

THE ELIZABETH FRY SOCIETY OF CALGARY
Financial Statements
Year Ended December 31, 2022



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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, 2022, and the statements of revenues and expenses, 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, 2022, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO)

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 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.

Other Matter

The financial statements for the year ended December 31, 2021 were audited by another auditor who expressed an unmodified opinion on those financial statements on June 30, 2022.

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 ASNPO, 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.

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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.

June 20, 2023



Chartered Professional Accountant

THE ELIZABETH FRY SOCIETY OF CALGARY
Statement of Financial Position
December 31, 2022

	2022	2021
ASSETS		
CURRENT		
Cash	\$ 65,744	\$ 176,175
Restricted cash (Note 2)	24,435	14,039
Short-term investments (Note 2)	519,338	692,339
Accounts receivable	19,739	62,242
Prepaid expenses	14,345	5,372
	643,601	950,167
CAPITAL ASSETS (Note 4)	77,127	90,840
	\$ 720,728	\$ 1,041,007
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities (Note 5)	\$ 55,998	\$ 77,387
DEFERRED CONTRIBUTIONS - OPERATIONS (Note 6)	323,386	333,182
DEFERRED CONTRIBUTIONS - CAPITAL ASSETS (Note 7)	19,910	25,218
	399,294	435,787
NET ASSETS		
Unrestricted fund	264,217	539,600
Internally Restricted - Net Assets Invested in Tangible Capital Assets	57,217	65,620
	321,434	605,220
	\$ 720,728	\$ 1,041,007
LEASE COMMITMENTS (Note 10)		

Approved by the Directors

 _____ Director
 _____ Director

THE ELIZABETH FRY SOCIETY OF CALGARY
Statement of Revenues and Expenses
Year Ended December 31, 2022

	2022	2021
REVENUES		
United Way of Calgary and Area	\$ 226,164	\$ 232,967
Cadillac Fairview	180,000	-
Donations	117,018	172,143
Calgary Homeless Foundation	105,531	368,238
G4	91,898	-
The City of Calgary	75,000	88,000
Alberta Gaming, Liquor and Cannabis	63,327	34,959
Ministry of Child Services	51,058	52,712
Government of Alberta	51,045	19,205
Calgary Learns Operating	34,873	45,873
Rental income	23,123	-
National House Strategy	21,644	15,675
Calgary Learns Grant	14,222	20,982
The University of Calgary	10,470	34,009
Amortization of deferred capital contributions	5,308	2,802
Government of Canada	3,872	27,403
Interest income	2,355	451
Canadian Women's Foundation	-	632
Telus Communications Inc.	-	2,748
Alberta Solicitor General	-	29,536
Alberta Law Foundation	-	243,184
Calgary Foundation	-	22,297
	1,076,908	1,413,816
EXPENSES		
Salaries and wages	922,017	1,025,493
Program enrichment	229,354	232,324
Premises	71,759	72,227
Professional fees	58,545	63,961
Technology services	29,705	37,193
Amortization	22,046	20,134
Travel	9,270	19,880
Office	9,113	10,657
Telephone	6,412	9,360
Interest and bank charges	1,777	2,078
Advertising and promotion	698	879
COVID-19 Indigenous Shelter Diversion Support	-	109,757
	1,360,696	1,603,943
DEFICIENCY OF REVENUES OVER EXPENSES FROM OPERATIONS	(283,788)	(190,127)
Government assistance	-	82,491
DEFICIENCY OF REVENUES OVER EXPENSES	\$ (283,788)	\$ (107,636)

THE ELIZABETH FRY SOCIETY OF CALGARY
Statement of Changes in Net Assets
Year Ended December 31, 2022

	Unrestricted Fund	Internally Restricted - Net Assets Invested in Tangible Capital Assets	2022	2021
NET ASSETS - BEGINNING OF YEAR	\$ 539,600	\$ 65,622	\$ 605,222	\$ 712,857
DEFICIENCY OF REVENUES OVER EXPENSES	(267,050)	(16,738)	(283,788)	(107,635)
Interfund transfers	(8,333)	8,333	-	-
NET ASSETS - END OF YEAR	\$ 264,217	\$ 57,217	\$ 321,434	\$ 605,222

