

The Elizabeth Fry Society
of Calgary

Financial Statements

December 31, 2021

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, 2021 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, 2021, and its results of 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.

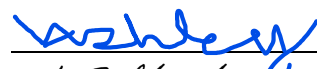

RSM Alberta LLP

Chartered Professional Accountants
June 30, 2022
Calgary, Alberta

The Elizabeth Fry Society of Calgary
Statement of Financial Position
December 31, 2021

	2021	2020
Assets		
Current assets		
Cash	\$ 176,175	\$ 254,608
Restricted cash (note 2(d))	14,039	688,448
Short-term investments (note 2(e))	692,339	691,903
Accounts receivable	62,241	60,654
Prepaid expenses	<u>5,372</u>	<u>17,114</u>
	950,166	1,712,727
Tangible capital assets (note 3)	<u>90,838</u>	<u>48,852</u>
	<u>\$ 1,041,004</u>	<u>\$ 1,761,579</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued liabilities (note 4)	\$ 77,382	\$ 95,588
Deferred contributions related to operations (note 5)	333,182	953,134
Deferred contributions related to tangible capital assets (note 6)	<u>25,218</u>	<u>-</u>
	<u>435,782</u>	<u>1,048,722</u>
Net Assets		
Internally restricted - net assets invested in capital assets	65,620	48,852
Unrestricted	<u>539,602</u>	<u>664,005</u>
	<u>605,222</u>	<u>712,857</u>
	<u>\$ 1,041,004</u>	<u>\$ 1,761,579</u>
Commitments (note 8)		

Approved by the Board

 _____, Director
 _____, Director

The Elizabeth Fry Society of Calgary
Statement of Operations
Year Ended December 31, 2021

	2021	2020
Revenue		
Calgary Homeless Foundation	\$ 368,238	\$ 305,154
Alberta Law Foundation	243,184	389,496
United Way of Calgary and Area	232,967	290,233
Donations	172,147	115,720
The City of Calgary	88,000	75,000
Ministry of Child Services	52,712	48,295
Calgary Learns Operating	45,873	25,548
Alberta Gaming, Liquor and Cannabis	34,955	29,667
The University of Calgary	34,009	26,567
Alberta Solicitor General	29,536	122,219
Government of Canada	27,403	27,848
Calgary Foundation	22,297	71,509
Calgary Learns Grant	20,982	14,906
Government of Alberta	19,205	4,750
National Housing Strategy	15,675	-
Amortization of deferred contributions related to tangible capital assets (note 6)	2,802	-
Telus Communications Inc.	2,747	14,253
Canadian Women's Foundation	632	11,855
Interest income	451	7,311
	<u>1,413,815</u>	<u>1,580,331</u>
Expenses		
Wages and benefits (note 9)	1,025,493	1,165,813
Program enrichment	232,324	205,799
COVID-19 Indigenous Shelter Diversion Support program	109,756	104,695
Premises	72,227	87,017
Professional fees	63,961	73,377
Technology services	37,193	32,801
Travel and subsistence	19,880	44,807
Amortization	20,134	9,981
Office	10,657	16,208
Telephone	9,360	10,674
Bank charges	2,077	3,149
Promotion	879	4,975
	<u>1,603,941</u>	<u>1,759,296</u>
Deficiency of revenue over expenses before other income	(190,126)	(178,965)
Government assistance (note 10)	<u>82,491</u>	<u>254,355</u>
(Deficiency) excess of revenue over expenses	<u>\$ (107,635)</u>	<u>\$ 75,390</u>

The Elizabeth Fry Society of Calgary
Statement of Changes in Net Assets
Year Ended December 31, 2021

	Operating		Total
	Unrestricted	Internally Restricted - Net Assets Invested in Tangible Capital Assets	
	2021	2020	
Balance, beginning of year	\$ 664,005	\$ 48,852	\$ 712,857
(Deficiency) excess of revenue over expenses	(90,303)	(17,332)	(107,635)
Interfund transfers	(34,100)	34,100	-
Balance, end of year	\$ 539,602	\$ 65,620	\$ 605,222
			\$ 712,857
			\$ 637,467
			75,390
			-
			\$ 712,857

