

Financial Statements of

**LANARK COUNTY COMMUNITY
JUSTICE PROGRAM INC.**

And Independent Auditor's Report thereon

Year ended March 31, 2022

LANARK COUNTY COMMUNITY JUSTICE PROGRAM INC.

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INDEPENDENT AUDITORS' REPORT

To the Directors of Lanark County Community Justice Program Inc.

Qualified Opinion

We have audited the financial statements of Lanark County Community Justice Program Inc. (the "Entity"), which comprise:

- the statement of financial position as at March 31, 2022
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, except for the possible effects of the matter described in the "***Basis for Qualified Opinion***" section of our auditors' report, the financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2022, 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 not-for-profit organizations, the Entity derives revenue from donation and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Entity. Therefore, we were not able to determine whether any adjustments might be necessary to:

- the current assets reported on the statement of financial position as at March 31, 2022 and March 31, 2021;
- the donations revenue, fundraising revenue and excess of revenue over expenses reported on the statement of operations for the years ended March 31, 2022 and March 31, 2021;
- the net assets, at the beginning and end of the year, reported on the statement of changes in net assets for the years ended March 31, 2022 and March 31, 2021; and
- the excess of revenue over expenses reported on the statement of cash flows for the years ended March 31, 2022 and March 31, 2021.



We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “**Auditors’ Responsibilities for the Audit of the Financial Statements**” section of our auditors’ 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 qualified opinion.

Other Matter – Comparative Information

The financial statements as at and for the year ended March 31, 2021 were audited by another auditor who expressed an unmodified opinion on those financial statements on August 24, 2021.

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.

Auditors’ 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 auditors’ 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 the financial statements.



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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 auditors' 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 auditors' 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.
- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Perth, Canada

November 3, 2022

LANARK COUNTY COMMUNITY JUSTICE PROGRAM INC.

Statement of Financial Position

March 31, 2022, with comparative information for 2021

	2022	2021
		(Recast - note 10)
Assets		
Current assets:		
Cash and cash equivalents (note 3)	\$ 101,921	\$ 68,905
Accounts receivable	5,465	3,684
	<u>\$ 107,386</u>	<u>\$ 72,589</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 9,093	\$ 5,289
Deferred revenue (note 5)	23,570	27,080
	<u>32,663</u>	<u>32,369</u>
Net assets:		
Unrestricted	64,723	30,220
Internally restricted - contingency (note 6)	10,000	10,000
	<u>74,723</u>	<u>40,220</u>
	<u>\$ 107,386</u>	<u>\$ 72,589</u>

See accompanying notes to financial statements.

Approved on behalf of the Board:



Aisha Toor - Board Chair



Ross Dickson - Acting Chair and Vice Chair



Treasurer - Board of Directors

LANARK COUNTY COMMUNITY JUSTICE PROGRAM INC.

Statement of Operations

Year ended March 31, 2022, with comparative information for 2021

	2022	2021
Revenue:		
Ministry of Children, Community and Social Services	\$ 48,500	\$ 48,500
Ontario Trillium Foundation	42,300	–
Fundraising revenue	31,153	5,489
Donations	26,728	18,790
Canada Emergency Wage Subsidy	15,579	30,451
United Way	13,995	18,999
Federal grants	13,456	9,000
Foundations	9,500	8,750
Municipal grants	7,500	6,748
Memberships and other income	148	8,606
	<u>208,859</u>	<u>155,333</u>
Expenses:		
Salaries and wages	115,269	83,553
Service contracts	17,590	–
Professional fees	9,481	8,801
Office and computer supplies	6,825	13,300
Fundraising	4,558	66
Rent	4,106	2,728
Volunteer	4,005	1,164
Insurance	3,744	3,026
Public education	2,804	1,290
Travel and staff	2,798	1,429
Program costs	2,153	3,630
Telephone and website	1,023	1,963
Forum	–	504
	<u>174,356</u>	<u>121,454</u>
Excess of revenue over expenses	\$ 34,503	\$ 33,879

LANARK COUNTY COMMUNITY JUSTICE PROGRAM INC.

