

CALGARY JOHN HOWARD SOCIETY

Financial Statements

March 31, 2024

CALGARY JOHN HOWARD SOCIETY
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For the Fifteen Month Period Ended March 31, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Directors of Calgary John Howard Society:

Opinion

We have audited the financial statements of Calgary John Howard Society (the "Society"), which comprise the statement of financial position as at March 31, 2024, and the statements of operations, changes in net assets and cash flows for the period then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Calgary John Howard Society as at March 31, 2024, and the results of its operations and its cash flows for the period 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 ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 intends 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.

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Independent Auditor's Report to the Directors of Calgary John Howard Society *(continued)*

Auditor's Responsibilities for the Audit of 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.



Chartered Professional Accountants

Calgary, Alberta
September 4, 2024

CALGARY JOHN HOWARD SOCIETY
Statement of Financial Position
As at

	March 31, 2024 (15 months)	December 31, 2022 (12 months)
Assets		
Current		
Cash	\$ 1,975,153	\$ 1,008,512
Short term investments (Note 3)	787,148	200,000
Accounts receivable	443,427	707,626
Goods and services tax recoverable	33,984	11,585
Prepaid expenses	79,740	142,786
Asset held for sale (Note 4)	741,796	-
	4,061,248	2,070,509
Property and equipment (Note 5)	11,547,902	12,931,560
Investments (Note 6)	123,437	100,000
	\$ 15,732,587	\$ 15,102,069
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 626,857	\$ 561,291
Source deductions payable	83,156	60,643
Current before callable debt	710,013	621,934
Callable debt (Note 7)	2,200,239	2,429,849
	2,910,252	3,051,783
Deferred contributions (Note 8)	7,469,226	6,666,019
	10,379,478	9,717,802
Contingent Liability (Note 12)		
Net Assets		
Invested in property and equipment	4,097,390	4,260,380
Unrestricted	1,255,719	1,123,887
	5,353,109	5,384,267
	\$ 15,732,587	\$ 15,102,069

Approved on behalf of the Board

 Director
 Director

CALGARY JOHN HOWARD SOCIETY
Statement of Operations
For the Period Ended

	March 31, 2024 (15 months)	December 31, 2022 (12 months)
Revenue		
Calgary Homeless Foundation	\$ 4,110,069	\$ 2,790,493
Government of Canada	3,208,490	2,181,428
Other grants and revenue	1,116,063	644,363
Government of Alberta	1,008,940	1,825,955
City of Calgary (Note 9)	604,013	294,473
Recognition of deferred contributions related to property and equipment (Note 8)	514,419	411,112
United Way	504,692	337,706
Calgary Learns	322,759	251,337
CFAN FASD Service Network Program	279,369	175,496
Casino	58,148	21,848
Donations	51,836	58,236
	11,778,798	8,992,447
Expenses		
Salaries, wages and benefits	7,648,096	5,211,609
Programming	1,538,314	1,029,754
Amortization	936,254	761,439
Premises	470,091	353,628
Subcontracted services	230,405	806,198
Interest on long-term debt	226,011	129,769
Professional fees	191,834	200,825
Travel and meetings	185,422	116,582
Office and administration	118,761	78,545
Insurance	115,098	76,666
Professional development	80,508	45,479
Memberships	51,252	22,340
Banking and other service fees	12,106	6,750
Advertising and promotion	5,804	6,110
	11,809,956	8,845,694
Excess (deficiency) of revenue over expenses	\$ (31,158)	\$ 146,753

CALGARY JOHN HOWARD SOCIETY
Statement of Changes in Net Assets
For the Period Ended

			March 31, 2024	December 31, 2022
	Invested in Property and Equipment	Unrestricted	(15 months) Total	(12 months) Total
Net assets - beginning of year	\$ 4,260,380	\$ 1,123,887	\$ 5,384,267	\$ 5,237,514
Excess (deficiency) of revenue over expenses	(421,835)	390,677	(31,158)	146,753
Net activities of property and equipment	27,972	(27,972)	-	-
Repayment of principal on callable debt	230,873	(230,873)	-	-
Net assets - end of year	\$ 4,097,390	\$ 1,255,719	\$ 5,353,109	\$ 5,384,267

