



JOHN HOWARD SOCIETY OF WATERLOO-WELLINGTON
AN AFFILIATE OF THE JOHN HOWARD SOCIETY OF ONTARIO
FINANCIAL STATEMENTS
AS AT MARCH 31, 2023

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Approved on behalf of the Board



Approved on behalf of the Board



INDEPENDENT AUDITOR'S REPORT

To the Directors of John Howard Society of Waterloo - Wellington

Opinion

I have audited the financial statements of **John Howard Society of Waterloo-Wellington**, which comprise the statement of financial position as at **March 31, 2023**, and the statements of operations, changes in net assets, and cash flows, for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion the accompanying financial statements present fairly, in all material respects, the financial position of John Howard Society of Waterloo-Wellington as at **March 31, 2023** and its results of operations, changes in net assets, and cash flows, for the year then ended, in accordance with Canadian Accounting Standards for Not-for-profit Organizations.

Basis of Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the entity in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated 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

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 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 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 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 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.

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.

E.M. Simon CPA

June 16, 2023
Waterloo, ON

E.M. Simon CPA Professional Corporation

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JOHN HOWARD SOCIETY OF WATERLOO-WELLINGTON

AN AFFILIATE OF THE JOHN HOWARD SOCIETY OF ONTARIO

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2023

(with comparative figures as at March 31, 2022)

(the accompanying notes are an integral part of these financial statements)

ASSETS	<u>2023</u>			<u>2022</u>		
	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Total</u>	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Total</u>
CURRENT						
Cash - unrestricted	267,740	-	267,740	189,826	-	189,826
Cash - Program Continuance Reserve (note 6)	233,776	-	233,776	234,976	-	234,976
Investments - Program Continuance Reserve (notes 3 and 6)	89,181	-	89,181	87,981	-	87,981
Investments (note 3)	-	211,367	211,367	-	211,367	211,367
Grants, program fees and HST receivable	30,590	-	30,590	34,449	-	34,449
Prepaid payroll expenses	-	-	-	8,657	-	8,657
	621,287	211,367	832,654	555,889	211,367	767,256
LONG-TERM - prepaid benefits	37,001	-	37,001	37,001	-	37,001
PROPERTY AND EQUIPMENT (note 5)	-	1,513,032	1,513,032	-	1,552,948	1,552,948
	\$658,288	\$1,724,399	\$2,382,687	\$592,890	\$1,764,315	\$2,357,205
LIABILITIES						
CURRENT						
Accounts payable and accrued liabilities	56,523	-	56,523	56,366	-	56,366
Program revenue repayable	81,379	-	81,379	35,300	-	35,300
Deferred revenue (note 4)	65,932	-	65,932	87,300	-	87,300
	203,834	-	203,834	178,966	-	178,966
NET ASSETS (page 3)						
Internally restricted (note 6)	322,957	211,367	534,324	322,957	211,367	534,324
Unrestricted	131,498	1,513,032	1,644,530	90,967	1,552,948	1,643,915
	454,455	1,724,399	2,178,854	413,924	1,764,315	2,178,239
	\$658,289	\$1,724,399	\$2,382,688	\$592,890	\$1,764,315	\$2,357,205

JOHN HOWARD SOCIETY OF WATERLOO-WELLINGTON

AN AFFILIATE OF THE JOHN HOWARD SOCIETY OF ONTARIO

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2023

(with comparative figures for the year ended March 31, 2022)

(the accompanying notes are an integral part of these financial statements)

	<u>Operating Fund</u>	<u>2023 Capital Fund</u>	<u>Total</u>	<u>Operating Fund</u>	<u>2022 Capital Fund</u>	<u>Total</u>
NET ASSETS - BEGINNING OF THE YEAR	413,924	1,764,315	2,178,239	398,093	1,804,231	2,202,324
EXCESS (DEFICIT) OF REVENUES OVER EXPENSES	40,531	(39,916)	615	15,831	(39,916)	(24,085)
NET ASSETS - END OF THE YEAR	\$454,455	\$1,724,399	\$2,178,854	\$413,924	\$1,764,315	\$2,178,239

JOHN HOWARD SOCIETY OF WATERLOO-WELLINGTON

AN AFFILIATE OF THE JOHN HOWARD SOCIETY OF ONTARIO

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2023

(with comparative figures for the year ended March 31, 2022)

