

cece
college of
early childhood
educators

Leading Together in Early Learning and Care

ANNUAL REPORT 2018-19



PRESIDENT'S MESSAGE



Stacey Lepine RECE

I would like to extend a big thank you to my Council colleagues and College staff for their hard work and dedication to serving and protecting the public interest by regulating the profession.

As Council Vice-President during this report's fiscal year, I had the pleasure of working with Council members and College staff to complete the first year of our 2018-2021 strategic plan. Serving on the College's Council is an exceptional opportunity to be a leader in the profession of early childhood education. Through our committee work, we oversee the objectives set in the strategic plan and set the bar for regulatory governance, accountability and transparency.

I am pleased to highlight some of last year's accomplishments such as the College's efforts to produce resources, including the *Practice Guideline on Inclusion of Children with Disabilities*, to support members in their practice in accordance with the *Code of Ethics and Standards of Practice*. The *Approval of Education Programs Policy* was reviewed and revised to add clarity and strengthen the assessment process. The College also celebrated its 10th anniversary, recognizing the efforts of staff and Council in the advances

made to not only define the profession of early childhood education, but also to protect children and their families through regulation.

The theme for this year's annual report is *leading together in early learning and care*. Having practised the profession for over 30 years, this idea of leadership and collaboration truly sums up everything we do as educators to provide children with the best care, education and support in their early years. Registered Early Childhood Educators (RECEs) are leaders in their profession, setting the foundations that children need to be successful contributors to their communities.

It was an honour to be elected this year as Council President. It is with great pride and excitement that I get to continue to collaborate with Council and College leadership to move forward with the strategic plan's activities for 2019-20.

MINISTER'S MESSAGE

I want to thank every RECE in Ontario for educating and caring for our youngest learners, and for giving them the foundation they need for a strong future. You are helping shape the future, and I look forward to continuing to work in partnership with you, *Leading Together in Early Learning and Care*.

On behalf of the Government of Ontario, and the Ministry of Education, I want to thank each of you for your ongoing dedication and all that you do, every day, to improve outcomes for our youngest learners.

The theme of this year's annual report — *Leading Together in Early Learning and Care* — highlights the importance of working together to provide children and families with the high-quality care they deserve. It is our vision for families that Ontario's child care system continues to strengthen and grow — and that is only possible through supporting our early years professionals.

Across this province, Registered Early Childhood Educators (RECEs), and your College, are making a real difference in the lives of children and families. Whether it is in child care centres, home child care settings, kindergarten classrooms, EarlyON Child and

Family Centres, or before-and after-school programs, your dedication, passion and professionalism are truly invaluable.

We know that collaboration between children, parents, caregivers, and early childhood educators creates high-quality early years programs and child care services where our children thrive.

That is why we are developing a new child care plan focused on increasing affordable access across Ontario — while maintaining high standards of quality and enhancing parental choice.



The Honourable Stephen Lecce
Minister of Education

REGISTRAR & CEO'S MESSAGE



Beth Deazeley, LL.B.

It's been a successful year for the College as we continue to work together to protect children and families by regulating the early childhood education profession.

With the start of the 2018-19 fiscal year, the College embarked on the new three-year strategic plan. With the guidance and oversight of Council, we successfully carried out our objectives from start to finish with the public in mind.

We communicated regularly with government to provide policy recommendations that support the best interests of children and families. We rolled out *My College Account* to make the renewal process more efficient and accessible for members, and continue to work to ensure that everyone using the professional designation is competent, ethical and able to practise safely according to the *Code of Ethics and Standards of Practice*. We kept a keen eye on issues and trends in the early learning sector and created professional practice resources to provide members with best practices applicable to their work.

The theme for this annual report is '*leading together in early learning and care*' because that's what we do each and every day — as an organization, as individuals and as professionals. Leadership involves working

collaboratively to ensure we remain on the path to meet our mandate. It means encouraging each other as we set policies and priorities that instill public confidence in the profession. For RECEs, it means working together as accountable and knowledgeable educators who are laying foundations to prepare children for their roles as future leaders.

As we move forward together, we will continue to build a strong, accountable and trustworthy profession that provides high-quality learning and care to Ontario's children — something we can all be proud of.

I'm very proud of what we've accomplished this year, and as the College evolves along with the profession of early childhood education, we will continue to work hard to set the bar for professionalism and leadership in the sector for Registered Early Childhood Educators.

ABOUT US



Values



Transparency
and Accountability



Integrity
and Fairness



Professionalism
and Leadership



Inclusion
and Respect

[Learn more](#) about the College's commitment to protecting the public interest.

Mandate

The College, with more than 53,000 registered members, regulates and governs the profession of early childhood education in the public interest.

Vision

Leadership in early learning and care by trusted, accountable professionals.

Mission

Serve and protect the public interest by regulating the profession of early childhood education.

