

**The Elizabeth Fry Society,
Toronto Branch**

Financial Statements

March 31, 2017



Independent Auditor's Report

To the Members of

The Elizabeth Fry Society, Toronto Branch

Report of the financial statements

We have audited the accompanying financial statements of **The Elizabeth Fry Society, Toronto Branch**, which comprise the statement of financial position as at **March 31, 2017** and the statement 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.

Auditor's 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 of material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, 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 qualified audit opinion.

The Elizabeth Fry Society, Toronto Branch

Independent Auditor's Report

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Basis for Qualified Opinion

In common with many not-for-profit organizations, the organization derives revenue from donations and fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the organization's records. Therefore, we were not able to determine whether any adjustments might be necessary to the donation and fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended March 31, 2017, current assets as at March 31, 2017, and net assets as at April 1 and March 31 for 2017.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of **The Elizabeth Fry Society, Toronto Branch** as at **March 31, 2017** and the results of its operations and its cash flows for the year then ended in accordance with the Canadian accounting standards for not-for-profit organizations.

Other Matter

The financial statements for the prior period ending March 31, 2016 were audited by a predecessor auditor. An unqualified opinion was issued for the prior period in the predecessor's audit report dated July 13, 2016.

Clarkson Rouble LLP

**Mississauga, Ontario
August 9, 2017**

**Clarkson Rouble LLP
Chartered Professional Accountants
Licensed Public Accountants**

The Elizabeth Fry Society, Toronto Branch

Statement of Financial Position As at March 31

	General Fund	Capital Asset Fund	2017 Total	2016 Total
Assets				
Current				
Cash	\$ 33,883	\$ 212,748	\$ 246,631	\$ 195,700
Short term investments (Note 2)	-	142,059	142,059	118,696
Accounts receivable	118,925	-	118,925	121,991
GST/HST recoverable	20,641	-	20,641	13,244
Prepaid expenses	43,713	-	43,713	12,142
	217,162	354,807	571,969	461,773
Long term investments (Note 2)	837,937	106,586	944,523	929,166
Capital assets (Note 3)	-	897,612	897,612	905,461
	\$ 1,055,099	\$ 1,359,005	\$ 2,414,104	\$ 2,296,400

Liabilities

Current				
Accounts payable and accruals	\$ 286,524	\$ -	\$ 286,524	\$ 187,834
Deferred revenue (Note 4)	7,729	-	7,729	62,689
Current portion of mortgage payable (Note 5)	-	5,890	5,890	5,500
	294,253	5,890	300,143	256,023
Mortgage Payable (Note 5)	-	17,986	17,986	23,921
	294,253	23,876	318,129	279,944

Net Assets

General operating	181,100	-	181,100	63,871
Internally restricted	565,685	-	565,685	565,685
Externally restricted	14,061	-	14,061	14,061
Capital asset fund	-	1,335,129	1,335,129	1,372,839
	760,846	1,335,129	2,095,975	2,016,456
	\$ 1,055,099	\$ 1,359,005	\$ 2,414,104	\$ 2,296,400

See accompanying notes to the financial statements

On behalf of the Board:




Director

Director

The Elizabeth Fry Society, Toronto Branch

Statement of Operations Year Ended March 31

	General Operating	Capital Assets Fund	Total 2017	Total 2016
Revenue				
United Way	\$ 557,867	\$ -	\$ 557,867	\$ 583,267
Donations	71,321	-	71,321	65,909
Foundation grants	83,296	-	83,296	88,720
Corporation grants	26,650	-	26,650	5,771
Bequests and legacies	10,000	-	10,000	13,766
Federal government (Note 8)	846,646	-	846,646	718,881
Provincial government (Note 7 and 8)	482,847	-	482,847	498,662
Municipal government	100,000	-	100,000	105,115
Investment income	63,390	-	63,390	24,634
Other receipts	71,724	-	71,724	55,498
	2,313,741	-	2,313,741	2,160,223
Expenses				
Agency office	125,281	-	125,281	86,859
Amortization	-	35,917	35,917	34,698
Building occupancy	156,875	-	156,875	134,387
Client services	91,859	-	91,859	83,282
Fundraising	7,114	-	7,114	12,082
Mortgage interest	-	1,793	1,793	2,157
Promotion and publicity	7,916	-	7,916	21,520
Membership dues	2,671	-	2,671	1,897
Professional services	243,397	-	243,397	116,412
Salaries and benefits	1,527,449	-	1,527,449	1,622,899
Staff training and travel	28,041	-	28,041	46,491
Volunteer programs	5,909	-	5,909	6,063
	2,196,512	37,710	2,234,222	2,168,747
Excess (deficiency) of revenue over expenses	\$ 117,229	\$ (37,710)	\$ 79,519	\$ (8,524)

