

Financial Statements of

**THE ELIZABETH FRY SOCIETY
OF GREATER VANCOUVER**

Year ended March 31, 2014



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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 statement of financial position as at March 31, 2014, the statements of operations, changes in net assets and cash flows for the year then ended, 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 audit. We conducted our audit 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 audit opinion.



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Elizabeth Fry Society of Greater Vancouver as at March 31, 2014 and its results of operations and its cash flows for the year then ended 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 policies applied in preparing and presenting the financial statements in accordance with Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

KPMG LLP

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a long, horizontal, slightly curved line that serves as a flourish or underline.

Chartered Accountants

June 19, 2014

Burnaby, Canada

THE ELIZABETH FRY SOCIETY OF GREATER VANCOUVER

Statement of Financial Position

March 31, 2014, with comparative information for 2013

	2014	2013
Assets		
Current assets:		
Cash and cash equivalents	\$ 174,757	\$ 159,886
Restricted cash (note 4)	40,040	56,018
Accounts receivable (note 12(c))	455,858	520,577
Prepaid expenses and deposit	25,843	21,595
Prepaid rent (note 7(b))	12,429	12,429
	<u>708,927</u>	<u>770,505</u>
Restricted cash (note 4)	26,859	25,775
Investments held at fair value (note 5)	122,167	86,952
Other assets (note 6)	207,184	198,713
Prepaid rent (note 7(b))	398,775	411,204
Capital assets (note 7)	7,540,996	7,547,605
	<u>\$ 9,004,908</u>	<u>\$ 9,040,754</u>
Liabilities, Deferred Contributions and Net Assets		
Current liabilities:		
Line of credit (note 3)	\$ 275,162	\$ 366,376
Accounts payable and accrued liabilities (note 8)	342,154	366,471
Current portion of long-term debt (note 11)	78,028	92,197
Deferred contributions (note 9)	330,783	409,458
	<u>1,026,127</u>	<u>1,234,502</u>
Replacement reserve (note 4)	26,859	25,775
Deferred contributions (note 9)	401,042	413,542
Deferred capital contributions (note 10)	1,710,249	1,579,751
Long-term debt (note 11)	3,481,599	3,126,299
Deficiency in equity-accounted organization (note 12)	57,302	44,188
Net assets:		
Unrestricted	(117,531)	(280,802)
Invested in capital assets (note 13)	2,271,120	2,749,358
Internally restricted (note 14)	148,141	148,141
	<u>2,301,730</u>	<u>2,616,697</u>
Commitments and contingencies (note 18)		
	<u>\$ 9,004,908</u>	<u>\$ 9,040,754</u>

See accompanying notes to financial statements.

Approved on behalf of the Board



Director



Director

TREASURER

THE ELIZABETH FRY SOCIETY OF GREATER VANCOUVER

Statement of Operations

Year ended March 31, 2014, with comparative information for 2013

	2014	2013
Revenue (schedule):		
Provincial government contracted programs	\$ 5,404,669	\$ 5,091,087
Federal government contracted programs	807,325	816,395
United Way	60,118	77,944
Donations and membership fees	126,786	134,023
Grants	89,400	51,000
Sales and rental income	380,287	385,008
Investment income	44,080	19,366
Other income	368,239	304,759
Donated volunteer services (note 15)	414,879	401,102
	<u>7,695,783</u>	<u>7,280,684</u>
Expenses (schedule):		
Women at risk	2,416,742	1,980,650
Families at risk	2,240,457	2,251,715
Youth at risk	812,928	731,753
Community justice	1,959,166	1,751,637
Management and policy	221,539	298,064
	<u>7,650,832</u>	<u>7,013,819</u>
Excess of revenue over expenses before the undernoted	44,951	266,865
Interest on long-term debt	(130,844)	(133,307)
Amortization of deferred capital contributions (note 10)	93,394	93,510
Amortization of capital assets	(279,354)	(272,322)
Write-off of capital assets	-	(44,263)
Bad debt expense	(30,000)	-
Loss on equity-accounted organization (note 12)	(13,114)	(31,007)
Deficiency of revenue over expenses for the year	<u>\$ (314,967)</u>	<u>\$ (120,524)</u>

See accompanying notes to financial statements.

