

Financial Statements of

**THE ELIZABETH FRY SOCIETY
OF GREATER VANCOUVER**

And Independent Auditors' Report thereon

Year ended March 31, 2022



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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, 2022
- 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 schedules 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, 2022, 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 23, 2022

THE ELIZABETH FRY SOCIETY OF GREATER VANCOUVER

Statement of Financial Position

March 31, 2022, with comparative information for 2021

	2022	2021
Assets		
Current assets:		
Cash	\$ 3,941,752	\$ 3,166,673
Restricted cash and term deposit (note 4)	2,439,257	105,837
Accounts receivable (note 12)	2,705,807	2,013,741
Prepaid expenses and deposit	43,120	104,045
Prepaid rent (note 7(b))	12,429	12,429
	<u>9,142,365</u>	<u>5,402,725</u>
Restricted cash (note 4)	216,362	2,817,494
Investments at fair value (note 5)	291,024	292,462
Other assets (note 6)	-	226,752
Prepaid rent (note 7(b))	299,343	311,772
Capital assets (note 7)	5,979,617	6,097,889
	<u>\$ 15,928,711</u>	<u>\$ 15,149,094</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 8)	\$ 2,931,101	\$ 1,763,055
Current portion of long-term debt (note 11)	148,012	142,605
Deferred contributions (note 9)	4,084,033	1,744,864
	<u>7,163,146</u>	<u>3,650,524</u>
Replacement reserve (note 4)	35,120	36,891
Deferred contributions (note 9)	477,690	3,212,475
Lease inducement	40,000	56,000
Deferred capital contributions (note 10)	1,166,127	1,191,914
Long-term debt (note 11)	3,065,766	3,208,307
Deficiency in equity-accounted organization (note 12)	2,744	4,772
	<u>11,950,593</u>	<u>11,360,883</u>
Net assets:		
Unrestricted	1,323,178	1,154,333
Invested in capital assets (note 13)	1,995,920	1,974,858
Internally restricted (note 14)	659,020	659,020
	<u>3,978,118</u>	<u>3,788,211</u>
Commitments and contingencies (note 20)		
Government funding and economic dependence (note 21)		
	<u>\$ 15,928,711</u>	<u>\$ 15,149,094</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, 2022, with comparative information for 2021

	2022	2021
Revenue (schedule):		
Provincial government contracted programs	\$ 12,738,492	\$ 11,542,939
Federal government contracted programs	4,141,757	4,290,520
Grants and donations - 137th Street Project	1,134,832	1,400,000
Other income	553,487	229,959
Sales and rental income	335,155	242,424
Grants - other	795,072	683,901
Donations and membership fees	135,429	137,716
Investment income	25,148	136,653
Donated volunteer services (note 15)	162,706	161,537
	<u>20,022,078</u>	<u>18,825,649</u>
Expenses (schedule):		
Women at risk	9,386,049	8,280,404
Families at risk	3,478,654	2,987,417
Youth at risk	1,387,032	1,022,897
Community justice	3,962,263	3,901,670
137th Street Project	1,134,832	1,400,000
Management and policy	88,766	31,046
	<u>19,437,596</u>	<u>17,623,434</u>
Excess of revenue over expenses before the undernoted	584,482	1,202,215
Interest on long-term debt	(129,316)	(135,496)
Amortization of deferred capital contributions (note 10)	96,706	97,169
Amortization of capital assets	(363,993)	(351,702)
Income on equity-accounted organization (note 12)	2,028	4,289
Excess of revenue over expenses	<u>\$ 189,907</u>	<u>\$ 816,475</u>

See accompanying notes to financial statements.

