JOHN HOWARD SOCIETY OF DURHAM REGION

FINANCIAL STATEMENTS

MARCH 31, 2016

Smith Chappell Marsh Vilander LLP Chartered Accountants

H. Howard Smith, FCPA (Retired)
Richard A. Chappell, CPA, CA
Deborah L. Marsh, CPA, CA
Vesa K. Vilander, CPA, CA

INDEPENDENT AUDITOR'S REPORT

To the Members of
John Howard Society of Durham Region

We have audited the accompanying statement of financial position of John Howard Society of Durham Region as at March 31, 2016 and the statements of operations and changes in net assets for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, the organization derives revenue from donations, client fees and fundraising, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to accounting for the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenses, assets and net assets. Our report on the financial statements as at and for the year ended March 31, 2015 was qualified for the same reason.

As explained in Note 2(k), these financial statements reflect amortization of one building at a rate equal to the annual principal reduction of the mortgage loans secured by the property. Transfers to the Replacement and Capital Reserve Fund are accounted for on the Statement of Operations, rather than as an interfund transfer in the Statement of Changes in Net Assets. These are departures from Canadian Accounting Standards for Not-for-Profit Organizations.

Qualified Opinion

In our opinion, except for the effect of matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of John Howard Society of Durham Region as at March 31, 2016, and the results of its operations and changes in net assets for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations, except as described in note 2(k) of the financial statements.

Smith Chappell Mann Vilander LLP

Chartered Accountants, Licensed Public Accountants

June 28, 2016
Oshawa, Ontario

JOHN HOWARD SOCIETY OF DURHAM REGION

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31,	2016	2015
ASSETS		
Current		
Cash	**$ 553,014**	$ 607,505
Accounts receivable	**142,595**	130,124
Prepaid expenses	**30,049**	30,806
	725,658	768,435
Other		
Capital assets (Notes 2 and 3)	**1,238,784**	1,247,201
	$ 1,964,442	$ 2,015,636
LIABILITIES		
Current		
Accounts payable	**$ 89,231**	$ 115,261
Deferred revenue (Note 2 (b))	**40,382**	13,421
Mortgage principal due within one year (Note 5)	**27,896**	310,856
Due to Ministries	**255,315**	285,479
Due to The Regional Municipality of Durham (Note 6)	**70,376**	70,376
	483,200	795,393
Other		
Mortgages payable (Note 5)	**240,630**	50,192
Deferred Contributions Related to Capital Assets (Note 8)	**254,052**	261,067
	977,882	1,106,652
NET ASSETS		
Replacement and Capital Reserve Fund	**38,554**	36,000
Invested in Capital Assets (Note 2 (d) and 10)	**716,206**	625,086
Operational Reserve (Note 2 (i))	**187,703**	187,703
Unrestricted Funds	**44,097**	60,195
	986,560	908,984
	$ 1,964,442	$ 2,015,636

Approved On Behalf Of The Board:

_____ Director

_____ Director

JOHN HOWARD SOCIETY OF DURHAM REGION

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED MARCH 31,	Replacement and Capital Reserve Fund	Invested in Capital Assets	Operational Reserve	Unrestricted	2016	2015
Opening balance	$ 36,000	$ 625,086	$ 187,703	$ 60,195	$ 908,984	$ 887,902
Excess of revenue over expenses (expenses over revenue)						
- operations (Note 10)	-	(34,875)	-	109,897	75,022	18,599
- capital (Note 10)	-	125,995	-	(125,995)	-	-
Current year allocation	2,554	-	-	-	2,554	2,483
Closing balance	$ 38,554	$ 716,206	$ 187,703	$ 44,097	$ 986,560	$ 908,984

JOHN HOWARD SOCIETY OF DURHAM REGION
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31,

