

CHILD WITNESS CENTRE OF WATERLOO REGION
Financial Statements
Year Ended March 31, 2013

CHILD WITNESS CENTRE OF WATERLOO REGION
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Year Ended March 31, 2013

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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 statements of financial position as at March 31, 2013, March 31, 2012 and April 1, 2011, and the statements of operations, changes in net assets and cash flows for the years ended March 31, 2013 and March 31, 2012, 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 controls 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 in our audits 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 charitable organizations, the organization derives revenue from donations and events, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to contributions, excess of revenues over expenses, 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 position of Child Witness Centre of Waterloo Region as at March 31, 2013, March 31, 2012 and April 1, 2011, and the results of its operations and its cash flows for the years ended March 31, 2013 and March 31, 2012 are in accordance with Canadian accounting standards for not-for-profit organizations.

Other Matter

Without modifying our opinion, we draw attention to Note 13 which has been amended from the previously issued financial statements. A discrepancy was noted in the investment income of the Child Witness Centre Endowment fund reported for calendar 2013 in Note 13. The total investment income of \$4,774 was previously reported as \$890.



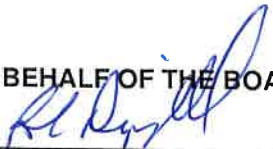
Waterloo, Ontario
May 15, 2013, except as to Note 13 which is
as of May 15, 2014.

CHARTERED ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

CHILD WITNESS CENTRE OF WATERLOO REGION
Statement of Financial Position

	March 31, 2013	March 31, 2012	April 1, 2011
ASSETS			
CURRENT			
Cash - unrestricted (Note 4)	\$ 134,272	\$ 118,434	\$ 84,382
Cash - restricted (Note 4)	8,903	8,470	8,663
Short term investments (Note 5)	203,807	207,946	36,421
Funding receivable (Note 10)	33,485	-	-
Interest receivable	2,139	-	334
Harmonized sales tax recoverable	11,291	8,679	38,704
Prepaid expenses	3,788	9,277	4,285
	<u>397,685</u>	<u>352,806</u>	<u>172,789</u>
CAPITAL ASSETS (Note 6)	<u>434,898</u>	<u>403,112</u>	<u>393,304</u>
	<u>\$ 832,583</u>	<u>\$ 755,918</u>	<u>\$ 566,093</u>
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities	\$ 61,644	\$ 12,161	\$ 13,283
Employee deductions payable	6,382	6,264	5,210
Prepaid rent deposits	-	1,339	1,339
Deferred contributions (Note 7)	25,403	31,470	39,392
	<u>93,429</u>	<u>51,234</u>	<u>59,224</u>
NET ASSETS			
UNRESTRICTED	279,256	223,669	113,565
INTERNALLY RESTRICTED (Note 8)	25,000	77,903	-
INVESTMENT IN CAPITAL ASSETS	434,898	403,112	393,304
	<u>739,154</u>	<u>704,684</u>	<u>506,869</u>
	<u>\$ 832,583</u>	<u>\$ 755,918</u>	<u>\$ 566,093</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, 2013

	Unrestricted	Internally Restricted	Investment in Capital Assets	2013	2012
BEGINNING OF YEAR	\$ 223,669	\$ 77,903	\$ 403,112	\$ 704,684	\$ 506,869
Excess of revenue over expenses	34,470	-	-	34,470	197,815
Use of internally restricted funds (Note 8)	24,626	(77,903)	53,277	-	-
Internal restriction of funds (Note 8)	(25,000)	25,000	-	-	-
Allocation of amortization	21,491	-	(21,491)	-	-
END OF YEAR	<u>\$ 279,256</u>	<u>\$ 25,000</u>	<u>\$ 434,898</u>	<u>\$ 739,154</u>	<u>\$ 704,684</u>

