Financial Statements of

THE ELIZABETH FRY SOCIETY OF GREATER VANCOUVER

Years ended March 31, 2013 and 2012

KPMG LLP
Chartered Accountants
Metrotower II
Suite 2400 - 4720 Kingsway
Burnaby BC V5H 4N2
Canada

Telephone (604) 527-3600
Fax (604) 527-3636
Internet www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Members of
The Elizabeth Fry Society of Greater Vancouver

Report on the Financial Statements

We have audited the accompanying financial statements of The Elizabeth Fry Society of Greater Vancouver, which comprise the statements of financial position as at March 31, 2013, March 31, 2012 and April 1, 2011, the statements of operations, changes in net assets and cash flows for the years ended March 31, 2013 and March 31, 2012, and notes, comprising 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 audits. We conducted our audits in accordance with accounting standards for not-for-profit organizations. Those standards require that we comply with ethical requirements and plan and perform an 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 our 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, we consider 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 opinions.

KPMG LLP is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Basis for Qualified Opinion

In common with many charitable organizations, the Elizabeth Fry Society of Greater Vancouver 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 Elizabeth Fry Society of Greater Vancouver and we were not able to determine whether, as at or for the years ended March 31, 2013 and March 31, 2012, any adjustments might be necessary to donation revenues and excess of revenues over expenses reported in the statements of operations and current assets and unrestricted net assets reported in the statement of financial position.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of The Elizabeth Fry Society of Greater Vancouver as at March 31, 2013, March 31, 2012 and April 1, 2011 and its results of operations and its cash flows for the years ended March 31, 2013 and March 31, 2012 in accordance with Canadian accounting standards for not-for-profit organizations.

Report on Other Legal and Regulatory Requirements

As required by the Society Act (British Columbia), we report that, in our opinion, the accounting principles in the Canadian accounting standards for not-for-profit organizations have been applied on a consistent basis.

KPMG LLP

Chartered Accountants

June 20, 2013

Burnaby, Canada

THE ELIZABETH FRY SOCIETY OF GREATER VANCOUVER

Statements of Financial Position

March 31, 2013, March 31, 2012 and April 1, 2011

	March 31, 2013	March 31, 2012	April 1, 2011
Assets			
Current assets:			
Cash and cash equivalents	$ 159,886	$ 153,452	$ 153,090
Restricted cash (note 4)	56,018	51,000	144
Short-term investments	-	-	9,015
Accounts receivable (note 12)	520,577	416,468	393,915
Prepaid expenses and deposit	21,595	133,296	19,264
Prepaid rent (note 7)	12,429	12,429	12,429
	770,505	766,645	587,857
Restricted cash (note 4)	25,775	26,683	25,677
Long-term investments (note 5)	86,952	77,929	199,665
Other assets (note 6)	198,713	192,925	260,618
Prepaid rent (note 7)	411,204	423,633	436,062
Capital assets (note 7)	7,547,605	5,383,118	5,481,738
	$ 9,040,754	$ 6,870,933	$ 6,991,617
Liabilities, Deferred Contributions and Net Assets			
Current liabilities:			
Line of credit (note 3)	$ 366,376	$ 44,865	$ 4,494
Accounts payable and accrued liabilities (note 8)	366,471	333,924	315,761
Current portion of long-term debt (note 11)	92,197	67,153	62,635
Deferred contributions (note 9)	409,458	348,687	210,653
	1,234,502	794,629	593,543
Replacement reserve (note 4)	25,775	26,683	25,677
Deferred contributions (note 9)	413,542	426,042	438,542
Deferred capital contributions (note 10)	1,579,751	1,299,458	1,353,849
Long-term debt (note 11)	3,126,299	2,496,669	2,565,175
Deficiency in equity-accounted organization (note 12)	44,188	13,181	-
Net assets:			
Unrestricted	(280,802)	146,292	366,611
Invested in capital assets (note 14)	2,749,358	1,519,838	1,500,079
Internally restricted (note 13)	148,141	148,141	148,141
	2,616,697	1,814,271	2,014,831
Commitments and contingencies (note 18)			
	$ 9,040,754	$ 6,870,933	$ 6,991,617

See accompanying notes to financial statements.

