

CHILD WITNESS CENTRE OF WATERLOO REGION

Financial Statements

Year Ended March 31, 2019

CHILD WITNESS CENTRE OF WATERLOO REGION
Index to Financial Statements
Year Ended March 31, 2019

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Changes in Net Assets	4
Statement of Revenues and Expenditures from Operations	5
Statement of Cash Flow	6
Notes to Financial Statements	7 - 15

INDEPENDENT AUDITOR'S REPORT

To the Members of Child Witness Centre of Waterloo Region

Qualified Opinion

We have audited the financial statements of Child Witness Centre of Waterloo Region (the Organization), which comprise the statement of financial position as at March 31, 2019, and the statements of changes in net assets, revenues and expenditures from operations and cash flow 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 accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2019, and the results of its operations and its cash flow 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 Organization derives revenue from donations and fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenditures, and cash flows from operations for the year ended March 31, 2019, and net assets as at March 31, 2019. Our audit opinion on the financial statements for the year ended March 31, 2018 was modified accordingly because of the possible effects of this limitation of 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 Organization 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 those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Organization's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting

(continues)

process.

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 Organization'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 Organization'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 Organization 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.

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.



Waterloo, Ontario
June 4, 2019

CHARTERED PROFESSIONAL ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

CHILD WITNESS CENTRE OF WATERLOO REGION

Statement of Financial Position

March 31, 2019

	2019	2018 <i>(Restated)</i>
ASSETS		
CURRENT		
Cash - unrestricted (Note 4)	\$ 292,762	\$ 170,743
Cash - restricted (Note 4)	-	183
Short-term investments (Note 5)	454,109	540,513
Accounts receivable (Note 10)	68,000	126,997
Harmonized sales tax recoverable	5,653	10,749
Prepaid expenses	10,848	10,227
	<u>831,372</u>	<u>859,412</u>
LONG- TERM INVESTMENTS (Note 5)	189,660	204,684
CAPITAL ASSETS (Notes 3, 6)	488,876	495,428
	<u>\$ 1,509,908</u>	<u>\$ 1,559,524</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 25,223	\$ 79,187
Employee deductions payable	-	27,554
Deferred contributions (Note 7)	548,600	508,700
	<u>573,823</u>	<u>615,441</u>
DEFERRED CONTRIBUTIONS (Note 7)	189,660	204,684
DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS (Notes 3, 8)	86,131	80,645
	<u>849,614</u>	<u>900,770</u>
NET ASSETS		
UNRESTRICTED	240,578	227,000
INTERNALLY RESTRICTED (Note 13)	16,971	16,971
INVESTMENT IN CAPITAL ASSETS (Note 3)	402,745	414,783
	<u>660,294</u>	<u>658,754</u>
	<u>\$ 1,509,908</u>	<u>\$ 1,559,524</u>

ON BEHALF OF THE BOARD

 Director
 Director

The accompanying notes form an integral part of these financial statements

CHILD WITNESS CENTRE OF WATERLOO REGION

Statement of Changes in Net Assets

Year Ended March 31, 2019

	Unrestricted	Internally Restricted	Investment in Capital Assets	2019	2018 <i>(Restated)</i>
NET ASSETS - BEGINNING OF YEAR	\$ 227,000	\$ 16,971	\$ 414,783	\$ 658,754	\$ 664,783
Prior period restatement <i>(Note 3)</i>	-	-	-	-	(685)
Net assets - restated	227,000	16,971	414,783	658,754	664,098
Excess of revenues over expenses	1,540	-	-	1,540	2,685
Reserve expenditure <i>(Note 13)</i>	-	-	-	-	(8,029)
Transfer for purchase of capital assets	(53,825)	-	53,825	-	-
Transfer for capital asset funding received	30,000	-	(30,000)	-	-
Allocation of amortization	60,377	-	(60,377)	-	-
Allocation of amortization of deferred contributions	(24,514)	-	24,514	-	-
NET ASSETS - END OF YEAR	\$ 240,578	\$ 16,971	\$ 402,745	\$ 660,294	\$ 658,754

The accompanying notes form an integral part of these financial statements

CHILD WITNESS CENTRE OF WATERLOO REGION
Statement of Revenues and Expenditures from Operations
Year Ended March 31, 2019

