

**Zebra Child Protection
Centre Society
Financial Statements**
For the period ended March 31, 2020

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Financial Statements
For the period ended March 31, 2020

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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, 2020, 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, 2020, 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, 2020, and fifteen months ended March 31, 2019, current assets as at March 31, 2020 and March 31, 2019, and net assets as at April 1, 2019 and March 31, 2020 and net assets as at January 1, 2018 and March 31, 2019. Our audit opinion on the financial statements for the fifteen months ended March 31, 2019 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
June 17, 2020

Zebra Child Protection Centre Society
Statement of Financial Position

March 31	2020	2019
Assets		
Current		
Cash (Note 2)	\$ 2,773,943	\$ 2,293,409
Short-term investments (Note 2)	19,347	15,001
Accounts receivable	25,385	498,185
Prepaid expenses	28,528	18,779
	2,847,203	2,825,374
Capital assets (Note 3)	96,948	115,650
	\$ 2,944,151	\$ 2,941,024

Liabilities and Net Assets

Current		
Accounts payable and accrued liabilities (Note 4)	\$ 170,783	\$ 172,755
Deferred rent reimbursement (Note 11)	30,626	26,866
Deferred contributions - operating (Note 5)	1,519,442	1,706,297
Deferred contributions - casino (Note 6)	184,626	106,850
	1,905,477	2,012,768
Deferred contributions - capital (Note 7)	65,650	74,762
	1,971,127	2,087,530
Lease commitments (Note 11)		
Net assets		
Unrestricted net assets	805,110	675,991
Internally restricted net assets (Note 8)	136,616	136,616
Invested in capital assets	31,298	40,887
	973,024	853,494
	\$ 2,944,151	\$ 2,941,024

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

	(year) 2020			
For the period ended March 31	Unrestricted	Internally Restricted	Invested in Capital Assets	Total
Balance, beginning of period	\$ 675,991	\$ 136,616	\$ 40,887	\$ 853,494
Excess (deficiency) of revenue over expenditures for the period	126,054	-	(6,524)	119,530
Funding of capital assets (Note 9)	(3,235)	-	3,235	-
Proceeds on disposal of capital assets	6,300	-	(6,300)	-
Balance, end of period	\$ 805,110	\$ 136,616	\$ 31,298	\$ 973,024

	(fifteen months) 2019			
For the period ended March 31	Unrestricted	Internally Restricted	Invested in Capital Assets	Total
Balance, beginning of period	\$ (60,687)	\$ 136,616	\$ 56,160	\$ 132,089
Excess (deficiency) of revenue over expenditures for the period	737,328	-	(15,923)	721,405
Funding of capital assets (Note 9)	(650)	-	650	-
Balance, end of period	\$ 675,991	\$ 136,616	\$ 40,887	\$ 853,494

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

Zebra Child Protection Centre Society Statement of Operations

For the period ended March 31	(year) 2020	(fifteen months) 2019
Revenue		
Government grants	\$ 1,425,209	\$ 1,396,415
Other revenue (Note 10)	419,188	358,161
Unrestricted donations	320,801	933,013
Restricted donations	86,599	60,528
Deferred donations spent (Note 6)	32,065	209,158
Amortization of deferred contributions - capital (Note 7)	21,371	24,784
	<u>2,305,233</u>	<u>2,982,059</u>
Expenditures		
Wages and benefits (Note 10)	985,139	1,016,296
Rent (Note 11)	475,100	307,660
Consulting fees	316,473	377,298
Professional fees	92,476	86,711
Fundraising	89,967	132,365
Office	33,304	75,880
Amortization	26,544	40,707
Volunteer recognition	26,028	32,952
Travel	24,276	24,342
Clinical Care	20,735	1,005
Communication tools	19,959	50,034
Training	15,811	26,607
Insurance	13,477	15,594
Interest and bank charges	13,105	15,192
Repairs and maintenance	8,724	3,407
Telephone	8,471	6,949
Very Important Paws Program	6,179	6,299
Computer support	3,342	12,252
Children's snacks	3,051	4,718
Children's items and clothing	2,191	24,386
	<u>2,184,352</u>	<u>2,260,654</u>
Excess of revenue over expenditures before undernoted item	120,881	721,405
Loss on disposal of capital assets	<u>1,351</u>	<u>-</u>
Excess of revenue over expenditures for the period	\$ 119,530	\$ 721,405

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

Zebra Child Protection Centre Society Statement of Cash Flows

For the period ended March 31	(year) 2020	(fifteen months) 2019
Cash flows from operating activities		
Excess of revenue over expenditures for the period	\$ 119,530	\$ 721,405
Adjustments for non-cash items		
Amortization of capital assets	26,544	40,707
Loss on disposal of capital assets	1,351	-
Amortization of deferred contributions - capital	(21,371)	(24,784)
	<u>126,054</u>	<u>737,328</u>
Change in non-cash working capital items		
Decrease (increase) in accounts receivable	472,800	(483,164)
Increase in prepaid expenses	(9,749)	(10,966)
Increase (decrease) in accounts payable and accrued liabilities	(1,972)	97,148
Increase in deferred rent reimbursement	3,760	26,866
Increase (decrease) in deferred contributions - operating	(186,855)	671,482
Increase in deferred contributions - casino	77,776	44,329
Increase in deferred contributions - capital	12,259	15,279
	<u>494,073</u>	<u>1,098,302</u>
Cash flows from investing activities		
Purchase of capital assets	(15,493)	(15,929)
Proceeds on disposal of capital assets	6,300	-
	<u>(9,193)</u>	<u>(15,929)</u>
Increase in cash during the period	484,880	1,082,373
Cash and cash equivalents, beginning of period	2,308,410	1,226,037
Cash and cash equivalents, end of period	\$ 2,793,290	\$ 2,308,410
Cash and cash equivalents consist of:		
Cash	\$ 2,773,943	\$ 2,293,409
Short-term investments	19,347	15,001
	<u>\$ 2,793,290</u>	<u>\$ 2,308,410</u>

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

Zebra Child Protection Centre Society Notes to the Financial Statements

March 31, 2020

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, 2020

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
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.