	2016	2015
Revenue		
United Way grants	$ 293,809	$ 328,790
Ministry funding	3,661,969	4,315,311
Other programs	82,257	80,935
Region of Durham	853,852	777,114
Bingo and fundraising	115,870	82,228
Other receipts	30,467	55,487
Donations	69,647	90,613
Interest	644	3,115
Children's Aid Society	49,205	49,058
Community Alternative to School Suspension funding	67,137	64,137
Residence fees	56,527	56,194
Amortization of deferred contributions (Note 8)	7,015	38,085
	5,288,399	5,941,067
Expenses		
Salaries and benefits	3,290,634	3,317,314
Training subsidies	778,044	1,081,851
Staff training	29,555	25,879
Travel	33,093	35,051
Program supplies	107,944	131,358
Occupancy (Note 7)	220,748	219,063
Mortgage interest	10,204	16,040
Insurance	31,659	34,844
Telephone	47,113	60,540
Office	123,014	117,876
Office equipment and maintenance	26,053	20,071
Meetings and promotion	2,299	3,326
Professional fees	31,335	51,387
Client assistance	28,931	13,524
Fundraising	5,760	5,760
Program costs	18,292	17,128
Miscellaneous	41,489	38,028
Marketing and promotion	12,061	28,816
Repairs and maintenance	38,385	91,668
Training supports	25,823	18,000
Replacement and capital reserve fund allocation	2,554	2,483
Amortization	41,890	70,889
	4,946,880	5,400,896
Earnings before amount Refundable	341,519	540,171
Amount Refundable to Funders	266,497	521,572
Excess of Revenue over Expenses	$ 75,022	$ 18,599

JOHN HOWARD SOCIETY OF DURHAM REGION

STATEMENT OF OPERATING SURPLUS (DEFICIT)

FOR THE YEAR ENDED MARCH 31,	2016	2015
Excess (Deficiency) of Revenue over Expenses		
Whitby and Oshawa Residences Program	$ -	$ (123)
Youth Diversion Service Program	-	(1)
Youth in Transition Program	**(25)**	-
Community Justice Worker Program	-	(1)
Programming Contract	-	-
Literacy and Basic Skills Program	**(33)**	(1)
Project X	**(3,918)**	434
Access to Housing	-	-
Community Alternative to School Suspension	**(7)**	2,000
Clarington Youth Centre	**12**	551
Youth Job Connect	**7,451**	-
Bingo	**2,041**	(5,732)
Residence 2	**30**	(6)
After School Jobs	**(12,747)**	-
Oshawa Employment Services	**(204)**	(4)
Whitby Employment Services	**(34)**	-
Summer Jobs Services	-	(2)
TEAM	**(1)**	-
Men's Diversion Program	**(2,378)**	(13,715)
Central Administration	**84,835**	35,199
Net Surplus (Deficit)	**$ 75,022**	$ 18,599

JOHN HOWARD SOCIETY OF DURHAM REGION
WHITBY AND OSHAWA RESIDENCES PROGRAM

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,	2016	2015
Revenue		
Ministry subsidy	$ 718,837	$ 718,837
Housing charges	47,407	47,074
Other funding	49,205	49,299
Amortization of deferred contributions	7,015	7,015
	822,464	822,225
Expenses		
Salaries and benefits	694,383	693,382
Staff travel	3,128	2,430
Staff training	2,810	1,999
Food costs	29,000	28,999
Personal needs	1,599	1,541
Administration costs (Note 2 (j))	46,498	47,498
Office and supplies	9,225	6,724
Utilities and taxes	5,479	5,866
Insurance	3,500	3,050
Repairs and maintenance	1,346	2,021
Renovation and minor capital	4,352	7,503
Furnishings and equipment	1,125	3,208
Professional fees	4,605	4,605
Amortization	7,015	7,015
Telephone	8,183	6,507
	822,248	822,348
Earnings before amount refundable	216	(123)
Amount refundable to Ministry	216	-
Excess (Deficiency) of Revenue over Expenses	$ -	$ (123)

JOHN HOWARD SOCIETY OF DURHAM REGION
YOUTH DIVERSION SERVICES PROGRAM

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31,

	2016	2015
Revenue		
Ministry subsidy	$ 122,796	$ 115,296
Expenses		
Salaries and benefits	**99,154**	99,154
Staff training	**655**	163
Travel	**818**	1,077
Administration costs (Note 2 (j))	**6,667**	6,667
Program supplies	**386**	56
Office supplies	**2,614**	3,180
Occupancy	**4,000**	4,000
Professional fees	**1,000**	1,000
Minor capital	**7,500**	-
	122,794	115,297
Earnings before amount refundable	**2**	(1)
Amount refundable to Ministry	**2**	-
Excess (Deficiency) of Revenues over Expenses	$ -	$ (1)

