

**Zebra Child Protection  
Centre Society  
Financial Statements**  
For the year ended December 31, 2017

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**Financial Statements**  
For the year ended December 31, 2017

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## Independent Auditor's Report

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To the Board of Directors of  
Zebra Child Protection Centre Society

We have audited the accompanying financial statements of Zebra Child Protection Centre Society, which comprise the statement of financial position as at December 31, 2017, 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 accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

### *Basis for Qualified Opinion*

In common with many not-for-profit organizations, Zebra Child Protection Centre Society derives a material amount of revenue from donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of this revenue was limited to the amounts recorded in the records of the Zebra Child Protection Centre Society. Therefore, we were not able to determine whether any adjustments might be necessary to accounts receivable, donations and fundraising revenue, deficiency of revenue over expenditures and cash flows from operations for the years ended December 31, 2017 and 2016, current assets as at December 31, 2017 and 2016, and net assets as at January 1 and December 31 for both the 2017 and 2016 years. Our audit opinion on the financial statements for the year ended December 31, 2016 was modified accordingly because of the possible effects of this limitation in scope.



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## Independent Auditor's Report (continued)

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### *Qualified Opinion*

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of Zebra Child Protection Centre Society as at December 31, 2017 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.

*BDO Canada LLP*

Chartered Professional Accountants

Edmonton, Alberta  
May 28, 2018

## Zebra Child Protection Centre Society Statement of Financial Position


December 31	2017	2016
<b>Assets</b>		
<b>Current</b>		
Cash (Note 2)	\$ 1,210,252	\$ 1,045,922
Short-term investments (Note 2)	15,785	15,664
Accounts receivable	15,021	37,658
Prepaid expenses	7,813	4,808
	1,248,871	1,104,052
Capital assets (Note 3)	140,427	162,092
	<b>\$ 1,389,298</b>	<b>\$ 1,266,144</b>

### Liabilities and Net Assets

<b>Current</b>		
Accounts payable and accrued liabilities (Note 4)	\$ 75,606	\$ 65,651
Deferred contributions - operating (Note 5)	1,034,815	728,155
Deferred contributions - casino (Note 6)	62,521	87,185
	1,172,942	880,991
Deferred contributions - capital (Note 7)	84,267	88,157
	<b>1,257,209</b>	<b>969,148</b>
<b>Lease commitments (Note 11)</b>		
<b>Net assets</b>		
Unrestricted net assets (deficit)	(60,687)	86,445
Internally restricted net assets (Note 8)	136,616	136,616
Invested in capital assets	56,160	73,935
	132,089	296,996
	<b>\$ 1,389,298</b>	<b>\$ 1,266,144</b>

Approved on behalf of the board:

 \_\_\_\_\_, Director

 \_\_\_\_\_, Director

The accompanying notes are an integral part of these financial statements.

## Zebra Child Protection Centre Society Statement of Changes in Net Assets

For the year ended December 31

2017

	Unrestricted	Internally Restricted	Invested in Capital Assets	Total
Balance, beginning of year	\$ 86,445	\$ 136,616	\$ 73,935	\$ 296,996
Deficiency of revenue over expenditures for the year	(147,132)	-	(17,775)	(164,907)
<b>Balance, end of year</b>	<b>\$ (60,687)</b>	<b>\$ 136,616</b>	<b>\$ 56,160</b>	<b>\$ 132,089</b>

For the year ended December 31

2016

	Unrestricted	Internally Restricted	Invested in Capital Assets	Total
Balance, beginning of year	\$ 300,466	\$ 136,616	\$ 35,280	\$ 472,362
Deficiency of revenue over expenditures for the year	(159,183)	-	(16,183)	(175,366)
Funding of capital assets (Note 9)	(54,838)	-	54,838	-
<b>Balance, end of year</b>	<b>\$ 86,445</b>	<b>\$ 136,616</b>	<b>\$ 73,935</b>	<b>\$ 296,996</b>

The accompanying notes are an integral part of these financial statements.

