



JOHN HOWARD SOCIETY OF PEEL-HALTON-DUFFERIN
FINANCIAL STATEMENTS
Year Ended March 31, 2021

JOHN HOWARD SOCIETY OF PEEL-HALTON-DUFFERIN
INDEX TO FINANCIAL STATEMENTS
Year Ended March 31, 2021

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Operations and Changes in Fund Balances	4 - 5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 14





INDEPENDENT AUDITOR'S REPORT

To the Members of John Howard Society of Peel-Halton-Dufferin

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of John Howard Society of Peel-Halton-Dufferin ("the Society"), which comprise the statement of financial position as at March 31, 2021, and the statements of operations and changes in fund balances 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 Society as at March 31, 2021, and the results of its operations and cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-For-Profit Organizations (ASNPO).

Basis for Qualified Opinion

In common with many charitable organizations, the Society derives revenue from the general public in the form of donations and memberships, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Society and we were not able to determine whether any adjustments might be necessary to donations and membership revenues, excess of revenues over expenses, current assets and net fund balances. Our audit opinion on the financial statements for the year ended March 31, 2020 was modified accordingly because of the possible effects of this limitation of scope.

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 Society in accordance with 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 qualified audit 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 ASNPO, 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.

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Page 1

In preparing the financial statements, management is responsible for assessing the Society'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 Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society'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 Society'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 Society'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 Society 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.

Sloan Partners LLP

JOHN HOWARD SOCIETY OF PEEL-HALTON-DUFFERIN
STATEMENT OF FINANCIAL POSITION
March 31, 2021

	Operating Fund	Reserve Fund	Capital Fund	Total 2021	2020
ASSETS					
Cash and cash equivalents	\$ 237,447	\$ 73,465	\$ -	\$ 310,912	\$ 203,232
Accounts receivable	93,262	-	-	93,262	164,206
Government remittances recoverable	31,419	-	-	31,419	26,203
Marketable securities (Note 3)	-	559,206	-	559,206	422,401
Prepaid expenses	49,723	-	-	49,723	55,440
	411,851	632,671	-	1,044,522	871,482
Capital assets (Note 4)	-	-	1,350,214	1,350,214	1,367,486
Intangible assets (Note 5)	-	-	12,111	12,111	18,295
	\$ 411,851	\$ 632,671	\$ 1,362,325	\$ 2,406,847	\$ 2,257,263
LIABILITIES					
Accounts payable and accrued liabilities	\$ 130,172	\$ -	\$ -	\$ 130,172	\$ 205,242
Deferred revenue (Notes 6, 7)	286,311	-	-	286,311	165,110
Current portion of mortgage payable (Note 8)	-	-	715,000	715,000	741,000
	416,483	-	715,000	1,131,483	1,111,352
Commitments (Note 9)					
FUND BALANCES (Note 2 and 10)					
Equipment and IT reserve	-	126,774	-	126,774	129,682
Personnel policy and stabilization reserve	-	502,989	-	502,989	357,706
Surplus	(4,632)	2,908	647,325	645,601	658,523
	(4,632)	632,671	647,325	1,275,364	1,145,911
	\$ 411,851	\$ 632,671	\$ 1,362,325	\$ 2,406,847	\$ 2,257,263

Approved by:



Director



Director

See accompanying notes to financial statements

JOHN HOWARD SOCIETY OF PEEL-HALTON-DUFFERIN
STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES
Year Ended March 31, 2021

	Operating Fund	Reserve Fund	Capital Fund	2021	2020
REVENUE (Note 6)					
Service Canada	\$ 8,321	\$ -	\$ -	\$ 8,321	\$ 8,658
Ministry of Attorney General (Note 7)	1,070,076	-	-	1,070,076	1,080,490
Ministry of Children, Community and Social Services (Note 7)	320,907	-	-	320,907	320,985
Ministry of the Solicitor General	99,518	-	-	99,518	-
Region of Peel	331,408	-	-	331,408	348,139
Halton Region	13,270	-	-	13,270	40,888
United Way	226,841	-	-	226,841	214,400
WCG International Consultants Ltd. (Note 7)	507,409	-	-	507,409	680,644
Investment Income (loss)	11	145,283	-	145,294	(38,085)
Rental income	62,325	-	-	62,325	63,093
Other income	32,887	-	-	32,887	19,393
Catholic Family Services	21,437	-	-	21,437	25,070
Fees for Service	10,555	-	-	10,555	7,832
Membership and donations	3,665	-	-	3,665	7,857
Deferred contributions recognized - Capital fund	-	-	-	-	12,858
Ontario Trillium Foundation	-	-	-	-	189,522
	2,708,630	145,283	-	2,853,913	2,981,744
EXPENDITURES					
Salaries	1,712,334	-	-	1,712,334	1,781,985
Employee benefits and HR costs	298,036	-	-	298,036	359,143
Occupancy costs	266,846	-	-	266,846	356,654
Service and program expenses	105,536	-	-	105,536	95,091
Administration expenses	101,956	2,908	-	104,864	136,782
Employer supports	59,681	-	-	59,681	86,859
Travel and conference expense	41,169	-	-	41,169	83,342
Interest on mortgage payable	-	-	25,248	25,248	37,190
Project costs	8,145	-	-	8,145	120
Professional fees	7,870	-	-	7,870	149,351
Renovation and relocation expenses	-	873	-	873	26,612
Amortization of intangible assets	-	-	6,184	6,184	6,184
Amortization of capital assets	-	-	87,674	87,674	71,720
	2,601,573	3,781	119,106	2,724,460	3,191,033