COLLEGE COUNCIL 2018-19



Back Row: Lori Huston RECE, Richard (Dick) Winters RECE, Larry O'Connor, Kristine Parsons RECE, Teresa Sulowski RECE, Christine Forsyth
 Middle Row: Karen Guthrie RECE, Rosemary Fontaine, Nancy Roscoe RECE, Cyndy Jefferson RECE, Julie Cyr RECE, Karen Damley CA, CPA, Madelaine Champagne, François Bertrand
 Front Row: Kim White RECE, Ann Robichaud-Gagné, Stacey Lepine RECE, Darlene Edgar RECE, Laura Urso RECE, Gillian Jackson RECE
 Absent: Karen Kennedy RECE, Nerene Virgin

The role of Council is to set the strategic objectives that support the College's mandate, vision and mission. Together, Council oversees policy development and makes decisions related to entry to practice, professional standards and ethics, and professional misconduct. Serving on Council gives members an exceptional opportunity to take on a leadership role in their profession while also developing skills in governance. There are 24 Council members on the College's Council, 10 of whom are appointed by the Ontario government and the remaining 14 elected by members.

Any member in good standing can run for Council — find out more about the [role of Council](#).
 For information about how a member can be elected to Council, check out the [Council Elections webpage](#).

COUNCIL COMMITTEES



Executive

Oversees strategic planning, policy development and the management of the College. Responsible for the performance of Council and Committees and best practices in governance.

Key Focus: Monitor achievements under the strategic plan, ensure effective functioning of Council and engagement of members in governance.

The cornerstone of professional self-regulation is governance. Effective governance requires competent, engaged Council members and effective reporting and communication.

Election

Oversees the election of Council members. Determines election procedures, reviews nominations and determines eligibility of candidates, and ensures College elections are fair and transparent.

Key Focus: Transition to first fully electronic election. Oversight of elections in Districts 5 and 7.

Finance & Audit

Supports Council in fulfilling its duty to oversee the College's financial position, practices, controls and reporting, as well as financial risk management.

Key Focus: Ensures the integrity of financial reporting and the sustainability of the College's operations.

Standards of Practice

Advises Council on policy direction in relation to the *Code of Ethics and Standards of Practice* and the Continuous Professional Learning (CPL) program. Oversees the development of member resources.

Key Focus: Resource development related to the Code and Standards, oversight of the CPL program and exploring concepts of leadership and professionalism.

Our objective is to support practice excellence, which means that members understand and apply the Code and Standards and value ongoing learning throughout their careers.

COUNCIL COMMITTEES

Registration

Advises Council on policy direction related to the requirements for registration of members, assessment of qualifications and approval of education programs.

Key Focus: Development of policy options to reflect sectoral changes and ensure that RECEs entering the profession are equipped to practise safely, ethically and competently.

To ensure the registration of qualified professionals, the registration criteria and membership structure must reflect the realities of the sector and be supported by operational processes that are efficient, objective, transparent, impartial and fair.



Registration Appeals

Responsible for reviewing registration applications at the request of applicants if the Registrar has proposed to refuse to issue a Certificate of Registration or to impose terms, conditions or limitations on a Certificate.

Key Focus: Ensures that individual appeal decisions are objective, fair and transparent.

Complaints

Considers complaints regarding the conduct or actions of members of the College and determines the appropriate action to be taken, which may include referral to the Discipline or Fitness to Practise Committee.

Key Focus: Efficient decision-making in relation to complaints and mandatory employer reports.

To be effective, regulatory action must be timely, proportionate and effective at addressing member conduct.

COUNCIL COMMITTEES



Discipline

Conducts hearings in relation to allegations of professional misconduct or incompetence on the part of members of the College which have been referred by the Complaints Committee.

Key Focus: Discipline proceedings and decisions that are fair, timely and transparent.

Fitness to Practise

Conducts hearings in relation to allegations of incapacity which have been referred by the Complaints Committee, in which a member may be unable to safely practise the profession due to a physical or mental condition.

Key Focus: Decisions which protect the public interest while respecting members' privacy and supporting a safe return to practice.

Advisory Committee on Funding for Therapy

This Committee was formed in April 2019 to advise Council on the development of the College's program to provide funding for therapy and counselling in relation to allegations of sexual abuse by members of the College.

Key Focus: Development of a child- and family-centered program to support the unique needs of children abused by a member of the profession.

EXECUTIVE LEADERSHIP TEAM

The Executive Leadership and their respective teams work together to ensure the College sets and meets high standards for practice readiness, continuing competence and regulation of the profession.

Marc Spector, LL.B.

Director, Professional Regulation

My team continues to protect children and their families by addressing concerns fairly, efficiently and transparently. Together, we have identified emerging trends, collaborated in creating helpful resources for members, and we continue to build on strong relationships with our partners in law enforcement, government, parents, employers and the education community.

Melanie Dixon RECE

Director, Professional Practice

I'm especially proud of my team's work on supporting members with engaging in the Continuous Professional Learning program through communication, outreach and resource development.

Cynthia Abel RECE

Deputy Registrar and Director, Registration

The Registration team made huge strides this year towards streamlining the renewal and application processes, both for members and for the staff who process them.

Russ Harrington, CPA

Chief Operating Officer

The Corporate Services team is dedicated to supporting Council, the Executive Leadership Team and College staff who all collaborate to ensure we regulate the profession in the public interest. I'm excited to be part of a team that sets objectives to meet our strategic directions and mandate.

Beth Deazeley, LL.B.

Registrar and CEO

With the development of the 2018-21 strategic plan, I'm excited by the opportunity to continue to build on a solid foundation and lead the College's next steps.



CODE AND STANDARDS

The [*Code of Ethics and Standards of Practice*](#) sets out the professional knowledge, skills, values and expectations applicable to all Registered Early Childhood Educators (RECEs) regardless of their role or practice setting.

The Code and Standards, and related regulations, serve as the basis upon which RECEs are held accountable for their practice and to the public.



