

The Elizabeth Fry Society
of Calgary

Financial Statements

December 31, 2019



RSM Alberta LLP

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INDEPENDENT AUDITOR'S REPORT

To the Members of The Elizabeth Fry Society of Calgary

Opinion

We have audited the financial statements of The Elizabeth Fry Society of Calgary, (the "Society"), which comprise the statement of financial position as at December 31, 2019 and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at December 31, 2019, and results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

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 Society 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 these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

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

RSM Alberta LLP

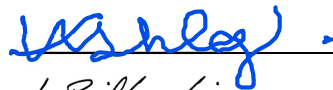

CHARTERED PROFESSIONAL ACCOUNTANT

Calgary, Alberta
April 16, 2020

The Elizabeth Fry Society of Calgary
Statement of Financial Position
December 31, 2019

	2019	2018
Assets		
Current assets		
Cash	\$ 52,872	\$ 113,643
Restricted cash (note 2(c))	77,440	66,281
Short-term investments	684,605	675,175
Accounts receivable	60,107	41,922
Prepaid expenses	<u>6,877</u>	<u>7,235</u>
	881,901	904,256
Capital assets (note 3)	<u>21,394</u>	<u>2,478</u>
	<u>\$ 903,295</u>	<u>\$ 906,734</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 4)	\$ 75,929	\$ 56,394
Deferred contributions related to operations (note 5)	189,899	156,864
Deferred contributions related to capital assets (note 6)	<u>-</u>	<u>1,270</u>
	<u>265,828</u>	<u>214,528</u>
Net Assets		
Internally restricted - net assets invested in capital assets	21,394	1,208
Unrestricted	<u>616,073</u>	<u>690,998</u>
	<u>637,467</u>	<u>692,206</u>
	<u>\$ 903,295</u>	<u>\$ 906,734</u>
Commitments (note 8)		
Subsequent event (note 11)		

Approved by the Board,

 _____, Director
 _____, Director

The Elizabeth Fry Society of Calgary
Statement of Operations
Year Ended December 31, 2019

	2019	2018
Revenue		
United Way	\$ 317,393	\$ 360,140
Calgary Homeless Foundation	222,187	35,864
Alberta Law Foundation	207,937	190,391
Alberta Solicitor General	187,509	136,464
Government of Canada	128,059	52,543
Donations	86,042	24,980
The City of Calgary	80,000	-
Alberta Gaming	59,524	35,248
Ministry of Child Services	55,563	58,941
Calgary Learns Operating	41,698	39,428
Calgary Foundation	39,112	10,000
Canada Mortgage and Housing Corporation	31,350	-
Calgary Learns Grant	29,390	26,354
The Alexandra Community Health Centre	23,000	-
Human Rights Education	9,982	28,308
Interest income	9,448	4,466
Amortization of deferred contributions related to capital assets (note 6)	1,270	519
Telus	-	19,345
Agent Fee from Berkana House	-	5,375
Canadian Association of Elizabeth Fry Societies	-	2,993
Anonymous	-	1,436
	<u>1,529,464</u>	<u>1,032,795</u>
Expenses		
Wages and benefits (note 9)	974,306	789,741
Program enrichment	236,991	118,991
Travel and subsistence	141,627	38,699
Premises	74,790	71,019
Professional fees	56,885	50,834
Technology services	32,644	23,375
Office	24,828	22,352
Promotion	20,584	21,367
Telephone	9,869	8,406
Goods and Services Tax	6,263	5,175
Bank charges	2,100	1,217
Amortization	3,316	1,404
	<u>1,584,203</u>	<u>1,152,580</u>
Loss from operations	(54,739)	(119,785)
Gain on disposal of share in Berkana House	-	559,742
Excess (deficiency) of revenue over expenses	<u>\$ (54,739)</u>	<u>\$ 439,957</u>

The Elizabeth Fry Society of Calgary
Statement of Changes in Net Assets
Year Ended December 31, 2019

	Operating		Total	
	Unrestricted	Internally Restricted	2019	2018
Balance, beginning of year	\$ 690,998	\$ 1,208	\$ 692,206	\$ 252,249
Excess (deficiency) of revenue over expenses	(52,693)	(2,046)	(54,739)	439,957
Purchase of capital assets	<u>(22,232)</u>	<u>22,232</u>	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ 616,073</u>	<u>\$ 21,394</u>	<u>\$ 637,467</u>	<u>\$ 692,206</u>

The Elizabeth Fry Society of Calgary
Statement of Cash Flows
Year Ended December 31, 2019

