

Financial Statements of

**THE ELIZABETH FRY SOCIETY
OF GREATER VANCOUVER**

Year ended March 31, 2018



KPMG LLP
Metro Tower I
4710 Kingsway, Suite 2400
Burnaby BC V5H 4M2
Canada
Telephone (604) 527-3600
Fax (604) 527-3636

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, 2018, 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, schedule, 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 Canadian generally accepted auditing standards. 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, 2018 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 Societies 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

Chartered Professional Accountants

Burnaby, Canada
June 28, 2018

THE ELIZABETH FRY SOCIETY OF GREATER VANCOUVER

Statement of Financial Position

March 31, 2018, with comparative information for 2017


	2018	2017
Assets		
Current assets:		
Cash	\$ 1,547,645	\$ 305,039
Restricted cash (note 4)	105,110	105,099
Accounts receivable (note 12)	1,565,618	1,072,958
Prepaid expenses and deposit	30,035	14,794
Prepaid rent (note 7(b))	12,429	12,429
	<u>3,260,837</u>	<u>1,510,319</u>
Restricted cash (note 4)	779,796	30,865
Investments (note 5)	183,260	159,079
Other assets (note 6)	226,752	226,752
Prepaid rent (note 7(b))	349,059	361,488
Capital assets (note 7)	6,480,481	6,701,741
	<u>\$ 11,280,185</u>	<u>\$ 8,990,244</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 8)	\$ 1,714,350	\$ 902,691
Current portion of long-term debt (note 11)	105,356	101,412
Deferred contributions (note 9)	848,760	420,463
	<u>2,668,466</u>	<u>1,424,566</u>
Replacement reserve (note 4)	32,296	30,865
Deferred contributions (note 9)	1,098,543	363,541
Deferred capital contributions (note 10)	1,189,053	1,311,723
Long-term debt (note 11)	3,605,731	3,711,175
Deficiency in equity-accounted organization (note 12)	13,865	15,158
	<u>8,607,954</u>	<u>6,857,028</u>
Net assets:		
Unrestricted	198,968	(73,465)
Invested in capital assets (note 13)	2,047,622	2,058,540
Internally restricted (note 14)	425,641	148,141
	<u>2,672,231</u>	<u>2,133,216</u>
Commitments and contingencies (note 18)		
Economic dependence (note 19)		
	<u>\$ 11,280,185</u>	<u>\$ 8,990,244</u>

See accompanying notes to financial statements.

Approved on behalf of the Board:



Director



Director

THE ELIZABETH FRY SOCIETY OF GREATER VANCOUVER

Statement of Operations

Year ended March 31, 2018, with comparative information for 2017

	2018	2017
Revenue (schedule):		
Provincial government contracted programs	\$ 7,208,012	\$ 5,726,025
Federal government contracted programs	4,034,996	2,781,258
Other income	290,299	252,988
Sales and rental income	80,578	94,265
Grants	210,525	126,642
Donations and membership fees	127,059	58,749
United Way	57,853	62,044
Investment income	49,432	30,480
Donated volunteer services (note 15)	323,865	347,422
	<u>12,382,619</u>	<u>9,479,873</u>
Expenses (schedule):		
Women at risk (note 22)	5,584,128	3,224,974
Families at risk	1,665,650	1,591,553
Youth at risk	742,826	786,904
Community justice	3,116,278	2,768,781
Management and policy	368,047	314,873
	<u>11,476,929</u>	<u>8,687,085</u>
Excess of revenue over expenses before the undernoted	905,690	792,788
Interest on long-term debt	(146,696)	(149,676)
Amortization of deferred capital contributions (note 10)	122,670	122,990
Amortization of capital assets	(308,665)	(295,554)
Bad debt expense	(35,277)	(3,423)
Income on equity-accounted organization (note 12)	1,293	19,658
Excess of revenue over expenses	<u>\$ 539,015</u>	<u>\$ 486,783</u>

See accompanying notes to financial statements.

