

Zebra Child Protection
Centre Society
Financial Statements
For the year ended March 31, 2021

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For the year ended March 31, 2021

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Independent Auditor's Report

To the Board of Directors of
Zebra Child Protection Centre Society

Qualified Opinion

We have audited the accompanying financial statements of Zebra Child Protection Centre Society (the "Society"), which comprise the statement of financial position as at March 31, 2021, and the statements of changes in net assets, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the financial statements present fairly, in all material respects, the financial position of Zebra Child Protection Centre Society as at March 31, 2021, 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 Qualified Opinion

In common with many not-for-profit organizations, the 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 Society. Therefore, we were not able to determine whether any adjustments might be necessary to donation and fundraising revenue, excess of revenue over expenditures, and cash flows from operations for the year ended March 31, 2021, and March 31, 2020, current assets as at March 31, 2021 and March 31, 2020, and net assets as at April 1, 2020 and March 31, 2021 and net assets as at April 1, 2019 and March 31, 2020. Our audit opinion on the financial statements for the year ended March 31, 2020 was modified accordingly because of the possible effects of this limitation in scope.

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 Society 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 qualified opinion.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Society's ability 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 Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.



Independent Auditor's Report (continued)

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 these financial statements.

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 Society's internal control.
- ◆ 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 Society's ability 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 Society 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.

Independent Auditor's Report (continued)

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.

BDO Canada LLP

Chartered Professional Accountants

Edmonton, Alberta
September 22, 2021

Zebra Child Protection Centre Society Statement of Financial Position

March 31	2021	2020
Assets		
Current		
Cash (Note 2)	\$ 2,593,169	\$ 2,773,943
Short-term investments (Note 2)	26,901	19,347
Accounts receivable	100,902	25,385
Prepaid expenses	14,461	28,528
	2,735,433	2,847,203
Capital assets (Note 3)	117,687	96,948
	\$ 2,853,120	\$ 2,944,151
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities (Note 4)	\$ 183,111	\$ 170,783
Deferred rent reimbursement (Note 12)	24,445	30,626
Deferred contributions - operating (Note 5)	986,287	1,519,442
Deferred contributions - casino (Note 6)	120,821	184,626
	1,314,664	1,905,477
Deferred contributions - capital (Note 7)	93,628	65,650
Canada Emergency Business Account Loan (Note 8)	30,000	-
	1,438,292	1,971,127
Lease commitments (Note 12)		
Net assets		
Unrestricted net assets	754,153	805,110
Internally restricted net assets (Note 9)	636,616	136,616
Invested in capital assets	24,059	31,298
	1,414,828	973,024
	\$ 2,853,120	\$ 2,944,151

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 March 31

2021

	Unrestricted	Internally Restricted	Invested in Capital Assets	Total
Balance, beginning of year	\$ 805,110	\$ 136,616	\$ 31,298	\$ 973,024
Excess (deficiency) of revenue over expenditures for the year	449,043	-	(7,239)	441,804
Funding of capital assets (Note 10)	49,716	-	(49,716)	-
Purchase of capital assets (Note 10)	(49,716)	-	49,716	-
Transfer between funds (Note 10)	(500,000)	500,000	-	-
Balance, end of year	\$ 754,153	\$ 636,616	\$ 24,059	\$ 1,414,828

For the year ended March 31

2020

	Unrestricted	Internally Restricted	Invested in Capital Assets	Total
Balance, beginning of year	\$ 675,991	\$ 136,616	\$ 40,887	\$ 853,494
Excess (deficiency) of revenue over expenditures for the year	126,054	-	(6,524)	119,530
Funding of capital assets (Note 10)	12,258	-	(12,258)	-
Purchase of capital assets (Note 10)	(15,493)	-	15,493	-
Proceeds on disposal of capital assets	6,300	-	(6,300)	-
Balance, end of year	\$ 805,110	\$ 136,616	\$ 31,298	\$ 973,024