The accompanying notes form an integral part of these financial statements

CHILD WITNESS CENTRE OF WATERLOO REGION

Statement of Operations Year Ended March 31, 2013

	2013	2012
REVENUE		
Individuals	\$ 25,364	\$ 22,839
Community	9,604	39,107
Corporate	22,175	28,870
Rotary dream home lottery (Note 8)	82,597	182,403
Events	57,875	58,318
Government funding (Note 9)	175,356	175,176
Child Advocacy funding (Note 10)	42,700	-
Grants and foundations - United Way (Note 11)	77,040	72,000
Grants and foundations - Other	-	1,000
Other income - Break open lottery (Note 12)	6,957	17,808
Other income - Investment income	4,342	1,813
Other income - Duke Street rent	12,366	16,590
	516,376	615,924
EXPENSES		
Facility (Schedule 1)	75,319	62,859
Administration (Schedule 2)	13,811	15,928
Resource Development and Marketing (Schedule 3)	12,859	7,202
Staffing (Schedule 4)	294,038	288,495
Programming (Schedule 5)	16,186	11,385
Events	32,363	32,240
Child Advocacy consulting (Note 10)	37,330	-
	481,906	418,109
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	\$ 34,470	\$ 197,815

The accompanying notes form an integral part of these financial statements

CHILD WITNESS CENTRE OF WATERLOO REGION

Expense Schedule

Year Ended March 31, 2013

	2013	2012
Facility Expenses		
		<i>(Schedule 5)</i>
Amortization	\$ 21,491	\$ 14,142
Insurance	9,317	9,481
Lancaster Street rent	15,591	16,520
Maintenance and house supplies	5,860	6,948
Moving	3,215	-
Parking	420	-
Property taxes	6,022	5,741
Security	1,166	1,689
Signage and stationary	3,441	-
Telephone	3,540	3,335
Utilities	5,256	5,003
	<u>\$ 75,319</u>	<u>\$ 62,859</u>
Administration Expenses		
		<i>(Schedule 2)</i>
Bank charges	\$ 692	\$ 706
Computer equipment and supplies	1,034	1,833
Office equipment and supplies	3,030	2,479
Photocopier	162	386
Postage and courier	917	960
Professional fees	7,976	9,564
	<u>\$ 13,811</u>	<u>\$ 15,928</u>
Resource Development and Marketing Expenses		
		<i>(Schedule 3)</i>
Advertising and promotion	\$ 5,474	\$ 1,589
Donor/volunteer recognition	3,391	1,314
Newsletter and annual report	3,396	3,701
Software	598	598
	<u>\$ 12,859</u>	<u>\$ 7,202</u>
Staffing Expenses		
		<i>(Schedule 4)</i>
Employer CPP and EI cost	\$ 16,985	\$ 14,628
Group insurance and RRSP	19,800	17,484
Salaries	256,265	255,573
Staff appreciation	988	810
	<u>\$ 294,038</u>	<u>\$ 288,495</u>

The accompanying notes form an integral part of these financial statements

CHILD WITNESS CENTRE OF WATERLOO REGION
Expense Schedule

	2013	2012
Programming Expenses		(Schedule 5)
Professional development	\$ 5,004	\$ 250
Program	4,448	3,517
Travel	6,734	7,618
	<u>\$ 16,186</u>	<u>\$ 11,385</u>

The accompanying notes form an integral part of these financial statements

CHILD WITNESS CENTRE OF WATERLOO REGION

Statement of Cash Flows Year Ended March 31, 2013

	2013	2012
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 34,470	\$ 197,815
Items not affecting cash:		
Amortization of capital assets	21,491	14,142
In-kind donation	-	(14,970)
	<u>55,961</u>	<u>196,987</u>
Changes in non-cash working capital:		
Funding receivable	(33,485)	-
Interest receivable	(2,139)	334
Sales tax payable (recoverable)	(2,612)	30,025
Prepaid expenses	5,489	(4,992)
Prepaid rent deposits	(1,339)	-
Accounts payable and accrued liabilities	49,483	(1,122)
Employee deductions payable	118	1,054
Deferred contributions	(6,067)	(7,922)
	<u>9,448</u>	<u>17,377</u>
Cash flow from operating activities	<u>65,409</u>	<u>214,364</u>
INVESTING ACTIVITY		
Purchase of capital assets	(53,277)	(8,980)
INCREASE IN CASH FLOW	<u>12,132</u>	<u>205,384</u>
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>334,850</u>	<u>129,466</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 346,982</u>	<u>\$ 334,850</u>
CASH CONSISTS OF:		
Cash - unrestricted	\$ 134,272	\$ 118,434
Cash - restricted	8,903	8,470
Short term investments	<u>203,807</u>	<u>207,946</u>
	<u>\$ 346,982</u>	<u>\$ 334,850</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, 2013

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 partnership with the community and the justice system to provide court preparation, court accompaniment and advocacy for child victims and witnesses involved in the criminal justice system. Due to the agency's status under the Income Tax Act, it is not subject to tax.

