

June 23, 2020

INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors of The John Howard Society of
Manitoba, Inc.:**

Opinion

We have audited the accompanying financial statements of The John Howard Society of Manitoba, Inc. (The Society), which comprise the statement of financial position as at March 31, 2020 and the statement of operations and changes in net assets and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Society as at March 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

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 Society 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

Our examination did not extend to the budget which has been provided as additional information and therefore we do not express an opinion concerning the budget.

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

Management is responsible for the preparation and fair presentation of these 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 Society'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 Society or to cease operations, or has no realistic alternative but to do so.

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

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 Society'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 Society'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 Society 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.

Scarrow & Donald LLP

Chartered Professional Accountants
Winnipeg, Canada

For this communication, together with the work done to prepare this communication and for the opinions we have formed, if any, we accept and assume responsibility only to the addressee of this communication, as specified in our letter of engagement.

SCARROW & DONALD, CHARTERED PROFESSIONAL ACCOUNTANTS, LLP

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ANNUAL REPORT 2019-2020

THE JOHN HOWARD SOCIETY OF MANITOBA, INC.

STATEMENT OF FINANCIAL POSITION

	<u>March 31</u>	
	<u>2020</u>	<u>2019</u>
ASSETS		
Current assets:		
Cash (Note 5)	\$ 29,034	\$ 41,349
Accounts receivable	121,425	111,245
GST recoverable	3,566	3,962
Prepaid expenses	<u>14,017</u>	<u>14,132</u>
	168,042	170,688
Capital assets (Note 3)	<u>250,468</u>	<u>296,676</u>
	<u>\$ 418,510</u>	<u>\$ 467,364</u>
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 111,331	\$ 135,622
Deferred revenue	84,667	56,585
Commercial loan payable (Note 5)	<u>328,760</u>	<u>356,688</u>
	524,758	548,895
Deferred contributions related to capital assets (Note 6)	<u>31,135</u>	<u>58,023</u>
	555,893	606,918
NET ASSETS		
Net assets	<u>(137,383)</u>	<u>(139,554)</u>
	<u>\$ 418,510</u>	<u>\$ 467,364</u>

APPROVED BY THE BOARD:

 _____ Director*

 _____ Director*

*Signatures intentionally blurred.

THE JOHN HOWARD SOCIETY OF MANITOBA, INC.

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

	Year ended March 31		
	Budget (unaudited)	2020	2019
Revenues:			
Administrative and other revenue	\$ 77,857	\$ 78,650	\$ 51,521
Amortization of deferred contributions related to capital assets (Note 6)	23,669	23,638	23,668
Bail Navigator Pilot Project (Schedule A)	73,000	73,000	127,615
Community Residential Facility (Schedule D)	500,083	492,188	-
Donations and memberships	13,098	30,676	13,098
Healing Program for Indigenous Men (Schedule C)	76,000	76,000	71,625
Indigenous Women's Healing Centre Province of Manitoba-	9,783	3,261	95,720
Department of Justice	69,000	69,000	69,000
Department of Advanced Education and Training	76,340	76,340	76,344
Ogijiita Pimatiswin Kinamatwin (Schedule B)	184,457	164,488	192,253
Oshki Giizhig	25,000	25,000	25,000
Other grants	5,000	38,198	4,800
Rent	47,678	62,053	47,678
Fundraising	8,000	19,118	8,587
The John Howard Society of Canada	110,160	111,102	95,160
The Thomas Sill Foundation	-	-	20,000
The Winnipeg Foundation	112,500	126,588	68,796
United Way	229,529	215,179	258,218
Total revenue	1,641,154	1,684,479	1,249,083
Expenses:			
Amortization of capital assets	42,801	42,950	42,801
Bail Facilitation Pilot Project (Schedule A)	73,000	74,056	127,799
Building	98,432	95,108	129,953
Community Residential Facility (Schedule D)	521,990	504,238	-
General	53,687	49,872	37,964
Healing Program for Indigenous Men (Schedule C)	76,000	76,001	76,001
Interest on commercial loan	12,000	17,052	11,493
Membership services	2,342	2,270	2,644
Office	11,775	11,958	11,800
Ogijiita Pimatiswin Kinamatwin (Schedule B)	184,457	181,173	193,690
Oshki Giizhig	25,000	25,000	25,000
Program - other	162,890	132,073	252,616
Salaries and benefits	471,875	470,557	456,847
Total expenses	1,736,249	1,682,308	1,368,608
Difference between revenues and expenses	\$ <u>(95,095)</u>	2,171	(119,525)
Net assets, beginning of year		<u>(139,554)</u>	<u>(20,029)</u>
Net assets, end of year		\$ <u>(137,383)</u>	\$ <u>(139,554)</u>