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

Zebra Child Protection Centre Society Statement of Operations

For the year ended March 31	2021	2020
Revenue		
Government grants	\$ 1,452,822	\$ 1,425,209
Unrestricted donations	422,721	320,801
Other revenue (Note 11)	402,462	419,188
Deferred donations spent (Note 6)	115,012	32,065
Restricted donations	32,940	86,599
Amortization of deferred contributions - capital (Note 7)	21,738	21,371
	<u>2,447,695</u>	<u>2,305,233</u>
Expenditures		
Wages and benefits (Note 11)	1,019,526	985,139
Rent (Note 12)	467,285	475,100
Consulting fees	372,173	316,473
Professional fees	76,648	92,476
Very Important Paws Program	68,996	6,179
Office	54,035	33,304
Training	35,661	15,811
Amortization	28,978	26,544
Fundraising	21,296	89,967
Volunteer recognition	20,109	26,028
Clinical Care	20,000	20,735
Insurance	13,454	13,477
Travel	12,037	24,276
Telephone	10,169	8,471
Computer support	8,642	3,342
Children's items and clothing	7,921	2,191
Communication tools	7,655	19,959
Interest and bank charges	7,500	13,105
Children's snacks	7,391	3,051
Repairs and maintenance	1,980	8,724
	<u>2,261,456</u>	<u>2,184,352</u>
Excess of revenue over expenditures before undernoted items	<u>186,239</u>	<u>120,881</u>
Other income (expense)		
Government assistance - COVID-19 programs (Note 8)	255,565	-
Loss on disposal of capital assets	-	(1,351)
	<u>255,565</u>	<u>(1,351)</u>
Excess of revenue over expenditures for the year	<u>\$ 441,804</u>	<u>\$ 119,530</u>

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

Zebra Child Protection Centre Society Statement of Cash Flows

For the year ended March 31	2021	2020
Cash flows from operating activities		
Excess of revenue over expenditures for the year	\$ 441,804	\$ 119,530
Adjustments for non-cash items		
Amortization of capital assets	28,978	26,544
Loss on disposal of capital assets	-	1,351
Amortization of deferred contributions - capital	(21,738)	(21,371)
	<u>449,044</u>	<u>126,054</u>
Change in non-cash working capital items		
Decrease (increase) in accounts receivable	(75,517)	472,800
Decrease (increase) in prepaid expenses	14,067	(9,749)
Increase (decrease) in accounts payable and accrued liabilities	12,327	(1,972)
Increase (decrease) in deferred rent reimbursement	(6,181)	3,760
Decrease in deferred contributions - operating	(533,155)	(186,855)
Increase (decrease) in deferred contributions - casino	(63,805)	77,776
Increase in deferred contributions - capital	49,716	12,259
	<u>(153,504)</u>	<u>494,073</u>
Cash flows from investing activities		
Net purchase of short-term investments	(7,554)	(4,346)
Purchase of capital assets	(49,716)	(15,493)
Proceeds on disposal of capital assets	-	6,300
	<u>(57,270)</u>	<u>(13,539)</u>
Cash flows from financing activity		
Proceeds from Canada Emergency Business Account Loan	30,000	-
Increase (decrease) in cash during the year	(180,774)	480,534
Cash, beginning of year	<u>2,773,943</u>	<u>2,293,409</u>
Cash, end of year	<u>\$ 2,593,169</u>	<u>\$ 2,773,943</u>

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

Zebra Child Protection Centre Society

Notes to the Financial Statements

March 31, 2021

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.

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.

Zebra Child Protection Centre Society

Notes to the Financial Statements

March 31, 2021

1. Summary of significant accounting policies (continued)

Government assistance - COVID-19 programs The Society has applied for the Canada Emergency Wage Subsidy ("CEWS") and the Canada Emergency Business Account ("CEBA") Loan implemented by the federal government to assist small businesses affected by COVID-19. The government subsidies are recognized into income once there is reasonable assurance that the Society has complied with the requirements of the assistance. The subsidies received are recorded as government assistance - COVID-19 programs which is included in other income.

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

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.

Zebra Child Protection Centre Society Notes to the Financial Statements

March 31, 2021

1. Summary of significant accounting policies (continued)

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.

2. Cash and short-term investments

Cash and short-term investments include \$118,715 (2020 - \$182,661) which is externally restricted for expenditures approved by Alberta Gaming, Liquor and Cannabis pursuant to the Society's casino application, and \$986,287 (2020 - \$1,519,442) that is restricted for operations as disclosed in Note 5.

The Society has invested in Guaranteed Investment Certificates bearing interest at a rate of 0.65% per annum, with a maturity date of October 28, 2021.

3. Capital assets

	2021		2020	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Vehicle	\$ 34,752	\$ 30,160	\$ 34,752	\$ 28,192
Office equipment	35,859	34,364	35,859	33,990
Furniture	292,942	233,863	282,571	220,386
Leasehold improvements	8,769	1,666	2,964	789
Computer equipment	162,218	118,658	128,678	107,176
Audio/visual equipment	60,457	58,599	60,457	57,800
	594,997	477,310	545,281	448,333
Net book value		\$ 117,687		\$ 96,948

4. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are government remittances of \$26,450 (2020 - \$18,070).

