

**The Elizabeth Fry Society of Calgary**  
**Financial Statements**  
**December 31, 2017**

## **Independent Auditors' Report**

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To the Members  
The Elizabeth Fry Society of Calgary

We have audited the accompanying financial statements of The Elizabeth Fry Society of Calgary, which comprise the statement of financial position as at December 31, 2017, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Elizabeth Fry Society of Calgary as at December 31, 2017, and the results of its operations, changes in net assets and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

*Collins Barrow Calgary LLP*

CHARTERED PROFESSIONAL ACCOUNTANTS

Calgary, Canada  
June 23, 2018

**The Elizabeth Fry Society of Calgary**  
**Statement of Financial Position**  
**December 31, 2017**

			<b>Total</b>	
	<b>Operating</b>	<b>Berkana House (note 2(i))</b>	<b>2017</b>	<b>2016</b>
<b>Assets</b>				
Current assets				
Cash	\$ 95,079	\$ 16,881	\$ 111,960	\$ 141,917
Restricted cash (note 2(c))	35,562	-	35,562	80,709
Short-term investments	170,220	-	170,220	168,788
Accounts receivable	48,888	49,547	98,435	109,828
Prepaid expenses	<u>7,205</u>	<u>-</u>	<u>7,205</u>	<u>5,862</u>
	356,954	66,428	423,382	507,104
Capital assets (note 3)	<u>3,882</u>	<u>218,713</u>	<u>222,595</u>	<u>232,458</u>
	<u>\$ 360,836</u>	<u>\$ 285,141</u>	<u>\$ 645,977</u>	<u>\$ 739,562</u>
<b>Liabilities</b>				
Current liabilities				
Accounts payable and accrued liabilities (note 4)	\$ 57,672	\$ 13,268	\$ 70,940	\$ 89,117
Due to related party (note 5)	<u>-</u>	<u>70,704</u>	<u>70,704</u>	<u>123,053</u>
	57,672	83,972	141,644	212,170
Deferred contributions related to operations (note 6)	109,384	-	109,384	139,483
Deferred contributions related to capital assets (note 7)	<u>1,789</u>	<u>140,911</u>	<u>142,700</u>	<u>149,317</u>
	<u>168,845</u>	<u>224,883</u>	<u>393,728</u>	<u>500,970</u>
<b>Net Assets</b>				
Internally restricted - net assets invested in capital assets	2,093	77,802	79,895	83,141
Unrestricted	<u>189,898</u>	<u>(17,544)</u>	<u>172,354</u>	<u>155,451</u>
	<u>191,991</u>	<u>60,258</u>	<u>252,249</u>	<u>238,592</u>
	<u>\$ 360,836</u>	<u>\$ 285,141</u>	<u>\$ 645,977</u>	<u>\$ 739,562</u>

Approved by the Board,

\_\_\_\_\_, Director

\_\_\_\_\_, Director

**The Elizabeth Fry Society of Calgary**  
**Statement of Operations**  
**Year Ended December 31, 2017**

			<b>Total</b>	
	<b>Operating</b>	<b>Berkana House (note 2(i))</b>	<b>2017</b>	<b>2016</b>
<b>Revenue</b>				
Alberta Law Foundation	\$ 346,292	\$ -	\$ 346,292	\$ 383,335
United Way	330,328	-	330,328	318,033
Government of Canada	-	306,214	306,214	306,782
Alberta Solicitor General	126,478	-	126,478	124,047
Alberta Gaming	45,147	-	45,147	31,763
Calgary Learns Operating	39,617	-	39,617	39,770
Calgary Learns Grant	29,862	-	29,862	18,036
Ministry of Child Services	25,528	-	25,528	-
Donations and memberships	21,315	-	21,315	20,813
Community Initiatives Program	13,498	-	13,498	31,027
Agent Fee from Berkana House (note 5(a))	12,900	-	12,900	12,900
Human Rights Grant	11,682	-	11,682	19,193
ATB	8,564	-	8,564	-
Amortization of deferred contributions related to capital assets	744	5,873	6,617	6,705
Other income	3,460	275	3,735	204
Canadian Association of Elizabeth Fry Societies	2,533	-	2,533	692
Piper Kerman event	-	-	-	51,757
Rotary Club	-	-	-	30,000
Correction Services Canada	-	-	-	9,000
	<u>1,017,948</u>	<u>312,362</u>	<u>1,330,310</u>	<u>1,404,057</u>
<b>Expenses</b>				
Wages and benefits	767,222	197,370	964,592	970,789
Premises	69,233	9,485	78,718	98,043
Program enrichment	53,496	18,069	71,565	83,455
Professional fees	47,587	8,418	56,005	61,948
Office	18,325	23,384	41,709	47,844
Travel and subsistence	26,069	2,524	28,593	39,335
Technology services	23,151	-	23,151	18,045
Promotion	19,767	-	19,767	59,643
Telephone	7,982	1,318	9,300	7,873
Share of management expense (note 5(a))	-	6,450	6,450	6,450
Goods and Services Tax	4,976	-	4,976	6,118
Bank charges	1,555	409	1,964	1,973
Amortization	2,712	7,151	9,863	9,623
	<u>1,042,075</u>	<u>274,578</u>	<u>1,316,653</u>	<u>1,411,139</u>
Excess (deficiency) of revenue over expenses	\$ (24,127)	\$ 37,784	\$ 13,657	\$ (7,082)