JOHN HOWARD SOCIETY OF DURHAM REGION
YOUTH IN TRANSITION PROGRAM

STATEMENT OF OPERATIONS
FOR THE PERIOD ENDED MARCH 31,

	2016	2015
Revenue		
Ministry subsidy	$ 121,296	$ 121,296
Expenses		
Salaries and benefits	88,598	88,562
Staff training	310	340
Travel	6,940	5,510
Administration costs (Note 2 (j))	11,150	11,150
Telephone	1,343	1,189
Supplies	1,576	3,804
Professional fees	1,548	1,548
Occupancy	8,900	8,900
Client assistance	956	257
	121,321	121,260
Earnings before amount Refundable	(25)	36
Amount Refundable to Ministry	-	36
Excess (Deficiency) of Revenue over Expenses	$ (25)	$ -

JOHN HOWARD SOCIETY OF DURHAM REGION
COMMUNITY JUSTICE WORKER PROGRAM

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,	2016	2015
Revenue		
Ministry subsidy	$ 92,250	$ 89,000
Expenses		
Salaries and benefits	72,657	72,700
Staff travel	990	1,049
Staff training	500	537
Program supplies	2,493	1,155
Administration costs (Note 2 (j))	9,500	9,000
Office	3,411	1,223
Personal needs	240	199
Professional fees	1,000	1,000
Telephone	1,424	2,138
	92,215	89,001
Earnings before amount refundable	35	(1)
Amount Refundable to Ministry	35	-
Excess (Deficiency) of Revenues over Expenses	$ -	$ (1)

JOHN HOWARD SOCIETY OF DURHAM REGION
PROGRAMMING CONTRACT

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,	2016	2015
Revenue		
Ministry subsidy	$ 2,750	$ 6,000
Expenses		
Salaries and benefits	2,750	6,000
Excess (Deficiency) of Revenues over Expenses	$ -	$ -

JOHN HOWARD SOCIETY OF DURHAM REGION
LITERACY AND BASIC SKILLS PROGRAM

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,	2016	2015
Revenue		
Ministry of Training, Colleges and Universities	**$ 157,952**	$ 157,952
Expenses		
Salaries and benefits	**128,802**	128,548
Administration costs (Note 2 (j))	**15,400**	15,400
Development and training	**6,722**	6,245
Rent	**1,700**	1,619
Travel and parking	**163**	123
Professional fees	**1,500**	1,500
Office supplies	**2,223**	3,352
Telephone	**375**	376
Insurance	**1,000**	680
Fees and dues	**100**	110
	157,985	157,953
Excess (Deficiency) of Revenue over Expenses	**$ (33)**	$ (1)

JOHN HOWARD SOCIETY OF DURHAM REGION
PROJECT X

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,	2016	2015
Revenue		
Region of Durham	**$ 308,500**	$ 308,571
Expenses		
Salaries and benefits	**170,711**	170,711
Program supplies	**98,976**	93,886
Administration (Note 2 (j))	**25,000**	25,000
Staff training	**855**	838
Travel and parking	**5,385**	5,891
Professional fees	**1,500**	1,500
Office supplies	**7,945**	8,606
Telephone	**2,046**	1,705
	312,418	308,137
Excess (Deficiency) of Revenue over Expenses	**$ (3,918)**	$ 434

JOHN HOWARD SOCIETY OF DURHAM REGION
ACCESS TO HOUSING

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,	2016	2015
Revenue		
Region of Durham	$ 444,990	$ 369,039
Expenses		
Salaries and benefits	352,462	272,350
Client assistance	25,124	9,424
Administration (Note 2 (j))	45,050	50,780
Staff training	1,344	2,293
Occupancy	7,000	7,000
Travel and parking	3,788	2,175
Office supplies	4,836	11,011
Telephone	5,286	7,222
Insurance	-	1,108
Repairs and maintenance	100	5,676
	444,990	369,039
Excess (Deficiency) of Revenue over Expenses	$ -	$ -

