

**THE JOHN HOWARD SOCIETY OF CANADA
FINANCIAL STATEMENTS
AS AT MARCH 31, 2022**

**THE JOHN HOWARD SOCIETY OF CANADA
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AS AT MARCH 31, 2022**

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INDEPENDENT AUDITOR'S REPORT

To the Members of
The John Howard Society of Canada

Qualified Opinion

We have audited the financial statements of The John Howard Society of Canada (the Corporation), which comprise the statement of financial position as at March 31, 2022, and the statement of revenue and expenditures and 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 Corporation as at March 31, 2022, 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 Qualified Opinion

In common with many charitable organizations, the Corporation derives revenue from donations, 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 Corporation and we were not able to determine whether, as at and for the years ended March 31, 2022 and March 31, 2021, any adjustments might be necessary to donations revenue, excess of revenues over expenditures, assets and fund balances.

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 Corporation 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 qualified opinion.

Emphasis of Matter

Without modifying our qualified opinion, we draw your attention to the fact that the comparative figures have been restated to correct a prior period error. Please refer to Note 3 for further details.

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

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

**INDEPENDENT AUDITOR'S REPORT
(CONT'D)**

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 Corporation'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 Corporation'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 Corporation 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.

KINGSTON, Canada
September 9, 2022

Wilkinson & Company LLP
Chartered Professional Accountants
Licensed Public Accountants

WILKINSON & COMPANY LLP - CHARTERED PROFESSIONAL ACCOUNTANTS

Telephone 613-634-5581 • Toll Free 1-866-692-0055 • Fax 613-634-5585
785 Midpark Drive, Suite 201, Kingston, Ontario K7M 7G3 • www.wilkinson.net

**THE JOHN HOWARD SOCIETY OF CANADA
STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2022**

	Operating Fund	Senator Hastings Fund	Total	2021 (Restated - Note 3) Total
	\$	\$	\$	\$
ASSETS				
CURRENT				
Cash	541,877	7,843	549,720	834,229
Short-term investments - Note 4	539,837	280,109	819,946	315,675
Accounts receivable	947,892		947,892	555,697
Prepaid expenses	3,434		3,434	5,459
	2,033,040	287,952	2,320,992	1,711,060
TANGIBLE CAPITAL ASSETS - Note 5				
	20,663		20,663	25,255
	2,053,703	287,952	2,341,655	1,736,315
LIABILITIES				
CURRENT				
Accounts payable and accrued liabilities	514,651		514,651	281,938
Government remittances payable	6,999		6,999	7,259
Deferred revenue - Note 6	288,211		288,211	337,864
	809,861		809,861	627,061
FUND BALANCES				
Internally restricted		287,952	287,952	286,460
Investment in capital assets	20,663		20,663	25,255
Unrestricted	1,223,179		1,223,179	797,539
	1,243,842	287,952	1,531,794	1,109,254
APPROVED ON BEHALF OF THE BOARD				
	2,053,703	287,952	2,341,655	1,736,315

Director
 _____ Director

The accompanying notes form an integral part of these financial statements



THE JOHN HOWARD SOCIETY OF CANADA
STATEMENT OF REVENUE AND EXPENDITURES AND FUND BALANCES
FOR THE YEAR ENDED MARCH 31, 2022

	2022	2021 (Restated - Note 3)
	Operating Fund (Schedule A) \$	Total \$
REVENUE:		
Donations	316,446	358,772
Grant - Ministry of Public Safety:		
- Provincial allocations	339,795	339,805
- Administration	100,000	99,990
- Travel pool	70,000	70,000
- Projects	287,332	290,164
Grant - Canada Housing and Mortgage Corporation	102,509	51,930
Interest	2,786	3,588
Contract - Canada Border Services Agency	1,492	1,492
Other income	2,417,422	2,069,229
	5,611	5,611
	3,641,901	3,283,478
EXPENDITURES		
Bank charges and interest	358	161
Dues and subscriptions	2,985	3,192
Miscellaneous	3,341	9,596
Grants to provincial societies - Note 7	339,795	339,805
Insurance	5,256	4,827
Mail campaign	66,633	28,037
Contract - Canada Border Services Agency	2,332,615	2,117,540
Occupancy	10,116	8,518
Office supplies and expenses	10,891	8,936
Project costs	103,231	31,141
Professional fees	14,438	17,078
Publications		70
Salaries and employee benefits	320,206	297,800
Telephone	4,850	3,132
Travel	252	312
- general	1,294	1,294
- pool, board and AGM		44
	3,216,261	3,869,989
EXCESS OF REVENUE OVER EXPENDITURES		
FOR YEAR BEFORE AMORTIZATION	425,640	413,489
AMORTIZATION OF TANGIBLE CAPITAL ASSETS	4,592	4,592
EXCESS OF REVENUE OVER EXPENDITURES		
FOR YEAR	421,048	408,897
FUND BALANCES - BEGINNING OF YEAR	822,794	700,357
FUND BALANCES - END OF YEAR	1,243,842	1,109,254

