

Financial Statements of
John Howard Society of Peterborough

For the year ended March 31, 2025

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Independent Auditor's Report

To the board of directors of John Howard Society of Peterborough

Opinion

We have audited the financial statements of John Howard Society of Peterborough, which comprise the statement of financial position as at March 31, 2025, and the statements of changes in net assets, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2025, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the 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 audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing 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:

Independent Auditor's Report — continued

- ♦ 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.

Inclusive Accounting Professional Corporation - Kawartha

Authorized to practise public accounting by the Chartered Professional Accountants of Ontario

Peterborough, Ontario
August 24, 2025

John Howard Society of Peterborough

Statement of Financial Position

As at March 31	2025	2024
Assets		
Current assets		
Cash	\$ 155,639	\$ 199,342
Accounts receivable	105,172	94,514
Prepaid expenses	21,134	14,105
Current portion of investments (note 3)	25,539	15,698
	<u>307,484</u>	<u>323,659</u>
Investments (note 3)	72,327	68,169
Capital assets (note 4)	<u>1,699,679</u>	<u>1,294,913</u>
	<u>1,772,006</u>	<u>1,363,082</u>
	<u>\$ 2,079,490</u>	<u>\$ 1,686,741</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 60,710	\$ 99,544
Deferred revenue (note 5)	20,123	19,683
Current portion of long-term debt (note 6)	36,332	22,632
	<u>117,165</u>	<u>141,859</u>
Long-term liabilities		
Long-term debt (note 6)	1,106,956	671,919
Deferred capital contributions (note 7)	493,157	528,320
	<u>1,600,113</u>	<u>1,200,239</u>
Fund balances		
Net assets	<u>362,212</u>	<u>344,643</u>
	<u>\$ 2,079,490</u>	<u>\$ 1,686,741</u>

On behalf of the Board

Director

Director

John Howard Society of Peterborough

Statement of Changes in Net Assets

For the year ended March 31, 2025

	Internally Restricted - Invested in Capital Assets	Unrestricted Operating Fund	Total 2025	Total 2024
Balance, beginning of year	\$ 72,042	\$ 272,601	\$ 344,643	\$ 319,213
Excess of revenues over expenditures for the year	-	17,569	17,569	25,430
Interfund transfers	(8,808)	8,808	-	-
Balance, end of year	\$ 63,234	\$ 298,978	\$ 362,212	\$ 344,643

John Howard Society of Peterborough

Statement of Operations

For the year ended March 31	2025	2024
Revenues		
Grants	\$ 1,080,598	\$ 1,139,466
Collaborative fee for service	83,442	91,765
Rental income	49,552	69,417
Other income	42,525	33,570
Amortization of deferred capital contributions	35,163	35,163
Investment income	5,181	5,334
Donations	1,581	3,126
	<u>1,298,042</u>	<u>1,377,841</u>
Expenditures		
Wages and benefits	911,867	1,022,653
Amortization	96,264	68,871
Program supplies and purchased services	62,732	58,400
Office	56,592	44,861
Occupancy costs	48,661	49,561
Interest on long-term debt	43,357	38,221
Memberships	26,787	14,730
Professional fees	17,838	42,246
Insurance	16,375	12,868
	<u>1,280,473</u>	<u>1,352,411</u>
Excess of revenues over expenditures for the year	<u>\$ 17,569</u>	<u>\$ 25,430</u>

John Howard Society of Peterborough

Statement of Cash Flows

For the year ended March 31	2025	2024
Cash provided from (used for)		
Operating activities		
Excess of revenues over expenditures	\$ 17,569	\$ 25,430
Items not involving cash		
Amortization	96,264	68,871
Amortization of deferred capital contributions	(35,163)	(35,163)
	<u>78,670</u>	<u>59,138</u>
Changes in non-cash working capital items:		
Accounts receivable	(10,658)	76,315
Prepaid expenses	(7,029)	(11)
Accounts payable and accrued liabilities	(38,834)	(30,948)
Deferred revenue	440	(35,892)
	<u>(56,081)</u>	<u>9,464</u>
Cash flows from operating activities	<u>22,589</u>	<u>68,602</u>
Investing activities		
Purchase of investments	(24,573)	(4,905)
Proceeds on disposal of investments	10,574	8,500
Purchase of capital assets	(501,030)	-
Cash flows from investing activities	<u>(515,029)</u>	<u>3,595</u>
Financing activities		
Proceeds of long-term debt	475,000	-
Repayment of long-term debt	(26,263)	(20,951)
Cash flows from financing activities	<u>448,737</u>	<u>(20,951)</u>
Net increase (decrease) in cash position	(43,703)	51,246
Cash position, beginning of year	199,342	148,096
Cash position, end of year	\$ 155,639	\$ 199,342