STRATEGIC PRIORITIES

The College based its activities for 2018-19 on the three-year strategic priorities developed by Council for 2018-2021. These objectives support the College's mandate to protect the public and support the professionalism of RECEs through entry to practice, continuing competence resources and professional regulation.

Entry to Practice

Process Efficiency
Practice Readiness
Membership Structure



Professional Regulation

Process Efficiency
Fitness to Practise
Tracking of Trends



Communications & Stakeholder Relations

Government / Stakeholder
Relations Strategy
Increased / Enhanced
Member Engagement



Continuing Competence

Resource Development
CPL Compliance
Leadership and Professionalism



Operations

IT Infrastructure
Financial Sustainability
Human Resources



Governance

Enhanced Reporting
and Communication
Optimized Governance
Structure and Practices



STRATEGIC ACHIEVEMENTS

Council, Committees and College staff worked together to meet the College's 2018-19 objectives in the first year of the three-year strategic plan.



Entry to Practice

- *My College Account* launched in March 2019. By June 30, 2019, more than 10,000 members had completed their renewals online.
- Council approved enhancements to the *Approval of Education Programs Policy* to strengthen the College's assessment process.
- The Registration Committee served as the project advisory committee for a feasibility study on bridge training programs for internationally trained individuals wishing to become an RECE.
- Policy options for a conceptual model of a new membership structure and associated registration requirements were considered by the Registration Committee.



Continuing Competence

- Ninety-eight per cent of members have confirmed compliance with the requirements for the Continuous Professional Learning program.
- Council approved two Practice Guidelines, one on *Professionalism* and the other on *Inclusion of Children with Disabilities*, providing RECEs with recommended practices, current research and opportunities for reflection and learning.
- The Standards of Practice Committee informed the development of two Practice Notes to help guide members in their everyday practice: *Using Social Media* and *Professional Supervision of Children*.
- The #StandardsMatter campaign wrapped up, with a focus on Standards IV, V and VI from the College's *Code of Ethics and Standards of Practice*. The Standards IV video received more than 6,000 views.
- The College obtained valuable feedback from members and stakeholders regarding the CPL Portfolio and made revisions to the CPL Portfolio Cycle Handbook and the Self-Assessment Tool.

STRATEGIC ACHIEVEMENTS



Professional Regulation

- Data gathered from complaints and mandatory reports identified higher risk practice areas and led to the development of resources including the *Practice Note on Professional Supervision of Children*.
- The College increased its internal resources and expertise to allow for more efficient and cost-effective resolution of complaints and discipline matters.
- The Complaints Committee disposed of 212 files, a 29 per cent increase over the previous year.
- The Discipline Committee completed 31 matters as compared to 7 in the previous year.
- The roster of additional individuals able to serve on panels of the complaints and discipline committee was appointed and trained, increasing the capacity of both Committees.

To be a competent regulator, we must respond effectively to issues that have already occurred. To be an excellent regulator, we must proactively address areas of risk to the public.



Operations and Communications & Stakeholder Relations

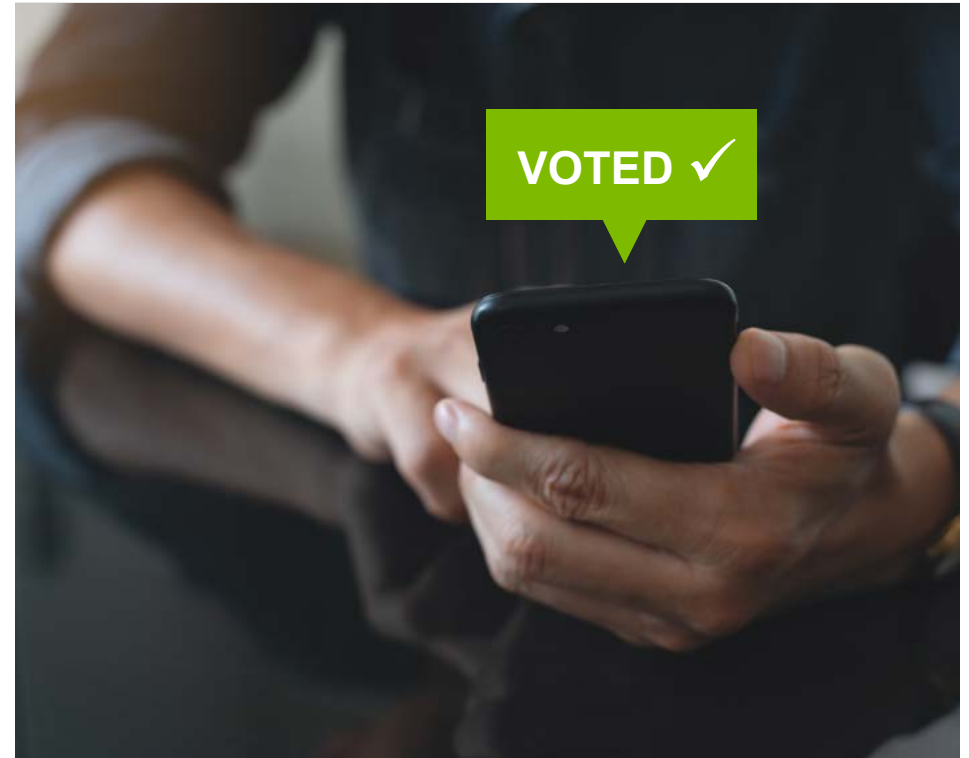
- The College undertook the first year of a multi-year IT transformation to support our work to protect the public interest, leading to the launch of *My College Account* and the new Public Register.
- We celebrated the College's 10th Anniversary! Social media and *Connexions* highlighted our role in protecting the public interest through regulating and supporting excellence in the profession.
- College resources were used in accordance with the strategic plan to carry out our mandate, including registering professionals, investigating complaints and conducting hearings related to professional misconduct.
- The website had more than one million views in 2018-19. [CollegeTalk](#), the blog relevant to members' practice, received more than 97,000 views.
- Members serving as Subject Matter Advisors contributed to projects including the #StandardsMatter campaign and the Practice Guidelines on *Inclusion of Children with Disabilities* and *Professionalism*.