JOHN HOWARD SOCIETY OF DURHAM REGION
COMMUNITY ALTERNATIVE TO SCHOOL SUSPENSION

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,	2016	2015
Revenue		
Board of Education	$ 67,137	$ 64,137
Expenses		
Salaries and benefits	54,556	46,494
Administration (Note 2 (j))	6,714	6,214
Occupancy	2,000	2,000
Travel and parking	584	1,100
Office supplies	1,990	5,029
Telephone	500	500
Insurance	800	800
	67,144	62,137
Excess (Deficiency) of Revenue over Expenses	$ (7)	$ 2,000

JOHN HOWARD SOCIETY OF DURHAM REGION
CLARINGTON YOUTH CENTRE

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,	2016	2015
Revenue		
United Way	**$ 10,000**	$ 10,000
Municipality of Clarington	**57,200**	55,550
Fundraising	**23,875**	19,928
Donations	**3,105**	22,643
	94,180	108,121
Expenses		
Salaries and benefits	**71,453**	62,471
Program supplies	**3,107**	25,684
Client assistance	**137**	-
Administration (Note 2 (j))	**8,571**	8,251
Staff training	**400**	-
Occupancy	**1,000**	1,100
Travel and parking	**830**	790
Office supplies	**294**	2,173
Telephone	**800**	1,848
Insurance	**720**	-
Repairs and maintenance	**302**	808
Miscellaneous	**6,554**	4,445
	94,168	107,570
Excess (Deficiency) of Revenue over Expenses	**$ 12**	$ 551

JOHN HOWARD SOCIETY OF DURHAM REGION
YOUTH JOB CONNECT

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,	2016	2015
Revenue		
Ministry of Training, Colleges and Universities	$ 231,000	$ -
Expenses		
Salaries and benefits	23,809	-
Program supplies	2,981	-
Training subsidies	38,009	-
Administration (Note 2 (j))	13,999	-
Marketing and promotion	850	-
Staff training	3,575	-
Occupancy	600	-
Travel and parking	443	-
Office supplies	15,157	-
Telephone	300	-
Amortization	828	-
	100,551	-
Earnings before amount refundable	130,449	-
Amount Refundable to Ministry	122,998	-
Excess (Deficiency) of Revenue over Expenses	$ 7,451	$ -

JOHN HOWARD SOCIETY OF DURHAM REGION
BINGO

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,	2016	2015
Revenue		
Bingo	**$ 32,229**	$ 29,752
Other	**14**	17
	32,243	29,769
Expenses		
Occupancy	**30,202**	35,501
Excess (Deficiency) of Revenue over Expenses	**$ 2,041**	$ (5,732)

JOHN HOWARD SOCIETY OF DURHAM REGION
RESIDENCE 2

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,	2016	2015
Revenue		
Region of Durham	$ 100,362	$ 99,504
Residents' fees	9,120	9,120
	109,482	108,624
Expenses		
Salaries and benefits	33,065	31,349
Administration (Note 2 (j))	12,759	12,759
Occupancy	9,520	8,982
Professional fees	2,875	3,000
Office equipment and maintenance	2,011	2,356
Mortgage interest	7,970	12,684
Insurance	6,269	5,670
Amortization	25,662	23,046
Repairs and maintenance	6,735	6,301
Replacement and capital reserve fund allocation	2,554	2,483
	109,420	108,630
Earnings before amount Refundable	62	(6)
Amount Refundable to Region	32	-
Excess (Deficiency) of Revenue over Expenses	$ 30	$ (6)