John Howard Society of Peterborough

Notes to Financial Statements

For the year ended March 31, 2025

1. Nature of operations

John Howard Society of Peterborough (the "Organization") is a not-for-profit organization whose mission is to make Peterborough safer through prevention, education, reform, aftercare and treatment for services for persons who are, or who have the potential to be, involved in the Criminal Justice System. The Organization qualifies as a charitable organization as defined in the Federal and Ontario Income Tax Act and, accordingly, it is not subject to income taxes.

On April 1, 2025 the Organization amalgamated with the John Howard Society of Kawartha Lakes and Haliburton and are now operating as the John Howard Society of the Kawarthas providing the above services in the Peterborough, Kawartha Lakes and Haliburton region.

2. Summary of significant accounting policies

The Organization applies the Canadian accounting standards for not-for-profit organizations.

(a) *Fund accounting deferred*

The Organization follows the deferral method of accounting for contributions which includes grants and donations. Contributions of property and equipment are included as deferred contributions and are amortized to revenue at the same rate and on the same basis as amortization of the related property and equipment.

Restricted contributions are recognized as revenue in the year in which the related expenses are made. 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.

Rental income consists of short-term rentals and is reported in the period in which boarding is provided.

Collaborative fee for service agreements, other income, and investment income is recognized as earned provided the amount can be reasonably estimated and collection is reasonably assured.

(b) *Cash and cash equivalents*

Cash is defined as deposits held in a Canadian chartered bank and credit union.

(c) *Capital assets*

Capital assets are recorded at cost. The Organization provides for amortization using the straight-line method at rates designed to amortize the cost of the capital assets over their estimated useful lives. The annual amortization rates are as follows:

Building - 20 years

Office furniture and equipment - 5 years

John Howard Society of Peterborough
Notes to Financial Statements
For the year ended March 31, 2025

2. Summary of significant accounting policies — continued

(d) *Contributed services*

Directors, committee members and owners volunteer their time to assist in the Organization's activities. While these services benefit the Organization considerably, a reasonable estimate of their amount and fair value cannot be made and, accordingly, these contributed services are not recognized in the financial statements.

(e) *Use of estimates*

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

(f) *Financial instruments*

The Organization's financial instruments consist of cash, accounts receivable, investments, accounts payable and accrued liabilities and long-term debt. Unless otherwise noted it is management's opinion that the Organization is not exposed to significant interest, currency or credit risks.

3. Investments

	2025	2024
Mutual funds - Canadian Equity at market value	\$ 72,327	\$ 68,169
Cashable GIC bearing interest at 4.25%, maturing May 2025.	8,804	-
Non-cashable GIC bearing interest at 4.9%, maturing June 2025	16,735	-
Non-cashable GIC bearing interest at 4.6%, matured April 2024	-	15,698
	97,866	83,867
Less: current portion	25,539	15,698
	\$ 72,327	\$ 68,169

John Howard Society of Peterborough
Notes to Financial Statements
For the year ended March 31, 2025

4. Capital assets

	2025		2024	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Land	\$ 176,940	\$ -	\$ 176,940	\$ -
Buildings	2,268,074	738,410	1,769,156	649,403
Office equipment	155,952	162,877	153,840	155,620
	<u>\$ 2,600,966</u>	<u>\$ 901,287</u>	<u>\$ 2,099,936</u>	<u>\$ 805,023</u>
Net book value		<u>\$ 1,699,679</u>		<u>\$ 1,294,913</u>