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.

Zebra Child Protection Centre Society Notes to the Financial Statements

March 31, 2020

2. Cash and short-term investments

Cash and short-term investments include \$182,661 (2019 - \$104,885) which is externally restricted for expenditures approved by Alberta Gaming, Liquor and Cannabis pursuant to the Society's casino application, and \$1,519,442 (2019 - \$1,706,297) that is restricted for operations as disclosed in Note 5.

The Society has invested in Guaranteed Investment Certificates bearing interest at a rate of 2.17% per annum, with a maturity date of October 28, 2020.

3. Capital assets

	2020		2019	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Vehicle	\$ 34,752	\$ 28,192	\$ 43,531	\$ 30,777
Office equipment	35,859	33,990	54,384	51,418
Furniture	282,571	220,386	326,384	249,944
Leasehold improvements	2,964	789	2,964	493
Computer equipment	128,678	107,176	129,585	112,441
Audio/visual equipment	60,457	57,800	70,556	66,681
	545,281	448,333	627,404	511,754
Net book value		\$ 96,948		\$ 115,650

4. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are government remittances of \$18,070 (2019 - \$24,983).

Zebra Child Protection Centre Society Notes to the Financial Statements

March 31, 2020

5. Deferred contributions - operating

	2020	2019
Alberta Health Services Mental Health Contract	\$ 695,237	\$ 882,991
Clinical Care	174,143	194,878
Ladies on the Green	157,060	99,143
Victims of Crime - Mental Health	150,762	112,907
Victims of Crime - Child Support Services	117,141	150,000
Court Preparation Program	61,864	61,864
Edmonton Community Foundation	39,941	-
Toy Closet	38,654	38,654
Centre Renovations	23,493	23,493
St. John's Legacy Foundation - Film	15,000	15,000
Courthouse Dog Program	11,190	18,013
Associated Canadian Travellers - Awareness and Equipment	10,860	10,860
Multi-disciplinary Training	10,725	11,507
Clothing	10,669	10,669
Zebra Centre - Film	2,703	2,703
Funded Agency (Region 6)	-	45,229
Family and Community Safety	-	28,386
	\$ 1,519,442	\$ 1,706,297

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

	2020	2019
Balance, beginning of period	\$ 106,850	\$ 62,521
Add: casino funds - net	81,500	99,359
Less: amounts amortized to deferred donations spent	(3,724)	(55,030)
Balance, end of period	\$ 184,626	\$ 106,850

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 period between externally restricted cash (Note 2) and the balance for deferred contributions - casino is made up of accounts payable of \$1,965 (2019 - \$1,965) related to expenditures which will be paid out of the externally restricted cash account.

Zebra Child Protection Centre Society Notes to the Financial Statements

March 31, 2020

7. Deferred contributions - capital

	2020	2019
Balance, beginning of period	\$ 74,762	\$ 84,267
Add: contributions received	12,259	15,279
Less: amounts amortized to revenue	(21,371)	(24,784)
Balance, end of period	\$ 65,650	\$ 74,762

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 period are comprised of \$51,797 (2019 - \$51,797) for Child Support Services and \$84,819 (2019 - \$84,819) for Clinical Care for children.

9. Interfund transfers

During the period, \$3,235 (2019 - \$650) was used from unrestricted net assets to fund the cash outlays for the capital asset additions. The remaining \$12,258 (2019 - \$15,279) of capital asset additions was funded using funds from the Bridging Fund, Victims of Crime - Child Support Services Fund, and the Funded Agency (2019 - Bridging Fund, Victims of Crime - Child Support Services Fund, Telus Fund, Family and Community Safety Fund and Casino Fund).

10. Other revenue

Donations revenue includes \$84,097 (2019 - \$108,250) of donations-in-kind from the Edmonton Police Service for the period. Also, \$994 (2019 - \$16,536) of donations-in-kind was received for children's items and clothing and fundraising (2019 - Toy Closet inventory, silent auction items and capital assets) 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 2020, the Child Protection Section and Child At Risk Response Team (CARRT) of the Edmonton Police Service budgeted \$2,501,391 (2019 - \$3,234,900) and \$1,025,666 (2019 - \$1,176,082), 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 \$306,828 (2019 - \$182,744) of rental reimbursements from the Edmonton Police Service, the RCMP, Alberta Health Services and Children and Family Services (2019 - Edmonton Police Service).

Zebra Child Protection Centre Society Notes to the Financial Statements

March 31, 2020

11. 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 \$252,942 (2019 - \$316,334) for 2020 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.

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 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.

13. Subsequent events

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.
