

St. Leonard's Society of London

(Operating as St. Leonard's Community Services
London & Region)

Financial Statements

Year ended March 31, 2025



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, 2025, 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, 2025 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, 2025 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 17, 2025

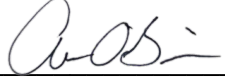
**Chartered Professional Accountants
Licensed Public Accountants**

St. Leonard's Society of London

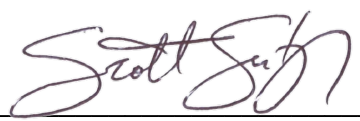
Statement of Financial Position as at March 31, 2025

	2025	2024
Assets		
Current		
Cash	\$ 1,232,903	\$ 1,223,175
Marketable securities (Note 2)	2,265,597	1,932,065
Accounts receivable	395,052	338,630
Government remittances recoverable	52,266	71,865
Prepaid expenses and deposits	88,415	2,892,987
	4,034,233	6,458,722
Capital assets (Note 4)	6,798,069	1,868,150
	<u>\$ 10,832,302</u>	<u>\$ 8,326,872</u>
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 328,373	\$ 326,709
Amounts payable to government funders (Note 5)	583,373	1,137,138
Deferred contributions (Note 6)	70,845	107,131
Long-term debt due within one year (Note 7)	57,926	-
	1,040,517	1,570,978
Long-term debt (Note 7)	2,891,174	-
Deferred contributions related to capital assets (Note 8)	424,004	539,608
	<u>4,355,695</u>	<u>2,110,586</u>
Net Assets		
Internally Restricted (Note 9)	1,787,350	1,787,350
Invested in Capital Assets	3,424,877	1,328,453
Unrestricted Net Assets	1,264,380	3,100,483
	6,476,607	6,216,286
	<u>\$ 10,832,302</u>	<u>\$ 8,326,872</u>

Approved by the Directors:



Director



Director

St. Leonard's Society of London

Statement of Changes in Net Assets

Year ended March 31, 2025

	Internally Restricted	Invested in Capital Assets	Unrestricted	Total	
				2025	2024
Balance, beginning of year	\$ 1,787,350	\$ 1,328,453	\$ 3,100,483	\$ 6,216,286	\$ 5,536,606
Net revenue (loss)	-	(270,423)	530,744	260,321	679,680
Investment in capital assets	-	2,366,847	(2,366,847)	-	-
Balance, end of year	\$ 1,787,350	\$ 3,424,877	\$ 1,264,380	\$ 6,476,607	\$ 6,216,286

St. Leonard's Society of London

Statement of Operations
Year ended March 31, 2025

	2025	2024
Revenue (Schedule)	<u>\$ 15,056,185</u>	<u>\$ 13,114,682</u>
Expenses (Schedule)		
Administrative	524,261	541,195
Infrastructure	1,307,693	1,050,781
Support services	<u>13,099,349</u>	<u>11,173,647</u>
	<u>14,931,303</u>	<u>12,765,623</u>
Net revenue before the following	124,882	349,059
Unrealized gain on investments (Note 2)	111,955	134,499
Gain on sale of investments	23,484	189,922
Gain on disposal of assets	<u>-</u>	<u>6,200</u>
Net revenue	<u>\$ 260,321</u>	<u>\$ 679,680</u>

St. Leonard's Society of London

Schedule of Revenue

Year ended March 31, 2025

	2025	2024
Revenue		
City of London	\$ 4,652,970	3,256,137
Ministry of Children Community and Social Services	3,570,991	\$ 3,373,492
Correctional Services Canada	2,448,914	2,253,560
Ministry of Health	2,126,675	2,102,068
Fee allocations (Note 3)	1,305,113	1,127,584
St. Joseph's Health Care	570,139	556,683
School Boards	291,518	291,518
Client rentals	260,926	217,004
Ministry of Attorney General	254,000	254,000
Rental (Note 3)	192,375	153,723
Other support	168,995	10,697
Passport	163,709	139,067
Interest	123,619	141,250
Amortization of deferred contributions (Note 8)	115,604	107,229
HST rebate	106,696	133,893
Investment	74,967	90,916
Ministry of the Solicitor General	65,700	75,037
Donations	31,064	33,029
Employment and other grants	19,408	23,691
Canadian Red Cross	10,290	20,605
LHSC	-	34,806
Less: revenue charges to programs (Note 3)	(1,497,488)	(1,281,307)
	\$ 15,056,185	\$ 13,114,682

St. Leonard's Society of London

Schedule of Expenses

Year ended March 31, 2025

	2025	2024
Administrative		
Administration	\$ 1,305,113	\$ 1,127,584
Insurance - property and liability	171,428	153,338
Office and computer	167,235	180,015
Telephone	84,327	85,336
Professional fees	25,041	30,011
Investment management fees	24,952	32,179
External dues and memberships	19,773	19,147
Rental of equipment	12,356	9,391
Consultations	7,900	11,860
Promotion	7,693	17,102
Bank service charges	2,036	1,541
Board meetings	1,520	1,275
Less: internal charges to programs (Note 3)	(1,305,113)	(1,127,584)
	<u>\$ 524,261</u>	<u>\$ 541,195</u>
Infrastructure		
Amortization	\$ 386,027	209,909
Rent allocation	192,375	153,723
Rent - external	182,669	203,100
Preventive maintenance	170,879	\$ 252,175
Mortgage interest	156,711	-
HST expense	153,768	188,829
Utilities	116,869	76,533
Contracted services	84,087	52,850
Equipment and office furniture	29,898	39,625
Household and sanitary supply	26,785	27,760
Less: internal charges to programs (Note 3)	(192,375)	(153,723)
	<u>\$ 1,307,693</u>	<u>\$ 1,050,781</u>
Support Services		
Salaries and employee benefits	\$ 9,920,476	\$ 8,880,808
Client care and program supplies	2,443,738	1,566,594
Travel	237,153	256,379
Food	169,086	138,195
Consulting and support	140,437	136,511
Staff training	82,837	100,480
Human Services and Justice Coordinating Committee	66,057	63,653
Client incidentals	27,286	24,321
Miscellaneous	6,293	1,269
Conferences	3,896	3,116
Staff recruitment	2,090	2,321
	<u>\$ 13,099,349</u>	<u>\$ 11,173,647</u>

