

JOHN HOWARD SOCIETY OF DURHAM REGION

FINANCIAL STATEMENTS

MARCH 31, 2021

DRAFT

INDEPENDENT AUDITOR'S REPORT

To the Members of
John Howard Society of Durham Region
Oshawa, Ontario

Qualified Opinion

We have audited the financial statements of John Howard Society of Durham Region (the Organization), which comprise the statement of financial position as at March 31, 2021 and March 31, 2020, and the statements of operations, changes in net assets and cash flows for the years then ended, and notes to the financial statements including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the John Howard Society of Durham Region as at March 31, 2021 and March 31, 2020, and the results of its operations and its cash flows for the years then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

Basis for Qualified Opinion

In common with many charitable organizations, the organization derives revenue from donations, client fees and fundraising, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenses, and cash flows from operations for the years ended March 31, 2021 and 2020, assets as at March 31, 2021 and 2020, and net assets as at April 1 and March 31 for both the 2021 and 2020 years.

As explained in Note 2(k), these financial statements reflect amortization of one building at a rate equal to the annual principal reduction of the mortgage loans secured by the property. Transfers to the Replacement and Capital Reserve Fund are accounted for on the Statement of Operations, rather than as an interfund transfer in the Statement of Changes in Net Assets. These are departures from Canadian Accounting Standards for Not-for-Profit Organizations.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audits 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 qualified 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 the Organization'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 the Organization or to cease operations, or has no realistic alternative but to do so.

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

Auditor's 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 auditor's 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 these 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 the Organization'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 the Organization’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s 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 auditor’s report. However, future events or conditions may cause the Organization 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.**

We 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**Oshawa, Ontario
June 22, 2021**

**Chartered Professional Accountants
Licensed Public Accountants**

**JOHN HOWARD SOCIETY OF DURHAM REGION
STATEMENT OF FINANCIAL POSITION**

AS AT MARCH 31,

2021

2020

ASSETS

Current

Cash	\$ 1,392,575	\$ 1,693,178
Investments (Note 3)	22,958	22,440
Accounts receivable	182,923	65,616
Prepaid expenses	<u>32,923</u>	<u>33,682</u>

1,631,379 1,814,916

Other

Capital assets (Notes 2 and 4)	<u>1,004,716</u>	<u>1,050,620</u>
--------------------------------	-------------------------	------------------

\$ 2,636,095 \$ 2,865,536

LIABILITIES

Current

Accounts payable	\$ 158,099	\$ 111,004
Deferred revenue (Note 2 (b))	152,274	298,544
Mortgage principal due within one year (Note 6)	29,947	29,528
Due to Ministries	54,442	247,612
Due to The Regional Municipality of Durham (Note 7)	<u>70,376</u>	<u>70,376</u>

465,138 757,064

Other

Mortgages payable (Note 6)	95,071	125,018
----------------------------	---------------	---------

Deferred Contributions Related to Capital Assets (Note 9)

218,977 225,992

779,186 1,108,074

NET ASSETS

Replacement and Capital Reserve Fund (Note 10) **39,233** 27,296

Invested in Capital Assets (Note 2 (d) and 12) **660,721** 670,082

Internally Restricted Reserves (Note 2 (i)) **1,090,887** 973,362

Unrestricted Funds **66,068** 86,722

1,856,909 1,757,462

\$ 2,636,095 \$ 2,865,536

Approved On Behalf Of The Board:

Director

Director

**JOHN HOWARD SOCIETY OF DURHAM REGION
STATEMENT OF CHANGES IN NET ASSETS**

FOR THE YEAR ENDED MARCH 31,

2021

2020

	<u>Replacement and Capital Reserve Fund</u>	<u>Invested in Capital Assets</u>	<u>Internally Restricted Reserves</u>	<u>Unrestricted</u>		
Opening balance	\$ 27,296	\$ 670,082	\$ 973,362	\$ 86,722	\$ 1,757,462	\$ 1,588,026
Excess of revenue over expenses (expenses over revenue)						
- operations (Note 12)	-	(38,889)	-	126,399	87,510	166,183
- capital (Note 12)	-	29,528	-	(29,528)	-	-
Current year allocation and activities (Note 10)	11,937	-	-	-	11,937	3,253
Interfund transfer	-	-	117,525	(117,525)	-	-
Closing balance	<u>\$ 39,233</u>	<u>\$ 660,721</u>	<u>\$ 1,090,887</u>	<u>\$ 66,068</u>	<u>\$ 1,856,909</u>	<u>\$ 1,757,462</u>

