

CHILD WITNESS CENTRE OF WATERLOO REGION
Financial Statements
Year Ended March 31, 2017

CHILD WITNESS CENTRE OF WATERLOO REGION
Index to Financial Statements
Year Ended March 31, 2017

	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 - 14

INDEPENDENT AUDITOR'S REPORT

To the Members of Child Witness Centre of Waterloo Region

We have audited the accompanying financial statements of Child Witness Centre of Waterloo Region, which comprise the statement of financial position as at March 31, 2017 and the statements of revenues and expenditures from operations, changes in net assets and cash flow 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.

(continues)

Independent Auditor's Report to the Members of Child Witness Centre of Waterloo Region *(continued)*

Basis for Qualified Opinion

In common with many not-for-profit organizations, Child Witness Centre of Waterloo Region derives revenue from donations and events, 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 Child Witness Centre of Waterloo Region. Therefore, we were not able to determine whether any adjustments might be necessary to contributions, excess of revenues over expenses, and current assets and net assets.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Child Witness Centre of Waterloo Region as at March 31, 2017 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.

A handwritten signature in cursive script that reads "Charles Starke & Diegel LLP".

Waterloo, Ontario
June 6, 2017

CHARTERED PROFESSIONAL ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

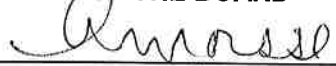
CHILD WITNESS CENTRE OF WATERLOO REGION


Statement of Financial Position

March 31, 2017

	2017	2016
ASSETS		
CURRENT		
Cash - unrestricted (Note 3)	\$ 174,746	\$ 76,166
Cash - restricted (Note 3)	6,172	10,050
Short-term investments (Note 4)	286,233	183,684
Accounts receivable (Note 10)	58,885	141,135
Interest receivable	-	502
Harmonized sales tax recoverable	19,175	10,993
Prepaid expenses	12,150	7,328
	<u>557,361</u>	429,858
INVESTMENTS (Note 4)	212,702	215,048
CAPITAL ASSETS (Note 5)	<u>464,313</u>	390,567
	<u>\$ 1,234,376</u>	<u>\$ 1,035,473</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 30,543	\$ 24,158
Employee deductions payable	21,922	15,028
Deferred contributions (Note 6)	234,843	117,227
	<u>287,308</u>	156,413
DEFERRED CONTRIBUTIONS (Note 6)	212,702	215,048
DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS (Note 7)	69,583	-
	<u>569,593</u>	371,461
NET ASSETS		
UNRESTRICTED	245,053	248,445
INTERNALLY RESTRICTED (Note 12)	25,000	25,000
INVESTMENT IN CAPITAL ASSETS	394,730	390,567
	<u>664,783</u>	664,012
	<u>\$ 1,234,376</u>	<u>\$ 1,035,473</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, 2017

	Unrestricted	Internally Restricted	Investment in Capital Assets	2017	2016
NET ASSETS - BEGINNING OF YEAR	\$ 248,445	\$ 25,000	\$ 390,567	\$ 664,012	\$ 620,418
Excess of revenues over expenses	771	-	-	771	43,594
Transfer for purchase of capital assets	(106,108)	-	106,108	-	-
Transfer for capital asset funding received	80,881	-	(80,881)	-	-
Allocation of amortization	32,362	-	(32,362)	-	-
Allocation of amortization of deferred contributions	(11,298)	-	11,298	-	-
NET ASSETS - END OF YEAR	\$ 245,053	\$ 25,000	\$ 394,730	\$ 664,783	\$ 664,012

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, 2017

	2017	2016
REVENUES		
Donations (Note 9)	\$ 426,561	\$ 190,972
Government funding (Note 10)	356,676	350,756
Fundraising events	42,817	32,242
Program events	28,026	30,210
Amortization of deferred contributions (Note 7)	11,298	-
Other income	547	3,957
	<u>865,925</u>	<u>608,137</u>
EXPENSES		
Facility expenses	45,572	27,129
Amortization	32,362	17,759
Administrative expenses	20,086	20,910
Resource development and marketing expenses	34,779	53,141
Staffing expenses	678,631	395,555
Program expenses	53,724	50,049
	<u>865,154</u>	<u>564,543</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 771</u>	<u>\$ 43,594</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, 2017