THE ELIZABETH FRY SOCIETY OF GREATER VANCOUVER

Statement of Changes in Net Assets

Year ended March 31, 2014, with comparative information for 2013

2014	Unrestricted	Invested in capital assets (note 13)	Internally restricted (note 14)	Total
Balance, beginning of year	\$ (280,802)	\$ 2,749,358	\$ 148,141	\$ 2,616,697
Deficiency of revenue over expenses	(129,007)	(185,960)	-	(314,967)
Net change invested in capital assets	292,278	(292,278)	-	-
Balance, end of year	\$ (117,531)	\$ 2,271,120	\$ 148,141	\$ 2,301,730

2013	Unrestricted	Invested in capital assets (note 13)	Internally restricted (note 14)	Total
Balance, beginning of year	\$ 146,292	\$ 1,519,838	\$ 148,141	\$ 1,814,271
Excess (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

See accompanying notes to financial statements.

THE ELIZABETH FRY SOCIETY OF GREATER VANCOUVER

Statement of Cash Flows

Year ended March 31, 2014, with comparative information for 2013

	2014	2013
Cash provided by (used in):		
Operating:		
Deficiency of revenue over expenses	\$ (314,967)	\$ (120,524)
Items not affecting cash:		
Fair value adjustment in investments	(30,367)	(7,771)
Amortization of deferred capital contributions	(93,394)	(93,510)
Amortization of capital assets	279,354	272,322
Amortization of prepaid rent	12,429	12,429
Write-off of capital assets	-	44,263
Bad debt expense	30,000	-
Accretion of other assets	(8,471)	(5,788)
	(125,416)	101,421
Changes in non-cash working capital:		
Accounts receivable	34,719	(104,109)
Prepaid expenses and deposit	(4,248)	111,701
Accounts payable and accrued liabilities	(24,317)	32,547
Replacement reserve	1,084	(908)
Deferred contributions	(91,175)	48,271
	(209,353)	188,923
Investing:		
Decrease (increase) in restricted cash	14,894	(4,110)
Increase in investments	(4,848)	(1,252)
Purchase of capital assets	(272,745)	(1,558,122)
Decrease in investment in equity-accounted organization	13,114	31,007
	(249,585)	(1,532,477)
Financing:		
Increase in long-term debt, net of repayments	341,131	654,674
Deferred capital contributions received (note 10)	223,892	373,803
Proceeds (payments) to / from line of credit	(91,214)	321,511
	473,809	1,349,988
Increase in cash and cash equivalents	14,871	6,434
Cash and cash equivalents, beginning of year	159,886	153,452
Cash and cash equivalents, end of year	\$ 174,757	\$ 159,886
Non-cash transactions:		
Capital contributions toward purchase of land (note 7(a))	\$ -	\$ 922,950

See accompanying notes to financial statements.

THE ELIZABETH FRY SOCIETY OF GREATER VANCOUVER

Notes to Financial Statements

Year ended March 31, 2014

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.

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.

(c) Prepaid rent:

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

THE ELIZABETH FRY SOCIETY OF GREATER VANCOUVER

Notes to Financial Statements (continued)

Year ended March 31, 2014

2. Significant accounting policies (continued):

(d) Capital assets:

Capital assets are recorded at cost less accumulated amortization. Amortization is provided on a straight-line basis over the estimated useful life 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

(e) 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.

THE ELIZABETH FRY SOCIETY OF GREATER VANCOUVER

Notes to Financial Statements (continued)

Year ended March 31, 2014

2. Significant accounting policies (continued):

(f) 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 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.

(g) 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 \$500,000 (2013 - \$625,000), 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.

THE ELIZABETH FRY SOCIETY OF GREATER VANCOUVER

Notes to Financial Statements (continued)

Year ended March 31, 2014

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:

	2014	2013
CMHC replacement reserve	\$ 26,859	\$ 25,775
BC Gaming Policy and Enforcement Branch grant (note 9)	40,040	56,018
	<u>\$ 66,899</u>	<u>\$ 81,793</u>

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 nil during 2014 (2013 - \$1,935). Interest income earned by and credited to the reserve totaled \$84 (2013 - \$25).

During the year, the Society received \$40,000 (2013 - \$56,000) from the BC Gaming Policy and Enforcement Branch (formerly, BC Gaming Commission) and spent \$56,000 (2013 - \$51,000) on specialized projects.

5. Investments held at fair value:

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. The Society expects to receive \$221,024 (2013 - \$221,024) upon the death of the income beneficiary. At March 31, 2014, the Society's interest in the estate is valued at its actuarial present value of \$207,184 (2013 - \$198,713) based on a discount rate of 3%. Accretion of \$8,471 (2013 - \$5,788) is recorded in the statement of operations.