The Elizabeth Fry Society of Calgary
Statement of Cash Flows
Year Ended December 31, 2021

	2021	2020
Cash provided by (used in):		
Operating activities		
(Deficiency) excess of revenue over expenses	\$ (107,635)	\$ 75,390
Add (deduct) items not affecting cash		
Amortization of tangible capital assets	20,134	9,981
Amortization of deferred contributions related to tangible capital assets	<u>(2,802)</u>	<u>-</u>
	(90,303)	85,371
Changes in non-cash working capital (note 7)	<u>(628,003)</u>	<u>772,110</u>
	<u>(718,306)</u>	<u>857,481</u>
Financing activity		
Proceeds from deferred contributions related to tangible capital assets	<u>28,020</u>	<u>-</u>
Investing activity		
Acquisition of tangible capital assets	<u>(62,120)</u>	<u>(37,439)</u>
Cash inflow (outflow)	(752,406)	820,042
Cash and cash equivalents, beginning of year	<u>1,634,959</u>	<u>814,917</u>
Cash and cash equivalents, end of year	<u>\$ 882,553</u>	<u>\$ 1,634,959</u>
Cash and cash equivalents is comprised of:		
Cash	\$ 176,175	\$ 254,608
Restricted cash	14,039	688,448
Short-term investments	<u>692,339</u>	<u>691,903</u>
	<u>\$ 882,553</u>	<u>\$ 1,634,959</u>

The Elizabeth Fry Society of Calgary

Notes to Financial Statements

December 31, 2021

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 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) Government assistance

Government assistance is recognized as income in the year the related expenses are incurred and the amount can be reasonably estimated and collection is reasonably assured.

(c) 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.

The Elizabeth Fry Society of Calgary

Notes to Financial Statements

December 31, 2021

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.

Deferred contributions restricted for the acquisition of tangible capital assets are deferred and recognized on the same basis as the amortization of the related tangible capital assets.

(d) Restricted cash

Restricted cash is comprised of amounts raised from regulated gaming activities (2020 - regulated gaming activities and funds received from the Calgary Homeless Foundation to operate the COVID-19 Indigenous Shelter Diversion Support project). The use of these funds is restricted to certain approved expenditures and, accordingly, is reported in deferred contributions related to operations.

(e) Short-term investments

Short-term investments consist of guaranteed investment certificates with maturities one year after purchase date, bearing interest at 0.1% (2020 - 0.1%) per annum and maturing in September 2022 and can be readily converted to cash at the option of the holder.

(f) Tangible capital assets

Purchased tangible capital assets are recorded at cost. Donated tangible 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	55%
Furniture and equipment	20%
Computer software	30%

Leasehold improvements are amortized on a straight-line basis over the remainder of the lease term.

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

The Elizabeth Fry Society of Calgary

Notes to Financial Statements

December 31, 2021

(g) 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.

(h) Measurement uncertainty

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

The valuation of tangible 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 tangible capital assets. The amounts recorded for amortization of the tangible capital assets are based on management's best estimates of the remaining useful lives and period of future benefit of the related assets.

The impact that the ongoing COVID-19 pandemic may have on the Society's operations is based on management's best assessment of existing and potential government interventions both at a federal and provincial level. Due to the ongoing changes and development with COVID-19, it is not possible to reliably estimate the length and severity of these developments and the impact of the financial results and conditions of the Society in future periods.

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.

(i) 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. Tangible capital assets

			Net Book Value	
	Cost	Accumulated Amortization	2021	2020
Computer equipment	\$ 103,606	\$ 98,440	\$ 5,166	\$ 4,624
Furniture and equipment	125,799	87,143	38,656	26,740
Computer software	23,708	20,281	3,427	7,616
Leasehold improvements	<u>45,783</u>	<u>2,194</u>	<u>43,589</u>	<u>9,872</u>
	<u>\$ 298,896</u>	<u>\$ 208,058</u>	<u>\$ 90,838</u>	<u>\$ 48,852</u>

The Elizabeth Fry Society of Calgary
Notes to Financial Statements
December 31, 2021

4. Government remittances

Accounts payable and accrued liabilities includes payroll remittances of \$19,936 (2020 - \$20,052).