## Zebra Child Protection Centre Society Statement of Operations

For the year ended December 31	2017	2016
<b>Revenue</b>		
Government grants	\$ 509,259	\$ 462,224
Unrestricted donations	374,205	439,366
Other revenue (Note 10)	287,818	455,728
Deferred donations spent (Note 6)	197,228	202,217
Restricted donations	66,886	62,029
Amortization of deferred contributions - capital (Note 7)	21,374	22,766
	<b>1,456,770</b>	<b>1,644,330</b>
<b>Expenditures</b>		
Wages and benefits (Note 10)	774,822	806,450
Rent (Notes 10 and 11)	300,843	303,952
Clinical Care	116,629	219,759
Fundraising	72,371	81,629
Training	65,263	37,535
Professional fees	54,230	47,391
Consulting fees	45,892	2,339
Amortization	39,150	38,949
Office	38,438	46,886
Communication tools	31,127	49,242
Travel	22,471	20,343
Insurance	14,909	13,960
Volunteer recognition	13,885	16,253
Interest and bank charges	8,626	5,960
Computer support	7,833	8,125
Telephone	6,097	9,942
Children's snacks	4,599	5,337
Repairs and maintenance	3,140	7,043
Children's items and clothing	857	78,130
Very Important Paws Program	495	20,000
Utilities	-	471
	<b>1,621,677</b>	<b>1,819,696</b>
<b>Deficiency of revenue over expenditures for the year</b>	<b>\$ (164,907)</b>	<b>\$ (175,366)</b>

The accompanying notes are an integral part of these financial statements.

## Zebra Child Protection Centre Society Statement of Cash Flows

For the year ended December 31	2017	2016
<b>Cash flows from operating activities</b>		
Deficiency of revenue over expenditures for the year	\$ (164,907)	\$ (175,366)
Adjustments for non-cash items		
Amortization of capital assets	39,149	38,949
Amortization of deferred contributions - capital	(21,374)	(22,766)
	(147,132)	(159,183)
Change in non-cash working capital items		
Decrease (increase) in accounts receivable	22,637	(30,521)
Increase in prepaid expenses	(3,005)	(997)
Increase (decrease) in accounts payable and accrued liabilities	9,955	(56,770)
Increase in deferred contributions - operating	306,660	251,243
Increase (decrease) in deferred contributions - casino	(24,664)	15,819
Increase (decrease) in deferred contributions - capital	17,484	(4,938)
	<u>181,935</u>	<u>14,653</u>
<b>Cash flows from investing activity</b>		
Purchase of capital assets	(17,484)	(69,900)
<b>Increase (decrease) in cash during the year</b>	<b>164,451</b>	<b>(55,247)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b><u>1,061,586</u></b>	<b><u>1,116,833</u></b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 1,226,037</b>	<b>\$ 1,061,586</b>
<b>Cash and cash equivalents consist of:</b>		
Cash	\$ 1,210,252	\$ 1,045,922
Short-term investments	<u>15,785</u>	<u>15,664</u>
	<b>\$ 1,226,037</b>	<b>\$ 1,061,586</b>

The accompanying notes are an integral part of these financial statements.



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# Zebra Child Protection Centre Society

## Notes to the Financial Statements

December 31, 2017

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### Nature of operations

Zebra Child Protection Centre Society (the "Society") works to improve the life experiences of children in the community who have suffered abuse. This is done by providing a collaborative and integrated environment; developing and implementing leading practices; offering support and "giving a voice" to the child and family throughout the process of disclosure, investigation, intervention and prosecution - each applied to appropriately address the best interests of each child. The Society's outreach programs seek to educate and engage the community in protecting children through reporting signs of abuse and advocating for protection and justice. The Society is incorporated under the Societies Act of Alberta, and is a registered charity under paragraph 149(1)(f) of the Income Tax Act and is exempt from income taxes.

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### 1. Summary of significant accounting policies

The financial statements are prepared by management in accordance with Canadian accounting standards for not-for-profit organizations.

The significant accounting policies used are as follows:

#### Accounting estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenditures during the reported period. These estimates are reviewed periodically and are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

#### Revenue recognition

The Society follows the deferral method of accounting for contributions. Externally restricted contributions are recognized as revenue in the year in which the related expenditures 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.

Externally restricted contributions for the acquisition of capital assets are recorded as deferred contributions - capital and are amortized to revenue on the same basis as the capital assets are amortized to expenditures.