**JOHN HOWARD SOCIETY OF DURHAM REGION
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31,**

2021

2020

Revenue

United Way grants	\$ 200,000	\$ 210,000
Ministry subsidy	3,216,686	3,227,482
Other programs	62,040	93,163
Region of Durham	1,304,593	1,246,551
Employment and Social Development Canada	674,212	635,001
Bingo and fundraising	15,911	126,830
Other receipts	36,098	41,730
Donations	311,380	310,971
Interest	3,858	16,230
Children's Aid Society	48,411	48,396
Community Alternative to School Suspension funding	43,640	43,640
Residence fees	49,108	50,361
Amortization of deferred contributions (Note 9)	7,015	7,015
	<u>5,972,952</u>	<u>6,057,370</u>

Expenses

Salaries and benefits	4,104,296	3,977,528
Training subsidies	288,544	600,009
Staff training	46,644	28,276
Travel	21,921	50,841
Program supplies	110,859	117,068
Occupancy (Note 8)	174,673	183,357
Mortgage interest	2,007	2,434
Insurance	38,838	37,950
Telephone	80,786	44,163
Office	248,714	165,559
Office equipment and maintenance	19,181	8,447
Administration	2,095	5,563
Meetings and promotion	2,218	3,884
Professional fees	31,675	39,005
Client assistance	301,595	325,517
Fundraising	-	6,880
Program costs	9,319	51,278
Miscellaneous	37,310	41,349
Marketing and promotion	4,861	4,835
Repairs and maintenance	30,267	52,725
Training supports	18,099	17,641
Replacement and capital reserve fund allocation	11,420	2,722
Amortization	45,904	47,648
	<u>5,631,226</u>	<u>5,814,679</u>

Earnings before amount Refundable

Amount Refundable to Funders

Excess of Revenue over Expenses

	341,726	242,691
	<u>254,216</u>	<u>76,508</u>
	<u>\$ 87,510</u>	<u>\$ 166,183</u>

JOHN HOWARD SOCIETY OF DURHAM REGION
STATEMENT OF OPERATING SURPLUS (DEFICIT)
FOR THE YEAR ENDED MARCH 31,

2021

2020

Excess (Deficiency) of Revenue over Expenses

Whitby and Oshawa Residences Program	\$ (38,061)	\$ -
On Point Program	(1)	-
Youth Diversion Service Program	-	-
Youth in Transition Program	8,714	-
Community Justice Worker Program	-	(122)
Literacy and Basic Skills Program	-	(19)
Project X	(945)	805
Access to Housing	(4,115)	1,501
Community Alternative to School Suspension	-	(68)
Clarington Youth Centre	-	-
Youth Job Connection	-	(1,657)
Bingo	(6,659)	364
Residence 2	(121)	45
Homelessness Partnering Strategy	-	46
Ready To Go	1,594	-
Youth Job Link	-	-
Oshawa Employment Services	(8)	2
Innovative Supports for Black Parents	(4)	-
Whitby Employment Services	(100)	1
Skills Training For Employment	(1)	-
Harm Reduction Outreach Worker	(1)	(451)
Men's Diversion Program	5,582	3,510
Central Administration	<u>121,636</u>	<u>162,226</u>
Net Surplus (Deficit)	<u>\$ 87,510</u>	<u>\$ 166,183</u>

**JOHN HOWARD SOCIETY OF DURHAM REGION
WHITBY AND OSHAWA RESIDENCES PROGRAM**

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,

2021

2020

Revenue

Ministry subsidy	\$ 756,691	\$ 718,837
Housing charges	39,988	41,241
Other funding	48,411	48,396
Amortization of deferred contributions	<u>7,015</u>	<u>7,015</u>
	<u>852,105</u>	<u>815,489</u>

Expenses

Salaries and benefits	773,736	695,674
Staff travel	668	1,935
Staff training	421	961
Food costs	29,225	25,178
Personal needs	268	355
Administration costs (Note 2 (j))	54,603	54,603
Office and supplies	6,792	7,092
Utilities and taxes	5,044	5,515
Repairs and maintenance	1,727	2,936
Renovation and minor capital	2,240	4,878
Furnishings and equipment	1,392	714
Amortization	7,015	7,015
Telephone	<u>7,035</u>	<u>7,504</u>
	<u>890,166</u>	<u>814,360</u>

Earnings before amount refundable

(38,061) 1,129

Amount refundable to Ministry

- 1,129

Excess (Deficiency) of Revenue over Expenses

\$ (38,061) \$ -

**JOHN HOWARD SOCIETY OF DURHAM REGION
ON POINT PROGRAM**

**STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31,**

2021

2020

Revenue

Region of Durham	\$ 62,022	\$ 59,457
Other	<u>14,847</u>	<u>-</u>
	<u>76,869</u>	<u>59,457</u>

Expenses

Salaries and benefits	66,256	49,112
Staff training	-	615
Travel	350	729
Administration costs (Note 2(j))	6,246	4,685
Insurance	170	127
Telephone	1,043	375
Supplies	1,805	3,064
Occupancy	<u>1,000</u>	<u>750</u>
	<u>76,870</u>	<u>59,457</u>

