

Financial Statements of

**THE ELIZABETH FRY SOCIETY
OF GREATER VANCOUVER**

And Independent Auditors' Report thereon

Year ended March 31, 2020



KPMG LLP
PO Box 10426 777 Dunsmuir Street
Vancouver BC V7Y 1K3
Canada
Telephone (604) 691-3000
Fax (604) 691-3031

INDEPENDENT AUDITORS' REPORT

To the Members of the Elizabeth Fry Society of Greater Vancouver

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of The Elizabeth Fry Society of Greater Vancouver (EFry), which comprise:

- The statement of financial position as at March 31, 2020
- The statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes and schedule to the financial statements, including a summary of significant accounting policies

(hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of EFry as at March 31, 2020, 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.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “**Auditors’ Responsibilities for the Audit of the Financial Statements**” section of our auditors’ report.

We are independent of EFry in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing EFry's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate EFry or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of EFry's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on EFry's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause EFry to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 period.

KPMG LLP

Chartered Professional Accountants

Vancouver, Canada
June 25, 2020

THE ELIZABETH FRY SOCIETY OF GREATER VANCOUVER

Statement of Financial Position

March 31, 2020, with comparative information for 2019

	2020	2019
Assets		
Current assets:		
Cash	\$ 1,643,300	\$ 1,545,281
Restricted cash (note 4)	105,100	105,100
Accounts receivable (note 12)	1,523,923	909,705
Prepaid expenses and deposit	25,586	26,683
Prepaid rent (note 7(b))	12,429	12,429
	<u>3,310,338</u>	<u>2,599,198</u>
Restricted cash and term deposit (note 4)	1,436,565	1,269,509
Investments at fair value (note 5)	182,077	189,483
Other assets (note 6)	226,752	226,752
Prepaid rent (note 7(b))	324,201	336,630
Capital assets (note 7)	6,295,927	6,371,457
	<u>\$ 11,775,860</u>	<u>\$ 10,993,029</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 8)	\$ 1,520,047	\$ 818,613
Current portion of long-term debt (note 11)	130,876	107,624
Deferred contributions (note 9)	682,026	706,712
	<u>2,332,949</u>	<u>1,632,949</u>
Replacement reserve (note 4)	35,640	33,939
Deferred contributions (note 9)	1,809,493	1,563,559
Lease inducement	48,000	60,000
Deferred capital contributions (note 10)	1,220,213	1,317,385
Long-term debt (note 11)	3,348,768	3,494,222
Deficiency in equity-accounted organization (note 12)	9,061	13,575
	<u>8,804,124</u>	<u>8,115,629</u>
Net assets:		
Unrestricted	511,746	371,518
Invested in capital assets (note 13)	2,034,349	2,080,241
Internally restricted (note 14)	425,641	425,641
	<u>2,971,736</u>	<u>2,877,400</u>
Commitments and contingencies (note 19)		
Government funding and economic dependence (note 20)		
COVID-19 and impact on operations (note 23)		
	<u>\$ 11,775,860</u>	<u>\$ 10,993,029</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, 2020, with comparative information for 2019

	2020	2019
Revenue (schedule):		
Provincial government contracted programs	\$ 8,799,175	\$ 7,729,308
Federal government contracted programs	3,863,649	3,404,330
Grants - 137 th Street Project (note 18)	1,194,538	189,040
Grants - other	653,987	225,999
Other income	343,120	324,575
Donated volunteer services (note 15)	265,021	277,695
Donations and membership fees	169,172	146,672
Rental income	107,157	25,914
United Way	52,353	65,912
Interest and investment income, net of changes in fair value (note 5)	32,217	46,524
	<u>15,480,389</u>	<u>12,435,969</u>
Expenses (schedule):		
Women at risk	6,131,108	5,314,754
Families at risk	2,044,853	1,892,338
Youth at risk	1,271,142	883,868
Community justice	4,072,129	3,544,753
137 th Street Project (note 18)	1,197,712	164,014
Management and policy	296,880	94,054
	<u>15,013,824</u>	<u>11,893,781</u>
Excess of revenue over expenses before the undernoted	466,565	542,188
Interest on long-term debt	(141,241)	(144,290)
Amortization of deferred capital contributions (note 10)	97,172	97,169
Amortization of capital assets	(332,674)	(290,188)
Income on equity-accounted organization (note 12)	4,514	290
Excess of revenue over expenses	<u>\$ 94,336</u>	<u>\$ 205,169</u>

See accompanying notes to financial statements.

