

**The Elizabeth Fry Society,  
Toronto Branch**

**Financial Statements**

**March 31, 2020**



## **Independent Auditor's Report**

To the Members of

### **The Elizabeth Fry Society, Toronto Branch**

#### **Qualified Opinion**

We have audited the financial statements of **The Elizabeth Fry Society, Toronto Branch** (the Agency), which comprise the statement of financial position as at **March 31, 2020 and 2019**, the statements of operations, changes in fund balances and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Agency as at **March 31, 2020 and 2019**, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

#### **Basis for Qualified Opinion**

In common with many not-for-profit organizations, the Agency derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the agency. 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 years ended **March 31, 2020 and 2019**, current assets as at **March 31, 2020 and 2019**, and fund balances as at **April 1 and March 31** for both the 2020 and 2019 years. Our audit opinion on the financial statements for the year ended **March 31, 2019** was modified accordingly because of the possible effects of this limitation in scope.

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 Agency 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 qualified 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 Agency'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 Agency or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Agency's financial reporting process.

# The Elizabeth Fry Society, Toronto Branch

## Independent Auditor's Report

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### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency'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 Agency'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 Agency 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.

*Clarkson Rouble LLP*

Mississauga, Ontario  
August 12, 2020

**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	2020 Total	2019 Total
<b>Assets</b>				
<b>Current</b>				
Cash	\$ 32,495	\$ 245,450	\$ 277,945	\$ 360,276
Accounts receivable	479,818	-	479,818	350,343
GST/HST recoverable	47,173	-	47,173	41,132
Prepaid expenses	48,351	-	48,351	20,334
	607,837	245,450	853,287	772,085
<b>Long term investments (Note 2)</b>	940,118	187,604	1,127,722	1,140,219
<b>Capital assets (Note 3)</b>	-	895,046	895,046	837,560
	<b>\$ 1,547,955</b>	<b>\$ 1,328,100</b>	<b>\$ 2,876,055</b>	<b>\$ 2,749,864</b>

## Liabilities

<b>Current</b>				
Accounts payable and accruals	\$ 436,055	\$ -	\$ 436,055	\$ 360,291
Deferred revenue (Note 4)	271,797	-	271,797	232,434
Current portion of mortgage payable (Note 5)	-	4,834	4,834	6,791
	707,852	4,834	712,686	599,516
<b>Mortgage Payable (Note 5)</b>	-	-	-	4,807
	707,852	4,834	712,686	604,323

## Net Assets

<b>General operating</b>	260,357	-	260,357	299,448
<b>Internally restricted</b>	565,685	-	565,685	565,685
<b>Externally restricted (Note 6)</b>	14,061	-	14,061	14,061
<b>Capital asset fund</b>	-	1,323,266	1,323,266	1,266,347
	840,103	1,323,266	2,163,369	2,145,541
	<b>\$ 1,547,955</b>	<b>\$ 1,328,100</b>	<b>\$ 2,876,055</b>	<b>\$ 2,749,864</b>

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	2020 Total	2019 Total
<b>Revenue</b>				
United Way	\$ 541,517	\$ -	\$ 541,517	\$ 564,643
Donations	68,481	-	68,481	99,493
Foundation grants	80,634	-	80,634	10,967
Corporation grants	3,000	-	3,000	4,524
Bequests and legacies	28,300	-	28,300	40,000
Federal government (Note 8)	1,567,552	-	1,567,552	1,275,268
Provincial government (Note 7 and 8)	615,738	-	615,738	634,550
Municipal government	356,289	-	356,289	358,601
Investment (loss) income	(12,696)	-	(12,696)	71,746
Other receipts	84,478	-	84,478	58,099
	<b>3,333,293</b>	<b>-</b>	<b>3,333,293</b>	<b>3,117,891</b>
<b>Expenses</b>				
Agency office	224,207	-	224,207	201,792
Amortization	-	31,074	31,074	31,536
Building occupancy	337,356	-	337,356	247,393
Client services	119,521	-	119,521	107,274
Fundraising	6,372	-	6,372	5,069
Mortgage interest	-	567	567	1,051
Promotion and publicity	42,070	-	42,070	24,229
Membership dues	820	-	820	3,844
Professional services	355,901	-	355,901	352,052
Salaries and benefits	2,129,208	-	2,129,208	1,956,433
Staff training and travel	54,307	-	54,307	86,132
Volunteer programs	14,062	-	14,062	6,235
	<b>3,283,824</b>	<b>31,641</b>	<b>3,315,465</b>	<b>3,023,040</b>
<b>Excess (deficiency) of revenue over expenses</b>	<b>\$ 49,469</b>	<b>\$ (31,641)</b>	<b>\$ 17,828</b>	<b>\$ 94,851</b>

