COALITION OF child care advocates OF BC

Working together for a community based, non-profit child care system that is high quality, affordable, accessible, publicly funded and accountable.

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Extensive financial analysis questions ability of commercial child care chains such as the Edleun Group to be profitable and provide the quality affordable services required by parents

Financial report casts doubt on business viability

VANCOUVER – An extensive financial analysis of the Edleun Group – Canada's only publicly traded commercial child care chain – questions if this business model can be profitable and provide the affordable services that families need.

The report – prepared by veteran Certified Management Accountant Gerald Dragomir of Pace Accounting Inc. – is based on an analysis of the publicly available information from Edleun's disclosure to financial regulators as well as additional research.

Dragomir reviews Edleun Group's financial records and business model, analyses child care centre occupancy in the chain, EBITA, cash flow, operational costs, share pricing, stock sales and other relevant economic data to assess the viability of the company's business model.

"Can child care thrive in a speculative investment environment? Based on an analysis of the public documents available for the only publicly traded commercial child care chain in Canada, this report concludes that the answer to this question is 'not likely'," Dragomir states.

A commercial child care chain, whether a publicly traded company, as in this analysis, or another form of business ownership does not fit a classic business revenue generation model.

Dragomir's report concludes that: "If it was that easy to profit by building quality child care services that most parents can afford, there wouldn't be just one publicly traded commercial child care chain in Canada."

Sharon Gregson, Coalition of Child Care Advocates spokesperson, says the report was commissioned because of rising concerns about the rapid expansion of commercial child care and the evidence that it is neither in the public interest nor the best option for children and families.

“There are several chains currently operating in Canada that have different marketing approaches but none effectively address access and affordability,” Gregson says.

“For example, while Edleun is buying up existing services and rebranding them, two other rapidly expanding chains are priced at the top of the parent fee scale and therefore out of reach of the majority of families,” she said.

Yet, most if not all commercial child care chains receive public funding. The March 13, 2012 Alberta Hansard notes that between April 1, 2010 and December 31, 2011 Edleun was provided with financial subsidies from the province amounting to $12.1 million.

The Dragomir report is a cautionary tale for both investors and governments who may hope that the market place is the answer to the demand for child care in Canada.

Gregson states: “Given the observations made in the report, government policy makers should seriously question the wisdom of allowing the public purse to contribute to private gain. That's why in BC we are calling for a moratorium on public funds for commercial child care expansion.“

Full report at Coalition’s website: www.cccabc.bc.ca/

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