Excess (Deficiency) of Revenue over Expenses

\$ (1) \$ -

**JOHN HOWARD SOCIETY OF DURHAM REGION
YOUTH DIVERSION SERVICES PROGRAM**

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,

2021

2020

Revenue

Ministry subsidy	<u>\$ 115,296</u>	<u>\$ 115,296</u>
------------------	-------------------	-------------------

Expenses

Salaries and benefits	99,754	99,154
Staff training	220	473
Travel	-	2,372
Administration costs (Note 2 (j))	7,667	7,667
Program supplies	581	251
Office supplies	1,091	737
Occupancy	4,000	4,000
Telephone	<u>1,971</u>	<u>-</u>

<u>115,284</u>	<u>114,654</u>
----------------	----------------

Earnings before amount refundable

12	642
----	-----

Amount refundable to Ministry

<u>12</u>	<u>642</u>
-----------	------------

Excess (Deficiency) of Revenues over Expenses

<u>\$ -</u>	<u>\$ -</u>
-------------	-------------

DRAFT

**JOHN HOWARD SOCIETY OF DURHAM REGION
YOUTH IN TRANSITION PROGRAM**

**STATEMENT OF OPERATIONS
FOR THE PERIOD ENDED MARCH 31,**

2021

2020

Revenue

Ministry subsidy	\$ 121,296	\$ 121,296
Other	<u>-</u>	<u>18,750</u>
	<u>121,296</u>	<u>140,046</u>

Expenses

Salaries and benefits	88,598	101,353
Staff training	-	165
Travel	77	5,952
Administration costs (Note 2 (j))	12,698	14,573
Telephone	1,333	1,491
Supplies	976	1,606
Occupancy	8,900	9,200
Client assistance	<u>-</u>	<u>1,688</u>
	<u>112,582</u>	<u>136,028</u>

Earnings before amount Refundable

8,714 **4,018**

Amount Refundable to Ministry

- 4,018

Excess (Deficiency) of Revenue over Expenses

\$ 8,714 \$ -

**JOHN HOWARD SOCIETY OF DURHAM REGION
COMMUNITY JUSTICE WORKER PROGRAM**

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,

2021

2020

Revenue

Ministry subsidy

\$ 106,000

\$ 106,000

Expenses

Salaries and benefits

86,655

86,655

Staff travel

1,980

2,986

Staff training

429

610

Administration costs (Note 2 (j))

9,600

10,600

Office

3,530

1,433

Rent

1,200

1,200

Personal needs

-

69

Professional fees

1,000

1,000

Telephone

1,565

1,569

105,959

106,122

Earnings before amount refundable

41

(122)

Amount Refundable to Ministry

41

-

Excess (Deficiency) of Revenues over Expenses

\$ -

\$ (122)

**JOHN HOWARD SOCIETY OF DURHAM REGION
LITERACY AND BASIC SKILLS PROGRAM**

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,

2021

2020

Revenue

Ministry subsidy	\$ 200,844	\$ 200,844
Other income	<u>-</u>	<u>12,999</u>
	<u>200,844</u>	<u>213,843</u>

Expenses

Salaries and benefits	165,448	168,327
Administration costs (Note 2 (j))	20,912	26,978
Development and training	7,057	6,738
Rent	3,000	3,000
Travel and parking	16	453
Office supplies	1,266	7,793
Telephone	3,020	375
Fees and dues	<u>125</u>	<u>125</u>
	<u>200,844</u>	<u>213,789</u>

Earnings before amount Refundable

- 54

Amount Refundable to Ministry

- 73

Excess (Deficiency) of Revenue over Expenses

\$ - \$ (19)

**JOHN HOWARD SOCIETY OF DURHAM REGION
PROJECT X**

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,

2021

2020

Revenue

Region of Durham

\$ 331,700

\$ 331,700

Expenses

Salaries and benefits

188,844

188,744

Program supplies

102,029

107,616

Administration (Note 2 (j))

25,000

25,000

Staff training

639

536

Travel and parking

4,163

4,928

Professional fees

1,500

1,500

Office supplies

8,814

319

Telephone

1,656

2,252

332,645

330,895

Excess (Deficiency) of Revenue over Expenses

\$ (945)

\$ 805

DRAFT

**JOHN HOWARD SOCIETY OF DURHAM REGION
ACCESS TO HOUSING**

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,

2021

2020

Revenue

Region of Durham	\$ 679,877	\$ 688,352
Other	<u>2,442</u>	<u>-</u>
	<u>682,319</u>	<u>688,352</u>

Expenses

Salaries and benefits	448,520	447,216
Client assistance	129,104	151,139
Administration (Note 2 (j))	57,300	57,300
Staff training	3,501	1,756
Occupancy	12,000	12,000
Travel and parking	956	2,220
Office supplies	24,702	10,220
Office equipment and maintenance	9	-
Telephone	<u>10,342</u>	<u>5,000</u>
	<u>686,434</u>	<u>686,851</u>