2. FIRST TIME ADOPTION OF ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT ORGANIZATIONS

During the year the organization adopted accounting standards for not-for-profit organizations. These financial statements are the first prepared in accordance with these standards. The adoption of the new standards had no impact on net assets as at April 1, 2011 or operations or cash flows for the year ended March 31, 2012 as previously reported in accordance with pre-changeover Canadian generally accepted accounting principles.

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

Sales tax recoverable

The organization is eligible to receive an annual refund 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.

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CHILD WITNESS CENTRE OF WATERLOO REGION

Notes to Financial Statements

Year Ended March 31, 2013

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

Cash and cash equivalents

The organization considers cash deposited in financial institutions and term deposits with maturities of less than 90 days to be cash and cash equivalents.

Capital assets

Capital assets are stated at cost less accumulated amortization. The cost of capital items is capitalized on the date purchased when the cost is greater than \$200 and the useful life exceeds one year. Capital assets are amortized over their estimated useful lives at the following rates and methods:

Building	4%	declining balance method
Furniture and fixtures and paving	30%	declining balance method

One-half the normal amortization is taken in the year of acquisition and no amortization is taken in 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 collectibility of the funding receivable and interest accrual and completeness of expense accruals.

4. CASH

(a) Cash - Restricted

Break open ticket and lottery trust monies are held in separate accounts 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) include a chequing account at the Bank of Montreal and a savings account at Manulife Bank. The savings account earns interest at a rate that varies according to changes in the bank prime rate. The current rate is 1.4%.

CHILD WITNESS CENTRE OF WATERLOO REGION

Notes to Financial Statements

Year Ended March 31, 2013

5. SHORT TERM INVESTMENTS

Short term investments include:

	2013	2012
Royal Bank Investment Savings Account	\$ 43,738	\$ 97,946
HSBC Trust Company GIC, maturing February 28, 2014 with an interest rate of 1.55%	50,000	-
Canadian Western Bank GIC, maturing April 1, 2013, with an interest rate of 1.90%	100,000	100,000
Toronto-Dominion Mortgage Corporation GIC, maturing September 26, 2012, with an interest rate of 1.40%	-	10,000
Equitable Trust GIC, maturing September 26, 2013 with an interest rate of 1.75%	10,069	-
	<u>\$ 203,807</u>	<u>\$ 207,946</u>

All financial institutions with whom Child Witness Centre deals are CDIC member institutions, which means the investments with each of them are insured up to \$100,000 per institution.

6. CAPITAL ASSETS

	Cost	Accumulated amortization	2013 Net book value	2012 Net book value
Land	\$ 96,000	\$ -	\$ 96,000	\$ 96,000
Building	338,770	30,200	308,570	295,113
Paving	7,380	3,764	3,616	7,232
Furniture and fixtures	58,735	32,023	26,712	4,767
	<u>\$ 500,885</u>	<u>\$ 65,987</u>	<u>\$ 434,898</u>	<u>\$ 403,112</u>

7. DEFERRED CONTRIBUTIONS

Deferred contributions include break open ticket proceeds, lottery trust proceeds 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:

	2013	2012
Opening balance	\$ 31,470	\$ 39,392
Amounts included in revenue in the year	(31,470)	(39,392)
Unspent restricted contributions	25,403	31,470
Ending balance	<u>\$ 25,403</u>	<u>\$ 31,470</u>

As at March 31, 2013 the balance includes:

- \$16,500 for the 2013 Youth Symposium
- \$8,903 in Break Open ticket and raffle ticket proceeds to be used for caseworker salaries

CHILD WITNESS CENTRE OF WATERLOO REGION

Notes to Financial Statements

Year Ended March 31, 2013

8. INTERNALLY RESTRICTED NET ASSETS

The Child Witness Centre was chosen by Kitchener-Conestoga Rotary to receive the proceeds of its 2011 dream home lottery and a portion of the 2012 dream home lottery proceeds. The proceeds have been allocated by the board primarily to cover capital costs relating to the purchase, renovation and furnishing of a home for the agency near the new Waterloo Region consolidated courthouse. A lesser portion of the funds will be used for specified operating costs.

