

**THE JOHN HOWARD SOCIETY OF CANADA
FINANCIAL STATEMENTS
AS AT MARCH 31, 2020**

**THE JOHN HOWARD SOCIETY OF CANADA
TABLE OF CONTENTS
AS AT MARCH 31, 2020**

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1-2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Revenue and Expenditures and Fund Balances	4
Statement of Cash Flows	5
Notes to Financial Statements	6-10
Schedule A - Statement of Operating Fund Revenue and Expenditures	11



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, 2020, 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, 2020, 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, 2020 and March 31, 2019, 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.

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.

Wilkinson & Company LLP


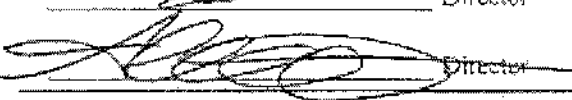
KINGSTON, Canada
September 3, 2020

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, 2020

	Operating Fund \$	Senator Hastings Fund \$	Total \$	2019 Total \$
ASSETS				
CURRENT				
Cash	204,000	7,827	211,827	189,176
Short-term investments - Note 3	37,042	275,058	312,100	304,478
Accounts receivable	728,207		728,207	412,623
Prepaid expenses	4,876		4,876	6,876
	974,125	282,885	1,257,010	913,153
TANGIBLE CAPITAL ASSETS - Note 4	29,846		29,846	34,438
	1,003,971	282,885	1,286,856	947,591
LIABILITIES				
CURRENT				
Accounts payable and accrued liabilities	375,328		375,328	236,161
Government remittances payable	8,010		8,010	
Deferred revenue - Note 5	203,161		203,161	210,415
	586,499		586,499	446,576
FUND BALANCES				
Internally restricted		282,885	282,885	275,161
Investment in capital assets	29,846		29,846	34,438
Unrestricted	387,626		387,626	191,416
	417,472	282,885	700,357	501,015
APPROVED ON BEHALF OF THE BOARD				
 Director				
 Director				
	1,003,971	282,885	1,286,856	947,591

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, 2020

	2020		Total \$	2019 Total \$
	Operating Fund \$	Senator Hastings Fund \$		
REVENUE				
Donations	276,709		276,709	237,773
Grant - Ministry of Public Safety:				
- Provincial allocations	339,795		339,795	339,795
- Administration	100,000		100,000	100,000
- Travel pool	70,000		70,000	70,000
- Projects	266,547		266,547	43,323
Interest	1,252	7,724	8,976	6,488
Contract - Canada Border Services Agency	1,922,710		1,922,710	1,281,535
Other income	5,676		5,676	32
	2,982,689	7,724	2,990,413	2,078,946
EXPENDITURES				
Bank charges and interest	261		261	86
Dues and subscriptions	6,480		6,480	2,290
Equipment and computer	1,018		1,018	
Miscellaneous	12,202		12,202	
Grants to provincial societies - Note 6	339,795		339,795	339,795
Insurance	4,482		4,482	4,492
Mail campaign	59,449		59,449	39,541
Contract - Canada Border Services Agency	1,806,000		1,806,000	1,095,016
Occupancy	8,883		8,883	9,635
Office supplies and expenses	14,606		14,606	33,158
Project costs	122,493		122,493	113,360
Professional fees	13,628		13,628	6,548
Publications	571		571	805
Salaries and employee benefits	309,734		309,734	238,699
Telephone	1,619		1,619	5,745
Travel - general	2,866		2,866	4,987
- pool, board and AGM	82,392		82,392	32,246
- other				34,294
	2,786,479		2,786,479	1,960,697
EXCESS OF REVENUE OVER EXPENDITURES FOR YEAR BEFORE AMORTIZATION	196,210	7,724	203,934	118,249
AMORTIZATION OF TANGIBLE CAPITAL ASSETS	4,592		4,592	4,592
EXCESS OF REVENUE OVER EXPENDITURES FOR YEAR AFTER AMORTIZATION	191,618	7,724	199,342	113,657
FUND BALANCES - BEGINNING OF YEAR	225,854	275,161	501,015	387,358
FUND BALANCES - END OF YEAR	417,472	282,885	700,357	501,015

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, 2020**

	2020 \$	2019 \$
OPERATING ACTIVITIES		
Excess of revenue over expenditures for year	199,342	113,657
Adjustment for amortization of tangible capital assets which does not affect cash	4,592	4,592
	203,934	118,249
Net change in non-cash working capital balances related to operations - Note 7	(181,283)	46,703
CASH FLOWS PROVIDED FROM OPERATING ACTIVITIES	22,651	164,952
NET INCREASE IN CASH AND EQUIVALENTS FOR YEAR	22,651	164,952
CASH AND EQUIVALENTS - BEGINNING OF YEAR	189,176	24,224
CASH AND EQUIVALENTS - END OF YEAR	211,827	189,176
REPRESENTED BY:		
Cash	211,827	189,176

**THE JOHN HOWARD SOCIETY OF CANADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020**

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 organization 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 organization for which the Board of Directors is legally accountable. In order to properly reflect its activities, the organization 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.

**THE JOHN HOWARD SOCIETY OF CANADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020**

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) Short-Term Investments

Investments are initially recorded at their acquisition cost. At the balance sheet date the investments are adjusted to amortized cost, and the corresponding income is recorded in the statement of revenue and expenditures.

(g) 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. SHORT-TERM INVESTMENTS

Short-term investments consist of guaranteed investment certificates, bear interest at rates ranging from 2.25% to 2.72% and have varying maturity dates but may be liquidated in the short-term.