JOHN HOWARD SOCIETY OF DURHAM REGION
AFTER SCHOOL JOBS

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,	2016	2015
Revenue		
Ministry subsidy	**$ 199,909**	$ 555,500
Expenses		
Salaries and benefits	**64,301**	150,052
Training subsidies	**127,676**	291,077
Client assistance	**874**	2,103
Administration (Note 2 (j))	**12,599**	30,238
Staff training	**160**	820
Occupancy	**1,667**	4,000
Travel and parking	**1,193**	2,910
Professional fees	**1,000**	1,000
Office supplies	**2,272**	5,521
Office equipment and maintenance	**-**	50
Telephone	**914**	2,396
Insurance	**-**	2,400
	212,656	492,567
Earnings before amount refundable	**(12,747)**	62,933
Amount Refundable to Ministry	**-**	62,933
Excess (Deficiency) of Revenue over Expenses	**$ (12,747)**	$ -

JOHN HOWARD SOCIETY OF DURHAM REGION
OSHAWA EMPLOYMENT SERVICES

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,	2016	2015
Revenue		
Ministry of Training, Colleges and Universities	**$ 689,850**	$ 1,078,615
Expenses		
Salaries and benefits	**368,841**	383,616
Program supplies	**-**	4,957
Training subsidies	**136,477**	237,585
Administration (Note 2 (j))	**70,252**	69,375
Marketing and promotion	**3,178**	8,927
Staff training	**5,168**	6,262
Occupancy	**15,000**	15,800
Travel and parking	**3,820**	6,163
Professional fees	**-**	3,000
Office supplies	**6,695**	5,865
Office equipment and maintenance	**3,133**	2,218
Telephone	**3,408**	3,112
Insurance	**-**	5,000
Training support	**7,628**	5,000
Miscellaneous	**825**	1,071
	624,425	757,951
Earnings before amount refundable	**65,425**	320,664
Amount Refundable to Ministry	**65,629**	320,668
Excess (Deficiency) of Revenue over Expenses	**$ (204)**	$ (4)

JOHN HOWARD SOCIETY OF DURHAM REGION
WHITBY EMPLOYMENT SERVICES

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,	2016	2015
Revenue		
Ministry of Training, Colleges and Universities	$ 946,644	$ 1,094,130
Amortization of deferred contributions	-	31,070
	946,644	1,125,200
Expenses		
Salaries and benefits	406,079	396,039
Program supplies	-	5,620
Training subsidies	191,869	269,175
Administration (Note 2 (j))	98,857	97,125
Marketing and promotion	7,846	17,710
Staff training	3,834	4,752
Occupancy	130,200	129,681
Travel and parking	1,025	2,219
Professional fees	-	3,000
Office supplies	10,641	8,170
Office equipment and maintenance	1,427	4,736
Telephone	4,120	2,968
Insurance	-	7,000
Amortization	-	31,070
Training support	12,195	7,000
Miscellaneous	1,000	1,000
	869,093	987,265
Earnings before amount Refundable	77,551	137,935
Amount Refundable to Ministry	77,585	137,935
Excess (Deficiency) of Revenue over Expenses	$ (34)	$ -

JOHN HOWARD SOCIETY OF DURHAM REGION
SUMMER JOBS SERVICES

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,	2016	2015
Revenue		
Ministry of Training, Colleges and Universities	$ 378,685	$ 378,685
Expenses		
Salaries and benefits	66,968	65,990
Training subsidies	284,014	284,014
Administration (Note 2 (j))	14,200	14,200
Marketing and promotion	187	2,179
Staff training	590	10
Occupancy	1,200	1,200
Travel and parking	762	814
Professional fees	-	1,000
Office supplies	10,164	8,680
Telephone	600	600
	378,685	378,687
Excess (Deficiency) of Revenue over Expenses	$ -	$ (2)

JOHN HOWARD SOCIETY OF DURHAM REGION
TEAM

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,	2016	2015
Revenue		
Other revenue	**$ 13,421**	$ 21,745
Donations	**750**	200
	14,171	21,945
Expenses		
Salaries and benefits	**4,670**	18,052
Administration (Note 2 (j))	**300**	600
Occupancy	**-**	900
Travel and parking	**-**	69
Office supplies	**8,727**	139
Repairs and maintenance	**475**	490
Miscellaneous	**-**	1,695
	14,172	21,945
Excess (Deficiency) of Revenue over Expenses	**$ (1)**	$ -