THE ELIZABETH FRY SOCIETY OF GREATER VANCOUVER

Notes to Financial Statements (continued)

Year ended March 31, 2014

7. Capital assets:

2014	Cost	Accumulated amortization	Net book value
Land (a)	\$ 3,816,264	\$ -	\$ 3,816,264
Buildings:			
Ellendale – Surrey (a)	428,186	34,255	393,931
Surrey Property - Duplex	415,307	116,285	299,022
Rio/Firth	994,193	144,004	850,189
Orenda House	62,519	30,445	32,074
402 East Columbia	3,675,605	2,430,165	1,245,440
Building improvements (c)	251,498	2,050	249,448
Building under capital lease (b)	458,928	79,355	379,573
Leasehold Improvements - A'mut	143,648	40,228	103,420
Furniture and equipment	259,114	89,559	169,555
Vehicles	77,816	75,736	2,080
Computer software	5,190	5,190	-
	\$ 10,588,268	\$ 3,047,272	\$ 7,540,996

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 (c)	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

THE ELIZABETH FRY SOCIETY OF GREATER VANCOUVER

Notes to Financial Statements (continued)

Year ended March 31, 2014

7. Capital assets (continued):

- (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.
- (c) Building improvements include \$222,209 (2013 - \$12,224) in renovations in progress costs related to Ellendale which will be amortized once complete and put in service.

8. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$43,729 (2013 - \$34,879), which included amounts payable for WorkSafe BC, BC Medical Services Plan, and payroll related taxes.

9. Deferred contributions:

	2014	2013
B.C. Gaming Policy and Enforcement Branch grant (note 4)	\$ 40,040	\$ 56,018
Deferred program income	277,446	340,940
Other funds	797	-
B.C. Housing forgivable loan (note a)	413,542	426,042
	731,825	823,000
Less current portion	330,783	409,458
Long-term portion	\$ 401,042	\$ 413,542

THE ELIZABETH FRY SOCIETY OF GREATER VANCOUVER

Notes to Financial Statements (continued)

Year ended March 31, 2014

9. Deferred contributions (continued):

(a) 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 into revenue 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)), and capital grants for the renovation and building improvements of the Ellendale and Rio/Firth properties.

	2014	2013
Balance, beginning of year	\$ 1,579,751	\$ 1,299,458
Amounts received during the year	223,892	373,803
Amounts amortized to revenue	(93,394)	(93,510)
Balance, end of year	\$ 1,710,249	\$ 1,579,751

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 25 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, was recognized as a direct increase in net assets (note 7(a)).

THE ELIZABETH FRY SOCIETY OF GREATER VANCOUVER

Notes to Financial Statements (continued)

Year ended March 31, 2014

11. Long-term debt:

	2014	2013
Orenda House:		
7.875% mortgage, repayable in monthly installments of \$322, including principal and interest, balance due June 30, 2020	\$ 19,277	\$ 21,551
Surrey Property - Duplex: (a)		
3.09% mortgage, repayable in monthly installments of \$1,294, including principal and interest, balance due April 25, 2018	212,563	221,110
A'mut Property:		
4.783% mortgage, repayable in monthly installments of \$2,226, including principal and interest, balance due April 1, 2027	414,394	421,227
Ellendale Property - Surrey:		
3.562% mortgage, repayable in monthly installments of \$3,369, including principal and interest, balance due October 1, 2022	703,397	717,753
Firth Property:		
3.840% mortgage, repayable in monthly installment of \$8,672 including principal and interest, balance due November 1, 2043	1,818,116	-
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, refinanced during fiscal 2014	-	366,333
4.30% mortgage, repayable in monthly installments of \$2,128, including principal and interest, refinanced during fiscal 2014	-	365,727
4.75% mortgage, repayable in monthly installments of \$2,226, including principal and interest, refinanced during fiscal 2014	-	367,246
5.10% mortgage, repayable in monthly installments of \$2,304, including principal and interest, refinanced during fiscal 2014	-	368,370
5.35% mortgage, repayable in monthly installments of \$2,361, including principal and interest, refinanced during fiscal 2014	-	369,129
Carried forward	3,167,747	3,218,446

THE ELIZABETH FRY SOCIETY OF GREATER VANCOUVER

Notes to Financial Statements (continued)

Year ended March 31, 2014

11. Long-term debt (continued):

	2014	2013
Brought forward	\$ 3,167,747	\$ 3,218,446
Sherbrooke Property: (a) 3.75% mortgage, repayable in monthly installments of \$2,051, including principal and interest, balance due April 15, 2038	391,880	-
Total debt	3,559,627	3,218,496
Less current portion	78,028	92,197
Long-term portion	\$ 3,481,599	\$ 3,126,299

Security for the mortgages payable is by way of a charge against certain land and buildings.

