

**THE JOHN HOWARD SOCIETY  
PACIFIC REGION  
(FORMERLY THE JOHN HOWARD  
SOCIETY OF THE LOWER  
MAINLAND OF BRITISH  
COLUMBIA )**

Vancouver, B.C.

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FINANCIAL STATEMENTS

March 31, 2021

## **INDEPENDENT AUDITOR'S REPORT**

To the Members of The John Howard Society Pacific Region (formerly The John Howard Society of the Lower Mainland of British Columbia):

### **Report on the Audit of the Financial Statements**

#### *Opinion*

We have audited the financial statements of The John Howard Society Pacific Region (formerly The John Howard Society of the Lower Mainland of British Columbia) (the "entity"), which comprise the statement of financial position as at March 31, 2021, and the statement of revenues and expenditures, statement of changes in fund balances and statement of cash flows for the year then ended, and notes and schedule to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the entity 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 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 entity 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.

#### *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 the financial statements, management is responsible for assessing the entity'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 entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the entity'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 entity'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 entity'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 entity 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.

**Report on Other Legal and Regulatory Requirements**

As required by the *Societies Act* (British Columbia), we report that, in our opinion, the accounting principles in Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

*Baker Tilly WM LLP*

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, B.C.  
September 23, 2021

**THE JOHN HOWARD SOCIETY PACIFIC REGION  
(FORMERLY THE JOHN HOWARD SOCIETY OF THE LOWER  
MAINLAND OF BRITISH COLUMBIA)**

STATEMENT OF REVENUES AND EXPENDITURES

For the year ended March 31, 2021

	Operating Fund \$	Capital Fund \$	2021 \$	2020 \$
<b>Revenues, Schedule 1</b>	<b>19,772,631</b>	<b>15,750</b>	<b>19,788,381</b>	15,475,542
Property rental	295,949	731,187	1,027,136	1,084,526
	<u>20,068,580</u>	<u>746,937</u>	<u>20,815,517</u>	<u>16,560,068</u>
<b>Expenditures</b>				
<b>Staffing</b>				
Employee benefits	2,112,669	45,842	2,158,511	1,704,401
Salaries	9,637,176	165,053	9,802,229	8,198,316
Training and development	120,831	-	120,831	149,870
Travel	241,288	3,741	245,029	271,964
	<u>12,111,964</u>	<u>214,636</u>	<u>12,326,600</u>	<u>10,324,551</u>
<b>Operating</b>				
Accommodations	1,135,455	508,497	1,643,952	1,505,271
Client support	767,579	35,868	803,447	442,499
Food and supplies	239,101	-	239,101	203,645
Furnishings	54,073	9,443	63,516	44,373
Insurance	82,591	45,982	128,573	101,439
Interest	-	116,628	116,628	123,573
Programme needs	3,697,017	44,076	3,741,093	2,355,356
	<u>5,975,816</u>	<u>760,494</u>	<u>6,736,310</u>	<u>4,776,156</u>
<b>Administration</b>				
Advertising	80,929	773	81,702	16,170
Audit, legal and banking	57,272	-	57,272	44,793
Board	3,380	-	3,380	8,000
Office and miscellaneous	582,409	68,392	650,801	428,107
Telephone	141,818	-	141,818	107,929
	<u>865,808</u>	<u>69,165</u>	<u>934,973</u>	<u>604,999</u>
Total expenditures	<u>18,953,588</u>	<u>1,044,295</u>	<u>19,997,883</u>	<u>15,705,706</u>
Excess (deficiency) of revenues over expenditures before non-cash items	1,114,992	(297,358)	817,634	854,362
Amortization of property and equipment	-	(298,521)	(298,521)	(306,042)
Amortization of deferred capital contributions (Note 9)	-	37,885	37,885	39,463
Change in fair value of investments	110,385	-	110,385	(7,406)
<b>Excess (deficiency) of revenues over   expenditures</b>	<b>1,225,377</b>	<b>(557,994)</b>	<b>667,383</b>	<b>580,377</b>

The accompanying notes and schedule are an integral part of these financial statements.