	2017	2016
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 771	\$ 43,594
Item not affecting cash:		
Amortization of capital assets	32,362	17,759
	<u>33,133</u>	<u>61,353</u>
Changes in non-cash working capital:		
Accounts receivable	82,250	(140,602)
Interest receivable	502	879
Prepaid expenses	(4,822)	191
Accounts payable and accrued liabilities	6,389	14,723
Harmonized sales tax recoverable	(8,182)	(3,101)
Employee deductions payable	6,894	5,764
Deferred contributions	184,852	78,366
	<u>267,883</u>	<u>(43,780)</u>
Cash flow from operating activities	<u>301,016</u>	<u>17,573</u>
INVESTING ACTIVITIES		
Purchase of capital assets	(106,108)	(6,031)
Net change in investments	(100,206)	23,435
Cash flow from (used by) investing activities	<u>(206,314)</u>	<u>17,404</u>
INCREASE IN CASH FLOW	94,702	34,977
Cash - beginning of year	<u>86,216</u>	<u>51,239</u>
CASH - END OF YEAR	\$ 180,918	\$ 86,216
CASH CONSISTS OF:		
Cash - unrestricted	\$ 174,746	\$ 76,166
Cash - restricted	6,172	10,050
	<u>\$ 180,918</u>	<u>\$ 86,216</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, 2017

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 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.

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 and services 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, 2017

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 \$200 and the life exceeds one year. Leasehold improvements are amortized over the estimated total life of the lease. The remaining capital assets are amortized over their estimated useful lives on a declining balance basis at the following rates and methods:

Leasehold improvements	6 year	straight-line method
Building	4%	declining balance method
Paving	30%	declining balance method
Furniture and fixtures	30%	declining balance method
Electronic equipment	50%	declining balance method

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

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. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs are expensed when incurred.

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 interest accrual, the estimated useful lives of capital assets and completeness of expense accruals.

3. CASH

(a) 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.

(b) Cash - Unrestricted

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

CHILD WITNESS CENTRE OF WATERLOO REGION

Notes to Financial Statements

Year Ended March 31, 2017

4. INVESTMENTS

	<u>2017</u>	<u>2016</u>
Royal Bank Investment Savings Account	\$ -	\$ 45,535
TD Investment Savings Account	270,733	71,016
BMO Guaranteed Investment Certificate, maturing June 28, 2017, with an interest rate of 0.55%	1,500	-
TD Guaranteed Investment Certificate, maturing July 22, 2016, with an interest rate of 1.4%	-	51,860
TD Wealth Mutual Funds (book value \$218,519)	226,702	230,321
	<u>\$ 498,935</u>	<u>\$ 398,732</u>

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

	<u>2017</u>	<u>2016</u>
Short-term investments	\$ 286,233	\$ 183,684
Long-term investments	212,702	215,048
	<u>\$ 498,935</u>	<u>\$ 398,732</u>

At March 31, 2017, the organization had cash deposited in financial institutions of approximately \$256,248 (2016 - \$22,793) 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.

Included in short-term investments is \$228,438 that has been designated to satisfy the current portion of deferred contributions as outlined in Note 6.

5. CAPITAL ASSETS

	Cost	Accumulated amortization	2017 Net book value	2016 Net book value
Land	\$ 96,000	\$ -	\$ 96,000	\$ 96,000
Building	343,250	77,282	265,968	277,049
Paving	7,380	6,512	868	1,241
Furniture and fixtures	97,485	59,842	37,643	9,834
Electronic equipment	28,468	9,580	18,888	6,443
Leasehold improvements	49,032	4,086	44,946	-
	<u>\$ 621,615</u>	<u>\$ 157,302</u>	<u>\$ 464,313</u>	<u>\$ 390,567</u>

CHILD WITNESS CENTRE OF WATERLOO REGION

Notes to Financial Statements

Year Ended March 31, 2017

6. DEFERRED CONTRIBUTIONS

Deferred contributions include break open ticket proceeds, lottery trust proceeds, 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>2017</u>		<u>2016</u>
Opening balance	\$ 332,275	\$	253,909
Less: Amounts recognized in revenue during the year	(37,227)		(27,567)
Add: Restricted contribution related to future years	152,497		105,933
	<u>\$ 447,545</u>	\$	<u>332,275</u>

The balance of deferred contributions at March 31, 2017 consists of:

Current

Safe Hands-Strong Futures Campaign	\$ 173,019	\$	80,000
Child and Youth Advocacy Centre	24,519		-
Youth Symposium	23,500		23,500
Child Witness Program	1,800		3,400
Calendar	5,600		-
	<u>228,438</u>		<u>106,900</u>
Break Open tickets	6,405		10,327
	<u>234,843</u>		<u>117,227</u>

Long-Term

Youth Symposium	212,702		215,048
	<u>\$ 447,545</u>	\$	<u>332,275</u>

The Safe Hands-Strong Futures campaign includes fundraising amounts received from individuals, corporations and the community 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.

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 is restricted to a maximum of \$14,000 per year of investment income and principal for as long as the event continues, beginning April 2016. Any amounts earned on the funds are recorded as an increase to the deferred contribution balance. As of March 31, 2017, the balance of the unspent funds related to this contribution is \$226,702 (\$14,000 to be recognized in 2017-2018 and \$212,702 thereafter).