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	2020 Total Net Assets	2019 Total Net Assets
Balance, beginning of year	\$ 299,448	\$ 565,685	\$ 14,061	\$ 1,266,347	\$ 2,145,541	\$ 2,050,690
Excess (deficiency) of revenue over expenses	49,469	-	-	(31,641)	17,828	94,851
Interfund transfers	(88,560)	-	-	88,560	-	-
<b>Balance, end of year</b>	<b>\$ 260,357</b>	<b>\$ 565,685</b>	<b>\$ 14,061</b>	<b>\$ 1,323,266</b>	<b>\$ 2,163,369</b>	<b>\$ 2,145,541</b>

See accompanying notes to the financial statements

# The Elizabeth Fry Society, Toronto Branch

## Statement of Cash Flows Year Ended March 31

	2020	2019
<b>Operating activities</b>		
Excess (deficiency) of revenue over expenses	\$ 17,828	\$ 94,851
Items not requiring an outlay of cash		
Unrealized gain on investments	14,948	(55,905)
Amortization	31,074	31,536
	63,850	70,482
Net change in working capital items		
Operating working capital		
Short term investments	-	144,338
Account receivable	(129,475)	(170,334)
GST/HST recoverable	(6,041)	(17,666)
Prepaid expenses	(28,017)	26,368
Accounts payable	75,764	108,100
Deferred income	39,363	220,451
<b>Increase from operating activities</b>	15,444	381,739
<b>Investing activities</b>		
Purchase of capital assets	(88,560)	(6,279)
Change of long term investments	(2,451)	(117,701)
<b>Decrease from investing activities</b>	(91,011)	(123,980)
<b>Financing activity</b>		
Repayment of mortgage payable	(6,764)	(6,346)
<b>(Decrease) increase in cash</b>	<b>(82,331)</b>	<b>251,413</b>
<b>Cash, beginning of year</b>	360,276	108,863
<b>Cash, end of year</b>	<b>\$ 277,945</b>	<b>\$ 360,276</b>

See accompanying notes to the financial statements

# The Elizabeth Fry Society, Toronto Branch

## Notes to Financial Statements

March 31, 2020

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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, 2020

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### 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%
Leasehold improvements	Over the term of the lease

Capital assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. There were no impairment indicators in 2020.

# The Elizabeth Fry Society, Toronto Branch

## Notes to Financial Statements

March 31, 2020

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### 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 received 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, 2020

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### 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

	2020		2019	
	Cost	Fair Value	Cost	Fair Value
Mutual funds/equities	\$ 328,846	\$ 323,149	\$ 397,698	\$ 458,551
Bonds	813,824	804,573	686,616	681,668
	<b>\$ 1,142,670</b>	<b>\$ 1,127,722</b>	<b>\$ 1,084,314</b>	<b>\$ 1,140,219</b>

### 3. Capital assets

	2020		2019	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 50,157	\$ -	\$ 50,157	\$ 50,157
Building	1,337,627	594,933	742,694	767,246
Computer equipment	25,507	21,138	4,369	6,242
Furniture and fixture	54,080	25,846	28,234	13,915
Leasehold improvements	69,592	-	69,592	-
	<b>\$ 1,536,963</b>	<b>\$ 641,917</b>	<b>\$ 895,046</b>	<b>\$ 837,560</b>

