

JOHN HOWARD SOCIETY OF DURHAM REGION

FINANCIAL STATEMENTS

MARCH 31, 2023



**Smith
Chappell
Marsh
Vilander LLP**

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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, 2023, 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, 2023, 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, 2023 and 2022, assets as at March 31, 2023 and 2022, and net assets as at April 1 and March 31 for both the 2023 and 2022 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 27, 2023

Smith Chappell Marx Vilander LLP
Chartered Professional Accountants
Licensed Public Accountants

JOHN HOWARD SOCIETY OF DURHAM REGION
STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31,

2023

2022

ASSETS

Current

Cash	\$ 2,290,202	\$ 1,502,243
Investments (Note 3)	43,336	37,654
Accounts receivable	380,688	218,895
Prepaid expenses	<u>39,822</u>	<u>37,659</u>

2,754,048 1,796,451

Other

Capital assets (Notes 2 and 4)	<u>915,982</u>	<u>960,564</u>
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\$ 3,670,030 **\$ 2,757,015**

LIABILITIES

Current

Accounts payable	\$ 155,053	\$ 119,244
Deferred revenue (Note 2 (b) and 9)	146,164	136,187
Mortgage principal due within one year (Note 6)	30,812	30,377
Due to Ministries	574,724	83,543
Due to The Regional Municipality of Durham (Note 7)	<u>70,376</u>	<u>70,376</u>

977,129 439,727

Other

Mortgages payable (Note 6)	33,882	64,694
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Deferred Contributions Related to Capital Assets (Note 10)

204,947 211,962

1,215,958 716,383

NET ASSETS

Replacement and Capital Reserve Fund (Note 11)

43,337 40,430

Invested in Capital Assets (Note 2 (d) and 13)

646,341 653,531

Internally Restricted Reserves (Note 2 (i))

1,611,965 1,201,622

Unrestricted Funds

152,429 145,049

2,454,072 2,040,632

\$ 3,670,030 **\$ 2,757,015**

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,

2023

2022

	<u>Replacement and Capital Reserve Fund</u>	<u>Invested in Capital Assets</u>	<u>Internally Restricted Reserves</u>	<u>Unrestricted</u>		
Opening balance	\$ 40,430	\$ 653,531	\$ 1,201,622	\$ 145,049	\$ 2,040,632	\$ 1,856,909
Excess of revenue over expenses (expenses over revenue)						
- operations (Note 13)	-	(37,567)	-	448,100	410,533	182,526
- capital (Note 13)	-	30,377	-	(30,377)	-	-
Current year allocation and activities (Note 11)	2,907	-	-	-	2,907	1,197
Interfund transfer	-	-	410,343	(410,343)	-	-
Closing balance	\$ <u>43,337</u>	\$ <u>646,341</u>	\$ <u>1,611,965</u>	\$ <u>152,429</u>	\$ <u>2,454,072</u>	\$ <u>2,040,632</u>

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

2023

2022

Revenue

United Way grants	\$ 200,000	\$ 200,000
Ministry subsidy	3,103,873	3,109,473
Other programs	60,611	85,814
Region of Durham	1,480,434	1,316,890
Employment and Social Development Canada	1,013,320	950,000
Bingo and fundraising	91,574	55,505
Other receipts	33,617	32,749
Donations	379,402	326,437
Interest	45,607	3,103
Children's Aid Society	52,559	48,822
Community Alternative to School Suspension funding	46,695	43,640
Residence fees	62,981	54,153
Amortization of deferred contributions (Note 10)	7,015	7,015
	<u>6,577,688</u>	<u>6,233,601</u>

Expenses

Salaries and benefits	4,062,349	4,154,884
Training subsidies	282,409	367,516
Staff training	62,307	70,715
Travel	46,076	32,094
Program supplies	35,908	22,958
Occupancy (Note 8)	176,334	167,241
Mortgage interest	1,158	1,588
Insurance	49,034	42,608
Telephone	31,745	65,157
Office	292,564	182,934
Office equipment and maintenance	6,056	17,394
Administration	5,517	5,057
Meetings and promotion	8,843	1,004
Professional fees	107,492	54,656
Client assistance	291,132	331,474
Fundraising	6,240	520
Program costs	21,058	25,705
Miscellaneous	47,010	41,847
Marketing and promotion	20,988	36,685
Repairs and maintenance	38,487	65,987
Training supports	17,753	18,024
Replacement and capital reserve fund allocation	2,878	2,775
Amortization	44,582	44,152
	<u>5,657,920</u>	<u>5,752,975</u>