THE ELIZABETH FRY SOCIETY OF GREATER VANCOUVER

Statement of Changes in Net Assets

Year ended March 31, 2018, with comparative information for 2017

March 31, 2018	Unrestricted	Invested in capital assets (note 13)	Internally restricted (note 14)	Total
Balance, beginning of year	\$ (73,465)	\$ 2,058,540	\$ 148,141	\$ 2,133,216
Excess (deficiency) of revenue over expenses	725,010	(185,995)	-	539,015
Net change in invested in capital assets	(175,077)	175,077	-	-
Transfer of funds (note 14)	(277,500)	-	277,500	-
Balance, end of year	\$ 198,968	\$ 2,047,622	\$ 425,641	\$ 2,672,231

March 31, 2017	Unrestricted	Invested in capital assets (note 13)	Internally restricted (note 14)	Total
Balance, beginning of year	\$ (650,067)	\$ 2,148,359	\$ 148,141	\$ 1,646,433
Excess (deficiency) of revenue over expenses	659,347	(172,564)	-	486,783
Net change in invested in capital assets	(82,745)	82,745	-	-
Balance, end of year	\$ (73,465)	\$ 2,058,540	\$ 148,141	\$ 2,133,216

See accompanying notes to financial statements.

THE ELIZABETH FRY SOCIETY OF GREATER VANCOUVER

Statement of Cash Flows

Year ended March 31, 2018, with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operating:		
Excess of revenue over expenses	\$ 539,015	\$ 486,783
Items not affecting cash:		
Fair value adjustment on investments	(1,452)	(14,000)
Amortization of deferred capital contributions	(122,670)	(122,990)
Amortization of capital assets	308,665	295,554
Amortization of prepaid rent	12,429	12,429
	<u>735,987</u>	<u>657,776</u>
Changes in non-cash operating working capital:		
Accounts receivable	(492,660)	(717,801)
Prepaid expenses and deposit	(15,241)	48,414
Accounts payable and accrued liabilities	811,659	277,521
Replacement reserve	1,431	2,337
Deferred contributions	1,163,299	217,930
	<u>2,204,475</u>	<u>486,177</u>
Investments:		
Increase in restricted cash	(748,942)	(102,337)
Reinvested investment income	(22,729)	(8,185)
Purchase of capital assets	(87,405)	-
Decrease in investment in equity-accounted organization	(1,293)	(19,658)
	<u>(860,369)</u>	<u>(130,180)</u>
Financing:		
Decrease in long-term debt, net of repayments	(101,500)	(97,244)
Increase in cash	1,242,606	258,753
Cash, beginning of year	305,039	46,286
Cash, end of year	<u>\$ 1,547,645</u>	<u>\$ 305,039</u>

See accompanying notes to financial statements.

THE ELIZABETH FRY SOCIETY OF GREATER VANCOUVER

Notes to Financial Statements

Year ended March 31, 2018

1. Operations:

The Elizabeth Fry Society of Greater Vancouver (the "Society") is incorporated under the Societies 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 in Part III of the CPA Canada Handbook. The Society's significant accounting policies are as follows:

(a) 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.

THE ELIZABETH FRY SOCIETY OF GREATER VANCOUVER

Notes to Financial Statements (continued)

Year ended March 31, 2018

2. Significant accounting policies (continued):

(a) Revenue recognition (continued):

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.

(b) 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.

(c) Prepaid rent:

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

(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:

Asset	Rate
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

The carrying amount of capital assets is tested for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized when the asset's carrying amount is not recoverable and exceeds its fair value.

(e) 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.

THE ELIZABETH FRY SOCIETY OF GREATER VANCOUVER

Notes to Financial Statements (continued)

Year ended March 31, 2018

2. Significant accounting policies (continued):

(e) Financial instruments (continued):

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.

(f) 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 purpose of 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 with Vancity of \$300,000 (2017 - \$300,000), drawings on which bear interest at the bank's prime rate plus 0.50% per annum. The 402 East Columbia Street building is provided as security. No amount was drawn on this facility at March 31, 2018 (2017 – nil).

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:

	2018	2017
BC Gaming Policy and Enforcement Branch grant (note 9)	\$ 105,110	\$ 105,099
Capital building donation funds (notes 9 and 22)	747,500	-
CMHC replacement reserve	32,296	30,865
	884,906	135,964
Less current portion	105,110	105,099
Long-term portion	\$ 779,796	\$ 30,865

THE ELIZABETH FRY SOCIETY OF GREATER VANCOUVER

Notes to Financial Statements (continued)

Year ended March 31, 2018

4. Restricted cash (continued):

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. During the year, no amount was spent from the reserve on equipment (2017 - nil). Interest income earned by and credited to the reserve totaled \$431 (2017 - \$337).

During the year, the Society received \$100,000 (2017 - \$100,000) from the BC Gaming Policy and Enforcement Branch (formerly, BC Gaming Commission) that will be spent on qualified specialized projects for the next fiscal year.

