

JOHN HOWARD SOCIETY OF DURHAM REGION

FINANCIAL STATEMENTS

MARCH 31, 2022

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, 2022, and the statements of operations, changes in net assets and cash flows for the year 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, 2022, and the results of its operations and its cash flows for the year 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, 2022 and 2021, assets as at March 31, 2022 and 2021, and net assets as at April 1 and March 31 for both the 2022 and 2021 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 28, 2022**

**Chartered Professional Accountants
Licensed Public Accountants**

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

AS AT MARCH 31,

2022

2021

| ASSETS | | |
|---|---------------------|---------------------|
| Current | | |
| Cash | \$ 1,502,243 | \$ 1,392,575 |
| Investments (Note 3) | 37,654 | 22,958 |
| Accounts receivable | 218,895 | 182,923 |
| Prepaid expenses | <u>37,659</u> | <u>32,923</u> |
| | 1,796,451 | 1,631,379 |
| Other | | |
| Capital assets (Notes 2 and 4) | <u>960,564</u> | <u>1,004,716</u> |
| | \$ 2,757,015 | \$ 2,636,095 |
| LIABILITIES | | |
| Current | | |
| Accounts payable | \$ 119,244 | \$ 158,099 |
| Deferred revenue (Note 2 (b) and 9) | 136,187 | 152,274 |
| Mortgage principal due within one year (Note 6) | 30,377 | 29,947 |
| Due to Ministries | 83,543 | 54,442 |
| Due to The Regional Municipality of Durham (Note 7) | <u>70,376</u> | <u>70,376</u> |
| | 439,727 | 465,138 |
| Other | | |
| Mortgages payable (Note 6) | 64,694 | 95,071 |
| Deferred Contributions Related to Capital Assets (Note 10) | <u>211,962</u> | <u>218,977</u> |
| | <u>716,383</u> | <u>779,186</u> |
| NET ASSETS | | |
| Replacement and Capital Reserve Fund (Note 11) | 40,430 | 39,233 |
| Invested in Capital Assets (Note 2 (d) and 13) | 653,531 | 660,721 |
| Internally Restricted Reserves (Note 2 (i)) | 1,201,622 | 1,090,887 |
| Unrestricted Funds | <u>145,049</u> | <u>66,068</u> |
| | <u>2,040,632</u> | <u>1,856,909</u> |
| | \$ 2,757,015 | \$ 2,636,095 |

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,

2022

2021

| | <u>Replacement and Capital Reserve Fund</u> | <u>Invested in Capital Assets</u> | <u>Internally Restricted Reserves</u> | <u>Unrestricted</u> | | |
|--|--|--|--|----------------------------|---------------------|---------------------|
| Opening balance | \$ 39,233 | \$ 660,721 | \$ 1,090,887 | \$ 66,068 | \$ 1,856,909 | \$ 1,757,462 |
| Excess of revenue over expenses (expenses over revenue) | | | | | | |
| - operations (Note 13) | - | (37,137) | - | 219,663 | 182,526 | 87,510 |
| - capital (Note 13) | - | 29,947 | - | (29,947) | - | - |
| Current year allocation and activities (Note 11) | 1,197 | - | - | - | 1,197 | 11,937 |
| Interfund transfer | - | - | 110,735 | (110,735) | - | - |
| Closing balance | <u>\$ 40,430</u> | <u>\$ 653,531</u> | <u>\$ 1,201,622</u> | <u>\$ 145,049</u> | <u>\$ 2,040,632</u> | <u>\$ 1,856,909</u> |

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

2022 **2021**

Revenue

| | | |
|--|------------------|------------------|
| United Way grants | \$ 200,000 | \$ 200,000 |
| Ministry subsidy | 3,109,473 | 3,216,686 |
| Other programs | 85,814 | 62,040 |
| Region of Durham | 1,316,890 | 1,304,593 |
| Employment and Social Development Canada | 950,000 | 674,212 |
| Bingo and fundraising | 55,505 | 15,911 |
| Other receipts | 32,749 | 36,098 |
| Donations | 326,437 | 311,380 |
| Interest | 3,103 | 3,858 |
| Children's Aid Society | 48,822 | 48,411 |
| Community Alternative to School Suspension funding | 43,640 | 43,640 |
| Residence fees | 54,153 | 49,108 |
| Amortization of deferred contributions (Note 10) | 7,015 | 7,015 |
| | <u>6,233,601</u> | <u>5,972,952</u> |