St. Leonard's Society of London

Statement of Cash Flows
Year ended March 31, 2025

	2025	2024
Cash provided by (used in):		
Operating activities		
Net revenue	\$ 260,321	\$ 679,680
Add (deduct) non-cash items:		
Amortization of capital assets	386,027	209,909
Gain on sale of investments	(23,484)	(189,922)
Amortization of deferred contributions related to capital assets	(115,604)	(107,229)
Unrealized gain on investments	(111,955)	(134,499)
Change in non-cash working capital		
Accounts receivable	(56,422)	(58,685)
Prepaid expenses and deposits	2,804,572	(2,801,988)
Government remittances recoverable	19,599	1,043
Accounts payable and accrued liabilities	(552,102)	94,885
Deferred contributions	(36,286)	35,657
	<u>2,574,666</u>	<u>(2,271,149)</u>
Investing activities		
Acquisition of capital assets	(5,315,946)	(162,243)
Purchase of marketable securities	(475,445)	(444,132)
Proceeds from sale of marketable securities	277,353	2,388,200
	<u>(5,514,038)</u>	<u>1,781,825</u>
Financing activities		
Deferred contributions related to capital assets	-	184,699
Advances of long-term debt	3,000,000	-
Principal payments on long-term debt	(50,900)	-
	<u>9,728</u>	<u>(304,625)</u>
Increase in cash	9,728	(304,625)
Cash, beginning of year	<u>1,223,175</u>	<u>1,527,800</u>
Cash, end of year	\$ 1,232,903	\$ 1,223,175

St. Leonard's Society of London

Notes to Financial Statements
March 31, 2025

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. Youth Justice Committees
19. Justice Centre
20. 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.

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

St. Leonard's Society of London

Notes to Financial Statements
March 31, 2025

1. Significant Accounting Policies (continued)

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.

2. Marketable Securities

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

	2025	2024
Investments held (book value \$1,960,123) (2024 - \$1,738,546)	\$ 2,265,597	\$ 1,932,065

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, 2025 was \$305,474 (2024 - \$193,519).

St. Leonard's Society of London

Notes to Financial Statements
March 31, 2025

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	
			2025	2024
Land	\$ 1,632,552	\$ -	\$ 1,632,552	\$ 853,000
Buildings	7,812,527	2,810,748	5,001,779	796,109
Furniture and equipment	513,712	444,511	69,201	69,497
Automobile	483,076	423,763	59,313	105,692
Software	95,250	85,371	9,879	13,179
Leasehold improvements	40,000	14,655	25,345	30,673
	<u>\$ 10,577,117</u>	<u>\$ 3,779,048</u>	<u>\$ 6,798,069</u>	<u>\$ 1,868,150</u>

5. Amounts Payable to Government Funders

	2025	2024
MOH & Ontario Health	\$ 559,995	\$ 611,421
MCCSS	16,463	357,811
Ministry of the Solicitor General	5,456	1,025
Ministry of the Attorney General	1,459	-
City of London	-	166,881
	<u>\$ 583,373</u>	<u>\$ 1,137,138</u>

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:

	2025	2024
Beginning balance	\$ 107,131	\$ 71,474
Add: amounts received in the year	3,905,726	4,344,446
Less: amounts recognized as revenue in the year	(3,942,012)	(4,308,789)
Ending balance	<u>\$ 70,845</u>	<u>\$ 107,131</u>

St. Leonard's Society of London

Notes to Financial Statements
March 31, 2025

6. Deferred Contributions (continued)

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

	2025	2024
Red Cross	\$ -	\$ 40,547
Donations - Youth Katu	33,622	31,818
CMHA Planning Table	22,169	19,382
Donation - Adrenaline	7,272	7,272
Deferred rents	4,449	4,779
Peer Power LDCSB	3,333	3,333
	<u>\$ 70,845</u>	<u>\$ 107,131</u>

7. Long-Term Debt

	2025	2024
5.751% mortgage repayable in monthly instalments of principal and interest of \$18,874, due April 5, 2029	\$ 2,949,100	\$ -
Less amounts due within one year included in current liabilities	<u>57,926</u>	<u>-</u>
	<u>\$ 2,891,174</u>	<u>\$ -</u>

The aggregate amount of principal payments estimated to be required in the next five years are as follows:

2026	\$ 57,926
2027	61,363
2028	64,997
2029	68,846
2030	2,695,968

The mortgage is secured by real property at 371 King Street, London, Ontario and a general security agreement. The mortgage is subject to certain financial covenant requirements. As at March 31, 2025, the Society is not in compliance with these covenants. The bank has agreed to waive these requirements for this year.

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:

	2025	2024
Beginning balance	\$ 539,608	\$ 462,138
Add contributions received	-	184,699
Less amounts amortized to revenue	<u>(115,604)</u>	<u>(107,229)</u>
Ending balance	<u>\$ 424,004</u>	<u>\$ 539,608</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, 2025

9. 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 (2024 - \$Nil) from the Internally Restricted fund to the Unrestricted Fund.

10. 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 receives substantially all of its funding from government ministries, who are considered highly credit worthy. The Society occasionally provides credit to fee for service clients in the normal course of its operations. 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's long-term debt bears a fixed interest rate. Accordingly, 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.