Proceeds from fundraising events are recognized as revenue in the year when the event occurs if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income is recognized as revenue when earned.

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## Zebra Child Protection Centre Society Notes to the Financial Statements

December 31, 2017

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1. Summary of significant accounting policies (continued)

**Financial instruments**

The Society initially measures its financial assets and liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Society subsequently measures its financial assets and financial liabilities at amortized cost, except for derivatives and equity securities quoted in an active market, which are subsequently measured at fair value. Changes in fair value are recognized in operations.

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in operations.

**Capital assets**

Capital assets are recorded at cost. The Society provides for amortization using the following methods at rates designed to amortize the cost of the capital assets over their estimated useful lives. No amortization is recorded in the year of disposal. The annual amortization rates and methods are as follows:

Asset	Method	Rate
Audio/visual equipment	Declining balance	30%
Office equipment	Declining balance	20%
Furniture	Declining balance	20%
Computer equipment	Declining balance	30%
Vehicle	Declining balance	30%
Leasehold improvements	Straight-line	10 years

**Contributed services**

Volunteers contributed time to assist the Society in carrying out its service delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in these financial statements.

**Cash and cash equivalents**

Cash and cash equivalents are defined as cash on hand and short-term deposits with term maturity of four months or less from year-end.

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2. Cash and short-term investments

Cash and short-term investments include \$61,542 (2016 - \$100,226) which is externally restricted for expenditures approved by the Alberta Gaming and Liquor Commission pursuant to the Society's casino application, and \$1,034,815 (2016 - \$728,155) that is restricted for operations as disclosed in Note 5.

The Society has invested in Guaranteed Investment Certificates bearing interest at a rate of 1.5% per annum, with a maturity date of April 26, 2018.

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## Zebra Child Protection Centre Society Notes to the Financial Statements

December 31, 2017

### 3. Capital assets

	2017		2016	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Audio/visual equipment	\$ 70,556	\$ 64,567	\$ 68,158	\$ 62,513
Office equipment	52,419	50,728	52,419	50,303
Furniture	324,806	226,009	312,684	202,829
Computer equipment	117,199	105,762	117,199	100,862
Vehicle	43,531	23,834	43,531	15,392
Leasehold improvements	2,964	148	-	-
	<u>611,475</u>	<u>471,048</u>	<u>593,991</u>	<u>431,899</u>
<b>Net book value</b>		<b><u>\$ 140,427</u></b>		<b><u>\$ 162,092</u></b>

### 4. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are government remittances of \$203 (2016 - \$nil).

### 5. Deferred contributions - operating

	2017	2016
Alberta Health Services Mental Health Contract	\$ 384,382	\$ -
Clinical Care	204,673	171,534
Family and Community Safety	171,708	303,573
Court Preparation Program	61,864	61,864
Ladies on the Green	45,099	38,543
Toy Closet	38,604	46,790
Victims of Crime - Mental Health	30,785	-
Centre Renovations	23,493	24,793
Courthouse Dog Program	21,188	32,419
St. John's Legacy Foundation - Film	15,000	-
Multi-disciplinary Training	11,507	11,507
Associated Canadian Travellers - Awareness and Equipment	10,860	10,860
Clothing	10,669	10,719
Zebra Centre Film	2,703	7,703
Telus Grant	2,280	3,597
RCMP Rent Pre-payment	-	4,253
	<u>\$ 1,034,815</u>	<u>\$ 728,155</u>

Deferred contributions - operating represents externally restricted operating funds that are to be used to pay for expenditures in the next year.

## Zebra Child Protection Centre Society Notes to the Financial Statements

December 31, 2017

**6. Deferred contributions - casino**

	2017	2016
Balance, beginning of year	\$ 87,185	\$ 71,366
Add: casino funds - net	14,141	75,314
Less amounts: amortized to deferred donations spent	(38,805)	(59,495)
Balance, end of year	\$ 62,521	\$ 87,185

Deferred contributions - casino represent externally restricted funds received from the operation of a casino fundraiser. The Alberta Gaming and Liquor Commission approves and issues licences for casino events and the proceeds must be used on approved expenditures as stated in the casino application.