Expenses

| | | |
|---|------------------|------------------|
| Salaries and benefits | 4,154,884 | 4,104,296 |
| Training subsidies | 367,516 | 288,544 |
| Staff training | 70,715 | 46,644 |
| Travel | 32,094 | 21,921 |
| Program supplies | 22,958 | 110,859 |
| Occupancy (Note 8) | 167,241 | 174,673 |
| Mortgage interest | 1,588 | 2,007 |
| Insurance | 42,608 | 38,838 |
| Telephone | 65,157 | 80,786 |
| Office | 182,934 | 248,714 |
| Office equipment and maintenance | 17,394 | 19,181 |
| Administration | 5,057 | 2,095 |
| Meetings and promotion | 1,004 | 2,218 |
| Professional fees | 54,656 | 31,675 |
| Client assistance | 331,474 | 301,595 |
| Fundraising | 520 | - |
| Program costs | 25,705 | 9,319 |
| Miscellaneous | 41,847 | 37,310 |
| Marketing and promotion | 36,685 | 4,861 |
| Repairs and maintenance | 65,987 | 30,267 |
| Training supports | 18,024 | 18,099 |
| Replacement and capital reserve fund allocation | 2,775 | 11,420 |
| Amortization | 44,152 | 45,904 |
| | <u>5,752,975</u> | <u>5,631,226</u> |

Earnings before amount Refundable

Amount Refundable to Funders

Excess of Revenue over Expenses

| | |
|-------------------|------------------|
| 480,626 | 341,726 |
| <u>298,100</u> | <u>254,216</u> |
| <u>\$ 182,526</u> | <u>\$ 87,510</u> |

JOHN HOWARD SOCIETY OF DURHAM REGION
STATEMENT OF OPERATING SURPLUS (DEFICIT)

FOR THE YEAR ENDED MARCH 31,

2022

2021

Excess (Deficiency) of Revenue over Expenses

| | | |
|--|-------------------|------------------|
| Whitby and Oshawa Residences Program | \$ (3,691) | \$ (38,061) |
| On Point Program | (2,811) | (1) |
| Youth Diversion Service Program | (1) | - |
| Youth in Transition Program | 1,780 | 8,714 |
| Community Justice Worker Program | (11) | - |
| Literacy and Basic Skills Program | (28) | - |
| Project X | - | (945) |
| Access to Housing | 2,707 | (4,115) |
| Community Alternative to School Suspension | - | - |
| Clarington Youth Centre | - | - |
| Youth Job Connection | - | - |
| Bingo | 13,641 | (6,659) |
| Residence 2 | 39 | (121) |
| Homelessness Partnering Strategy | - | - |
| Ready To Go | - | 1,594 |
| Youth Job Link | - | - |
| Oshawa Employment Services | - | (8) |
| Innovative Supports for Black Parents | - | (4) |
| Whitby Employment Services | - | (100) |
| Skills Training For Employment | - | (1) |
| Harm Reduction Outreach Worker | - | (1) |
| Men's Diversion Program | 2,141 | 5,582 |
| Central Administration | <u>168,760</u> | <u>121,636</u> |
| Net Surplus (Deficit) | <u>\$ 182,526</u> | <u>\$ 87,510</u> |

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

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,

2022

2021

Revenue

| | | |
|--|----------------|----------------|
| Ministry subsidy | \$ 724,437 | \$ 756,691 |
| Housing charges | 45,033 | 39,988 |
| Other funding | 48,822 | 48,411 |
| Amortization of deferred contributions | <u>7,015</u> | <u>7,015</u> |
| | <u>825,307</u> | <u>852,105</u> |

Expenses

| | | |
|-----------------------------------|----------------|----------------|
| Salaries and benefits | 707,365 | 773,736 |
| Staff travel | 1,125 | 668 |
| Staff training | 1,091 | 421 |
| Food costs | 29,419 | 29,225 |
| Personal needs | 835 | 268 |
| Administration costs (Note 2 (j)) | 54,603 | 54,603 |
| Office and supplies | 4,119 | 6,792 |
| Utilities and taxes | 5,746 | 5,044 |
| Repairs and maintenance | 2,727 | 1,727 |
| Renovation and minor capital | 6,983 | 2,240 |
| Furnishings and equipment | 1,080 | 1,392 |
| Amortization | 7,015 | 7,015 |
| Telephone | <u>6,890</u> | <u>7,035</u> |
| | <u>828,998</u> | <u>890,166</u> |