THE ELIZABETH FRY SOCIETY OF GREATER VANCOUVER

Statement of Changes in Net Assets

Year ended March 31, 2020, with comparative information for 2019

March 31, 2020	Unrestricted	Invested in capital assets (note 13)	Internally restricted (note 14)	Total
Balance, beginning of year	\$ 371,518	\$ 2,080,241	\$ 425,641	\$ 2,877,400
Excess (deficiency) of revenue over expenses	329,838	(235,502)	-	94,336
Net change in invested in capital assets	(189,610)	189,610	-	-
Balance, end of year	\$ 511,746	\$ 2,034,349	\$ 425,641	\$ 2,971,736

March 31, 2019	Unrestricted	Invested in capital assets (note 13)	Internally restricted (note 14)	Total
Balance, beginning of year	\$ 198,968	\$ 2,047,622	\$ 425,641	\$ 2,672,231
Excess (deficiency) of revenue over expenses	398,188	(193,019)	-	205,169
Net change in invested in capital assets	(225,638)	225,638	-	-
Balance, end of year	\$ 371,518	\$ 2,080,241	\$ 425,641	\$ 2,877,400

See accompanying notes to financial statements.

THE ELIZABETH FRY SOCIETY OF GREATER VANCOUVER

Statement of Cash Flows

Year ended March 31, 2020 with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operating:		
Excess of revenue over expenses	\$ 94,336	\$ 205,169
Items not affecting cash:		
Fair value adjustment on investments (note 5)	9,931	(26,174)
Amortization of deferred capital contributions	(97,172)	(97,169)
Amortization of capital assets	332,674	290,188
Amortization of prepaid rent	12,429	12,429
	352,198	384,443
Changes in non-cash operating working capital:		
Accounts receivable	(614,218)	655,913
Prepaid expenses and deposit	1,097	3,352
Accounts payable and accrued liabilities	701,434	(895,737)
Replacement reserve	1,701	1,643
Deferred contributions	221,248	322,968
Lease inducement	(12,000)	60,000
	651,460	532,582
Investments:		
Decrease in restricted cash and term deposit	(167,056)	(489,703)
Reinvested investment income	(2,525)	19,951
Purchase of capital assets	(257,144)	(181,164)
Decrease in investment in equity-accounted organization	(4,514)	(290)
	(431,239)	(651,206)
Financing:		
Repayments on long-term debt	(122,202)	(109,241)
Deferred capital contributions received (note 10)	-	225,501
	(122,202)	116,260
Increase (decrease) in cash	98,019	(2,364)
Cash, beginning of year	1,545,281	1,547,645
Cash, end of year	\$ 1,643,300	\$ 1,545,281

See accompanying notes to financial statements.

THE ELIZABETH FRY SOCIETY OF GREATER VANCOUVER

Notes to Financial Statements

Year ended March 31, 2020

1. Operations:

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

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

The goal of EFry 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. EFry’s significant accounting policies are as follows:

(a) Revenue recognition:

EFry 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, 2020

3. Significant accounting policies (continued):

(a) Revenue recognition (continued):

Donated volunteer 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.

Rental income is recognized as revenue when the premises are occupied, which is typically at the beginning of each month.

(b) Investment in subsidiary:

EFry accounts for its 100% owned subsidiary, Asphalt Gals Recycling Ltd. ("AGRL"), 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 reviewed for impairment whenever events or changes in circumstances indicate that the asset no longer contributes to EFry's ability to provide services, or that the value of future economic benefits or service potential associated with the asset is less than its carrying amount. If such conditions exist, an impairment loss is measured and recorded in the statement of operations at the amount by which the carrying amount of the net asset exceeds its fair value or replacement cost.

(e) Lease inducement:

Deferred lease inducement consist of incentive funds received from landlords. These inducements are amortized over the term of the lease, as a reduction of rent expense.