STRATEGIC ACHIEVEMENTS



Governance

- Darlene Edgar RECE completed a successful second term as President.
- Fully electronic elections were held in Districts 5 and 7. Sixty-five per cent of votes were cast using a mobile device. Newly elected council members took office in June 2019.
- Council agendas were revised to focus time for discussion on key issues and Council went fully paperless.
- The Executive Committee reviewed the effectiveness of member communications about governance and oversaw the development of a communications strategy to increase awareness of the role of Council.
- The Council formed a new Advisory Committee on Funding for Therapy to advise on the development of the program. The Committee's report was adopted by Council and submitted to government in [June 2019](#).



PROTECTING THE PUBLIC

Most Common Concerns Received

26%

Insufficient Supervision

Standard III

Safety, Health and Well-being

23%

Unprofessionalism

Standard IV

Professionalism and Leadership

23%

Inappropriate Behaviour
Guidance

Standard I

Caring and Responsive
Relationships

Standard III

Safety, Health and Well-being

Standard IV

Professionalism and Leadership

458

Concerns received
from July 1, 2018 to
June 30, 2019

PROTECTING THE PUBLIC

The Complaints, Fitness to Practise and Discipline Committees investigate complaints, conduct public hearings and make decisions on matters of professional misconduct, incompetence or incapacity. Some committees may impose terms, conditions or limitations, suspend or revoke a member's Certificate of Registration when appropriate or necessary.

Complaints Committee

100

Provided verbal cautions*

84

Found no further action was required*

24

Referred for discipline hearing

4

Found to be frivolous/vexatious matters requiring no investigation/action

Fitness to Practise Committee

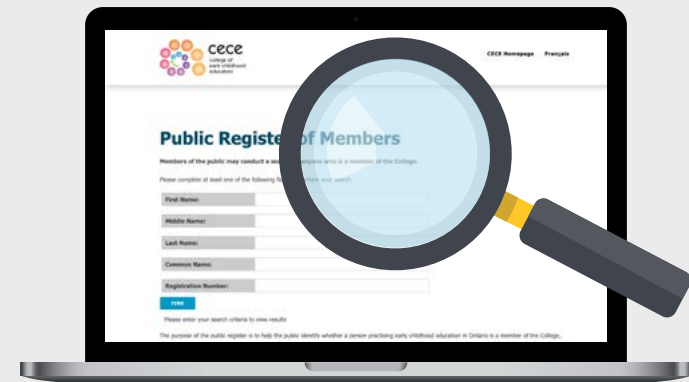
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Matter heard