5. Investments:

The Society's investments held at fair value consist of North Growth pooled equity funds. An unrealized gain of \$1,452 (2017 - \$14,000) in fair valuing the investments has been included in investment income.

6. Other assets:

In 2011, the Society was named a 10% beneficiary of an estate. The amount originally recorded in the financial statement at March 31, 2011 of \$254,610 was the actuarial discounted value of the gross amount of the expected gift of \$327,384. Since then, based on information received from the estate, the asset has been written down to reflect the Society's 10% portion of the estate's current value on a fully accreted basis of \$226,752.

7. Capital assets:

March 31, 2018		Cost	Accumulated amortization	Net book value
Land	(a)	\$ 3,816,264	\$ -	\$ 3,816,264
Buildings:				
Surrey Property - Ellendale	(a)	428,186	126,332	301,854
Surrey Property - Duplex		415,307	182,734	232,573
Abbotsford Property		994,193	303,075	691,118
Burnaby Property		62,519	40,448	22,071
New Westminster Property - 402 East Columbia		3,675,605	3,018,263	657,342
Building improvements		290,573	63,470	227,103
Building under capital lease	(b)	458,928	125,247	333,681
Leasehold improvements		143,648	63,212	80,436
Furniture and equipment		259,114	218,714	40,400
Vehicles		156,609	78,970	77,639
		\$ 10,700,946	\$ 4,220,465	\$ 6,480,481

THE ELIZABETH FRY SOCIETY OF GREATER VANCOUVER

Notes to Financial Statements (continued)

Year ended March 31, 2018

7. Capital assets (continued):

March 31, 2017		Cost	Accumulated amortization	Net book value
Land	(a)	\$ 3,816,264	\$ -	\$ 3,816,264
Buildings:				
Surrey Property - Ellendale	(a)	428,186	99,778	328,408
Surrey Property - Duplex		415,307	166,122	249,185
Abbotsford Property		994,193	263,307	730,886
Burnaby Property		62,519	37,947	24,572
New Westminster Property - 402				
East Columbia		3,675,605	2,871,239	804,366
Building improvements		290,573	48,865	241,708
Building under capital lease	(b)	458,928	113,774	345,154
Leasehold improvements		143,648	57,466	86,182
Furniture and equipment		259,114	188,901	70,213
Vehicles		69,204	64,401	4,803
		\$ 10,613,541	\$ 3,911,800	\$ 6,701,741

- (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 increases 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 a 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. 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 and the current portion being the amortization of the prepayment in the next fiscal year.

8. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$76,692 (2017 - \$60,727), which included amounts payable for Municipal Pension Plan, WorkSafe BC, BC Medical Services Plan, and payroll related taxes.

THE ELIZABETH FRY SOCIETY OF GREATER VANCOUVER

Notes to Financial Statements (continued)

Year ended March 31, 2018

9. Deferred contributions:

	2018	2017
B.C. Gaming Policy and Enforcement Branch grant (note 4)	\$ 105,110	\$ 105,099
Deferred program income	730,355	302,067
Other funds	796	796
B.C. Housing forgivable loan	363,542	376,042
Capital building fund (notes 4 and 22)	747,500	-
	1,947,303	784,004
Less current portion	848,760	420,463
Long-term portion	\$ 1,098,543	\$ 363,541

In fiscal 2008, the Society entered into a forgivable loan agreement for \$500,000 relating to the lease of the Chilliwack land and building. This loan is forgivable starting on the 11th year at a rate of \$20,000 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 Chilliwack 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 Chilliwack building (note 7(b)), and capital grants for the renovation and building improvements of the Ellendale and Abbotsford properties.

	2018	2017
Balance, beginning of year	\$ 1,311,723	\$ 1,434,713
Amounts amortized to revenue	(122,670)	(122,990)
Balance, end of year	\$ 1,189,053	\$ 1,311,723

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 10-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.

THE ELIZABETH FRY SOCIETY OF GREATER VANCOUVER

Notes to Financial Statements (continued)

Year ended March 31, 2018

10. Deferred capital contributions (continued):

These conditions include provision of a minimum of 12 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. In 2018, BC Housing confirmed that the fourth annual portion of \$54,996 had been forgiven.

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)).