	2019	2018 <i>(Restated)</i>
REVENUES		
Donations	\$ 564,514	\$ 586,618
Government funding <i>(Note 10)</i>	377,156	378,456
United Way funding <i>(Note 11)</i>	68,000	68,372
Fundraising revenues	48,541	44,341
Program events	30,021	29,596
Amortization of deferred contributions <i>(Note 8)</i>	24,514	18,366
Investment income	6,736	4,140
Other income	6,250	1,843
	<u>1,125,732</u>	<u>1,131,732</u>
EXPENDITURES		
Facility expenses	62,032	58,317
Amortization	60,377	47,149
Administrative expenses	31,602	31,791
Resource development and marketing expenses	40,329	55,875
Staffing expenses	871,782	862,051
Direct program expenses	58,070	73,864
	<u>1,124,192</u>	<u>1,129,047</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ 1,540</u>	<u>\$ 2,685</u>

The accompanying notes form an integral part of these financial statements

CHILD WITNESS CENTRE OF WATERLOO REGION

Statement of Cash Flow

Year Ended March 31, 2019

	2019	2018 <i>(Restated)</i>
OPERATING ACTIVITIES		
Excess of revenues over expenditures	\$ 1,540	\$ 2,685
Item not affecting cash:		
Amortization of capital assets	60,377	47,149
	<u>61,917</u>	<u>49,834</u>
Changes in non-cash working capital:		
Accounts receivable	58,997	(68,112)
Harmonized sales tax recoverable	5,096	8,426
Prepaid expenses	(621)	1,923
Accounts payable and accrued liabilities	(53,965)	48,643
Employee deductions payable	(27,554)	5,632
Deferred contributions	30,363	274,224
	<u>12,316</u>	<u>270,736</u>
Cash flow from operating activities	<u>74,233</u>	<u>320,570</u>
INVESTING ACTIVITIES		
Purchase of capital assets	(53,825)	(76,270)
Change in investments	101,428	(246,263)
Expenditure from the internally restricted net assets fund	-	(8,029)
Cash flow from (used by) investing activities	<u>47,603</u>	<u>(330,562)</u>
INCREASE (DECREASE) IN CASH FLOW	121,836	(9,992)
Cash - beginning of year	<u>170,926</u>	<u>180,918</u>
CASH - END OF YEAR	\$ 292,762	\$ 170,926
CASH CONSISTS OF:		
Cash - unrestricted	\$ 292,762	\$ 170,743
Cash - restricted	-	183
	<u>\$ 292,762</u>	<u>\$ 170,926</u>

The accompanying notes form an integral part of these financial statements

CHILD WITNESS CENTRE OF WATERLOO REGION

Notes to Financial Statements

Year Ended March 31, 2019

1. DESCRIPTION OF ORGANIZATION

The Child Witness Centre of Waterloo Region is a not-for-profit agency incorporated under letters of patent in the Province of Ontario and is a registered charity under the Income Tax Act. The agency works in collaboration with the community and provides caring and compassionate support and advocacy for children and youth who are victims or witnesses of abuse or crime and their families through their Child Witness Program and the Child and Youth Advocacy Centre. Due to the agency's status under the Income Tax Act, it is not subject to tax.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These financial statements are prepared in accordance with the Canadian accounting standards for not-for-profit organizations.

Revenue recognition

Child Witness Centre of Waterloo Region follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Restricted contributions used to purchase capital assets are deferred and recognized as revenue on the same basis as the amortized expense related to the acquired capital asset. Unrestricted contributions are recognized as revenue when received.

Government funding is recognized in income during the period in which the funded services were provided.

Programming and fundraising events are recognized in income during the period in which the event occurred.

Investment income and other income are recognized into income when earned.

Contributed Services

Volunteers contribute a significant number of hours per year to assist Child Witness Centre of Waterloo Region in carrying out its service delivery activities. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

In-kind Donations

Donations of goods in-kind for which a tax receipt is issued are recorded at the fair market value of the goods received.

Harmonized Sales Tax recoverable

The organization is eligible to receive a semi-annual rebate from the Canada Revenue Agency in the amount of 50% of the federal portion and 82% of the provincial portion of Harmonized Sales Tax paid.

Cash and cash equivalents

The organization considers cash deposited in the operating bank account to be cash and cash equivalents.