Discipline Committee

31

Matters heard

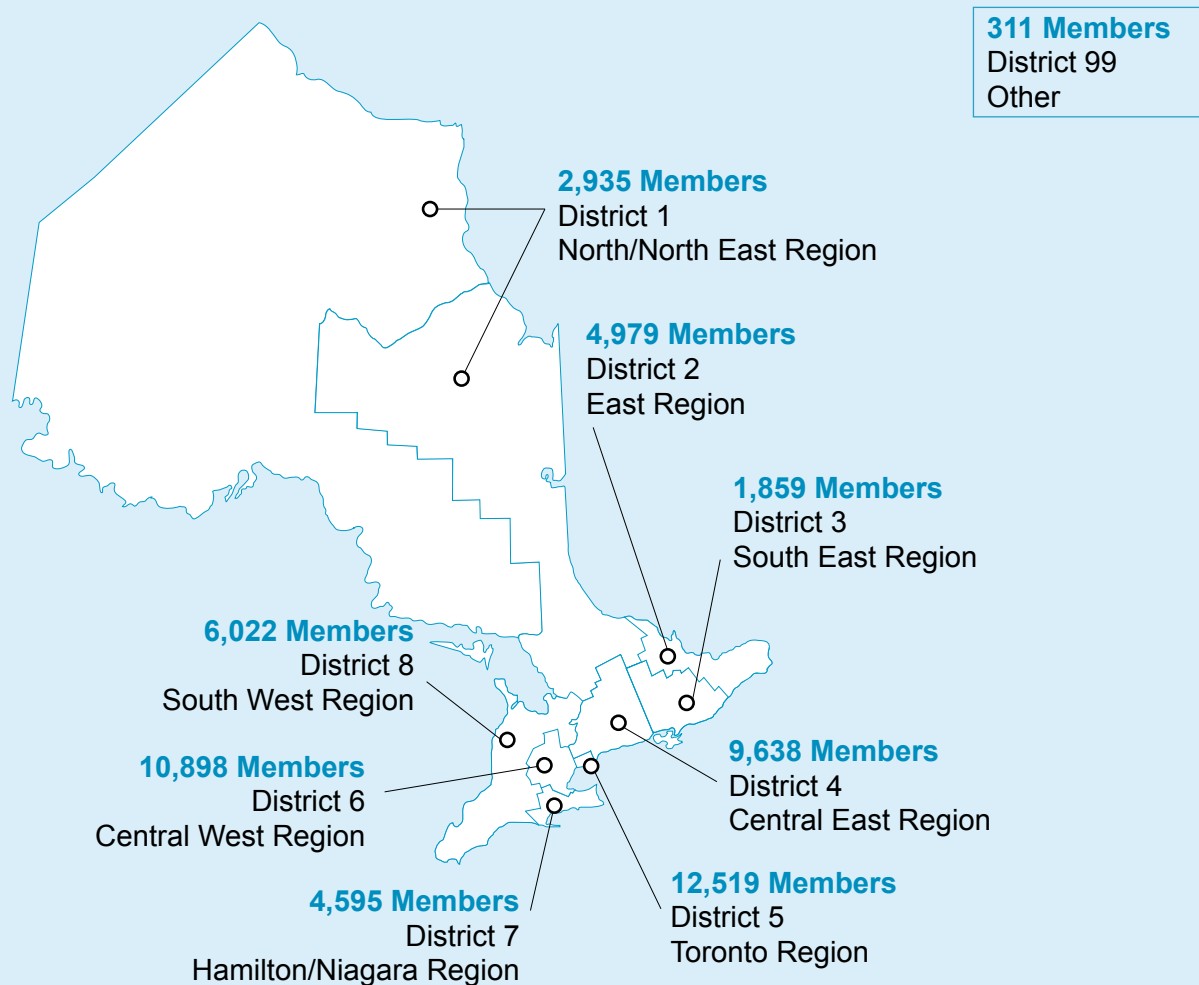


Want to see if a member is in good standing with the College?
Visit the [public register](#) which received more than 100,000 visitors in 2018-19.

* These decisions may warrant the provision of guidance to members that includes supportive resources and recommendations to ensure they practise in accordance with the Code and Standards.

MEMBERSHIP DATA

The College regulates the profession of more than 53,000 RECEs across Ontario. Here is a snapshot of our members:



53,756

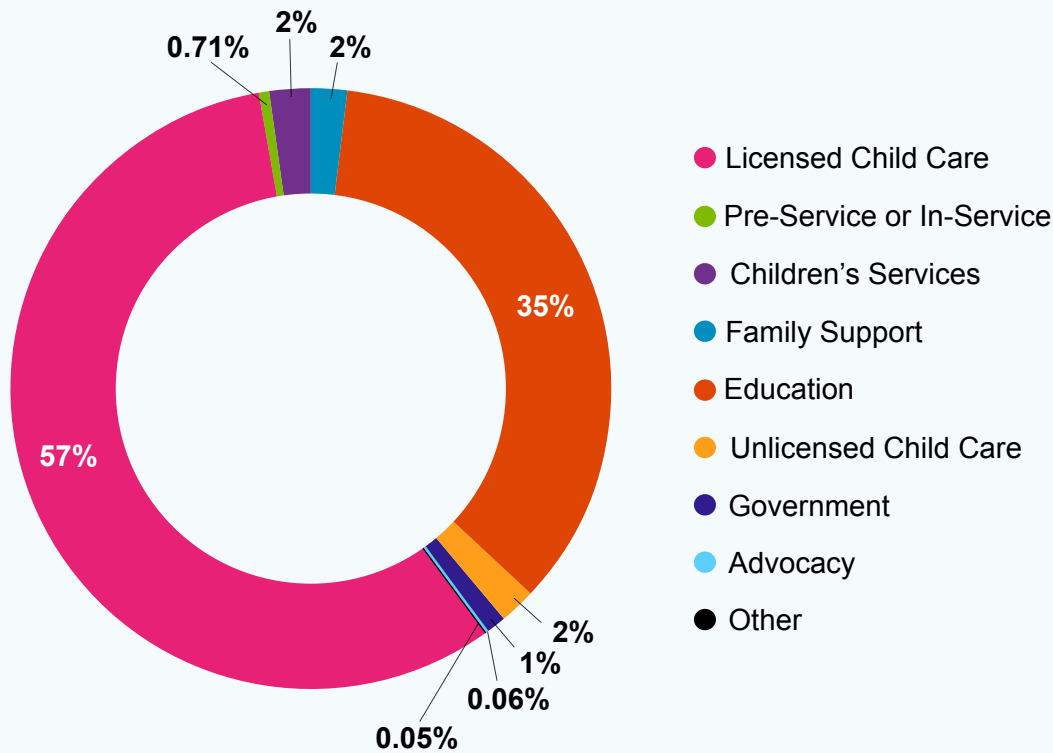
Members in good standing
on June 30, 2019.