Excess (Deficiency) of Revenue over Expenses

\$ (3,691) \$ (38,061)

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

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,

2022

2021

Revenue

Ministry subsidy

\$ 115,296

\$ 115,296

Expenses

Salaries and benefits

96,724

99,754

Staff training

818

220

Travel

74

-

Administration costs (Note 2 (j))

10,697

7,667

Program supplies

-

581

Office supplies

1,553

1,091

Client assistance

33

-

Occupancy

4,000

4,000

Telephone

1,398

1,971

115,297

115,284

Earnings before amount refundable

(1)

12

Amount refundable to Ministry

-

12

Excess (Deficiency) of Revenues over Expenses

\$ (1)

\$ -

DRAFT

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

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

2022

2021

Revenue

Ministry subsidy **\$ 121,296** **\$ 121,296**

Expenses

Salaries and benefits **89,198** 88,598

Staff training **1,433** -

Travel - 77

Administration costs (Note 2 (j)) **12,698** 12,698

Telephone **2,547** 1,333

Supplies **4,140** 976

Occupancy **8,900** 8,900

Client assistance **600** -

119,516 **112,582**

Excess (Deficiency) of Revenue over Expenses

\$ 1,780 **\$ 8,714**

DRAFT

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

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,

2022

2021

Revenue

Ministry subsidy

\$ 106,000

\$ 106,000

Expenses

Salaries and benefits

86,655

86,655

Staff travel

1,845

1,980

Staff training

1,012

429

Administration costs (Note 2 (j))

9,600

9,600

Office

3,301

3,530

Rent

1,200

1,200

Professional fees

1,000

1,000

Telephone

1,398

1,565

106,011

105,959

Earnings before amount refundable

(11)

41

Amount Refundable to Ministry

-

41

Excess (Deficiency) of Revenues over Expenses

\$(11)

\$-

DRAFT

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

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,

2022

2021

Revenue

Ministry subsidy

\$ 200,844

\$ 200,844

Expenses

Salaries and benefits

166,609

165,448

Administration costs (Note 2 (j))

21,371

20,912

Development and training

7,635

7,057

Rent

3,000

3,000

Travel and parking

98

16

Office supplies

1,433

1,266

Telephone

601

3,020

Fees and dues

125

125

200,872

200,844

Excess (Deficiency) of Revenue over Expenses

\$ (28)

\$ -

DRAFT

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

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,

2022

2021

Revenue

Region of Durham

\$ 330,573

\$ 331,700

Expenses

Salaries and benefits

242,470

188,844

Program supplies

16,754

102,029

Administration (Note 2 (j))

31,702

25,000

Staff training

425

639

Travel and parking

4,725

4,163

Professional fees

1,500

1,500

Office supplies

30,396

8,814

Telephone

2,601

1,656

330,573

332,645

Excess (Deficiency) of Revenue over Expenses

\$ -

\$ (945)

DRAFT

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

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,

2022

2021

Revenue

Region of Durham
Other

\$ 760,800

\$ 679,877

-

2,442

760,800

682,319

Expenses

Salaries and benefits
Client assistance
Administration (Note 2 (j))
Staff training
Occupancy
Travel and parking
Office supplies
Office equipment and maintenance
Telephone

577,089

448,520

79,315

129,104

69,000

57,300

3,934

3,501

12,000

12,000

346

956

11,534

24,702

-

9

4,875

10,342

758,093

686,434

Excess (Deficiency) of Revenue over Expenses

\$ 2,707

\$ (4,115)

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

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,

2022

2021

Revenue

Board of Education

\$ 43,640

\$ 43,640

Expenses

Salaries and benefits

34,976

34,976

Administration (Note 2 (j))

4,364

4,364

Staff training

60

-

Occupancy

2,000

2,000

Travel and parking

44

34

Office supplies

333

705

Telephone

1,063

761

Insurance

800

800

43,640

43,640

Excess (Deficiency) of Revenue over Expenses

\$ -

\$ -

DRAFT

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

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,

2022

2021

Revenue

| | | |
|----------------------------|----------------|----------------|
| United Way | \$ 10,000 | \$ 10,000 |
| Municipality of Clarington | 292,467 | 269,229 |
| Donations | 18,634 | 13,215 |
| Other income | <u>2,400</u> | <u>3,035</u> |
| | <u>323,501</u> | <u>295,479</u> |