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See accompanying notes to financial statements

JOHN HOWARD SOCIETY OF PEEL-HALTON-DUFFERIN
STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES *(continued)*
Year Ended March 31, 2021

	Operating Fund	Reserve Fund	Capital Fund	2021	2020
NET EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	107,057	141,502	(119,106)	129,453	(209,289)
FUND BALANCE - BEGINNING OF YEAR	13,742	487,388	644,781	1,145,911	1,355,200
	120,799	628,890	525,675	1,275,364	1,145,911
APPROPRIATIONS	(125,431)	3,781	121,650	-	-
FUND BALANCE - END OF YEAR	\$ (4,632)	\$ 632,671	\$ 647,325	\$ 1,275,364	\$ 1,145,911

See accompanying notes to financial statements

JOHN HOWARD SOCIETY OF PEEL-HALTON-DUFFERIN
STATEMENT OF CASH FLOWS
Year Ended March 31, 2021

	2021	2020
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenditures	\$ 129,453	\$ (209,289)
Items not affecting cash:		
Amortization of intangible assets	6,184	6,184
Amortization	87,674	71,720
Loss (Gain) sale of marketable securities	1,873	10,456
Loss (Gains) in fair value of marketable securities	<u>(146,447)</u>	<u>38,911</u>
	<u>78,737</u>	<u>(82,018)</u>
Changes in non-cash working capital:		
Deferred contributions related to capital assets	-	(12,858)
Government remittances	-	-
Accounts receivable	70,944	(111,761)
Prepaid expenses	5,717	(8,109)
Accounts payable and accrued liabilities	(75,069)	60,118
Government remittances	(5,216)	(18,244)
Deferred revenue	<u>121,201</u>	<u>(98,885)</u>
	<u>117,577</u>	<u>(189,739)</u>
Cash flow from (used by) operating activities	<u>196,314</u>	<u>(271,757)</u>
INVESTING ACTIVITIES		
Purchase of capital assets	(70,403)	(3,995)
Purchase of intangible assets	-	(18,972)
Proceeds from sale of marketable securities	<u>7,769</u>	<u>39,405</u>
Cash flow from (used by) investing activities	<u>(62,634)</u>	16,438
FINANCING ACTIVITIES		
Repayments of mortgage	<u>(26,000)</u>	<u>(35,750)</u>
Cash flow used by financing activities	<u>(26,000)</u>	<u>(35,750)</u>
INCREASE (DECREASE) IN CASH	107,680	(291,069)
Cash - beginning of year	<u>203,232</u>	<u>494,301</u>
CASH - END OF YEAR	\$ 310,912	\$ 203,232

See accompanying notes to financial statements

JOHN HOWARD SOCIETY OF PEEL-HALTON-DUFFERIN
NOTES TO FINANCIAL STATEMENTS
Year Ended March 31, 2021

1. NATURE OF BUSINESS

John Howard Society of Peel-Halton-Dufferin ("the Society") was incorporated on January 30, 1996 and as of November 5, 2005 became the John Howard Society of Peel-Halton-Dufferin, a corporation without share capital that is a registered charity under paragraph 149(1)(f) of the Income Tax Act. The Society is an affiliate of the John Howard Society of Ontario. The society's mission is to prevent crime through research, community education, and the promotion of systemic change and restorative services to individuals.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations. Significant accounting policies adopted by the Society are as follows:

Financial statement presentation

These general purpose financial statements include the assets, liabilities, revenue and expenditures of all the programs and operations of the John Howard Society of Peel-Halton-Dufferin.

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JOHN HOWARD SOCIETY OF PEEL-HALTON-DUFFERIN
NOTES TO FINANCIAL STATEMENTS
Year Ended March 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Fund accounting

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

Restricted contribution 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.

The Organization's funds have been classified as follows:

Operating Fund

Day-to-day operations are recorded in the Operating Fund. This includes the revenues from Ministry programs and donations, and expenses related to salaries, administration and occupancy.

