

**THE JOHN HOWARD SOCIETY OF CANADA
FINANCIAL STATEMENTS
AS AT MARCH 31, 2021**

**THE JOHN HOWARD SOCIETY OF CANADA
TABLE OF CONTENTS
AS AT MARCH 31, 2021**

	<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	6-11
Schedule A - Statement of Operating Fund Revenue and Expenditures	12

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, 2021, 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, 2021, 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, 2021 and March 30, 2020, 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
October 18, 2021

Chartered Professional Accountants
Licensed Public Accountants

WILKINSON & COMPANY LLP - CHARTERED PROFESSIONAL ACCOUNTANTS

THE JOHN HOWARD SOCIETY OF CANADA
STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2021

	Operating Fund \$	Senator Hastings Fund \$	2020 Total \$
ASSETS			
CURRENT			
Cash	826,394	7,835	211,827
Short-term investments - Note 3	37,050	278,625	312,100
Accounts receivable	535,661		728,207
Prepaid expenses	5,459		4,876
	1,404,564	286,460	1,691,024
TANGIBLE CAPITAL ASSETS - Note 4			
	25,255		29,846
	1,429,819	286,460	1,716,279
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities	281,938		375,328
Government remittances payable	7,259		8,010
Deferred revenue - Note 5	337,864		203,161
	627,061		586,499
FUND BALANCES			
Internally restricted		286,460	282,885
Investment in capital assets	25,255		29,846
Unrestricted	777,503		387,626
	802,758	286,460	1,089,218
APPROVED ON BEHALF OF THE BOARD			
	_____	Director	
	_____	Director	
	1,429,819	286,460	1,716,279
			1,286,856

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, 2021

	2021	2020
	Operating Fund \$	Senator Hastings Fund \$
	Total \$	Total \$
REVENUE		
Donations	358,772	276,709
Grant - Ministry of Public Safety:		
- Provincial allocations	339,805	339,795
- Administration	99,990	100,000
- Travel pool	70,000	70,000
- Projects	290,164	266,547
Grant - Canada Housing and Mortgage Corporation	51,930	8,976
Interest	13	3,588
Contract - Canada Border Services Agency	2,069,229	1,922,710
Other income		5,676
	3,279,903	3,575
	3,283,478	2,990,413
EXPENDITURES		
Bank charges and interest	161	261
Dues and subscriptions	3,192	6,480
Equipment and computer		1,018
Miscellaneous	9,396	12,202
Grants to provincial societies - Note 6	339,805	339,795
Insurance	4,827	4,482
Mail campaign	28,037	59,449
Contract - Canada Border Services Agency	2,117,540	1,806,000
Occupancy	8,518	8,883
Office supplies and expenses	8,936	14,606
Project costs	51,177	122,493
Professional fees	17,078	13,628
Publications	70	571
Salaries and employee benefits	297,800	309,734
Telephone	3,132	1,619
Travel - general	312	2,866
- pool, board and AGM	44	82,392
	2,890,025	2,786,479
EXCESS OF REVENUE OVER EXPENDITURES FOR YEAR		
BEFORE AMORTIZATION	389,878	203,934
AMORTIZATION OF TANGIBLE CAPITAL ASSETS	4,592	4,592
EXCESS OF REVENUE OVER EXPENDITURES FOR YEAR	385,286	199,342
FUND BALANCES - BEGINNING OF YEAR	417,472	700,357
FUND BALANCES - END OF YEAR	802,758	700,357

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, 2021**

	2021 \$	2020 \$
OPERATING ACTIVITIES		
Excess of revenue over expenditures for year	388,861	199,342
Adjustment for amortization of tangible capital assets which does not affect cash	4,592	4,592
	393,453	203,934
Net change in non-cash working capital balances related to operations - Note 7	232,524	(173,661)
CASH FLOWS PROVIDED FROM OPERATING ACTIVITIES	625,977	30,273
INVESTING AND FINANCING ACTIVITIES		
(Increase) decrease in short-term investments	(3,575)	(7,622)
CASH FLOWS USED IN FINANCING ACTIVITIES	(3,575)	(7,622)
NET INCREASE IN CASH AND EQUIVALENTS FOR YEAR	622,402	22,651
CASH AND EQUIVALENTS - BEGINNING OF YEAR	211,827	189,176
CASH AND EQUIVALENTS - END OF YEAR	834,229	211,827
REPRESENTED BY:		
Cash	834,229	211,827

**THE JOHN HOWARD SOCIETY OF CANADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021**

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 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, 2021**

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, 2021**

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.

Program fee revenue is recognized when the related services have been provided.