11. Long-term debt:

	2018	2017
Burnaby Property:		
7.88% mortgage with BC Housing, repayable in monthly installments of \$322, including principal and interest, maturing on June 30, 2020	\$ 8,233	\$ 11,357
Surrey Property - Duplex:		
3.24% mortgage with Vancity, repayable in monthly installments of \$1,294, including principal and interest, maturing on April 25, 2023	175,540	185,247
Chilliwack Property:		
4.78% mortgage with Great West Life, repayable in monthly installments of \$2,226, including principal and interest, maturing April 1, 2027	383,222	391,570
Surrey Property - Ellendale:		
3.56% mortgage with MCAP, repayable in monthly installments of \$3,369, including principal and interest, maturing on October 1, 2022	652,271	666,881
Abbotsford Property:		
3.84% mortgage with Peoples Trust, repayable in monthly installment of \$8,672 including principal and interest, maturing on November 1, 2023	1,685,271	1,720,580
New Westminster Property - Sherbrooke:		
3.75% mortgage with Vancity, repayable in monthly installments of \$2,051 including principal and interest, maturing April 25, 2038	339,267	355,843
New Westminster Property - 402 East Columbia:		
3.25% mortgage with Vancity, repayable in monthly installments of \$2,430 including principal and interest, maturing on October 1, 2040	467,283	481,109
	<u>3,711,087</u>	<u>3,812,587</u>
Less current portion	105,356	101,412
Long-term portion	<u>\$ 3,605,731</u>	<u>\$ 3,711,175</u>

THE ELIZABETH FRY SOCIETY OF GREATER VANCOUVER

Notes to Financial Statements (continued)

Year ended March 31, 2018

11. Long-term debt (continued):

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

Principal payments on the mortgages required for the five fiscal periods subsequent to March 31, 2018, assuming renewal on similar terms and conditions at end of the initial term, are as follows:

2019	\$	105,356
2020		107,624
2021		519,446
2022		98,335
2023		102,110
Thereafter		2,778,216
Total	\$	3,711,087

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:

	2018	2017
Assets	\$ 11,180	\$ 28,651
Liabilities	25,045	43,809
Shareholder's deficit	(13,865)	(15,158)
Results from operations:		
Revenue	\$ 39,013	\$ 58,690
Expenses	37,720	39,032
Net income	\$ 1,293	\$ 19,658
Cash from operating activities	\$ 2,890	\$ 3,140
Cash from financing activities	-	-
Cash from investing activities	-	-

(a) During 2018, the Society charged Asphalt Gals nil (2017 - nil) for services rendered under a management and administrative services agreement. As at March 31, 2018, there was nil (2017 - \$8,550) included in accounts receivable from these services.

THE ELIZABETH FRY SOCIETY OF GREATER VANCOUVER

Notes to Financial Statements (continued)

Year ended March 31, 2018

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

- (b) As at March 31, 2018, \$20,540 (2017 - \$29,143) is included in accounts receivable from Asphalt Gals relating to expenses paid on behalf of and advances made to Asphalt Gals.

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:

	2018	2017
Capital assets	\$ 6,480,481	\$ 6,701,741
Amounts financed by long-term debt	(3,243,806)	(3,331,478)
Amounts financed by deferred capital contributions	(1,189,053)	(1,311,723)
	<u>\$ 2,047,622</u>	<u>\$ 2,058,540</u>

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

	2018	2017
Deficiency of revenue over expenses:		
Amortization of deferred capital contributions	\$ 122,670	\$ 122,990
Amortization of capital assets	(308,665)	(295,554)
	<u>\$ (185,995)</u>	<u>\$ (172,564)</u>
Net change in invested in capital assets:		
Purchase of capital assets	\$ 87,405	\$ -
Decrease of long-term debt	87,672	82,745
	<u>\$ 175,077</u>	<u>\$ 82,745</u>

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. During 2018, the Board approved a transfer of \$277,500 from the unrestricted fund to increase the restricted contingency fund balance at March 31, 2018 to \$425,641 (2017 - \$148,141).

THE ELIZABETH FRY SOCIETY OF GREATER VANCOUVER

Notes to Financial Statements (continued)

Year ended March 31, 2018

15. Donated volunteer 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:

	2018	2017
Total number of registered volunteers	\$ 397	\$ 446
Total hours contributed to program services	17,824	19,453
Total value of donated program services	323,865	347,422

In addition, 420 hours (2017 - 554 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 \$9,658 (2017 - \$9,285). 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 (2017 - \$173,650) and fair value of \$268,478 (2017 - \$269,032) as at March 31, 2018.