Earnings before amount Refundable

919,768 **480,626**

Amount Refundable to Funders

509,235 **298,100**

Excess of Revenue over Expenses

\$ 410,533 **\$ 182,526**

JOHN HOWARD SOCIETY OF DURHAM REGION**STATEMENT OF OPERATING SURPLUS****FOR THE YEAR ENDED MARCH 31,****2023****2022****Excess (Deficiency) of Revenue over Expenses**

Whitby and Oshawa Residences Program	\$ (10)	\$ (3,691)
On Point Program	-	(2,811)
Youth Diversion Service Program	-	(1)
Youth in Transition Program	10	1,780
Records Suspension	-	-
Community Justice Worker Program	(1)	(11)
Literacy and Basic Skills Program	(430)	(28)
Project X	(1)	-
Access to Housing	-	2,707
Community Alternative to School Suspension	(1,309)	-
Clarington Youth Centre	-	-
Youth Job Connection	(545)	-
Bingo	16,105	13,641
Residence 2	(27)	39
Homelessness Partnering Strategy	-	-
Oshawa Employment Services	-	-
Whitby Employment Services	(26)	-
Skills Training For Employment	-	-
Harm Reduction Outreach Worker	(1)	-
Men's Diversion Program	(301)	2,141
Central Administration	<u>397,069</u>	<u>168,760</u>
Net Surplus	\$ <u><u>410,533</u></u>	\$ <u><u>182,526</u></u>

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

FOR THE YEAR ENDED MARCH 31,

2023

2022

Revenue

Ministry subsidy	\$ 718,836	\$ 724,437
Housing charges	53,861	45,033
Other funding	52,559	48,822
Amortization of deferred contributions	<u>7,015</u>	<u>7,015</u>
	<u>832,271</u>	<u>825,307</u>

Expenses

Salaries and benefits	707,531	707,365
Staff travel	989	1,125
Staff training	2,012	1,091
Food costs	29,932	29,419
Personal needs	1,826	835
Administration costs (Note 2 (j))	55,895	54,603
Office and supplies	8,513	4,119
Utilities and taxes	6,757	5,746
Repairs and maintenance	2,769	2,727
Renovation and minor capital	1,540	6,983
Furnishings and equipment	2,732	1,080
Amortization	7,015	7,015
Telephone	<u>4,770</u>	<u>6,890</u>
	<u>832,281</u>	<u>828,998</u>

Excess (Deficiency) of Revenue over Expenses

\$ (10) \$ (3,691)

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

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,

2023

2022

Revenue

Region of Durham

\$ 217,640

\$ 56,384

Other

-

28,524

217,640

84,908

Expenses

Salaries and benefits

133,137

77,766

Staff training

6,033

-

Personal needs

2,677

-

Travel

2,449

269

Administration costs (Note 2(j))

21,000

6,246

Insurance

286

170

Telephone

762

988

Supplies

11,864

1,280

Occupancy

1,000

1,000

179,208

87,719

Earnings before amount refundable

38,432

(2,811)

Amount Refundable to Region

38,432

-

Excess (Deficiency) of Revenue over Expenses

\$ -

\$ (2,811)

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

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,

2023

2022

Revenue

Ministry subsidy

\$ 115,296

\$ 115,296

Expenses

Salaries and benefits

96,124

96,724

Staff training

760

818

Travel

652

74

Administration costs (Note 2 (j))

10,697

10,697

Program supplies

470

-

Office supplies

1,836

1,553

Client assistance

-

33

Occupancy

3,000

4,000

Telephone

909

1,398

114,448

115,297

Earnings before amount refundable

848

(1)

Amount refundable to Ministry

848

-

Excess (Deficiency) of Revenues over Expenses

\$ -

\$ (1)

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

STATEMENT OF OPERATIONS

FOR THE PERIOD ENDED MARCH 31,

2023

2022

Revenue

Ministry subsidy

\$ 121,297

\$ 121,296

Expenses

Salaries and benefits

88,598

89,198

Staff training

1,073

1,433

Travel

800

-

Administration costs (Note 2 (j))

