

Financial Statements of
John Howard Society of Peterborough
For the year ended March 31, 2024

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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, 2024, 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, 2024, 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

In common with many not-for-profit organizations, the Organization derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2024 and 2023, current assets as at March 31, 2024 and 2023, and net assets as at April 1 and March 31 for both the 2024 and 2023 years. Our audit opinion on the financial statements for the year ended March 31, 2023 was modified accordingly because of the possible effects of this limitation in 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 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.

Other Matter

The financial statements of the Company for the year ended March 31, 2023 were audited by another auditor who expressed an unmodified opinion on those financial statements on November 15, 2023.

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.

Independent Auditor's Report — continued

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.

Inclusive Accounting Professional Corporation - Kawartha

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

Peterborough, Ontario

July 31, 2024

John Howard Society of Peterborough Statement of Financial Position

As at March 31	2024	2023
Assets		
Current assets		
Cash	\$ 199,342	\$ 148,096
Accounts receivable	94,514	170,829
Prepaid expenses	14,105	14,094
Current portion of investments (note 3)	15,698	8,500
	323,659	341,519
Investments (note 3)	68,169	78,962
Capital assets (note 4)	1,294,913	1,363,784
	1,363,082	1,442,746
	\$ 1,686,741	\$ 1,784,265
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 99,544	\$ 130,492
Deferred revenue (note 5)	19,683	55,575
Current portion of long-term debt (note 6)	22,632	715,502
	141,859	901,569
Long-term liabilities		
Long-term debt (note 6)	671,919	-
Deferred capital contributions (note 7)	528,320	563,483
	1,200,239	563,483
Fund balances		
Net assets	344,643	319,213
	\$ 1,686,741	\$ 1,784,265

On behalf of the Board

_____ Director

_____ Director

John Howard Society of Peterborough Statement of Changes in Net Assets

For the year ended March 31, 2024

	Internally Restricted - Invested in Capital Assets	Unrestricted Operating Fund	Total 2024	Total 2023
Balance, beginning of year	\$ 84,799	\$ 234,414	\$ 319,213	\$ 389,531
Excess (deficiency) of revenues over expenditures for the year	-	25,430	25,430	(70,318)
Interfund transfers (note 9)	(12,757)	12,757	-	-
Balance, end of year	\$ 72,042	\$ 272,601	\$ 344,643	\$ 319,213

John Howard Society of Peterborough Statement of Operations

For the year ended March 31	2024	2023
Revenues		
Grants (note 8)	\$ 1,139,466	\$ 1,024,398
Collaborative fee for service	91,765	84,194
Rental income	69,417	70,244
Amortization of deferred capital contributions	35,163	35,163
Other income	33,570	40,730
Investment income	5,334	815
Donations	3,126	2,670
	<u>1,377,841</u>	<u>1,258,214</u>
Expenditures		
Wages and benefits	1,022,653	942,722
Amortization	68,871	117,902
Program supplies and purchased services	58,400	42,497
Occupancy costs	49,561	56,412
Office	44,861	78,143
Professional fees	42,246	21,661
Interest on long-term debt	38,221	36,124
Memberships	14,730	16,907
Insurance	12,868	16,164
	<u>1,352,411</u>	<u>1,328,532</u>
Excess (deficiency) of revenues over expenditures for the year	\$ 25,430	\$ (70,318)

John Howard Society of Peterborough Statement of Cash Flows

For the year ended March 31	2024	2023
Cash provided from (used for)		
Operating activities		
Excess (deficiency) of revenues over expenditures	\$ 25,430	\$ (70,318)
Items not involving cash		
Amortization	68,871	117,902
Amortization of deferred capital contributions	<u>(35,163)</u>	<u>(35,163)</u>
	<u>59,138</u>	<u>12,421</u>
Changes in non-cash working capital items:		
Accounts receivable	76,315	(45,774)
Prepaid expenses	(11)	(55)
Accounts payable and accrued liabilities	(30,948)	(31,498)
Deferred revenue	<u>(35,892)</u>	<u>30,741</u>
	<u>9,464</u>	<u>(46,586)</u>
Cash flows from operating activities	<u>68,602</u>	<u>(34,165)</u>
Investing activities		
Purchase of investments	(4,905)	(23,500)
Proceeds on disposal of investments	8,500	55,842
Purchase of capital assets	<u>-</u>	<u>(52,449)</u>
Cash flows from investing activities	<u>3,595</u>	<u>(20,107)</u>
Financing activities		
Proceeds of long-term debt	-	40,000
Repayment of long-term debt	(20,951)	(14,616)
Repayment of Canada Emergency Business Account Loan	<u>-</u>	<u>(30,000)</u>
Cash flows from financing activities	<u>(20,951)</u>	<u>(4,616)</u>
Net increase (decrease) in cash position	51,246	(58,888)
Cash position, beginning of year	148,096	206,984
Cash position, end of year	\$ 199,342	\$ 148,096