**THE JOHN HOWARD SOCIETY PACIFIC REGION  
(FORMERLY THE JOHN HOWARD SOCIETY OF THE LOWER  
MAINLAND OF BRITISH COLUMBIA)**

STATEMENT OF CHANGES IN FUND BALANCES

For the year ended March 31, 2021

	Operating Fund - Unrestricted \$	Operating Fund - Internally Restricted Funds \$	Capital Fund \$	2021 \$	2020 \$
Balances, beginning	1,428,961	676,229	5,924,005	8,029,195	7,448,818
Excess (deficiency) of revenues over expenditures	1,225,377	-	(557,994)	667,383	580,377
<b>Interfund transfers:</b>					
Purchase of property and equipment	(301,045)	-	301,045	-	-
Repayments from (advances to) capital fund	(175,982)	-	175,982	-	-
Excess of revenues over expenditures before non- cash items	(297,358)	-	297,358	-	-
Interest on restricted funds (Note 3)	(4,005)	4,005	-	-	-
Transfers (Note 3)	154,318	(154,318)	-	-	-
<b>Balances, ending</b>	<b>2,030,266</b>	<b>525,916</b>	<b>6,140,396</b>	<b>8,696,578</b>	<b>8,029,195</b>

*The accompanying notes and schedule are an integral part of these financial statements.*

**THE JOHN HOWARD SOCIETY PACIFIC REGION  
(FORMERLY THE JOHN HOWARD SOCIETY OF THE LOWER  
MAINLAND OF BRITISH COLUMBIA)**

STATEMENT OF FINANCIAL POSITION

March 31, 2021

	2021 \$	2020 \$
<b>Assets</b>		
Current		
Cash (Note 3)	3,169,907	2,665,953
Grants and other receivables (Note 4)	4,833,351	1,262,828
Prepaid expenses and deposits	256,883	241,341
	<u>8,260,141</u>	<u>4,170,122</u>
Marketable securities	292,462	182,077
Property and equipment (Note 5)	9,880,197	9,877,673
	<u>18,432,800</u>	<u>14,229,872</u>
<b>Liabilities</b>		
Current		
Payables and accruals	1,772,608	201,106
Accrued wages, salaries and holiday pay (Note 6)	487,270	824,484
Deferred contributions (Note 7)	3,429,845	1,221,421
Current portion of mortgages payable (Note 8)	322,027	347,069
	<u>6,011,750</u>	<u>2,594,080</u>
Deferred contributions for property and equipment (Note 9)	1,217,800	948,985
Mortgages payable (Note 8)	2,506,672	2,657,612
	<u>9,736,222</u>	<u>6,200,677</u>
<b>Fund Balances</b>		
Capital fund	6,140,396	5,924,005
Operating funds		
Internally restricted (Note 3)	525,916	676,229
Unrestricted surplus	2,030,266	1,428,961
	<u>8,696,578</u>	<u>8,029,195</u>
	<u>18,432,800</u>	<u>14,229,872</u>

*Update on COVID-19 (Note 16)*

Approved by Directors:





*The accompanying notes and schedule are an integral part of these financial statements.*

# THE JOHN HOWARD SOCIETY PACIFIC REGION

## STATEMENT OF CASH FLOWS

For the year ended March 31, 2021

	2021 \$	2020 \$
<b>Cash flows related to operating activities</b>		
Excess (deficiency) of revenues over expenditures	667,383	580,377
Adjustments for items not affecting cash:		
Amortization of property and equipment	298,521	306,042
Amortization of deferred capital contributions	(37,885)	(39,463)
Change in fair value of investments	(110,385)	7,406
	<u>817,634</u>	<u>854,362</u>
Changes in non-cash working capital:		
Grants and other receivables	(3,570,523)	(265,950)
Prepaid expenses and deposits	(15,542)	(29,121)
Payables and accruals	1,571,502	41,538
Accrued wages, salaries and holiday pay	(337,214)	72,961
Deferred contributions	2,208,424	345,481
	<u>674,281</u>	<u>1,019,271</u>
<b>Cash flows related to investing activities</b>		
Purchase of property and equipment	(301,045)	(442,461)
<b>Cash flows related to financing activities</b>		
Deferred contributions received for property and equipment	306,700	-
Mortgage repayments	(175,982)	(169,037)
	<u>130,718</u>	<u>(169,037)</u>
<b>Net increase in cash</b>	<b>503,954</b>	407,773
Cash, beginning	2,665,953	2,258,180
<b>Cash, ending</b>	<b>3,169,907</b>	2,665,953
Cash is represented by:		
Cash	2,643,991	1,989,324
Internally restricted cash	525,916	676,629
	<u>3,169,907</u>	<u>2,665,953</u>

The accompanying notes and schedule are an integral part of these financial statements.



# THE JOHN HOWARD SOCIETY PACIFIC REGION (FORMERLY THE JOHN HOWARD SOCIETY OF THE LOWER MAINLAND OF BRITISH COLUMBIA)

## NOTES

For the year ended March 31, 2021

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The John Howard Society Pacific Region (formerly The John Howard Society of the Lower Mainland of British Columbia) (the "Society") was incorporated in 1989 under the laws of British Columbia and is a registered charitable organization under the *Income Tax Act*. As a registered charity, the Society is not subject to income taxes. Its purpose is to build safe, healthy and inclusive communities for all by providing services to vulnerable people. The Society is dependent on funding from federal and provincial governments to meet its obligations and to finance its continued operations.

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### **Note 1 Name Change**

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The John Howard Society of the Lower Mainland of British Columbia changed its name to The John Howard Society Pacific Region effective June 2, 2020.

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### **Note 2 Significant Accounting Policies**

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These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

#### **Fund Accounting**

The Society follows the restricted fund method of accounting for revenues.

The unrestricted operating fund accounts for the Society's programme delivery and administrative activities.

The internally restricted funds include the property development fund and the sick pay fund. The property development fund reports amounts relating to preserving, enhancing and expanding the Society's properties. The sick pay fund accounts for funds restricted to cover sick pay entitlements for the Society's employees. Interest earned on the internally restricted balances is transferred to those funds.

The capital fund reports the assets, liabilities and equity relating to the Society's property and equipment.

#### **Marketable Securities**

Marketable securities in equity funds are measured at fair value and recognized on a trade date basis.

#### **Property and Equipment**

The Society capitalizes purchases of property and equipment with a cost of \$1,000 or greater.

# THE JOHN HOWARD SOCIETY PACIFIC REGION (FORMERLY THE JOHN HOWARD SOCIETY OF THE LOWER MAINLAND OF BRITISH COLUMBIA)

## NOTES

For the year ended March 31, 2021

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### Note 2 Significant Accounting Policies (continued)

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#### Property and Equipment (continued)

Property and equipment are carried at cost less accumulated amortization. Amortization is calculated annually over the estimated useful life of the asset as follows:

Buildings	- 4% declining balance
Equipment	- 20% declining balance
Computer	- 30% declining balance
Vehicles	- 20% declining balance
Software	- 100% declining balance

When an item of property and equipment no longer has any long-term service potential to the Society, the excess of its net carrying amount over any residual value is recognized as a write-down in the statement of revenues and expenditures. Write-downs are not reversed.

#### Revenue Recognition

Government funding is recognized as revenue monthly over the terms of the funding contracts.

Property rental revenue is recognized monthly in accordance with the rental agreements.

Fundraising, grants and other income are recognized as revenue when received or either on a time proportion basis, through passage of time or based on completion of a performance condition.