CHILD WITNESS CENTRE OF WATERLOO REGION

Notes to Financial Statements

Year Ended March 31, 2017

7. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

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

	<u>2017</u>
Opening balance	-
Add: Restricted contributions received for the purchase of capital assets	80,881
Less: Amounts recognized in revenue during the year	<u>(11,298)</u>
	<u>\$ 69,583</u>

Of the \$80,881 initially deferred in the current year, \$65,881 was one-time funding from the Department of Justice as described in Note 10. The remaining \$15,000 was from other various funders.

8. BREAK OPEN LOTTERY PROCEEDS

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

	<u>2017</u>	<u>2016</u>
Break Open Lottery sales (gross)	\$ 15,323	\$ 18,640
Break Open Lottery expenses	<u>(8,829)</u>	<u>(8,456)</u>
Break Open Lottery sales (net)	6,494	10,184
Change in deferred contributions	<u>3,922</u>	<u>(3,662)</u>
Net Break Open Lottery revenue for the period	<u>\$ 10,416</u>	<u>\$ 6,522</u>

Net proceeds are maintained in a trust bank account and are recorded on the balance sheet as deferred contributions. The total amount of Break Open deferred contributions drawn down in the 2016-2017 fiscal year for caseworker wages total \$10,416. The balance of the Break Open account as at March 31, 2017 was \$6,172.

9. UNITED WAY FUNDING

Included in donation receipts are the following United Way grants:

	<u>2017</u>	<u>2016</u>
United Way of Kitchener-Waterloo and Area	\$ 58,230	\$ 59,800
United Way of Cambridge and North Dumfries	10,911	11,044
United Way of Guelph Wellington Dufferin	<u>6,000</u>	<u>6,000</u>
	<u>\$ 75,141</u>	<u>\$ 76,844</u>

CHILD WITNESS CENTRE OF WATERLOO REGION

Notes to Financial Statements

Year Ended March 31, 2017

10. GOVERNMENT FUNDING

Government funding was as follows:

	<u>2017</u>		<u>2016</u>
Department of Justice	\$ 175,000	\$	175,000
Department of Justice - One time funding	4,120		-
Ministry of the Attorney General	165,000		165,000
Region of Waterloo	9,156		9,156
City of Guelph	1,800		-
City of Cambridge	1,600		1,600
	<u>\$ 356,676</u>	\$	<u>350,756</u>

The Department of Justice has approved a \$175,000 grant for the purpose of supporting the Child & Youth Advocacy Centre's start up and operating activities in the 2016-2017 fiscal year. The final reconciliation on the use of the funds is due in June 2017. 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, 2017 is \$55,300 with respect to this grant.

In addition the agency received \$70,000 from the Department of Justice primarily for the purchase of capital assets. Of this \$4,120 was recognized in the fiscal year. The remaining \$65,881 was used to purchase capital assets and \$9,521 was recognized in revenue during the year. The balance of \$56,360 was deferred to future periods as described in Note 7

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 2016-2017. The Ministry has renewed this level of funding for 2017-2018.

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

	<u>2016-17</u>		<u>2016-17</u>
	<u>Actual</u>		<u>Budget</u>
Rent / Lease	\$ 6,000	\$	6,000
Office Supplies	2,500		2,500
Telecommunications	2,800		2,800
Staff Expenses	5,000		5,000
Audit	2,200		2,200
Bookkeeping	3,000		3,000
Insurance	4,000		4,000
Salaries	139,500		139,500
	<u>\$ 165,000</u>	\$	<u>165,000</u>

CHILD WITNESS CENTRE OF WATERLOO REGION

Notes to Financial Statements

Year Ended March 31, 2017

11. 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 2016 calendar year, and cumulatively since the inception of the fund.

	<u>2016</u>	<u>2015</u>
January 1st, Opening Balance	\$ 58,564	\$ 57,784
Disbursed to the Child Witness Centre	(2,200)	(2,200)
KWCF Administration Fees	(991)	(993)
Investment gain/loss	4,153	3,973
December 31st, Closing Balance	<u>\$ 59,526</u>	<u>\$ 58,564</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.

12. INTERNALLY RESTRICTED NET ASSETS

During fiscal 2013, the organization transferred \$25,000 to internally restricted assets for the purpose of funding future capital costs related to the organization's property.

CHILD WITNESS CENTRE OF WATERLOO REGION

Notes to Financial Statements

Year Ended March 31, 2017.

13. 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, 2017.

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 4.

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 4.

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

14. LEASE COMMITMENTS

The organization has entered into a rental agreement and is committed to the following annual minimum payments:

2018	\$	25,575
2019		26,884
2020		26,884
2021		13,422
		<u>13,422</u>
	\$	<u>92,765</u>

15. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation.