

**John Howard Society of Hamilton,  
Burlington & Area**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED MARCH 31, 2021**

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**PAUL KWIATKOSKI PROFESSIONAL CORPORATION**  
**CHARTERED ACCOUNTANT**  
**LICENSED PUBLIC ACCOUNTANT**  
**853 MAIN STREET EAST**  
**HAMILTON, ONTARIO**  
**L8M-1L8**

**TELEPHONE: 905-544-5225**  
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### **Independent Auditor's Report**

To the Directors of John Howard Society of Hamilton, Burlington & Area

I have audited the statement of financial position of the John Howard Society of Hamilton, Burlington & Area as at March 31, 2021, and the statements of operations and changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### **Basis of Qualified Opinion**

In common with many charitable organizations, John Howard Society of Hamilton, Burlington & Area derives revenue from donations and fund raising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, my verification of these revenues was limited to the amounts recorded in the records of the organization and I was not able to determine whether adjustments might be necessary to revenues, excess of revenues over expenses, assets and net assets.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

#### **Qualified Opinion**

In my opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had I been able to satisfy myself concerning the completeness of the revenues referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2021, and the results of its operations and the changes in its net assets for the year then ended in accordance with Canadian generally accepted accounting principles for non for profit organizations.

My opinion on the financial statements for the year ended March 31, 2020 was qualified because of the possible effects of a similar limitation with respect to the completeness of revenue.



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**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 John Howard Society of Hamilton, Burlington & Area'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 John Howard Society of Hamilton, Burlington & Area or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing John Howard Society of Hamilton, Burlington & Area's financial reporting process.

**Auditors responsibilities for the Audit of the Financial Statements**

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 John Howard Society of Hamilton, Burlington & Area's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



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- 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 John Howard Society of Hamilton, Burlington & Area's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause John Howard Society of Hamilton, Burlington & Area 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. I 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 I identify during my audit.

Hamilton, Canada  
June 18, 2021

  
PAUL KWIATKOSKI CPA CA

Authorized to practice public accounting by the The Institute of Chartered Professional Accountants of Ontario

**JOHN HOWARD SOCIETY OF HAMILTON, BURLINGTON & AREA**  
**AUDITED STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED MARCH 31, 2021**

	General Fund	David Lane Fund	McBride Fund	Total <u>2021</u>	Total <u>2020</u>
<b>Revenues</b>					
Ministry of Children, Community and Social Services	\$ 783,541	\$ -	\$ -	\$ 783,541	\$ 779,902
Ministry of the Attorney General	725,343	-	-	725,343	700,827
Ministry of Training, Colleges and Universities	-	-	-	NIL	441,834
Ministry of Labour, Training and Skills Development	247,746	-	-	247,746	29,960
Solicitor General	69,124	-	-	69,124	NIL
Department of Justice Canada	109,195	-	-	109,195	NIL
Hamilton Community Foundation	116,196	-	-	116,196	129,533
United Way	25,000	-	-	25,000	25,000
City of Hamilton	-	-	-	NIL	50,872
Hamilton Community Justice Foundation	12,000	-	-	12,000	10,000
Grants - other	18,038	-	-	18,038	58,875
Centre For Conflict Resolution & Prevention	185,082	-	-	185,082	204,898
- other	28,100	-	-	28,100	21,220
Donations	8,503	-	-	8,503	17,344
Fund Raising (Note 8)	11,007	-	-	11,007	37,545
Wage and rent subsidies	80,487	-	-	80,487	NIL
Other	<u>529</u>	<u>727</u>	<u>966</u>	<u>2,222</u>	<u>5,969</u>
<b>Total Revenue</b>	<b>\$ 2,419,891</b>	<b>\$ 727</b>	<b>\$ 966</b>	<b>\$ 2,421,584</b>	<b>\$ 2,513,779</b>
<b>Expenses</b>					
Salaries and benefits	\$ 1,942,814	\$ -	\$ -	\$ 1,942,814	\$ 1,953,336
Occupancy	112,476	-	-	112,476	91,971
Office and General	90,986	14	43	91,043	84,389
Program	100,558	3,000	-	103,558	350,729
Mortgage interest	15,271	-	-	15,271	17,543
Professional Fees	<u>21,813</u>	<u>-</u>	<u>-</u>	<u>21,813</u>	<u>14,411</u>
<b>Total Expenses</b>	<b><u>2,283,918</u></b>	<b><u>3,014</u></b>	<b><u>43</u></b>	<b><u>2,286,975</u></b>	<b><u>2,512,379</u></b>
<b>Excess (Deficit) of revenues over</b>					
<b>expenses before:</b>	\$ 135,973	\$ (2,287)	923	\$ 134,609	\$ 1,400
Interest income (expense) - interfund loan	<u>(5,609)</u>	<u>-</u>	<u>5,609</u>	<u>-</u>	<u>-</u>
	\$ 130,364	\$ (2,287)	6,532	\$ 134,609	\$ 1,400
Amortization of deferred revenue-capital	41,806	-	-	41,806	56,976
Amortization of capital assets	<u>(64,793)</u>	<u>-</u>	<u>-</u>	<u>(64,793)</u>	<u>(62,615)</u>
<b>Excess of revenues over expenses</b>	<b>\$ <u>107,377</u></b>	<b><u>(2,287)</u></b>	<b>\$ <u>6,532</u></b>	<b>\$ <u>111,622</u></b>	<b><u>(4,239)</u></b>

