

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

SOCIAL AND ENTERPRISE DEVELOPMENT INNOVATIONS

MARCH 31, 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 statement of financial position as at March 31, 2012, 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.

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 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, 2012, 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
JULY 3, 2012

SOCIAL AND ENTERPRISE DEVELOPMENT INNOVATIONS

STATEMENT OF FINANCIAL POSITION

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	Year Ended March 31	
	2012	2011
	\$	\$
ASSETS		
CURRENT		
Cash	715,084	691,124
Term deposits	618,573	609,398
TD financial literacy funds (Note 5)	3,270,021	3,131,147
Grants receivable	254,185	142,001
Sundry receivables	65,655	84,201
Prepaid expenses and deposits	26,560	11,683
	4,950,078	4,669,554
TD FINANCIAL LITERACY FUNDS (Note 5)	7,108,314	9,588,185
PROPERTY AND EQUIPMENT (Note 4)	10,344	4,020
	12,068,736	14,261,759
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	253,256	213,274
Deferred contributions (Note 6)	3,541,180	3,547,741
	3,794,436	3,761,015
DEFERRED CONTRIBUTIONS (Note 6)	7,708,270	9,827,371
	11,502,706	13,588,386
NET ASSETS		
Net assets invested in property and equipment	10,344	4,020
Unrestricted net assets	555,686	669,353
	566,030	673,373
	12,068,736	14,261,759

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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	Invested In Property and Equipment	Unrestricted	Year Ended March 31	
	\$	\$	2012	2011
			<u>Total</u>	<u>Total</u>
			\$	\$
BALANCE AT BEGINNING OF YEAR	4,020	669,353	673,373	663,568
Investment in property and equipment	16,501	(16,501)	-	-
(Deficiency) excess of revenues over expenditures	<u>(10,177)</u>	<u>(97,166)</u>	<u>(107,343)</u>	<u>9,805</u>
BALANCE AT END OF YEAR	<u>10,344</u>	<u>555,686</u>	<u>566,030</u>	<u>673,373</u>

The accompanying notes are an integral part of these statements.

SOCIAL AND ENTERPRISE DEVELOPMENT INNOVATIONS

STATEMENT OF OPERATIONS

	SEDI Core	TD Financial Literacy Grant Fund	ILA Match Fund	ILA 2011	Youth In Care	START	CCFL	Trillium Financial Literacy	Financial Literacy "The City"	Financial Literacy for Newcomers	Financial Literacy Evaluation	Year Ended March 31	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	2012	2011
												\$	\$
REVENUES													
Grants	-	-	-	198,630	29,500	346,363	34,930	161,358	9,100	65,837	182,054	1,027,772	1,141,450
Financial Literacy Funds	-	1,353,887	-	-	-	-	626,340	-	-	-	-	1,980,227	1,378,237
Donations	1,800	-	27,692	-	-	-	-	-	-	-	-	29,492	34,248
Event tickets/ publications	-	-	-	-	-	-	-	-	-	-	-	-	139,800
Consulting fees	7,650	-	-	-	-	-	6,160	-	-	-	-	13,810	54,765
Investment income	-	176,370	-	-	-	-	16,372	-	-	-	-	192,742	234,648
Sundry	16,150	-	-	-	-	-	-	-	-	-	-	16,150	4,337
	<u>25,600</u>	<u>1,530,257</u>	<u>27,692</u>	<u>198,630</u>	<u>29,500</u>	<u>346,363</u>	<u>683,802</u>	<u>161,358</u>	<u>9,100</u>	<u>65,837</u>	<u>182,054</u>	<u>3,260,193</u>	<u>2,987,485</u>
EXPENDITURES													
Program consulting	51,353	29,155	-	10,778	3,852	-	75,406	193	4,363	24,764	86,795	286,659	203,545
Program delivery	-	-	-	50,895	-	33,968	22,090	13,500	(1,360)	9,040	15,735	143,868	271,498
Equipment expense	605	2,400	-	166	-	6,863	8,987	-	-	526	450	19,997	17,250
Grant disbursement	-	1,300,989	-	-	-	-	-	-	-	-	-	1,300,989	902,938
GST/HST absorbed	-	-	-	-	-	-	-	-	-	1,155	-	1,155	2,038
Match funds	-	-	27,692	-	-	-	-	-	-	-	-	-	-
Office and general	7,936	4,711	-	5,108	275	2,112	6,344	2,422	42	227	2,851	27,692	28,081
Organization development	50,537	-	-	-	1,603	-	-	-	-	-	-	32,028	39,303
Printing and stationery	62	-	-	-	-	-	14,701	807	-	2,764	-	50,537	61,875
Professional development	1,283	-	-	-	-	-	100	500	50	200	675	19,937	14,996
Professional fees	13,961	5,000	-	267	-	982	5,064	500	-	-	-	1,383	1,041
Promotion	3,691	7,700	-	6,000	-	10,836	41,768	4,800	-	2,200	1,000	25,450	15,607
Rent	-	-	-	-	-	910	113	-	-	-	-	74,304	68,402
Resource materials	1,604	177,784	-	119,124	22,142	275,806	444,251	132,900	6,005	23,769	63,074	2,627	35,155
Salaries and benefits	-	-	-	-	-	-	-	-	-	-	-	1,240,462	1,107,175
Special events	-	-	-	-	-	-	-	-	-	-	-	-	43,842
Telephone and internet	761	2,400	-	3,670	10	3,063	11,721	2,404	-	1,192	816	26,037	26,693
Travel and meetings	15,366	118	-	2,622	1,618	11,823	46,267	3,832	-	-	10,658	92,304	70,553
Amortization	10,177	-	-	-	-	-	-	-	-	-	-	10,177	5,033
	<u>132,943</u>	<u>1,530,257</u>	<u>27,692</u>	<u>198,630</u>	<u>29,500</u>	<u>346,363</u>	<u>683,802</u>	<u>161,358</u>	<u>9,100</u>	<u>65,837</u>	<u>182,054</u>	<u>3,367,536</u>	<u>2,977,680</u>
(DEFICIENCY) EXCESS OF REVENUES OVER EXPENDITURES	<u>(107,343)</u>											<u>(107,343)</u>	<u>9,805</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	
	2012	2011
	\$	\$
CASH FLOW FROM (USED IN) OPERATING ACTIVITIES		
(Deficiency) Excess of revenues over expenditures	(107,343)	9,805
Adjustment for items not requiring an outlay of cash:		
Amortization of property and equipment	10,177	5,033
	(97,166)	14,838
Net changes in non-cash working capital balances related to operations:		
Grants receivable	(112,184)	53,100
Sundry receivables	18,546	4,873
Prepaid expenses and deposits	(14,877)	3,915
Accounts payable and accrued liabilities	39,982	(61,049)
Deferred contributions	(2,125,662)	(1,127,451)
Cash Flow Used In Operating Activities	(2,291,361)	(1,111,774)
CASH FLOW FROM INVESTING ACTIVITIES		
TD Financial Literacy Funds	2,340,997	1,328,592
Purchase of property and equipment	(16,501)	(2,805)
Cash Flow From Investing Activities	2,324,496	1,325,787
INCREASE IN CASH AND CASH EQUIVALENTS	33,135	214,013
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,300,522	1,086,509
CASH AND CASH EQUIVALENTS AT END OF YEAR	1,333,657	1,300,522
CASH AND CASH EQUIVALENTS ARE COMPRISED OF:		
Cash	715,084	691,124
Term deposits	618,573	609,398
	1,333,657	1,300,522