John Howard Society of Peterborough

Notes to Financial Statements

For the year ended March 31, 2024

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.

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

(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.

John Howard Society of Peterborough
Notes to Financial Statements
For the year ended March 31, 2024

2. Summary of significant accounting policies — continued

(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

	2024	2023
Mutual funds - Canadian Equity at market value	\$ 68,169	\$ 63,962
Non-cashable GIC bearing interest at 4.6%, due April 2024	15,698	15,000
Cashable GIC bearing interest at 3.75% cashed during the year.	-	8,500
	83,867	87,462
Less: current portion	15,698	8,500
	\$ 68,169	\$ 78,962

4. Capital assets

	2024		2023	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Land	\$ 176,940	\$ -	\$ 176,940	\$ -
Buildings	1,769,156	649,403	1,769,156	587,367
Office equipment	153,840	155,620	153,840	148,785
	\$ 2,099,936	\$ 805,023	\$ 2,099,936	\$ 736,152
Net book value		\$ 1,294,913		\$ 1,363,784

John Howard Society of Peterborough
Notes to Financial Statements
For the year ended March 31, 2024

5. Deferred revenue

	Balance, beginning of year	Received	Recognized	Balance, end of year
Restricted donations	\$ 9,223	\$ 1,960	\$ (4,508)	\$ 6,675
Collaborative fee for service agreements	12,730	43,360	(43,082)	13,008
Grants	33,622	9,800	(43,422)	-
	<u>\$ 55,575</u>	<u>\$ 55,120</u>	<u>\$ (91,012)</u>	<u>\$ 19,683</u>

6. Long-term debt

	2024	2023
Mortgage payable, bearing interest at 5.34%, repayable in blended monthly payments of \$4,931, maturing October 2025, secured by real property.	\$ 694,551	\$ 715,502
Less: current portion	22,632	715,502
	<u>\$ 671,919</u>	<u>\$ -</u>

The prior year's mortgage payable balance was classified as a current liability due to a covenant violation. As of March 31, 2024, the Organization does not violate any covenants.

Minimum principal repayments over the next five years, assuming the mortgage is renewed with the same terms are as follows:

2025	\$ 22,632
2026	23,870
2027	25,177
2028	26,555
2029	28,008

7. Deferred capital contributions

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

	2024	2023
Balance, beginning of year	\$ 563,483	\$ 598,646
Recognition of revenue during the year	(35,163)	(35,163)

John Howard Society of Peterborough
Notes to Financial Statements
For the year ended March 31, 2024

7. Deferred capital contributions — continued

	\$ 528,320	\$ 563,483
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8. Grants

Grant funding for the year consists of:

	2024	2023
Ministry of Children, Community and Social Services	\$ 473,070	\$ 487,323
Ministry of Attorney General	188,355	203,727
Correctional Services Canada	170,999	-
United Way	125,682	99,138
Ministry of Public Safety and Emergency Preparedness	108,820	71,892
Ontario Trillium Fund	43,422	55,479
Ontario Ministry of the Solicitor General	24,319	-
John Howard Society of Ontario	4,799	3,839
City of Peterborough	-	90,000
The Centre for Innovation in Campus Mental Health	-	10,000
Other	-	3,000
	\$ 1,139,466	\$ 1,024,398

9. Interfund transfer

The interfund transfer is comprised of the following:

	Internally Restricted - Invested in Capital Assets	Unrestricted - Operating
Amortization of capital assets	\$ (68,871)	\$ 68,871
Principal repayment on long-term debt for capital assets	20,951	(20,951)
Amortization of deferred capital contributions	35,163	(35,163)
	\$ (12,757)	\$ 12,757

John Howard Society of Peterborough
Notes to Financial Statements
For the year ended March 31, 2024

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.