JOHN HOWARD SOCIETY OF DURHAM REGION
MEN'S DIVERSION PROGRAM

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,	2016	2015
Revenue		
Program revenue	$ 680	$ 970
Expenses		
Salaries and benefits	-	9,838
Occupancy	-	2,600
Office supplies	3,058	1,658
Telephone	-	589
	3,058	14,685
Excess (Deficiency) of Revenue over Expenses	$ (2,378)	$ (13,715)

JOHN HOWARD SOCIETY OF DURHAM REGION
CENTRAL ADMINISTRATION

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,	2016	2015
Revenue		
United Way grants	**$ 283,809**	$ 318,790
Other programs	**81,377**	79,965
Bingo and fundraising	**59,215**	32,348
Donations	**9,342**	12,420
Other receipts	**17,046**	33,500
Interest	**630**	3,098
	451,419	480,121
Expenses		
Salaries and benefits	**587,376**	622,006
Meetings and promotion	**2,299**	3,326
Staff training	**8,631**	7,621
Occupancy	**45,348**	38,934
Travel and parking	**3,222**	2,731
Professional fees	**16,307**	29,234
Office supplies	**32,186**	42,737
Office equipment and maintenance	**6,505**	-
Other programs	**18,292**	17,128
Mortgage interest	**2,234**	3,356
Telephone	**22,714**	32,817
Insurance	**19,369**	9,135
Amortization	**8,385**	9,758
Repairs and maintenance	**29,427**	76,372
Fundraising	**5,760**	5,760
Miscellaneous	**4,010**	708
Allocated salaries, benefits and administration	**(445,481)**	(456,701)
	366,584	444,922
Excess (Deficiency) of Revenue over Expenses	**$ 84,835**	$ 35,199

JOHN HOWARD SOCIETY OF DURHAM REGION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31,	2016	2015
Operating Activities		
Excess of revenue over expenses	**$ 75,022**	$ 18,599
Charges to income not involving cash		
Amortization	**41,890**	70,889
Change in capital reserve allowance	**2,554**	2,483
Deferred contributions	**(7,015)**	(38,085)
Provided from working capital (Note 9)	**(40,947)**	17,026
	71,504	70,912
Financing Activities		
Repayment of mortgage	**(92,522)**	(38,989)
Investing Activities		
Additions to capital assets	**(33,473)**	-
Increase (Decrease) In Cash	**(54,491)**	31,923
Cash, beginning of period	**607,505**	575,582
Cash, end of period	**$ 553,014**	$ 607,505

JOHN HOWARD SOCIETY OF DURHAM REGION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2016

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1. General Information

The John Howard Society of Durham Region (JHS) is a charitable organization in accordance with the Income Tax Act (Canada) and, as such, does not pay income taxes. The organization was incorporated in 1999 in Ontario as a corporation without share capital.

It is committed to providing and developing programs that reduce the social, economic and personal costs of crime. The Society is dedicated to helping youth and adults in conflict with the law and individuals at risk through service, education, reform and community programs.

2. Summary of Significant Accounting Policies

The financial statements were prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations and include the following significant accounting policies:

(a) Capital Assets

The policy of the Society is to capitalize purchases of major capital assets at their cost in the year of acquisition. Minor capital asset purchases are being expensed as approved by the board.

(b) Deferred Revenue

Deferred revenue is income received which is attributable to subsequent years. As the expenses are incurred, this income will be recognized in the Statement of Operations.

(c) Revenue Recognition

John Howard Society of Durham Region follows the deferral method of accounting for contributions. Restricted contributions 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.
United Way funding is recognized based on the calendar year allocation and prorated for January to March.
Various government funding is recognized based on the funding agreement.
Bingo revenue is recognized monthly based on pooling allocations.
Interest is recognized when it is earned.
Housing charges are due and recognized at the beginning of each month for that month.
Program revenue is recognized when programs are held.

(d) Invested in Capital Assets

This funds represents capital assets less amortization and net of mortgages payable and deferred contributions related to capital assets (Note 8). The method of recording amortization on each class is described in Note 2(f).