(the accompanying notes are an integral part of these financial statements)

OPERATING FUND

	<u>2023</u>	<u>2022</u>
REVENUES		
Government program grants	3,001,911	3,019,371
United Way	43,500	35,341
Program fees	228,097	242,763
Other program grants	-	10,711
Donations and miscellaneous	26,111	16,402
Interest earned	15,183	1,393
	3,314,802	3,325,981
EXPENSES		
Wages and employee benefits	2,888,220	2,867,301
Program	101,198	157,897
Building occupancy	94,983	108,126
Equipment and computer maintenance	93,853	88,078
Office and general	31,470	24,239
Travel	2,487	355
Telephone	24,603	24,521
Contracted Services	13,121	19,667
Professional fees	18,749	11,896
Advertising	5,587	8,070
	3,274,271	3,310,150
EXCESS OF REVENUES OVER EXPENSES	\$40,531	\$15,831

CAPITAL FUND

	<u>2023</u>	<u>2022</u>
EXPENSES		
Amortization of property and equipment	39,916	39,916
EXCESS (DEFICIT) OF REVENUES OVER EXPENSES	(\$39,916)	(\$39,916)

JOHN HOWARD SOCIETY OF WATERLOO-WELLINGTON

AN AFFILIATE OF THE JOHN HOWARD SOCIETY OF ONTARIO

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2023

(with comparative figures for the year ended March 31, 2022)

(the accompanying notes are an integral part of these financial statements)

CASH FLOWS FROM (TO):	<u>Operating Fund</u>	<u>2023 Capital Fund</u>	<u>Total</u>	<u>Operating Fund</u>	<u>2022 Capital Fund</u>	<u>Total</u>
OPERATING ACTIVITIES						
Excess (deficit) of revenues over expenses	40,531	(39,916)	615	15,831	(39,916)	(24,085)
Items not requiring cash flows:						
Amortization of property and equipment	-	39,916	39,916	-	39,916	39,916
	40,531	-	40,531	15,831	-	15,831
Change in non-cash current assets and liabilities:						
Investments - Program Continuance Reserve (notes 3 and 6)	(1,200)	-	(1,200)	(375)	-	(375)
Investments (note 3)	-	-	-	-	-	-
Grants, program fees and HST receivable	3,859	-	3,859	26,336	-	26,336
Prepaid payroll expenses	8,657	-	8,657	(8,657)	-	(8,657)
Accounts payable and accrued liabilities	157	-	157	(75,129)	-	(75,129)
Deferred revenue (note 4)	(21,368)	-	(21,368)	983	-	983
Program revenue repayable	46,079	-	46,079	9,890	-	9,890
	76,715	-	76,715	(31,121)	-	(31,121)
INVESTING ACTIVITIES						
Prepaid benefits	-	-	-	(9,701)	-	(9,701)
FINANCING ACTIVITIES	-	-	-	-	-	-
CHANGE IN CASH FOR THE YEAR	76,715	-	76,715	(40,822)	-	(40,822)
CASH - BEGINNING OF THE YEAR	424,802	-	424,802	465,624	-	465,624
CASH - END OF THE YEAR	\$501,517	\$0	\$501,517	\$424,802	\$0	\$424,802
REPRESENTED BY:						
Cash - unrestricted	267,740	-	267,740	189,826	-	189,826
Cash - Program Continuance Reserve (note 6)	233,776	-	233,776	234,976	-	234,976
	\$501,516	\$0	\$501,516	\$424,802	\$0	\$424,802

JOHN HOWARD SOCIETY OF WATERLOO-WELLINGTON

AN AFFILIATE OF THE JOHN HOWARD SOCIETY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2023

1. NATURE OF THE ORGANIZATION

The John Howard Society of Waterloo-Wellington (JHSWW) is an organization of citizens who accept responsibility for the understanding of and dealing with the problems of crime and the criminal justice system. The organization's mandate is the prevention of crime through service, community education, advocacy and reform.

The organization is incorporated without share capital under the laws of Ontario and registered as a charitable organization with Canada Revenue Agency, and as such is exempt from income tax.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

These financial statements have been prepared using Canadian Accounting Standards for Not-for-profit Organizations.