12,698

12,698

Telephone

1,046

2,547

Supplies

1,215

4,140

Occupancy

7,000

8,900

Client assistance

35

600

112,465

119,516

Earnings before amount Refundable

8,832

1,780

Amount Refundable to Region

8,822

-

Excess (Deficiency) of Revenue over Expenses

\$ 10

\$ 1,780

**JOHN HOWARD SOCIETY OF DURHAM REGION
RECORDS SUSPENSION**

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,

2023

2022

Revenue

Ministry subsidy

\$ 63,320

\$ -

Expenses

Salaries and benefits

44,675

-

Administration costs (Note 2 (j))

9,340

-

Rent

7,000

-

Travel and parking

110

-

Office supplies

467

-

Telephone

72

-

Computer maintenance and support

635

-

Client assistance

1,021

-

63,320

-

Excess (Deficiency) of Revenue over Expenses

\$ -

\$ -

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

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,

2023

2022

Revenue

Ministry subsidy

\$ 106,000

\$ 106,000

Expenses

Salaries and benefits

86,655

86,655

Staff travel

2,027

1,845

Staff training

1,449

1,012

Administration costs (Note 2 (j))

9,600

9,600

Office

2,724

3,301

Rent

1,200

1,200

Personal needs

123

-

Professional fees

1,000

1,000

Telephone

1,223

1,398

106,001

106,011

Excess (Deficiency) of Revenues over Expenses

\$ (1)

\$ (11)

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

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,

2023

2022

Revenue

Ministry subsidy

\$ 200,844

\$ 200,844

Expenses

Salaries and benefits

157,341

166,609

Administration costs (Note 2 (j))

21,371

21,371

Development and training

14,093

7,635

Rent

3,000

3,000

Travel and parking

-

98

Office supplies

5,238

1,433

Telephone

20

601

Fees and dues

125

125

201,188

200,872

Earnings before amount Refundable

(344)

(28)

Amount Refundable to Ministry

86

-

Excess (Deficiency) of Revenue over Expenses

\$ (430)

\$ (28)

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

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,

2023

2022

Revenue

Region of Durham

\$ 354,368

\$ 330,573

Expenses

Salaries and benefits

241,109

242,470

Program supplies

19,903

16,754

Administration costs (Note 2 (j))

34,470

31,702

Marketing and promotion

725

-

Staff training

4,110

425

Occupancy

600

-

Travel and parking

4,933

4,725

Professional fees

1,500

1,500

Office supplies

45,679

30,396

Telephone

1,340

2,601

354,369

330,573

Excess (Deficiency) of Revenue over Expenses

\$ (1)

\$ -

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

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,

2023

2022

Revenue

Region of Durham

\$ 735,100

\$ 760,800

Expenses

Salaries and benefits

526,141

577,089

Client assistance

65,627

79,315

Administration costs (Note 2 (j))

69,000

69,000

Staff training

1,650

3,934

Occupancy

12,000

12,000

Travel and parking

619

346

Office supplies

13,343

11,534

Telephone

4,148

4,875

692,528

758,093

Earnings before amount refundable

42,572

2,707

Amount Refundable to Region

42,572

-

Excess (Deficiency) of Revenue over Expenses

\$ -

\$ 2,707

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

FOR THE YEAR ENDED MARCH 31,

2023

2022

Revenue

Board of Education

\$ 46,695

\$ 43,640

Expenses

Salaries and benefits

39,121

34,976

Administration costs (Note 2 (j))

4,600

4,364

Staff training

245

60

Occupancy

2,000

2,000

Travel and parking

-

44

Office supplies

1,398

333

Telephone

7

1,063

Insurance

633

800

48,004

43,640

Excess (Deficiency) of Revenue over Expenses

\$ (1,309)

\$ -

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

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,

2023

2022

Revenue

United Way	\$ 10,000	\$ 10,000
Municipality of Clarington	302,132	292,467
Donations	31,681	18,634
Other income	<u>-</u>	<u>2,400</u>
	<u>343,813</u>	<u>323,501</u>

Expenses

Salaries and benefits	271,197	260,866
Program supplies	11,782	6,103
Client assistance	3,502	1,083
Administration costs (Note 2 (j))	33,500	33,271
Staff training	1,785	918
Occupancy	1,200	1,200
Travel and parking	125	335
Office supplies	5,909	4,507
Telephone	2,437	3,478
Insurance	2,180	2,180
Repairs and maintenance	1,242	2,442
Miscellaneous	<u>8,954</u>	<u>7,118</u>
	<u>343,813</u>	<u>323,501</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,