Excess (Deficiency) of Revenue over Expenses

\$ (4,115) \$ 1,501

**JOHN HOWARD SOCIETY OF DURHAM REGION
COMMUNITY ALTERNATIVE TO SCHOOL SUSPENSION**

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,

2021

2020

Revenue

Board of Education

\$ 43,640

\$ 43,640

Expenses

Salaries and benefits

34,976

34,976

Administration (Note 2 (j))

4,364

4,364

Occupancy

2,000

2,000

Travel and parking

34

255

Office supplies

705

813

Telephone

761

500

Insurance

800

800

43,640

43,708

Excess (Deficiency) of Revenue over Expenses

\$ -

\$ (68)

DRAFT

**JOHN HOWARD SOCIETY OF DURHAM REGION
CLARINGTON YOUTH CENTRE**

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,

2021

2020

Revenue

United Way	\$ 10,000	\$ 10,000
Municipality of Clarington	269,229	274,489
Fundraising	-	32,944
Donations	13,215	3,900
Other income	3,035	-
	<u>295,479</u>	<u>321,333</u>

Expenses

Salaries and benefits	235,406	256,865
Program supplies	4,554	5,603
Client assistance	1,928	4,391
Administration (Note 2 (j))	33,293	28,321
Staff training	379	60
Occupancy	1,200	1,200
Travel and parking	81	1,330
Office supplies	3,886	9,395
Telephone	8,017	4,382
Insurance	2,180	2,180
Repairs and maintenance	1,828	103
Miscellaneous	2,727	7,503
	<u>295,479</u>	<u>321,333</u>

Excess (Deficiency) of Revenue over Expenses

\$ - **\$ -**

**JOHN HOWARD SOCIETY OF DURHAM REGION
YOUTH JOB CONNECTION**

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,

2021

2020

Revenue

Ministry subsidy \$ 391,600 \$ 391,600

Expenses

Salaries and benefits 132,483 134,966
Program supplies 816 1,435
Training subsidies 45,839 169,591
Administration (Note 2 (j)) 27,000 27,001
Marketing and promotion - 1,582
Staff training 2,008 3,853
Occupancy 1,200 1,200
Travel and parking - 2,064
Office supplies 14,548 6,413
Telephone 1,930 1,200
Amortization - 1,656

Earnings before amount refundable

165,776 40,639

Amount Refundable to Ministry

165,776 42,296

Excess (Deficiency) of Revenue over Expenses

\$ - **\$ (1,657)**

**JOHN HOWARD SOCIETY OF DURHAM REGION
BINGO**

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,

2021

2020

Revenue

Bingo

\$ -

\$ 43,475

Other

1

5

1

43,480

Expenses

Occupancy

6,660

43,116

Excess (Deficiency) of Revenue over Expenses

\$ (6,659)

\$ 364

DRAFT

**JOHN HOWARD SOCIETY OF DURHAM REGION
RESIDENCE 2**

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,

2021

2020

Revenue

Region of Durham	\$ 114,615	\$ 103,662
Residents' fees	<u>9,120</u>	<u>9,120</u>
	<u>123,735</u>	<u>112,782</u>

Expenses

Salaries and benefits	36,594	35,707
Administration (Note 2 (j))	13,800	13,295
Occupancy	10,134	10,345
Professional fees	2,930	2,930
Mortgage interest	2,007	2,434
Insurance	8,687	8,118
Amortization	29,528	29,101
Repairs and maintenance	8,756	8,040
Replacement and capital reserve fund allocation	<u>11,420</u>	<u>2,722</u>
	<u>123,856</u>	<u>112,692</u>

Earnings before amount Refundable

(121) 90

Amount Refundable to Region

- 45

Excess (Deficiency) of Revenue over Expenses

\$ (121) \$ 45

**JOHN HOWARD SOCIETY OF DURHAM REGION
HOMELESSNESS PARTNERING STRATEGY**

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,

2021

2020

Revenue

Region of Durham

\$ 116,380

\$ 63,379

Expenses

Salaries and benefits

98,623

51,385

Program supplies

435

1,341

Administration (Note 2 (j))

11,071

6,223

Staff training

298

624

Occupancy

2,400

1,200

Travel and parking

322

607

Office supplies

1,947

1,493

Telephone

1,284

460

116,380

63,333

Excess (Deficiency) of Revenue over Expenses

\$ -

\$ 46

DRAFT

**JOHN HOWARD SOCIETY OF DURHAM REGION
READY TO GO**

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,

2021

2020

Revenue

Employment and Social Development Canada

\$ 182,212

\$ 635,001

Expenses

Salaries and benefits

47,272

136,232

Training subsidies

45,936

191,615

Client assistance

21,680

158,791

Administration (Note 2 (j))

