

**The Elizabeth Fry Society,
Toronto Branch**

Financial Statements

March 31, 2018



Clarkson Rouble LLP
Chartered Professional Accountants

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, 2018** 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, our verification of revenue from these sources was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to donations revenue, excess of revenue over expenses, and cash flows from operations for the years ended March 31, 2018 and 2017, current assets as at March 31, 2018 and 2017, and net assets as at April 1 and March 31 for both the 2018 and 2017 years. Our audit opinion on the financial statements for the year ended March 31, 2017 was modified accordingly because of the possible effects of this limitation in scope.

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, 2018** 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.

Clarkson Rouble LLP

**Mississauga, Ontario
August 8, 2018**

**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	2018 Total	2017 Total
Assets				
Current				
Cash	\$ 18,515	\$ 90,348	\$ 108,863	\$ 246,631
Short term investments (Note 2)	-	144,338	144,338	142,059
Accounts receivable	180,009	-	180,009	118,925
GST/HST recoverable	23,466	-	23,466	20,641
Prepaid expenses	46,702	-	46,702	43,713
	268,692	234,686	503,378	571,969
Long term investments (Note 2)	747,238	219,375	966,613	944,523
Capital assets (Note 3)	-	862,817	862,817	897,612
	\$ 1,015,930	\$ 1,316,878	\$ 2,332,808	\$ 2,414,104

Liabilities

Current				
Accounts payable and accruals	\$ 252,191	\$ -	\$ 252,191	\$ 286,524
Deferred revenue (Note 4)	11,983	-	11,983	7,729
Current portion of mortgage payable (Note 5)	-	6,346	6,346	5,890
	264,174	6,346	270,520	300,143
Mortgage Payable (Note 5)	-	11,598	11,598	17,986
	264,174	17,944	282,118	318,129

Net Assets

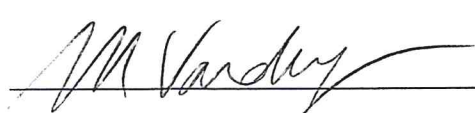
General operating	172,010	-	172,010	181,100
Internally restricted	565,685	-	565,685	565,685
Externally restricted (Note 6)	14,061	-	14,061	14,061
Capital asset fund	-	1,298,934	1,298,934	1,335,129
	751,756	1,298,934	2,050,690	2,095,975
	\$ 1,015,930	\$ 1,316,878	\$ 2,332,808	\$ 2,414,104

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	2018 Total	2017 Total
Revenue				
United Way	\$ 557,067	\$ -	\$ 557,067	\$ 557,867
Donations	81,442	-	81,442	71,321
Foundation grants	70,013	-	70,013	83,296
Corporation grants	1,900	-	1,900	26,650
Bequests and legacies	-	-	-	10,000
Federal government (Note 8)	1,030,115	-	1,030,115	846,646
Provincial government (Note 7 and 8)	513,853	-	513,853	482,847
Municipal government	100,420	-	100,420	100,000
Investment income	21,036	-	21,036	63,390
Other receipts	76,411	-	76,411	71,724
	<u>2,452,257</u>	<u>-</u>	<u>2,452,257</u>	<u>2,313,741</u>
Expenses				
Agency office	157,465	-	157,465	125,281
Amortization	-	34,796	34,796	35,917
Building occupancy	204,130	-	204,130	156,875
Client services	83,346	-	83,346	91,859
Fundraising	6,123	-	6,123	7,114
Mortgage interest	-	1,399	1,399	1,793
Promotion and publicity	10,874	-	10,874	7,916
Membership dues	1,903	-	1,903	2,671
Professional services	216,943	-	216,943	243,397
Salaries and benefits	1,741,296	-	1,741,296	1,527,449
Staff training and travel	33,074	-	33,074	28,041
Volunteer programs	6,193	-	6,193	5,909
	<u>2,461,347</u>	<u>36,195</u>	<u>2,497,542</u>	<u>2,234,222</u>
(Deficiency) excess of revenue over expenses	\$ (9,090)	\$ (36,195)	\$ (45,285)	\$ 79,519

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	2018 Total Net Assets	2017 Total Net Assets
Balance, beginning of year	\$ 181,100	\$ 565,685	\$ 14,061	\$ 1,335,129	\$ 2,095,975	\$ 2,016,456
Excess (deficiency) of revenue over expenses	(9,090)	-	-	(36,195)	(45,285)	79,519
Balance, end of year	\$ 172,010	\$ 565,685	\$ 14,061	\$ 1,298,934	\$ 2,050,690	\$ 2,095,975

See accompanying notes to the financial statements

The Elizabeth Fry Society, Toronto Branch

Statement of Cash Flows

Year Ended March 31

	2018	2017
Operating activities		
(Deficiency) excess of revenue over expenses	\$ (45,285)	\$ 79,519
Items not requiring an outlay of cash		
Unrealized gain on investments	(22,770)	(35,193)
Amortization	34,796	35,917
	(33,259)	80,243
Net change in working capital items		
Operating working capital		
Short term investments	(2,279)	(23,363)
Account receivable	(61,084)	3,066
GST/HST recoverable	(2,825)	(7,397)
Prepaid expenses	(2,989)	(31,571)
Accounts payable	(34,333)	98,690
Deferred income	4,254	(54,960)
(Decrease) increase from operating activities	(132,515)	64,708
Investing activities		
Purchase of capital assets	-	(28,068)
Change of long term investments	679	19,836
Increase (decrease) from investing activities	679	(8,232)
Financing activity		
Repayment of mortgage payable	(5,932)	(5,545)
(Decrease) increase in cash	(137,768)	50,931
Cash, beginning of year	246,631	195,700
Cash, end of year	\$ 108,863	\$ 246,631

See accompanying notes to the financial statements

The Elizabeth Fry Society, Toronto Branch

Notes to Financial Statements

March 31, 2018

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, 2018

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 2018.