2023

2022

Revenue

Ministry subsidy

\$ 391,600

\$ 391,600

Expenses

Salaries and benefits

114,903

124,718

Program supplies

887

-

Training subsidies

82,818

78,243

Administration costs (Note 2 (j))

27,000

27,000

Marketing and promotion

9,817

4,048

Staff training

1,366

8,621

Occupancy

1,200

1,200

Travel and parking

485

172

Office supplies

23,701

3,627

Office equipment and maintenance

-

5,379

Telephone

1,186

5,181

263,363

258,189

Earnings before amount refundable

128,237

133,411

Amount Refundable to Ministry

128,782

133,411

Excess (Deficiency) of Revenue over Expenses

\$ (545)

\$ -

**JOHN HOWARD SOCIETY OF DURHAM REGION
BINGO**

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,

2023

2022

Revenue

Bingo

\$ 51,390

\$ 15,120

Other

17

2

51,407

15,122

Expenses

Occupancy

35,302

1,481

Excess (Deficiency) of Revenue over Expenses

\$ 16,105

\$ 13,641

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

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,

2023

2022

Revenue

Region of Durham	\$ 109,326	\$ 105,133
Residents' fees	<u>9,120</u>	<u>9,120</u>
	<u>118,446</u>	<u>114,253</u>

Expenses

Salaries and benefits	36,661	36,277
Administration costs (Note 2 (j))	13,800	13,800
Occupancy	10,991	11,753
Professional fees	3,000	2,930
Mortgage interest	1,158	1,588
Insurance	9,525	9,201
Amortization	30,377	29,947
Repairs and maintenance	10,083	5,943
Replacement and capital reserve fund allocation	<u>2,878</u>	<u>2,775</u>
	<u>118,473</u>	<u>114,214</u>

Excess (Deficiency) of Revenue over Expenses

\$ (27) \$ 39

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

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,

2023

2022

Revenue

Region of Durham

\$ 64,000

\$ 64,000

Expenses

Salaries and benefits

43,115

54,601

Program supplies

190

100

Administration costs (Note 2 (j))

6,400

6,400

Staff training

-

52

Occupancy

1,200

1,200

Travel and parking

-

58

Office supplies

928

8

Telephone

449

838

52,282

63,257

Earnings before amount refundable

11,718

743

Amount Refundable to Region

11,718

743

Excess (Deficiency) of Revenue over Expenses

\$ -

\$ -

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

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,

2023

2022

Revenue

Ministry subsidy

\$ 562,500

\$ 562,500

Expenses

Salaries and benefits

336,652

301,790

Training subsidies

21,831

51,656

Administration costs (Note 2 (j))

69,375

69,375

Marketing and promotion

5,306

28,486

Staff training

18,701

25,466

Occupancy

15,000

15,000

Travel and parking

310

42

Office supplies

14,332

8,484

Office equipment and maintenance

699

512

Telephone

875

13,095

Training support

4,867

4,999

Miscellaneous

1,250

250

489,198

519,155

Earnings before amount refundable

73,302

43,345

Amount Refundable to Ministry

73,302

43,345

Excess (Deficiency) of Revenue over Expenses

\$ -

\$ -

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

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,

2023

2022

Revenue

Ministry subsidy

\$ 787,500

\$ 787,500

Expenses

Salaries and benefits

391,737

410,272

Training subsidies

48,202

74,891

Administration costs (Note 2 (j))

97,125

97,125

Marketing and promotion

4,052

3,713

Staff training

2,922

17,853

Occupancy

105,444

107,729

Travel and parking

1,148

284

Office supplies

43,517

7,551

Office equipment and maintenance

103

226

Telephone

1,455

2,747

Training support

6,972

6,999

702,677

729,390

Earnings before amount Refundable

84,823

58,110

Amount Refundable to Ministry

84,849

58,110

Excess (Deficiency) of Revenue over Expenses

\$ (26)

\$ -

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

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,

2023

2022

Revenue

Ministry subsidy

\$ 950,000

\$ 950,000

Expenses

Salaries and benefits

366,500

334,560

Training subsidies

129,559

162,726

Client assistance

213,944

241,519

Administration costs (Note 2 (j))