3,807

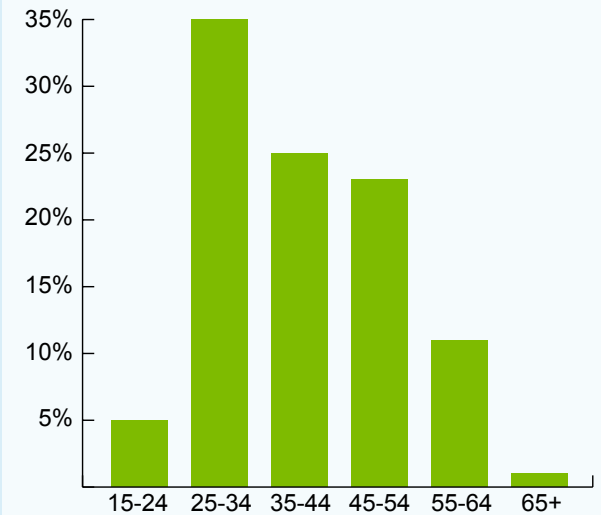
Number of Certificates of Registration
issued between July 1, 2018
and June 30, 2019.

MEMBERSHIP DATA

Employment Type



Age Demographic



4,430

Number of applications received for 2018-19

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Cette publication est également disponible en français.

If you require an accessible format and/or communication support, please contact the College at 1 888 961-8558 / communications@college-ece.ca.

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Appendix A

AUDITED FINANCIAL STATEMENTS

- **Independent Auditor's Report**
- **Statement of Financial Position**
- **Statement of Operations**
- **Statement of Changes in Net Assets**
- **Statement of Cash Flows**
- **Notes to Financial Statements**

COLLEGE OF EARLY CHILDHOOD EDUCATORS

FINANCIAL STATEMENTS

JUNE 30, 2019

Independent Auditor's Report

To the Council of the College of Early Childhood Educators

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the College of Early Childhood Educators (the "College"), which comprise the statement of financial position as at June 30, 2019, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the College as at June 30, 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. 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 College 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 opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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 ability of the College 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 College or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of the College.

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 generally accepted auditing standards 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 the financial statements.

Independent Auditor's Report (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with Canadian generally accepted auditing standards, 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 internal control of the College.
- 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 ability of the College 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 College 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



Toronto, Ontario
November 27, 2019

Chartered Professional Accountants
Licensed Public Accountants

COLLEGE OF EARLY CHILDHOOD EDUCATORS

Statement of Financial Position

June 30	2019 \$	2018 \$
ASSETS		
Current assets		
Cash and cash equivalents (note 3)	9,458,866	8,137,496
Accounts receivable	-	145,163
Prepaid expenses	140,644	89,720
	9,599,510	8,372,379
Capital assets (note 4)	464,611	595,615
	10,064,121	8,967,994
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (note 6)	1,164,027	1,976,119
Deferred revenue	4,718,668	3,595,226
	5,882,695	5,571,345
NET ASSETS		
Invested in capital assets	464,610	595,614
Internally restricted	750,000	750,000
Unrestricted	2,966,816	2,051,035
	4,181,426	3,396,649
	10,064,121	8,967,994

The accompanying notes are an integral part of these financial statements

Approved on behalf of Council:

President

 RECE

Vice-President

 RECE

COLLEGE OF EARLY CHILDHOOD EDUCATORS

Statement of Operations

Year ended June 30	2019 \$	2018 \$
Revenues		
Registration and application fees	8,862,597	8,487,463
Investment income	134,315	85,553
Other	28,832	18,740
	<u>9,025,744</u>	<u>8,591,756</u>
Expenses		
Personnel	<u>5,651,200</u>	<u>5,255,766</u>
Professional regulation		
Professional regulation expenditures	616,924	988,681
Change in provision for professional regulation (note 7)	(887,542)	339,346
	<u>(270,618)</u>	<u>1,328,027</u>
Operations	599,084	603,310
Rent	737,579	722,758
Information technology	898,910	455,640
Council and committees	195,195	202,503
Professional fees	83,390	114,685
Communication and stakeholder relations	86,387	100,380
Consulting	103,365	47,032
Amortization of capital assets	156,475	148,785
	<u>8,240,967</u>	<u>8,978,886</u>
Excess of revenues over expenses (expenses over revenues) for year	<u>784,777</u>	<u>(387,130)</u>

The accompanying notes are an integral part of these financial statements

COLLEGE OF EARLY CHILDHOOD EDUCATORS

Statement of Changes in Net Assets

Year ended June 30

	Invested in capital assets \$	Internally restricted \$	Unrestricted \$	Total 2019 \$
Balance, beginning of year	595,614	750,000	2,051,035	3,396,649
Excess of revenues over expenses for year	-	-	784,777	784,777
Purchase of capital assets	25,471	-	(25,471)	-
Amortization of capital assets	(156,475)	-	156,475	-
Balance, end of year	464,610	750,000	2,966,816	4,181,426

	Invested in capital assets \$	Internally restricted \$	Unrestricted \$	Total 2018 \$
Balance, beginning of year	664,124	750,000	2,369,655	3,783,779
Excess of expenses over revenues for year	-	-	(387,130)	(387,130)
Purchase of capital assets	94,384	-	(94,384)	-
Amortization and loss on disposal of capital assets	(162,894)	-	162,894	-
Balance, end of year	595,614	750,000	2,051,035	3,396,649