THE ELIZABETH FRY SOCIETY OF GREATER VANCOUVER

Statement of Changes in Net Assets

Year ended March 31, 2022, with comparative information for 2021

March 31, 2022	Unrestricted	Invested in capital assets (note 13)	Internally restricted (note 14)	Total
Balance, beginning of year	\$1,154,333	\$ 1,974,858	\$ 659,020	\$3,788,211
Excess (deficiency) of revenue over expenses	457,194	(267,287)	-	189,907
Net change in invested in capital assets	(288,349)	288,349	-	-
Balance, end of year	\$1,323,178	\$ 1,995,920	\$ 659,020	\$3,978,118

March 31, 2021	Unrestricted	Invested in capital assets (note 13)	Internally restricted (note 14)	Total
Balance, beginning of year	\$ 511,746	\$ 2,034,349	\$ 425,641	\$2,971,736
Excess (deficiency) of revenue over expenses	1,071,008	(254,533)	-	816,475
Net change in invested in capital assets	(195,042)	195,042	-	-
Transfer of funds (Note 14)	(233,379)	-	233,379	-
Balance, end of year	\$1,154,333	\$ 1,974,858	\$ 659,020	\$3,788,211

See accompanying notes to financial statements.

THE ELIZABETH FRY SOCIETY OF GREATER VANCOUVER

Statement of Cash Flows

Year ended March 31, 2022 with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operating:		
Excess of revenue over expenses	\$ 189,907	\$ 816,475
Items not affecting cash:		
Fair value adjustment on investments (note 5)	1,438	(110,385)
Amortization of deferred capital contributions	(96,706)	(97,169)
Amortization of capital assets	363,993	351,702
Amortization of prepaid rent	12,429	12,429
	<u>471,061</u>	<u>973,052</u>
Changes in non-cash operating working capital:		
Accounts receivable	(692,066)	(489,818)
Prepaid expenses and deposit	60,925	(78,459)
Accounts payable and accrued liabilities	1,168,046	243,008
Replacement reserve	(1,771)	1,251
Lease inducement	(16,000)	8,000
Deferred contributions	(395,616)	2,465,820
	<u>594,579</u>	<u>3,122,854</u>
Investments:		
Increase in restricted cash and term deposit	267,712	(1,293,567)
Reinvested investment income	226,752	-
Purchase of capital assets	(245,721)	(153,664)
Decrease in investment in equity-accounted organization	(2,028)	(4,289)
	<u>246,715</u>	<u>(1,451,520)</u>
Financing:		
Repayments on long-term debt	(137,134)	(128,732)
Deferred capital contributions received (note 10)	70,919	68,870
	<u>(66,215)</u>	<u>(59,862)</u>
Increase in cash	775,079	1,611,472
Cash, beginning of year	3,166,673	1,555,201
Cash, end of year	<u>\$ 3,941,752</u>	<u>\$ 3,166,673</u>

See accompanying notes to financial statements.

THE ELIZABETH FRY SOCIETY OF GREATER VANCOUVER

Notes to Financial Statements

Year ended March 31, 2022

1. Operations:

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

EFry's charitable purpose is to support criminalized and marginalized women, girls and children in achieving their potential. The Society develops strategic direction and provides leadership regarding humane criminal and social justice. Through the provision of a range of programs and services within the community, prisons, housing and public education EFry works to improve population health factors which place women and youth at risk of involvement of poor outcomes.

EFry seeks 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.

THE ELIZABETH FRY SOCIETY OF GREATER VANCOUVER

Notes to Financial Statements (continued)

Year ended March 31, 2022

2. Significant accounting policies (continued):

(a) Revenue recognition (continued):

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.

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, A-GRL Business Corporation, 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.

THE ELIZABETH FRY SOCIETY OF GREATER VANCOUVER

Notes to Financial Statements (continued)

Year ended March 31, 2022

2. Significant accounting policies (continued):

(e) Lease inducement:

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

(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. Areas requiring the use of management estimates relate to the valuation of accounts receivable, determination of useful lives of capital assets for the 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:

EFry has available an operating line of credit with VanCity of \$300,000 (2021 - \$300,000), drawings on which bear interest at the bank's prime rate plus 0.50% per annum. The 402 East Columbia Street building, with carrying value as disclosed in note 7, is provided as security. No amount was drawn on this facility at March 31, 2022 (2021 - nil).