Fund Accounting

The organization uses fund accounting to maintain its books and records. Fund accounting comprises the collective accounting procedures which result in a self-balancing set of accounts for each fund established by legal, contractual or voluntary actions.

The **Operating Fund** reflects the assets, liabilities, revenues and expenses related to program delivery and administrative activities.

The **Capital Fund** reflects the assets, liabilities, revenues and expenses related to property, equipment and related reserves.

Revenue recognition

The organization uses the restricted fund method for recognizing revenues, whereby contributions which are restricted by donors to non-operating funds are reflected as income when received or receivable, and to the extent they are unexpended, reflected as restricted net assets on the statement of financial position. Restricted contributions received or receivable by the Operating Fund are reflected as deferred income until spent as designated, provided collection is reasonably assured and amounts reasonably estimable. Non-monetary contribution are not reflected in the financial statements of the organization unless fair values can be reasonably determined.

Property and Equipment

Property and equipment are reflected at cost, which is amortized at the following annual rates:

Buildings	- 2.5% on a straight-line basis
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Use of estimates

The preparation of the financial statements requires management to make estimates and assumption that may affect the reported amount of assets and liabilities at the financial statement date and the reported revenues and expenses reported for the year. In these financial statements, amortization of property and equipment requires estimates and assumptions related to the useful life of the related assets. Actual results could differ from those estimates.

JOHN HOWARD SOCIETY OF WATERLOO-WELLINGTON

AN AFFILIATE OF THE JOHN HOWARD SOCIETY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2023

2. SIGNIFICANT ACCOUNT POLICIES (continued)

Financial instruments

A financial instrument is a contract that creates a financial asset for one entity and a financial liability or equity instrument of another. JHSWW initially measures its financial assets and liabilities at fair value, except for non-arm's length transactions, if any. JHSWW subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments with quoted fair values in an active market, if any, which are measured at fair value. Changes in fair value are recognized in net income. Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement. The amount of the reversal is recognized in net income. JHSWW recognizes its transaction costs in net income in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

3. FINANCIAL ASSETS

	<u>2023</u>	<u>2022</u>
Short-term investments reflected at fair value:		
RBC Money Market Funds - Program Continuance Reserve	-	87,981
RBC Money Market Funds - Capital Fund	-	211,367
	-	299,348
Other financial assets reflected at amortized cost:		
Cash	501,516	424,802
Guaranteed investment certificate, interest at prime, due September 2023		
- Program Continuance Reserve	89,181	-
- Capital Fund	211,367	-
Grants and program fees receivable (excluding HST recoverable)	21,260	24,837
	<u>\$823,324</u>	<u>\$748,987</u>

As in the prior year, management believes JHSWW does not face any significant credit, currency, interest rate, liquidity or market risk with respect to its financial instruments. JHSWW also has no equity instruments measured at cost less a reduction for impairment.

4. DEFERRED REVENUE

Deferred revenue reflects restricted grants and donations received or receivable which will be spent as designated in future periods.

5. PROPERTY AND EQUIPMENT

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2023 Net Book Value</u>	<u>2022 Net Book Value</u>
Land - Charles Street	135,000	-	135,000	135,000
Land - Cambridge	320,825	-	320,825	320,825
Building - Charles Street	538,627	194,609	344,018	357,484
Building - Cambridge	1,057,992	344,803	713,189	739,639
Furniture and equipment	27,851	27,851	-	-
	<u>\$2,080,295</u>	<u>\$567,263</u>	<u>\$1,513,032</u>	<u>\$1,552,948</u>

JOHN HOWARD SOCIETY OF WATERLOO-WELLINGTON

AN AFFILIATE OF THE JOHN HOWARD SOCIETY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2023

6. RESTRICTIONS ON NET ASSETS

Internally Restricted Net Assets - Operating Fund - Program Continuance Reserve

A portion of the net assets within the Operating Fund have been restricted to provide for program liabilities in the event of funding cutbacks. Board discretion determines increases and decreases to this fund.