The accompanying notes are an integral part of these financial statements

COLLEGE OF EARLY CHILDHOOD EDUCATORS

Statement of Cash Flows

Year ended June 30	2019 \$	2018 \$
Cash flows from operating activities		
Excess of revenues over expenses (expenses over revenues) for year	784,777	(387,130)
Adjustments to determine net cash provided by (used in) operating activities		
Amortization of capital assets	156,475	148,785
Loss on disposal of capital assets	-	14,109
	941,252	(224,236)
Change in non-cash working capital items		
Decrease (increase) in accounts receivable	145,163	(105,752)
Decrease (increase) in prepaid expenses	(50,924)	15,228
Increase (decrease) in accounts payable and accrued liabilities	(812,092)	24,179
Increase (decrease) in deferred revenue	1,123,442	(848,311)
	1,346,841	(1,138,892)
Cash flows from investing activities		
Purchase of capital assets	(25,471)	(94,384)
Net change in cash and cash equivalents	1,321,370	(1,233,276)
Cash and cash equivalents, beginning of year	8,137,496	9,370,772
Cash and cash equivalents, end of year	9,458,866	8,137,496

The accompanying notes are an integral part of these financial statements

COLLEGE OF EARLY CHILDHOOD EDUCATORS

Notes to Financial Statements

June 30, 2019

Nature and description of the organization

The College of Early Childhood Educators (the "College") was incorporated as a non-share capital corporation under the Early Childhood Educators Act, 2007 ("ECEA").

As the regulator and governing body of the early childhood educator profession in Ontario, the College's major function is to administer the ECEA, in the public interest.

The College is a not-for-profit organization, as described in Section 149(1)(l) of the Income Tax Act, and therefore is not subject to income taxes.

1. Significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

(a) Revenue recognition

Registration fees

The registration year of each member commences with their initial registration date. Registration fees are recognized as revenue in the fiscal year to which they relate. Registration fees received in advance of the fiscal year to which they relate are recorded as deferred revenue.

Application fees

Application fees are recognized as revenue upon the completion of application assessments. Application fees received in advance of the completion of application assessments are recorded as deferred revenue.

Investment income

Investment income comprises interest from cash and cash equivalents.

Revenue is recognized on an accrual basis. Interest on cash equivalents is recognized over the terms of the investments using the effective interest method.

(b) Cash and cash equivalents

Cash and cash equivalents consist of cash and term deposits which are readily convertible into cash, are not subject to significant risk of changes in value and have a maturity date of twelve months or less from the date of acquisition.

COLLEGE OF EARLY CHILDHOOD EDUCATORS

Notes to Financial Statements (continued)

June 30, 2019

1. Significant accounting policies (continued)

(c) Capital assets

The costs of capital assets are capitalized upon meeting the criteria for recognition as a capital asset, otherwise, costs are expensed as incurred. The cost of a capital asset comprises its purchase price and any directly attributable cost of preparing the asset for its intended use.

Capital assets are measured at cost less accumulated amortization and accumulated impairment losses.

Amortization is provided for, upon commencement of the utilization of the assets, using the straight-line method at rates designed to amortize the cost of the capital assets over their estimated useful lives. The annual amortization rates are as follows:

Furniture and fixtures	10 years
Computer equipment and software	4-5 years

Amortization of leasehold improvements is provided for on a straight-line basis over the remaining term of the lease.

A capital asset is tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. If any potential impairment is identified, the amount of the impairment is quantified by comparing the carrying value of the capital asset to its fair value. Any impairment of the capital asset is recognized in income in the year in which the impairment occurs.

An impairment loss is not reversed if the fair value of the capital asset subsequently increases.

(d) Financial instruments

Measurement of financial assets and liabilities

The College initially measures its financial assets and financial liabilities at fair value adjusted by the amount of transaction costs directly attributable to the instrument.

The College subsequently measures all its financial assets and financial liabilities at amortized cost.

Amortized cost is the amount at which a financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization of any difference between that initial amount and the maturity amount, and minus any reduction for impairment.

Financial assets measured at amortized cost include cash and cash equivalents.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

COLLEGE OF EARLY CHILDHOOD EDUCATORS

Notes to Financial Statements (continued)

June 30, 2019

1. Significant accounting policies (continued)

(d) Financial instruments (continued)

Impairment

At the end of each year, the College assesses whether there are any indications that a financial asset measured at amortized cost may be impaired. Objective evidence of impairment includes observable data that comes to the attention of the College, including but not limited to the following events: significant financial difficulty of the issuer; a breach of contract, such as a default or delinquency in interest or principal payments; and bankruptcy or other financial reorganization proceedings.

When there is an indication of impairment, the College determines whether a significant adverse change has occurred during the year in the expected timing or amount of future cash flows from the financial asset.

When the College identifies a significant adverse change in the expected timing or amount of future cash flows from a financial asset, it reduces the carrying amount of the financial asset to the greater of the following:

- the present value of the cash flows expected to be generated by holding the financial asset discounted using a current market rate of interest appropriate to the financial asset; and
- the amount that could be realized by selling the financial asset at the statement of financial position date.

Any impairment of the financial asset is recognized in income in the year in which the impairment occurs.

When the extent of impairment of a previously written-down financial asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent of the improvement, but not in excess of the impairment loss. The amount of the reversal is recognized in income in the year the reversal occurs.

(e) Management estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the current year. Actual results may differ from these estimates, the impact of which would be recognized in future years.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

COLLEGE OF EARLY CHILDHOOD EDUCATORS

Notes to Financial Statements (continued)

June 30, 2019

2. Financial instrument risk management

The College is exposed to various risks through its financial instruments. The following analysis provides a measure of the College's risk exposure and concentrations.