CALGARY JOHN HOWARD SOCIETY
Statement of Cash Flows
For the Period Ended

	March 31, 2024 (15 months)	December 31, 2022 (12 months)
Operating activities		
Cash receipts from operations	\$ 12,381,141	\$ 8,381,077
Cash paid to suppliers and employees	(10,518,964)	(8,051,480)
Interest received	163,058	20,645
Interest paid	(226,011)	(129,769)
Cash flow from operating activities	1,799,224	220,473
Investing activities		
Purchase of property and equipment	(294,392)	(101,453)
Purchase of investments	(875,000)	(300,000)
Proceeds from sale of investments	300,000	300,000
Cash flow used by investing activities	(869,392)	(101,453)
Financing activities		
Contributions received for purchase of property and equipment	266,419	199,084
Repayment of callable debt	(229,610)	(193,452)
Cash flow from financing activities	36,809	5,632
Increase in cash flow	966,641	124,652
Cash - beginning of year	1,008,512	883,860
Cash - end of year	\$ 1,975,153	\$ 1,008,512

CALGARY JOHN HOWARD SOCIETY

Notes to Financial Statements

For the Fifteen Months Period Ended March 31, 2024

1. Purpose of the organization

The Calgary John Howard Society (the "Society") is a community based charitable organization dedicated to reducing the incidence of crime and increasing community safety through preventative and restorative justice practices. To accomplish these ends, the Society provides direct services to individuals at risk, advocacy for effective responses to crime and the individuals involved, and education for youth and adults in the community. The Society is incorporated under the Societies Act of the Province of Alberta and is a registered charity. Therefore, under section 149(1) of the Income Tax Act the Society is exempt from the payment of income tax. During the period, the Society changed its fiscal year end to March 31, 2024.

2. Summary of significant accounting policies

Basis of presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") in Part III of the CPA Canada Handbook, and in management's opinion, have been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below.

Revenue recognition

The Society follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Restricted contributions received for property and equipment are deferred and amortized to revenue on the same basis as the related assets. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Cash and cash equivalents

Cash includes cash on hand and balances in banks. Cash equivalents are investments in treasury bills and are valued at cost plus accrued interest. The carrying amounts approximate fair value because they have maturities at the date of purchase of less than ninety days. The Society currently has no cash equivalents.

Investments

Short term investments, which consist primarily of guaranteed investment certificates (GICs) with maturities as of the date of purchase beyond three months and less than twelve months, are carried at amortized cost.

Long term investments, which consist primarily of guaranteed investment certificates (GICs) with maturities as of the date of purchase beyond twelve months, are carried at amortized cost.

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CALGARY JOHN HOWARD SOCIETY
Notes to Financial Statements
For the Fifteen Months Period Ended March 31, 2024

2. Summary of significant accounting policies (*continued*)

Property and equipment

Property and equipment is stated at cost or deemed cost less accumulated amortization. Property and equipment is amortized over its estimated useful life on a straight-line basis at the following rates:

Buildings	5%
Equipment	30%
Furniture and textiles	20%
Leasehold improvements	Term of lease

Property and equipment acquired during the year but not placed into use are not amortized until they are available for use.

Contributed materials and services

Contributed materials are recognized in the financial statements when their fair value can be reasonably determined and they are used in the normal course of the Society's operations and would otherwise have been purchased. Volunteers contribute many hours per year to assist the Society in carrying out program activities. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Management 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, disclosure of contingencies at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates. The significant items requiring management estimates include the estimated useful lives of property and equipment, accrued receivables, accrued liabilities and amortization of deferred contributions related to property and equipment.

Financial instruments

The Society initially measures its financial assets and financial liabilities at fair value. It subsequently measures all of its financial assets and financial liabilities at amortized cost. The Society's financial instruments consist of cash and cash equivalents, short term and long term investments, accounts receivable and accounts payable and accrued liabilities and are tested for impairment at each reporting date.

