

JOHN HOWARD SOCIETY OF DURHAM REGION

FINANCIAL STATEMENTS

MARCH 31, 2010



*Smith
Chappell
Marsh
Vilander LLP Chartered Accountants*

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AUDITORS' REPORT

To the Board of Directors
John Howard Society of Durham Region

We have audited the statement of financial position of John Howard Society of Durham Region as at March 31, 2010 and the related statements of changes in net assets and operations for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraphs, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

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

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 generally accepted accounting principles.

In our opinion, except for the effect of adjustments, if any, which might have been determined to be necessary had we been able to satisfy ourselves concerning the completeness of revenue from donations and fundraising events, referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of John Howard Society of Durham Region as at March 31, 2010 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles except as described in note 2(k) of the financial statements.

Smith Chappell Marsh Vilander LLP

Chartered Accountants, Licensed Public Accountants

**June 11, 2010
Oshawa, Ontario**

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JOHN HOWARD SOCIETY OF DURHAM REGION
STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31,

2010

2009

ASSETS

Current

Cash	\$ 297,929	\$ 460,412
Investments	110,247	107,810
Accounts receivable	64,155	100,945
Prepaid expenses	<u>23,500</u>	<u>22,454</u>

495,831 691,621

Other

Capital assets (Notes 2 and 3)	<u>974,069</u>	<u>848,123</u>
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\$ 1,469,900 \$ 1,539,744

LIABILITIES

Current

Accounts payable	\$ 85,169	\$ 112,662
Deferred revenue (Note 2 (b))	15,495	34,848
Accrued pension liability (Note 13)	211,816	210,365
Mortgage principal due within one year (Note 5)	28,536	30,792
Due to Ministries	142,039	136,777
Due to The Regional Municipality of Durham (Note 6)	<u>70,376</u>	<u>70,376</u>

553,431 595,820

Other

Mortgages payable (Note 5)	<u>620,863</u>	<u>545,417</u>
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Deferred Contributions Related to Capital Assets (Note 10) 23,000 46,000

1,197,294 1,187,237

NET ASSETS

Replacement and Capital Reserve Fund 22,971 20,677

Invested in Capital Assets (Note 2 (d) and 11) 301,670 225,914

Operational reserve (Note 2 (i)) - 67,000

Unrestricted Funds (52,035) 38,916

272,606 352,507

\$ 1,469,900 \$ 1,539,744

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,

2010

2009

	Replacement Invested in and Capital Capital Operational <u>Reserve Fund</u> <u>Assets</u> <u>Reserve</u> <u>Unrestricted</u>											
Opening balance	\$	20,677	\$	225,914	\$	67,000	\$	38,916	\$	352,507	\$	401,380
Excess of revenue over expenses (expenses over revenue)												
- operations (Note 10)	-		(30,108)	-		(52,087)	(82,195)		(47,280)			
- capital (Note 10)	-		105,864	-		(105,864)	-		-			
Current year allocation		2,294	-	-	-	-	2,294		2,254			
Interfund transfer	-		-	(67,000)	67,000	-	-		-			
Prior year adjustment (Note 13)	-		-	-	-	-	-		(3,847)			
Closing balance	\$	<u>22,971</u>	\$	<u>301,670</u>	\$	<u>-</u>	\$	<u>(52,035)</u>	\$	<u>272,606</u>	\$	<u>352,507</u>

JOHN HOWARD SOCIETY OF DURHAM REGION**STATEMENT OF OPERATIONS****FOR THE YEAR ENDED MARCH 31,****2010****2009****Revenue**

United Way grants	\$ 345,617	\$ 354,944
Ministry funding	3,014,610	2,723,282
Other programs	79,234	66,881
Region of Durham	478,373	464,610
Social Housing Renovation and Retrofit Program (Note 14)	12,548	-
Public Health Agency of Canada	129,067	52,401
Durham College	-	46,847
ERC - MTCU	198,048	179,070
Bingo and fundraising	90,094	76,813
Other receipts	32,198	53,943
Donations	62,992	58,347
Interest	125	5,603
Children's Aid Society	48,791	52,982
Community Alternative to School Suspension funding	43,708	61,342
Residence fees	57,743	55,617
Amortization of deferred contributions (Note 9)	23,000	23,000
	<u>4,616,148</u>	<u>4,275,682</u>

