

**THE JOHN HOWARD SOCIETY
OF LONDON AND DISTRICT
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2023
(Audited - See Auditors' Report)**

INDEPENDENT AUDITORS' REPORT

To: Board of Directors

The John Howard Society of London and District

Opinion

We have audited the accompanying financial statements of the John Howard Society of London and District which comprise the statement of financial position as at March 31, 2023, and the statements revenue, expenses, and surplus, and cash flow for the year 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 John Howard Society of London and District 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 Opinion

We conducted our audit in accordance with Canadian Generally Accepted Auditing Standards. Our responsibilities under those standards are further described in the Auditors Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the John Howard Society of London and District in accordance with the ethical requirements that are relevant to our audit of the consolidated 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 Non-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 John Howard Society of London and District'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 John Howard Society of London and District or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the John Howard Society of London and District's financial reporting process.

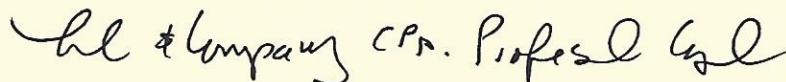
Auditor's Responsibilities for the Audit of the Financial Statements

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 John Howard Society of London and District'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 John Howard Society of London and District'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 John Howard Society of London and District 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the John Howard Society of London and District to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the John Howard Society of London and District audit. We remain solely responsible for our audit opinion.

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.



London, Ontario
July 31, 2023

LUNICK & COMPANY CPA PROFESSIONAL CORPORATION
Authorized to practice public accounting by the Chartered Professional Accountants of Ontario

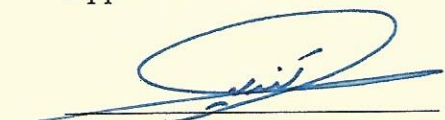
THE JOHN HOWARD SOCIETY OF LONDON AND DISTRICT
(Incorporated without share capital)
Consolidated Statement of Financial Position
As at March 31
(Audited - See Auditors' Report)

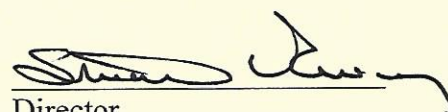
	<u>2023</u>	<u>2022</u>
<u>Assets</u>		
Current assets:		
Cash	\$ 484,047	\$ 544,006
Investments (note 1)	175,504	169,408
Accounts receivable	29,607	26,911
HST rebate receivable	-	20,731
Prepaid expenses	<u>9,478</u>	<u>8,206</u>
Total assets	<u>\$ 698,636</u>	<u>\$ 769,262</u>

Liabilities and Surplus

Current liabilities:		
Accounts payable and accrued liabilities	\$ 26,279	\$ 33,392
Employee deductions payable	<u>49,604</u>	<u>46,237</u>
	<u>75,883</u>	<u>79,629</u>
Deferred revenue (note 2)	<u>168,559</u>	<u>282,606</u>
Operating surplus	<u>454,194</u>	<u>407,027</u>
Total liabilities and surplus	<u>\$ 698,636</u>	<u>\$ 769,262</u>

Approved on Behalf of the Board:


Director


Director

See the accompanying notes which are an integral part of these financial statements.

THE JOHN HOWARD SOCIETY OF LONDON AND DISTRICT

Consolidated Statement of Revenue, Expenses, and Surplus

For the Years ended March 31

(Audited - See Auditors' Report)

	<u>2023</u>	<u>2022</u>
Receipts		
CBSA/John Howard Canada	\$ 6,257	\$ 4,743
City of London	19,462	-
Correctional Services of Canada	13,172	15,270
Sifton Family Foundation	37,500	-
City of Stratford SHOPP	135,597	132,149
Donations (note 3)	26,184	22,304
Canada Summer Jobs	9,004	8,862
Interest	7,458	10,909
London Community Foundation	163,936	41,379
Ministry of the Attorney General	917,612	842,082
Ministry of Children, Community and Social Services	156,077	263,027
Ministry of the Solicitor General	184,807	184,807
Heritage Canada/JHSO	76,605	19,166
Anger Management / Navigating Relationships	3,670	2,700
Ontario Trillium Foundation	28,000	-
Record Suspension	11,300	8,000
Miscellaneous Other	1,051	786
Stratford Perth Community Foundation	700	700
United Way Elgin Middlesex	200,000	315,000
United Way Perth - Huron	43,293	34,770
PAR Client Fees	34,709	14,986
Second Harvest	24,580	420
Youth Justice Hub/CMHA	1,757	52,557
Westminster College Foundation	<u>15,000</u>	<u>20,000</u>
	<u>2,117,731</u>	<u>1,994,617</u>
Expenses		
Salaries	1,337,460	1,237,708
Employee benefits	288,669	271,394
Occupancy (see schedule)	100,105	102,545
Other (see schedule)	<u>344,330</u>	<u>268,548</u>
	<u>2,070,564</u>	<u>1,880,195</u>
Surplus of receipts over disbursements for the year	47,167	114,422
Operating surplus - beginning of year	<u>407,027</u>	<u>292,605</u>
Operating Surplus - end of year	<u>\$ 454,194</u>	<u>\$ 407,027</u>