Reserve Fund

The Reserve Fund reports amounts that have been set aside in reserve for specific purposes by the board of Directors, as follows:

(i) Equipment and IT Reserve - this reserve provides for future equipment and software replacements and repairs.

(ii) Personnel Policy and Stabilization Reserve - this reserve ensures the continued service delivery at times of funding shortfalls, provides for any liabilities arising from the Society's personnel policies, and provides and maintains property and leasehold improvements and commitments for the Society's locations.

Capital Fund

The Capital Fund includes all the activity throughout the year that is associated with the Society's capital expenditures as well as related liabilities

Capital assets

Capital assets are stated at cost less accumulated amortization. Amortization is provided at rates intended to write-off assets over their estimated productive lives as follows:

	<u>Rate</u>	<u>Method</u>
Buildings	30 years	straight-line method
Equipment	3 years	straight-line method
Furniture and fixtures	10 years	straight-line method
Leasehold improvements	5 years	straight-line method

Intangible assets

Intangible assets are recorded at cost. The Society provides for amortization using the straight-line method at rates designed to amortize the cost of the intangible assets over their estimated useful lives. The web application is being amortized on a straight-line basis over their estimated useful lives of five years.

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JOHN HOWARD SOCIETY OF PEEL-HALTON-DUFFERIN
NOTES TO FINANCIAL STATEMENTS
Year Ended March 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Revenue recognition

The Society uses the deferral method of accounting for contributions whereby restricted funding and donations related to expenses of future periods are deferred and recognized as revenue in the period in which the related expenses are incurred. Unrestricted donations and contributions along with investment income not required to be paid back to funders are reported as revenue of the current period.

Contributed services

Volunteers contributed time to assist the Society in carrying out various programs. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

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 amount 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. Balances that are subject to estimates are accounts receivable, capital assets and deferred revenue.

Marketable securities

The portfolio of marketable securities are measured at fair value. The related changes in fair value of the portfolio of marketable securities are reported in the statement of operations. Fair value is determined using market rates on the active market.

3. MARKETABLE SECURITIES

Marketable securities as presented on the Statement of Financial Position consist of:

	<u>2021</u>	<u>2020</u>
Equities	<u>\$ 559,206</u>	<u>\$ 422,401</u>

JOHN HOWARD SOCIETY OF PEEL-HALTON-DUFFERIN
NOTES TO FINANCIAL STATEMENTS
Year Ended March 31, 2021

4. CAPITAL ASSETS

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Land	\$ 543,977	\$ -	\$ 543,977	\$ 543,977
Buildings	815,966	56,664	759,302	786,501
Leasehold improvements	-	-	-	26,737
Equipment	70,403	23,468	46,935	4,878
Furniture and fixtures	-	-	-	5,393
	\$ 1,430,346	\$ 80,132	\$ 1,350,214	\$ 1,367,486

5. INTANGIBLE ASSETS

	2021	2020
Web application	\$ 37,833	\$ 30,921
Accumulated amortization	(25,722)	(12,626)
	\$ 12,111	\$ 18,295

JOHN HOWARD SOCIETY OF PEEL-HALTON-DUFFERIN
NOTES TO FINANCIAL STATEMENTS
Year Ended March 31, 2021

6. REVENUE RECONCILIATION

The property and equipment of the Society are capitalized and expensed by way of amortization over the assets' useful life as per Note 2, to comply with Canadian accounting standards for not-for-profit organizations. This results in a difference between actual funding and expenditures versus those disclosed on these financial statements.

Similarly, some funding relating to future periods has been set up as a deferred revenue as per Note 2. This also results in a difference between actual funding and expenditures versus those disclosed on these financial statements. The amounts repayable to the respective funding sources have been reduced from current revenues and shown in deferred revenue.

Revenue recognized from various funding agencies can be reconciled to actual cash payments received during the year as follows:

a) WCG - general funding

During the year the Society received \$503,301 in cash from WCG in relation to its Employment Services. Funding deferred at the end of 2020, which is \$4,108, was recognized as revenue. Total revenue recognized in the current year is \$507,409.

b) Ministry of Attorney General

The Ministry confirmed payment of \$1,022,490 for the Bail Verification and Supervision Service Program of which \$9,287 has been deferred and \$1,013,203 was recognized in revenue in the current year.

The Ministry also confirmed payment of \$58,000 for the Direct Accountability Program during the year of which \$1,127 has been deferred and \$56,873 was recognized in revenue in the current year.

c) Region of Peel

During the year the Society received \$100,000 from the Region of Peel for Core funding and \$5,504 for COVID-19 funding of which \$3,616 has been deferred and \$101,888 was recognized in revenue in the current year.

The Society also received \$287,236 in funding for the Home for Good program, of which \$57,447 has been deferred and \$229,789 was recognized in revenue.