(a) Certain of the Society's long-term debt facilities (Surrey Property - Duplex and Sherbrooke Property) with outstanding debt amounts totaling \$604,443 as at March 31, 2014 contain a minimum level of debt service coverage financial covenant requirement. As at March 31, 2014, the Society was in breach of this covenant. On June 18, 2014, the Society received a waiver for the covenant violation forbearing the non-compliance until April 1, 2015 and as such, the Society has classified the debt as long term liability.

Principal payments on the mortgages required for the five fiscal periods subsequent to March 31, 2014, assuming renewal on similar terms and conditions at end of the initial term, are as follows:

2015	\$ 78,028
2016	80,922
2017	84,125
2018	87,461
2019	90,969
Thereafter	3,138,122
Total	\$ 3,559,627

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.

THE ELIZABETH FRY SOCIETY OF GREATER VANCOUVER

Notes to Financial Statements (continued)

Year ended March 31, 2014

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

Financial information of Asphalt Gals is disclosed below:

	2014	2013
Assets	\$ 13,463	\$ 5,379
Liabilities	70,765	49,567
Shareholder's deficit	(57,302)	(44,188)
Results from operations:		
Revenue	\$ 153,451	\$ 53,635
Expenses	166,565	84,642
Net loss (c)	\$ (13,114)	\$ (31,007)
Cash from operating activities	\$ (4,725)	\$ 738
Cash from financing activities	-	-
Cash from investing activities	-	-

- (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 the fiscal year ended 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. Asphalt Gals did not receive additional government funding in the fiscal year ended 2014.
- (b) During 2014, the Society charged Asphalt Gals \$18,087 (2013 - \$24,540) for services rendered under a management and administrative services agreement, which has been recorded under other income. As at March 31, 2014, there was \$27,248 (2013 - \$9,161) included in accounts receivable from these services.
- (c) The Society did not pay for expenses on behalf of the Asphalt Gals in 2014 (2013 - \$10,934) but made advances of \$8,000 to Asphalt Gals. As at March 31, 2014, \$37,065 (2013 - \$29,065) was included in accounts receivable from Asphalt Gals relating to these expenses and advances, of which a provision of doubtful accounts of \$30,000 was set up in the current year.

THE ELIZABETH FRY SOCIETY OF GREATER VANCOUVER

Notes to Financial Statements (continued)

Year ended March 31, 2014

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

- (d) During 2014, Asphalt Gals charged the Society \$41,965 (2013 - nil) in fees for services rendered. The amounts are expensed by the Society as operating 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.

13. Net assets invested in capital assets:

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

	2014	2013
Capital assets	\$ 7,540,996	\$ 7,547,605
Amounts financed by long-term debt	(3,559,627)	(3,218,496)
Amounts financed by deferred capital contributions	(1,710,249)	(1,579,751)
	<u>\$ 2,271,120</u>	<u>\$ 2,749,358</u>

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

	2014	2013
Excess of expenses over revenue:		
Amortization of deferred capital contributions	\$ 93,394	\$ 93,510
Amortization of capital assets	(279,354)	(272,322)
Loss on disposition of capital assets	-	(44,263)
	<u>\$ (185,960)</u>	<u>\$ (223,075)</u>
Net change in invested in capital assets:		
Purchase of capital assets	\$ 272,745	\$ 2,481,072
Amount funded by deferred capital contributions (note 10)	(223,892)	(373,803)
Increase of long-term debt	(341,131)	(654,674)
Receipt of contributions towards land	-	(922,950)
	<u>\$ (292,278)</u>	<u>\$ 529,645</u>

THE ELIZABETH FRY SOCIETY OF GREATER VANCOUVER

Notes to Financial Statements (continued)

Year ended March 31, 2014

14. 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, 2014 is \$148,141 (2013 - \$148,141).

15. Donated services:

Donated program related services are recognized as revenue at the fair 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:

	2014	2013
Total number of registered volunteers	552	534
Total hours contributed to program services	23,230	22,509
Total value of donated program services	\$ 414,879	\$ 401,102

In addition, 761 hours (2013 - 616 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 \$8,038 (2013 - \$7,912). In fiscal 2014, the interest amount of nil was reinvested into the capital held at the Vancouver Foundation (2013 - nil). 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 (2013 - \$173,650) and fair value of \$239,073 (2013 - \$213,636) as at March 31, 2014.