See the accompanying notes which are an integral part of these financial statements.

THE JOHN HOWARD SOCIETY OF LONDON AND DISTRICT

Consolidated Schedule of Expenses

For the Years ended March 31

(Audited - See Auditors' Report)

	<u>2023</u>	<u>2022</u>
Occupancy		
Rent	\$ 45,050	\$ 44,963
Insurance	14,172	12,453
Building maintenance/supplies	36,281	40,762
Utilities	<u>4,602</u>	<u>4,367</u>
	<u>\$ 100,105</u>	<u>\$ 102,545</u>
Other Expenses		
Administration/provincial support	\$ 27,968	\$ 25,094
Advertising and awards	523	170
Annual meeting	1,440	1,791
Conferences/meetings	13,664	7,796
Covid and infrastructure expenses	19,900	109,652
Miscellaneous	30,834	12,475
Office equipment maintenance	6,540	8,207
Office supplies	34,089	20,794
LCF BTC client	84,442	17,629
Postage	30	151
Professional fees/audit	9,974	14,017
United Way hope kits	9,610	3,086
Project expenses	48,977	2,601
Technology grant expense	-	4,182
Staff training/development	12,518	3,128
Telephone	20,135	16,587
Travel	<u>23,686</u>	<u>21,188</u>
	<u>\$ 344,330</u>	<u>\$ 268,548</u>

See the accompanying notes which are an integral part of these financial statements.

THE JOHN HOWARD SOCIETY OF LONDON AND DISTRICT

Consolidated Statement of Cash Flow

For The Year ended March 31

(Audited - See Auditors' Report)

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Surplus of revenue over		
expenses for the year	\$ 47,167	\$ 114,422
Changes in non-cash working capital:		
Accounts receivable	(2,696)	(21,319)
HST rebate receivable	20,731	20,614
Prepaid expenses	(1,272)	(704)
Accounts payable and accrued liabilities	(7,113)	7,056
Employee deductions payable	3,367	(3,067)
Deferred revenue	<u>(114,047)</u>	<u>28,433</u>
	<u>(53,863)</u>	<u>145,435</u>
Cash flows from investing activities:		
Increase in investments	<u>(6,096)</u>	<u>(11,803)</u>
Increase in cash and cash equivalents		
during the year	(59,959)	133,632
Cash and cash equivalents, beginning of year	<u>544,006</u>	<u>410,374</u>
Cash and cash equivalents, end of year	\$ <u>484,047</u>	\$ <u>544,006</u>
Represented by:		
Cash	\$ <u>484,047</u>	\$ <u>544,006</u>

See the accompanying notes which are an integral part of these financial statements.

THE JOHN HOWARD SOCIETY OF LONDON AND DISTRICT

Notes to the Consolidated Financial Statements

March 31, 2023

(Audited - See Auditors' Report)

Nature of business:

The John Howard Society of London and District is an incorporated charitable organization which provides services to individuals and their loved ones or groups who are, or who may become involved in, the criminal justice system. On April 28, 1995, the Society was incorporated pursuant to Articles of Incorporation as a corporation without share capital.

These consolidated statements include the following programs of The John Howard Society of London And District:

Core Programs, Indigenous Services Adult, Indigenous Services Youth, Bail Verification and Supervision and Direct Accountability.

The organization is a registered charity within the meaning of the Income Tax Act (Canada) and is exempt from income taxes.

Summary of significant accounting policies:

Basis of Presentation:

These financial statements have been prepared in accordance with Canadian accounting standards for Not-for-Profit Organizations in part III of the CICA Handbook, the more significant of which are summarized below:

Fund Accounting

The consolidated financial statements of the organization are presented in accordance with principles of fund accounting.