THE ELIZABETH FRY SOCIETY OF GREATER VANCOUVER

Notes to Financial Statements (continued)

Year ended March 31, 2020

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. EFry has elected to carry its investments at fair value with changes in fair values recognized in the statement of operations in interest and investment income.

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, EFry 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 EFry 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 of capital assets for purpose of amortization of capital assets and deferred capital contributions, and provisions for contingencies. Actual results may ultimately differ from these estimates.

(h) New accounting standards:

In March 2018, the Accounting Standards Board issued, *Basis for Conclusions – Accounting Standards Improvements for Not-for-Profit Organizations*, resulting in the introduction of three new handbook sections in Canadian accounting standards for not-for-profit organizations; Section 4433, *Tangible Capital Assets Held By Not-For-Profit Organizations*, Section 4434, *Intangible Assets Held By Not-For-Profit Organizations*, and Section 4441, *Collections Held By Not-For-Profit Organizations*.

The amendments are effective for financial statements with fiscal years beginning on or after January 1, 2019. Management has considered the application of the aforementioned new accounting standards and the implementation of these changes had no impact on EFry's financial statements.

THE ELIZABETH FRY SOCIETY OF GREATER VANCOUVER

Notes to Financial Statements (continued)

Year ended March 31, 2020

3. Line of credit:

EFry has available an operating line of credit with Vancity of \$300,000 (2019 - \$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, 2020 (2019 - nil).

4. Restricted cash and term deposit:

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

	2020	2019
BC Gaming Policy and Enforcement Branch grant (note 9) (a)	\$ 105,100	\$ 105,100
137 th Street Project donation funds (notes 9 and 18) (b)	1,400,925	1,235,570
CMHC replacement reserve (c)	35,640	33,939
	1,541,665	1,374,609
Less current portion	105,100	105,100
Long-term portion	\$ 1,436,565	\$ 1,269,509

(a) During the year, EFry received \$100,000 (2019 - \$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 and hence has been classified as current.

(b) The 137th Street Project donation funds include a term deposit of \$943,658 which matures on July 9, 2020 and bears interest at 2.85%. The funds held include \$6,225 (2019 - \$4,570) of accrued interest in addition to the original donated amounts.

(c) Under the mortgage agreement with the Canada Mortgage and Housing Corporation (the "CHMC"), EFry is required to set aside \$1,000 annually as a replacement and maintenance reserve. During the year, no amount was spent from the reserve (2019 - nil). Interest income earned by and credited to the reserve totaled \$701 (2019 - \$643).

5. Investments at fair value:

EFry's investments held at fair value consist of North Growth pooled equity funds. An unrealized loss of \$9,931 (2019 - gain of \$26,174) in fair valuing the investments has been included in interest and investment income.

THE ELIZABETH FRY SOCIETY OF GREATER VANCOUVER

Notes to Financial Statements (continued)

Year ended March 31, 2020

6. Other assets:

In 2011, EFry 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 EFry's 10% portion of the estate's current value on a fully accreted basis of \$226,752.

7. Capital assets:

March 31, 2020		Cost	Accumulated amortization	Net book value
Land	(a)	\$ 3,816,264	\$ -	\$ 3,816,264
Buildings:				
Surrey Property - Ellendale	(a)	428,186	179,812	248,374
Surrey Property - Duplex		415,307	215,959	199,348
Abbotsford Property		994,193	382,610	611,583
Burnaby Property		62,519	45,449	17,070
New Westminster Property - 402 East Columbia		3,675,605	3,312,310	363,295
Building improvements		342,306	110,048	232,258
Building under capital lease	(b)	458,928	148,193	310,735
Leasehold improvements		230,486	74,703	155,783
Furniture and equipment		458,344	229,254	229,090
Vehicles		257,116	144,989	112,127
		\$ 11,139,255	\$ 4,843,326	\$ 6,295,927