Unrestricted donation and bequest revenue is recognized when received.

(h) Short-term investments

Investments are initially recorded at their acquisition cost and subsequently measured at amortized cost.

(i) 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 ranging from July 7, 2021 to November 30, 2022, but may be liquidated in the short-term.

4. TANGIBLE CAPITAL ASSETS

	2021		2020	
	Cost \$	Accumulated amortization \$	Cost \$	Accumulated amortization \$
Computer equipment	26,266	26,266	26,265	26,265
Computer software	5,908	5,908	5,908	5,908
Building	114,795	89,540	114,795	84,949
Furniture and equipment	4,646	4,646	4,646	4,646
	151,615	126,360	151,614	121,768
Cost less accumulated amortization	\$ 25,255		\$ 29,846	

**THE JOHN HOWARD SOCIETY OF CANADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021**

5. 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:

	2021	2020
	\$	\$
Funds withheld and deferred to advance the 5 Point Plan	33,502	38,502
Law Foundation of Ontario	27,177	3,421
Grant allocations withheld and deferred for use by Society	61,965	61,965
Canada Mortgage housing corporation lab solutions	95,911	
Connecting to Community During COVID-19	20,036	
Canada Border Services Agency - contract services	99,273	99,273
TOTAL	337,864	203,161

6. GRANTS TO PROVINCIAL SOCIETIES

Details of the grants to provincial societies are as follows:

	2021	2020
	\$	\$
Alberta	35,539	35,980
British Columbia	51,742	53,751
Manitoba	21,100	20,160
New Brunswick	21,590	20,698
Newfoundland	16,538	15,157
Northwest Territories	15,000	13,469
Nova Scotia	19,213	18,088
Ontario	107,746	115,153
Prince Edward Island	15,017	13,486
Quebec	15,000	13,469
Saskatchewan	21,320	20,384
TOTAL	339,805	339,795

**THE JOHN HOWARD SOCIETY OF CANADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021**

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:

	2021	2020
	\$	\$
(INCREASE) DECREASE IN CURRENT ASSETS		
Accounts receivable	192,544	(315,584)
Prepaid expenses	(583)	2,000
	191,961	(313,584)
INCREASE (DECREASE) IN CURRENT LIABILITIES		
Accounts payable and accrued liabilities	(93,389)	139,167
Payroll Liabilities	(751)	8,010
Deferred revenue	134,703	(7,254)
	40,563	139,923
NET CHANGE IN NON-CASH WORKING CAPITAL BALANCES RELATED TO OPERATIONS	232,524	(173,661)

8. 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 3 to these financial statements.

(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.

**THE JOHN HOWARD SOCIETY OF CANADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021**

8. FINANCIAL RISKS AND CONCENTRATION OF RISK (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 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 \$11,259 of payments under these pension plan arrangements.

10. 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. As of the dating of these financial statements, 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, 2021

	Total \$	General Administrative \$	Mail Campaign \$	Travel Pool \$	Canada Mortgage Housing Corporation \$	Canada Border Services Contract \$	Other Projects \$
REVENUE							
Donations	358,772	225,914	132,858				
Grant - Ministry of Public Safety:							
- Provincial allocations	339,805	339,805					
- Administration	99,990	99,990					
- Travel pool	70,000			70,000			
- Projects	290,164	209,304					80,860
Grant - Canada Housing and Mortgage Corporation	51,930				51,930		
Interest	13	13					
Contract - Canada Border Services Agency	2,069,229					2,069,229	
	3,279,903	875,026	132,858	70,000	51,930	2,069,229	80,860
EXPENDITURES							
Amortization of property, plant and equipment	4,592	4,592					
Bank charges and interest	161	161					
Dues and subscriptions	3,192	3,192					
Miscellaneous	9,396	9,396					
Grants to provincial societies	339,805	339,805					
Insurance	4,827	4,827					
Mail campaign	28,037		28,037				
Contract - Canada Border Services Agency	2,117,540					2,117,540	
Occupancy	8,518	8,518					
Office supplies and expenses	8,936	8,936					
Project costs	51,177	(753)					
Professional fees	17,078	17,078			51,930		
Publications	70	70					
Salaries and employee benefits	297,800	297,800					
Telephone	3,132	3,132					
Travel	312	312					
- general	44			44			
- pool, board and AGM							
	2,894,617	697,066	28,037	44	51,930	2,117,540	
EXCESS OF REVENUE OVER EXPENDITURES							
(EXPENDITURES OVER REVENUE) FOR YEAR	385,286	177,960	104,821	69,956	NIL	(48,311)	80,860

The accompanying notes form an integral part of these financial statements