

**LANARK COUNTY COMMUNITY  
JUSTICE PROGRAM INC.  
Financial Statements  
Year Ended March 31, 2020**

**LANARK COUNTY COMMUNITY JUSTICE PROGRAM INC.**  
**Index to Financial Statements**  
**Year Ended March 31, 2020**

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# **Lanark County Community Justice Program Inc.**

A Restorative Justice Initiative

Suite 10E, 8 Herriott Street, Perth, Ontario, K7H 1S9  
Phone: (613) 264-1558 Fax: (613) 264-1516  
Web site: [www.commjjustice.org](http://www.commjjustice.org)

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## **Management's Responsibility for Financial Reporting**

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The accompanying financial statements of the Lanark County Community Justice Program Inc. are the responsibility of the Corporation's management and have been prepared in compliance with legislation, and in accordance with Canadian Accounting Standards for Not-For-Profit Organizations (ASNPO). A summary of significant accounting policies are described in note 2 to the financial statements. The preparation of financial statements necessarily involved the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Corporation's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of financial statements. These systems are monitored and evaluated by management.

Management meets with the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters. The Board of Directors meets with management subsequently to review these same matters prior to the Board's approval of the financial statements.

The financial statements have been audited by Allan and Partners LLP, independent external auditors appointed by the Corporation. The accompanying Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Corporation's financial statements.

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Executive Director

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## Independent Auditor's Report

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To the Members of the Board of the Lanark County Community Justice Program Inc.

### *Qualified Opinion*

We have audited the financial statements of Lanark County Community Justice Program Inc. (the Corporation), which comprise the statement of financial position as at March 31, 2020, and the statements of revenues and expenditures and changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2020, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

### *Basis for Qualified Opinion*

In common with many charitable organizations, the Corporation derives revenue from donations and fundraising, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Corporation and we were not able to determine whether any adjustments might be necessary to donations and fundraising revenues, excess of revenues over expenses, current assets and net assets.

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 Corporation in accordance with 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 audit 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 ASNPO, 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 Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

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

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Independent Auditor's Report to the Members of Lanark County Community Justice Program Inc.  
(continued)

*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 Corporation'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 Corporation 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.



Perth, Ontario  
August 18, 2020

Allan and Partners LLP  
Chartered Professional Accountants  
Licensed Public Accountants

**LANARK COUNTY COMMUNITY JUSTICE PROGRAM INC.**  
**Statement of Financial Position**  
**March 31, 2020**

	2020 \$	2019 \$
<b>Assets</b>		
Current		
Cash	46,762	9,134
Accounts receivable	710	578
	<b>47,472</b>	9,712
Investment with Perth & District Community Foundation <i>(Note 3)</i>	10,000	-
	<b>57,472</b>	9,712
<b>Liabilities</b>		
Current		
Accounts payable	8,740	9,500
Government taxes payable	1,462	14,305
Deferred income	30,929	6,000
<b>Total liabilities</b>	<b>41,131</b>	29,805
<b>Fund Balances</b>		
Unrestricted	6,341	(20,093)
Internally Restricted - Contingency	10,000	-
	<b>16,341</b>	(20,093)
	<b>57,472</b>	9,712

**On behalf of the Board**

\_\_\_\_\_ Director

**LANARK COUNTY COMMUNITY JUSTICE PROGRAM INC.**  
**Statement of Revenues and Expenditures and Changes in Fund Balances**  
**Year Ended March 31, 2020**