3. Short term investments

Short term investments are comprised of Guaranteed Investment Certificates ("GICs") with maturity dates of April 2024 to March 2025 (2022 - December 2023). These GICs carry an interest rate of 4.52% to 5.35% (2022 - 1.30% to 5.20%).

CALGARY JOHN HOWARD SOCIETY

Notes to Financial Statements

For the Fifteen Months Period Ended March 31, 2024

4. Asset for sale

During the period, the Society began actively pursuing the sale of one of their buildings. Accordingly, the building is reclassified from property and equipment to asset held for sale without further amortization and is accounted for at the lower of its carrying value and fair value less costs to sell at \$741,796. Subsequent to year end, the Society entered into an agreement with a third party for the disposition of the building.

5. Property and equipment

	Cost	Accumulated amortization	2024 Net book value	2022 Net book value
Land	\$ 2,189,066	\$ -	\$ 2,189,066	\$ 2,189,066
Buildings (a)	13,451,399	4,114,383	9,337,016	10,708,271
Equipment	357,090	338,296	18,794	16,068
Furniture and textiles	60,516	57,490	3,026	18,155
Total property and equipment	\$ 16,058,071	\$ 4,510,169	\$ 11,547,902	\$ 12,931,560

a) During the period, the Society's property and equipment included a building with a carrying value of \$741,796 as at March 31, 2024 (2022 - \$807,502), which was recorded at its fair value as at the date of acquisition. The original acquisition of the building was funded in part (\$525,000) by the Calgary Homeless Foundation. The project funding agreement contains a clause which requires that the Society shall own and operate the property solely for the purpose as outlined in the agreement until March 31, 2029. Failure to comply with the conditions will require return of the contribution in part as outlined in the agreement. As stated in Note 4, the Society is actively seeking the sale of this property and has entered into a sales agreement for this building subsequent to year end. As such, the building has been presented as held for sale. The initial terms of the agreement are not in breach as a result of this sale and the initial funding of \$525,000 is not required to be repaid.

6. Long term investments

Long term investments are comprised of a Guaranteed Investment Certificate ("GICs") with a maturity date of September 2025 (2022 - March - June 2024). This GIC carries an interest rate of 5.10% (2022 - 5.15% to 5.17%).

CALGARY JOHN HOWARD SOCIETY
Notes to Financial Statements
For the Fifteen Months Period Ended March 31, 2024

7. Callable debt

	<u>2024</u>	<u>2022</u>
Alberta Treasury Branches term loan to assist with the purchase of properties, at prime plus 0.75% (2022 - 1.00%) per annum. The principal is due on June 30, 2024. The loan is secured against the building noted in Note 5(a).	\$ 392,210	\$ 445,995
Alberta Treasury Branches term loan to assist with the construction of the Builders Road building, at prime plus 0.75% (2022 - 1.00%) per annum.	<u>1,808,029</u>	<u>1,983,854</u>
	<u>\$ 2,200,239</u>	<u>\$ 2,429,849</u>

The Society held debt with Alberta Treasury Branches ("ATB") that was callable on demand. While ATB has not called the debt as of the year end, it retains the ability to do so. Due to these factors, the balance is included in current liabilities.

During the year, the debt balances were renewed with ATB. The maturity date on the debt balance of \$392,210 (2022 - \$445,995) was extended to June 30, 2024. The debt balance of \$1,808,829 (2022 - \$1,983,854) remains due on demand. The remaining terms of the debt balances are unchanged.