Expenses

| | | |
|-----------------------------|----------------|----------------|
| Salaries and benefits | 260,866 | 235,406 |
| Program supplies | 6,103 | 4,554 |
| Client assistance | 1,083 | 1,928 |
| Administration (Note 2 (j)) | 33,271 | 33,293 |
| Staff training | 918 | 379 |
| Occupancy | 1,200 | 1,200 |
| Travel and parking | 335 | 81 |
| Office supplies | 4,507 | 3,886 |
| Telephone | 3,478 | 8,017 |
| Insurance | 2,180 | 2,180 |
| Repairs and maintenance | 2,442 | 1,828 |
| Miscellaneous | <u>7,118</u> | <u>2,727</u> |
| | <u>323,501</u> | <u>295,479</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,

2022

2021

Revenue

Ministry subsidy

\$ 391,600

\$ 391,600

Expenses

Salaries and benefits

124,718

132,483

Program supplies

-

816

Training subsidies

78,243

45,839

Administration (Note 2 (j))

27,000

27,000

Marketing and promotion

4,048

-

Staff training

8,621

2,008

Occupancy

1,200

1,200

Travel and parking

172

-

Office supplies

3,627

14,548

Office equipment and maintenance

5,379

-

Telephone

5,181

1,930

258,189

225,824

Earnings before amount refundable

133,411

165,776

Amount Refundable to Ministry

133,411

165,776

Excess (Deficiency) of Revenue over Expenses

\$ -

\$ -

**JOHN HOWARD SOCIETY OF DURHAM REGION
BINGO**

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,

2022

2021

Revenue

Bingo

\$ 15,120

\$ -

Other

2

1

15,122

1

Expenses

Occupancy

1,481

6,660

Excess (Deficiency) of Revenue over Expenses

\$ 13,641

\$ (6,659)

DRAFT

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

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,

2022

2021

Revenue

| | | |
|------------------|----------------|----------------|
| Region of Durham | \$ 105,133 | \$ 114,615 |
| Residents' fees | <u>9,120</u> | <u>9,120</u> |
| | <u>114,253</u> | <u>123,735</u> |

Expenses

| | | |
|---|----------------|----------------|
| Salaries and benefits | 36,277 | 36,594 |
| Administration (Note 2 (j)) | 13,800 | 13,800 |
| Occupancy | 11,753 | 10,134 |
| Professional fees | 2,930 | 2,930 |
| Mortgage interest | 1,588 | 2,007 |
| Insurance | 9,201 | 8,687 |
| Amortization | 29,947 | 29,528 |
| Repairs and maintenance | 5,943 | 8,756 |
| Replacement and capital reserve fund allocation | <u>2,775</u> | <u>11,420</u> |
| | <u>114,214</u> | <u>123,856</u> |

Excess (Deficiency) of Revenue over Expenses

\$ 39 \$ (121)

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

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,

2022

2021

Revenue

Region of Durham

\$ 64,000

\$ 116,380

Expenses

Salaries and benefits

54,601

98,623

Program supplies

100

435

Administration (Note 2 (j))

6,400

11,071

Staff training

52

298

Occupancy

1,200

2,400

Travel and parking

58

322

Office supplies

8

1,947

Telephone

838

1,284

63,257

116,380

Earnings before amount refundable

743

-

Amount Refundable to Region

743

-

Excess (Deficiency) of Revenue over Expenses

\$ -

\$ -

DRAFT

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

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,

2022

2021

Revenue

Employment and Social Development Canada

\$ -

\$ 182,212

Expenses

Salaries and benefits

-

47,272

Training subsidies

-

45,936

Client assistance

-

21,680

Administration (Note 2 (j))

-

22,735

Travel and parking

-

3,950

Office supplies

-

39,045

-

180,618

Excess (Deficiency) of Revenue over Expenses

\$ -

\$ 1,594

DRAFT

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

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,

2022

2021

Revenue

Ministry subsidy

\$ 562,500

\$ 562,500

Expenses

Salaries and benefits

301,790

277,787

Training subsidies

51,656

70,688

Administration (Note 2 (j))