Approved on behalf of the Board

Director

Director

THE ELIZABETH FRY SOCIETY OF GREATER VANCOUVER

Statements of Operations

Years ended March 31, 2013 and 2012

	2013	2012
Revenue (schedule):		
Provincial government contracted programs	$ 5,091,087	$ 4,967,639
Federal government contracted programs (note 12)	816,395	793,938
United Way	77,944	69,969
Donations and membership fees	134,023	315,201
Grants	51,000	38,823
Sales and rental income	385,008	368,104
Investment income	19,366	15,867
Other income (note 12)	304,759	109,692
Donated volunteer services (note 15)	401,102	456,019
	7,280,684	7,135,252
Expenses (schedule):		
Women at risk (note 12)	1,980,650	1,906,242
Families at risk	2,251,715	2,377,473
Youth at risk	731,753	743,411
Community justice	1,751,637	1,856,918
Management and policy	298,064	66,195
	7,013,819	6,950,239
Excess of revenue over expenses before the undernoted	266,865	185,013
Interest on long-term debt	(133,307)	(130,360)
Impairment of other assets (note 6)	-	(67,693)
Amortization of deferred capital contributions (note 10)	93,510	88,694
Amortization of capital assets	(272,322)	(263,033)
Write-off of capital assets	(44,263)	-
Loss on equity-accounted organization (note 12)	(31,007)	(13,181)
Deficiency of revenue over expenses for the year	$ (120,524)	$ (200,560)

See accompanying notes to financial statements.

THE ELIZABETH FRY SOCIETY OF GREATER VANCOUVER

Statements of Changes in Net Assets

Years ended March 31, 2013 and 2012

March 31, 2013	Unrestricted	Invested in capital assets (note 14)	Internally restricted (note 13)	Total
Balance, beginning of year	$ 146,292	$ 1,519,838	$ 148,141	$ 1,814,271
Surplus (deficiency) of revenue over expenses	102,551	(223,075)	-	(120,524)
Net change invested in capital assets	(529,645)	529,645	-	-
Contributions toward land (note 7(a))	-	922,950	-	922,950
Balance, end of year	$ (280,802)	$ 2,749,358	$ 148,141	$ 2,616,697

March 31, 2012	Unrestricted	Invested in capital assets (note 14)	Internally restricted (note 13)	Total
Balance, beginning of year	$ 366,611	$ 1,500,079	$ 148,141	$ 2,014,831
Deficiency of revenue over expenses	(26,221)	(174,339)	-	(200,560)
Net change invested in capital assets	(194,098)	194,098	-	-
Balance, end of year	$ 146,292	$ 1,519,838	$ 148,141	$ 1,814,271

See accompanying notes to financial statements.

THE ELIZABETH FRY SOCIETY OF GREATER VANCOUVER

Statements of Cash Flows

Years ended March 31, 2013 and 2012

	2013	2012
Cash provided by (used in):		
Operations:		
Deficiency of revenue over expenses	$ (120,524)	$ (200,560)
Items not affecting cash:		
Fair value adjustment in investments	(7,771)	6,249
Amortization of deferred capital contributions	(93,510)	(88,694)
Amortization of capital assets	272,322	263,033
Amortization of prepaid rent	12,429	12,429
Write-off of capital assets	44,263	-
Impairment (accretion) of other assets	(5,788)	67,693
	101,421	60,150
Changes in non-cash working capital:		
Accounts receivable	(104,109)	(22,553)
Prepaid expenses and deposit	111,701	(114,032)
Accounts payable and accrued liabilities	32,547	18,164
Replacement reserve	(908)	1,006
Deferred contributions	48,271	125,534
	188,923	68,269
Investments:		
Increase in restricted cash	(4,110)	(51,862)
Decrease (increase) in investments	(1,252)	124,501
Purchase of capital assets	(1,558,122)	(164,413)
Decrease in investment in equity-accounted organization	31,007	13,181
	(1,532,477)	(78,593)
Financing:		
Increase (decrease) in long-term debt	654,674	(63,988)
Deferred capital contributions received (note 9)	373,803	34,303
Proceeds from line of credit	321,511	40,371
	1,349,988	10,686
Increase in cash and cash equivalents	6,434	362
Cash and cash equivalents, beginning of years	153,452	153,090
Cash and cash equivalents, end of years	$ 159,886	$ 153,452
Non-cash transactions:		
Capital contributions toward purchase of land (note 7(a))	$ 922,950	$ -

See accompanying notes to financial statements.