Statement of Changes in Net Assets

Year ended March 31, 2022, with comparative information for 2021

	Internally restricted - contingency	Unrestricted	2022 Total	2021 Total (Recast - note 10)
Balances, beginning of year	\$ 10,000	\$ 30,220	\$ 40,220	\$ 6,341
Excess of revenue over expenses	–	34,503	34,503	33,879
Balances, end of year	\$ 10,000	\$ 64,723	\$ 74,723	\$ 40,220

See accompanying notes to financial statements.

LANARK COUNTY COMMUNITY JUSTICE PROGRAM INC.

Statement of Cash Flows

Year ended March 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used for):		
Operating activities:		
Excess of revenue over expenses	\$ 34,503	\$ 33,879
Change in non-cash operating working capital:		
Accounts receivable	(1,781)	(2,974)
Accounts payable and accrued liabilities	3,804	(3,451)
Government remittances payable	-	(1,462)
Deferred revenue	(3,510)	(3,849)
Increase in cash and cash equivalents	33,016	22,143
Cash and cash equivalents, beginning of year	68,905	46,762
Cash and cash equivalents, end of year	\$ 101,921	\$ 68,905

See accompanying notes to financial statements.

LANARK COUNTY COMMUNITY JUSTICE PROGRAM INC.

Notes to Financial Statements

Year ended March 31, 2022

1. Purpose:

The Lanark County Community Justice Program Inc. (the "Corporation") is incorporated under the Ontario Corporations Act as a volunteer program whose core services is the facilitation of community justice forums. The Corporation is a registered charity, and, accordingly, is exempt from the payment of taxes provided certain criteria are met under the Income Tax Act (Canada).

2. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations. Significant aspects of the accounting policies adopted by the Corporation are as follows:

(a) Revenue recognition:

The Corporation follows the deferral method of accounting for contributions. Restricted contributions, including grants and subsidies, are recognized as revenue in the year in which the related expenses are incurred. 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.

Fundraising revenue and memberships and other income are recorded as received.

The Corporation receives certain amounts for which the related services have yet to be performed. These amounts are recognized as revenues in the fiscal year the related expenses are incurred or services performed.

(b) Expense recognition:

Expenses are recognized according to the accrual basis of accounting in that the expenses are recorded as incurred as a result of receipt of goods and services and the creation of a legal obligation to pay.

(c) Cash and cash equivalents:

Cash and cash equivalents include cash on hand and a guaranteed investment certificate with a maturity of three months or less.

(d) Donated services:

No amounts are reflected in the statements for donated services since no objective basis is available to measure the value of such services. Nevertheless, a substantial number of volunteers donated significant amounts of their time to the Corporation and its fundraising activities.

LANARK COUNTY COMMUNITY JUSTICE PROGRAM INC.

Notes to Financial Statements (continued)

Year ended March 31, 2022

2. Significant accounting policies (continued):

(e) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Corporation has not elected to subsequently carry any such financial instruments at fair value.

Financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Corporation determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Corporation expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(f) Use of estimates:

The preparation of the financial statements 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 revenue and expenses during the year. Actual results could differ from those estimates.

3. Cash and cash equivalents:

	2022	2021
Cash on hand	\$ 100,886	\$ 67,879
Guaranteed investment certificate yielding interest at 0.10% (2021 - 0.75%) and maturing in May 2022 (2021 - May 2021)	1,035	1,026
	<u>\$ 101,921</u>	<u>\$ 68,905</u>

LANARK COUNTY COMMUNITY JUSTICE PROGRAM INC.

Notes to Financial Statements (continued)

Year ended March 31, 2022

4. Investment with Perth & District Community Foundation:

The Corporation has established a fund with an initial donation of \$10,000 with the Perth & District Community Foundation. Each gift of the fund shall be held "as a spend down fund" and invested by the Perth & District Community Foundation in accordance with the financial management policies of the Foundation. The intent of this fund is to act as a contingency fund for the Corporation.

The Corporation is able to direct the use of this fund and determine the annual distributable earnings, with the balance of earnings being added back to the fund. During the current and prior year, there were no distributions from or contributions to the fund, as determined by the Corporation. The fund balance as at March 31, 2022 is \$13,807 (2021 - \$11,655).