**The Elizabeth Fry Society of Calgary**  
**Statement of Changes in Net Assets**  
**Year Ended December 31, 2017**

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	<u>Operating</u>		<u>Berkana House (note 2(i))</u>		<u>Total</u>	
	Unrestricted	Internally Restricted	Unrestricted	Internally Restricted	2017	2016
<b>Balance, beginning of year</b>	\$ 212,057	\$ 4,061	\$ (56,606)	\$ 79,080	\$ 238,592	\$ 245,674
Excess (deficiency) of revenue over expenses	<u>(22,159)</u>	<u>(1,968)</u>	<u>39,062</u>	<u>(1,278)</u>	<u>13,657</u>	<u>(7,082)</u>
<b>Balance, end of year</b>	<u>\$ 189,898</u>	<u>\$ 2,093</u>	<u>\$ (17,544)</u>	<u>\$ 77,802</u>	<u>\$ 252,249</u>	<u>\$ 238,592</u>

**The Elizabeth Fry Society of Calgary**  
**Statement of Cash Flows**  
**Year Ended December 31, 2017**

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	<b>2017</b>	<b>2016</b>
Cash provided by (used in):		
Operating activities		
Deficiency of revenue over expenses	\$ 13,657	\$ (7,082)
Items not affecting cash		
Amortization of capital assets	9,863	9,623
Amortization of deferred contributions related to capital assets	<u>(6,617)</u>	<u>(6,705)</u>
	16,903	(4,164)
Changes in non-cash working capital (note 8)	<u>(38,226)</u>	<u>47,078</u>
	<u>(21,323)</u>	<u>42,914</u>
Financing activities		
Repayment to related party	(52,349)	(9,151)
Receipt of deferred contributions related to capital assets	<u>-</u>	<u>23,371</u>
	<u>(52,349)</u>	<u>14,220</u>
Investing activity		
Acquisition of capital assets	<u>-</u>	<u>(48,814)</u>
Cash inflow (outflow)	(73,672)	8,320
Cash and cash equivalents, beginning of year	<u>391,414</u>	<u>383,094</u>
Cash and cash equivalents, end of year	<u><u>\$ 317,742</u></u>	<u><u>\$ 391,414</u></u>
Cash and cash equivalents is comprised of:		
Cash	\$ 95,079	\$ 118,190
Restricted cash	35,562	80,709
Cash - Berkana House	16,881	23,727
Short-term investments	<u>170,220</u>	<u>168,788</u>
	<u><u>\$ 317,742</u></u>	<u><u>\$ 391,414</u></u>

# The Elizabeth Fry Society of Calgary

## Notes to Financial Statements

December 31, 2017

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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, and due to related party.

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 (deficiency) of revenues over expenditures. 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 (deficiency) of revenues over expenditures.

(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.

# The Elizabeth Fry Society of Calgary

## Notes to Financial Statements

December 31, 2017

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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 1.25% (2016 - 0.69%) per annum and maturing in September 2018.

(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:

Building improvements	4%
Computer equipment	30% - 55%
Furniture and equipment	20% - 30%
Computer software	30%

Capital assets are evaluated for impairment when events or circumstances indicate its carrying value may not be recoverable. Any impairment is measured by comparing the carrying value of the assets to the fair value, based on the present value of future cash flows expected to be generated from the assets.

(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, 2017**

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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.

(i) Berkana House project

The Society has entered into a joint project, Berkana House, with The Calgary John Howard Society (the "John Howard Society") to establish a transitional housing program for women on conditional release leaving federal and provincial institutions. All assets, liabilities, revenue and expenses relating to this project are shared on an equal basis. The joint project meets the definition of jointly controlled assets as such the Society accounts for the joint project on a proportionately consolidated basis whereby these financial statements include one-half of all assets, liabilities, revenue and expenses relating to the project.

The terms of respective contributions between the Society and the John Howard Society are defined by the joint venture agreement dated November 1, 2001 and the management committee of the joint venture, of which each joint venturer has appointed two members.

