

The Elizabeth Fry Society  
of Calgary

Financial Statements

December 31, 2019



RSM Alberta LLP

777 8th Ave SW  
Suite 1400  
Calgary, AB T2P 3R5

O +1 403 298 1500  
F +1 403 298 5814

[www.rsmcanada.com](http://www.rsmcanada.com)

## INDEPENDENT AUDITOR'S REPORT

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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.

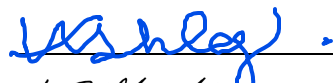

RSM Alberta LLP  
CHARTERED PROFESSIONAL ACCOUNTANT

Calgary, Alberta  
April 16, 2020

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

|   | <b>2019</b>       | <b>2018</b>       |
|---|-------------------|-------------------|
| <b>Assets</b>   |                   |                   |
| 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> |
| <b>Liabilities</b>  |                   |                   |
| 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>    |
| <b>Net Assets</b>   |                   |                   |
| 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**

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|   | 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**

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|  | Operating         |                       | Total             |                   |
|--|-------------------|-----------------------|-------------------|-------------------|
|  | Unrestricted      | Internally Restricted | 2019              | 2018              |
| <b>Balance, beginning of year</b>            | \$ 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>          |
| <b>Balance, end of year</b>                  | <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**

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|   | <b>2019</b>       | <b>2018</b>       |
|---|-------------------|-------------------|
| 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

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#### 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

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(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**

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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

|                         |                   |                                     | <b>Net Book Value</b> |                 |
|-------------------------|-------------------|-------------------------------------|-----------------------|-----------------|
|                         | <b>Cost</b>       | <b>Accumulated<br/>Amortization</b> | <b>2019</b>           | <b>2018</b>     |
| 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**

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5. Deferred contributions related to operations

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

| <b>Program</b>  | <b>2018</b>       | <b>Additions</b>    | <b>Amount<br/>recognized<br/>as revenue</b> | <b>2019</b>       |
|---|-------------------|---------------------|---|-------------------|
| Alberta Gaming  | \$ 66,281         | \$ 70,683           | \$ 59,524                                   | \$ 77,440         |
| Government of Canada - Indigenous<br>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<br>Lodge   | 5,816             | 99,371              | 97,627                                      | 7,560             |
| Calgary Shaw Charity Classic Foundation   | -                 | 4,634               | -   | 4,634             |
| Calgary Homeless Foundation - Aboriginal<br>Standing Committee on Housing and<br>Homelessness | 5,495             | 103,031             | 104,560                                     | 3,966             |
| Government of Canada - New Horizons for<br>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  | <u>9,982</u>      | <u>-</u>            | <u>9,982</u>                                | <u>-</u>          |
|   | <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**

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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.

| <b>Funder</b>      | <b>2018</b>     | <b>Additions</b> | <b>Amount<br/>amortized<br/>to revenue</b> | <b>2019</b> |
|--------------------|-----------------|------------------|--|-------------|
| 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

|  | <b>2019</b>      | <b>2018</b>      |
|--|------------------|------------------|
| 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**

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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.