(e) Pledges

Pledges are recorded when amounts are received.

2. Summary of Significant Accounting Policies (continued)

(f) Amortization

Amortization is recorded on the straight-line basis over the following period:

Building - main office	40 years with residual value of $12,000
Building - administration	40 years with residual value of $12,000
Building - residential - Whitby	40 years with residual value of $12,000
Leasehold improvements	5 years
Other equipment	5 years

(g) 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 the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results may differ from those estimates.

(h) Contributed Services

John Howard Society of Durham Region would not be able to carry out its activities without the services of the many volunteers who donate a considerable number of hours. The value is not recognized in these financial statements.

(i) Operational Reserve

The Board of Directors of John Howard Society of Durham Region has established an internally restricted Operational Reserve fund. The purpose of this fund is to provide the organization with a reserve of cash for years when funding is not sufficient to cover operating costs. Funds can only be transferred to and from this fund with the approval of the Board of Directors.

(j) Allocation of Expenses

The Society provides various programs on behalf of various funders. The costs of each program include the costs of personnel, premises and other expenses that are directly related to providing the program. The Society also incurs a number of general support expenses that are common to the administration of the Society and each of its programs.

The Society allocates certain of its general support expenses by identifying the appropriate basis of allocating each component. The Society allocates these expenses to the departments in accordance with the approved budgets.

2. Summary of Significant Accounting Policies (continued)

(k) Basis of Accounting

As indicated in the Auditors' report, Basis for Qualified Opinion paragraph, there are departures from Canadian Accounting Standards for Not-for-Profit Organizations in these financial statements. These departures are as follows:

The residential land and building is amortized annually in an amount equal to the annual mortgage principal repayment. Current year's amortization of the land and building referred to was $25,662 and the accumulated amortization was $307,252. If the amortization policy used had been the same as the policy used for the other building owned by the Society, the current amortization would have been $4,398 and the accumulated amortization would have been $112,144.

Transfers to the Replacement and Capital Reserve Fund are accounted for on the Statements of Operations, rather than as an interfund transfer in the Statement of Changes in Net Assets.

(l) Financial Instruments

Measurement of financial instruments
The organization initially measures its financial assets at fair value.

The organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include the accounts payable, due to Ministries and Region of Durham and mortgages payable.

The organization has no financial assets measured at fair value.

Impairment
Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

Transaction costs
The organization recognizes its transaction costs in net income in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

3. Capital Assets

	Cost	Accumulated Amortization	Net Book Value 2016	2015
Land - main office	$ 176,000	$ -	**$ 176,000**	$ 176,000
Land - residential program (Note 2(k))	387,872	119,340	**268,532**	294,194
Land - administration office	90,257	-	**90,257**	90,257
Land - residential program - Whitby	205,090	-	**205,090**	205,090
Building - main office	251,364	78,384	**172,980**	167,050
Building - residential program	187,912	187,912	-	-
Building - administration office	60,172	7,832	**52,340**	53,545
Building - residential program - Whitby	292,632	38,582	**254,050**	261,065
Leasehold improvements	155,352	155,352	-	-
Other equipment	69,687	50,152	**19,535**	-
	$ 1,876,338	$ 637,554	**$ 1,238,784**	$ 1,247,201

The land and building for the Residential Program - Whitby was purchased from funds provided by the Province of Ontario, who have a 100% interest in this property.

4. Line of Credit

The bank credit facility represents a line of credit to a maximum of $65,000. The interest rate is prime plus 1.75%. There was $nil outstanding at March 31, 2016 ($nil outstanding at March 31, 2015). The line of credit is secured by a charge against property owned by the Society.

5. Mortgage Payable

	2016	2015
The mortgage is due in blended monthly installments of $1,611 through June 12, 2029 with interest at prime plus 1.5%. It is secured by a charge against the property owned by the Society and used as the main office. This mortgage was repaid in full in 2016.	$ -	$ 66,860
Less: principal due within one year	-	16,668
Long-term portion	$ -	$ 50,192

The mortgage, secured by the property used in the residential program, bears interest at a rate of 1.43% per annum, is amortized over 9 years and 7 months and is repayable in blended monthly installments of $2,628 through May, 2025.