(continues)

CHILD WITNESS CENTRE OF WATERLOO REGION

Notes to Financial Statements

Year Ended March 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization. The cost of capital items is capitalized on the date purchased when the cost is greater than \$500 and the life exceeds one year. Leasehold improvements are amortized over the estimated total life of the lease. Building is amortized based on a declining balance and the remaining capital assets are amortized over their estimated useful lives on a straight-line basis at the following rates:

Building	4%	declining balance method
Paving	10 years	straight-line method
Leasehold improvements	6 years	straight-line method
Furniture, fixtures and office equipment	5 years	straight-line method
Electronics	3 years	straight-line method

One-half the normal amortization is taken in the year of acquisition and no amortization is taken the year of disposal.

Assets under construction are the accumulated costs of capital assets which are being built for use in the organization but are not available for use within the fiscal year. No amortization is taken on these assets until they are utilized within the organization.

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. Transaction costs are expensed when incurred. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date.

Use of estimates

The preparation of financial statements in accordance with accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

Estimates included in these financial statements include the estimated useful lives of capital assets and expense accruals.

CHILD WITNESS CENTRE OF WATERLOO REGION

Notes to Financial Statements

Year Ended March 31, 2019

3. CHANGE IN ACCOUNTING POLICIES FOR CAPITAL ASSETS

Effective April 1, 2018 the organization changed the method in which it estimates the total useful lives of capital assets categorized under paving, furniture, fixtures and office equipment, and electronics. The organization previously amortized the useful lives of these assets on a declining basis. These assets will now be amortized on a straight-line basis at the rates described in Note 2.

This change in policy has been made because it is management's opinion that the straight-line depreciation method more accurately reflects the estimated useful life of these capital assets.

This change in accounting policy has been applied retroactively and as a result a prior period restatement was required. The following reflects the change to the March 31, 2018 figures as a result of this restatement:

- Increase in capital assets of \$6,435
- Increase in deferred contributions related to capital assets of \$5,296
- Decrease in opening net assets invested in capital assets of \$685
- Decrease in amortization of deferred contributions of \$2,618
- Decrease in amortization of \$4,442

4. CASH

(a) Cash - Unrestricted

Unrestricted cash (ie. bank balances net of outstanding cheques) is a chequing account at the Bank of Montreal.

(b) Cash - Restricted

Break open ticket money is held in a separate account at the Bank of Montreal as required by government regulation. Restricted cash must be used only for Child Witness Program expenses. The bank account was closed during the year as described in Note 9.

CHILD WITNESS CENTRE OF WATERLOO REGION

Notes to Financial Statements

Year Ended March 31, 2019

5. INVESTMENTS

	<u>2019</u>	<u>2018</u>
TD Investment Savings Account	\$ 433,109	\$ 430,013
BMO Guaranteed Investment Certificate, which matured June 28, 2018	-	1,500
TD Guaranteed Investment Certificate, which matured June 12, 2018	-	95,000
TD Wealth Mutual Funds (book value \$198,548)	<u>210,660</u>	<u>218,684</u>
	<u>\$ 643,769</u>	<u>\$ 745,197</u>

The allocation between short-term and long-term is as follows:

	<u>2019</u>	<u>2018</u>
Short-term investments	\$ 454,109	\$ 540,513
Long-term investments	<u>189,660</u>	<u>204,684</u>
	<u>\$ 643,769</u>	<u>\$ 745,197</u>

A portion of investments have been designated as short-term to satisfy the current portion of deferred contributions as outlined in Note 7.

6. CAPITAL ASSETS

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Land	\$ 96,000	\$ -	\$ 96,000	\$ 96,000
Building	343,250	98,134	245,116	255,329
Paving	7,380	6,174	1,206	1,607
Leasehold improvements	49,032	20,430	28,602	36,774
Furniture, fixtures and office equipment	109,145	82,782	26,363	35,647
Electronics	129,010	55,314	73,696	45,632
Assets under construction	17,893	-	17,893	24,439
	<u>\$ 751,710</u>	<u>\$ 262,834</u>	<u>\$ 488,876</u>	<u>\$ 495,428</u>

During the 2019 fiscal year certain assets under construction became available for use. The cost of these assets totalled \$13,377 and are included in the cost of electronic equipment.

