

**St. Leonard's Society of London**  
(Operating as St. Leonard's Community Services  
London & Region)  
Financial Statements  
Year ended March 31, 2024



## Independent Auditor's Report

To the Board of Directors of St. Leonard's Society of London

### Qualified Opinion

We have audited the financial statements of St. Leonard's Society of London ("the Society"), which comprise the Statement of Financial Position as at March 31, 2024, and the Statements of Operations, Schedule of Revenue, Schedule of Expenses, Statements of 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 Society as at March 31, 2024 and the results of its 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 Society derives revenue from donations 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 Society. Therefore, we were not able to determine whether any adjustments might be necessary to donations and fundraising revenue, net revenue, and cash flows from operations for the years ended March 31, 2023 and March 31, 2024, current assets and net assets for the years then ended. Our audit opinion on the financial statements was modified accordingly because of the possible effects of this limitation in 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 Society 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.

### 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 Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

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

### 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 Society's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieve 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.



London, Ontario  
June 18, 2024


**Chartered Professional Accountants  
Licensed Public Accountants**

# St. Leonard's Society of London

Statement of Financial Position as at March 31, 2024

	2024	2023
<b>Assets</b>		
Current		
Cash	\$ 1,223,175	\$ 1,527,800
Marketable securities (Note 2)	1,932,065	3,551,711
Accounts receivable	338,630	279,945
Government remittances recoverable	71,865	72,908
Prepaid expenses and deposits	2,892,987	90,999
	<u>6,458,722</u>	<u>5,523,363</u>
Capital assets (Note 4)	<u>1,868,150</u>	<u>1,915,816</u>
	<u>\$ 8,326,872</u>	<u>\$ 7,439,179</u>
<b>Liabilities</b>		
Current		
Accounts payable and accrued liabilities	\$ 326,709	\$ 433,491
Amounts payable to government funders (Note 5)	1,137,138	935,470
Deferred contributions (Note 6)	107,131	71,474
	<u>1,570,978</u>	<u>1,440,435</u>
Deferred contributions related to capital assets (Note 8)	<u>539,608</u>	<u>462,138</u>
	<u>2,110,586</u>	<u>1,902,573</u>
<b>Net Assets</b>		
Internally Restricted (Note 7)	1,787,350	1,787,350
Invested in Capital Assets	1,328,453	1,453,672
Unrestricted Net Assets	3,100,483	2,295,584
	<u>6,216,286</u>	<u>5,536,606</u>
	<u>\$ 8,326,872</u>	<u>\$ 7,439,179</u>

Approved by the Directors:

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

## St. Leonard's Society of London

### Statement of Changes in Net Assets

Year ended March 31, 2024

	Internally Restricted	Invested in Capital Assets	Unrestricted	Total	
				2024	2023
Balance, beginning of year	\$ 1,787,350	\$ 1,453,672	\$ 2,295,584	\$ 5,536,606	\$ 5,527,243
Net revenue (loss)	-	(125,219)	804,899	679,680	9,363
Balance, end of year	\$ 1,787,350	\$ 1,328,453	\$ 3,100,483	\$ 6,216,286	\$ 5,536,606

# St. Leonard's Society of London

Statement of Operations  
Year ended March 31, 2024

	2024	2023
<b>Revenue</b> (Schedule)	<u>\$ 13,114,682</u>	<u>\$ 11,741,678</u>
<b>Expenses</b> (Schedule)		
Administrative	541,195	519,513
Infrastructure	1,050,781	813,568
Support services	<u>11,173,647</u>	<u>10,258,344</u>
	<u>12,765,623</u>	<u>11,591,425</u>
Net revenue before the following	349,059	150,253
Unrealized gain (loss) on investments (Note 2)	134,499	(144,143)
Gain on sale of investments	189,922	3,253
Gain on disposal of assets	<u>6,200</u>	<u>-</u>
Net revenue	<u>\$ 679,680</u>	<u>\$ 9,363</u>