69,375

69,375

Marketing and promotion

28,486

3,292

Staff training

25,466

23,321

Occupancy

15,000

15,000

Travel and parking

42

772

Office supplies

8,484

55,266

Office equipment and maintenance

512

119

Telephone

13,095

16,546

Training support

4,999

4,999

Miscellaneous

250

1,030

519,155

538,195

Earnings before amount refundable

43,345

24,305

Amount Refundable to Ministry

43,345

24,313

Excess (Deficiency) of Revenue over Expenses

\$ -

\$ (8)

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

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,

2022

2021

Revenue

Ministry subsidy

\$ -

\$ 74,959

Expenses

Salaries and benefits

-

55,853

Program supplies

-

2,443

Client assistance

-

5,272

Administration (Note 2 (j))

-

6,815

Staff training

-

1,277

Occupancy

-

(155)

Travel and parking

-

438

Miscellaneous

-

3,020

-

74,963

Excess (Deficiency) of Revenue over Expenses

\$ -

\$ (4)

DRAFT

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

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,

2022

2021

Revenue

Ministry subsidy **\$ 787,500** **\$ 787,500**

Expenses

Salaries and benefits **410,272** 405,157
Training subsidies **74,891** 69,171
Administration (Note 2 (j)) **97,125** 97,125
Marketing and promotion **3,713** 1,569
Staff training **17,853** 3,588
Occupancy **107,729** 120,170
Travel and parking **284** 323
Office supplies **7,551** 11,630
Office equipment and maintenance **226** 135
Telephone **2,747** 7,558
Training support **6,999** 7,100

729,390 **723,526**

Earnings before amount Refundable

58,110 63,974

Amount Refundable to Ministry

58,110 64,074

Excess (Deficiency) of Revenue over Expenses

\$ - **\$ (100)**

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

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,

2022

2021

Revenue

Ministry subsidy **\$ 950,000** **\$ 492,000**

Expenses

| | | |
|----------------------------------|-----------------------|----------------|
| Salaries and benefits | 334,560 | 228,034 |
| Training subsidies | 162,726 | 56,909 |
| Client assistance | 241,519 | 138,671 |
| Administration (Note 2 (j)) | 32,978 | 18,246 |
| Marketing and promotion | 438 | - |
| Staff training | 2,012 | 2,493 |
| Occupancy | 16,505 | 11,003 |
| Travel and parking | 20,770 | 4,495 |
| Office supplies | 42,402 | 12,245 |
| Office equipment and maintenance | 2,668 | 12,936 |
| Other programs | 20,206 | 3,069 |
| Telephone | 9,871 | 3,650 |
| Miscellaneous | <u>1,750</u> | <u>250</u> |
| | <u>888,405</u> | <u>492,001</u> |

Earnings before amount Refundable **61,595** (1)

Amount Refundable to Ministry **61,595** -

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,

2022

2021

Revenue

Ministry of Health

\$ 100,000

\$ 100,000

Expenses

Salaries and benefits

72,470

72,470

Client assistance

5,491

4,072

Administration (Note 2 (j))

10,000

10,000

Staff training

1,160

1,413

Occupancy

6,000

6,000

Travel and parking

1,289

1,278

Office supplies

1,897

3,769

Telephone

797

999

99,104

100,001

Earnings before amount refundable

896

(1)

Amount Refundable to Ministry

896

-

Excess (Deficiency) of Revenue over Expenses

\$ -

\$ (1)

DRAFT

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

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,

2022

2021

Revenue

Program revenue

\$ 4,350

\$ 6,382

Expenses

Client assistance

1,200

600

Office supplies

1,009

200

2,209

800

Excess (Deficiency) of Revenue over Expenses

\$ 2,141

\$ 5,582

DRAFT

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

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,

2022

2021

Revenue

| | | |
|-----------------------|----------------|----------------|
| United Way grants | \$ 190,000 | \$ 190,000 |
| Other programs | 50,540 | 35,334 |
| Bingo and fundraising | 51,026 | 30,124 |
| Donations | 4,695 | 14,723 |
| Other receipts | 32,749 | 36,098 |
| Interest | <u>3,101</u> | <u>3,857</u> |
| | <u>332,111</u> | <u>310,136</u> |