The Elizabeth Fry Society, Toronto Branch

Notes to Financial Statements

March 31, 2018

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, 2018

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

	2018		2017	
	Cost	Fair Value	Cost	Fair Value
Guaranteed investment certificates	\$ 142,000	\$ 144,338	\$ 282,000	\$ 286,418
Mutual funds/equities	350,378	390,791	260,342	299,117
Bonds	593,465	575,822	504,630	501,047
	1,085,843	1,110,951	1,046,972	1,086,582
Less: short-term investments	142,000	144,338	140,000	142,059
	\$ 943,843	\$ 966,613	\$ 906,972	\$ 944,523

The guaranteed investment certificates bear interest ranging from 2.65% to 2.68% and mature on August 16, 2018.

3. Capital assets

	2018		2017	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 50,157	\$ -	\$ 50,157	\$ 50,157
Building	1,337,627	545,019	792,608	818,809
Computer equipment	25,507	16,589	8,918	12,740
Furniture and fixture	28,834	17,700	11,134	15,906
	\$ 1,442,125	\$ 579,308	\$ 862,817	\$ 897,612

The Elizabeth Fry Society, Toronto Branch

Notes to Financial Statements

March 31, 2018

4. Deferred revenue

Deferred revenue consists of the following grants:

	Balance March 31, 2017	Received during the year	Utilized during the year	Balance March 31, 2018
United Way	\$ 6,692	\$ 550,375	\$ (557,067)	\$ -
Foundation grants	-	70,013	(70,013)	-
Corporation grants	-	1,900	(1,900)	-
Provincial government	-	515,836	(513,853)	1,983
City of Toronto - grants and funding	-	100,420	(100,420)	-
Other	1,037	41,569	(32,606)	10,000
	\$ 7,729	\$ 1,280,113	\$(1,275,859)	\$ 11,983

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 three years are as follows:

2019	\$ 6,346
2020	6,756
2021	4,842
	\$ 17,944

6. Externally restricted fund

	2018	2017
Agnes McPhail Fund	\$ 14,061	\$ 14,061

The Elizabeth Fry Society, Toronto Branch

Notes to Financial Statements

March 31, 2018

7. Ministry of Attorney General

Revenue and expenditures related to the two programs funded by the Ministry of Attorney General are outlined below:

	Community Justice Worker	Partner Assault (Response) Program
Revenue		
Operating Grant	119,100	154,641
Interpreter's Services	-	3,987
Client fees	-	25,149
Other	1,921	-
	121,021	183,777
Expenses		
Salaries and benefits		
Salaries	88,095	125,763
Benefits	15,803	22,807
	103,898	148,570
Other operating		
Utilities	-	11,050
Office/program supplies	2,530	3,439
Telephone/communication	-	900
Office/program equipment	2,560	1,225
Promotional goods/materials	230	-
Community workshops/meetings/events	-	150
Staff expenses	657	842
Front-line volunteer expenses	-	480
Client expenses	-	5,632
Audit	500	500
Bookkeeping	-	4,035
Translation	-	3,987
Insurance	500	1,070
MAG approved other	1,767	-
Administrative fees	10,762	-
	19,506	33,310
	123,404	181,880
Net revenue	(2,383)	1,897
Revenue deferred to 2018/2019 - Approved by Ministry	-	(1,983)
Surplus (deficiency) revenue	(2,383)	(86)

The Elizabeth Fry Society, Toronto Branch

Notes to Financial Statements

March 31, 2018

8. Revenue

Detailed breakdown of certain revenue sources is as follows:

	2018	2017
Federal government		
Correction Service Canada	\$ 613,857	\$ 652,511
Public Safety and Emergency Preparedness	354,418	-
Health Canada	-	114,732
Public Health Agency of Canada	61,840	79,403
	<u>\$1,030,115</u>	<u>\$ 846,646</u>
Provincial government		
Ministry of Community Safety & Correctional Services	\$ 236,186	\$ 235,887
Ministry of Attorney General	277,667	246,960
	<u>\$ 513,853</u>	<u>\$ 482,847</u>

9. Lease commitments

The Agency entered into a new lease during the year for the property known as 73 Mutual Street, which expires March 31, 2022. The Agency is also committed to operating leases for office equipment that have varying expiry dates. The minimum amounts payable over the next four years are as follows:

2019	\$ 59,944
2020	61,763
2021	61,173
2022	57,687
	<u>\$ 240,567</u>

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 in the past. The allowance for doubtful accounts is \$Nil (2017 - \$Nil).

The Elizabeth Fry Society, Toronto Branch

Notes to Financial Statements

March 31, 2018

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 this 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.

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 does it maintain 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 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. The Agency's interest bearing mortgage (Note 5) is not considered a risk due to a fixed interest rate and renewal balance of \$Nil upon maturity.

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 its portfolio portion of 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

March 31, 2018

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.