See accompanying notes to the financial statements

The Elizabeth Fry Society, Toronto Branch

Statement of Changes in Net Assets Year Ended March 31

	General Operating	Internally Restricted Funds Continuity & Maintenance Funds	Externally restricted Funds (Note 6)	Capital Assets Fund	2017 Total Net Assets	2016 Total Net Assets
Balance, beginning of year	\$ 63,871	\$ 565,685	\$ 14,061	\$1,372,839	\$2,016,456	\$2,024,980
Excess (deficiency) of revenue over expenses	117,229	-	-	(37,710)	79,519	(8,524)
Balance, end of year	\$ 181,100	\$ 565,685	\$ 14,061	\$1,335,129	\$2,095,975	\$2,016,456

See accompanying notes to the financial statements

The Elizabeth Fry Society, Toronto Branch

Statement of Cash Flows Year Ended March 31

	2017	2016
Operating activities		
Excess (deficiency) of revenue over expenses	\$ 79,519	\$ (8,524)
Items not requiring an outlay of cash		
Unrealized gain on investments	(35,193)	(4,982)
Amortization	35,917	34,698
	80,243	21,192
Net change in working capital items		
Operating working capital		
Short term investments	(23,363)	57,603
Account receivable	3,066	(15,306)
GST/HST recoverable	(7,397)	(3,728)
Prepaid expenses	(31,571)	22,869
Accounts payable	98,690	5,483
Deferred income	(54,960)	56,225
Increase from operating activities	64,708	144,338
Investing activities		
Purchase of capital assets	(28,068)	(21,827)
Change of long term investments	19,836	(44,230)
Decrease from investing activities	(8,232)	(66,057)
Financing activity		
Repayment of mortgage payable	(5,545)	(5,182)
Increase in cash	50,931	73,099
Cash, beginning of year	195,700	122,601
Cash, end of year	\$ 246,631	\$ 195,700

See accompanying notes to the financial statements

The Elizabeth Fry Society, Toronto Branch

Notes to Financial Statements

March 31, 2017

The Elizabeth Fry Society, Toronto Branch ("The Agency") was founded in 1951 by a group of women to create an agency to help women in the criminal justice system. Staff and volunteers of this non-profit social service agency provide a wide range of programs and services for and about women in conflict with the law. The Agency is one of the 24 Elizabeth Fry Societies in Canada, which form the Canadian Association of Elizabeth Fry Societies. The Agency is a registered charity within the meaning of the Income Tax Act, and is exempt from income taxes.

1. Significant accounting policies

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook.

a) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with financial institutions.

b) Fund accounting

These financial statements are prepared on a restricted fund accounting basis as follows:

The Agency maintains six funds:

General Operating Fund

The General Operating Fund reports on unrestricted funds used for general operation needs.

Capital Asset Fund

The Capital Asset fund reports the assets, liabilities and expenses related to the Agency's capital assets.

Internally Restricted Funds:

Operating Reserve Fund

The fund is used, among other things, in the event of cessation or rapid curtailment of operations, that ongoing and termination expenses could be met in an orderly and responsible fashion.

Project Development Fund

The fund is used to facilitate the cost of research and development of new projects and services supplied by the Agency.

Externally Restricted Funds

Agnes McPhail Fund

The fund was established for public education programs.

The Elizabeth Fry Society, Toronto Branch

Notes to Financial Statements

March 31, 2017

1. Significant accounting policies (continued)

c) Revenue recognition

The organization follows the deferral method of accounting for contributions to the General Fund. Internally and externally restricted contributions are recognized as revenue in the year received. Amounts received that relate to future fiscal periods are recorded as deferred income until the related costs are incurred.

Contributions related to the purchase of capital assets are recognized as revenue in the capital asset fund in the year in which the related funds are received or are receivable if the amount can be reasonably estimated and collection reasonably assured.