THE ELIZABETH FRY SOCIETY OF CALGARY

Statement of Cash Flows

Year Ended December 31, 2022

	2022	2021
OPERATING ACTIVITIES		
Deficiency of revenues over expenses	\$ (283,788)	\$ (107,635)
Items not affecting cash:		
Amortization of capital assets	22,046	20,134
Amortization of deferred capital contributions	<u>(5,308)</u>	<u>(2,802)</u>
	<u>(267,050)</u>	<u>(90,303)</u>
Changes in non-cash working capital:		
Accounts receivable	42,503	(1,587)
Accounts payable and accrued liabilities	(21,387)	(18,206)
Deferred contributions - operations	(9,796)	(619,952)
Prepaid expenses	<u>(8,973)</u>	<u>11,742</u>
	<u>2,347</u>	<u>(628,003)</u>
Cash flow used by operating activities	<u>(264,703)</u>	<u>(718,306)</u>
INVESTING ACTIVITY		
Purchase of capital assets	<u>(8,333)</u>	<u>(62,120)</u>
FINANCING ACTIVITY		
Proceeds from deferred contributions related to tangible capital assets	<u>-</u>	<u>28,020</u>
DECREASE IN CASH FLOW	(273,036)	(752,406)
Cash and cash equivalents - beginning of year	<u>882,553</u>	<u>1,634,959</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 609,517	\$ 882,553
CASH AND CASH EQUIVALENTS CONSIST OF:		
Cash	\$ 65,744	\$ 176,175
Restricted cash	24,435	14,039
Short-term investments	<u>519,338</u>	<u>692,339</u>
	<u>\$ 609,517</u>	<u>\$ 882,553</u>

THE ELIZABETH FRY SOCIETY OF CALGARY

Footnotes to Financial Statements

Year Ended December 31, 2022

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 Subsection 149(1) of the Income Tax Act.

The Society's mission is to support women and Indigenous peoples involved in the criminal justice system through restorative justice approaches to reducing recidivism and incarceration. The Society provides culturally relevant services and supports to reconnect individuals back to their culture, communities and families; as well as empower individuals towards improving their lives and addressing the core issues of their criminalization.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared on the going concern basis in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) and include the following significant accounting policies:

Cash and cash equivalents

Cash and cash equivalents consist primarily of commercial paper and deposits with an original maturity date of purchase of three months or less. Because of the short term maturity of these investments, their carrying amount approximates fair value.

Restricted cash

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

Short-term investments

Short-term investments consist of guaranteed investment certificates with maturities one year after purchase date, bearing interest at 1.9% and 0.75% (2021 - 0.1%) per annum and maturing in September 2023 and can be readily converted to cash at the option of the holder due to a redemption feature and are therefore considered cash equivalents.

Capital assets

Capital assets are recorded at cost of acquisition. Contributed capital assets are recorded at fair value on the date of contribution. Capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives on a declining balance basis at the following rates and methods:

Computer equipment	55%	declining balance method
Computer software	30%	declining balance method
Other machinery and equipment	20%	declining balance method

The Society regularly reviews its capital assets to eliminate obsolete items.

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THE ELIZABETH FRY SOCIETY OF CALGARY

Footnotes to Financial Statements

Year Ended December 31, 2022

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

Capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

A capital asset is tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized in the statement of operations when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of a tangible capital asset exceeds its fair value. An impairment loss is not reversed if the fair value of a tangible capital asset subsequently increases.

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.

Financial instruments subsequently measured at amortized cost include cash, restricted cash, accounts receivable, short-term investments and accounts payable and accrued liabilities.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

The most significant estimates included in these financial statements include the society's ability to continue as a going concern, amortization method and life for property and equipment, impairment of property and equipment, amounts of accrued liabilities and deferred contributions.

Revenue recognition

The Elizabeth Fry Society of Calgary 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. Endowment contributions are recognized as direct increases in net assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Contributed services

The operations of the Society depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated services cannot be reasonably determined and are therefore not reflected in these financial statements.

Contributions of materials are recognized in the financial statements at fair value at the date of contribution, when fair value can be reasonably estimated and when the materials are used in the normal course of operations, and would otherwise have been purchased.