22,735

76,845

Staff training

-

120

Travel and parking

3,950

14,649

Office supplies

39,045

9,423

Other programs

-

35,246

Telephone

-

1,083

Insurance

-

227

180,618

624,231

Earnings before amount refundable

1,594

10,770

Amount Refundable to Ministry

-

10,770

Excess (Deficiency) of Revenue over Expenses

\$ 1,594

\$ -

**JOHN HOWARD SOCIETY OF DURHAM REGION
OSHAWA EMPLOYMENT SERVICES**

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,

2021

2020

Revenue

Ministry subsidy	<u>\$ 562,500</u>	<u>\$ 578,600</u>
------------------	-------------------	-------------------

Expenses

Salaries and benefits	277,787	357,771
Training subsidies	70,688	104,088
Administration (Note 2 (j))	69,375	69,375
Marketing and promotion	3,292	1,568
Staff training	23,321	3,401
Occupancy	15,000	15,000
Travel and parking	772	1,416
Office supplies	55,266	8,476
Office equipment and maintenance	119	1,138
Telephone	16,546	3,316
Training support	4,999	4,984
Miscellaneous	<u>1,030</u>	<u>3,000</u>

	<u>538,195</u>	<u>573,533</u>
--	----------------	----------------

Earnings before amount refundable

	24,305	5,067
--	--------	-------

Amount Refundable to Ministry

	<u>24,313</u>	<u>5,065</u>
--	---------------	--------------

Excess (Deficiency) of Revenue over Expenses

	<u>\$ (8)</u>	<u>\$ 2</u>
--	---------------	-------------

**JOHN HOWARD SOCIETY OF DURHAM REGION
INNOVATIVE SUPPORTS FOR BLACK PARENTS**

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,

2021

2020

Revenue

Ministry subsidy

\$ 74,959

\$ 74,959

Expenses

Salaries and benefits

55,853

57,190

Program supplies

2,443

821

Client assistance

5,272

3,586

Administration (Note 2 (j))

6,815

6,815

Staff training

1,277

1,200

Occupancy

(155)

505

Travel and parking

438

952

Miscellaneous

3,020

2,375

74,963

73,444

Earnings before amount Refundable

(4)

1,515

Amount Refundable to Ministry

-

1,515

Excess (Deficiency) of Revenue over Expenses

\$ (4)

\$ -

**JOHN HOWARD SOCIETY OF DURHAM REGION
WHITBY EMPLOYMENT SERVICES**

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,

2021

2020

Revenue

Ministry subsidy \$ 787,500 \$ 801,300

Expenses

Salaries and benefits **405,157** 410,876
Training subsidies **69,171** 134,715
Administration (Note 2 (j)) **97,125** 97,125
Marketing and promotion **1,569** 1,685
Staff training **3,588** 5,125
Occupancy **120,170** 106,969
Travel and parking **323** 2,424
Office supplies **11,630** 18,756
Office equipment and maintenance **135** 1,547
Telephone **7,558** 4,393
Training support **7,100** 6,729

723,526 790,344

Earnings before amount Refundable

63,974 10,956

Amount Refundable to Ministry

64,074 10,955

Excess (Deficiency) of Revenue over Expenses

\$ (100) \$ 1

**JOHN HOWARD SOCIETY OF DURHAM REGION
SKILLS TRAINING FOR EMPLOYMENT**

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,

2021

2020

Revenue

Ministry subsidy

\$ 492,000

\$ -

Expenses

Salaries and benefits

228,034

-

Training subsidies

56,909

-

Client assistance

138,671

-

Administration (Note 2 (j))

18,246

-

Staff training

2,493

-

Occupancy

11,003

-

Travel and parking

4,495

-

Office supplies

12,245

-

Office equipment and maintenance

12,936

-

Other programs

3,069

-

Telephone

3,650

-

Miscellaneous

250

-

492,001

-

Excess (Deficiency) of Revenue over Expenses

\$ (1)

\$ -

**JOHN HOWARD SOCIETY OF DURHAM REGION
HARM REDUCTION OUTREACH WORKER**

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,

2021

2020

Revenue

Ministry of Health

\$ 100,000

\$ 100,000

Expenses

Salaries and benefits

72,470

72,470

Client assistance

4,072

5,098

Administration (Note 2 (j))

10,000

10,000

Staff training

1,413

1,029

Occupancy

6,000

6,000

Travel and parking

1,278

2,128

Office supplies

3,769

3,226

Telephone

999

500

100,001

100,451

Excess (Deficiency) of Revenue over Expenses

\$ (1)

\$ (451)