CALGARY JOHN HOWARD SOCIETY
Notes to Financial Statements
For the Fifteen Months Period Ended March 31, 2024

8. Deferred contributions

	March 31, 2024	December 31, 2022
Deferred contributions related to property and equipment		
Balance, beginning of year	\$ 6,240,068	\$ 6,452,096
Add: received during the year	266,420	199,084
Less: recognized as revenue during the year	(514,419)	(411,112)
Balance, end of year	5,992,069	6,240,068
Deferred contributions related to operations		
Balance, beginning of year	425,951	727,578
Add: received during the year	7,925,397	4,024,230
Less: recognized as revenue during the year	(6,874,191)	(4,325,857)
Balance, end of year	1,477,157	425,951
Total deferred contributions	\$ 7,469,226	\$ 6,666,019

CALGARY JOHN HOWARD SOCIETY

Notes to Financial Statements

For the Fifteen Months Period Ended March 31, 2024

9. City of Calgary grants

During the period, the Society recognized revenue for grants received from the City of Calgary for various purposes as follows:

	Mar. 31, 2024 (15 months)	Dec. 31, 2022 (12 months)
City of Calgary - New Ties	\$ 248,040	\$ -
City of Calgary - Youth Occupational Therapist	119,755	78,227
City of Calgary - Kisisskstaki Ikamotaan	118,526	107,246
City of Calgary - Immigrant Youth Advocacy	117,692	84,000
City of Calgary - Human Resources Framework	-	25,000
	<u>\$ 604,013</u>	<u>\$ 294,473</u>

Youth Occupational Therapist

The City of Calgary provided total funding of \$201,168, \$99,000 for the 12 month period ended December 31, 2023 and \$102,168 for the 3 month period ended March 31, 2024 (2022 - \$99,000) for the Youth Occupational Therapist program. At year-end a revenue balance of \$119,755 (2022 - \$78,227) was recognized as the funding was utilized against eligible expenses as incurred leaving a deferred balance of \$81,413 (2022 - \$20,773).

Kisisskstaki Ikamotaan

The City of Calgary provided total funding of \$118,526, \$93,982 for the 12 month period ended December 31, 2023 and \$24,544 for the 3 month period ended March 31, 2024 (2022 - \$90,928) for the Kisisskstaki Ikamotaan program. At year-end a revenue balance of \$118,526 (2022 - \$107,246) was recognized as the funding was utilized against eligible expenses as incurred.

Immigrant Youth Advocacy

The City of Calgary provided total funding of \$190,104, \$93,555 for the 12 month period ended December 31, 2023 and \$96,549 for the 3 month period ended March 31, 2024 (2022 - \$84,000) for the Immigrant Youth Advocacy program. At year-end a revenue balance of \$117,692, (2022 - \$84,000) was recognized as the funding was utilized against eligible expenses as incurred leaving a deferred balance \$72,412 (2022 - \$Nil).

10. Line of credit

The Society has a line of credit available to a maximum of \$200,000 (2022 - \$200,000) bearing interest at prime plus 1.00% (2022 - 1.00%) per annum. The line of credit is secured by a general security agreement. At March 31, 2024, the Society has utilized \$Nil of the line of credit (2022 - \$Nil).

11. Financial instruments

The Society is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Society's risk exposure and concentration as of March 31, 2024.

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CALGARY JOHN HOWARD SOCIETY

Notes to Financial Statements

For the Fifteen Months Period Ended March 31, 2024

11. Financial instruments (*continued*)

(a) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Society's financial assets that are exposed to credit risk consist primarily of accounts receivable. The Society is not subject to significant concentration of credit risk with respect to its funders, sponsors and customers.

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Society is exposed to this risk mainly in respect of its accounts payable and accrued liabilities, deferred contributions, loan payable and commitments.

(c) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Society manages exposure through its normal operating and financing activities. The Society is exposed to interest rate risk primarily through credit facilities.

Unless otherwise noted, it is management's opinion that the Society's not exposed to significant other price risks arising from these financial instruments.

12. Contingent liability

During the year, the Organization was subject to a lawsuit related to a fire that occurred at a property that was rented by one of their clients. As at the date of the financial statements, the likelihood of the Organization needing to settle the lawsuit is not determinable and the amount of loss cannot be estimated. Due to this, no amounts related to this potential contingency have been recognized in the financial statements. Further, the Organization believes any loss arising from the lawsuit would be covered by insurance.

13. Comparative figures

Some of the comparative figures have been reclassified to conform to the current year's financial statement presentation. This reclassification has no impact on prior year's revenue over expenses.