March 31, 2019		Cost	Accumulated amortization	Net book value
Land	(a)	\$ 3,816,264	\$ -	\$ 3,816,264
Buildings:				
Surrey Property - Ellendale	(a)	428,186	155,429	272,757
Surrey Property - Duplex		415,307	199,346	215,961
Abbotsford Property		994,193	342,843	651,350
Burnaby Property		62,519	42,949	19,570
New Westminster Property - 402 East Columbia		3,675,605	3,165,286	510,319
Building improvements		342,306	78,075	264,231
Building under capital lease	(b)	458,928	136,720	322,208
Leasehold improvements		230,486	68,958	161,528
Furniture and equipment		271,824	223,025	48,799
Vehicles		186,492	98,022	88,470
		\$ 10,882,110	\$ 4,510,653	\$ 6,371,457

THE ELIZABETH FRY SOCIETY OF GREATER VANCOUVER

Notes to Financial Statements (continued)

Year ended March 31, 2020

7. Capital assets (continued):

- (a) During fiscal 2013, EFry 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 EFry to the vendor of the property.

Contributions of \$679,347 by British Columbia Housing Management Commission ("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, EFry 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 \$102,628 (2019 - \$55,439), which include amounts payable to 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, 2020

9. Deferred contributions:

	2020	2019
B.C. Gaming Policy and Enforcement Branch grant (note 4)	\$ 105,100	\$ 105,100
Deferred program income	653,177	583,129
BC Housing forgivable loan	338,542	351,042
137 th Street Project fund (notes 4 and 18)	1,394,700	1,231,000
	2,491,519	2,270,271
Less current portion	682,026	706,712
Long-term portion	\$ 1,809,493	\$ 1,563,559

In fiscal 2008, EFry 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, EFry 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. As at March 31, 2020, \$40,000 (2019 - \$20,000) of the loans have been forgiven with \$460,000 (2019 - \$480,000) outstanding subject to repayment plus interest if the conditions are not met for the remaining term of the loan.

THE ELIZABETH FRY SOCIETY OF GREATER VANCOUVER

Notes to Financial Statements (continued)

Year ended March 31, 2020

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.

	2020	2019
Balance, beginning of year	\$ 1,317,385	\$ 1,189,053
Amounts received during the year	-	225,501
Amounts amortized to revenue	(97,172)	(97,169)
Balance, end of year	\$ 1,220,213	\$ 1,317,385

During fiscal 2009, EFry 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, EFry must meet certain conditions for a 15-year period.

These conditions include provision of a minimum of 12 emergency shelter beds at this premise. If the conditions are not met, EFry would be liable to pay the \$549,960 loan plus interest. EFry 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. As at March 31, 2020, \$329,976 (2019 - \$274,980) of the loans have been forgiven with \$219,984 (2019 - \$274,980) outstanding subject to repayment plus interest if the conditions are not met for the remaining term of the loan.

During fiscal 2013, EFry 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, EFry must continue its development of a minimum of 10-housing units for women at risk of homelessness. If the condition is not met, EFry would be liable to pay the \$679,347 loan plus interest at prime plus 2% per annum. EFry 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)).

Included in deferred capital contributions is \$175,018 relating to the 137th Street Project for purchased furniture not yet put in use.

THE ELIZABETH FRY SOCIETY OF GREATER VANCOUVER

Notes to Financial Statements (continued)

Year ended March 31, 2020

11. Long-term debt:

	2020	2019
Burnaby Property:		
7.88% mortgage with BC Housing, repayable in monthly installments of \$322 including principal and interest, maturing on June 30, 2020	\$ 1,212	\$ 4,831
Surrey Property - Duplex:		
4.15% mortgage with Vancity, repayable in monthly installments of \$1,779, including principal and interest, due for renewal on April 25, 2023	146,522	161,490
Chilliwack Property:		
4.78% mortgage with Great West Life, repayable in monthly installments of \$2,226, including principal and interest, due for renewal on April 1, 2027	365,297	374,472
Surrey Property - Ellendale:		
3.56% mortgage with MCAP, repayable in monthly installments of \$3,369, including principal and interest, due for renewal on October 1, 2022	610,933	623,266
Abbotsford Property:		
3.84% mortgage with Peoples Trust, repayable in monthly installment of \$8,672 including principal and interest, due for renewal on November 1, 2023	1,621,229	1,662,671
New Westminster Property - Sherbrooke :		
3.90% mortgage with Vancity, repayable in monthly installments of \$3,227 including principal and interest, maturing on April 25, 2029	296,172	322,119
New Westminster Property - 402 East Columbia:		
3.25% mortgage with Vancity, repayable in monthly installments of \$2,430 including principal and interest, due for renewal on October 1, 2020	438,279	452,997
	<u>3,479,644</u>	<u>3,601,846</u>
Less current portion	130,876	107,624
Long-term portion	<u>\$ 3,348,768</u>	<u>\$ 3,494,222</u>