CHILD WITNESS CENTRE OF WATERLOO REGION

Notes to Financial Statements

Year Ended March 31, 2019

7. DEFERRED CONTRIBUTIONS

Deferred contributions include contributions and grants which are to be used for specified expenditures incurred at a later date. The change in the balance during the year is as follows:

	<u>2019</u>	<u>2018</u>
Opening balance	\$ 713,384	\$ 447,545
Less: Amounts recognized in revenue during the year	(40,700)	(61,843)
Add: Restricted contribution related to future years	65,576	327,682
	<u>\$ 738,260</u>	<u>\$ 713,384</u>

The balance of deferred contributions at March 31, 2019 consists of:

<u>Current</u>		
Safe Hands-Strong Futures Campaign	\$ 508,000	\$ 475,525
Youth Symposium	38,800	28,180
Child Witness Program	1,800	3,000
	<u>548,600</u>	<u>506,705</u>
Break Open tickets	-	1,995
	<u>548,600</u>	<u>508,700</u>
<u>Long-Term</u>		
Youth Symposium	189,660	204,684
	<u>\$ 738,260</u>	<u>\$ 713,384</u>

The Safe Hands-Strong Futures campaign includes fundraising amounts received from individuals, corporations and the community and foundations which are restricted for the purpose of supporting the Child Witness Centre role in the Child and Youth Advocacy Centre and Child Witness Program. These campaign contributions are deferred until they have been spent on their restricted purpose supporting future program delivery.

During fiscal 2015, the organization received \$226,200 from the KW Sertoma/LaSertoma Foundation designated for the Waterloo Region Youth Symposium. The use of the funds was restricted to a maximum of \$14,000 in 2016, 2017, 2018, and 2019, and was increased to a maximum of \$21,000 beginning in fiscal 2020. This is funded from investment income and principal for as long as the event continues. Any amounts earned on the funds are recorded as an increase to the deferred contribution balance. As of March 31, 2019, the balance of the unspent funds related to this contribution is \$210,660 (\$21,000 to be recognized in 2019-2020 and \$189,660 thereafter).

CHILD WITNESS CENTRE OF WATERLOO REGION

Notes to Financial Statements

Year Ended March 31, 2019

8. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

Deferred contributions related to capital assets include restricted contributions received from government and other organizations for capital asset purchases.

	<u>2019</u>	<u>2018</u>
Opening balance	\$ 80,645	\$ 72,261
Add: Restricted contributions received for the purchase of capital assets	30,000	26,750
Less: Amounts recognized in revenue during the year	<u>(24,514)</u>	<u>(18,366)</u>
Ending balance	<u>\$ 86,131</u>	<u>\$ 80,645</u>

The agency received \$30,000 (2018 - \$26,750), as part of an overall grant of \$230,000 (2018 - \$227,750) from the Department of Justice, for the purchase of capital assets. This funding will be taken into income over the estimated lifetime of the related capital asset.

9. BREAK OPEN LOTTERY PROCEEDS

The Child Witness Centre of Waterloo Region received proceeds from a Break Open Lottery site in a local mall. The net proceeds of these lottery sales were restricted to providing the funding for the Child Witness Program. Analysis of the net proceeds is as follows:

	<u>2019</u>	<u>2018</u>
Break Open Lottery sales (gross)	\$ -	\$ 10,402
Break Open Lottery expenses	<u>(1,995)</u>	<u>(4,498)</u>
Break Open Lottery sales (net)	(1,995)	5,904
Change in deferred contributions	<u>1,995</u>	<u>4,410</u>
Net Break Open Lottery revenue for the period	<u>\$ -</u>	<u>\$ 10,314</u>

Net proceeds were maintained in a trust bank account and recorded on the balance sheet as deferred contributions. The total amount of Break Open deferred contributions drawn down in the 2018-2019 fiscal year was \$1,995, of which \$1,725 was for caseworker wages. The Break Open account was closed as the program ended during the year.

CHILD WITNESS CENTRE OF WATERLOO REGION

Notes to Financial Statements

Year Ended March 31, 2019

10. GOVERNMENT FUNDING

Government funding was as follows:

	<u>2019</u>	<u>2018</u>
Department of Justice	\$ 200,000	\$ 201,000
Ministry of the Attorney General	165,000	165,000
Region of Waterloo	9,156	9,156
City of Guelph	1,800	1,800
City of Cambridge	1,200	1,500
	<u>\$ 377,156</u>	<u>\$ 378,456</u>

The Department of Justice has approved a grant of \$230,000 in 2018-2019 of which \$200,000 was recognized in 2018-2019 fiscal year for the purpose of supporting the Child Witness Centre's operating activities in the Child and Youth Advocacy Centre and the Child Witness Program. The final reconciliation on the use of the funds is due subsequent to year end. The organization does not expect any of the funds will need to be returned to the Department of Justice. Included in accounts receivable at March 31, 2019 is \$68,000 with respect to this grant.