The difference in the current year between externally restricted cash (Note 2) and the balance for deferred contributions - casino is made up of accounts payable of \$979 (2016 - \$13,041) related to expenditures which will be paid out of the externally restricted cash account.

**7. Deferred contributions - capital**

	2017	2016
Balance, beginning of year	\$ 88,157	\$ 238,143
Add: contributions received	17,484	17,828
Less: amounts amortized to revenue	(21,374)	(22,766)
Less: amount recognized on disposal of capital asset	-	(145,048)
Balance, end of year	\$ 84,267	\$ 88,157

Deferred contributions - capital represent externally restricted contributions used for the purchase of capital assets. These amounts are amortized and included in revenue on the same basis as the amortization of the related capital assets purchased with the funds.

**8. Internally restricted net assets**

The internally restricted net assets at the end of the year are comprised of \$51,797 (2016 - \$51,797) for Child Support Services and \$84,819 (2016 - \$84,819) for Clinical Care for children.

**9. Interfund transfers**

During the year, \$nil (2016 - \$54,838) was used from unrestricted net assets to fund the cash outlays for the capital asset additions and \$nil (2016 - \$3,741) was used from deferred contributions - unspent (Associated Canadian Travellers). The remaining, \$17,484 (2016 - \$14,087) of capital asset additions was funded using proceeds from donations from the Ladies on the Green Fund and Alberta Human Services Funded Agency (2016 - Centre Renovations Fund, Victims of Crime Fund, Courthouse Dog Program Fund and Casino Fund).

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## Zebra Child Protection Centre Society Notes to the Financial Statements

December 31, 2017

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**10. Other revenue**

Donations revenue includes \$269,168 (2016 - \$272,951) of donations-in-kind from the Edmonton Police Service for the year. Also, \$3,401 (2016 - \$147,439) of donations-in-kind was received for Toy Closet inventory (2016 - Toy Closet inventory, 1,220 Metro Inc. common shares, capital assets and equipment rental) that have been included in donations revenue. Other goods and services received have not been recorded in these financial statements as the fair market value is too difficult to determine.

Various other expenditures are incurred by the Edmonton Police Service and Alberta Children's Services and are not charged to the Society, including wages and benefits, office supplies, insurance and other related costs. As a result of the difficulty in determining many of these amounts, the costs have not been estimated and recorded in these financial statements. As information, in 2017, the Child Protection Section and Child At Risk Response Team (CARRT) of the Edmonton Police Service budgeted \$2,514,239 (2016 - \$2,367,878) and \$980,870 (2016 - \$890,479), respectively, to be dedicated to the operation of the Society. These amounts represent labour and other administrative costs relating to the individuals that work directly with the Society but these costs have not been included in these financial statements.

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**11. Lease commitments**

The Society's premises are under a five year operating lease that expires October 2021, in which the City of Edmonton (the "City") is the tenant in the lease. The total rent commitment for the City is estimated at \$269,168 per annum for 2018. The Edmonton Police Service has approved funding up to \$316,334 for 2018 towards payment of rent and custodial fees. If rent exceeds this approved amount and other funds are not received from the City, the Society is required to fund the remaining balance.

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**12. Financial instruments**

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

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Society's main credit risk relates to its investment in Guaranteed Investment Certificates. The Society is also exposed to credit risk as it maintains all its bank accounts at a single financial institution. Balances in these accounts may exceed federally insured amounts.

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Society is exposed to this risk through its investment in Guaranteed Investment Certificates with fixed interest rates, resulting in changes in fair value of the Guaranteed Investment Certificates as market interest rates change.

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## Zebra Child Protection Centre Society Notes to the Financial Statements

December 31, 2017

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**13. Financial risk management**

The Society is exposed to a variety of financial risks by virtue of its activities. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance. Most funds are kept in cash or short-term investments and exposure to equity or higher risk instruments is very limited at this time.

The Board of Directors have the responsibility of establishing controls and procedures to ensure that financial risks are mitigated in accordance with the approved policies. Risk management is monitored by the Executive Director and proposed changes to the investment policies are recommended, reviewed and approved by the Board of Directors.

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**14. Comparative figures**

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year operations.

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