The accompanying notes form an integral part of these financial statements

**THE JOHN HOWARD SOCIETY OF CANADA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2022**

	2022	2021
	\$	\$
OPERATING ACTIVITIES		
Excess of revenue over expenditures for year	422,540	408,897
Adjustment for amortization of tangible capital assets which does not affect cash	4,592	4,592
	427,132	413,489
Net change in non-cash working capital balances related to operations - Note 8	(207,370)	212,488
CASH FLOWS PROVIDED FROM OPERATING ACTIVITIES	219,762	625,977
INVESTING AND FINANCING ACTIVITIES		
Purchase of short-term investments	(1,215,858)	(207,310)
Proceeds on maturity of short-term investments	711,587	203,735
CASH FLOWS USED IN FINANCING ACTIVITIES	(504,271)	(3,575)
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS FOR YEAR	(284,509)	622,402
CASH AND EQUIVALENTS - BEGINNING OF YEAR	834,229	211,827
CASH AND EQUIVALENTS - END OF YEAR	549,720	834,229
REPRESENTED BY:		
Cash - Operating Fund	541,877	826,394
Cash - Senator Hastings Fund	7,843	7,835
Cash - Total	549,720	834,229

The accompanying notes form an integral part of these financial statements

**THE JOHN HOWARD SOCIETY OF CANADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022**

1. NATURE OF OPERATIONS

The John Howard Society of Canada is incorporated in Canada as a not-for-profit corporation without share capital under the Canada Not-for-profit Corporations Act and is registered with the Government of Canada as a charitable organization. The Corporation is an organization of provincial and territorial societies comprised of, and governed by, people whose goal is to understand and respond to problems of crime and the criminal justice system.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Outlined below are those accounting policies adopted by the organization considered to be particularly significant:

(a) Basis of accounting

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations.

(b) Accounting 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 date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include valuation of accounts receivable, and the estimated useful life of tangible capital assets. Actual results could differ from those estimates.

(c) Donated Services

The work of the Corporation is dependent on the voluntary service of many individuals. Since these services are not normally purchased by the Corporation and because of the difficulty of determining their fair market value, donated services are not recognized in these financial statements.

(d) Fund Accounting

The accompanying financial statements include the activities of the Corporation for which the Board of Directors is legally accountable. In order to properly reflect its activities, the Corporation maintains its accounts in accordance with the principles of fund accounting in order that limitations and restrictions placed on the use of available resources are observed. Under fund accounting, resources for various purposes are classified for accounting and reporting purposes into funds in accordance with activities or objective specified.

The Operating Fund accounts for revenue and expenditures related to program delivery and administrative activities.

The Senator Hastings Fund was established by the Board of Directors as a contingency fund for any unexpected expenses or revenue shortfall in any given year.

**THE JOHN HOWARD SOCIETY OF CANADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022**

2. ACCOUNTING POLICIES (Cont'd)

(e) Tangible Capital Assets

Tangible capital assets are stated at cost. Gains and losses on the sale of tangible capital assets are charged to operations in the year of disposal. Amortization of tangible capital assets, which is based on estimated useful life, is calculated on the following bases and at the rates set out below:

Asset	Basis	Rate
Computer equipment	Straight-line	3 years
Computer software	Straight-line	2 years
Building	Straight-line	25 years
Furniture and equipment	Straight-line	5 years

(f) Financial Instruments

(i) Measurement of Financial Instruments

The Corporation initially measures its financial assets and liabilities at fair value adjusted by, in the case of financial instruments that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Corporation subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash, short-term investments and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and government remittances payable.

