

June 26, 2021

## 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, 2021 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, 2021, 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.

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SCARROW & DONALD, CHARTERED PROFESSIONAL ACCOUNTANTS, LLP

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THE JOHN HOWARD SOCIETY OF MANITOBA, INC.

STATEMENT OF FINANCIAL POSITION

		<u>March 31</u>	
		<u>2021</u>	<u>2020</u>
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash (Note 4)	\$	211,155	\$ 29,034
Accounts receivable		221,541	121,425
GST recoverable		4,511	3,566
Prepaid expenses		<u>15,323</u>	<u>14,017</u>
		452,530	168,042
<b>Capital assets (Note 3)</b>		<u>216,223</u>	<u>250,468</u>
	<b>\$</b>	<b><u>668,753</u></b>	<b>\$ <u>418,510</u></b>
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accounts payable	\$	172,942	\$ 111,331
Deferred revenue		114,879	84,667
Commercial loan payable (Note 5)		<u>299,386</u>	<u>328,760</u>
		587,207	524,758
<b>Deferred contributions related to capital assets (Note 6)</b>		<u>21,090</u>	<u>31,135</u>
		608,297	555,893
<b>NET ASSETS</b>			
<b>Net assets</b>		<u>60,456</u>	<u>(137,383)</u>
	<b>\$</b>	<b><u>668,753</u></b>	<b>\$ <u>418,510</u></b>

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)	2021	2020
<b>Revenues:</b>			
Administrative and other revenue (Note 9)	\$ 88,671	\$ 92,942	\$ 78,650
Amortization of deferred contributions related to capital assets (Note 6)	23,669	21,845	23,638
Bail Navigator Pilot Project (Schedule A)	-	-	73,000
Community Residential Facility (Schedule D)	707,666	664,113	492,188
Donations and memberships	3,000	7,630	30,676
Healing Program for Indigenous Men (Schedule C)	44,749	50,996	76,000
Health Canada - SUAP (Schedule E)	95,926	93,858	-
Indigenous Women's Healing Centre Province of Manitoba-	-	-	3,261
Department of Justice	62,100	77,284	69,000
Department of Advanced Education and Training	76,340	72,250	76,340
Ogijiita Pimatiswin Kinamatwin (Schedule B)	249,662	305,610	164,488
Oshki Giizhig	25,000	43,110	25,000
Other grants	5,000	-	38,198
Rent	47,678	60,831	62,053
Fundraising	8,000	7,681	19,118
The John Howard Society of Canada	115,160	125,798	111,102
The Winnipeg Foundation	119,427	118,968	126,588
United Way	161,183	236,405	215,179
Total revenue	1,833,231	1,979,321	1,684,479
<b>Expenses:</b>			
Amortization of capital assets	42,801	46,125	42,950
Bail Facilitation Pilot Project (Schedule A)	-	-	74,056
Building	117,354	91,065	95,108
Community Residential Facility (Schedule D)	665,927	626,573	504,238
General	41,254	26,760	49,872
Healing Program for Indigenous Men (Schedule C)	44,749	43,396	76,001
Health Canada - SUAP (Schedule E)	95,926	93,858	-
Interest on commercial loan	16,500	15,605	17,052
Membership services	2,442	2,411	2,270
Office	12,542	8,877	11,958
Ogijiita Pimatiswin Kinamatwin (Schedule B)	249,662	281,292	181,173
Oshki Giizhig	25,000	43,110	25,000
Program - other	84,142	115,155	132,073
Salaries and benefits	423,370	387,255	470,557
Total expenses	1,821,669	1,781,482	1,682,308
<b>Difference between revenues and expenses</b>	\$ 11,562	197,839	2,171
<b>Net assets, beginning of year</b>		(137,383)	(139,554)
<b>Net assets, end of year</b>		\$ 60,456	\$ (137,383)