**JOHN HOWARD SOCIETY OF DURHAM REGION
MEN'S DIVERSION PROGRAM**

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,

2021

2020

Revenue

Program revenue

\$ 6,382

\$ 6,390

Expenses

Client assistance

600

400

Office supplies

200

2,480

800

2,880

Excess (Deficiency) of Revenue over Expenses

\$ 5,582

\$ 3,510

DRAFT

**JOHN HOWARD SOCIETY OF DURHAM REGION
CENTRAL ADMINISTRATION**

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,

2021

2020

Revenue

United Way grants	\$ 190,000	\$ 200,000
Other programs	35,334	73,774
Bingo and fundraising	30,124	65,913
Donations	14,723	17,079
Other receipts	36,098	41,730
Interest	3,857	16,225
	<u>310,136</u>	<u>414,721</u>

Expenses

Salaries and benefits	561,830	592,857
Meetings and promotion	2,218	3,884
Staff training	5,599	6,937
Occupancy	32,820	16,907
Travel and parking	2,021	3,440
Professional fees	26,245	33,575
Office supplies	56,495	72,819
Office equipment and maintenance	2,351	171
Other programs	6,250	16,032
Telephone	17,912	14,372
Insurance	27,001	26,498
Amortization	9,361	9,876
Repairs and maintenance	17,958	41,645
Fundraising	-	6,880
Miscellaneous	933	3,167
Allocated salaries, benefits and administration	<u>(580,494)</u>	<u>(596,565)</u>

Excess (Deficiency) of Revenue over Expenses

\$ 121,636

\$ 162,226

JOHN HOWARD SOCIETY OF DURHAM REGION**STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED MARCH 31,****2021****2020****Operating Activities**

Excess of revenue over expenses	\$ 87,510	\$ 166,183
Charges to income not involving cash		
Amortization	45,904	47,648
Change in capital reserve allowance	11,937	3,253
Deferred contributions	(7,015)	(7,015)
Provided from working capital (Note 11)	<u>(408,893)</u>	<u>101,594</u>
	<u>(270,557)</u>	<u>311,663</u>

Financing Activities

Repayment of mortgage	<u>(29,528)</u>	<u>(29,102)</u>
-----------------------	-----------------	-----------------

Investing Activities

Decrease (Increase) in investments	<u>(518)</u>	<u>(530)</u>
------------------------------------	--------------	--------------

Increase (Decrease) In Cash**(300,603) 282,031****Cash, beginning of period****1,693,178 1,411,147****Cash, end of period****\$ 1,392,575 \$ 1,693,178**

JOHN HOWARD SOCIETY OF DURHAM REGION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2021

1. General Information

The John Howard Society of Durham Region (JHS) is a charitable organization in accordance with the Income Tax Act (Canada) and, as such, does not pay income taxes. The organization was incorporated in 1999 in Ontario as a corporation without share capital.

It is committed to providing and developing programs that reduce the social, economic and personal costs of crime. The Society is dedicated to helping youth and adults in conflict with the law and individuals at risk through service, education, reform and community programs.

2. Summary of Significant Accounting Policies

The financial statements were prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations and include the following significant accounting policies:

(a) Capital Assets

The policy of the Society is to capitalize purchases of major capital assets at their cost in the year of acquisition. Minor capital asset purchases are being expensed as approved by the board.

(b) Deferred Revenue

Deferred revenue is income received which is attributable to subsequent years. As the expenses are incurred, this income will be recognized in the Statement of Operations.

(c) Revenue Recognition

John Howard Society of Durham Region follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

United Way funding is recognized based on the fiscal year allocation and by United Way.

Various government funding is recognized based on the funding agreement.

Bingo revenue is recognized monthly based on pooling allocations.

Interest is recognized when it is earned.

Housing charges are due and recognized at the beginning of each month for that month.

Program revenue is recognized when programs are held.

(d) Invested in Capital Assets

This funds represents capital assets less amortization and net of mortgages payable and deferred contributions related to capital assets (Note 9). The method of recording amortization on each class is described in Note 2(f).

(e) Pledges

Pledges are recorded when amounts are received.

JOHN HOWARD SOCIETY OF DURHAM REGION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2021

2. Summary of Significant Accounting Policies (continued)

(f) Amortization

Amortization is recorded on the straight-line basis over the following period:

Building - main office	40 years with residual value of \$12,000
Building - administration	40 years with residual value of \$12,000
Building - residential - Whitby	40 years with residual value of \$12,000
Leasehold improvements	5 years
Other equipment	5 years

(g) Use of Estimates

The preparation of financial statements in accordance with Canadian Accounting Standards for Not-for-Profit Organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results may differ from those estimates.

(h) Contributed Services

John Howard Society of Durham Region would not be able to carry out its activities without the services of the many volunteers who donate a considerable number of hours. The value is not recognized in these financial statements.

