CHILD WITNESS CENTRE OF WATERLOO REGION

Financial Statements

Year Ended March 31, 2015

CHILD WITNESS CENTRE OF WATERLOO REGION
Index to Financial Statements
Year Ended March 31, 2015

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CHARTERED ACCOUNTANTS

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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 statement of financial position as at March 31, 2015 and the statements of revenues and expenditures, changes in net assets 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.

(continues)

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 statements present fairly, in all material respects, the financial position of Child Witness Centre of Waterloo Region as at March 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.

Clarke Starke & Diegel LLP

Waterloo, Ontario
June 2, 2015

CHARTERED ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

CHILD WITNESS CENTRE OF WATERLOO REGION
Statement of Financial Position
As at March 31, 2015

	2015	2014
ASSETS		
CURRENT		
Cash - unrestricted *(Note 3)*	$ **44,441**	$ 83,865
Cash - restricted *(Note 3)*	**6,798**	5,569
Short-term investments *(Note 4)*	**195,967**	213,479
Accounts receivable	**533**	-
Interest receivable	**1,381**	424
Harmonized sales tax recoverable	**7,892**	6,411
Prepaid expenses	**7,519**	5,955
	264,531	315,703
INVESTMENTS *(Note 4)*	**226,200**	-
CAPITAL ASSETS *(Note 5)*	**402,295**	420,027
	628,495	420,027
	$ **893,026**	$ 735,730
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	$ **9,435**	$ 15,172
Employee deductions payable	**9,264**	6,600
Deferred contributions *(Note 6)*	**27,709**	27,746
	46,408	49,518
DEFERRED CONTRIBUTIONS *(Note 6)*	**226,200**	-
	272,608	49,518
NET ASSETS		
Unrestricted	**193,123**	241,187
Internally restricted *(Note 7)*	**25,000**	25,000
Investment in capital assets	**402,295**	420,025
	620,418	686,212
	$ **893,026**	$ 735,730

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, 2015

	Unrestricted	Internally Restricted	Investment in Capital Assets	**2015**	2014
NET ASSETS - BEGINNING OF YEAR	$ 241,187	$ 25,000	$ 420,025	**$ 686,212**	$ 739,154
Deficiency of revenue over expenses	(65,794)	-	-	**(65,794)**	(52,942)
Purchase of capital assets	(1,549)	-	1,549	-	-
Allocation of amortization	19,279	-	(19,279)	-	-
NET ASSETS - END OF YEAR	$ 193,123	$ 25,000	$ 402,295	**$ 620,418**	$ 686,212

The accompanying notes form an integral part of these financial statements

CHILD WITNESS CENTRE OF WATERLOO REGION
Statement of Revenues and Expenditures
Year Ended March 31, 2015

	2015	2014
REVENUE		
Individual donations *(Note 2)*	$ **30,736**	$ 19,617
Community donations	**10,537**	10,897
Corporate donations	**18,927**	12,419
Fundraising events	**23,753**	12,571
Program events	**37,760**	42,168
Government funding *(Note 9)*	**175,356**	175,356
Grants and foundations - United Way *(Note 8)*	**76,844**	77,044
Grants and foundations - Other	**4,000**	904
Other income - Break open lottery *(Note 10)*	**6,428**	17,375
Other income - Investment income	**3,505**	3,434
Other income - Raffle	**164**	133
Other income - Property tax rebate	**4,834**	-
	392,844	371,918
EXPENSES		
Facility Expenses *(Schedule 1)*	**46,619**	53,584
Administration Expenses *(Schedule 2)*	**22,334**	14,645
Resource Development and Marketing Expenses *(Schedule 3)*	**24,612**	8,096
Staffing Expenses *(Schedule 4)*	**323,906**	307,755
Programming Expenses *(Schedule 5)*	**12,735**	11,246
Fundraising events	**1,993**	1,451
Program events	**26,439**	28,083
	458,638	424,860
DEFICIENCY OF REVENUE OVER EXPENSES FOR THE YEAR	$ **(65,794)**	$ (52,942)