Government funding for operating expenses under the Government of Canada's COVID-19 response programs is recorded as other government assistance when the assistance is receivable.

Deferred contributions are restricted contributions for which no corresponding restricted fund is presented and are recognized as revenue in the period in which the related expenditures are incurred.

#### Contributed Services and Materials

A number of volunteers contribute a significant amount of their time and services to the Society each year. Because of the difficulty in determining fair value, these contributed services are not recognized in the financial statements. The Society recognizes the fair value of contributed materials at the time of receipt, where such fair value is determinable, and the materials would otherwise have been purchased. The Society did not receive any such contributed materials in the current year.

# THE JOHN HOWARD SOCIETY PACIFIC REGION (FORMERLY THE JOHN HOWARD SOCIETY OF THE LOWER MAINLAND OF BRITISH COLUMBIA)

## NOTES

For the year ended March 31, 2021

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### **Note 2 Significant Accounting Policies (continued)**

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#### **Deferred Contributions**

Restricted grants and contributions received which relate to programs and events to be carried out in future fiscal years are reflected as deferred contributions.

Restricted grants and contributions received to fund property and equipment acquisitions are reflected as deferred contributions for property and equipment and are amortized in the statement of revenues and expenditures over the service lives of the related item of property and equipment.

#### **Employee Future Benefits**

Defined contribution plan accounting is used for the multi-employer defined benefit plan to which the Society's employees belong as sufficient information is not available to use defined benefit plan accounting. All required contributions are expensed in the period in which the related employee services are rendered.

#### **Financial Instruments**

##### *Measurement of financial instruments*

The Society measures its financial assets and financial liabilities at fair value at the acquisition date, except for financial assets and financial liabilities acquired in related party transactions. Transaction costs related to the acquisition of financial instruments subsequently measured at fair value are recognized in the statement of revenues and expenditures when incurred. The carrying amounts of financial instruments not subsequently measured at fair value are adjusted by the amount of the transaction costs directly attributable to the acquisition of the instrument.

The Society subsequently measures all of its financial assets and financial liabilities at amortized cost, except for derivatives and equity securities quoted in an active market, which are subsequently measured at fair value. Changes in fair value are recognized in the statement of revenues and expenditures.

##### *Impairment*

Financial assets measured at amortized cost are assessed for indications of impairment at the end of each reporting period. If impairment is identified, the amount of the write-down is recognized as an impairment loss in the statement of revenues and expenditures. Previously recognized impairment losses are reversed when the extent of the impairment decreases, provided that the adjusted carrying amount is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of revenues and expenditures.

**THE JOHN HOWARD SOCIETY PACIFIC REGION  
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MAINLAND OF BRITISH COLUMBIA)**

NOTES

For the year ended March 31, 2021

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**Note 2 Significant Accounting Policies (continued)**

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**Use of 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 at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period.

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**Note 3 Internally Restricted Funds**

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Commencing in 2001, the Society internally restricted funds from the Operating Fund for a Property Development Fund for the purpose of preserving, enhancing and expanding the Society's properties. Commencing in 2003, the Society internally restricted funds from the Operating Fund for a Sick Pay Fund to ensure sufficient funds are available to cover the sick pay entitlements of the Society's employees.

The Property Development Fund balance consists of:

	\$
Balance, beginning	413,377
Transfer to Operating Fund	(33,717)
Interest earned	2,159
	<hr/>
Balance, ending	381,819
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The Sick Pay Fund balance consists of:

	\$
Balance, beginning	262,852
Transfer to Operating Fund	(120,601)
Interest earned	1,846
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Balance, ending	144,097
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Total internally restricted funds	<hr/> <hr/> 525,916
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**THE JOHN HOWARD SOCIETY PACIFIC REGION  
(FORMERLY THE JOHN HOWARD SOCIETY OF THE LOWER  
MAINLAND OF BRITISH COLUMBIA)**

NOTES

For the year ended March 31, 2021

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**Note 4 Grants and Other Receivables**