See accompanying notes to the financial statements

**JOHN HOWARD SOCIETY OF HAMILTON, BURLINGTON & AREA  
AUDITED STATEMENT OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED MARCH 31, 2021**

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	General Fund	David Lane Fund	McBride Fund	Total <u>2021</u>	Total <u>2020</u>
Net Assets, beginning of year	\$ (16,232)	\$ 159,076	\$ 435,084	\$ 577,928	\$ 582,167
Excess of revenues over expenses	<u>107,377</u>	<u>(2,287)</u>	<u>6,532</u>	<u>111,622</u>	<u>(4,239)</u>
Net Assets, end of year	\$ <u>91,145</u>	\$ <u>156,789</u>	<u>441,616</u>	\$ <u>689,550</u>	\$ <u>577,928</u>


See accompanying notes to the financial statements



**JOHN HOWARD SOCIETY OF HAMILTON, BURLINGTON & AREA  
AUDITED STATEMENT OF FINANCIAL POSITION  
AS AT MARCH 31, 2021**

	General Fund	Dave Lane Fund	McBride Fund	Total <u>2021</u>	Total <u>2020</u>
<b>Assets</b>					
<b>Current</b>					
Bank	\$ 235,690	\$ 156,789	\$ 225,092	\$ 617,571	\$ 436,964
Receivable	89,307	-	-	89,307	162,869
Prepays	<u>13,130</u>	<u>-</u>	<u>-</u>	<u>13,130</u>	<u>13,487</u>
	\$ 338,127	\$ 156,789	225,092	\$ 720,008	\$ 613,320
Interfund receivable (payable)	\$ (216,524)	\$ -	\$ 216,524	\$ -	\$ -
<b>FIXED (note 3)</b>	<u>\$ 763,409</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 763,409</u>	<u>\$ 741,208</u>
	<u>\$ 885,012</u>	<u>\$ 156,789</u>	<u>\$ 441,616</u>	<u>\$ 1,483,417</u>	<u>\$ 1,354,528</u>
<b>Liabilities</b>					
<b>Current</b>					
Accounts payables	\$ 89,158	\$ -	\$ -	\$ 89,158	\$ 86,299
Deferred revenue (Note 6)	289,483	-	-	289,483	323,215
Mortgage payable (Note 5)	<u>11,388</u>	<u>-</u>	<u>-</u>	<u>11,388</u>	<u>329,654</u>
	\$ 390,029	\$ -	-	\$ 390,029	\$ 739,168
Mortgage payable (Note 5)	\$ 307,915	\$ -	\$ -	\$ 307,915	\$ -
Deferred revenue-fixed assets (note 6)	<u>\$ 95,923</u>	<u>\$ -</u>	<u>-</u>	<u>\$ 95,923</u>	<u>\$ 37,432</u>
	<u>\$ 793,867</u>	<u>\$ -</u>	<u>-</u>	<u>\$ 793,867</u>	<u>\$ 776,600</u>
<b>Net Assets</b>					
Unrestricted	\$ 91,145	\$ -	\$ -	\$ 91,145	\$ (16,232)
Internally restricted	<u>-</u>	<u>156,789</u>	<u>441,616</u>	<u>598,405</u>	<u>594,160</u>
	<u>\$ 91,145</u>	<u>\$ 156,789</u>	<u>\$ 441,616</u>	<u>\$ 689,550</u>	<u>\$ 577,928</u>
	<u>\$ 885,012</u>	<u>\$ 156,789</u>	<u>\$ 441,616</u>	<u>\$ 1,483,417</u>	<u>\$ 1,354,528</u>