The accompanying notes are an integral part of these statements.

SOCIAL AND ENTERPRISE DEVELOPMENT INNOVATIONS

NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2012

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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 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") 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 7 transitional housing facilities/shelters. Under this contract financial literacy support was also provided to 21 organizations that provide support services to those who are homeless or at risk.

SOCIAL AND ENTERPRISE DEVELOPMENT INNOVATIONS

NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2012

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Note 2: Significant Accounting Policies - cont'd

Fund Accounting - cont'd

Youth In Care SEDI has partnered with the Children's Aid Society of Toronto (CAST) and the Catholic Children's Aid Society (CCAS) to pilot a project called the Opportunities Account for Youth in care. The project has provided training to staff in order to build their capacity to provide financial literacy education to up to 300 youth in care. Also, 20 youth in care have been selected to open a savings account, save towards a particular goal and accumulate a savings match of 3:1 for either tuition, rent or supports to employment.

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.

SOCIAL AND ENTERPRISE DEVELOPMENT INNOVATIONS

NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2012

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Note 2: Significant Accounting Policies - cont'd

Fund Accounting - cont'd

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 Resources "The City" is funded by the Financial Consumer Agency of Canada ("FCAC"). This project aims to assist the FCAC to fulfil 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 and Evaluation 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.

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, 2012

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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, 2012. 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, 2012

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Note 3: Future Accounting Changes

Accounting Standards For Not-For-Profit Organizations

In December 2010, the Canadian Accounting Standards Board issued a comprehensive set of accounting standards applicable to not-for-profit organizations. The standards are effective for fiscal years beginning on or after January 1, 2012 and require retrospective application, except for certain exemptions and exceptions contained within the standards. The organization is currently considering the impact of the adoption of these standards.

Note 4: 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 2012</u> \$	<u>Net 2011</u> \$
Furniture and equipment - Core	22,081	20,884	1,197	1,497
Computer equipment and software - Core	34,972	26,721	8,251	1,403
Furniture and equipment - Learn\$ave	<u>16,591</u>	<u>15,695</u>	<u>896</u>	<u>1,120</u>
	<u>73,644</u>	<u>63,300</u>	<u>10,344</u>	<u>4,020</u>

Note 5: 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	601,880	29,511	631,391
Short term notes	968,763	1,677,807	2,646,570
Medium term instruments	<u>302,789</u>	<u>6,797,585</u>	<u>7,100,374</u>
	<u>1,873,432</u>	<u>8,504,903</u>	<u>10,378,335</u>

SOCIAL AND ENTERPRISE DEVELOPMENT INNOVATIONS

NOTES TO THE FINANCIAL STATEMENTS
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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:

Current portion

TD Financial Literacy Grant Fund	\$ 2,427,885
CCFL Operating Fund	842,136
Trillium Financial Literacy	94,707
ILA's Match Fund	112,632
IIROC	23,750
OTHER	<u>40,070</u>
	<u>\$ 3,541,180</u>

Long term portion

TD Financial Literacy Grant Fund	\$ 6,296,705
CCFL Operating Fund	<u>1,411,565</u>
	<u>\$ 7,708,270</u>

Note 7: 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 8: Commitment

Social and Enterprise Development Innovations is committed to total minimum rentals (excluding certain occupancy charges) of \$257,960 under an operating lease for its existing premises which expires August 30, 2016.

The minimum commitment is as follows:

Years Ending

2013	\$ 39,629
2014	47,554
2015	49,169
2016	49,315
2017	51,011
Thereafter	<u>21,282</u>
	<u>\$ 257,960</u>

SOCIAL AND ENTERPRISE DEVELOPMENT INNOVATIONS

NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2012

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Note 9: Capital Disclosure

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