1. Operations:

The Elizabeth Fry Society of Greater Vancouver (the "Society") is incorporated under the Society Act (British Columbia) and carries out its work in the Lower Mainland. The Society is a registered charitable organization for income tax purposes and is exempt from the requirement to pay income taxes.

The mission of the Society is to improve the circumstances of women, children and youth at risk involved in the criminal justice and social service systems. The Society develops strategic direction and provides leadership to promote humane criminal and social justice. Through a range of programs, services and public education, the Society works to improve population health factors which place women, children and youth at risk of involvement in the criminal justice system.

The goal of the Society is to reduce the number of women, children and youth involved in the criminal justice system.

On April 1, 2012, the Society adopted Canadian Accounting Standards for Not-For-Profit Organizations in Part III of the CICA Handbook. These are the first financial statements prepared in accordance with Not-For-Profit Standards.

In accordance with the transitional provisions in Not-For-Profit Standards, the Society has adopted the changes retrospectively, subject to certain exemptions allowed under these standards. The transition date is April 1, 2011 and all comparative information provided has been presented by applying Not-For-Profit Standards.

There were no changes to the statement of financial position at April 1, 2011 and March 31, 2012 resulting from the transition to the Not-For-Profit Standards.

There were no changes to the statements of operations and changes in net assets, and cash flows from operating, financing, or investing for the year ended March 31, 2012 upon transition to the Not-For-Profit Standards.

2. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian Accounting Standards for Not-For-Profit Organizations. The Society's significant accounting policies are as follows:

(a) Basis of presentation and investment in subsidiary:

The Society accounts for its 100% owned subsidiary, Asphalt Gals Recycling Ltd. ("Asphalt Gals"), a for-profit entity, using the equity method of accounting.

(b) Cash and cash equivalents:

Cash and cash equivalents include highly liquid investments with terms to maturity of three months or less at the date of purchase.

2. Significant accounting policies (continued):

(c) Short-term investments:

Short-term investments include fixed income investments maturing within the next year.

(d) Prepaid rent:

Prepaid rent represents financed rent payments and is amortized over the term of the lease.

(e) Capital assets:

Capital assets are recorded at cost less accumulated amortization. Amortization is provided on a straight-line basis over the assets' estimated useful lives as follows:

Buildings	25 years
Building under capital lease	40 years
Building improvements	15 years
Furniture and equipment	5 years
Leasehold improvements	25 years
Vehicles	3 years

(f) Revenue recognition:

The Society follows the deferral method of accounting for contributions.

Government contract revenues are recognized as revenue in the period in which the service is provided.

Donations and grants are recorded as revenue when received or receivable except when the donor has specified that they are intended for a specific purpose or use in a future period, in which case they are initially deferred and recognized as revenue when the expenses are incurred or the restrictions are met. Unrestricted pledged funds are recorded as revenue as they are received.

Unrestricted contributions are recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions received specifically for the acquisition of capital assets are recorded as deferred capital contributions and are amortized to revenue on the same basis as the related capital assets are amortized, except where they relate to land, in which case they are recorded as direct increases in net assets. Contributions received for specific purposes or for use in future periods are recorded as deferred contributions and recorded as revenue in the period funds are used.

Donated program services are measured at the fair value of the services at the date of contribution and are recognized as both revenue and expenses in the financial statements. Due to the difficulty of determining the fair value of governance and non-program related donated services, such donated services are not recognized in the financial statements.

2. Significant accounting policies (continued):

(g) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Society has elected to carry its investments at fair value with changes in fair values recognized in the statement of operations.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at amortized cost are added to the initial amount recorded and subsequently amortized using the effective interest rate method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Society determines if there is significant adverse change in he expected amount or timing of future cash flows from the financial asset. If there is an indicator of impairment, the Society determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount of the Society expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the valuation of accounts receivable, determination of useful lives for amortization of capital assets and deferred capital contributions, and provisions for contingencies. Actual results may ultimately differ from these estimates.