	2019	2018
Cash provided by (used in):		
Operating activities		
Excess (deficiency) of revenue over expenses	\$ (54,739)	\$ 439,957
Add (deduct) items not affecting cash		
Amortization of capital assets	3,316	1,404
Amortization of deferred contributions related to capital assets	(1,270)	(519)
Gain on disposal of Berkana House	<u>-</u>	<u>(559,742)</u>
	(52,693)	(118,900)
Changes in non-cash working capital (note 7)	<u>34,743</u>	<u>53,138</u>
	<u>(17,950)</u>	<u>(65,762)</u>
Investing activities		
Acquisition of capital assets	(22,232)	-
Proceeds on disposal of Berkana House, net of cash not retained in the amount of \$16,881	<u>-</u>	<u>603,119</u>
	<u>(22,232)</u>	<u>603,119</u>
Cash inflow (outflow)	(40,182)	537,357
Cash and cash equivalents, beginning of year	<u>855,099</u>	<u>317,742</u>
Cash and cash equivalents, end of year	<u>\$ 814,917</u>	<u>\$ 855,099</u>
Cash and cash equivalents is comprised of:		
Cash	\$ 52,872	\$ 113,643
Restricted cash	77,440	66,281
Short-term investments	<u>684,605</u>	<u>675,175</u>
	<u>\$ 814,917</u>	<u>\$ 855,099</u>

The Elizabeth Fry Society of Calgary

Notes to Financial Statements

December 31, 2019

1. Purpose of the Society

The Elizabeth Fry Society of Calgary (the "Society") is a not-for-profit organization incorporated provincially under the *Societies Act* of Alberta on December 13, 1965. As a registered charity, the Society is exempt from the payment of income tax under Section 149(1)(l) of the *Income Tax Act*.

The mission of the Society is to seek out and organize community resources to give humane assistance to women and girls in conflict with the law; assist in their rehabilitation; and monitor the judicial and corrections systems to promote improvements when and where possible.

2. Significant accounting policies

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

(a) Financial instruments

The Society initially measures its financial assets and liabilities at fair value.

The Society subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash, restricted cash, short term investments, and accounts receivable.

Financial liabilities measured at amortized cost include the accounts payable and accrued liabilities.

Financial assets measured at cost or amortized cost are tested for impairment, at the end of each year, to determine whether there are indicators that the asset may be impaired. The amount of the write-down, if any, is recognized in excess of revenue over expenses. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account. The reversal may be recorded provided it is no greater than the amount that had been previously reported as a reduction in the asset and it does not exceed original cost. The amount of the reversal is recognized in excess of revenue over expenses.

(b) Revenue recognition

The Society 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 or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Interest income is recognized as revenue in the year in which it is earned if the amount to be received can be reasonably estimated and collection is reasonably assured.

The Elizabeth Fry Society of Calgary

Notes to Financial Statements

December 31, 2019

(c) Restricted cash

Restricted cash is comprised of amounts raised from regulated gaming activities. The use of the funds is restricted to certain expenditures approved by regulatory authorities and, accordingly, is reported in deferred contributions related to operations.

(d) Short-term investments

Short-term investments consist of guaranteed investment certificates with maturities one year after purchase date, bearing interest at 1.20% - 1.48% (2018 - 1.50% - 1.68%) per annum and maturing in September 2020 and can be readily converted to cash at the option of the holder.

(e) Capital assets

Purchased capital assets are recorded at cost. Donated capital assets are recorded at fair market value at the date of contribution. Amortization is provided using methods and rates intended to amortize the cost of assets over their estimated useful lives and is calculated on a declining balance basis at the following rates:

Computer equipment	30% - 55%
Furniture and equipment	20% - 30%
Computer software	30%

During the year, the Society adopted the new accounting standard HB 4433 – Tangible capital assets held by not-for-profit organizations. This standard is applied on a prospective basis. As a result of the implementation of this new standard, the Society has updated their policy as it relates to the impairment of capital assets as follows:

When conditions indicate a capital asset is impaired, the carrying value of the capital asset is written down to the asset's fair value or replacement cost. The write down of the capital assets is recorded as an expense in the statement of operations. A write-down shall not be reversed.

(f) Contributed goods and services

Contributed materials are recognized in the financial statements when their fair value can be reasonably determined, they are used in the normal course of the Society's operations and would otherwise have been purchased. Volunteers contribute many hours in assisting the Society in carrying out program activities. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

(g) Measurement uncertainty

The valuation of accounts receivable is based on management's best estimate of the provision for doubtful accounts.

The Elizabeth Fry Society of Calgary

Notes to Financial Statements

December 31, 2019

The valuation of capital assets is based on management's best estimates of the future recoverability of these assets and the determination of costs subject to classification as capital assets. The amounts recorded for amortization of the capital assets are based on management's best estimates of the remaining useful lives and period of future benefit of the related assets.

By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

(h) Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

3. Capital assets

			Net Book Value	
	Cost	Accumulated Amortization	2019	2018
Computer equipment	\$ 93,985	\$ 92,352	\$ 1,633	\$ 804
Furniture and equipment	90,603	70,842	19,761	1,663
Computer software	<u>9,150</u>	<u>9,150</u>	<u>-</u>	<u>11</u>
	<u>\$ 193,738</u>	<u>\$ 172,344</u>	<u>\$ 21,394</u>	<u>\$ 2,478</u>

4. Government remittances

Accounts payable and accrued liabilities includes payroll remittances of \$17,730 (2018 - \$19,731).