5. Deferred revenue

	Balance, beginning of year	Received	Recognized	Balance, end of year
Restricted donations	\$ 6,675	\$ 1,960	\$ (1,782)	\$ 6,853
Collaborative fee for service agreements	13,008	44,235	(43,973)	13,270
	<u>\$ 19,683</u>	<u>\$ 46,195</u>	<u>\$ (45,755)</u>	<u>\$ 20,123</u>

6. Long-term debt

	2025	2024
Mortgage payable, bearing interest at 5.34%, repayable in blended monthly payments of \$4,931, maturing October 2025, secured by real property.	\$ 668,288	\$ 694,551
Mortgage payable, interest at 6.29%, repayable in monthly instalments of \$3,483 on account of principal and interest, due October 2025, secured by real property.	475,000	-
	<u>1,143,288</u>	<u>694,551</u>
Less: current portion	<u>36,332</u>	<u>22,632</u>
	<u>\$ 1,106,956</u>	<u>\$ 671,919</u>

John Howard Society of Peterborough
Notes to Financial Statements
For the year ended March 31, 2025

6. Long-term debt — continued

Minimum principal repayments over the next five years, assuming the mortgages are consolidated and renewed with similar terms are as follows:

2026	\$ 36,332
2027	38,443
2028	40,678
2029	43,043
2030	45,547

The Organization has agreed to certain covenants with respect to the above mortgages, including a commitment that no cash flow proceeds will be distributed so long as the mortgages are outstanding and that the Debt Service Coverage Ratio is no less than one to one. The Debt Service Coverage Ratio is defined by the Kawartha Credit Union as Revenues less expenditures plus depreciation, amortization and interest expenses divided by total principal and interest debt obligations. As at March 31, 2025, the Organization was in compliance with the Debt Service Coverage Ratio requirement..

7. Deferred capital contributions

Deferred capital contributions represent unspent and unamortized grants and donations received for the purchase of capital assets.

	<u>2025</u>	<u>2024</u>
Balance, beginning of year	\$ 528,320	\$ 563,483
Recognition of revenue during the year	<u>(35,163)</u>	<u>(35,163)</u>
Balance, end of year	<u>\$ 493,157</u>	<u>\$ 528,320</u>

John Howard Society of Peterborough
Notes to Financial Statements
For the year ended March 31, 2025

8. Grants

Grant funding for the year consists of:

	<u>2025</u>	<u>2024</u>
Ministry of Children, Community and Social Services	\$ 486,446	\$ 473,070
Correctional Services Canada	201,400	170,999
Ministry of Attorney General	188,355	188,355
Ministry of Public Safety and Emergency Preparedness	96,178	108,820
United Way	53,417	125,682
Ontario Ministry of the Solicitor General	23,311	24,319
Community Counselling and Resources	20,598	-
Canada Summer Jobs	5,263	-
John Howard Society of Ontario	2,880	4,799
Kawartha Credit Union	2,000	-
Canadian Mental Health Association	750	-
Ontario Trillium Fund	-	43,422
	<u>\$ 1,080,598</u>	<u>\$ 1,139,466</u>

John Howard Society of Peterborough
Notes to Financial Statements
For the year ended March 31, 2025

9. Interfund transfer

The interfund transfer is comprised of the following:

	Internally Restricted - Invested in Capital Assets	Unrestricted - Operating
Amortization of capital assets	\$ (96,264)	\$ 96,264
Principal repayment on long-term debt for capital assets	26,263	(26,263)
Amortization of deferred capital contributions	35,163	(35,163)
Capital asset purchases	501,030	(501,030)
Proceeds of long-term debt for capital assets	(475,000)	475,000
	<u>\$ (8,808)</u>	<u>\$ 8,808</u>

10. Economic dependence

The Organization receives a significant amount of funding from its funders, including the United Way, the Province of Ontario and the Government of Canada, and is such economically dependent on these sources of revenue..

11. Commitments

At year end, the Organization has received grants from the United Way of Peterborough & District ("UWP") for the purpose of establishing, operating and maintaining a minimum of 10 bed single occupancy congregate living home at their 305 Stewart Street building. As a result, the Organization has signed an agreement with the UWP whereby it will not use the property other than to achieve the obligations of supporting a minimum of six people selected from the City of Peterborough's By-Name-Priority-List at the shelter rates for people receiving benefits from the Ontario Works and Ontario Disability Support Program or shall not sell or encumber the property.