	Budget \$	2020 \$	2019 \$
<b>Revenues</b>			
Ontario Trillium Foundation	-	-	87,446
Ministry of the Attorney General	47,587	<b>47,587</b>	48,800
Department of Justice	-	-	19,474
Foundations	15,000	<b>35,000</b>	44,082
United Way	9,000	<b>8,000</b>	2,029
Municipal Grants	6,000	<b>6,000</b>	-
Donations	17,000	<b>35,084</b>	7,944
Memberships and other income	-	<b>1,612</b>	4,169
Fundraising revenue	-	<b>881</b>	658
Other government funding	-	-	5,000
	94,587	<b>134,164</b>	219,602
<b>Expenditures</b>			
Forum expenses	3,500	<b>1,039</b>	3,164
Fundraising expense	-	<b>25</b>	-
Insurance	2,900	<b>3,134</b>	2,902
Office and computer supplies	3,500	<b>5,983</b>	11,069
Professional fees	2,300	<b>2,500</b>	2,443
Program costs	-	<b>455</b>	3,975
Public Education	5,500	<b>5,040</b>	-
Rent	6,000	<b>1,800</b>	9,947
Salaries and wages	66,048	<b>73,855</b>	193,501
Telephone and website	2,000	<b>1,921</b>	2,289
Travel and staff expense	1,500	<b>1,221</b>	1,161
Volunteer expense	1,000	<b>757</b>	4,123
	94,248	<b>97,730</b>	234,574
<b>Net Revenues (Expenditures) for the Year</b>	339	<b>36,434</b>	(14,972)
Fund Balances, Beginning of Year	-	<b>(20,093)</b>	(5,121)
<b>Fund Balances, End of Year</b>	339	<b>16,341</b>	(20,093)

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

**LANARK COUNTY COMMUNITY JUSTICE PROGRAM INC.**  
**Statement of Cash Flows**  
**Year Ended March 31, 2020**

	2020 \$	2019 \$
<b>Operating activities</b>		
Net revenues (expenditures) for the year	36,434	(14,972)
Changes in non-cash working capital:		
Accounts receivable	(132)	6,488
Accounts payable	(760)	(3,549)
Government taxes payable	(12,843)	11,828
Deferred income	24,929	(49,278)
Due to Province of Ontario	-	(3,986)
	11,194	(38,497)
Cash flow from operating activities	47,628	(53,469)
<b>Investing activity</b>		
Investment with Perth & District Community Foundation	(10,000)	-
Cash flow from (used by) investing activity	(10,000)	-
<b>Increase (decrease) in cash flow</b>	37,628	(53,469)
Cash - beginning of year	9,134	62,603
<b>Cash - end of year</b>	46,762	9,134

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

## LANARK COUNTY COMMUNITY JUSTICE PROGRAM INC.

### Notes to Financial Statements

Year Ended March 31, 2020

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#### 1. Nature of Corporation

The Lanark County Community Justice Program Inc., incorporated under the Ontario Corporations Act, is a registered charity and volunteer program whose core services is the facilitation of community justice forums.

#### 2. Significant Accounting Policies

The financial statements have been prepared by management in accordance with Canadian accounting standards for Not-For-Profit Organizations.

##### Revenue Recognition

The Corporation follows the deferral method of accounting for contributions. Grants and subsidies are recognized as revenue in the year in which the related expenses are incurred. Grants and subsidies received in advance are deferred for financial statement purposes. 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.

Donations and other revenue are recorded as received.

##### Expense Recognition

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

##### 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.

##### Cash and Cash Equivalents

Cash and cash equivalents are defined as cash and bank term deposits or equivalent financial instruments with original maturities upon issue of less than 90 days

##### Investments

Investments are recorded at the lower of cost and market value.

##### Deferred Revenues

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 expenditures are incurred or services performed.

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**LANARK COUNTY COMMUNITY JUSTICE PROGRAM INC.**  
**Notes to Financial Statements**  
**Year Ended March 31, 2020**

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

Capital Assets

The historical cost and accumulated depreciation for capital assets are not recorded; capital assets are reported as an expenditure on the Statement of Operations and Fund Balances in the year of acquisition.

Internally Restricted Surplus

Internally restricted surplus are established at the discretion of the Board of Directors. The restricted funds are to provide contingency funds for three months operating costs. Funds may be added annually and the expectation is investment income will be added to the restricted surplus.

Financial Instruments

All financial instruments are initially recognized at fair value on the balance sheet. The Corporation has classified each financial instrument into one of the following categories: held-for-trading financial assets and liabilities, loans and receivables, held-to-maturity financial assets and other financial liabilities. Subsequent measurement of financial instruments is based on their classification.