4. TANGIBLE CAPITAL ASSETS

	2020		2019	
	Cost \$	Accumulated amortization \$	Cost \$	Accumulated amortization \$
Computer equipment	26,265	26,265	26,265	26,265
Computer software	5,908	5,908	5,908	5,908
Building	114,795	84,949	114,795	80,357
Furniture and equipment	4,646	4,646	4,646	4,646
	151,614	121,768	151,614	117,176
Cost less accumulated amortization	\$ 29,846		\$ 34,438	

**THE JOHN HOWARD SOCIETY OF CANADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020**

5. DEFERRED REVENUE

The details of revenue received prior to the year end, that relate to activities in the subsequent fiscal year are as follows:

	2020	2019
	\$	\$
Funds withheld and deferred to advance the 5 Point Plan	38,502	43,502
Law Foundation of Ontario	3,421	
Grant allocations withheld and deferred for use by Society	61,965	61,965
Prison Co-operative Knowledge Transfer		5,675
Canada Border Services Agency - contract services	99,273	99,273
TOTAL	203,161	210,415

6. GRANTS TO PROVINCIAL SOCIETIES

Details of the grants to provincial societies are as follows:

	2020	2019
	\$	\$
Alberta	35,980	35,980
British Columbia	53,751	53,751
Manitoba	20,160	20,160
New Brunswick	20,698	20,698
Newfoundland	15,157	15,157
Northwest Territories	13,469	13,469
Nova Scotia	18,088	18,088
Ontario	115,153	115,153
Prince Edward Island	13,486	13,486
Quebec	13,469	13,469
Saskatchewan	20,384	20,384
TOTAL	339,795	339,795

**THE JOHN HOWARD SOCIETY OF CANADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020**

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

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

	2020	2019
	\$	\$
(INCREASE) DECREASE IN CURRENT ASSETS		
Short-term investments	(7,622)	50,161
Accounts receivable	(315,584)	(303,882)
Prepaid expenses	2,000	(1,317)
	(321,206)	(255,038)
INCREASE (DECREASE) IN CURRENT LIABILITIES		
Accounts payable and accrued liabilities	139,167	211,458
Payroll Liabilities	8,010	
Deferred revenue	(7,254)	90,283
	139,923	301,741
NET CHANGE IN NON-CASH WORKING CAPITAL BALANCES RELATED TO OPERATIONS	(181,283)	46,703

8. FINANCIAL INSTRUMENTS

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 interest bearing investments.

(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 JOHN HOWARD SOCIETY OF CANADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020**

8. FINANCIAL INSTRUMENTS (Cont'd)

(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.

9. PENSION PLAN

The corporation is a participant in both a defined benefit and a defined contribution pension plan. The corporation contributes, on behalf of each eligible employee, an amount of 12% of earnings. During the year the organization expensed \$15,879 of payments under these pension plan arrangements.

10. CAPITAL DISCLOSURE

The corporations objectives with respect to capital management are to maintain a minimum capital base that allows the corporation to continue with and execute its overall purpose as outlined in the fund balances accounting policy in Note 2. The corporation's Board of Directors performs periodic reviews of the corporations capital needs to ensure they remain consistent with the risk tolerance that is acceptable to the corporation.

11. IMPACT OF COVID-19

Since March 2020, the coronavirus disease COVID-19 has had considerable impact, both globally and locally, which has the potential to create financial stress on the economy and the corporation. The coronavirus COVID-19 has not significantly impacted the work of John Howard Society as the corporation does not provide direct services to clients. Funding from all sources has remained stable but it may negatively impact the direct mail campaign. The full impact on the corporation will not be realized until the following year.

THE JOHN HOWARD SOCIETY OF CANADA
STATEMENT OF OPERATING FUND REVENUE AND EXPENDITURES
FOR THE YEAR ENDED MARCH 31, 2020

	Total \$	General Administrative \$	Mail Campaign \$	Travel Pool \$	Peer Support Podcasts \$	Pros and Cons \$	Canada Border Services Contract \$	Law Foundation of Ontario \$	Other Projects \$
REVENUE									
Donations	276,709	61,065	129,870			85,774			
Grant - Ministry of Public Safety:									
- Provincial allocations	339,795	339,795							
- Administration	100,000	98,000				2,000			
- Travel pool	70,000			70,000					
- Projects	266,547	170,652			34,776			56,119	5,000
Interest	1,252	1,252							
Contract - Canada Border Services Agency	1,922,710						1,922,710		
Other income	5,676	5,676							
	2,982,689	676,440	129,870	70,000	34,776	87,774	1,922,710	56,119	5,000
EXPENDITURES									
Amortization of property, plant and equipment	4,592	4,592							
Bank charges and interest	261	261							
Dues and subscriptions	6,480	1,440						5,040	
Equipment and computer	1,018	1,018							
Miscellaneous	12,202	12,202							
Grants to provincial societies	339,795	339,795							
Insurance	4,482	4,482							
Mail campaign	59,449		59,449						
Contract - Canada Border Services Agency - service provider payments	1,806,000						1,806,000		
Occupancy	8,883	8,883							
Office supplies and expenses	14,606	14,601						5	
Project costs	122,493								103
Professional fees	13,628	8,628							5,000
Publications	571	571							
Salaries and employee benefits	309,734	259,380						50,354	
Telephone	1,619	1,619							
Travel - general	2,866	1,708					1,158		
- pool, board and AGM	82,392			81,672				720	
	2,791,071	659,180	59,449	81,672	34,776	87,614	1,807,158	56,119	5,103
EXCESS OF REVENUE OVER EXPENDITURES (EXPENDITURES OVER REVENUE) FOR YEAR AFTER AMORTIZATION	191,618	17,260	70,421	(11,672)	NIL	160	115,552	NIL	(103)

The accompanying notes form an integral part of these financial statements