THE ELIZABETH FRY SOCIETY OF GREATER VANCOUVER

Notes to Financial Statements (continued)

Year ended March 31, 2014

17. Employee Pension Plan:

The Society and its employees contribute to the Municipal Pension Plan (the "Plan"), a jointly trustee 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 Plan is a multi-employer contributory pension plan. Basic pension benefits provided are defined. The Plan has approximately 179,000 active members and approximately 71,000 retired members. Active members include approximately 78 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, 2012, indicated an unfunded liability of approximately \$1,370 million for basic pension benefits. The next required valuation will be as at December 31, 2015, with results available in 2016. Employers participating in the Plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the Plan records accrued liabilities and accrued assets for the Plan in aggregate with the result that there is no consistent and reliable basis for allocating the obligation, assets and cost to the individual employers participating in the Plan.

The Society has paid \$221,875 (2013 - \$201,879) for employer contributions to the Plan in fiscal 2014.

18. Commitments and contingencies:

(a) Commitments:

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

2015	\$ 90,706
2016	38,342
2017	14,108
2018	6,266
2019	2,755
Total	\$ 152,177

(b) Contingencies:

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

THE ELIZABETH FRY SOCIETY OF GREATER VANCOUVER

Notes to Financial Statements (continued)

Year ended March 31, 2014

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 2013.

(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 2013.

(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. There has been no change to the risk exposure from 2013.

THE ELIZABETH FRY SOCIETY OF GREATER VANCOUVER

Schedules of Revenue and Expenses

Year ended March 31, 2014, with comparative information for 2013

Schedule of Revenue:

	2014	2013
Provincial government:		
B.C. Ministry of Children and Family Development	\$ 732,259	\$ 735,105
B.C. Ministry of Social Development	1,414,412	1,378,554
Fraser Health Authority	426,958	409,405
B.C. Corrections	311,193	93,843
B.C. Housing Management Commission	2,519,847	2,474,180
Grants	89,400	51,000
Federal government	807,325	816,395
United Way	60,118	77,944
Donations	126,786	134,023
Sales and rental income	380,287	385,008
Investment income	44,080	19,366
Other income	368,239	304,759
Donated volunteer services (note 15)	414,879	401,102
	\$ 7,695,783	\$ 7,280,684

Schedule of Expenses:

	2014	2013
Salaries and employee benefits	\$ 5,106,187	\$ 4,714,150
Donated volunteer services (note 15)	414,879	401,102
Fundraising, general client support and reserves	1,000	1,000
Rent	150,401	142,018
Food	268,541	256,045
Travel and vehicle	235,394	174,172
Program supplies and client expenses	315,649	242,112
Communications	86,214	70,925
Office	49,606	47,772
Repairs and maintenance	145,281	158,596
Furniture, appliances and equipment	58,519	84,549
Utilities, services and bank fees	198,161	163,999
Insurance and property taxes	104,686	97,641
Consultations, training, meetings and accreditation	111,684	116,734
Miscellaneous recoveries	-	(21,298)
Professional services	332,879	279,085
Promotion, recruiting, dues and publications	71,751	85,217
	\$ 7,650,832	\$ 7,013,819



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of The Elizabeth Fry Society of Greater Vancouver

We have audited the accompanying financial statements of The Elizabeth Fry Society of Greater Vancouver, which comprise the statement of financial position as at March 31, 2014, the statements of operations, changes in net assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information and expressed an unmodified opinion on the financial statements on June 19, 2014.

Opinion

Our audit was made for the purpose of forming an opinion on the financial statements of The Elizabeth Fry Society of Greater Vancouver taken as a whole. The supplementary information included in the attached statements of operations for Sheena's, Elizabeth Gurney House, Cynthia's Place and Integrated Outreach is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Restriction on Use

Our report is intended solely for The Elizabeth Fry Society of Greater Vancouver and should not be used by parties other than The Elizabeth Fry Society of Greater Vancouver and B.C. Housing Management Commission.