Expenses

| | | |
|---|------------------|------------------|
| Salaries and benefits | 480,479 | 561,830 |
| Client assistance | 1,398 | - |
| Meetings and promotion | 1,004 | 2,218 |
| Staff training | 4,249 | 5,599 |
| Occupancy | 40,532 | 32,820 |
| Travel and parking | 618 | 2,021 |
| Professional fees | 49,226 | 26,245 |
| Office supplies | 55,361 | 56,495 |
| Office equipment and maintenance | 547 | 2,351 |
| Other programs | 5,499 | 6,250 |
| Telephone | 9,521 | 17,912 |
| Insurance | 30,257 | 27,001 |
| Amortization | 7,190 | 9,361 |
| Repairs and maintenance | 54,874 | 17,958 |
| Fundraising | 520 | - |
| Miscellaneous | 3,186 | 933 |
| Allocated salaries, benefits and administration | <u>(581,110)</u> | <u>(580,494)</u> |
| | <u>163,351</u> | <u>188,500</u> |

Excess (Deficiency) of Revenue over Expenses

\$ 168,760

\$ 121,636

JOHN HOWARD SOCIETY OF DURHAM REGION**STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED MARCH 31,****2022****2021****Operating Activities**

| | | |
|---|-----------------|------------------|
| Excess of revenue over expenses | \$ 182,526 | \$ 87,510 |
| Charges to income not involving cash | | |
| Amortization | 44,152 | 45,904 |
| Change in capital reserve allowance | 1,197 | 11,937 |
| Deferred contributions | (7,015) | (7,015) |
| Provided from working capital (Note 12) | <u>(66,549)</u> | <u>(408,893)</u> |
| | <u>154,311</u> | <u>(270,557)</u> |

Financing Activities

| | | |
|-----------------------|-----------------|-----------------|
| Repayment of mortgage | <u>(29,947)</u> | <u>(29,528)</u> |
|-----------------------|-----------------|-----------------|

Investing Activities

| | | |
|------------------------------------|-----------------|--------------|
| Decrease (Increase) in investments | <u>(14,696)</u> | <u>(518)</u> |
|------------------------------------|-----------------|--------------|

Increase (Decrease) In Cash**109,668** (300,603)**Cash, beginning of period****1,392,575** 1,693,178**Cash, end of period****\$ 1,502,243** \$ 1,392,575

DRAFT

JOHN HOWARD SOCIETY OF DURHAM REGION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2022

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 10). 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, 2022

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. During the year, the Board approved a transfer of \$110,735 to the Operational Reserve Fund. The balance in this fund at March 31, 2022 is \$840,348. 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, 2022 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, 2022

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 \$29,947 and the accumulated amortization was \$480,707. 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 \$138,530.

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 reviewed annually to determine whether there are indicators of possible impairment. When there is an indication 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, 2022

3. Investments

Investments are recorded at fair market value and are invested in 3886.7411 units (2021 - 2237.1822 units) of the SH Canadian Short-Term Bond Fund-A.

4. Capital Assets

| | <u>Cost</u> | <u>Accumulated Amortization</u> | <u>Net Book Value 2022</u> | <u>2021</u> |
|---|---------------------|-------------------------------------|------------------------------------|---------------------|
| Land - main office | \$ 176,000 | \$ - | \$ 176,000 | \$ 176,000 |
| Land - residential program (Note 2(k)) | 387,872 | 292,795 | 95,077 | 125,024 |
| Land - administration office | 90,257 | - | 90,257 | 90,257 |
| Land - residential program - Whitby | 205,090 | - | 205,090 | 205,090 |
| Building - main office | 251,364 | 114,294 | 137,070 | 143,055 |
| Building - residential program | 187,912 | 187,912 | - | - |
| Building - administration office | 60,172 | 15,062 | 45,110 | 46,315 |
| Building - residential program - Whitby | 292,632 | 80,672 | 211,960 | 218,975 |
| Leasehold improvements | 155,352 | 155,352 | - | - |
| Other equipment | 69,687 | 69,687 | - | - |
| | <u>\$ 1,876,338</u> | <u>\$ 915,774</u> | <u>\$ 960,564</u> | <u>\$ 1,004,716</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, 2022 (\$nil outstanding at March 31, 2021).