Other unrestricted contributions or services are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income is recognized on an accrual basis. Changes in fair value of investments subsequently measured at fair value are included in investment income in the statement of revenue and expenses.

d) Short-term investments

Highly liquid investments with an original maturity of more than three months but less than one year are classified as short-term investments.

e) Long-term investments

Long-term investments with an original maturity of over one year are initially recognized and subsequently measured at fair value, determined using market rates. Transaction costs and net gains and losses arising from changes in fair value are immediately recognized in operations.

f) Capital assets

Purchased property and equipment are recorded in the Capital Asset Fund at cost. Amortization is provided annually to depreciate the cost of these assets over their estimated useful lives. The rates used are on a declining balance basis as follows:

Buildings	3.2%
Computer hardware	30%
Furniture and fixture	30%

Capital assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. There were no impairment indicators in 2016.

The Elizabeth Fry Society, Toronto Branch

Notes to Financial Statements

March 31, 2017

1. Significant accounting policies (continued)

g) Contributed material and services

Donated materials and capital assets are recognized in the accounts when the fair market value of the materials is readily determinable and has been receipted by the organization.

The Agency would not be able to carry out its activities without the services of many volunteers who donate a considerable number of hours. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

h) Financial Instruments

Financial instruments

The Agency initially measures its financial assets and liabilities at fair value. The Agency subsequently measures all its financial assets and liabilities at amortized cost, except for short term and long term investments, which are measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash and accounts receivable.

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

Financial assets measured at fair value include short term and long term investments. The portion of long term investments in equity instruments that are quoted in an active market are measured at fair value. The Agency has elected to carry bonds and other securities held in the investment portfolio at fair value.

The Agency does not have any financial liabilities measured at fair value and has not elected to recognize any financial liabilities at fair value.

Transaction costs

The Agency recognizes its transaction costs in net income in the period incurred except for financial instruments that will not be subsequently measured at fair value. The carrying amounts of these instruments are adjusted by the transaction costs that are directly attributable to their issuance.

For secured lines of credit annual transaction costs are treated as prepaid expenses and amortized over a one year period. Non-recurring costs to initiate a line of credit are expensed as incurred.

The Elizabeth Fry Society, Toronto Branch

Notes to Financial Statements

March 31, 2017

1. Significant accounting policies (continued)

i) Measurement uncertainty

The preparation of the Agency's financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Such estimates include the valuation of accounts receivable, deferred income, accrued liabilities, and the estimated useful lives of capital assets. Actual results could differ from management's best estimates as additional information becomes available in the future.

2. Long term investments

	2017		2016	
	Cost	Fair Value	Cost	Fair Value
Guaranteed investment certificates	\$ 282,000	\$ 286,418	\$ 382,000	\$ 387,749
Mutual funds/equities	260,342	299,117	230,925	236,630
Bonds	504,630	501,047	424,206	423,483
	1,046,972	1,086,582	1,037,131	1,047,862
Less: short-term investments	140,000	142,059	117,384	118,696
	\$ 906,972	\$ 944,523	\$ 919,747	\$ 929,166

The guaranteed investment certificates and bonds bear a yield maturity ranging from 2.35% to 2.68% maturing between August 16, 2017 and August 16, 2018.

3. Capital assets

	2017		2016	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 50,157	\$ -	\$ 50,157	\$ 50,157
Building	1,337,626	518,817	818,809	832,582
Computer equipment	25,507	12,767	12,740	-
Furniture and fixture	28,834	12,928	15,906	22,722
	\$ 1,442,124	\$ 544,512	\$ 897,612	\$ 905,461

The Elizabeth Fry Society, Toronto Branch

Notes to Financial Statements March 31, 2017

4. Deferred revenue

Deferred revenue consists of the following grants:

	Balance March 31, 2016	Received during the year	Utilized during the year	Balance March 31, 2017
United Way	\$ 7,492	\$ 557,167	\$ (557,967)	\$ 6,692
Foundation grants	50,608	32,688	(83,296)	-
Corporation grants	-	26,650	(26,650)	-
Provincial government	3,965	478,882	(482,847)	-
City of Toronto - grants and funding	-	100,000	(100,000)	-
Other	624	36,258	(35,845)	1,037
	\$ 62,689	\$ 1,231,645	\$(1,286,605)	\$ 7,729

5. Mortgage payable

The 6.875% mortgage payable to Canada Mortgage and Housing Corporation is secured by the land and building of the Agency and matures in November 2020. Principal repayments due within the next five years are as follows:

2018	\$ 5,890
2019	6,308
2020	6,756
2021	4,922
	\$ 23,876

6. Externally restricted fund

	2017	2016
Agnes McPhail Fund	\$ 14,061	\$ 14,061

The Elizabeth Fry Society, Toronto Branch

Notes to Financial Statements

March 31, 2017

7. Provincial government

During the year, \$119,100 was received from the Ministry of the Attorney General in support of the Community Justice Worker program and \$159,836 was received from the Ministry of the Attorney General in support of the Partner Assault (Response) Program.