After year-end, the Society has entered into negotiations to sell their share of this property to the John Howard Society and exit the joint project.

**The Elizabeth Fry Society of Calgary**  
**Notes to Financial Statements**  
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3. Capital assets

			<b>Net Book Value</b>	
	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>2017</b>	<b>2016</b>
<b>Elizabeth Fry Society of Calgary</b>				
Computer equipment	\$ 92,234	\$ 90,446	\$ 1,788	\$ 3,975
Furniture and equipment	70,123	68,045	2,078	2,597
Computer software	<u>9,150</u>	<u>9,134</u>	<u>15</u>	<u>22</u>
	<u>171,507</u>	<u>167,625</u>	<u>3,882</u>	<u>6,594</u>
<b>Berkana House project (note 2(i))</b>				
Land	60,000	-	60,000	60,000
Building	275,577	119,432	156,145	162,652
Computer equipment	<u>36,120</u>	<u>33,552</u>	<u>2,568</u>	<u>3,212</u>
	<u>371,697</u>	<u>152,984</u>	<u>218,713</u>	<u>225,864</u>
	<u>\$ 543,204</u>	<u>\$ 320,609</u>	<u>\$ 222,595</u>	<u>\$ 232,458</u>

4. Government remittances

Accounts payable and accrued liabilities includes payroll remittances of \$19,493 (2016 - \$20,819).

5. Related party transactions

	<b>2017</b>	<b>2016</b>
The Society's share of amounts due from Berkana House to the Society's co-venturer, The Calgary John Howard Society	<u>\$ 70,704</u>	<u>\$ 123,053</u>

(a) Administrative fees received from Berkana House in the amount of \$6,450 (2016 - \$6,450) have been eliminated in the statement of operations.

(b) Intercompany ledger accounts are used by Berkana House and its co-venturer, the John Howard Society. Intercompany payables are made by the John Howard Society to Berkana House for operating expenses and reconciled against intercompany receivables from Berkana house. The amounts due from Berkana House to The Calgary John Howard Society have no set terms of repayment and are non-interest bearing.

**The Elizabeth Fry Society of Calgary**  
**Notes to Financial Statements**  
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6. 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>2016</b>	<b>Additions</b>	<b>Amount recognized as revenue</b>	<b>2017</b>
Alberta Gaming	\$ 80,709	\$ -	\$ 45,147	\$ 35,562
Ministry of Child Services	-	50,805	25,528	25,277
Telus	-	19,345	-	19,345
United Way - Elder Program	-	15,490	-	15,490
United Way - Prison Outreach	-	337,541	330,328	7,213
Canadian Association of Elizabeth Fry Societies	5,525	-	2,533	2,992
Calgary Learns Grant	17,964	13,862	29,862	1,964
ATB	10,000	-	8,564	1,436
Alberta Law Foundation	105	-	-	105
Community Initiatives Program	13,498	-	13,498	-
Human Rights Grant	11,682	-	11,682	-
	<u>\$ 139,483</u>	<u>\$ 437,043</u>	<u>\$ 467,142</u>	<u>\$ 109,384</u>

7. 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>2016</b>	<b>Additions</b>	<b>Amount amortized to revenue</b>	<b>2017</b>
Alberta Gaming	\$ 909	\$ -	\$ 273	\$ 636
Alberta Law	601	-	192	409
Gifts in kind	313	-	94	219
Anonymous donor	27	-	12	15
Community lottery	374	-	75	299
Nickle Foundation	171	-	51	120
Muttart Foundation	96	-	28	68
Alberta Justice	20	-	9	11
Calgary Learns	11	-	5	6
United Way	11	-	5	6
	<u>2,533</u>	<u>-</u>	<u>744</u>	<u>1,789</u>
Berkana House project - various funders	<u>146,784</u>	<u>-</u>	<u>5,873</u>	<u>140,911</u>
	<u>\$ 149,317</u>	<u>\$ -</u>	<u>\$ 6,617</u>	<u>\$ 142,700</u>

**The Elizabeth Fry Society of Calgary**  
**Notes to Financial Statements**  
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8. Changes in non-cash working capital

	<b>2017</b>	<b>2016</b>
Accounts receivable	\$ 11,393	\$ 10,291
Prepaid expenses	(1,343)	-
Accounts payable and accrued liabilities	(18,177)	12,661
Deferred contributions related to operations	<u>(30,099)</u>	<u>24,126</u>
Changes in non-cash working capital	<u><u>\$ (38,226)</u></u>	<u><u>\$ 47,078</u></u>

9. 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.

2018	\$ 51,678
2019	53,278
2020	55,171
2021	50,400
2022	<u>16,800</u>
	<u><u>\$ 227,327</u></u>

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.

**The Elizabeth Fry Society of Calgary**  
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(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.