(ii) Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recorded in net income. When events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in net income up to the impairment amount previously recognized.

**THE JOHN HOWARD SOCIETY OF CANADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022**

2. ACCOUNTING POLICIES (Cont'd)

(g) Revenue Recognition

Funding from government grants and other grants is recognized as revenue in the year in which the related expenditure or service is incurred. Any undisbursed government grants at year end are deferred to the subsequent year, unless it is unrestricted in its use, in which case it is recognized when received.

Contract revenue is recognized when the related services have been provided.

Unrestricted donation and bequest revenue is recognized when received.

(h) Cash and Equivalents

Cash and equivalents consist of cash on deposit and bank term deposits in money market instruments with maturity dates of less than three months from the date they are acquired.

3. CORRECTION OF PRIOR PERIOD ERROR

In fiscal year 2021, the accounts receivable portion of the Connecting to the Community During COVID-19 grant was recorded incorrectly.

The financial statements have been adjusted to reflect the correction of this error by increasing 2021 accounts receivable by \$20,036 and decreasing project expenses by \$20,036 with a corresponding increase to excess revenue over expenditures and operating fund balances.

4. SHORT-TERM INVESTMENTS

Short-term investments consist of guaranteed investment certificates, bearing interest at rates ranging from 0.25% to 1.10% and have varying maturity dates ranging from July 13, 2022 to July 13, 2023, but may be liquidated in the short-term.

**THE JOHN HOWARD SOCIETY OF CANADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022**

5. TANGIBLE CAPITAL ASSETS

	2022		2021	
	Cost \$	Accumulated amortization \$	Cost \$	Accumulated amortization \$
Computer equipment	26,266	26,266	26,266	26,266
Computer software	5,908	5,908	5,908	5,908
Building	114,795	94,132	114,795	89,540
Furniture and equipment	4,646	4,646	4,646	4,646
	151,615	130,952	151,615	126,360
Cost less accumulated amortization	\$ 20,663		\$ 25,255	

6. DEFERRED REVENUE

The details of revenue received prior to year end, that relate to activities and expenditures to be incurred in subsequent fiscal years, are as follows:

	2022 \$	2021 \$
Funds withheld and deferred to advance the 5 Point Plan Law Foundation of Ontario	28,502	33,502
Grant allocations withheld and deferred for use by Society	6,858	27,177
Canada Mortgage Housing Corporation Solutions Lab	61,965	61,965
Canada Border Services Agency - contract services	91,613	95,911
Connecting to Community During COVID-19	99,273	99,273
	20,036	20,036
TOTAL	288,211	337,864

**THE JOHN HOWARD SOCIETY OF CANADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022**

7. GRANTS TO PROVINCIAL SOCIETIES

Details of the grants to provincial societies are as follows:

	2022	2021
	\$	\$
Alberta	35,539	35,539
British Columbia	51,742	51,742
Manitoba	21,100	21,100
New Brunswick	21,590	21,590
Newfoundland	16,538	16,538
Northwest Territories	15,000	15,000
Nova Scotia	19,213	19,213
Ontario	107,746	107,746
Prince Edward Island	15,017	15,017
Quebec	15,000	15,000
Saskatchewan	21,310	21,320
TOTAL	339,795	339,805

8. NET CHANGE IN NON-CASH WORKING CAPITAL BALANCES RELATED TO OPERATIONS

Cash provided from (used in) non-cash working capital is compiled as follows:

	2022	2021
	\$	\$
(INCREASE) DECREASE IN CURRENT ASSETS		
Accounts receivable	(392,195)	172,508
Prepaid expenses	2,025	(583)
	(390,170)	171,925
INCREASE (DECREASE) IN CURRENT LIABILITIES		
Accounts payable and accrued liabilities	232,713	(93,389)
Government remittances payable	(260)	(751)
Deferred revenue	(49,653)	134,703
	182,800	40,563
NET CHANGE IN NON-CASH WORKING CAPITAL BALANCES RELATED TO OPERATIONS	(207,370)	212,488

**THE JOHN HOWARD SOCIETY OF CANADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022**

9. FINANCIAL RISKS AND CONCENTRATION OF RISK

The Corporation has a comprehensive risk management framework to monitor, evaluate, and manage the principle risks assumed with financial instruments. The risks that arise from transacting financial instruments are as follows:

(a) Interest Rate Risk:

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates. The Corporation is exposed to interest rate risk through its short-term investment holdings as described in Note 4 to these financial statements.