17. Employee Pension Plan:

The Society and its employees contribute to the Municipal Pension Plan (the "Plan"), a jointly trusted pension plan. The Board of Trustees, representing plan members and employers, is responsible for administering the Plan, including the investment of the assets and administration of benefits. The Plan is a multi-employer defined benefit pension plan. Basic pension benefits provided are based on a formula. The Plan has approximately 193,000 active members and approximately 90,000 retired members. Active members include approximately 83 (2017 - 81) 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 for the Plan as at December 31, 2015, indicated a \$2,224 million funding surplus for basic pension benefits on a going concern basis. The next required valuation will be as at December 31, 2018, with results available in 2019.

THE ELIZABETH FRY SOCIETY OF GREATER VANCOUVER

Notes to Financial Statements (continued)

Year ended March 31, 2018

17. Employee Pension Plan (continued):

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, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to the individual employers participating in the Plan.

The Society paid \$297,029 (2017 - \$257,020) for employer contributions to the Plan in fiscal 2018.

18. Commitments and contingencies:

(a) Commitments:

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

2019	\$	241,728
2020		203,088
2021		163,281
2022		130,821
2023		99,403
<hr/>		
Total	\$	838,321

(b) Contingencies:

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

19. Government funding and economic dependence:

The Society's ongoing operations depend on the renewal of annual funding agreements with various government agencies.

20. Employee, contractor and director remuneration:

For the fiscal year ended March 31, 2018, the Society paid total remuneration of \$567,877 (2017 - \$515,770) to five employees and contractors for services, each of whom received total annual remuneration of \$75,000 or greater.

The Society did not pay remuneration to any members of its Board of Directors.

THE ELIZABETH FRY SOCIETY OF GREATER VANCOUVER

Notes to Financial Statements (continued)

Year ended March 31, 2018

21. 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 amounts receivable are primarily from government, and 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 2017.

(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 2017.

(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 2017.

22. Surrey capital housing project:

During the fiscal year ended March 31, 2018, the Society incurred \$791,571 (2017 - \$ 127,746) for planning and pre-development costs related to engineering and architectural design services. These costs are funded by BC Housing and Homelessness Partnering Strategy ("HPS") up to total of \$1,375,255. As at March 31, 2018, the Society has incurred a total of \$919,317. These costs are being expensed until final project approval, at which point, subsequent, capital development costs will be subject to capitalization.

As at March 31, 2018, the Society received and recorded donations of \$747,500 (2017 - nil) as restricted cash and deferred contributions to fund future capital development costs (notes 4 and 9).

23. Comparative information:

Certain comparative information has been reclassified to conform to this year's current financial statement presentation.

THE ELIZABETH FRY SOCIETY OF GREATER VANCOUVER

Schedule of Revenue by Sources:

Year ended March 31, 2018, with comparative information for 2017

	2018	2017
Provincial government:		
B.C. Ministry of Children and Family Development	\$ 876,137	\$ 766,126
B.C. Ministry of Social Development	1,615,923	1,500,636
Fraser Health Authority	2,365,949	1,091,829
B.C. Corrections	362,715	360,722
B.C. Housing Management Commission	1,987,288	2,006,712
	7,208,012	5,726,025
Federal government	4,034,996	2,781,258
Grants	210,525	126,642
United Way	57,853	62,044
Donations	127,059	58,749
Sales and rental income	80,578	94,265
Investment income	49,432	30,480
Other income	290,299	252,988
Donated volunteer services (note 15)	323,865	347,422
	\$ 12,382,619	\$ 9,479,873

Schedule of Expenses by Object:

Year ended March 31, 2018, with comparative information for 2017

	2018	2017
Communications	\$ 90,944	\$ 89,460
Consultations, training, meetings and accreditation	128,788	94,837
Donated volunteer services (note 15)	323,865	347,422
Food	232,851	211,978
Furniture, appliances and equipment	226,923	155,615
Insurance and property taxes	125,706	112,289
Office	74,337	37,890
Professional services	1,085,418	309,835
Program supplies and client expenses	348,946	260,184
Promotion, recruiting, dues and publications	228,707	76,098
Rent	249,857	144,061
Repairs and maintenance	332,963	475,957
Salaries and employee benefits (note 20)	6,238,263	5,160,495
Third party contracted services	1,375,376	825,767
Travel and vehicle	209,409	198,794
Utilities, services and bank fees	204,576	186,403
	\$ 11,476,929	\$ 8,687,085