The accompanying notes form an integral part of these financial statements

CHILD WITNESS CENTRE OF WATERLOO REGION
Expense Schedule
Year Ended March 31, 2015

		2015		2014
Facility Expenses				***(Schedule 1)***
Amortization	$	**19,279**	$	21,915
Building		**-**		805
Insurance		**8,702**		9,297
Lancaster street rent (deposit returned)		**-**		(1,069)
Maintenance and house supplies		**4,688**		5,520
Parking		**3,060**		2,610
Property taxes		**3,610**		6,581
Security		**586**		540
Telephone		**2,960**		3,978
Utilities		**3,734**		3,407
	$	**46,619**	$	53,584
Administration Expenses				***(Schedule 2)***
Bank charges	$	**1,050**	$	708
Computer equipment and supplies *(Note 2)*		**3,443**		1,707
Office equipment and supplies		**2,000**		2,169
Photocopier		**721**		572
Postage and courier		**2,074**		1,281
Professional fees		**9,293**		8,208
Legal fees		**3,753**		-
	$	**22,334**	$	14,645
Resource Development and Marketing Expenses				***(Schedule 3)***
Marketing and communications	$	**4,089**	$	5,285
Newsletter and annual report		**3,328**		582
Donor/volunteer recognition		**1,101**		1,631
Fundraising development		**16,094**		-
Donor software support		**-**		598
	$	**24,612**	$	8,096
Staffing Expenses				***(Schedule 4)***
Employer CPP and EI cost	$	**19,912**	$	18,868
Group insurance and RRSP		**25,678**		25,732
Salaries		**277,692**		261,433
Staff appreciation		**624**		1,722
	$	**323,906**	$	307,755

The accompanying notes form an integral part of these financial statements

CHILD WITNESS CENTRE OF WATERLOO REGION
Expense Schedule
Year Ended March 31, 2015

Programming Expenses *(Schedule 5)*

	2015	2014
Professional development	**$ 3,372**	$ 3,108
Program	**4,193**	3,624
Travel	**5,170**	4,514
	$ 12,735	$ 11,246

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, 2015

	2015	2014
OPERATING ACTIVITIES		
Deficiency of revenue over expenses	$ (65,794)	$ (52,942)
Item not affecting cash:		
Amortization of capital assets	19,279	21,915
	(46,515)	(31,027)
Changes in non-cash working capital:		
Accounts receivable	(533)	33,485
Interest receivable	(957)	1,715
Sales tax payable (recoverable)	(1,481)	4,880
Prepaid expenses	(1,564)	(2,167)
Accounts payable and accrued liabilities	(5,735)	(46,762)
Employee deductions payable	2,664	508
Deferred contributions	(37)	2,343
	(7,643)	(5,998)
Cash flow used by operating activities	(54,158)	(37,025)
INVESTING ACTIVITIES		
Purchase of investments	(208,688)	(9,672)
Purchase of capital assets	(1,549)	(7,044)
Cash flow used by investing activities	(210,237)	(16,716)
FINANCING ACTIVITY		
Restricted contributions received during the year *(Note 6)*	226,200	-
DECREASE IN CASH FLOW	(38,195)	(53,741)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	89,434	143,175
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 51,239	$ 89,434
CASH CONSISTS OF:		
Cash - unrestricted	$ 44,441	$ 83,865
Cash - restricted	6,798	5,569
	$ 51,239	$ 89,434

The accompanying notes form an integral part of these financial statements

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. 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. Included in computer equipment and supplies during the year is $1,300 for services received in-kind (2013 - nil).

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.

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.

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

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
Paving	30%	declining balance method
Furniture and fixtures	30%	declining balance method
Software	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 the interest accrual and completeness of expense accruals.

3. 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) is a chequing account at the Bank of Montreal.

