

**Zebra Child Protection
Centre Society
Financial Statements**
For the year ended December 31, 2015

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For the year ended December 31, 2015

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Independent Auditor's Report

**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, 2015, 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, 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 accounts receivable, donations and fundraising revenue, excess (deficiency) of revenue over expenditures and cash flows from operations for the years ended December 31, 2015 and 2014, current assets as at December 31, 2015 and 2014 and net assets at January 1 and December 31 for both 2015 and 2014 years. Our audit opinion on the financial statements for the year ended December 31, 2015 was modified accordingly because of the possible effects of this limitation in scope.



Independent Auditor's Report (continued)

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, 2015 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
June 14, 2016

Zebra Child Protection Centre Society Statement of Financial Position

December 31	2015	2014
Assets		
Current		
Cash (Note 2)	\$ 1,101,570	\$ 522,888
Short-term investments (Note 2)	15,263	534,494
Accounts receivable	7,137	48,736
Prepaid expenses	3,811	521
	1,127,781	1,106,639
Capital assets (Note 3)	273,423	272,718
	\$ 1,401,204	\$ 1,379,357
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities (Note 4)	\$ 122,421	\$ 61,771
Deferred contributions - operating (Note 5)	496,912	454,954
Deferred contributions - casino (Note 6)	71,366	40,413
	690,699	557,138
Deferred contributions - capital (Note 7)	238,143	265,303
	928,842	822,441
Net assets		
Unrestricted	300,466	412,885
Internally restricted (Note 8)	136,616	136,616
Invested in capital assets	35,280	7,415
	472,362	556,916
	\$ 1,401,204	\$ 1,379,357

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

2015

	Unrestricted	Internally Restricted	Invested in Capital Assets	Total
Balance, beginning of year	\$ 412,885	\$ 136,616	\$ 7,415	\$ 556,916
Deficiency of revenue over expenditures for the year	(77,667)	-	(6,887)	(84,554)
Funding of capital assets (Note 9)	(34,752)	-	34,752	-
Balance, end of year	\$ 300,466	\$ 136,616	\$ 35,280	\$ 472,362

For the year ended December 31

2014

	Unrestricted	Internally Restricted	Invested in Capital Assets	Total
Balance, beginning of year	\$ 328,053	\$ 136,616	\$ 8,899	\$ 473,568
Excess (deficiency) of revenue over expenditures for the year	85,638	-	(2,290)	83,348
Funding of capital assets (Note 9)	(806)	-	806	-
Balance, end of year	\$ 412,885	\$ 136,616	\$ 7,415	\$ 556,916

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	2015	2014
Revenue		
Donations (Note 10)	\$ 829,592	\$ 777,347
Grants	470,008	313,761
Amortization of deferred contributions - casino (Note 6)	53,971	47,907
Amortization of deferred contributions - capital (Note 7)	31,125	36,620
Interest	12,582	9,215
	1,397,278	1,184,850
Expenditures		
Wages and benefits (Note 10)	593,559	506,697
Rent (Notes 10 and 11)	339,933	326,523
Fundraising	142,870	22,871
Clinical	117,401	640
Communication tools	52,807	56,328
Travel	51,064	29,910
Professional fees	42,290	39,926
Amortization	38,012	38,910
Office	18,782	28,758
Volunteer recognition	11,439	12,225
Telephone	8,454	4,445
Computer support	6,803	6,555
Insurance	5,420	6,745
Children's snacks	4,445	3,022
Children's items and clothing	4,340	3,081
Interest and bank charges	4,297	2,794
Repairs and maintenance	2,682	2,006
Very Important Paws Program	2,256	-
Consulting fees	604	15,603
	1,447,458	1,107,039
Excess (deficiency) of revenue over expenditures before undernoted items	(50,180)	77,811
Other income (expenditures)		
Gain on disposal of capital assets	-	5,537
Repayment of Mental Health Grant	(34,374)	-
	(34,374)	5,537
Excess (deficiency) of revenue over expenditures for the year	\$ (84,554)	\$ 83,348

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	2015	2014
Cash flows from operating activities		
Excess (deficiency) of revenue over expenditures for the year	\$ (84,554)	\$ 83,348
Adjustments for non-cash items		
Amortization	38,012	38,910
Amortization of deferred contributions - capital	(31,125)	(36,620)
Gain on disposal of capital assets	-	(5,537)
	<u>(77,667)</u>	80,101
Change in non-cash working capital items		
Decrease (increase) in accounts receivable	41,599	(37,832)
Decrease (increase) in prepaid expenses	(3,290)	1,747
Increase in accounts payable and accrued liabilities	60,650	28,280
Increase in deferred contributions - operating	41,958	32,244
Increase (decrease) in deferred contributions - casino	30,953	(44,975)
Increase in deferred contributions - capital	3,965	19,332
	<u>98,168</u>	<u>78,897</u>
Cash flows from investing activities		
Purchase of capital assets	(38,717)	(20,138)
Proceeds on disposal of capital assets	-	5,537
	<u>(38,717)</u>	<u>(14,601)</u>
Increase in cash during the year	59,451	64,296
Cash and cash equivalents, beginning of year	<u>1,057,382</u>	<u>993,086</u>
Cash and cash equivalents, end of year	\$ 1,116,833	\$ 1,057,382
Cash and cash equivalents consist of:		
Cash	\$ 1,101,570	\$ 522,888
Short-term investments	<u>15,263</u>	<u>534,494</u>
	\$ 1,116,833	\$ 1,057,382

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

Zebra Child Protection Centre Society

Notes to the Financial Statements

December 31, 2015

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 measurement is reasonably assured.