THE ELIZABETH FRY SOCIETY OF GREATER VANCOUVER

Notes to Financial Statements (continued)

Year ended March 31, 2022

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:

	2022	2021
137 th Street capital building funds (notes 9 and 18) (b)	\$ 2,087,725	\$ 2,601,945
Burnaby development project (notes 9 and 19)	250,000	-
BC Gaming Policy and Enforcement Branch grant (note 9) (a)	101,532	105,837
BC Housing rent supplement	96,538	93,954
Sherbrooke Street capital building funds (note 9)	84,704	84,704
CMHC replacement reserve (c)	35,120	36,891
	2,655,619	2,923,331
Less current portion	2,439,257	105,837
Long-term portion	\$ 216,362	\$ 2,817,494

- (a) During the year, EFry received \$100,000 (2021 - \$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 capital building funds include a term deposit of \$943,658 which matures on July 10, 2022 and bears interest at 0.8%. The funds held include \$5,453 (2021 - \$10,942) of accrued interest in addition to the original donated amounts.
- (c) Funds were required to be set aside under a mortgage agreement with the Canada Mortgage and Housing Corporation ("CMHC").

5. Investments at fair value:

EFry's investments held at fair value consist of North Growth pooled equity funds. An unrealized loss of \$1,438 (2021 - loss of \$110,385) in fair valuing the investments has been included in interest and investment income.

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. In 2022, the Estate distributed to EFry its full payment of 10% at \$225,302, and a loss of \$1,450 was recorded.

THE ELIZABETH FRY SOCIETY OF GREATER VANCOUVER

Notes to Financial Statements (continued)

Year ended March 31, 2022

7. Capital assets:

March 31, 2022		Cost	Accumulated amortization	Net book value
Land	(a)	\$ 3,816,264	\$ -	\$ 3,816,264
Buildings:				
Surrey Property - Ellendale	(a)	428,186	190,128	238,058
Surrey Property - Duplex		415,307	249,183	166,124
Abbotsford Property		994,193	462,146	532,047
Burnaby Property		62,519	50,451	12,068
New Westminster Property - 402 East Columbia		3,675,605	3,606,359	69,246
Building improvements		537,894	147,448	390,446
Building under capital lease	(b)	458,928	171,139	287,789
Leasehold improvements		272,639	146,728	125,911
Furniture and equipment		548,618	304,758	243,860
Vehicles		296,867	199,063	97,804
		\$ 11,507,020	5,527,403	\$ 5,979,617

March 31, 2021		Cost	Accumulated amortization	Net book value
Land	(a)	\$ 3,816,264	\$ -	\$ 3,816,264
Buildings:				
Surrey Property - Ellendale	(a)	428,186	173,000	255,186
Surrey Property - Duplex		415,307	232,571	182,736
Abbotsford Property		994,193	422,378	571,815
Burnaby Property		62,519	47,950	14,569
New Westminster Property - 402 East Columbia		3,675,605	3,459,335	216,270
Building improvements		342,306	116,642	225,664
Building under capital lease	(b)	458,928	159,666	299,262
Leasehold improvements		272,639	115,184	157,455
Furniture and equipment		498,486	275,132	223,354
Vehicles		296,867	161,553	135,314
		\$ 11,261,300	5,163,411	\$ 6,097,889

THE ELIZABETH FRY SOCIETY OF GREATER VANCOUVER

Notes to Financial Statements (continued)

Year ended March 31, 2022

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 (note 10). \$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 \$258,597 (2021 - \$211,638), which include amounts payable to Municipal Pension Plan, WorkSafe BC, and payroll related taxes.

9. Deferred contributions:

	2022	2021
B.C. Gaming Policy and Enforcement Branch grant (note 4)	\$ 101,532	\$ 105,837
Deferred income and funds	1,729,673	1,849,753
Housing forgivable loan	313,542	326,042
Sherbrooke Street capital building funds (note 4)	84,704	84,704
137 th Street capital building funds (notes 4 and 18)	2,082,272	2,591,003
Burnaby development project (notes 4 and 19)	250,000	-
	4,561,723	4,957,339
Less current portion	4,084,033	1,744,864
Long-term portion	\$ 477,690	\$ 3,212,475

THE ELIZABETH FRY SOCIETY OF GREATER VANCOUVER

Notes to Financial Statements (continued)

Year ended March 31, 2022

9. Deferred contributions (continued):

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, 2022, \$80,000 (2021 - \$60,000) of the loans have been forgiven with \$420,000 (2021 - \$440,000) outstanding subject to repayment plus interest if the conditions are not met for the remaining term of the loan.