32,552

32,978

Marketing and promotion

1,088

438

Staff training

2,316

2,012

Occupancy

16,504

16,505

Travel and parking

14,936

20,770

Office supplies

27,583

42,402

Office equipment and maintenance

300

2,668

Other programs

15,799

20,206

Telephone

8,345

9,871

Miscellaneous

750

1,750

830,176

888,405

Earnings before amount Refundable

119,824

61,595

Amount Refundable to Ministry

119,824

61,595

Excess (Deficiency) of Revenue over Expenses

\$ -

\$ -

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

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,

2023

2022

Revenue

Ministry of Health

\$ 100,000

\$ 100,000

Expenses

Salaries and benefits

72,470

72,470

Client assistance

3,511

5,491

Administration costs (Note 2 (j))

10,000

10,000

Staff training

2,004

1,160

Occupancy

6,000

6,000

Travel and parking

1,656

1,289

Office supplies

3,921

1,897

Telephone

439

797

100,001

99,104

Earnings before amount refundable

(1)

896

Amount Refundable to Ministry

-

896

Excess (Deficiency) of Revenue over Expenses

\$ (1)

\$ -

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

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,

2023

2022

Revenue

Program revenue

\$ 5,977

\$ 4,350

Other funding

8,209

-

14,186

4,350

Expenses

Salaries and benefits

3,200

-

Client assistance

1,544

1,200

Occupancy

700

-

Office supplies

9,043

1,009

14,487

2,209

Excess (Deficiency) of Revenue over Expenses

\$ (301)

\$ 2,141

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

FOR THE YEAR ENDED MARCH 31,

2023

2022

Revenue

United Way grants	\$ 190,000	\$ 190,000
Other programs	46,425	50,540
Bingo and fundraising	71,420	51,026
Donations	14,354	4,695
Other receipts	33,617	32,749
Interest	<u>45,590</u>	<u>3,101</u>
	<u>401,406</u>	<u>332,111</u>

Expenses

Salaries and benefits	305,482	480,479
Client assistance	-	1,398
Meetings and promotion	8,843	1,004
Staff training	7,703	4,249
Occupancy	17,840	40,532
Travel and parking	14,838	618
Professional fees	101,992	49,226
Office supplies	71,350	55,361
Office equipment and maintenance	99	547
Other programs	5,258	5,499
Telephone	5,291	9,521
Insurance	36,410	30,257
Amortization	7,190	7,190
Repairs and maintenance	24,341	54,874
Fundraising	6,240	520
Miscellaneous	5,998	3,186
Allocated salaries, benefits and administration	<u>(614,538)</u>	<u>(581,110)</u>
	<u>4,337</u>	<u>163,351</u>

Excess (Deficiency) of Revenue over Expenses

\$ 397,069

\$ 168,760

JOHN HOWARD SOCIETY OF DURHAM REGION**STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED MARCH 31,****2023****2022****Operating Activities**

Excess of revenue over expenses	\$ 410,533	\$ 182,526
Charges to income not involving cash		
Amortization	44,582	44,152
Change in capital reserve allowance	2,907	1,197
Deferred contributions	(7,015)	(7,015)
Provided from working capital (Note 12)	<u>373,011</u>	<u>(66,549)</u>
	<u>824,018</u>	<u>154,311</u>

Financing Activities

Repayment of mortgage	<u>(30,377)</u>	<u>(29,947)</u>
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Investing Activities

Decrease (Increase) in investments	<u>(5,682)</u>	<u>(14,696)</u>
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Increase In Cash**787,959 109,668****Cash, beginning of period****1,502,243 1,392,575****Cash, end of period****\$ 2,290,202 \$ 1,502,243**

JOHN HOWARD SOCIETY OF DURHAM REGION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2023

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, 2023

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 \$410,343 to the Operational Reserve Fund. The balance in this fund at March 31, 2023 is \$1,250,691. 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, 2023 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, 2023

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 \$30,377 and the accumulated amortization was \$511,085. 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 \$142,928.

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, 2023

3. Investments

Investments are recorded at fair market value and are invested in 4274.8234 units (2022 - 3886.7411 units) of the SH Canadian Short-Term Bond Fund-A.