Approved on behalf on the board of directors

  
\_\_\_\_\_  
President  
Bragg Moudie  
June 30/21

See accompanying notes to the financial statements  
\_\_\_\_\_  
A. Rani Khan  
Treasurer  
June 30, 2021

**JOHN HOWARD SOCIETY OF HAMILTON, BURLINGTON & AREA**  
**AUDITED STATEMENT OF CASH POSITION**  
**AS AT MARCH 31, 2021**

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	<u>2021</u>	<u>2020</u>
<b><u>OPERATING ACTIVITIES</u></b>		
Working capital from operations		
Net surplus (deficit) for the year	\$ 111,622	\$ (4,239)
Non working capital charges		
Amortization of deferred revenue	(41,806)	(56,976)
Amortization of fixed assets	<u>64,793</u>	<u>62,615</u>
	134,609	1,400
Net change in non-cash working capital		
Decrease (Increase) in accounts receivable	73,562	(100,800)
Decrease (increase) in prepaid expenses	357	2,525
Increase (decrease) in accounts payable	2,859	8,674
Increase (decrease) in deferred revenue	<u>(33,732)</u>	<u>102,147</u>
	\$ <u>177,655</u>	\$ <u>13,946</u>
<b><u>FINANCING ACTIVITIES</u></b>		
Deferred revenue received - capital assets	<u>100,296</u>	<u>1,667</u>
<b><u>INVESTING ACTIVITIES</u></b>		
Additions to fixed assets	\$ (86,993)	\$ (18,688)
Repayment of mortgage	<u>(10,351)</u>	<u>(16,767)</u>
	<u>(97,344)</u>	<u>(35,455)</u>
<b><u>INCREASE IN CASH</u></b>	\$ 180,607	\$ (19,842)
CASH, beginning of year	<u>436,964</u>	<u>456,806</u>
<b><u>CASH, END OF YEAR</u></b>	\$ <u>617,571</u>	\$ <u>436,964</u>

See accompanying notes to the financial statements



**JOHN HOWARD SOCIETY OF HAMILTON, BURLINGTON & AREA**  
**NOTES TO THE AUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2021**

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**1. NATURE OF ORGANIZATION**

The John Howard Society of Hamilton, Burlington & Area is a not for profit organization incorporated under the laws of Ontario and is a registered charity under the Income Tax Act.

The mandate of the John Howard Society of Hamilton, Burlington & Area is:

- a) to promote and foster safe and healthier communities by providing appropriate programs of rehabilitation, employment, education, and prevention for those who need an opportunity to achieve, maintain or regain a balance within their communities.
- b) to understand and respond to crime and the criminal justice system and to work with people who have come into conflict or have potential to come into conflict with the law.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

These financial statements have been prepared in accordance with Canadian accounting standards for not for profit organizations.

**Fund Accounting**

A description of each fund is as follows:

(a) General Fund

The General fund accounts for the organization's program delivery and administrative activities.

(b) David Lane Youth Success Fund

This fund was established by the Agency for the purpose of funding of youth related programs in the Hamilton and surrounding area.

(c) The McBride Fund

This fund was established by the agency for the purpose of funding programs relating to the relief of poverty within the City of Hamilton and the Regional Municipality of Halton and to used to provide for the basic needs of the more disadvantaged and marginalized clients of the agency.

**Equipment**

Equipment is carried at cost less amortization. Amortization is calculated on a straight-line basis over their estimated useful lives as follows:

Building and improvements	40 years
Computer and office equipment	3 years
Furniture and Fixtures	5 years

**Financial Instruments**

The organization's financial assets and financial liabilities instruments consist of cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities. Cash and cash equivalents are classified as held for trading and are measured at fair value. Gains and losses are recorded in net income.

Other financial assets and liabilities are initially measured at fair value, and subsequently measured at amortized cost using the effective interest rate method.