THE ELIZABETH FRY SOCIETY OF GREATER VANCOUVER

Notes to Financial Statements (continued)

Year ended March 31, 2020

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, 2020, assuming renewal on similar terms and conditions, are as follows:

2021	\$	130,876
2022		134,710
2023		139,954
2024		145,404
Thereafter		2,928,700
Total	\$	3,479,644

12. Deficiency in equity-accounted organization:

In 2011, EFry incorporated a wholly owned subsidiary, Asphalt Gals Recycling Ltd. ("AGRL"). AGRL is a for-profit organization providing human services, and green services (reducing the environmental impact of other businesses). It provides work for women. It was founded to particularly support under employed, and criminalized women enabling them to advance their lives.

Financial information of AGRL is disclosed below:

	2020	2019
Assets	\$ 13,756	\$ 9,700
Liabilities	22,817	23,275
Shareholder's deficit	(9,061)	(13,575)
Results from operations:		
Revenue	\$ 82,804	\$ 58,303
Expenses	78,290	58,013
Net income	\$ 4,514	\$ 290
Cash from operating activities	\$ 4,514	\$ 290
Cash from financing activities	-	-
Cash from investing activities	-	-

As at March 31, 2020, included in accounts receivable is \$21,935 (2019 - \$17,167) relating to expenses paid on behalf of and advances made to AGRL.

THE ELIZABETH FRY SOCIETY OF GREATER VANCOUVER

Notes to Financial Statements (continued)

Year ended March 31, 2020

13. Net assets invested in capital assets:

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

	2020	2019
Capital assets	\$ 6,295,927	\$ 6,371,457
Amounts financed by long-term debt	(3,041,365)	(3,148,849)
Amounts financed by deferred capital contributions	(1,220,213)	(1,142,367)
	\$ 2,034,349	\$ 2,080,241

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

	2020	2019
Deficiency of revenue over expenses:		
Amortization of deferred capital contributions	\$ 97,172	\$ 97,169
Amortization of capital assets	(332,674)	(290,188)
	\$ (235,502)	\$ (193,019)
Net change in invested in capital assets:		
Purchase of capital assets	\$ 257,144	\$ 181,164
Amount funded by deferred capital contributions	(175,018)	(50,483)
Decrease of long-term debt	107,484	94,957
	\$ 189,610	\$ 225,638

14. Internally restricted net assets:

In fiscal 2009, the Board of Directors of EFry passed a motion to establish an internally restricted contingency fund to be used for any future unexpected or unbudgeted operating or capital expenditures of EFry's programs. There were no transactions related to these internally restricted net assets during 2019 or 2020.

THE ELIZABETH FRY SOCIETY OF GREATER VANCOUVER

Notes to Financial Statements (continued)

Year ended March 31, 2020

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:

	2020	2019
Total number of registered volunteers	\$ 338	\$ 472
Total hours contributed to program services	12,707	15,105
Total value of donated program services	265,021	277,695

In addition, 544 hours (2019 - 520 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:

EFry 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 EFry, the fund balance is not included in EFry's statement of financial position. All income from the fund, which has been disbursed at least annually, is for the benefit of EFry. Interest paid to EFry during the year of \$7,960 (2019 - \$10,186) is included in the balance of investment income.

During the fiscal year March 31, 2020, EFry recapitalized \$2,845 back into the endowment fund. EFry 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 \$176,295 (2019 - \$173,650) and fair value of \$250,977 (2019 - \$273,211) as at March 31, 2020.