(i) Internally Restricted Reserves

The Board of Directors of John Howard Society of Durham Region has established internally restricted reserves. The purpose of the Operational Reserve fund is to provide the organization with a reserve of cash for years when funding is not sufficient to cover operating costs. The balance in this fund at March 31, 2021 is \$729,613. The purpose of the Capital fund is to provide the organization with funds for repairs and replacements to existing facilities for years when general funding is not sufficient to cover these costs. The balance in this fund at March 31, 2021 is \$361,274. Funds can only be transferred to and from these reserves with the approval of the Board of Directors.

(j) Allocation of Expenses

The Society provides various programs on behalf of various funders. The costs of each program include the costs of personnel, premises and other expenses that are directly related to providing the program. The Society also incurs a number of general support expenses that are common to the administration of the Society and each of its programs.

The Society allocates certain of its general support expenses by identifying the appropriate basis of allocating each component. The Society allocates these expenses to the departments in accordance with the approved budgets.

JOHN HOWARD SOCIETY OF DURHAM REGION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2021

2. Summary of Significant Accounting Policies (continued)

(k) Basis of Accounting

As indicated in the Auditors' report, Basis for Qualified Opinion paragraph, there are departures from Canadian Accounting Standards for Not-for-Profit Organizations in these financial statements. These departures are as follows:

The residential land and building is amortized annually in an amount equal to the annual mortgage principal repayment. Current year's amortization of the land and building referred to was \$29,528 and the accumulated amortization was \$450,760. If the amortization policy used had been the same as the policy used for the other building owned by the Society, the current amortization would have been \$4,398 and the accumulated amortization would have been \$134,133.

Transfers to the Replacement and Capital Reserve Fund are accounted for on the Statements of Operations, rather than as an interfund transfer in the Statement of Changes in Net Assets.

(l) Financial Instruments

Measurement of financial instruments

The organization initially measures its financial assets at fair value.

The organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include the accounts payable, due to Ministries and Region of Durham and mortgages payable.

The organization measures investments at fair value.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

Transaction costs

The organization recognizes its transaction costs in net income in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

JOHN HOWARD SOCIETY OF DURHAM REGION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2021

3. Investments

Investments are recorded at fair market value and are invested in 2237.1822 units (2020 - 2202.5348 units) of the SH Canadian Short-Term Bond Fund-A. The market value of these units at March 31, 2021 was \$22,958 (2020 - \$22,440).

4. Capital Assets

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value 2021</u>	<u>2020</u>
Land - main office	\$ 176,000	\$ -	\$ 176,000	\$ 176,000
Land - residential program (Note 2(k))	387,872	262,848	125,024	154,552
Land - administration office	90,257	-	90,257	90,257
Land - residential program - Whitby	205,090	-	205,090	205,090
Building - main office	251,364	108,309	143,055	149,040
Building - residential program	187,912	187,912	-	-
Building - administration office	60,172	13,857	46,315	47,520
Building - residential program - Whitby	292,632	73,657	218,975	225,990
Leasehold improvements	155,352	155,352	-	-
Other equipment	<u>69,687</u>	<u>69,687</u>	<u>-</u>	<u>2,171</u>
	<u>\$ 1,876,338</u>	<u>\$ 871,622</u>	<u>\$ 1,004,716</u>	<u>\$ 1,050,620</u>

The land and building for the Residential Program - Whitby was purchased from funds provided by the Province of Ontario, who have a 100% interest in this property.

5. Line of Credit

The bank credit facility represents a line of credit to a maximum of \$5,000. The interest rate is prime plus 1.75%. There was \$nil outstanding at March 31, 2021 (\$nil outstanding at March 31, 2020).

JOHN HOWARD SOCIETY OF DURHAM REGION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2021

6. Mortgage Payable

The mortgage, secured by the property used in the residential program, bears interest at a rate of 1.43% per annum, is amortized over 9 years and 7 months and is repayable in blended monthly installments of \$2,628 through May, 2025.

	<u>2021</u>	<u>2020</u>
	\$ 125,018	\$ 154,546
Less: Current portion	<u>29,947</u>	<u>29,528</u>
	<u>\$ 95,071</u>	<u>\$ 125,018</u>

Minimum principal repayments are as follows:

2022	\$ 29,947
2023	30,377
2024	30,812
2025	31,256
2026	<u>2,626</u>
	<u>\$ 125,018</u>

7. Due to The Regional Municipality of Durham

The funding agreement with the The Regional Municipality of Durham requires that amounts be set aside annually as a reserve for both minor and major replacement costs. In prior years, additional funds were loaned from The Regional Municipality of Durham to enable necessary work. The loan is due on demand and is non-interest bearing.

JOHN HOWARD SOCIETY OF DURHAM REGION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2021

8. Commitments

The Society pays rent for its Whitby office based on a lease agreement which expires in October 2025 and for its Clarington office based on a lease agreement which expired December 2020. Some of the space occupied by the Society is sublet to other organizations from which rent is collected. The approximate annual amounts under these lease agreements are as follows (excluding HST):

2022	\$ 123,911
2023	\$ 126,628
2024	\$ 129,439
2025	\$ 132,367
2026	\$ 78,234

9. Deferred Contributions Related to Capital Assets

Deferred contributions related to specific capital assets represent the unamortized amount of funds received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations on the same basis as the amortization expense related to these capital assets.