5. Deferred revenue:

	2022	2021
Perth & District Community Foundation	\$ 16,070	\$ 9,500
County of Lanark	4,500	6,000
Service Clubs	3,000	5,500
Golf Tournament	–	3,580
Fundraising	–	2,500
	<u>\$ 23,570</u>	<u>\$ 27,080</u>

6. Internally restricted net assets:

Internally restricted net assets are established at the discretion of the Board of Directors. The internally restricted - contingency net assets represent funds set aside to provide contingency funds for three months operating costs.

7. Ministry of Children, Community and Social Services revenue:

The Corporation has a service contract with the Ministry of Children, Community and Social Services (the "Ministry"). This service contract is subject to an annual reconciliation. Any year-end adjustments resulting from this review will be reflected on the Statement of Operations in the year of reconciliation.

Unspent allocations are recognized as Due to the Ministry and adjusted on the Statement of Operations in the current period. As at March 31, 2022, \$Nil (2021 - \$Nil) is due to the Ministry as the contract service is in a deficit position, as summarized in Schedule 1.

LANARK COUNTY COMMUNITY JUSTICE PROGRAM INC.

Notes to Financial Statements (continued)

Year ended March 31, 2022

8. Financial instruments:

The Corporation is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks.

The Corporation's financial instruments consist of cash and cash equivalents, accounts receivable, investment with Perth & District Community Foundation and accounts payable and accrued liabilities. The fair values of these financial instruments approximate their carrying values because of their expected short-term to maturity and treatment on normal trade terms. Accordingly, the Corporation believes that it is not exposed to significant interest-rate or market risk.

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Corporation is exposed to credit risk with respect to its receivables. The Corporation assesses, on a continuous basis, receivables and provides for any amounts that are not considered collectible in the allowance for doubtful accounts. The Corporation does not have a significant exposure to any individual customer or counterparty. As a result, the requirement for credit risk related reserves for accounts receivable is minimal.

The balance in the allowance for doubtful accounts at March 31, 2022 is \$Nil (2021 - \$Nil).

(b) Liquidity risk:

Liquidity risk is the risk that the Corporation will not be able to meet its obligations as they fall due. The Corporation requires working capital to meet day-to-day operating activities. The Corporation manages its liquidity risk by monitoring its operating requirements through the preparation of budgets to ensure sufficient funds are available to fulfill its obligations.

There have been no significant changes to the risk exposures from the prior year.

9. Comparative information:

Certain comparative information has been reclassified to conform to the financial statement presentation adopted in the current year.

LANARK COUNTY COMMUNITY JUSTICE PROGRAM INC.

Notes to Financial Statements (continued)

Year ended March 31, 2022

10. Recast of comparative information:

During the year, management became aware that the investment held with the Perth & District Community Foundation (the "Foundation") is legally owned by the Foundation, and the investment has been incorrectly reported in the financial statements of the Corporation in previous years. The impact of this correction has been recorded retroactively in the March 31, 2021 comparative information, as follows:

	2021
Net assets, beginning of year, as previously stated	\$ 16,341
To correct the error in relation to the overstatement of investments	(10,000)
Net assets, end of year, as recast	\$ 6,341

	2021
Investments, beginning of year, as previously stated	\$ 10,000
To correct the error in relation to the overstatement of investments	(10,000)
	\$ -

LANARK COUNTY COMMUNITY JUSTICE PROGRAM INC.

Schedule 1 - Statement of Operations for Ministry of Children, Community and Social Services

Year ended March 31, 2022, with comparative information for 2021

	2022	2021
Revenue:		
Provincial grant	\$ 48,500	\$ 48,500
Expenses:		
Salaries and wages	42,397	34,770
Rent	4,106	2,200
Insurance	3,744	3,026
Professional fees	1,871	1,871
Office and computer supplies	1,294	2,838
Telephone and website	1,023	1,856
Travel and staff expense	693	—
Public education	596	2,417
	55,724	48,978
Deficiency of revenue over expenses	\$ (7,224)	\$ (478)