# The Elizabeth Fry Society, Toronto Branch

## Notes to Financial Statements

March 31, 2020

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### 4. Deferred revenue

Deferred revenue consists of the following grants:

	<b>Balance March 31, 2019</b>	<b>Received during the year</b>	<b>Utilized during the year</b>	<b>Balance March 31, 2020</b>
United Way	\$ -	\$ 52,000	\$ 28,874	\$ 23,126
Foundation & corporate grants	53,300	50,027	83,634	19,693
Federal government	150,000	251,270	172,562	228,708
Provincial government	12,600	-	12,600	-
City of Toronto - grants and funding	16,534	-	16,534	-
	<b>\$ 232,434</b>	<b>\$ 353,297</b>	<b>\$ 314,204</b>	<b>\$ 271,527</b>

### 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 year are as follows:

2021	4,834
	<b>\$ 4,834</b>

### 6. Externally restricted fund

	<b>2020</b>	<b>2019</b>
Agnes McPhail Fund	<b>\$ 14,061</b>	<b>\$ 14,061</b>

# The Elizabeth Fry Society, Toronto Branch

## Notes to Financial Statements

March 31, 2020

### 7. Ministry of Attorney General

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

	<b>Community Justice Worker</b>	<b>Partner Assault (Response) Program</b>
<b>Revenue</b>		
Operating Grant	113,000	154,641
Client fees	-	16,669
	<u>113,000</u>	<u>171,310</u>
<b>Expenses</b>		
<b>Salaries and benefits</b>		
Salaries	78,271	129,700
Benefits	17,335	15,402
	<u>95,606</u>	<u>145,102</u>
<b>Other operating</b>		
Utilities	-	13,260
Office/program supplies	5,422	674
Telephone/communication	-	1,063
Office/program equipment	-	186
Community workshops/meetings/events	-	-
Staff expenses	272	1,951
Front-line volunteer expenses	-	1,201
Client expenses	-	4,203
Audit	900	500
Bookkeeping	-	2,000
Insurance	1,000	1,170
Administrative fees	10,200	-
	<u>17,794</u>	<u>26,208</u>
	<u>113,400</u>	<u>171,310</u>
<b>Deficiency of revenue over expenditures</b>	<u>(400)</u>	<u>-</u>

# The Elizabeth Fry Society, Toronto Branch

## Notes to Financial Statements March 31, 2020

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### 8. Revenue

Detailed breakdown of certain revenue sources is as follows:

	2020	2019
Federal government		
Correction Service Canada	\$ 626,413	\$ 640,667
Public Safety and Emergency Preparedness	587,196	618,201
Status of Women Canada	172,562	16,400
Federal Economic Development Agency for Southern Ontario	181,381	-
	<hr/>	
	<b>\$1,567,552</b>	<b>\$1,275,268</b>
	<hr/>	
Provincial government		
Ministry of the Status of Women	\$ 110,546	\$ 113,995
Ministry of Community Safety & Correctional Services	237,551	241,014
Ministry of Attorney General	267,641	279,541
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	<b>\$ 615,738</b>	<b>\$ 634,550</b>
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### 9. Lease commitments

The Agency has entered into a number of leases to run programs with varying expiry dates. The Agency is also committed to operating leases for office equipment that have varying expiry dates. The minimum amounts payable over the next five years are as follows:

2021	\$ 84,441
2022	92,589
2023	34,902
2024	34,902
2025 and thereafter	46,536
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	<b>\$ 293,370</b>
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### 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.

# The Elizabeth Fry Society, Toronto Branch

## Notes to Financial Statements

March 31, 2020

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### 10. Financial instruments risk exposure (continued)

#### 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 (2019 - \$Nil).

#### 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.

# The Elizabeth Fry Society, Toronto Branch

## Notes to Financial Statements

March 31, 2020

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### 10. Financial instruments risk exposure (continued)

#### *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.