Cash and Cash Equivalents

The organization's policy is to disclose bank balances under cash and cash equivalents, including any bank overdrafts with balances that may fluctuate from being positive to overdrawn.

Capital Purchases

The organization's policy regarding capital asset purchases is that any capital assets purchased with funds provided by outside funders are to be expensed in the current year and charged to the operating fund.

Income Taxes

According to the provisions of the Income Tax Act (Canada), the organization is exempt from taxes on income.

THE JOHN HOWARD SOCIETY OF LONDON AND DISTRICT

Notes to the Consolidated Financial Statements - continued

March 31, 2023

(Audited - See Auditors' Report)

Summary of significant accounting policies (continued):

Revenue recognition

Donation and membership revenue is recorded in the year in which it is received.

Grants and fees for services are recorded in accordance with the terms of the agreements. Any grants or fees received and not expended by the end of the year are recorded as deferred revenue and recorded in the period in which the grants and fees are utilized.

Memberships and donations are recognized when funds are received.

Financial Instruments

Initial and subsequent measurement:

The organization initially measures its financial assets and financial liabilities at fair value except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate. It subsequently measures all its financial assets and financial liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value.

Financial assets measured at amortized cost on a straight-line basis include cash, investments, accounts receivable and HST rebate receivable. The financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Transaction costs

Transaction costs related to financial instruments that will be subsequently measured at fair value are recognized in net income in the period incurred. Transaction costs related to financial instruments subsequently measured at amortized cost are included in the original cost of the asset or liability and recognized in net income over the life of the instrument using the straight-line method.

Impairment

For financial assets measured at cost or amortized cost, the organization determines whether there are indications of possible impairment. When there is an indication of impairment, and the organization determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be 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.

THE JOHN HOWARD SOCIETY OF LONDON AND DISTRICT

Notes to the Consolidated Financial Statements - continued

March 31, 2023

(Audited - See Auditors' Report)

1. Investments:

The investments are held in the Spike Caldwell fund and Tom Dystra in the form of short term Guaranteed Investment Certificates are as follows:

	Amount	Rate (%)	Due Date
Renewable GIC	\$ 6,636	1.600	April 7, 2023
Renewable GIC	58,409	2.758	November 14, 2025
Renewable GIC	63,289	0.991	January 13, 2025
Renewable GIC	9,195	4.650	April 14, 2024
Renewable GIC	37,975	1.250	July 12, 2023
	<u>\$ 175,504</u>		

2. Deferred Revenue:

Certain receipts are received for use over an extended period of time. Due to contractual commitments, management anticipates that the funds will be fully utilized by March 31, 2023. Funding received for periods beyond the year end have been classified as a deferred revenue as follows:

Grant Donor	Total	Deferred Receipts
City of Stratford 2 Year Contract 2021-2023	\$ 144,900	\$ 24,655
United Way Perth Huron Emerg Trans	3,000	1,181
Westminster College Foundation	20,000	5,000
Sifton Family Foundation	75,000	37,500
London Community Foundation	300,000	95,685
City of London	24,000	4,538
	<u>\$ 542,900</u>	<u>\$ 168,559</u>

3. Donations:

The current year's amount includes unanticipated donations of \$26,184 to the Spike Caldwell and Tom Dykstra funds. These donation will be used towards future activities. This amount is reflected in the overall surplus for the year.

THE JOHN HOWARD SOCIETY OF LONDON AND DISTRICT

Notes to the Consolidated Financial Statements - continued

March 31, 2023

(Audited - See Auditors' Report)

4. Financial instruments:

Risk management policy

The organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the risks at March 31, 2023.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The organization's main credit risks relate to its accounts receivable and H.S.T. receivable. Due to the nature of these items, the risk is minimal.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The organization is mainly exposed to interest rate risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The organization is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed-rate instruments subject the organization to a fair value risk while the floating-rate instruments subject it to a cash flow risk.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its accounts payable and accrued liabilities. The organization considers that it has sufficient credit facilities to ensure that funds are available to meet its current and long-term financial needs, at a reasonable cost.

Risk arising from Financial Instruments

The organization's cash is held in a major financial institution. It is management's opinion that the organization is not exposed to interest rate or currency risks.