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.

	2022	2021
Balance, beginning of year	\$ 1,191,914	\$ 1,220,213
Amounts received during the year	70,919	68,870
Amounts amortized to revenue	(96,706)	(97,169)
Balance, end of year	\$ 1,166,127	\$ 1,191,914

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, 2022, \$439,968 (2021 - \$384,972) of the loans have been forgiven with \$109,992 (2021 - \$164,988) 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, 2022

10. Deferred capital contributions (continued):

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.

11. Long-term debt:

	2022	2021
Surrey Property – Duplex:		
4.15% mortgage with Vancity, repayable in monthly installments of \$1,779, including principal and interest, maturing on April 25, 2028	\$ 114,636	\$ 130,900
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	584,320	597,959
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	345,595	355,679
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	1,533,464	1,578,181
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	239,555	268,398
New Westminster Property – 402 East Columbia:		
2.85% mortgage with Vancity, repayable in monthly installments of \$2,932 including principal and interest, due for renewal on October 25, 2025	396,208	419,795
	3,213,778	3,350,912
Less current portion	148,012	142,605
Long-term portion	\$ 3,065,766	\$ 3,208,307

THE ELIZABETH FRY SOCIETY OF GREATER VANCOUVER

Notes to Financial Statements (continued)

Year ended March 31, 2022

11. Long-term debt (continued):

Security for the mortgages payable is by way of a charge against EFry's land and buildings with carrying values as disclosed in note 7.

Principal payments on the mortgages required for the five fiscal periods subsequent to March 31, 2022, assuming renewal on similar terms and conditions, are as follows:

2023	\$	148,012
2024		153,629
2025		159,462
2026		460,668
Thereafter		2,292,007
Total	\$	3,213,778

12. Deficiency in equity-accounted organization:

In 2011, EFry incorporated a wholly owned subsidiary, A-GRL Business Corporation ("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:

	2022	2021
Assets	\$ 13,258	\$ 14,852
Liabilities	16,002	19,624
Shareholder's deficit	(2,744)	(4,772)
Results from operations:		
Revenue	\$ 77,241	\$ 57,081
Expenses	75,213	52,792
Net income	\$ 2,028	\$ 4,289
Cash from operating activities	\$ 2,028	\$ 4,289
Cash from financing activities	-	-
Cash from investing activities	-	-

As at March 31, 2022, included in accounts receivable is \$6,161 (2021 - \$7,826) 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, 2022

13. Net assets invested in capital assets:

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

	2022	2021
Capital assets	\$ 5,979,617	\$ 6,097,889
Amounts financed by long-term debt	(2,817,570)	(2,931,117)
Amounts financed by deferred capital contributions	(1,166,127)	(1,191,914)
	\$ 1,995,920	\$ 1,974,858

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

	2022	2021
Deficiency of revenue over expenses:		
Amortization of deferred capital contributions	\$ 96,706	\$ 97,169
Amortization of capital assets	(363,993)	(351,702)
	\$ (267,287)	\$ (254,533)
Net change in invested in capital assets:		
Purchase of capital assets	\$ 245,721	\$ 153,664
Amount funded by deferred capital contributions	(70,919)	(68,870)
Decrease of long-term debt	113,547	110,248
	\$ 288,349	\$ 195,042

14. Internally restricted net assets:

In fiscal 2009, the Board of Directors (the "Board") 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. During 2022, the Board approved a transfer of nil (2021 - \$233,379) from the unrestricted fund to increase the restricted contingency fund balance at March 31, 2022 to \$659,020 (2021 - \$659,020).

THE ELIZABETH FRY SOCIETY OF GREATER VANCOUVER

Notes to Financial Statements (continued)

Year ended March 31, 2022

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:

	2022	2021
Total number of registered volunteers	\$ 173	\$ 133
Total hours contributed to program services	7,523	7,720
Total value of donated program services	162,706	161,537

In addition, 397 hours (2021 - 357 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.