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Grants and other receivables consist of the following:

	<b>2021</b>	2020
	<b>\$</b>	\$
Correctional Service Canada	<b>1,044,491</b>	536,468
John Howard Society - BC	<b>378,212</b>	360,685
John Howard Society - Canada	<b>94,725</b>	109,295
John Howard Society - Thompson River	<b>5,258</b>	3,163
John Howard Society - Victoria	<b>12,748</b>	12,748
Ministry of Advanced Education and Skills Training	<b>2,601,189</b>	-
Provincial Health Services Authority	<b>287,944</b>	-
Other	<b>181,340</b>	66,329
	<b>4,605,907</b>	1,088,688
GST receivable	<b>227,444</b>	174,140
	<b>4,833,351</b>	1,262,828

**THE JOHN HOWARD SOCIETY PACIFIC REGION  
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MAINLAND OF BRITISH COLUMBIA)**

NOTES

For the year ended March 31, 2021

**Note 5 Property and Equipment**

	2021			2020		
	Cost	Accumulated	Net	Cost	Accumulated	Net
	\$	\$	\$	\$	\$	\$
863 East 12th Avenue						
Land	206,231	-	206,231	206,231	-	206,231
Building	558,804	507,480	51,324	558,804	507,480	51,324
	<u>765,035</u>	<u>507,480</u>	<u>257,555</u>	<u>765,035</u>	<u>507,480</u>	<u>257,555</u>
3008 Clark Drive						
Land	247,288	-	247,288	247,288	-	247,288
Building	134,570	60,582	73,988	134,570	57,493	77,077
	<u>381,858</u>	<u>60,582</u>	<u>321,276</u>	<u>381,858</u>	<u>57,493</u>	<u>324,365</u>
12817 and 12819 104 Avenue						
Land	265,090	-	265,090	265,090	-	265,090
Building	228,005	103,981	124,024	228,005	98,822	129,183
	<u>493,095</u>	<u>103,981</u>	<u>389,114</u>	<u>493,095</u>	<u>98,822</u>	<u>394,273</u>
767 Kingsway						
Land	457,173	-	457,173	457,173	-	457,173
Building	2,228,028	1,069,711	1,158,317	2,228,028	1,021,448	1,206,580
	<u>2,685,201</u>	<u>1,069,711</u>	<u>1,615,490</u>	<u>2,685,201</u>	<u>1,021,448</u>	<u>1,663,753</u>
32160 Tims Avenue						
Land	211,869	-	211,869	211,869	-	211,869
Building	1,360,551	470,645	889,906	1,360,551	430,818	929,733
	<u>1,572,420</u>	<u>470,645</u>	<u>1,101,775</u>	<u>1,572,420</u>	<u>430,818</u>	<u>1,141,602</u>
3340, 3350 and 3360 Fraser Street						
Land	1,380,524	-	1,380,524	1,380,524	-	1,380,524
Building	3,595,374	466,479	3,128,895	3,595,138	336,114	3,259,024
	<u>4,975,898</u>	<u>466,479</u>	<u>4,509,419</u>	<u>4,975,662</u>	<u>336,114</u>	<u>4,639,548</u>
2411 West Railway						
Land	499,910	-	499,910	499,910	-	499,910
Building	1,323,584	253,643	1,069,941	1,042,854	219,415	823,439
	<u>1,823,494</u>	<u>253,643</u>	<u>1,569,851</u>	<u>1,542,764</u>	<u>219,415</u>	<u>1,323,349</u>

**THE JOHN HOWARD SOCIETY PACIFIC REGION  
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MAINLAND OF BRITISH COLUMBIA)**