	$ 268,526	$ 294,188
Less: Current portion	**27,896**	294,188
	$ 240,630	$ -

Minimum principal repayments are as follows:

2017	**$ 27,896**
2018	**28,288**
2019	**28,694**
2020	**29,101**
2021	**29,528**
2022 and beyond	**125,019**
	$ 268,526

6. Due to The Regional Municipality of Durham

The funding agreement with the The Regional Municipality of Durham requires that amounts be set aside annually as a reserve for both minor and major replacement costs. In prior years, additional funds were loaned from The Regional Municipality of Durham to enable necessary work. The loan is due on demand and is non-interest bearing.

7. Commitments

The Society pays rent for its Ajax office based on a lease agreement which expires in July 2017, for its Whitby office based on a lease agreement which expires in October 2020 and for its Clarington office based on a lease agreement which expires December 2020. Some of the space occupied by the Society is sublet to other organizations from which rent is collected. The approximate annual amounts under these lease agreements is as follows (excluding HST):

2017	**$ 172,706**
2018	**$ 149,516**
2019	**$ 137,921**
2020	**$ 137,921**
2021	**$ 82,976**

8. Deferred Contributions Related to Capital Assets

Deferred contributions related to specific capital assets represent the unamortized amount of funds received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations on the same basis as the amortization expense related to these capital assets.

	2016	2015
Opening balance	**$ 261,067**	$ 299,152
Add: Contributions received during the year	**-**	-
	261,067	299,152
Less: Amount amortized to revenue	**(7,015)**	(38,085)
Closing balance	**$ 254,052**	$ 261,067

9. Cash Provided From (Used For) Working Capital

Cash otherwise available from operating activities is influenced by increases or decreases in the following items:

	2016	2015
Accounts receivable	**$ (12,471)**	$ 29,554
Prepaid expenses	**757**	(225)
Due to funding agencies	**(30,164)**	12,670
Accounts payable	**(26,030)**	(3,818)
Deferred revenue	**26,961**	(21,155)
	$ (40,947)	$ 17,026

10. Invested in Capital Assets

(a) Invested in capital assets is calculated as follows:

	2016	2015
Net book value of capital assets	**$ 1,238,784**	$ 1,247,201
Less: Amount financed by mortgage	**(268,526)**	(361,048)
	970,258	886,153
Less: Amount financed by deferred contributions	**(254,052)**	(261,067)
Closing balance	**$ 716,206**	$ 625,086

(b) Change in net assets invested in capital assets is calculated as follows:

Excess of Revenues Over Expenses (Expenses Over Revenues)		
Amortization of deferred contributions	**$ 7,015**	$ 38,085
Amortization of capital assets	**(41,890)**	(70,889)
	$ (34,875)	$ (32,804)
Net Change in Invested in Capital Assets		
Additions to capital assets	**$ 33,473**	$ -
Reduction/Increase of mortgage	**92,522**	38,989
	$ 125,995	$ 38,989

11. Pension Costs and Obligations

The Society participates in a multi-employer defined benefit pension plan of John Howard Society of Ontario, which covers certain eligible employees. The Society also sponsors a defined contribution pension plan for its employees. During the year, regular pension contributions of $177,144 ($180,682 - 2015) were expensed for both plans.

12. Financial Instruments

Risks and concentrations

The organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the organization's risk exposure and concentrations at March 31, 2016.

Liquidity risk

Liquidity risk is defined as the risk that the organization may not be able to meet or settle its obligations as they become due. The organization has taken steps to ensure that it will have sufficient working capital to meet its obligations.

Credit risk

Credit risk arises from the potential that counterparties including clients will fail to perform their obligations. The organization is subject to credit risk through its receivables. Account monitoring procedures are utilized to minimize risk of loss.

Interest rate risk

Interest rate risk arises because of the fluctuation in interest rates. The organization is subject to interest rate risk through their investments. The organization has formal policies and procedures that establish target asset mix. The organization is not subject to interest rate risk with the mortgage payable as the mortgage is guaranteed by the funding authority.