Zebra Child Protection Centre Society Notes to the Financial Statements

March 31, 2021

5. Deferred contributions - operating

	2021	2020
Balance, beginning of year	\$ 1,519,442	\$ 1,706,297
Add: funds received	1,046,383	1,383,950
Less: eligible expenditures incurred	(1,579,538)	(1,570,805)
Balance, end of year	\$ 986,287	\$ 1,519,442

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

6. Deferred contributions - casino

	2021	2020
Balance, beginning of year	\$ 184,626	\$ 106,850
Add: casino funds - net	4,724	81,500
Less: amounts amortized to deferred donations spent	(64,020)	(3,724)
Less: capital assets purchased	(4,509)	-
Balance, end of year	\$ 120,821	\$ 184,626

Deferred contributions - casino represent externally restricted funds received from the operation of a casino fundraiser. Alberta Gaming, Liquor and Cannabis 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 \$2,106 (2020 - \$1,965) related to expenditures which will be paid out of the externally restricted cash account.

7. Deferred contributions - capital

	2021	2020
Balance, beginning of year	\$ 65,650	\$ 74,762
Add: contributions received	49,716	12,259
Less: amounts amortized to revenue	(21,738)	(21,371)
Balance, end of year	\$ 93,628	\$ 65,650

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.

Zebra Child Protection Centre Society Notes to the Financial Statements

March 31, 2021

8. Canada Emergency Business Account Loan

Canada Emergency Business Account Loan, in the amount of \$30,000, represents the unforgivable balance of the \$40,000 interest-free loan received under the Government of Canada COVID-19 response programs. 25% of the first \$40,000 of the loan is eligible for loan forgiveness, up to \$10,000, if the loan is fully repaid on or before December 31, 2022. At year-end, \$10,000 has been recognized as government assistance and represents the maximum forgivable portion of the loan. If the unforgiven balance of the loan is not fully repaid by December 31, 2022, the remaining principal balance will be repayable and will bear interest at a rate of 5% per annum, beginning on January 1, 2023. The loan is due by December 31, 2025.

9. Internally restricted net assets

The internally restricted net assets at the end of the year are comprised of \$51,797 (2020 - \$51,797) for Child Support Services and \$84,819 (2020 - \$84,819) for Clinical Care for children.

10. Interfund transfers

During the year, \$nil (2020 - \$3,235) was used from unrestricted net assets to fund the cash outlays for the capital asset additions. The remaining \$49,716 (2020 - \$12,259) of capital asset additions was funded using funds from the Casino Fund, Bridging Fund, Victims of Crime - Child Support Services Fund, Funded Agency, Centre Renovations, Equipment Designation, Court Preparation and Toy Closet (2020 - Bridging Fund, Victims of Crime - Child Support Services Fund and the Funded Agency).

During the year \$500,000 was internally restricted for future expansion and infrastructure costs.

11. Other revenue

Donations revenue includes \$86,708 (2020 - \$84,097) of donations-in-kind from the Edmonton Police Service for the year. Also, \$17,834 (2020 - \$994) of donations-in-kind was received for children's items and clothing and fundraising 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 fiscal 2021, the Child Protection Section and Child At Risk Response Team (CARRT) of the Edmonton Police Service budgeted \$2,536,220 (2020 - \$2,501,391) and \$1,043,231 (2020 - \$1,025,666), 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.

Other revenue also contains \$293,092 (2020 - \$306,828) of rental reimbursements from the Edmonton Police Service, the RCMP, Alberta Health Services and Children and Family Services.

Zebra Child Protection Centre Society

Notes to the Financial Statements

March 31, 2021

12. Lease commitments

The Society's premises are under a five year operating lease that expires August 31, 2023. The City of Edmonton (the "City") is no longer the tenant on the lease as it is now under the Society's name, however, the City continues to pay for the Society. The Edmonton Police Service has approved funding up to \$260,123 (2020 - \$252,942) for 2021 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. The total annual rent obligation is as follows:

2022	\$	300,849
2023		300,849
2024		<u>125,354</u>
	\$	<u>727,052</u>

13. 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 is 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.

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.

15. Impact of COVID-19

On March 11, 2020, the outbreak of the novel strain of the coronavirus, specifically identified as "COVID-19" was declared a pandemic by the World Health Organization. This has resulted in governments worldwide, including all levels of Canadian government, enacting emergency measures to combat the spread of the virus. As the impacts of COVID-19 continue, there could be further impact on the Society, its funders and donors. Management is actively monitoring the affects on its financial condition, liquidity, operations, suppliers, industry and workforce. As a result, management anticipates a temporary decline in donation revenue and has postponed a number of its essential fundraisers. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Society is not able to fully estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity at this time.