# St. Leonard's Society of London

## Schedule of Revenue

Year ended March 31, 2024

	2024	2023
<b>Revenue</b>		
Ministry of Children Community and Social Services	\$ 3,373,492	\$ 3,243,583
City of London	3,256,137	2,472,927
Correctional Services Canada	2,125,260	1,910,667
Ministry of Health	2,102,068	2,052,746
Fee allocations (Note 3)	1,127,584	1,047,658
St. Joseph's Health Care	556,683	508,650
School Boards	291,518	291,517
Ministry of Attorney General	254,000	253,359
Client rentals	217,004	251,634
Rental (Note 3)	153,723	153,077
Employment and other grants	151,991	174,653
Interest	141,250	83,657
Passport	139,067	-
HST rebate	133,893	103,054
Amortization of deferred contributions (Note 8)	107,229	104,097
Investment	90,916	99,845
Ministry of the Solicitor General	75,037	168,339
LHSC	34,806	-
Donations	33,029	18,350
Canadian Red Cross	20,605	-
Other support	10,697	4,600
Less: revenue charges to programs (Note 3)	(1,281,307)	(1,200,735)
	<u>\$ 13,114,682</u>	<u>\$ 11,741,678</u>

# St. Leonard's Society of London

Schedule of Expenses

Year ended March 31, 2024

	2024	2023
<b>Administrative</b>		
Administration	\$ 1,127,584	\$ 1,047,658
Office and computer	180,015	180,325
Insurance - property and liability	153,338	129,760
Telephone	85,336	85,456
Investment management fees	32,179	29,582
Professional fees	30,011	33,693
External dues and memberships	19,147	22,928
Promotion	17,102	14,224
Consultations	11,860	3,676
Rental of equipment	9,391	7,934
Bank service charges	1,541	1,565
Board meetings	1,275	1,015
Pandemic	-	9,355
Less: internal charges to programs (Note 3)	(1,127,584)	(1,047,658)
	<u>\$ 541,195</u>	<u>\$ 519,513</u>
<b>Infrastructure</b>		
Preventive maintenance	\$ 252,175	\$ 157,550
Amortization	209,909	195,500
Rent - external	203,100	107,100
HST expense	188,829	148,809
Rent allocation	153,723	153,077
Utilities	76,533	76,349
Contracted services	52,850	54,043
Equipment and office furniture	39,625	35,991
Household and sanitary supply	27,760	38,226
Less: internal charges to programs (Note 3)	(153,723)	(153,077)
	<u>\$ 1,050,781</u>	<u>\$ 813,568</u>
<b>Support Services</b>		
Salaries and employee benefits	\$ 8,880,808	\$ 8,104,422
Client care and program supplies	1,566,594	1,438,328
Travel	256,379	233,897
Food	138,195	135,790
Consulting and support	136,511	128,733
Staff training	100,480	146,945
Human Services and Justice Coordinating Committee	63,653	45,991
Client incidentals	24,321	20,829
Conferences	3,116	-
Staff recruitment	2,321	1,998
Miscellaneous	1,269	1,411
	<u>\$ 11,173,647</u>	<u>\$ 10,258,344</u>



# St. Leonard's Society of London

Statement of Cash Flows  
Year ended March 31, 2024

	2024	2023
<b>Cash provided by (used in):</b>		
<b>Operating activities</b>		
Net revenue	\$ 679,680	\$ 9,363
Add (deduct) non-cash items:		
Amortization of capital assets	209,909	195,500
(Gain)/loss on sale of investments	(189,922)	(3,253)
Amortization of deferred contributions related to capital assets	(107,229)	(104,097)
Unrealized (gain) loss on investments	(134,499)	144,143
Change in non-cash working capital		
Accounts receivable	(58,685)	211,723
Prepaid expenses and deposits	(2,801,988)	(31,439)
Government remittances recoverable	1,043	2,783
Accounts payable and accrued liabilities	94,885	(132,394)
Deferred contributions	35,657	29,046
	<u>(2,271,149)</u>	<u>321,375</u>
<b>Investing activities</b>		
Acquisition of capital assets	(162,243)	(62,806)
Purchase of marketable securities	(444,132)	(926,914)
Proceeds from sale of marketable securities	2,388,200	484,105
	<u>1,781,825</u>	<u>(505,615)</u>
<b>Financing activities</b>		
Deferred contributions related to capital assets	184,699	62,806
Increase in cash	(304,625)	(121,434)
Cash, beginning of year	1,527,800	1,649,234
Cash, end of year	\$ 1,223,175	\$ 1,527,800

# St. Leonard's Society of London

Notes to Financial Statements

March 31, 2024

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## Purpose of the Organization

St. Leonard's Society of London ("the Society") was incorporated without share capital under the laws of Ontario as a registered charity, and as such is exempt from income taxes under section 149(1)(f) of Canadian Income Tax Act. The purpose of the Society is to operate residences and programs which promote positive change in all persons who are, or could be, in conflict with the law to realize their potential, leading to a safer community.