These proceeds are being taken into revenue in the fiscal year in which they are received. The agency received proceeds from the 2011 dream home lottery of \$182,403 in the year ended March 2012. The proceeds from the 2012 dream home lottery of \$82,597 were received and recorded in the 2013 fiscal year.

As of March 31, 2012, the portion of proceeds received but not spent were categorized in the Statement of Financial Position and the Statement of Changes in Net Assets as internally restricted assets. These internally restricted funds, in addition to proceeds received during the 2013 fiscal year, have been fully spent as of March 31, 2013.

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

9. FUNDING FROM THE MINISTRY OF THE ATTORNEY GENERAL

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 2012-2013. The Ministry has renewed this level of funding for 2013-2014.

Actual expenditures in respect of those amounts correspond very closely with budgets submitted to the Ministry, as follows:

Telephone/Communication	\$ 6,000
Staff Expenses	6,000
Salaries and Benefits	119,400
Purchases of Services (eg. audit)	5,000
Office Expenses	6,000
Insurance	7,600
Building Occupancy	15,000
	<u>\$ 165,000</u>

CHILD WITNESS CENTRE OF WATERLOO REGION

Notes to Financial Statements

Year Ended March 31, 2013

10. CHILD ADVOCACY FUNDING

The Child Advocacy Centre research project was funded by a grant from the Department of Justice. The funds were used to conduct a Child Advocacy Centre needs assessment and feasibility study for Waterloo Region. The organization hired Social Innovation Research Group (SIRG) of the Wilfrid Laurier University Faculty of Social Work to complete the research. In addition, some of the funds were applied to Child Witness Centre staff costs for leadership and financial oversight of this project. As of March 31, 2013, \$42,700 had been spent on the project. The organization received \$9,215 of the funding during the year and \$33,485 is receivable at March 31, 2013.

The funding was spent as follows:

	<u>2013</u>
Consulting (SIRG)	\$ 36,550
Professional fees	799
Salaries, benefits and travel	<u>5,351</u>
	<u>\$ 42,700</u>

All revenues and expenses for the project have been recognized in the 2012-2013 statements.

11. UNITED WAY FUNDING

United Way grants were as follows:

	<u>2013</u>	<u>2012</u>
United Way of Kitchener-Waterloo & Area	\$ 61,000	\$ 61,000
United Way of Cambridge & North Dumfries	11,040	11,000
United Way of Guelph and Wellington	<u>5,000</u>	<u>-</u>
	<u>\$ 77,040</u>	<u>\$ 72,000</u>

12. 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 from these lottery sales are restricted to providing funding for public education and/or victims assistance in the form of counselling payments and are used to pay a portion of caseworker wages through the year. Analysis of the net proceeds is as follows:

	<u>2013</u>	<u>2012</u>
Break Open Lottery sales (gross)	\$ 25,096	\$ 34,593
Break Open Lottery expenses	<u>(17,642)</u>	<u>(17,297)</u>
Break Open Lottery sales (net)	7,454	17,296
Change in deferred contributions	<u>(497)</u>	<u>512</u>
Net Break Open Lottery revenue for the period	<u>\$ 6,957</u>	<u>\$ 17,808</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 2012-2013 fiscal year for caseworker wages totaled \$7,377. The balance of the Break Open account as at March 31, 2013 was \$8,287.

CHILD WITNESS CENTRE OF WATERLOO REGION

Notes to Financial Statements

Year Ended March 31, 2013

13. 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. The Fund was named after Jim and Heidi Balsillie to recognize their very significant support to the Centre over many years.

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 2012 calendar year, and cumulatively since the inception of the fund.

	2012	2011
January 1st, Opening Balance	\$ 46,399	\$ 47,447
Donations to the Fund	325	375
Disbursed to the Child Witness Centre	(1,641)	(1,609)
KWCF Administration Fees	(710)	(704)
Investment gain/loss	4,774	890
December 31st, Closing Balance	\$ 49,147	\$ 46,399

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.

14. FINANCIAL INSTRUMENT RISKS

The organization's financial instruments consist of cash and cash equivalents, short term investments, accounts receivable and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the organization is not exposed to significant currency or credit risks arising from these financial instruments.

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. The organization is mainly exposed to interest rate risk through its investments as outlined in Note 5.

15. COMPARATIVE FIGURES

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