5. Deferred contributions related to operations

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

Program	2020	Additions (Repayments or Transfers to Deferred Contributions Related to Tangible Capital Assets)	Amount recognized as revenue	2021
Calgary Homeless Foundation - COVID-19 Indigenous Shelter Diversion Support	\$ 647,662	\$ (537,905)	\$ 109,757	\$ -
Government of Alberta - Community Initiatives Program	70,250	-	19,205	51,045
Alberta Gaming, Liquor and Cannabis	47,773	1,201	34,955	14,019
The University of Calgary	46,413	9,000	34,009	21,404
Indigenous Programming Donation	36,429	2,372	36,425	2,376
Calgary Learns Operating	24,625	31,785	44,946	11,464
Calgary Foundation - Indigenous Legal Advocacy	22,297	-	22,297	-
Calgary Homeless Foundation - Creation Lodge	16,267	77,264	93,531	-
Calgary Shaw Charity Classic Foundation	10,118	-	-	10,118
Canadian Women's Foundation	13,145	(12,513)	632	-
United Way of Calgary and Area	6,803	226,164	232,967	-
Calgary Learns Grant	3,850	21,000	20,982	3,868
Telus Communications Inc.	2,747	-	2,747	-
Government of Canada - Indigenous Language and Literacy	2,599	8,675	11,274	-
Ministry of Child Services	2,156	50,805	52,712	249
Calgary Learns Catalyst	-	24,063	-	24,063
Calgary Homeless Foundation - Aboriginal Standing Committee on Housing and Homelessness	-	82,717	62,489	20,228
Government of Canada - New Horizons for Seniors	-	20,000	16,128	3,872
Canadian Homeless Foundation - Dana's House	-	100,412	49,936	50,476
Corporate donations	-	120,000	-	120,000
	<u>\$ 953,134</u>	<u>\$ 225,040</u>	<u>\$ 844,992</u>	<u>\$ 333,182</u>

The Elizabeth Fry Society of Calgary

Notes to Financial Statements

December 31, 2021

6. Deferred contributions related to tangible capital assets

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

Funder	2020	Additions	Amount amortized to revenue	2021
Canadian Women's Foundation	\$ -	\$ 12,513	\$ 1,251	\$ 11,262
Calgary Homeless Foundation - COVID-19 Indigenous Shelter Diversion Support	-	13,234	1,323	11,911
Calgary Homeless Foundation - Dana's House	-	2,273	228	2,045
	<u>\$ -</u>	<u>\$ 28,020</u>	<u>\$ 2,802</u>	<u>\$ 25,218</u>

7. Changes in non-cash working capital

	2021	2020
Accounts receivable	\$ (1,587)	\$ (547)
Prepaid expenses	11,742	(10,237)
Accounts payable and accrued liabilities	(18,206)	19,659
Deferred contributions related to operations	<u>(619,952)</u>	<u>763,235</u>
Changes in non-cash working capital	<u>\$ (628,003)</u>	<u>\$ 772,110</u>

8. Commitments

The Society is committed under premise leases, including a lease signed subsequent to year-end, for future minimum rental payments exclusive of occupancy costs.

2022 \$ 23,510

9. Employee future benefits

The Society contributed to a defined contribution plan for its full-time employees equal to 3% of their salary. During the year, the Society contributed \$15,664 (2020 - \$15,371) to the plan and is included in wages and benefits. At December 31, 2021, \$2,230 (2020 - \$1,222) was owing to the plan.

The Elizabeth Fry Society of Calgary
Notes to Financial Statements
December 31, 2021

10. Government assistance

The Society received the Canada Emergency Wage Subsidy and the Temporary Wage Subsidy as part of the COVID-19 relief initiatives provided by the Federal government. During the year, the Society was entitled to and received \$82,491 (2020 - \$229,355) and \$NIL (2020 - \$25,000) respectively. The Society has maintained compliance with all requirements under the programs to be eligible to receive payments.

11. 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.