NOTES

For the year ended March 31, 2021

**Note 5 Property and Equipment (continued)**

	2021			2020		
	Cost	Accumulated	Net	Cost	Accumulated	Net
	\$	\$	\$	\$	\$	\$
Equipment	288,495	256,478	32,017	288,495	248,474	40,021
Computer	179,724	142,605	37,119	176,412	128,831	47,581
Vehicles	104,249	57,668	46,581	87,482	48,006	39,476
Software	39,853	39,853	-	39,853	33,703	6,150
	<u>612,321</u>	<u>496,604</u>	<u>115,717</u>	<u>592,242</u>	<u>459,014</u>	<u>133,228</u>
	<u>13,309,322</u>	<u>3,429,125</u>	<u>9,880,197</u>	<u>13,008,277</u>	<u>3,130,604</u>	<u>9,877,673</u>

**Note 6 Accrued Wages, Salaries and Holiday Pay**

Accrued wages, salaries and holiday pay consist of the following:

	2021	2020
	\$	\$
Employee accruals	415,115	709,069
Government remittances	72,155	115,415
	<u>487,270</u>	<u>824,484</u>

**Note 7 Deferred Contributions**

	Government	Other	2021	2020
	\$	\$	\$	\$
Balance, beginning	863,075	358,346	1,221,421	875,940
Received for designated purposes	4,993,470	251,204	5,244,674	1,815,092
Recognized as revenue	(2,776,369)	(259,881)	(3,036,250)	(1,469,611)
Balance, ending	<u>3,080,176</u>	<u>349,669</u>	<u>3,429,845</u>	<u>1,221,421</u>

The amounts included in deferred contributions are restricted for the provision of government-funded programs and services, as well as the provision of various other services through the houses managed by the Society.

**THE JOHN HOWARD SOCIETY PACIFIC REGION  
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NOTES

For the year ended March 31, 2021

**Note 8 Mortgages Payable**

	Current \$	Long-term \$	2021 \$	2020 \$
Coast Capital Savings Payable in monthly instalments of \$14,587 including principal and interest of 4.24% per annum, due February 15, 2023, secured by a first charge on 3340, 3350 and 3360 Fraser Street	108,997	1,511,540	1,620,537	1,725,055
Coast Capital Savings Payable in monthly instalments of \$3,071 including principal and interest of 3.08% per annum, due March 1, 2022, secured by a first charge on 767 Kingsway	171,526	-	171,526	202,608
Peoples Trust Company Payable in monthly instalments of \$6,726 including principal and interest of 3.84% per annum, due November 1, 2023, secured by a first charge on 2411 West Railway Street	41,504	995,132	1,036,636	1,077,018
<b>Total mortgages payable</b>	<b>322,027</b>	<b>2,506,672</b>	<b>2,828,699</b>	<b>3,004,681</b>

Principal repayments of long-term debt required in the next 5 years, assuming that the debt is refinanced on similar terms at maturity, are:

	\$
2022	182,346
2023	186,455
2024	194,085
2025	202,228
2026	198,627
Thereafter	1,864,958
	<u>2,828,699</u>



**THE JOHN HOWARD SOCIETY PACIFIC REGION  
(FORMERLY THE JOHN HOWARD SOCIETY OF THE LOWER  
MAINLAND OF BRITISH COLUMBIA)**

NOTES

For the year ended March 31, 2021

**Note 9 Deferred Contributions for Property and Equipment**

Deferred contributions related to property and equipment represent contributions received where the donor has restricted their usage to property and equipment purchased or constructed by the Society.

The changes in the deferred contributions balance for the year are as follows:

	<b>2021</b>	2020
	<b>\$</b>	\$
Balance, beginning	<b>948,985</b>	988,448
Funding received during the year	<b>306,700</b>	-
Less: amounts amortized over service lives	<b>(37,885)</b>	(39,463)
	<hr/>	<hr/>
Balance, ending	<b>1,217,800</b>	948,985
	<hr/>	<hr/>

**Note 10 Forgivable Loans**

Forgivable loans are reclassified as deferred contributions for property and equipment (Note 9) upon completion of the acquisition or construction of each related building project. The following is information pertaining to the loan history and loan balances per the respective lending agency:

During 2008, the Society entered into an agreement with the British Columbia Housing Management Commission ("BCHMC"). Under the terms of the agreement, BCHMC agreed to contribute up to \$1,018,000 for costs incurred in the purchase and renovation of Tims Manor. The loan is forgivable over a period of 25 years, commencing in the 11th year, provided that the Society meets certain conditions specified in the agreement. During the current year, \$40,720 (2020: \$40,720) was forgiven. As at March 31, 2021, the balance of the forgivable loan with BCHMC was \$855,120 (2020: \$895,840).