The financial instruments of the College and the nature of the risks to which those instruments may be subject, are as follows:

Financial instrument	Risks				
	Credit	Liquidity	Market risk		
Currency			Interest rate	Other price	
Cash and cash equivalents	X			X	
Accounts payable and accrued liabilities		X			

Credit risk

The College is exposed to credit risk resulting from the possibility that parties may default on their financial obligations, or if there is a concentration of transactions carried out with the same party, or if there is a concentration of financial obligations which have similar economic characteristics that could be similarly affected by changes in economic conditions, such that the College could incur a financial loss. The College does not hold directly any collateral as security for financial obligations of counterparties.

The maximum exposure of the College to credit risk is as follows:

	2019 \$	2018 \$
Cash and cash equivalents	9,458,866	8,137,496
Accounts receivable	-	145,163
	<u>9,458,866</u>	<u>8,282,659</u>

The College reduces its exposure to the credit risk of cash and cash equivalents by maintaining balances with a Schedule 1 Canadian financial institution.

Liquidity risk

Liquidity risk is the risk that the College will not be able to meet a demand for cash or fund its obligations as they come due.

The College meets its liquidity requirements by preparing and monitoring detailed forecasts of cash flows from operations and anticipated investing and financing activities, holding assets that can be readily converted into cash and maintaining a demand operating facility as detailed in note 5.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest rate risk and other price risk.

COLLEGE OF EARLY CHILDHOOD EDUCATORS

Notes to Financial Statements (continued)

June 30, 2019

2. Financial instrument risk management (continued)

Currency risk

Currency risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in foreign exchange rates.

The College is not exposed to currency risk.

Interest rate risk

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instrument will fluctuate due to changes in market interest rates.

The College does not use derivative financial instruments to manage its exposure to interest rate risk.

Other price risk

Other price risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all similar instruments traded in the market.

The College is not exposed to other price risk.

Changes in risk

There have been no significant changes in the risk profile of the financial instruments of the College from that of the prior year.

3. Cash and cash equivalents

	2019	2018
	\$	\$
Cash	2,053,995	866,970
Term deposits	7,404,871	7,270,526
	<u>9,458,866</u>	<u>8,137,496</u>

The term deposits have effective interest rates ranging from 2.00% to 2.25% (2018 - 1.30% to 1.75%), with maturity dates ranging from July 2019 to May 2020 (2018 - July 2018 to May 2019).

COLLEGE OF EARLY CHILDHOOD EDUCATORS

Notes to Financial Statements (continued)

June 30, 2019

4. Capital assets

	Cost	Accumulated	2019
	\$	Amortization	Net
		\$	\$
Furniture and fixtures	424,975	327,118	97,857
Computer equipment and software	485,041	417,570	67,471
Leasehold improvements	1,118,330	819,047	299,283
	<u>2,028,346</u>	<u>1,563,735</u>	<u>464,611</u>

	Cost	Accumulated	2018
	\$	Amortization	Net
		\$	\$
Furniture and fixtures	424,975	292,169	132,806
Computer equipment and software	480,949	382,722	98,227
Leasehold improvements	1,118,330	753,748	364,582
	<u>2,024,254</u>	<u>1,428,639</u>	<u>595,615</u>

During the current year, capital assets with a cost of \$21,379 (2018 - \$140,053) and accumulated amortization of \$21,379 (2018 - \$125,944) were disposed of for \$nil (2018 - \$nil) proceeds. A loss on disposal of \$nil (2018 - \$14,109) is recorded in the statement of operations.

5. Demand operating facility

The College has available a revolving demand operating facility up to a maximum of \$1,000,000. The facility bears interest at prime plus 0.50% and is secured by a general security agreement and an assignment of fire and business insurance.

The facility was not drawn upon at either June 30, 2019 or June 30, 2018.

6. Accounts payable and accrued liabilities

	2019	2018
	\$	\$
Trade payables and accrued liabilities	657,924	542,414
Accrued liabilities - professional regulation	445,424	1,362,752
Government remittances	60,679	70,953
	<u>1,164,027</u>	<u>1,976,119</u>

COLLEGE OF EARLY CHILDHOOD EDUCATORS

Notes to Financial Statements (continued)

June 30, 2019

7. Professional regulation

The provision is management's estimate of costs for cases referred to the Discipline Committee prior to the fiscal year-end or anticipated to be referred, the hearing of which will take place after the fiscal year-end. The provision includes estimates for external legal fees, independent legal counsel fees and other hearing costs.

The reduction of the provision was the result of revised estimates based upon the Colleges' actual experience of fewer hearing days to resolve cases and decreasing the use of external legal counsel by increasing the use of in-house legal counsel. The cost of increased use of in-house legal counsel is reflected in the Personnel line.

8. Net assets internally restricted

The College makes best efforts to anticipate the costs associated with professional regulation matters based on past experience and current caseload. However, in the event that the College incurs costs beyond the normal scope of such matters, the Council of the College has internally restricted net assets to address these matters.

The internal restriction is subject to the direction of the Council upon the recommendation of the Finance and Audit Committee.

9. Commitment

The College is committed to lease its office premises until February 2024. The future annual lease payments, including an estimate of premises common area expenses, are as follows:

	<u>\$</u>
2020	766,887
2021	775,234
2022	791,928
2023	791,928
2024	<u>527,952</u>
	<u>3,653,929</u>

HILBORN

LISTENERS. THINKERS. DOERS.