The expenditures related to these two programs are as follows:

	Direct Accountability Program	Partner Assault (Response) Program
Revenue		
Operating Grant	119,100	154,641
Interpreter's Services	-	5,195
Client fees	-	23,812
Deferred revenue from 2015/2016	-	3,965
	119,100	187,613
Expenses		
Administration fees	11,331	-
Audit	500	500
Benefits	16,929	19,517
Building occupancy	-	10,710
Client Expenses Accessibility	-	4,679
Insurance	500	1,020
Office/Program equipment	2,723	1,888
Office/Program supplies	2,560	3,671
Purchase of service (bookkeeping)	-	3,437
Purchase of service (legal)	-	1,582
Resource material	230	408
Salaries	83,919	96,821
Staff expenses	408	597
Staff travel	-	39
Telephone/Communication	-	1,200
Translation costs	-	5,195
Volunteer expense	-	408
	119,100	151,672
Net revenue	-	35,941
Amount payable to the Ministry	-	(35,941)
Surplus Revenue	-	-

The Elizabeth Fry Society, Toronto Branch

Notes to Financial Statements

March 31, 2017

8. Revenue

Detailed breakdown of certain revenue sources is as follows:

	2017	2016
Federal government		
Correction Service Canada	\$ 652,511	\$ 525,930
Health Canada	114,732	113,548
Public Health Agency of Canada	79,403	79,403
	\$ 846,646	\$ 718,881
Provincial government		
Ministry of Training, Colleges and Universities	\$ -	\$ 6,376
Ministry of Community Safety & Correctional Services	235,887	233,418
Ministry of Attorney General	246,960	258,868
	\$ 482,847	\$ 498,662

9. Lease commitments

The Agency is committed under operating leases for office equipment. These leases have varying expiry dates. The minimum amounts payable over the next five years are as follows:

2018	5,376
2019	5,376
2020	5,376
2021	3,486

10. Financial instruments risk exposure

The Agency is exposed to various risks through its financial instruments. The following analysis provides a measure of the organization's risk exposure and concentrations at the statement of financial position date.

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 Agency's main credit risks relate to accounts receivable, however the risk is limited due to the nature of its accounts receivable. Contributions are not recorded in receivables unless collection is reasonably assured. The organization has not had issues with these collections over the past several years. The allowance for doubtful accounts is \$Nil (2015 - \$Nil).

The Elizabeth Fry Society, Toronto Branch

Notes to Financial Statements

March 31, 2017

10. Financial instruments risk exposure (continued)

Liquidity risk

Liquidity risk is the risk that the organization will encounter difficulty in meeting obligations associated with financial liabilities. The Agency is exposed to risk mainly in respect of its mortgage payable (See Note 5) and accounts payable. The Agency expects to meet these obligations as they come due through sufficient cash flow from operations. The Agency has not had issues with meeting obligations in the past several years.

There has been no change in risk assessment from the prior year.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Agency is mainly exposed to interest rate risk and other price risk.

Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Agency does not make any sales or purchases in a foreign currency, nor maintainers cash balances in a foreign currency. Consequently, the Agency is not exposed to currency risk.

Interest rate risk

Interest rate risk refers to the risk that the fair value of financial instruments will fluctuate because of changes in market interest rates. The exposure of the Agency to interest rate risk arises from its mortgage payable described in Note 5. Specifically, the Agency is exposed to fair value risk due to changes in market rates of interest. The exposure to this risk also fluctuates as the debt changes from year to year.

The exposure of the Agency to interest rate risk arises also from its interest bearing investments. The primary objective of the Agency with respect to its investments is to ensure the security of principal amounts invested and provide for a high degree of liquidity, while achieving satisfactory investment return. The Agency manages this risk by holding primarily term deposits and by staggering the terms of the investments held.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Agency is exposed to other price risk through a portion of its long term investments. The Agency has formal policies and procedures that establish target asset mix. The Agency's policies also require diversification of investments within categories and set limits on exposure to individual investments.

The Elizabeth Fry Society, Toronto Branch

Notes to Financial Statements

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11. Contingencies

The Agency has been named in a number of grievance matters under the employee collective agreement. The claims are in an early stage and the estimated liability or potential damages are not readily determinable, as such the amounts claimed have not been recorded in these financial statements. Upon resolution of the grievances, the amount, if any, will be included in the statement of revenue and expenses.