4. Capital Assets

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value 2023</u>	<u>2022</u>
Land - main office	\$ 176,000	\$ -	\$ 176,000	\$ 176,000
Land - residential program (Note 2(k))	387,872	323,172	64,700	95,077
Land - administration office	90,257	-	90,257	90,257
Land - residential program - Whitby	205,090	-	205,090	205,090
Building - main office	251,364	120,279	131,085	137,070
Building - residential program	187,912	187,912	-	-
Building - administration office	60,172	16,267	43,905	45,110
Building - residential program - Whitby	292,632	87,687	204,945	211,960
Leasehold improvements	155,352	155,352	-	-
Other equipment	<u>69,687</u>	<u>69,687</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,876,338</u>	<u>\$ 960,356</u>	<u>\$ 915,982</u>	<u>\$ 960,564</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, 2023 (\$nil outstanding at March 31, 2022).

JOHN HOWARD SOCIETY OF DURHAM REGION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2023

6. Mortgage Payable

	<u>2023</u>	<u>2022</u>
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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.

	\$ 64,694	\$ 95,071
Less: Current portion	<u>30,812</u>	<u>30,377</u>
	<u>\$ 33,882</u>	<u>\$ 64,694</u>

Minimum principal repayments are as follows:

2024	\$ 30,812
2025	31,256
2026	<u>2,626</u>
	<u>\$ 64,694</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 2023. 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):

2024	\$ 143,028
2025	\$ 132,367
2026	\$ 78,234

JOHN HOWARD SOCIETY OF DURHAM REGION**NOTES TO FINANCIAL STATEMENTS****MARCH 31, 2023**

9. Deferred Revenue

	<u>2023</u>	<u>2022</u>
Opening balance	\$ 136,187	\$ 152,274
Add: Revenue received during the year	<u>114,661</u>	<u>91,592</u>
	250,848	243,866
Less: Amount amortized to revenue	<u>(104,684)</u>	<u>(107,679)</u>
Closing balance	<u>\$ 146,164</u>	<u>\$ 136,187</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>2023</u>	<u>2022</u>
Opening balance	\$ 211,962	\$ 218,977
Less: Amount amortized to revenue	<u>(7,015)</u>	<u>(7,015)</u>
Closing balance	<u>\$ 204,947</u>	<u>\$ 211,962</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>2023</u>	<u>2022</u>
Revenue		
Allocation for the year	\$ 2,878	\$ 2,775
Realized gain (loss) on investments	-	-
Investment income	903	612
Unrealized gain (loss) on investments	<u>(874)</u>	<u>(2,190)</u>
	2,907	1,197
Expenses		
	<u>-</u>	<u>-</u>
	<u>\$ 2,907</u>	<u>\$ 1,197</u>

JOHN HOWARD SOCIETY OF DURHAM REGION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2023

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>2023</u>	<u>2022</u>
Accounts receivable	\$ (161,793)	\$ (35,971)
Prepaid expenses	(2,163)	(4,736)
Due to funding agencies	491,181	29,101
Accounts payable	35,809	(38,856)
Deferred revenue	<u>9,977</u>	<u>(16,087)</u>
	<u>\$ 373,011</u>	<u>\$ (66,549)</u>

13. Invested in Capital Assets

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

	<u>2023</u>	<u>2022</u>
Net book value of capital assets	\$ 915,982	\$ 960,564
Less: Amount financed by mortgage	<u>(64,694)</u>	<u>(95,071)</u>
	851,288	865,493
Less: Amount financed by deferred contributions	<u>(204,947)</u>	<u>(211,962)</u>
Closing balance	<u>\$ 646,341</u>	<u>\$ 653,531</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>(44,582)</u>	<u>(44,152)</u>
	<u>\$ (37,567)</u>	<u>\$ (37,137)</u>
Net Change in Invested in Capital Assets		
Additions to capital assets	\$ -	\$ -
Reduction/Increase of mortgage	<u>30,377</u>	<u>29,947</u>
	<u>\$ 30,377</u>	<u>\$ 29,947</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 \$197,404 (\$194,942 - 2022) were expensed for both plans.

JOHN HOWARD SOCIETY OF DURHAM REGION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2023

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, 2023.

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. Subsequent Event

Subsequent to the yearend, the organization negotiated a contract with the CUPE union effective April 1, 2023.