3. Line of credit:

The Society has available an operating line of credit of $625,000 (March 31, 2012 - $500,000; April 1, 2011 - $500,000), drawings on which bear interest at the bank's prime rate plus 0.50% per annum. The 402 E. Columbia Street building is provided as security.

Subsequent to year end, the Society obtained a $400,000 term loan from Vancity to pay off the outstanding line of credit amount as at March 31, 2013.

4. Restricted cash:

Restricted cash is held for specific purposes and may be spent only in accordance with the requirements of the designated agency. Restricted cash is comprised of the following:

	March 31, 2013	March 31, 2012	April 1, 2011
CMHC replacement reserve	$ 25,775	$ 26,683	$ 25,677
BC Gaming Commission grant (note 9)	56,018	51,000	144
	$ 81,793	$ 77,683	$ 25,821

Under the mortgage agreement with the Canada Mortgage and Housing Corporation (the "CHMC"), the Society is required to set aside $1,000 annually as a replacement and maintenance reserve. Expenditures from the reserve were $1,935 during 2013 (2012 - $20). Interest income earned by and credited to the reserve totaled $25 (2012 - $26).

During the year, the Society received $56,000 (2012 - $51,000) from the BC Gaming Commission and spent $51,000 (2012 - $144) on specialized projects.

5. Long-term investments:

The Society's investments held at fair value consist of North Growth pooled equity funds.

6. Other assets:

In 2011, the Society was named as one of the beneficiaries of an estate. During 2012, an impairment in the amount of $67,693 was recorded due to the decline of the fair value of the estate. The Society expects to receive $221,024 (March 31, 2012 - $221,024; April 1, 2011 - $327,384) upon the death of the income beneficiary. At March 31, 2013, the Society's interest in the estate is valued at its actuarial present value of $198,713 (March 31, 2012 - $192,925; April 1, 2011 - $260,618) based on a discount rate of 3%. Accretion of $5,788 (2012 - $5,619) is recorded in the statement of operations.

7. Capital assets:

March 31, 2013	Cost	Accumulated amortization	Net book value
Land (a)	$ 3,816,264	$ -	$ 3,816,264
Buildings:			
Ellendale – Surrey (a)	428,185	17,127	411,058
Surrey Property - Duplex	415,307	99,673	315,634
Rio/Firth	994,193	104,236	889,957
Orenda House	62,519	27,944	34,575
402 East Columbia	3,675,605	2,283,141	1,392,464
Building improvements	41,514	-	41,514
Building under capital lease (b)	458,928	67,882	391,046
Leasehold Improvements - A'mut	143,648	34,482	109,166
Furniture and equipment	196,354	55,948	140,406
Vehicles	77,816	72,295	5,521
Computer software	5,190	5,190	-
	$ 10,315,523	$ 2,767,918	$ 7,547,605

March 31, 2012	Cost	Accumulated amortization	Net book value
Land	$ 1,937,598	$ -	$ 1,937,598
Buildings:			
Rio/Firth	994,193	64,470	929,723
Surrey Property - Duplex	415,307	83,060	332,247
Orenda House	62,519	25,443	37,076
402 East Columbia	3,675,605	2,136,117	1,539,488
Building under capital lease (b)	458,928	56,409	402,519
Leasehold Improvements:			
A'mut	143,648	28,736	114,912
Ellendale	48,113	3,850	44,263
Furniture and equipment	68,847	42,178	26,669
Vehicles	72,616	53,993	18,623
Computer software	5,190	5,190	-
	$ 7,882,564	$ 2,499,446	$ 5,383,118

7. Capital assets (continued):

April 1, 2011	Cost	Accumulated amortization	Net book value
Land	$ 1,937,598	$ -	$ 1,937,598
Buildings:			
Rio/Firth	863,965	24,700	839,265
Surrey Property - Duplex	415,307	66,448	348,859
Orenda House	62,519	23,327	39,192
402 East Columbia	3,655,019	1,989,093	1,665,926
Building under capital lease (b)	458,928	44,936	413,992
Leasehold Improvements:			
A'mut	143,648	22,990	120,658
Ellendale	48113	1,925	46,188
Furniture and equipment	55,247	28,409	26,838
Vehicles	72,616	32,209	40,407
Computer software	5,190	2,375	2,815
	$ 7,718,150	$ 2,236,412	$ 5,481,738

(a) During fiscal 2013, the Society received contributions toward the purchase of the Sherbrooke and Ellendale properties.