Chartered Accountants

June 19, 2014

Burnaby, Canada

THE ELIZABETH FRY SOCIETY OF GREATER VANCOUVER

Statement of Operations – Sheena’s

Year ended March 31, 2014, with comparative information for 2013

	2014	2013
Revenue:		
B.C. Housing	\$ 815,166	\$ 802,904
Investment income	-	1
	<u>815,166</u>	<u>802,905</u>
Expenses:		
Salaries and employee benefits	596,981	631,086
Food	33,787	33,178
Travel and vehicle	16,268	14,006
Program supplies and client expenses	22,591	16,307
Communications	4,522	4,452
Office	2,462	1,004
Repairs and maintenance	7,752	8,781
Furniture, appliances and equipment	5,597	1,748
Utilities, services and bank fees	7,071	7,456
Insurance and property taxes	3,725	3,746
Training, meetings and accreditation	17,063	17,289
Promotion, recruiting, dues and publications	2,683	843
Contingency and credit card expense	-	7,359
Prorated administration	81,516	73,601
	<u>802,018</u>	<u>820,856</u>
Excess (deficiency) of revenue over expenses	\$ 13,148	\$ (17,951)

THE ELIZABETH FRY SOCIETY OF GREATER VANCOUVER

Statement of Operations – Elizabeth Gurney House

Year ended March 31, 2014, with comparative information for 2013

	2014	2013
Revenue:		
HRDC	\$ -	\$ 4,573
B.C. Housing	812,617	800,355
	812,617	804,928
Expenses:		
Salaries and employee benefits	607,076	616,655
Rent	7,000	51,894
Food	29,361	34,344
Travel and vehicle	8,185	6,535
Program supplies and client expenses	20,857	20,408
Communications	3,201	2,319
Office	1,923	1,872
Repairs and maintenance	12,129	5,229
Furniture, appliances and equipment	3,546	1,196
Utilities, services and bank fee	25,815	15,889
Insurance and property taxes	12,497	10,965
Training, meetings and accreditation	19,401	22,707
Miscellaneous project and bad debts	-	654
Contract services	-	576
Promotion, recruiting, dues and publications	2,800	755
Contingency and credit card expense	-	7,383
Prorated administration	81,264	73,826
	835,055	873,207
Deficiency of revenue over expenses before the undernoted	(22,438)	(68,279)
Amortization	-	(8,680)
Deficiency of revenue over expenses	\$ (22,438)	\$ (76,959)

THE ELIZABETH FRY SOCIETY OF GREATER VANCOUVER

Statement of Operations – Cynthia’s Place

Year ended March 31, 2014, with comparative information for 2013

	2014	2013
Revenue:		
B.C. Housing	\$ 850,783	\$ 838,521
Investment income	2	2
	<u>850,785</u>	<u>838,523</u>
Expenses:		
Salaries and employee benefits	559,561	635,676
Food	40,835	41,040
Travel and vehicle	19,706	13,941
Program supplies and client expenses	23,599	18,944
Communications	2,701	2,315
Office	1,184	1,404
Repairs and maintenance	7,126	12,108
Furniture, appliances and equipment	2,303	1,263
Utilities, services and bank fees	12,009	14,029
Insurance and property taxes	5,129	4,806
Training, meetings and accreditation	17,687	17,610
Promotion, recruiting, dues and publications	2,840	905
Contingency and credit card expense	-	7,688
Prorated administration	85,080	76,867
	<u>779,760</u>	<u>848,596</u>
Excess (deficiency) of revenue over expenses before the undernoted	71,025	(10,073)
Interest on long-term debt	(6,950)	(7,172)
Amortization of deferred capital contributions	10,800	22,076
Amortization	(18,493)	(27,888)
Excess (deficiency) of revenue over expenses	<u>\$ 56,382</u>	<u>\$ (23,057)</u>

THE ELIZABETH FRY SOCIETY OF GREATER VANCOUVER

Statement of Operations – Integrated Outreach

Year ended March 31, 2014, with comparative information for 2013

	2014	2013
Revenue:		
B.C. Housing	\$ 39,000	\$ 30,000
Other income	15,809	15,308
	<u>54,809</u>	<u>45,308</u>
Expenses:		
Salaries and employee benefits	23,804	19,201
Rent	-	6,410
Food	3	1,374
Travel and vehicle	5,985	6,195
Program supplies and client expenses	17,625	1,186
Communications	419	480
Office	-	16
Repairs and maintenance	2	5
Furniture, appliances and equipment	-	200
Insurance and property taxes	251	226
Training, meetings and accreditation	578	1,663
Promotion, recruiting, dues and publications	77	19
Contingency and credit card expense	-	304
Prorated administration	4,525	3,054
	<u>53,269</u>	<u>40,333</u>
Excess of revenue over expenses	\$ 1,540	\$ 4,975