The Elizabeth Fry Society of Calgary
Notes to Financial Statements
December 31, 2019

5. Deferred contributions related to operations

Deferred contributions relate to funding received in the current period pertaining to subsequent period program expenses.

Program	2018	Additions	Amount recognized as revenue	2019
Alberta Gaming	\$ 66,281	\$ 70,683	\$ 59,524	\$ 77,440
Government of Canada - Indigenous Language and Literacy	9,502	46,803	32,301	24,004
Calgary Foundation	-	49,959	31,112	18,847
Telus	-	17,000	-	17,000
Ministry of Child Services	4,407	63,507	55,563	12,351
Calgary Learns Operating	14,237	38,922	41,698	11,461
Calgary Learns Grant	14,046	24,000	29,390	8,656
Calgary Homeless Foundation - Creation Lodge	5,816	99,371	97,627	7,560
Calgary Shaw Charity Classic Foundation	-	4,634	-	4,634
Calgary Homeless Foundation - Aboriginal Standing Committee on Housing and Homelessness	5,495	103,031	104,560	3,966
Government of Canada - New Horizons for Seniors	3,889	25,000	24,909	3,980
United Way - Prison Outreach	104	317,289	317,393	-
Alberta Law Foundation	105	207,832	207,937	-
The Alexandra Community Health Centre	23,000	-	23,000	-
Alberta Justice - Human Rights Education	9,982	-	9,982	-
	<u>\$ 156,864</u>	<u>\$ 1,068,031</u>	<u>\$ 1,034,996</u>	<u>\$ 189,899</u>

The Elizabeth Fry Society of Calgary

Notes to Financial Statements

December 31, 2019

6. Deferred contributions related to capital assets

Deferred contributions related to capital assets represent restricted contributions which were contributed for the purchase of capital assets. The contributions are being recognized as revenue on the same basis as the amortization of the assets required with the funds.

Funder	2018	Additions	Amount amortized to revenue	2019
Alberta Gaming	\$ 445	\$ -	\$ 445	\$ -
Alberta Law	280	-	280	-
Community lottery	239	-	239	-
Gifts in kind	153	-	153	-
Nickle Foundation	84	-	84	-
Muttart Foundation	48	-	48	-
Anonymous donor	9	-	9	-
Alberta Justice	6	-	6	-
Calgary Learns	3	-	3	-
United Way	3	-	3	-
	<u>\$ 1,270</u>	<u>\$ -</u>	<u>\$ 1,270</u>	<u>\$ -</u>

7. Changes in non-cash working capital

	2019	2018
Accounts receivable	\$ (18,185)	\$ 6,966
Prepaid expenses	358	(30)
Accounts payable and accrued liabilities	19,535	(1,278)
Deferred contributions related to operations	<u>33,035</u>	<u>47,480</u>
Changes in non-cash working capital	<u>\$ 34,743</u>	<u>\$ 53,138</u>

8. Lease commitments

The Society is committed under a lease on premises for future minimum rental payments exclusive of occupancy costs and a phone system and network server.

2020	\$ 65,866
2021	50,400
2022	<u>16,800</u>
	<u>\$ 133,066</u>

The Elizabeth Fry Society of Calgary
Notes to Financial Statements
December 31, 2019

9. Employee future benefits

The Society contributes to a defined contribution plan for its full-time employees equal to 3% of their salary. During the year, the Society contributed \$10,180 (2018 - \$11,982) to the plan and is included in wages and benefits. At December 31, 2019 and 2018, no amounts were owing to the plan.

10. Financial instruments

The Society is exposed to the following significant financial risks:

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Society is exposed to interest rate price risk as certain short-term investments bear interest at fixed rates.

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Society has credit risk with respect to its cash, restricted cash, short-term investments and accounts receivables. The Society mitigates its exposure to credit loss by placing its cash, restricted cash and short-term investments with a major financial institution and through credit monitoring and collection procedures on its accounts receivables.

(c) Liquidity risk

Liquidity risk is the risk that the Society will encounter difficulty in meeting obligations associated with financial liabilities. The financial liabilities on its statement of financial position consist of accounts payable and accrued liabilities. Management closely monitors cash flow requirements to ensure that it has sufficient cash on demand to meet operational obligations.

11. Subsequent event

On March 11, 2020, the World Health Organization assessed the coronavirus outbreak (COVID-19) as a pandemic. In Canada, the Government of Alberta declared a provincial state of public health emergency as per the Province of Alberta's *Public Health Act* on March 17, 2020 with respect to COVID-19. As of the date of these financial statements, the extent to which COVID-19 impacts the Society's results will depend on future developments, which are highly uncertain and cannot be predicted and dependent upon new information which may emerge concerning the severity of COVID-19 and actions taken to contain this or its impact, among others. As the Society is a direct service organization, it has been required to alter programs and operations to provide remote support and resources to clients.