17. Employee Pension Plan:

EFry 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 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 204,600 active members and approximately 101,000 retired members. Active members include approximately 105 (2019 - 77) employees of EFry.

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, 2018, indicated a \$2.866 billion funding surplus for basic pension benefits on a going concern basis. The next required valuation will be as at December 31, 2021, with results available in 2022.

THE ELIZABETH FRY SOCIETY OF GREATER VANCOUVER

Notes to Financial Statements (continued)

Year ended March 31, 2020

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.

EFry paid \$432,060 (2019 - \$355,146) for employer contributions to the Plan in fiscal 2020.

18. 137th Street Project:

EFry is involved in the development of a mixed use property on 137th Street in Surrey, B.C. (the "Project"). EFry is acting as the Project Manager under a Project Management Agreement ("PMA") with Provincial Rental Housing Corporation ("PRHC"), a provincial Crown Corporation under the auspice of BC Housing. Under the PMA, EFry is responsible for the design, budget administration, construction, and contracting of third party services required for the Project development and construction. The Project will be built on land owned by the City of Surrey, and leased to PRHC for sixty years. Upon completion of construction of the Project, PRHC will enter into agreements with EFry for the life of the building to manage the building and its operations; lease certain housing units to EFry to rent to tenants; and allow EFry to undertake a Capital Lease for certain other housing units, the homeless shelters and the programming space. The Project scheduled completion is late fiscal 2023.

The total cost of the Project excluding land equity is expected to be approximately \$27.9 million dollars. Construction financing will be funded by PRHC. The overall funding for the Project is through a combination of Municipal, Provincial, and Federal funds, coupled with private donations and a mortgage secured against the Capital Lease referenced above. EFry will fund the mortgage through rents received from the housing units, and funded program operations on the site.

EFry has secured a development consultant to manage the Project and fees of \$503,000 provided as part of the PMA have been set aside to do so and pay for the preparation of EFry legal documents.

During the fiscal year ended March 31, 2020, the Project incurred approximately \$1,198,000 (2019 - \$164,000) in development costs. To date, the Project has incurred costs totalling approximately \$2,281,000 (2019 - \$1,083,000) all of which have been funded through the Government of Canada Homelessness Partnering Strategy, BC Housing, and private donations. The funding received towards the project developments costs incurred to date have been recorded as project revenue and expenses respectively in the statement of operations.

To date, EFry holds donations and grant contributions totaling \$1,394,700 to be used to reduce the cost of the Capital Lease against which EFry will secure a mortgage. These amounts have been recorded as deferred contributions (note 9) and will be recognized when spent on their designated use once project construction is complete.

THE ELIZABETH FRY SOCIETY OF GREATER VANCOUVER

Notes to Financial Statements (continued)

Year ended March 31, 2020

19. Commitments and contingencies:

(a) Commitments:

EFry leases office space and equipment requiring annual payments as follows:

2021	\$	326,980
2022		240,214
2023		152,044
2024		8,107
<hr/>		
Total	\$	727,345

(b) Pursuant to the requirements of the PMA and EFry's acting as the project manager of the 137th Street Project (note 18), EFry has entered into third party agreements for development consultant services with costs remaining of \$187,411 and architectural design with costs remaining of \$415,089. On April 9, 2020, EFry entered into an agreement with the selected project construction contractor for total services and construction project costs of \$21,408,000.

(c) Contingencies:

EFry must meet certain conditions under certain forgivable loan agreements (notes 9 and 10).

20. Government funding and economic dependence:

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

21. Employee, contractor and director remuneration:

For the fiscal year ended March 31, 2019, EFry paid total remuneration of \$1,003,694 (2019 - \$558,641) to the ten (2019 - five) highest paid employees and contractors for services, each of whom received total annual remuneration of \$75,000 or greater.

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

22. Financial risks and concentration of credit risk:

The risks to which EFry 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. EFry 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.

THE ELIZABETH FRY SOCIETY OF GREATER VANCOUVER

Notes to Financial Statements (continued)

Year ended March 31, 2020

22. Financial risks and concentration of credit risk (continued):

(b) Liquidity risk:

Liquidity risk is the risk that an entity will not be able to meet its obligations associated with financial liabilities. EFry is exposed to this risk mainly in respect of its long-term debt. EFry manages liquidity risk by maintaining adequate cash, highly liquid investments, and available credit facilities with its banking provider.