During the fiscal year March 31, 2022, EFry recapitalized \$10,257 (2021 - \$2,739) of interest paid back into the endowment fund. EFry has made total contributions of \$104,284 in prior years which has been matched by contributions from the Vancouver Foundation of \$75,000 for a total cost capital balance of \$189,541 (2021 - \$179,234) and fair value of \$315,293 (2021 - \$301,132) as at March 31, 2022.

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 220,000 active members and approximately 112,000 retired members. Active members include approximately 127 (2021 - 122) employees of EFry.

THE ELIZABETH FRY SOCIETY OF GREATER VANCOUVER

Notes to Financial Statements (continued)

Year ended March 31, 2022

17. Employee Pension Plan (continued):

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.

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 \$695,959 (2021 - \$513,676) for employer contributions to the Plan in fiscal 2022.

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 (the "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 \$30.4 million. 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. 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, 2022, the Project incurred approximately \$14,528,000 (2021 - \$4,532,000) in development costs and \$13,394,000 was funded directly by BC Housing and the remainder through grants and donations. To date, the Project has incurred costs totalling approximately \$21,341,000 (2021 - \$6,813,000) all of which have been funded through the Government of Canada Homelessness Partnering Strategy, BC Housing, and private donations.

The funding secured and received by EFry for the project costs incurred to date have been recorded as project revenue and expenses respectively in the statement of operations. Project costs funded by BC Housing as reimbursements to EFry are recorded as offsetting revenues and expenses on a net basis in the Statement of Operations of EFry.

THE ELIZABETH FRY SOCIETY OF GREATER VANCOUVER

Notes to Financial Statements (continued)

Year ended March 31, 2022

18. 137th Street Project (continued):

As at March 31, 2022, EFry holds donations and grant contributions totaling \$2,082,272 (2021 - \$2,591,003) 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.

In 2022 EFry secured additional funding for the 137th Project for up to \$3.8 million, of which \$134,832 has been advanced and spent.

19. Burnaby Development Project:

EFry is involved in a 49-unit housing development project ("Project"). The Project will be built on land owned by the City of Burnaby and upon completion of the construction, EFry will manage the building and its operations. The total cost of the Project is expected to be approximately \$17.8 million. The overall funding for the Project is through a combination of Municipal and Federal funds. The Project is anticipated to be completed by March 31, 2023.

During the fiscal year 2022, the Project incurred approximately \$718,000 in development costs that were fully reimbursed by the City of Burnaby. As at March 31, 2022, the funding and the costs are recorded as offsetting revenues and expenses on a net basis in the Statement of Operations by EFry.

As at March 31, 2022, EFry holds grant contributions totaling \$250,000 to be used for pre-development work, including design and engineering work. These amounts have been recorded as deferred contributions (note 9) and will be recognized when spent on their designated use.

20. Commitments and contingencies:

(a) Commitments:

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

2023	\$	357,785
2024		177,538
2025		106,078
2026		86,507
2027 and thereafter		222,450
Total	\$	950,358

(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 \$68,298 (2021 - \$164,121), architectural design with costs remaining of \$218,450 (2021 - \$218,722) and construction services with cost remaining of \$3,794,284 (2021 - \$17,118,029) as at March 31, 2022.

THE ELIZABETH FRY SOCIETY OF GREATER VANCOUVER

Notes to Financial Statements (continued)

Year ended March 31, 2022

20. Commitments and contingencies (continued):

(c) Contingencies:

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

21. Government funding and economic dependence:

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

22. Employee, contractor and director remuneration:

For the fiscal year ended March 31, 2022, EFry paid total remuneration of \$1,264,044 (2021 - \$1,141,637) to the ten 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.

23. Financial risks and concentration of credit 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. Cash, term deposit and investment assets are held with large reputable financial institutions where credit risk is considered low.

(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.

(d) Interest rate risk:

Fixed interest rate instruments are subject to fair value risk while floating rate instruments are subject to cashflow risk. EFry's long-term debt (note 11) bearing fixed interest rates are subject to fair value risk.

There have been no significant changes to the above risk exposures from 2021.