	<u>2023</u>	<u>2022</u>
Opening balance	322,957	322,957
Transfers from (to) unrestricted net assets	-	-
	<u>\$322,957</u>	<u>\$322,957</u>
Represent by:		
Cash - Program Continuance Reserve	233,776	234,976
Investments - Program Continuance Reserve	89,181	87,981
	<u>\$322,957</u>	<u>\$322,957</u>

Internally Restricted Net Assets - Capital Fund

Internally restricted net assets within the Capital Fund, represent assets that have been restricted by the Board to fund future capital expenditures.

7. COMMITMENTS, CONTINGENCIES, CONTRACTUAL OBLIGATIONS

JHSWW has a service contract with Ministry of Children, Community and Social Services. A reconciliation report summarizes by service (detail code), all revenues and expenses, and identifies any resulting surplus or deficit that relates to the Service Contract / CFSA Approval. A review of this report indicates the program had no surplus (excess of revenues over expenses) for the current fiscal year.

JHSWW has an revolving demand credit facility banking agreement which bears interest at prime plus 1.75% and a borrowing ceiling of \$175,000. This facility is secured by a collateral mortgage on the Cambridge property and a general security agreement.

8. ECONOMIC DEPENDENCE

The organization receives the majority of its funding for several programs from government sources. The continuance of these programs in their present form is dependent on the continued receipt of funding from these or similar entities.

JOHN HOWARD SOCIETY OF WATERLOO-WELLINGTON

AN AFFILIATE OF THE JOHN HOWARD SOCIETY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2023

CONTRACTS WITH THE MINISTRY OF THE ATTORNEY GENERAL

Funding agreements with the Ministry of the Attorney General require revenues and expenditures to be clearly identified and distinguished from the organization's other revenues and expenditures in these financial statements. These programs are not required to be, nor have they been, audited on an individual basis.

	<u>Direct</u> <u>Accountability</u> <u>Kitchener</u> <u>Guelph</u>
MAG Funding	168,000
Expenses:	
Salaries	107,615
Benefits	27,239
Sub-Total	134,854
Rent	1,200
Insurance	2,429
Administrative fees	14,900
Audit	1,200
Program and office supplies	13,661
Staff expenses	1,130
Totals	169,374
Net revenue (deficit)	(1,374)
Revenue deferred	-
Surplus/Deficit	(\$1,374)

JOHN HOWARD SOCIETY OF WATERLOO-WELLINGTON

AN AFFILIATE OF THE JOHN HOWARD SOCIETY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2023

CONTRACTS WITH THE MINISTRY OF THE ATTORNEY GENERAL (continued)

Funding agreements with the Ministry of the Attorney General require revenues and expenditures to be clearly identified and distinguished from the organization's other revenues and expenditures in these financial statements. These programs are not required to be, nor have they been, audited on an individual basis.

	<u>Partner</u> <u>Assault</u> <u>Response</u>
MAG Funding	
Carried forward	43,385
Current year's allocation	416,343
One-time allocation	90,281
MCCSS - Pay equity	15,702
	<hr/> 565,711
Client fees (see note below)	45,935
	<hr/> 611,646
Expenses:	
Salaries	415,061
Mandatory benefits	33,693
Non-mandatory benefitis	55,700
	<hr/> 504,454
Rent / Lease	4,987
Office supplies, Equipment	49,686
Telecommunications	3,837
Advertising	120
Other	2,998
Staff expenses	764
Audit	720
Insurance	2,400
	<hr/> 65,512
Net revenue	41,680
Revenue deferred	(41,680)
	<hr/>
Surplus revenue	\$ -

note - Client fees are reflected on an accrual basis (fees billed), not on a cash basis (fees actually collected).

JOHN HOWARD SOCIETY OF WATERLOO-WELLINGTON

AN AFFILIATE OF THE JOHN HOWARD SOCIETY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2023

CONTRACTS WITH THE MINISTRY OF THE ATTORNEY GENERAL (continued)

Funding agreements with the Ministry of the Attorney General require revenues and expenditures to be clearly identified and distinguished from the organization's other revenues and expenditures in these financial statements. These programs are not required to be, nor have they been, audited on an individual basis.

	<u>Bail Verification and Supervision</u>
MAG Funding	
Carried forward	-
Current year's allocation	185,558
	<hr/> 185,558
Expenses:	
Salaries	164,951
Other operating expenditures	20,607
	<hr/> 185,558
Net revenue (deficit)	<hr/> \$ -