Donation contributions of $450,000 towards the Sherbrooke property were recognized as direct increase in net assets invested in capital assets as the capitalized cost of the property was attributable to land. Of the total contributions $100,000 represented a reduction in the fair value consideration paid by the Society to the vendor of the property.

Contributions of $679,347 by BC Housing in the form of forgivable loan towards the Ellendale property were allocated according to the fair values attributable to building and land on acquisition. $206,397 was attributable to building, and $472,950 was attributable to land and was recognized as direct increase in net assets invested in capital assets.

(b) In fiscal year 2008, the Society entered into a 40-year prepaid lease agreement for land and building in Chilliwack (A'mut). This lease agreement was financed by a mortgage for $456,100 and a forgivable loan for $500,000 (note 9). The land portion of this lease is an operating lease and the building portion is a capital lease. Prepaid rent represents rent payments paid in advance for the lease of this land.

8. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of $34,879 (March 31, 2012 - $29,800; April 1, 2011 - $47,801), which included amounts payable for WorkSafe BC, BC Medical Services Plan, and payroll related taxes.

9. Deferred contributions:

	March 31, 2013	March 31, 2012	April 1, 2011
B.C. Gaming Commission grant (note 4)	$ 56,018	$ 51,000	$ 144
Deferred program income	340,940	285,137	197,959
Other funds	-	50	50
B.C. Housing forgivable loan (note 7)	426,042	438,542	451,042
	823,000	774,729	649,195
Less current portion	409,458	348,687	210,653
Long-term portion	$ 413,542	$ 426,042	$ 438,542

In fiscal 2008, the Society entered into a forgivable loan agreement for $500,000 relating to the lease of the A'mut land and building. This loan is forgivable starting on the 11th year at a rate of $25,000 per year through to the end of the 35-year term. Under this agreement, the Society must meet certain conditions for the duration of the 35-year term. Management has determined that it is unlikely that these conditions will not be met for the duration of the 35-year term and hence has recorded the entire loan amount as deferred contribution. As this loan is related to the A'mut lease, it is being amortized over the lease term of 40 years.

10. Deferred capital contributions:

Deferred capital contributions consist of funds received for the purpose of capital purchases. These amounts include costs for the purchase of the Surrey and Ellendale properties, the capital renovation of the 402 East Columbia building to provide transitional housing for women and children, leasehold improvement for A'mut building (note 7(b)), capital grants for the renovation and building improvements of the Ellendale and Rio/Firth properties.

	March 31, 2013	March 31, 2012	April 1, 2011
Balance, beginning of year	$ 1,299,458	$ 1,353,849	$ 1,246,993
Amounts received during the year	373,803	34,303	187,150
Amounts amortized to revenue	(93,510)	(88,694)	(80,294)
Balance, end of year	$ 1,579,751	$ 1,299,458	$ 1,353,849

During fiscal 2009, the Society entered into a forgivable loan agreement for $549,960 relating to the renovations of the 4th Floor, Liz Gurney House, 402 East Columbia building. This loan is forgivable over ten years starting on the 5th year at a rate of $54,996 per year. Under this agreement, the Society must meet certain conditions for a 15-year period. These conditions include provision of a minimum of twelve emergency shelter beds at this premise. If the conditions are not met, the Society would be liable to pay the $549,960 loan plus interest. The Society expects to meet this condition over the 15-year period and has therefore included the amount in deferred capital contributions and is being amortized over 40 years.

During fiscal 2013, the Society entered into a forgivable loan agreement for $679,347 relating to the purchase of 1187 Ellendale Drive, Surrey (the "Ellendale property"). This loan is forgivable over 30 years commencing in the 11th year. Under this agreement, the Society must continue its development of a minimum of 10 housing units for women at risk of homelessness. If the condition is not met, the Society would be liable to pay the $679,347 loan plus interest at prime plus 2% per annum. The Society expects to meet this condition and has therefore included $206,397, the amount allocated as contribution towards the purchase of the building in deferred capital contributions and is being amortized over 25 years, which approximates the useful life of the building. The remaining portion of the forgivable loan of $472,950, allocated as contribution towards the purchase of the land, is recognized as a direct increase in net assets (note 7(a)).