THE ELIZABETH FRY SOCIETY OF GREATER VANCOUVER

Schedule of Revenue by Source

Year ended March 31, 2022, with comparative information for 2021

	2022	2021
Provincial government:		
B.C. Ministry of Children and Family Development	\$ 1,163,980	\$ 1,114,708
B.C. Ministry of Social Development	1,985,318	1,860,063
Fraser Health Authority	2,869,954	3,116,307
B.C. Corrections	33,403	33,649
B.C. Housing Management Commission	6,685,837	5,418,212
	<u>12,738,492</u>	<u>11,542,939</u>
Federal government:		
Correctional Service Canada	748,572	703,876
Public Safety of Canada	514,395	802,596
Reaching Home: Canada's Homelessness Strategy (a)	2,878,790	2,784,048
	<u>4,141,757</u>	<u>4,290,520</u>
137 th Street Project:		
Reaching Home: Canada's Homelessness Strategy (a)	-	1,400,000
Grants	134,832	-
Donations	1,000,000	-
	<u>1,134,832</u>	<u>1,400,000</u>
Grants	795,072	683,901
Other income	553,487	229,959
Donated volunteer services (note 15)	162,706	161,537
Donations and membership fees	135,429	137,716
Rental income	335,155	242,424
Investment income	25,148	136,653
	<u>\$ 20,022,078</u>	<u>\$ 18,825,649</u>

(a) Reaching Home: Canada's Homelessness Strategy:

Under the funding from the Federal Government: Reaching Home: Canada's Homelessness Strategy, EFry received \$2,926,013 (2021 - \$4,327,816) and incurred costs of \$2,985,386 (2021 - \$4,263,381) for the following projects:

- A Key of Her Own - total revenue of \$458,372 (2021 - \$423,125) and total expenses of \$462,688 (2021 - \$434,592);
- Surrey Collaborative - total revenue of \$1,361,663 (2021 - \$1,331,648) and total expenses of \$1,383,738 (2021 - \$1,350,709);
- 137th Street Project - total revenue of nil (2021 - \$1,400,000) and total expenses of nil (2021 - \$1,400,000);
- CERP029 (Previously COVID29) Project - total revenue of \$224,202 (2021 - \$245,053) and total expenses of \$232,960 (2021 - \$245,195);

THE ELIZABETH FRY SOCIETY OF GREATER VANCOUVER

Schedule of Revenue by Source (continued)

Year ended March 31, 2022, with comparative information for 2021

(a) Reaching Home: Canada's Homelessness Strategy (continued):

- CERP055 (Previously COVID55) Project - total revenue of \$364,210 (2021 - \$534,222) and total expenses of \$367,061 (2021 - \$534,224);
- CERP104 Project - total revenue of \$150,975 and total expenses of \$150,975;
- Abbotsford Renovation Project – total capital contribution \$47,223 and total capital asset of \$47,223;
- Intensive Housing Project – Total revenue of \$15,946 and total expenses of \$15,961;
- Norwich Project - total revenue of \$303,420 (2021 - \$250,000) and total expenses of \$324,779 (2021 - \$258,823); and
- Food Security Van Project - Total capital contribution of nil (2021 - \$43,074) and total capital asset of nil (2021 - \$48,661).

THE ELIZABETH FRY SOCIETY OF GREATER VANCOUVER

Schedule of Expenses by Object

Year ended March 31, 2022, with comparative information for 2021

	2022	2021
Communications	\$ 174,877	\$ 170,843
Consultations, training, meetings and accreditation	126,193	76,481
Donated volunteer services (note 15)	162,706	161,537
Food	430,006	386,414
Furniture, appliances and equipment	123,603	224,282
Insurance and property taxes	161,791	141,003
Office	96,820	94,544
Professional services	2,012,378	2,312,664
Program supplies and client expenses	512,876	686,956
Promotion, recruiting, dues and publications	280,565	248,658
Rent	834,523	603,481
Repairs and maintenance	145,995	146,112
Salaries and employee benefits (note 22)	12,858,579	10,669,962
Third party contracted services	1,127,271	1,321,389
Travel and vehicle	145,951	134,571
Utilities, services and bank fees	243,462	244,537
	<u>\$ 19,437,596</u>	<u>\$ 17,623,434</u>