4. INVESTMENTS

	2015	2014
Royal Bank Investment Savings Account	$ 45,047	$ 44,398
Toronto-Dominion Investment Savings Account	277,120	69,081
Toronto-Dominion Mortgage Corporation GIC, maturing July 3, 2015, with an interest rate of 1.86%	100,000	-
Toronto-Dominion Mortgage Corporation GIC, maturing June 11, 2014, with an interest rate of 1.40%	-	100,000
	$ 422,167	$ 213,479

Included in the investment balance above is $226,200 received for Youth Symposium expenses to be incurred in fiscal 2016 and onwards as described in Note 6. Therefore these funds are presented as long-term. The allocation between short-term and long-term is as follows:

	2015	2014
Short-term investments	$ 195,967	$ 213,479
Long-term investments	226,200	-
	$ 422,167	$ 213,479

At March 31, 2015, the organization had cash deposited in two financial institutions of approximately $177,120 (2014 - nil) in excess of the Canada Deposit Insurance Corporation (CDIC) limits of $100,000 per institution. This is a temporary situation pending the investment of $226,200 and therefore the organization does not believe it is exposed to any significant credit risk on these deposits.

5. CAPITAL ASSETS

	Cost	Accumulated amortization	2015 Net book value	2014 Net book value
Land	$ 96,000	$ -	$ 96,000	$ 96,000
Building	343,250	54,657	288,593	300,618
Software	1,549	232	1,317	-
Furniture and fixtures	61,297	46,684	14,613	20,877
Paving	7,380	5,608	1,772	2,532
	$ 509,476	$ 107,181	$ 402,295	$ 420,027

6. 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:

	2015	2014
Opening balance	$ 27,746	$ 25,403
Less: Amounts recognized in revenue during the year	(27,746)	(25,403)
Add: Restricted contribution related to future years	253,909	27,746
	$ 253,909	$ 27,746

The balance of deferred contributions at March 31, 2015 consists of:

	2015	2014
Current		
Youth Symposium	$ 21,000	$ 17,700
Break Open tickets	6,665	5,569
Lottery trust	44	477
Agency video	-	4,000
	27,709	27,746
Long-Term		
Youth Symposium	226,200	-
	$ 253,909	$ 27,746

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 interest and principal for as long as the event continues, beginning April 2016. As of March 31, 2015, there have been no disbursements made of these funds.

7. 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.

8. UNITED WAY FUNDING

United Way grants were as follows:

	2015	2014
United Way of Kitchener-Waterloo and Area	$ 59,800	$ 61,000
United Way of Cambridge and North Dumfries	11,044	11,044
United Way of Guelph and Wellington	6,000	5,000
	$ 76,844	$ 77,044

9. GOVERNMENT FUNDING

Government funding was as follows:

	2015	2014
Ministry of the Attorney General	$ 165,000	$ 165,000
Region of Waterloo	9,156	9,156
City of Cambridge	1,200	1,200
	$ 175,356	$ 175,356

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 2014-2015. The Ministry has renewed this level of funding for 2015-2016.

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

	2015	2014
Telephone/Communication	$ 4,000	$ 4,000
Staff Expenses	6,000	6,000
Salaries and Benefits	125,000	125,000
Purchases of Services (eg. audit/bookkeeping)	8,000	8,000
Office Expenses	2,500	2,500
Insurance	9,000	9,000
Building Occupancy (rent/lease/utilities)	10,500	10,500
	$ 165,000	$ 165,000

10. 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:

	2015	2014
Break Open Lottery sales (gross)	$ 19,345	$ 26,699
Break Open Lottery expenses	(11,822)	(12,041)
Break Open Lottery sales (net)	7,523	14,658
Change in deferred contributions	(1,095)	2,717
Net Break Open Lottery revenue for the period	$ 6,428	$ 17,375

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 2014-2015 fiscal year for caseworker wages totaled $6,428. The balance of the Break Open account as at March 31, 2015 was $6,798.

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 2014 calendar year, and cumulatively since the interception of the fund.

	2014	2013
January 1st, Opening Balance	**$ 54,474**	$ 49,147
Donations to the Fund	**192**	144
Disbursed to the Child Witness Centre	**(2,100)**	(1,700)
KWCF Administration Fees	**(848)**	(780)
Investment gain/loss	**6,066**	7,663
December 31st, Closing Balance	**$ 57,784**	$ 54,474

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. 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, 2015.

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.

The extent of the organization's exposure to the above risks did not change significantly during fiscal 2015.