11. Long-term debt:

	March 31, 2013	March 31, 2012	April 1, 2011
Orenda House:			
7.875% mortgage, repayable in monthly installments of $322, including principal and interest, balance due June 30, 2020	$ 21,551	$ 23,659	$ 25,776
Surrey Property - Duplex:			
3.09% mortgage, repayable in monthly installments of $1,294, including principal and interest, balance due April 25, 2018	221,110	229,894	242,218
A'mut property:			
4.783% mortgage, repayable in monthly installments of $2,226, including principal and interest, balance due April 1, 2027	421,277	427,867	434,152
Ellendale Property - Surrey:			
3.562% mortgage, repayable in monthly installments of $3,369, including principal and interest, balance due October 1, 2022	717,753	-	-
Rio/Firth property:			
Mortgage divided into 5 equal parts with 5 different interest rates:			
4.86% mortgage, repayable in monthly installments of $2,249, including principal and interest, balance due May 25, 2016	366,333	375,491	384,340
4.30% mortgage, repayable in monthly installments of $2,128, including principal and interest, balance due April 25, 2014	365,727	375,482	384,760
4.75% mortgage, repayable in monthly installments of $2,226, including principal and interest, balance due April 25, 2014	367,246	376,484	385,220
5.10% mortgage, repayable in monthly installments of $2,304, including principal and interest, balance due May 25, 2014	368,370	377,223	385,558
5.35% mortgage, repayable in monthly installments of $2,361, including principal and interest, balance due May 25, 2015	369,129	377,722	385,786
Total debt	3,218,496	2,563,822	2,627,810
Less current portion	92,197	67,153	62,635
Long-term portion	$ 3,126,299	$ 2,496,669	$ 2,565,175

Security for the mortgages payable is by way of a charge against certain land and buildings. The mortgages for the Rio/Firth property require the Society to comply with certain financial covenant. As at March 31, 2013, the Society was in compliance with this covenant.

11. Long-term debt (continued):

Principal payments on the mortgages required for the five fiscal periods subsequent to March 31, 2013, assuming renewal on similar terms and conditions at end of the initial term, are as follows:

2014	$ 92,197
2015	84,660
2016	87,284
2017	91,333
2018	95,577
Thereafter	2,767,445
Total	$ 3,218,496

12. Deficiency in equity-accounted organization:

In 2011, the Society incorporated a wholly owned subsidiary, Asphalt Gals Recycling Ltd. ("Asphalt Gals"). Asphalt Gals is a for-profit organization that operates within the roofing sector and was established to create a sustainable social enterprise that provides instruction and work experience to women at risk of homelessness.

Financial information of Asphalt Gals is disclosed below:

	March 31, 2013	March 31, 2012	April 1, 2011
Assets	$ 5,379	$ 5,791	$ -
Liabilities	49,567	18,972	-
Shareholder's deficit	(44,188)	(13,181)	-
Results from operations:			
Revenue	$ 53,635	$ 5,176	$ -
Expenses	84,642	18,357	-
Net loss (c)	$ (31,007)	$ (13,181)	$ -
Cash from operating activities	$ 738	$ 402	$ -
Cash from financing activities	-	1	-
Cash from investing activities	-	-	-

12. Deficiency in equity-accounted organization (continued):

(a) Prior to incorporation of Asphalt Gals, the Society entered into an agreement with the Minister of Human Resources and Skills Development ("the MHRSD"). The funding agreement reimburses up to $99,815 of eligible costs incurred by the Society between September 1, 2011 and September 30, 2012 in establishing the social enterprise to provide instruction and work experience to women at risk of homelessness. In each of the fiscal years ending 2013 and 2012 respectively, $41,256 and $58,559 for an aggregate sum of $99,815 in government funding and eligible costs have been included in the revenues and expenses of the Society related to this agreement.

(b) During 2013, the Society charged Asphalt Gals $24,540 (2012 - nil) for services rendered under a management and administrative services agreement, which has been recorded under other income. As at March 31, 2013, there was $9,161 (2012 - nil) included in accounts receivable from these services.