As market interest rates fluctuate, the fair value of the instruments will fluctuate. Risk is mitigated as the instruments are short-term in nature and the Corporation has the ability and intention to hold to maturity.

(b) Liquidity Risk:

Liquidity risk is the risk that the Corporation will not be able to meet all cash outflow obligations as they come due. The Corporation's exposure to liquidity risk is dependent on the receipt of funds from its operations. The Corporation mitigates this risk by monitoring cash activities and expected outflows. Management is of the opinion that the Corporation will be able to meet all of its cash flow obligations as they come and are not subject to significant liquidity risk.

(c) Credit Risk:

Credit risk is the risk of financial loss to the corporation if a debtor fails to make payments of interest and principal when due.

The Corporation is exposed to credit risk in the event of non-performance by clients in connection with its accounts receivable. The Corporation does not obtain collateral or other security to support the accounts receivable subject to credit risk but mitigates this risk by dealing only with what management believes to be financially sound counterparties and, accordingly, does not anticipate significant loss for non-performance.

There have been no significant changes from the previous period in the exposure to risk or policies, procedures and methods used to measure for risks.

10. PENSION PLAN

The Corporation is a participant in a defined contribution pension plan. The Corporation contributes, on behalf of each eligible employee, an amount of 6% of earnings. During the year the Corporation expensed \$16,539 (2021 - \$11,259) of payments under these pension plan arrangements.

**THE JOHN HOWARD SOCIETY OF CANADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022**

11. IMPACT OF COVID-19

The coronavirus disease COVID-19 continues to have considerable impact, both globally and locally, which has the potential to create financial stress on the economy and the Corporation.

As of the date of the Report to these financial statements, management is of the opinion that COVID-19 has not significantly impacted the work or finances of John Howard Society of Canada.

THE JOHN HOWARD SOCIETY OF CANADA
STATEMENT OF OPERATING FUND REVENUE AND EXPENDITURES
FOR THE YEAR ENDED MARCH 31, 2022

	Total	General Administrative	Mail Campaign	Travel Pool	Canada Mortgage Housing Corporation	Canada Border Services Contract	Other Projects
	\$	\$	\$	\$	\$	\$	\$
REVENUE							
Donations	316,446	144,018	172,428				
Grant - Ministry of Public Safety	339,795	339,795					
- Provincial allocations	100,000	100,000					
- Administration	70,000			70,000			
- Travel pool							
- Projects	287,332	267,296					20,036
Grant - Canada Housing and Mortgage Corporation	102,509				102,509		
- Interest	2,786	2,786					
- Other income	2,417,422	5,611			2,417,422		
	3,641,901	859,506	172,428	70,000	102,509	2,417,422	20,036
EXPENDITURES							
Amortization of property, plant and equipment	4,592	4,592					
Bank charges and interest	358	358					
Donations and subscriptions	2,985	2,985					
Miscellaneous	3,541	5,441					
Grants to provincial societies	339,795	339,795					
Insurance	5,256	5,256					
Mail campaign	66,633	66,633					
Contract - Canada Border Services Agency	2,332,615					2,332,615	
- Office supplies and expenses	10,116	10,116					
- Project costs	40,891	40,891					
- Professional fees	103,231	6,609			84,222		13,400
- Publications	14,438	14,438					
- Salaries and employee benefits	320,206	320,206					
- Telephone	4,850	4,850					
- Travel	252	252					
- Utilities	1,294	1,294		1,294			
- Paid board and AGM							
	3,220,853	723,689	66,633	1,294	84,222	2,332,615	13,400
EXCESS OF REVENUE OVER EXPENDITURES FOR YEAR	421,048	135,817	105,795	68,706	21,287	84,807	4,636

The accompanying notes form an integral part of these financial statements