During the year the Society received \$3,333 in funding for the Needle Exchange program, all of which was recognized as revenue in the current year.

Balances in deferred revenue related to prior year's funding with no change include \$56,068 for the Peel Alternatives to Choosing Hospitalization program and \$5,096 for the Homelessness Partnering Strategy program.

d) Ministry of Children, Community and Social Services

The Ministry confirmed payment of \$279,365 in funding for the Halton Youth Attendance Centre program during the year of which \$2,083 was deferred and \$277,282 was recognized in revenue in the current year. The Society also received \$43,625 for the Youth Justice Committee program, all of which was recognized in revenue in the current year.

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JOHN HOWARD SOCIETY OF PEEL-HALTON-DUFFERIN
NOTES TO FINANCIAL STATEMENTS
Year Ended March 31, 2021

6. REVENUE RECONCILIATION *(continued)*

e) Solicitor General

During the year the Society received \$142,564 from the JHSO as part of the Solicitor General funding program, of which \$43,046 has been deferred and \$99,518 was recognized in revenue.

f) United Way

During the year the Society received \$251,400 in cash from the United Way funding program of which \$24,559 have been deferred and \$226,841 was recognized in revenue in the current year.

	2021	2020
<u>The changes in deferred revenue are as follows:</u>		
Deferred revenue, beginning of year	\$ 165,110	\$ 263,995
Less amount recognized as revenue during the year	(30,576)	(158,740)
Less amount returned during the year	-	(5,238)
Add amount received related to next year	151,777	65,093
Balance, end of the year	\$ 286,311	\$ 165,110

7. REVENUE

	2021	2020
<u>Ministry of Attorney General</u>		
Bail Verification and Supervision	\$ 1,013,203	\$ 1,022,490
Direct Accountability	56,873	58,000
	1,070,076	1,080,490
WCG International Consultants Ltd.		
Employment Services	507,409	660,594
Employing Young Talent Incentive	-	20,050
	507,409	680,644
Ministry of Children, Community & Social Services		
Halton Youth Attendance Centre (HYAC)	277,282	279,360
Youth Justice Committee (YJC)	43,625	41,625
	320,907	320,985

JOHN HOWARD SOCIETY OF PEEL-HALTON-DUFFERIN
NOTES TO FINANCIAL STATEMENTS
Year Ended March 31, 2021

8. MORTGAGE PAYABLE

	2021	2020
Mortgage repayable on demand at the Bank of Montreal's discretion, and otherwise by monthly payments of \$3,250 plus interest at prime plus 1.00%. The loan matures on March 31, 2039 and is secured by registered first-ranking on the 44 Queen St. building and insurance over said building.	\$ 715,000	\$ 741,000
Less: Current portion of long-term debt	(715,000)	(741,000)
	\$ -	\$ -

Principal repayment terms are approximately:

2022	\$ 39,000
2023	39,000
2024	39,000
2025	39,000
2026	39,000
2027 and Thereafter	520,000
	\$ 715,000

The mortgage has been classified as current due to it being due on demand. The estimated repayments noted above are based upon the remaining amortization period of the mortgage should it reach maturity.

Interest expense relating to the mortgage during the year was \$25,248.

9. COMMITMENTS

The Society has the following annual operating lease commitments of \$179,004 with respect to premises and is payable in fiscal year 2022.

JOHN HOWARD SOCIETY OF PEEL-HALTON-DUFFERIN
NOTES TO FINANCIAL STATEMENTS
Year Ended March 31, 2021

10. FINANCIAL INSTRUMENTS

The Society's financial instruments include accounts receivable, government remittances recoverable, marketable securities, accounts payable, deferred revenue and mortgage payable. The carrying value of these instruments approximates their fair value due to their immediate or short-term liquidity.

Interest rate risk

The Society's exposure to interest rate fluctuations is with respect to the mortgage payable with a variable rate of interest.

Market risk

As at March 31, 2020 the Society holds \$559,206 in marketable securities that are exposed to market risk which could result in changes in their fair value and future cash flows.

Currency and credit risk

Unless otherwise noted, it is management's opinion that the Society is not exposed to significant current or credit risks arising from its financial instruments. Management believes the exposure to these risks has not changed in the past year.

11. CHANGE IN RESERVES

	2021	2020
<u>Equipment and IT reserve</u>		
Beginning balance	\$ 129,682	\$ 129,682
Disbursements	(2,908)	-
Ending balance	\$ 126,774	\$ 129,682
 <u>Personnel policy and stabilization reserve</u>		
Beginning balance	\$ 357,706	\$ 574,408
Investment (loss) income	145,283	(38,104)
Disbursements	(873)	(70,973)
Appropriations	873	(107,625)
Ending balance	\$ 502,989	\$ 357,706