During 2005, the Society entered into an agreement with the Canada Mortgage and Housing Corporation ("CMHC"). Under the terms of the agreement, CMHC agreed to contribute up to \$336,000 for costs incurred in renovating the Miller Block apartments. The loan is forgivable over a period of 15 years, provided that the Society meets certain conditions specified in the agreement. During the current year, \$22,400 (2020: \$22,400) was forgiven. As at March 31, 2021, the balance of the forgivable loan with CMHC was \$3,733 (2020: \$26,133).

# THE JOHN HOWARD SOCIETY PACIFIC REGION (FORMERLY THE JOHN HOWARD SOCIETY OF THE LOWER MAINLAND OF BRITISH COLUMBIA)

## NOTES

For the year ended March 31, 2021

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### **Note 10 Forgivable Loans (continued)**

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During 2009, the Society entered into an agreement with the CMHC. Under the terms of the agreement, CMHC agreed to contribute \$232,000, of which \$44,467 was received in 2009 and the balance of \$184,533 was received during 2010, for costs incurred in renovating the Tims Manor building. The amount is forgivable over a period of 15 years provided the Society meets certain conditions specified in the agreement. During the current year, \$15,467 (2020: \$15,467) was forgiven. As at March 31, 2021, the balance of the forgivable loan with CMHC was \$48,977 (2020: \$64,444).

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### **Note 11 Other Government Assistance**

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The Society received funds under the Temporary Pandemic Pay BC program. The subsidy was intended for eligible front-line workers to receive temporary pandemic pay, a lump-sum payment of about \$4 per hour for a 16-week period, starting on March 15, 2020. At March 31, 2021, temporary pandemic pay of \$261,722 (2020: \$Nil) was recognized as other government assistance. The payments to eligible employees of \$261,722 (2020: \$Nil) are expensed in salaries and benefits.

At September 23, 2021, there was no unfulfilled conditions nor outstanding contingencies with respect to the Temporary Pandemic Pay BC program.

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### **Note 12 Remuneration of Directors, Employees and Contractors**

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The *Societies Act* (British Columbia) requires the Society to disclose the remuneration paid to directors during the year and the remuneration paid to all employees and contractors whose remuneration during the year was at least \$75,000.

- a) During the year, the Society paid a total of \$1,200,014 to the 10 most highly remunerated individuals whose salaries and benefits were each greater than \$75,000.
- b) In accordance with the bylaws of the Society, no compensation was paid to any directors of the Society during the year.

# THE JOHN HOWARD SOCIETY PACIFIC REGION (FORMERLY THE JOHN HOWARD SOCIETY OF THE LOWER MAINLAND OF BRITISH COLUMBIA)

## NOTES

For the year ended March 31, 2021

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### Note 13 Financial Instruments

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Items that meet the definition of a financial instrument include cash, grants and other receivables, marketable securities, payables and accruals, accrued wages, salaries and holiday pay, forgivable loans and mortgages payable.

The following is a summary of the significant financial instrument risks:

#### 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 liquidity risk arising primarily from its payables and accruals, accrued wages, salaries and holiday pay, mortgages payable and forgivable loans.

#### Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Society is exposed to credit risk in connection with its grants and other receivables.

#### Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

#### Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Society is exposed to currency risk from fluctuations in foreign exchange rates on its U.S. dollar denominated marketable securities, which include the following amounts, presented in Canadian dollars:

	2021	2020
	\$	\$
Marketable securities	198,839	123,572

These amounts are translated at the following year end rates at March 31:

U.S. dollar to Canadian dollar	1.2575	1.4187
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#### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The fair values of fixed rate financial instruments are subject to change, since fair values fluctuate inversely with changes in market interest rates. The cash flows related to floating rate financial instruments change as market interest rates change. The Society is exposed to interest rate risk with respect to its mortgages payable, which bear interest at fixed rates, and forgivable loans, which are non-interest bearing.

# THE JOHN HOWARD SOCIETY PACIFIC REGION (FORMERLY THE JOHN HOWARD SOCIETY OF THE LOWER MAINLAND OF BRITISH COLUMBIA)

## NOTES

For the year ended March 31, 2021

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### Note 13 Financial Instruments (continued)

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#### Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Society is exposed to other price risk related to its marketable securities.

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### Note 14 Employee Future Benefits

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The Society and its employees contribute to the Municipal Pension Plan (the "Plan"), a multi-employer defined benefit pension plan governed by the *Public Sector Pension Plans Act* (British Columbia). Every three years an actuarial valuation is performed to assess the financial position of the Plan and the adequacy of the Plan funding. The most recent valuation as at December 31, 2018 indicated a \$2,866 million funding surplus for basic pension benefits. The next valuation will be as at December 31, 2021, with results available in fiscal year 2022.

Employers participating in the Plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the Plan records accrued liabilities and accrued assets for the Plan in aggregate with the result that there is no consistent and reliable basis for allocating the obligations, assets and costs to individual entities participating in the Plan.

During the year, the Society paid and expensed \$605,499 (2020: \$487,890) for the employer's share of contributions to the Plan.

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### Note 15 Comparative Figures

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Certain 2020 comparative figures have been reclassified to conform with the financial statement presentation adopted for 2021.

**THE JOHN HOWARD SOCIETY PACIFIC REGION  
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NOTES

For the year ended March 31, 2021

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**Note 16 Update on COVID-19**

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On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The economic effects within the Society's environment and in the global markets, disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have an impact on the Society's future operations and financial results.

During fiscal 2021, the Society continued to receive government funding through existing funding contracts and secured additional funding, some of which was in response to the change in needs during the pandemic. The Society applied for and received \$261,722 under the Temporary Pandemic Pay BC program. The Society is continually monitoring and assessing new information and recommendations from health and government authorities as it becomes available, and will continue to respond accordingly.

As of the date of the approval of the financial statements on September 23, 2021, management expects the Society will have adequate cash flow to fund its operations during this crisis through existing revenue sources that have confirmed their funding intentions and tight controls over operating expenses. Revenue is expected to be similar to fiscal 2021 for existing programs, due to the nature of the funding received by the Society.

**THE JOHN HOWARD SOCIETY PACIFIC REGION  
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MAINLAND OF BRITISH COLUMBIA)**

Schedule 1

REVENUES

For the year ended March 31, 2021

	Operating Fund \$	Capital Fund \$	2021 \$	2020 \$
Provincial government	13,236,693	-	13,236,693	10,850,037
Federal government	4,195,425	-	4,195,425	3,819,671
Grants and other income	1,949,267	15,750	1,965,017	470,087
Metro Vancouver <sup>(1)</sup>	71,525	-	71,525	271,051
United Way of the Lower Mainland	57,999	-	57,999	64,696
Other government assistance (Note 11)	261,722	-	261,722	-
	<b>19,772,631</b>	<b>15,750</b>	<b>19,788,381</b>	<b>15,475,542</b>

<sup>(1)</sup> Revenue earned in the amount of \$71,525 from April 1, 2020 to March 31, 2021 (\$271,051 from April 1, 2019 to March 31, 2020) was attributed to the HPS - Housing First Program in partnership with Metro Vancouver and the Federal Government of Canada.