <u>\$ 3,547,741</u> |

Long term portion

| | |
|----------------------------------|---------------------|
| TD Financial Literacy Grant Fund | \$ 7,648,810 |
| CCFL Operating Fund | <u>2,178,561</u> |
| | <u>\$ 9,827,371</u> |

Note 6: Financial Instruments

The carrying values of cash, term deposits, grants and sundry receivables, accounts payable and accrued liabilities and deferred contributions approximate their fair values due to their liquidity and short-term maturity. Unless otherwise noted, it is management's opinion that SEDI is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Note 7: Commitment

Social and Enterprise Development Innovations is committed to total minimum rentals in the approximate amount of \$44,774 under a lease for its existing premises which expires November 30, 2011.

Note 8: Capital Disclosure

SEDI manages its capital primarily through its investments and adheres to SEDI's investment policies.

Note 9: Comparative Figures

Certain of the 2010 comparative figures have been reclassified to conform with the financial statement presentation adopted for 2011.