The Society operates the following programs:

1. Youth Extrajudicial Sanctions/Extrajudicial Measures (EJS/EJM)
2. Cody Centre (including Reporting Centre Program)
3. Gallagher Centre
4. Youth Justice Directed Counselling
5. Peer Power Centre
6. Intensive Reintegration
7. Attendance Centre
8. Madame Louise Arbour
9. Direct Accountability
10. Restorative Approaches
11. The Supported Independent Living Program
12. Reintegration Program
13. Fetal Alcohol Spectrum Disorder (FASD) Reintegration Program
14. C.K. Clarke Road Centre
15. Project Homes Program (formerly Housing First)
16. Human Services and Justice Coordinating Committee Project
17. Forensic Supportive Housing Program
18. MH Diversion Worker
19. Youth Justice Committees
20. Extended Exceptional Care
21. Justice Centre
22. Mental Health Justice Supportive Housing

## 1. Significant Accounting Policies

The accompanying financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations.

### Revenue Recognition

The Society follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred or on the basis which coincides with the funding agencies' terms of payment. 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.

Investment and all other revenues are recognized as revenue when earned.

# St. Leonard's Society of London

Notes to Financial Statements

March 31, 2024

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## 1. Significant Accounting Policies (continued)

### Capital Assets

Contributed capital assets are recorded at fair market value at date of contribution. Purchased capital assets are recorded at acquisition cost. Capital asset purchases having a useful life of greater than one year or which are considered to substantially extend the useful life of an existing capital asset are capitalized. Amortization is provided for these capital assets on the straight-line basis as follows:

Buildings	20 years
Furniture and equipment	5 years
Automobile	5 years
Software	5 years
Leasehold improvements	15 years

### Financial Instruments

Measurement of Financial Instruments:

The Society initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions.

The Society subsequently measures all its financial assets and financial liabilities at amortized cost, except the investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in operations in the year.

Impairment:

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down and any subsequent reversal are recognized in the Statement of Operations.

Transaction Costs:

The Society recognizes its transactions costs in the Statement of Operations in the period incurred.

### Cash and Cash Equivalents

Cash as disclosed on the Statement of Financial Position consists of cash on hand and balances with the banks.

### Contributed Services

Contributed services by volunteers are not recognized in these financial statements due to the difficulty in determining their fair market value.

### Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. Specific estimates include useful lives of capital assets, amortization rates and methods, administration expense allocations and provision for amounts payable to government funders. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in operations in the period in which they become known.

# St. Leonard's Society of London

## Notes to Financial Statements

March 31, 2024

### 2. Marketable Securities

The marketable securities are recorded at fair market value based on published market quotations provided by a security dealer.

	2024	2023
Investments held (book value \$1,738,546) (2023 - \$3,491,713)	\$ 1,932,065	\$ 3,551,711

Investments in marketable securities are comprised of shares in money market funds, bond index funds and equity index funds. These investments are unrestricted. The unrealized gain on investments as at March 31, 2024 was \$193,519 (2023 - \$59,998).

### 3. Allocation of General Support Costs

The Society internally charges costs between revenue and the three expense categories and eliminates these internal cost allocations, and the related revenue, for presentation in these financial statements. The expense line "internal charges to programs" on the Schedule of Revenue and Expenses represents the internal expenses in each of the three expense groupings for such items as indirect labour and the use of physical assets, that results in the total expenses representing only the third party costs. The total of these eliminations in these expense accounts offset the reduction in the revenue so that the resulting total revenue represents only third party revenue.