	<u>2021</u>	<u>2020</u>
Opening balance	\$ 225,992	\$ 233,007
Less: Amount amortized to revenue	<u>(7,015)</u>	<u>(7,015)</u>
Closing balance	<u>\$ 218,977</u>	<u>\$ 225,992</u>

10. Replacement and Capital Reserve Fund

The capital reserve allowance represents funding received from the Region of Durham, which can be used for future approved capital expenditures. Reduction in this reserve occurs when allowable expenditures are made.

	<u>2021</u>	<u>2020</u>
Revenue		
Allocation for the year	\$ 2,787	\$ 2,722
Realized gain (loss) on investments	-	-
Investment income	359	386
Unrealized gain (loss) on investments	158	145
Additional funding	<u>8,633</u>	<u>-</u>
	11,937	3,253
Expenses		
	<u>-</u>	<u>-</u>
	<u>\$ 11,937</u>	<u>\$ 3,253</u>

JOHN HOWARD SOCIETY OF DURHAM REGION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2021

11. Cash Provided From (Used For) Working Capital

Cash otherwise available from operating activities is influenced by increases or decreases in the following items:

	<u>2021</u>	<u>2020</u>
Accounts receivable	\$ (117,307)	\$ 60,453
Prepaid expenses	759	(831)
Due to funding agencies	(193,170)	(89,062)
Accounts payable	47,095	11,708
Deferred revenue	<u>(146,270)</u>	<u>119,326</u>
	<u>\$ (408,893)</u>	<u>\$ 101,594</u>

12. Invested in Capital Assets

(a) Invested in capital assets is calculated as follows:

	<u>2021</u>	<u>2020</u>
Net book value of capital assets	\$ 1,004,716	\$ 1,050,620
Less: Amount financed by mortgage	<u>(125,018)</u>	<u>(154,546)</u>
	879,698	896,074
Less: Amount financed by deferred contributions	<u>(218,977)</u>	<u>(225,992)</u>
Closing balance	<u>\$ 660,721</u>	<u>\$ 670,082</u>

(b) Change in net assets invested in capital assets is calculated as follows:

Excess of Revenues Over Expenses (Expenses Over Revenues)		
Amortization of deferred contributions	\$ 7,015	\$ 7,015
Amortization of capital assets	<u>(45,904)</u>	<u>(47,648)</u>
	<u>\$ (38,889)</u>	<u>\$ (40,633)</u>
Net Change in Invested in Capital Assets		
Additions to capital assets	\$ -	\$ -
Reduction/Increase of mortgage	<u>29,528</u>	<u>29,102</u>
	<u>\$ 29,528</u>	<u>\$ 29,102</u>

13. Pension Costs and Obligations

The Society participates in a multi-employer defined benefit pension plan of John Howard Society of Ontario, which covers certain eligible employees. The Society also sponsors a defined contribution pension plan for its employees. During the year, regular pension contributions of \$177,230 (\$169,679 - 2020) were expensed for both plans.

JOHN HOWARD SOCIETY OF DURHAM REGION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2021

14. Financial Instruments

Risks and concentrations

The organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the organization's risk exposure and concentrations at March 31, 2021.

Liquidity risk

Liquidity risk is defined as the risk that the organization may not be able to meet or settle its obligations as they become due. The organization has taken steps to ensure that it will have sufficient working capital to meet its obligations.

Credit risk

Credit risk arises from the potential that counterparties including clients will fail to perform their obligations. The organization is subject to credit risk through its receivables. Account monitoring procedures are utilized to minimize risk of loss.

Interest rate risk

Interest rate risk arises because of the fluctuation in interest rates. The organization is subject to interest rate risk through their investments. The organization has formal policies and procedures that establish target asset mix. The organization is not subject to interest rate risk with the mortgage payable as the mortgage is guaranteed by the funding authority.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The organization is exposed to other price risk through its investments. The organization has formal policies and procedures that establish target asset mix.

15. Impact of COVID-19 on Operations

In March 2020, the World Health Organization declared the outbreak of a novel Coronavirus (COVID-19) as a global pandemic, which continues to spread in Canada and around the world.

As at June 22, 2021, the organization is aware of changes in the operations as a result of the COVID-19 crisis, including the temporary interruption of on-site programs and services.

Management is uncertain of the effects of these changes on its financial statements and believes that any disturbance may be temporary, however, there is uncertainty about the length and potential impact of the disturbance.

As a result, we are unable to estimate the potential impact on the organization's operations as at the date of these financial statements.