JOHN HOWARD SOCIETY OF DURHAM REGION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2022

6. Mortgage Payable

2022 2021

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.

| | | |
|-----------------------|-------------------------|------------------|
| | \$ 95,071 | \$ 125,018 |
| Less: Current portion | <u>30,377</u> | <u>29,947</u> |
| | <u>\$ 64,694</u> | <u>\$ 95,071</u> |

Minimum principal repayments are as follows:

| | |
|------|-------------------------|
| 2023 | \$ 30,377 |
| 2024 | 30,812 |
| 2025 | 31,256 |
| 2026 | <u>2,626</u> |
| | <u>\$ 95,071</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.

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 expires December 2022. 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):

| | |
|------|------------|
| 2023 | \$ 138,814 |
| 2024 | \$ 129,439 |
| 2025 | \$ 132,367 |
| 2026 | \$ 78,234 |

JOHN HOWARD SOCIETY OF DURHAM REGION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2022

9. Deferred Revenue

| | <u>2022</u> | <u>2021</u> |
|---------------------------------------|-------------------|-------------------|
| Opening balance | \$ 152,274 | \$ 298,544 |
| Add: Revenue received during the year | <u>91,592</u> | <u>120,771</u> |
| | 243,866 | 419,315 |
| Less: Amount amortized to revenue | <u>(107,679)</u> | <u>(267,041)</u> |
| Closing balance | <u>\$ 136,187</u> | <u>\$ 152,274</u> |

10. 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>2022</u> | <u>2021</u> |
|-----------------------------------|-------------------|-------------------|
| Opening balance | \$ 218,977 | \$ 225,992 |
| Less: Amount amortized to revenue | <u>(7,015)</u> | <u>(7,015)</u> |
| Closing balance | <u>\$ 211,962</u> | <u>\$ 218,977</u> |

11. 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>2022</u> | <u>2021</u> |
|---------------------------------------|-----------------|------------------|
| Revenue | | |
| Allocation for the year | \$ 2,775 | \$ 2,787 |
| Realized gain (loss) on investments | - | - |
| Investment income | 612 | 359 |
| Unrealized gain (loss) on investments | (2,190) | 158 |
| Additional funding | <u>-</u> | <u>8,633</u> |
| | 1,197 | 11,937 |
| Expenses | | |
| | <u>-</u> | <u>-</u> |
| | <u>\$ 1,197</u> | <u>\$ 11,937</u> |

JOHN HOWARD SOCIETY OF DURHAM REGION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2022

12. Cash Provided From (Used For) Working Capital

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

| | <u>2022</u> | <u>2021</u> |
|-------------------------|--------------------|---------------------|
| Accounts receivable | \$ (35,972) | \$ (117,307) |
| Prepaid expenses | (4,736) | 759 |
| Due to funding agencies | 29,101 | (193,170) |
| Accounts payable | (38,855) | 47,095 |
| Deferred revenue | <u>(16,087)</u> | <u>(146,270)</u> |
| | <u>\$ (66,549)</u> | <u>\$ (408,893)</u> |

13. Invested in Capital Assets

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

| | <u>2022</u> | <u>2021</u> |
|---|-------------------|-------------------|
| Net book value of capital assets | \$ 960,564 | \$ 1,004,716 |
| Less: Amount financed by mortgage | <u>(95,071)</u> | <u>(125,018)</u> |
| | 865,493 | 879,698 |
| Less: Amount financed by deferred contributions | <u>(211,962)</u> | <u>(218,977)</u> |
| Closing balance | <u>\$ 653,531</u> | <u>\$ 660,721</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>(44,152)</u> | <u>(45,904)</u> |
| | <u>\$ (37,137)</u> | <u>\$ (38,889)</u> |
| Net Change in Invested in Capital Assets | | |
| Additions to capital assets | \$ - | \$ - |
| Reduction/Increase of mortgage | <u>29,947</u> | <u>29,528</u> |
| | <u>\$ 29,947</u> | <u>\$ 29,528</u> |

14. 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 \$194,942 (\$177,230 - 2021) were expensed for both plans.

JOHN HOWARD SOCIETY OF DURHAM REGION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2022

15. 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, 2022.

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.

16. 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 28, 2022, 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 when Public Guidelines require it.

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.

JOHN HOWARD SOCIETY OF DURHAM REGION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2022

17. Subsequent Event

The organization is currently engaged in union negotiations with CUPE.

As at June 28, 2022, a settlement has not been reached.

DRAFT