Investment income is recognized as revenue when earned.

Zebra Child Protection Centre Society Notes to the Financial Statements

December 31, 2015

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. Amounts due to and from related parties are measured at the exchange amount, being the amount agreed to by the related parties.

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 three months or less from year-end.

Zebra Child Protection Centre Society Notes to the Financial Statements

December 31, 2015

2. Cash and short-term investments

Cash and short-term investments include \$71,754 (2014 - \$50,876) which is externally restricted for expenditures approved by the Alberta Gaming and Liquor Commission pursuant to the Society's casino application, and \$496,912 (2014 - \$454,954) that is restricted for operations as disclosed in Note 5.

The Society has invested in Guaranteed Investment Certificates bearing interest at a rate of 0.85% per annum, with a maturity date in 2016.

3. Capital assets

	2015		2014	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Audio/visual equipment	\$ 65,760	\$ 60,603	\$ 65,760	\$ 58,395
Office equipment	52,419	49,774	52,419	49,112
Furniture	256,189	182,430	252,224	165,423
Computer equipment	112,205	94,930	112,205	89,643
Vehicle	34,752	5,213	-	-
Leasehold improvements	173,735	28,687	173,735	21,052
	<u>695,060</u>	<u>421,637</u>	<u>656,343</u>	<u>383,625</u>
Net book value		<u>\$ 273,423</u>		<u>\$ 272,718</u>

4. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are government remittances payable of \$22,599 (2014 - \$9,609).

5. Deferred contributions - operating

	2015	2014
Clinical Care	\$ 190,208	\$ 151,122
Children's Support Services - General	69,251	69,251
Toy Closet	46,790	50,116
Courthouse Dog Program	44,171	34,480
Court Preparation and Refinement	41,904	41,989
Centre Renovations	32,734	33,531
Alberta Justice	20,000	20,000
Multi-disciplinary Training	11,507	11,507
Clothing	10,719	10,955
Associated Canadian Travellers - Awareness and Equipment	10,476	10,476
Telus Grant	10,147	12,522
Zebra Centre Film	7,703	7,703
Leading Practices Workshop	1,302	1,302
	<u>\$ 496,912</u>	<u>\$ 454,954</u>

Zebra Child Protection Centre Society Notes to the Financial Statements

December 31, 2015

5. **Deferred contributions - operating (continued)**

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**

	2015	2014
Balance, beginning of year	\$ 40,413	\$ 85,388
Add: casino funds - net	84,924	2,900
Add: interest earned	-	32
Less: amounts amortized to revenue	(53,971)	(47,907)
Balance, end of year	\$ 71,366	\$ 40,413

Deferred contributions - casino represents 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 \$388 (2014 - \$10,463) related to expenditures which will be paid out of the externally restricted cash account.

7. **Deferred contributions - capital**

	2015	2014
Balance, beginning of year	\$ 265,303	\$ 283,018
Add: contributions received	3,965	19,332
Less: amounts amortized to revenue	(31,125)	(36,620)
Less: amount recognized on disposal of capital asset	-	(427)
Balance, end of year	\$ 238,143	\$ 265,303

Deferred contributions - capital represents 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 (2014 - \$51,797) for Child Support Services and \$84,819 (2014 - \$84,819) for clinical care for children.

Zebra Child Protection Centre Society

Notes to the Financial Statements

December 31, 2015

9. Interfund transfers

During the year, \$34,752 (2014 - \$806) was used from unrestricted net assets to fund the cash outlays for the capital asset additions and \$nil (2014 - \$nil) was used from deferred contributions - unspent (Associated Canadian Travellers). The remaining \$3,965 (2014 - \$19,332) of capital asset additions was funded using proceeds from donations from the Victims of Crime Fund.

10. Donations

Donations revenue includes \$318,909 (2014 - \$318,869) of donations-in-kind from the Edmonton Police Service for rent and parking at the premises for the year. Also, \$7,500 (2014 - \$10,499) of donations-in-kind was received for event space and food as well as for equipment rental (2014 - event space and food) 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 2015, the Child Protection Section and Child At Risk Response Team (CARRT) of the Edmonton Police Service budgeted \$2,082,611 (2014 - \$1,810,757) and \$910,912 (2014 - \$890,424), 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.

11. Lease commitments

The Society's premise is under a five year operating lease that expires October 2021, in which the City of Edmonton is the tenant in the lease. The total rent commitment for the City, including custodial and parking, is estimated at \$318,909 per annum for 2016. The Edmonton Police Service has approved funding up to \$369,579 for 2016 towards payment of rent, parking and custodial fees. If rent exceeds the above 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) 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.

Zebra Child Protection Centre Society Notes to the Financial Statements

December 31, 2015

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.