Held-for-trading financial assets and liabilities are subsequently measured at fair value with changes in those fair values recognized in net earnings.

Loans and receivables, held-to-maturity financial assets and other financial liabilities are subsequently measured at amortized cost using the effective interest method.

The Corporation classifies cash and cash equivalents as held-for-trading financial assets, accounts receivable as loans and receivables, and accounts payable as other financial liabilities.

Measurement Uncertainty

The preparation of 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 revenues and expenditures during the period. These estimates are reviewed periodically and as adjustments become necessary they are reported in earnings in the period in which they become due.

**3. Investment**

The organization 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 organization.

**LANARK COUNTY COMMUNITY JUSTICE PROGRAM INC.**  
**Notes to Financial Statements**  
**Year Ended March 31, 2020**

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**4. Net Revenues (Expenditures)**

The disposition of any net revenues (expenditures) is at the discretion of the government agency funding the program.

The Corporation has service contracts with the Ministry of the Attorney General. A reconciliation report summarizes by service all revenues and expenditures and identifies any resulting surplus or deficit that relates to the Service Contract approval.

A review of these reports shows the following services to be in a deficit position as at March 31, 2020, Ministry of the Attorney General \$Nil (2019 \$Nil). Any surplus amounts are reflected in Due to Province.

**5. Deferred Revenues**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Perth & District Community Foundation	<b>10,000</b>	-
Service Clubs	<b>9,550</b>	-
County of Lanark	<b>6,000</b>	6,000
Fundraising	<b>4,299</b>	-
Tay Valley Township	<b>1,000</b>	-
Membership fees	<b>80</b>	-
	<b>30,929</b>	6,000

**LANARK COUNTY COMMUNITY JUSTICE PROGRAM INC.**

**Notes to Financial Statements**

**Year Ended March 31, 2020**

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**6. Risk Management**

In the normal course of operations, the Corporation is exposed to a variety of financial risks which are actively managed by the Corporation.

The Corporation's financial instruments consist of cash, accounts receivable, accounts payable and due to Province of Ontario. The fair values of cash, investments, accounts payable and accrued liabilities approximate their carrying values because of their expected short term maturity and treatment on normal trade terms.

The Corporation's exposure to and management of risk has not changed materially from March 31, 2019.

**Credit Risk**

Credit risk arises from the possibility that the entities to which the Corporation provides services to may experience difficulty and be unable to fulfill their obligations. The Corporation is exposed to financial risk that arises from the credit quality of the entities to which it provides services. The Corporation does not have a significant exposure to any individual customer or counter party. As a result, the requirement for credit risk related reserves for accounts receivable is minimal.

**Interest Rate Risk**

Interest rate risk arises from the possibility that the value of, or cash flows related to, a financial instrument will fluctuate as a result of changes in market interest rates. The Corporation is exposed to financial risk that arises from the interest rate differentials between the market interest rate and the rates on its cash and cash equivalents and operating loan. Changes in variable interest rates could cause unanticipated fluctuations in the Corporation's operating results.

**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. Management expects that the Corporation's cash flows from operating activities will be sufficient to meet these requirements.

**LANARK COUNTY COMMUNITY JUSTICE PROGRAM INC.**  
**Statement of Operations for Ministry of the Attorney General Funding (Schedule 1)**  
**Year Ended March 31, 2020**

	2020 \$	2019 \$
<b>Revenues</b>		
Provincial grant	47,587	48,800
<b>Expenditures</b>		
Forum expense	-	3,005
Insurance	2,256	2,902
Office supplies	3,639	1,579
Professional fees	800	1,039
Rent	1,800	4,969
Administrative expense	1,974	-
Wages and benefits	34,768	34,493
Volunteer orientation and training sessions	2,601	1,184
	<b>47,838</b>	<b>49,171</b>
<b>Net Program Expenditures for the Year</b>	<b>(251)</b>	<b>(371)</b>

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