### 4. Capital Assets

	Cost	Accumulated Amortization	Net	
			2024	2023
Land	\$ 853,000	\$ -	\$ 853,000	\$ 853,000
Buildings	3,298,589	2,502,480	796,109	923,825
Furniture and equipment	491,256	421,759	69,497	2,431
Automobile	483,076	377,384	105,692	120,559
Software	95,250	82,071	13,179	-
Leasehold improvements	40,000	9,327	30,673	16,001
	\$ 5,261,171	\$ 3,393,021	\$ 1,868,150	\$ 1,915,816

### 5. Amounts Payable to Government Funders

	2024	2023
MOH & Ontario Health	\$ 611,421	\$ 563,780
MCCSS	357,811	357,811
City of London	166,881	6,005
Ministry of the Attorney General	1,025	7,874
	\$ 1,137,138	\$ 935,470

# St. Leonard's Society of London

Notes to Financial Statements

March 31, 2024

## 6. Deferred Contributions

Deferred contributions represent unspent funding received in the current period that relates to subsequent periods. Changes in the deferred contributions balance are as follows:

	2024	2023
Beginning balance	\$ 71,474	\$ 42,427
Add: amounts received in the year	4,344,446	2,547,937
Less: amounts recognized as revenue in the year	(4,308,789)	(2,518,890)
Ending balance	<u>\$ 107,131</u>	<u>\$ 71,474</u>

The deferred contributions represent unspent resources for specific programs, as follows:

	2024	2023
Red Cross	\$ 40,547	\$ -
Donations - Youth Katu	31,818	28,725
CMHA Planning Table	19,382	26,314
Donation - Adrenaline	7,272	7,272
Deferred rents	4,779	3,308
Peer Power LDCSB	3,333	3,333
Other miscellaneous	-	2,000
Donation - miscellaneous	-	382
Donation - Youth Richard	-	140
	<u>\$ 107,131</u>	<u>\$ 71,474</u>

## 7. Internally Restricted Reserve

The Board of Directors has established a capital improvement reserve for future renovations to the Society's buildings. These funds are restricted in their use, and available only with Board approval.

The Board approves the establishment of a contingency reserve supported from annual revenue in excess of expenses. These funds would target circumstances beyond any normal operations that would impede program delivery, interruptions in employment, and expenditures related to unforeseen circumstances such as severance.

During the year, the Society transferred \$Nil (2023 - \$Nil) from the Internally Restricted fund to the Unrestricted Fund.

## 8. Deferred Contributions Related to Capital Assets

Deferred contributions related to capital assets represent restricted contributions which are used to renovate and upgrade buildings and equipment. The changes in the deferred contributions balance are as follows:

	2024	2023
Beginning balance	\$ 462,138	\$ 503,429
Add contributions received	184,699	62,806
Less amounts amortized to revenue	(107,229)	(104,097)
Ending balance	<u>\$ 539,608</u>	<u>\$ 462,138</u>

The above funding is amortized to revenue on a straight-line basis on the same basis as the related asset's useful life.

# St. Leonard's Society of London

Notes to Financial Statements

March 31, 2024

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## 9. Financial Instruments Risk Management

Transactions in financial instruments may result in financial risks being assumed by the Society on transferring to another party. The risks identified by the Society are as follows:

### 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 provides credit to fee for service clients in the normal course of its operations. Credit valuations are performed on a regular basis and the financial statements take into account an allowance for bad debts, if necessary. The Society does not have significant credit risk.

### Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting financial obligations as they become due. The Society considers it has sufficient cash and investment resources to meet future financial obligations.

### 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. The Society is exposed to market risk to the extent of its investments in marketable securities. The Society mitigates this risk through the use of an independent investment advisor.

### 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 as it holds investments in a foreign currency and does not use derivative financial instruments to reduce its exposure to foreign currency risk.

### 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 Society is not exposed to significant interest rate risk.

The Society's exposure to the nature, extent or concentration of the above risks did not change during the fiscal year.

## 10. Subsequent Events

Subsequent to year end, the Society purchased real property at 371 King Street for \$5,000,000. As part of this transaction, the Society took a commercial mortgage in the amount of \$3,000,000 bearing a fixed rate of interest of 5.82% per annum with blended monthly payments of \$18,874, due April 5, 2029. The mortgage is secured by a general security agreement and collateral over the property. The terms of the mortgage require the Society to maintain a debt service coverage of not less than 120%.