The Society also paid for expenses on behalf of the Asphalt Gals in 2013, which totaled $10,934 (2012 - $18,131). As at March 31, 2013, $29,065 (2012 - $18,131) was included in accounts receivable from Asphalt Gals relating to these expenses.

These transactions are in the normal course of operations and are measured at their exchange amount, which is the amount of consideration established and agreed to by the related parties.

(c) In fiscal 2012, the Society charged Asphalt Gals $62,062 in general and administrative expenses related to the set up of Asphalt Gals operations. In the current year, management determined that these charges should have been more appropriately recorded as expenses of the Society based on funding received by the Society towards these costs. An adjustment has accordingly been recorded on a retroactive basis to reduce Asphalt Gals expenses for the year ended March 31, 2012 by $62,062 as presented above with a corresponding increase in the Society's Women at risk expenses. This adjustment did not result in any changes to the Society's net assets or deficiency of revenue over expenses as at and for the year ended March 31, 2012. A reclassification adjustment to reduce accounts receivable and increase deficiency in equity-accounted organizations by $62,062 has been made on the statement of financial position as at March 31, 2012.

13. Internally restricted net assets:

In fiscal 2009, the Board of Directors of the Society passed a motion to establish an internally restricted contingency fund to be used for any future unexpected or unbudgeted operating or capital expenditures of the Society's programs. The balance in this fund at March 31, 2013 is $148,141 (March 31, 2012 - $148,141; April 1, 2011 - $148,141).

14. Net assets invested in capital assets:

(a) Net assets invested in capital assets are comprised of the following:

	March 31, 2013	March 31, 2012	April 1, 2011
Capital assets	$ 7,547,605	$ 5,383,118	$ 5,481,738
Amounts financed by long-term debt	(3,218,496)	(2,563,822)	(2,627,810)
Amounts financed by deferred capital contributions	(1,579,751)	(1,299,458)	(1,353,849)
	$ 2,749,358	$ 1,519,838	$ 1,500,079

(b) Change in net assets invested in capital assets is comprised of the following:

	March 31, 2013	March 31, 2012	April 1, 2011
Excess of expenses over revenue:			
Amortization of deferred capital contributions	$ 93,510	$ 88,694	$ 80,294
Amortization of capital assets	(272,322)	(263,033)	(243,672)
Loss on disposition of capital assets	(44,263)	-	-
	$ (223,075)	$ (174,339)	$ (163,378)
Net change in invested in capital assets:			
Purchase of capital assets	$ 2,481,072	$ 164,413	$ 2,149,633
Amount funded by deferred capital contributions (note 10)	(373,803)	(34,303)	(187,150)
Repayment (increase) of long-term debt	(654,674)	63,988	(1,879,983)
Receipt of contributions towards land	(922,950)	-	-
	$ 529,645	$ 194,098	$ 82,500

15. Donated services:

Donated program related services are recognized as revenue at the fair market value of volunteer services provided, determined based on similar services that would otherwise have been purchased. Details of volunteer services recognized during the year are as follows:

	2013	2012
Total number of registered volunteers	534	433
Total hours contributed to program services	22,509	25,590
Total value of donated program services	$ 401,102	$ 456,019

15. Donated services (continued):

In addition, 616 hours (2012 - 754 hours) of governance and non-program donated services were provided; however, due to the difficulty of determining the fair value of these services, no amounts are recorded in the financial statements.

16. Vancouver Foundation endowment fund:

The Society has contributed to a permanent endowment fund with the Vancouver Foundation known as The Elizabeth Fry Society of Greater Vancouver Endowment Fund. The fund is owned and administered by the Vancouver Foundation and, accordingly, as the capital of the fund is not available for use by the Society, the fund balance is not included in the Society's statement of financial position. All income from the fund, which has been disbursed at least annually, is for the benefit of the Society. Interest paid to the Society during the year was $7,912 (2012 - $7,637). In fiscal 2013, the interest amount of $nil was reinvested into the capital held at the Vancouver Foundation (2012 - $3,776). As this amount has now been included as part of the capital of the fund, it is not available for future use by the Society and is not included in the Society's statement of financial position. The Society has made total contributions of $98,650 in prior years which has been matched by contributions from the Vancouver Foundation of $75,000 for a total cost capital balance of $173,650 (March 31, 2012 - $173,650; April 1, 2011 - $169,874) and fair value of $213,636 (March 31, 2012 - $205,794; April 1, 2011 - $205,050) as at March 31, 2013.