(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. EFry has investments in pooled funds which are subject to risks arising to changes in market conditions.

There have been no significant changes to the above risk exposures from 2019 other than the pervasive impact of COVID-19 (note 23).

23. COVID-19 and impact on operations:

In March of 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on EFry's operations is not known at this time. At the time of approval of these financial statements, EFry services are designated Essential Services and it has not experienced any significant impact to operation or a reduction in any of its major funding sources and it is not expected that there will be a material financial impact on operations. Management will continue to monitor the on-going financial impact on its cash and budget forecasts, and adjust its operations as required to ensure its ability to fulfill its obligations and continue operations.

24. 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, 2020, with comparative information for 2019

	2020	2019
Provincial government:		
B.C. Ministry of Children and Family Development	\$ 1,172,560	\$ 1,102,560
B.C. Ministry of Social Development	1,885,136	1,802,335
Fraser Health Authority	2,602,970	2,603,839
B.C. Corrections	65,045	133,857
B.C. Housing Management Commission	3,073,464	2,086,717
	<u>8,799,175</u>	<u>7,729,308</u>
Federal government:		
Correctional Service Canada	782,375	830,617
Public Safety of Canada	788,114	811,236
Reaching Home: Canada's Homelessness Strategy (a)	2,293,160	1,762,477
	<u>3,863,649</u>	<u>3,404,330</u>
137 th Street Project:		
B.C. Housing Management Commission	449,538	147,503
Reaching Home: Canada's Homelessness Strategy (a)	495,000	41,537
Other income	250,000	-
	<u>1,194,538</u>	<u>189,040</u>
Grants	653,987	225,999
Other income	343,120	324,575
Donated volunteer services (note 15)	265,021	277,695
Donations and membership fees	169,172	146,672
Rental income	107,157	25,914
United Way	52,353	65,912
Investment income	32,217	46,524
	<u>\$ 15,480,389</u>	<u>\$ 12,435,969</u>

(a) Under the funding from the Government of Canada: Reaching Home: Canada's Homelessness Strategy, EFry recognized \$2,788,160 (2019 - \$1,804,014) and incurred expenses of \$2,829,278 (2019 - \$1,788,540) for the following projects:

- A Key of Her Own – total revenue of \$484,238 (2019 – \$391,629) and total expenses of \$508,421 (2019 – \$400,855);
- Surrey Collaborative – total revenue of \$1,669,601 (2019 – \$1,370,848) and total expenses of \$1,686,536 (2019 – \$1,346,148);
- 137th Street Project – total revenue of \$495,000 (2019 – \$41,537) and total expenses of \$495,000 (2019 – \$41,537); and
- Emergency Response COVID-19 - total revenue of \$139,321 (2019 - nil) and total expenses of \$139,321 (2019 – nil).

As at March 31, 2020, \$175,018 in funding received for the 137th Street project (note 18) is recognized as an asset and corresponding deferred capital contribution for furniture purchased to be used upon project completion (note 18).

THE ELIZABETH FRY SOCIETY OF GREATER VANCOUVER

Schedule of Expenses by Object

Year ended March 31, 2020, with comparative information for 2019

	2020	2019
Communications	\$ 147,409	\$ 127,210
Consultations, training, meetings and accreditation	96,972	81,497
Donated volunteer services (note 15)	265,021	277,695
Food	283,170	224,489
Furniture, appliances and equipment	183,744	269,291
Insurance and property taxes	163,290	128,119
Office	91,868	95,313
Professional services	1,608,713	625,496
Program supplies and client expenses	641,622	379,548
Promotion, recruiting, dues and publications	234,814	239,996
Rent	388,379	339,090
Repairs and maintenance	136,302	132,847
Salaries and employee benefits (note 21)	8,869,178	7,219,170
Third party contracted services	1,506,442	1,339,753
Travel and vehicle	191,944	231,024
Utilities, services and bank fees	204,956	183,243
	<u>\$ 15,013,824</u>	<u>\$ 11,893,781</u>