

LANARK COUNTY COMMUNITY JUSTICE PROGRAM INC.

Financial Statements

Year Ended March 31, 2023

LANARK COUNTY COMMUNITY JUSTICE PROGRAM INC.

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Year Ended March 31, 2023

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NEPHIN WINTER BINGLEY

CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S 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 organization), which comprise the statement of financial position as at March 31, 2023, and the statements of operations, changes in net assets 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 organization as at March 31, 2023, 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 not-for-profit organizations, the organization derives revenue from 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 organization. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended March 31, 2023, current assets and net assets as at March 31, 2023. The predecessor auditor's opinion on the financial statements for the year ended March 31, 2022 was modified accordingly because of the possible effects of this limitation of scope.

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 organization 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.

Other Matter

The financial statements for the year ended March 31, 2022 were audited by another auditor who expressed a qualified opinion on those financial statements on November 3, 2022 for the reasons described in the *Basis for Qualified Opinion* section.

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 organization'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 organization or to cease operations, or has no realistic alternative but to do so.

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

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Independent Auditor's Report To the Directors 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 organization'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 organization'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 organization 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.



Smiths Falls, Ontario
July 12, 2023

Nephin Winter Bingley
Chartered Professional Accountants
Licensed Public Accountants

LANARK COUNTY COMMUNITY JUSTICE PROGRAM INC.

Statement of Financial Position

March 31, 2023

	2023	2022
ASSETS		
CURRENT		
Cash and short term investments (note 3)	\$ 96,719	\$ 101,921
Public Service Bodies Rebate	1,994	5,465
Prepaid expenses	1,572	-
	\$ 100,285	\$ 107,386
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 7,564	\$ 6,798
Wages payable	2,078	2,295
Deferred Revenue (note 5)	43,483	23,570
	53,125	32,663
NET ASSETS		
Unrestricted	37,160	64,723
Internally restricted - contingency	10,000	10,000
	47,160	74,723
	\$ 100,285	\$ 107,386

Approved on behalf of the Board: July 26th, 2023 in Perth Ontario

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Board Treasurer



Board Chair

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

LANARK COUNTY COMMUNITY JUSTICE PROGRAM INC.

**Statement of Operations
Year Ended March 31, 2023**

	2023	2022
REVENUES		
Ministry of Children, Community and Social Services	\$ 48,500	\$ 48,500
Ontario Trillium Foundation	26,195	42,300
Fundraising revenue	7,728	31,153
Donations	18,959	26,728
Canada Emergency Wage Subsidy	472	15,579
United Way	13,995	13,995
Federal grants	9,780	13,456
Foundations	16,391	9,500
Municipal grants	8,750	7,500
Membership and other income	201	148
	150,971	208,859
EXPENSES		
Public education	4,173	2,804
Professional fees	12,975	9,481
Bank charges	755	1
Insurance	4,622	3,744
Office and meeting expenses	9,038	6,805
Fundraising	3,159	4,577
Rent	4,755	4,106
Wages and benefits	110,794	115,269
Service contracts	17,275	17,590
Program costs	3,780	2,153
Telephone and website	393	1,023
Travel and staff	2,996	2,798
Volunteer	3,819	4,005
	178,534	174,356
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ (27,563)	\$ 34,503

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

LANARK COUNTY COMMUNITY JUSTICE PROGRAM INC.
Statement of Changes in Net Assets
Year Ended March 31, 2023

	Unrestricted	Internally restricted - contingency	2023	2022
NET ASSETS - BEGINNING OF YEAR	\$ 64,723	\$ 10,000	\$ -	\$ 40,220
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	(27,563)	-	(27,563)	34,503
NET ASSETS - END OF YEAR	\$ 37,160	\$ 10,000	\$ 47,160	\$ 74,723

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

LANARK COUNTY COMMUNITY JUSTICE PROGRAM INC.

**Statement of Cash Flows
Year Ended March 31, 2023**

	2023	2022
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	\$ (27,563)	\$ 34,503
Changes in non-cash working capital:		
Accounts receivable	3,406	(1,781)
Accounts payable and accrued liabilities	766	3,804
Prepaid expenses	(1,572)	-
Harmonized sales tax payable	65	-
Deferred Revenue (note 5)	19,913	(3,510)
	22,361	(1,487)
INCREASE (DECREASE) IN CASH FLOW	(5,202)	33,016
Cash - beginning of year	101,921	68,905
CASH - END OF YEAR	\$ 96,719	\$ 101,921
CASH CONSISTS OF:		
Cash and short term investments (note 3)	\$ 94,684	\$ 100,886
Investment	2,035	1,035
	\$ 96,719	\$ 101,921

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

LANARK COUNTY COMMUNITY JUSTICE PROGRAM INC.

Notes to Financial Statements

Year Ended March 31, 2023

1. GENERAL INFORMATION

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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.

Cash and cash equivalents

The Corporation's policy is to present bank deposit balances under cash, including cash held in trust and short term investments in money market instruments (if any). All amounts are liquid.

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.

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LANARK COUNTY COMMUNITY JUSTICE PROGRAM INC.

Notes to Financial Statements

Year Ended March 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

Measurement uncertainty

The preparation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Comparative figures

Certain comparative amounts may have been reclassified to conform to the current year's presentation.

3. CASH AND CASH EQUIVALENTS

	2023	2022
Cash on hand	\$ 94,684	\$ 100,886
GICs yielding interest at 0.75% and 3.25% (2022 - 0.10%) maturing May 2023 and March 2024	2,035	1,035
	<u>\$ 96,719</u>	<u>\$ 101,921</u>

LANARK COUNTY COMMUNITY JUSTICE PROGRAM INC.

Notes to Financial Statements

Year Ended March 31, 2023

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, 2023 is \$12,987 (2022 - \$13,807).

5. DEFERRED REVENUE

	Opening Balance April 1, 2022	Revenue Received	Expenses Incurred	Closing Balance March 31, 2023
PDCF	\$ 16,070	\$ 10,058	\$ (17,950)	\$ 8,178
Lanark County	4,500	11,220	(8,970)	6,750
Service Clubs	3,000	2,472	(3,472)	2,000
100 Women Who Care	-	10,550	-	10,550
Trillium	-	42,200	(26,195)	16,005
	\$ 23,570	\$ 76,500	\$ (56,587)	\$ 43,483

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.

LANARK COUNTY COMMUNITY JUSTICE PROGRAM INC.
Notes to Financial Statements
Year Ended March 31, 2023

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.

(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.

LANARK COUNTY COMMUNITY JUSTICE PROGRAM INC.

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

Year ended March 31, 2023, with comparative information for 2022

	2023	2022
REVENUE		
Provincial grant	\$ 48,500	\$ 48,500
EXPENSES		
Salary and wages	38,424	42,397
Rent	3,600	4,106
Insurance	2,542	3,744
Professional fees	1,808	1,871
Office and computer supplies	1,527	1,294
Telephone and website	-	1,023
Travel and staff expense	1,088	693
Public education	187	596
	49,176	55,724
DEFICIENCY OF REVENUE OVER EXPENDITURES	\$ (676)	\$ (7,224)