The Child Witness Centre received Child Witness Program funding of \$165,000 from the Ontario Ministry of the Attorney General, in four quarterly payments over the fiscal year 2018-2019. The Ministry has renewed this level of funding for 2019-2020.

Actual expenditures with respect to the Ministry of the Attorney General funding correspond with budget submitted to the Ministry:

	<u>2018-19 Budget</u>	<u>2018-19 Actual</u>
Rent / Lease	\$ 7,000	\$ 7,000
Office Supplies	2,300	2,300
Telecommunications	2,800	2,800
Staff Expenses	4,500	4,500
Audit	2,000	2,000
Bookkeeping	4,000	4,000
Insurance	2,500	2,500
Salaries and benefits	139,900	139,900
	<u>\$ 165,000</u>	<u>\$ 165,000</u>

11. UNITED WAY FUNDING

Included in revenues are the following United Way grants:

	<u>2019</u>	<u>2018</u>
United Way of Waterloo Region Communities	\$ 60,000	\$ 59,622
United Way Guelph Wellington Dufferin	8,000	8,750
	<u>\$ 68,000</u>	<u>\$ 68,372</u>

CHILD WITNESS CENTRE OF WATERLOO REGION

Notes to Financial Statements

Year Ended March 31, 2019

12. CHILD WITNESS CENTRE ENDOWMENT FUND

In December 2004 the agency established the Child Witness Centre Balsillie Endowment Fund with the Kitchener-Waterloo Community Foundation (KWCF). The purpose of the Fund is to encourage donations by those who wish to give a gift which lasts forever in support of the work of the Child Witness Centre.

Donations to the Fund become part of the pool of investments of (and are owned by) KWCF, remain there permanently, and are managed in accordance with the investment policy adopted by KWCF's Investment Committee in consultation with its investment managers and advisors, and approved by its Board of Directors. Earnings available to the Child Witness Centre depend on investment performance and investment management fees, with the amount being appropriate to preserve the capital of the Fund. The agency began receiving investment earnings from the Fund after it reached a value of \$25,000.

The following is a summary of Fund activity for the 2018 and 2017 calendar years:

	<u>2018</u>	<u>2017</u>
January 1st, Opening Balance	\$ 61,256	\$ 59,526
Disbursed to the Child Witness Centre	(2,200)	(2,200)
KWCF Administration Fees	(1,023)	(1,021)
Investment gain/loss	(35)	4,951
December 31st, Closing Balance	<u>\$ 57,998</u>	<u>\$ 61,256</u>

Donations to the fund may be made directly to the Foundation or to the Child Witness Centre. When an endowment fund donation is sent to the Centre with the cheque made payable to the Child Witness Centre, it must legally be deposited in the Centre's bank account and a subsequent cheque issued by the Centre to the Foundation. Such donations are netted against Individual Donations in the Revenue section of the statement.

13. INTERNALLY RESTRICTED NET ASSETS

Internally restricted assets are restricted for the purpose of funding future capital costs, as well as major unplanned expenditures, related to the organization's property. In fiscal 2018, the Board of Directors approved \$8,029 for roof repairs on the Duke Street Property to be distributed from this Fund.

CHILD WITNESS CENTRE OF WATERLOO REGION

Notes to Financial Statements

Year Ended March 31, 2019

14. FINANCIAL INSTRUMENTS

The organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as of March 31, 2019.

Liquidity risk

Liquidity risk is the risk that the organization will encounter difficulty in meeting a demand for cash or funding its obligations as they come due. The organization meets its liquidity requirements by monitoring the cash flow from operations, investment performance and the anticipated cash flows from investing and financing activities.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the organization manages exposure through its normal operating and financing activities. The organization is exposed to interest rate risk primarily through its investments as outlined in Note 5.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. The organization is mainly exposed to these risks as a result of the investments held in Note 5.

Credit risk

At March 31, 2019, the organization had cash deposited in financial institutions of approximately \$530,412 (2018 - \$395,782) in excess of the Canada Deposit Insurance Corporation (CDIC) limits of \$100,000 per institution. The organization does not believe it is exposed to any significant credit risk on these deposits.

The extent of the organization's exposure to the above noted risks did not change significantly during the fiscal year.

15. LEASE COMMITMENTS

The organization has entered into a rental agreement, extending until September 2020, and is committed to the following annual minimum payments:

2020	\$	26,884
2021		13,422
		<hr/>
	\$	<u>40,306</u>