**JOHN HOWARD SOCIETY OF HAMILTON, BURLINGTON & AREA  
NOTES TO THE AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2021**

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**2. Significant accounting policies (Continued)**

**Revenue Recognition**

These statements are presented using the deferral method to account for contributions received. Unrestricted or internally restricted contributions are recognized as revenue of the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Externally restricted contributions to be used to fund specific programs are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Externally restricted contributions for the purchase of capital assets are amortized to income in a manner consistent with the amortization of the asset. Other revenues are recognized as revenues when the service is performed and collections is reasonably assured.

**Use of Estimates**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires managements to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may vary from the current estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the periods in which they become known.

**Interfund Transfers**

Annually, the Board of Directors determines the need to transfer funds from one fund to another and approves such transfers.

**Contributed goods and services**

Due to the difficulty in determining the fair value of volunteer services, they are not recorded in the financial statements

**3. FIXED ASSETS**

	Cost \$	Accumulated Amortization	2020 Net Book Value	2019
Land	\$ 255,251	\$ NIL	\$ 255,251	\$ 255,251
Building	887,214	417,518	469,696	457,724
Computers and office equipment	129,592	103,045	26,547	12,666
Furniture and Fixtures	174,327	172,597	1,730	2,472
Vehicle	<u>17,150</u>	<u>6,965</u>	<u>10,185</u>	<u>13,095</u>
	<u>\$ 1,463,534</u>	<u>\$ 700,125</u>	<u>\$ 763,409</u>	<u>741,208</u>



**JOHN HOWARD SOCIETY OF HAMILTON, BURLINGTON & AREA  
NOTES TO THE AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2021**

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**4. OPERATING LINE OF CREDIT**

The organization has an operating line of credit in the amount of \$75,000. The organization has provided a first charge over all its assets as security.

**5. MORTGAGE PAYABLE**

	<u>2021</u>	<u>2020</u>
Mortgage payable, with blended monthly payments of \$1,902. with interest at 3.64%, due October 2025. The mortgage is secured by land and buildings with a net book value of \$724,946	\$ 319,303	\$ 329,654
Less: Current portion	<u>11,388</u>	<u>329,654</u>
	<u>\$ 307,915</u>	<u>\$ -</u>

**6. DEFERRED REVENUE**

Activity for the year with respect to the deferred contributions or revenues are as follows:

Operations

	<u>2021</u>	<u>2020</u>
Balance - beginning of year	\$ 323,215	\$ 221,068
Additions during the year	1,242,131	1,453,908
Included in revenue during the year	<u>(1,275,863)</u>	<u>(1,351,761)</u>
Balance - end of year	<u>289,483</u>	<u>323,215</u>

Fixed assets

Balance - beginning of year	\$ 37,432	\$ 92,742
Additions during the year	100,297	1,666
Amortized to revenue during the year	<u>(41,806)</u>	<u>(56,976)</u>
Balance - end of year	<u>95,923</u>	<u>37,432</u>



**JOHN HOWARD SOCIETY OF HAMILTON, BURLINGTON & AREA  
NOTES TO THE AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2021**

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**7. LEASE COMMITMENTS**

The company leases premises under a long term lease that expires on June 30, 2023.  
The future minimum lease payments for building and equipment for the next three years is as follows:

March 31, 2022	\$ 25,434
2023	\$ 15,283
2024	\$ 3,449

**8. FUNDRAISING**

Fundraising consists of the following:

	General fund	Bingo
Event - revenue	\$ 4,155	\$ 6,862
- expenses	<u>NIL</u>	<u>10</u>
	<u>4,155</u>	<u>6,852</u>

**9. FINANCIAL INSTRUMENTS**

The organization is exposed to various risks through its financial instruments, without being exposed to concentrations of risk. The following analysis provides a measure of the company's risk exposure as at March 31, 2021

**Liquidity risk**

Liquidity risk is the risk that the company will encounter difficulty in meeting obligations associated with financial liabilities. The company is exposed to this risk mainly in respect of its accounts payable and accrued liabilities and mortgage payable.

**Credit risk**

The organization is exposed to credit risk on the accounts receivable from its funders. The organization establishes an allowance for doubtful accounts that corresponds to the specific credit risk of its funders. Although a substantial portion of its funders' ability to pay is dependent upon the general economic sector, concentration of credit risk is limited due to the organizations credit evaluation process, its funding base.