17. Pension Plan:

The Society and its employees contribute to the Municipal Pension Plan (the "Plan"), a jointly trusteed pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the Plan, including the investment of the assets and administration of benefits. The pension plan is a multi-employer contributory pension plan. Basic pension benefits provided are defined. The Plan has about 163,000 active members and approximately 60,000 retired members. Active members include approximately 65 employees of the Society.

Every three years an actuarial valuation is performed to assess the financial position of the Plan and the adequacy of plan funding. The most recent valuation as at December 31, 2009 indicated an unfunded liability of $1,024 million for basic pension benefits. The next actuarial valuation was performed as at December 31, 2012 with results to be available in 2013. The actuary does not attribute portions of the unfunded liability to individual employers. The Society has paid $201,879 (2012 - $190,405) for employer contributions to the Plan in fiscal 2013.

18. Commitments and contingencies:

(a) Commitments:

The Society leases office space and equipment requiring annual payments as follows:

2014	$ 128,206
2015	54,509
2016	9,134
Total	$ 191,849

(b) Contingencies:

The Society must meet certain conditions under three forgivable loan agreements (notes 9 and 10).

19. Financial risks and concentration of credit risk:

The risks to which the Society is exposed are credit risk, liquidity risk, and market risk.

(a) Credit risk:

Credit risk is the risk that a third party to a financial instrument might fail to meet its obligations under the terms of the financial instrument. The Society is not exposed to significant credit risk as the Society is not subject to any significant concentration of credit risk. Assessment for uncollectible accounts are performed by management and provided for. There has been no change to the risk exposure from 2012.

(b) Liquidity risk:

Liquidity risk is the risk that an entity will not be able to meet its obligations associated with financial liabilities. The Society is exposed to this risk mainly in respect of its long term debt. The Society manages liquidity risk by maintaining adequate cash, highly liquid investments, and available credit facilities with its banking provider. There has been no change to the risk exposure from 2012.

(c) Market risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Society has investments in pooled funds which are subject to risks arising to changes in market conditions.

20. Comparative information:

Certain comparative information has been reclassified to conform with the financial statement presentation adopted for the current year. The changes do not affect prior years' earnings.

THE ELIZABETH FRY SOCIETY OF GREATER VANCOUVER

Schedules of Revenue and Expenses

Years ended March 31, 2013 and 2012

Schedule of Revenue:

	2013	2012
Provincial government:		
B.C. Ministry of Children and Family Development	$ 735,105	$ 732,432
B.C. Ministry of Social Development	1,378,554	1,321,634
Fraser Health Authority	409,405	408,840
B.C. Corrections	93,843	31,067
B.C. Housing Management Commission	2,474,180	2,473,665
Grants	51,000	38,823
Federal government	816,395	793,938
United Way	77,944	69,969
Donations	134,023	315,201
Sales and rental income	385,008	368,104
Investment income	19,366	15,867
Other income (note 12)	304,759	109,693
Donated volunteer services (note 15)	401,102	456,019
	$ 7,280,684	$ 7,135,252

Schedule of Expenses:

	2013	2012
Salaries and employee benefits	$ 4,714,150	$ 4,536,194
Donated volunteer services (note 15)	401,102	456,019
Fundraising, general client support and reserves	1,000	1,000
Rent	142,018	122,281
Food	256,045	256,820
Travel and vehicle	174,172	189,397
Program supplies and client expenses	242,112	267,231
Communications	70,925	65,320
Office	47,772	45,523
Repairs and maintenance	158,596	204,885
Furniture, appliances and equipment	84,549	59,338
Utilities, services and bank fees	163,999	150,187
Insurance and property taxes	97,641	142,576
Consultations, training, meetings and accreditation	116,734	93,166
Miscellaneous expenses (recoveries)	(21,298)	2,088
Professional services	279,085	258,124
Promotion, recruiting, dues and publications	85,217	100,090
	$ 7,013,819	$ 6,950,239