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THE ELIZABETH FRY SOCIETY OF CALGARY
Footnotes to Financial Statements
Year Ended December 31, 2022

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

Government assistance

Government assistance for acquiring fixed assets and related to expenses is recorded as deferred government assistance and is amortized on the same basis and according to the same rates as the related fixed assets or to income as eligible expenditures are incurred.

3. FINANCIAL INSTRUMENTS

The Society is exposed to various risks through its financial instruments and has a risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Society's risk exposure and concentration as of December 31, 2022.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Society is exposed to credit risk from customers. In order to reduce its credit risk, the Society reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The Society has a significant number of customers which minimizes concentration of credit risk.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Society is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, long term debt, obligations under capital leases, contributions to the pension plan, and accounts payable.

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 Society manages exposure through its normal operating and financing activities. The Society is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities.

4. CAPITAL ASSETS

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Computer equipment	\$ 103,606	\$ 101,281	\$ 2,325	\$ 5,166
Computer software	23,708	22,166	1,542	3,427
Furniture and fixtures	125,800	103,367	22,433	38,657
Leasehold improvements	54,117	3,290	50,827	43,590
	\$ 307,231	\$ 230,104	\$ 77,127	\$ 90,840

5. GOVERNMENT REMITTANCES

Accounts payable and accrued liabilities includes payroll remittances of \$24,081 (2021 - \$19,936).

THE ELIZABETH FRY SOCIETY OF CALGARY

Footnotes to Financial Statements

Year Ended December 31, 2022

6. DEFERRED CONTRIBUTIONS

	2021	Additions	Utilization	2022
Government of Alberta - Community Initiatives	\$ 51,045	\$ -	\$ 51,045	\$ -
Alberta Gaming, Liquor and Cannabis	14,019	74,338	63,327	25,030
The University of Calgary	21,404	9,000	10,470	19,934
Indigenous Programming Donation	2,371	-	2,371	-
Calgary Learns	15,332	53,712	49,095	19,949
Ministry of Child Services	254	63,505	51,058	12,701
Catalyst	24,063	10,000	24,063	10,000
Calgary Homeless Foundation	70,704	34,827	105,531	-
Government of Canada	3,872	-	3,872	-
Corporate Donations	30,000	-	30,000	-
Calgary Shaw Charity Classic Foundation	10,118	-	-	10,118
Home Grant Program	-	178,255	-	178,255
Crime Prevention	-	75,000	75,000	-
National Housing	-	52,437	21,644	30,793
G4	-	108,504	91,898	16,606
Cadillac Fairview	90,000	90,000	180,000	-
United Way	-	226,164	226,164	-
	\$ 333,182	\$ 975,742	\$ 985,538	\$ 323,386

7. DEFERRED CONTRIBUTIONS - CAPITAL ASSETS

	2021	Additions	Amount amortized to revenue	2022
Canadian Women's Foundation	\$ 11,262	\$ -	\$ 2,252	\$ 9,010
Calgary Homeless Foundation - COVID-19 Indigenous Shelter Diversion Support	11,911	-	2,647	9,264
Calgary Homeless Foundation - Dana's House	2,045	-	409	1,636
	\$ 25,218	\$ -	\$ 5,308	\$ 19,910

8. CONTINGENT LIABILITY

The Society may become party to lawsuits as part of their operations. Currently, the Society may face a potential lawsuit related to a former employee. Management believes that the outcome of the claim is not determinable at this time, therefore, no amounts have been accrued in these financial statements

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 \$8,080 (2021 - \$15,664) to the plan and is included in wages and benefits. At December 31, 2022, \$0 (2021 - \$2,230) was owing to the plan.

THE ELIZABETH FRY SOCIETY OF CALGARY
Footnotes to Financial Statements
Year Ended December 31, 2022

10. LEASE COMMITMENTS

The Society has a long term lease with respect to its premises. The lease contains renewal options and provides for payment of utilities, property taxes and maintenance costs. Future minimum lease payments as at December 31, 2022, are as follows:

2023	\$ 67,200
2024	67,200
2025	68,800
2026	63,200
2027	52,000
Thereafter	<u>240,800</u>
	<u>\$ 559,200</u>

11. COMPARATIVE FIGURES

The prior year comparative figures were audited by another firm of Chartered Professional Accountants.