Expenses

Salaries and benefits	3,333,249	3,072,613
Training subsidies	503,987	387,252
Staff training	8,227	8,228
Travel	34,394	36,135
Program supplies	42,480	42,688
Occupancy (Note 8)	168,353	160,333
Mortgage interest	30,649	29,245
Insurance	28,196	35,531
Telephone	39,772	40,071
Office	91,271	79,836
Office equipment and maintenance	39,119	32,643
Meetings and promotion	4,260	5,791
Professional fees	31,755	39,155
Client assistance	7,872	7,087
Fundraising	7,670	7,830
Other programs	24,518	27,776
Miscellaneous	34,440	39,835
Marketing and promotion	18,494	10,563
Repairs and maintenance	33,756	65,211
Training supports	18,281	15,314
Replacement and capital reserve fund allocation	2,294	2,254
Social Housing Renovation and Retrofit Program (Note 14)	12,548	-
Amortization	53,108	48,452
	<u>4,568,693</u>	<u>4,193,843</u>

Earnings before amount refundable

47,455 81,839

Amount refundable to funders129,650 129,119**Excess of revenue over expenses**\$ (82,195) \$ (47,280)

JOHN HOWARD SOCIETY OF DURHAM REGION
STATEMENT OF OPERATING SURPLUS (DEFICIT)

FOR THE YEAR ENDED MARCH 31,

2010

2009

Excess (Deficiency) of Revenue over Expenses

Whitby and Oshawa Residences Program	\$ -	\$ -
Youth Diversion Service Program	(1,267)	-
Youth in Transition Program	-	(584)
Job Connect and Summer Job Service Programs	(714)	(625)
Community Justice Worker Program	(494)	-
Programming Contract	-	-
Literacy and Basic Skills Program	(622)	352
Project X	(1,136)	2,208
Access to Housing	(363)	(1,698)
Community Alternative to School Suspension	2,179	1,116
Clarington Youth Centre	1,267	152
ERC - MTCU	2,369	414
Bingo	46,108	9,466
Residence 2	3,034	4,637
C for Yourself	-	-
Project STEP	8	6
Essential Skills Literacy Program	-	-
Central Administration	<u>(132,564)</u>	<u>(62,724)</u>
Net Surplus (Deficit)	\$ <u><u>(82,195)</u></u>	\$ <u><u>(47,280)</u></u>

**JOHN HOWARD SOCIETY OF DURHAM REGION
WHITBY AND OSHAWA RESIDENCES PROGRAM**

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,

2010

2009

Revenue

Ministry subsidy	\$ 728,837	\$ 757,637
Housing charges	48,623	46,497
Other funding	<u>48,791</u>	<u>52,982</u>
	<u>826,251</u>	<u>857,116</u>

Expenses

Salaries and benefits	693,706	690,346
Staff travel	3,236	3,407
Staff training	666	1,603
Food costs	25,252	24,774
Personal needs	1,078	1,103
Administration costs (Note 2 (j))	37,925	37,924
Office and supplies	4,372	3,577
Premises rent	19,423	19,423
Utilities and taxes	7,474	7,966
Insurance	3,000	3,000
Repairs and maintenance	13,761	3,659
Renovation and minor capital	2,197	40,717
Furnishings and equipment	1,634	1,525
Professional fees	4,100	4,100
Telephone	<u>6,350</u>	<u>7,860</u>
	<u>824,174</u>	<u>850,984</u>

Earnings before amount refundable

2,077

6,132

Amount refundable to Ministry

2,077

6,132

Excess (Deficiency) of Revenue over Expenses

\$ -

\$ -

**JOHN HOWARD SOCIETY OF DURHAM REGION
YOUTH DIVERSION SERVICES PROGRAM**

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,

2010

2009

Revenue

Ministry subsidy

\$ 72,727

\$ 70,675

Expenses

Salaries and benefits

56,436

48,621

Staff training

153

500

Travel

1,106

1,500

Administration costs (Note 2 (j))

6,667

6,667

Program supplies

434

394

Office supplies

1,014

1,455

Rent

3,892

3,892

Professional fees

1,000

1,538

Minor capital

3,292

6,054

73,994

70,621

Earnings before amount refundable

(1,267)

54

Amount refundable to Ministry

-

54

Excess (Deficiency) of Revenues over Expenses

\$ (1,267)

\$ -

**JOHN HOWARD SOCIETY OF DURHAM REGION
YOUTH IN TRANSITION PROGRAM**

STATEMENT OF OPERATIONS

FOR THE PERIOD ENDED MARCH 31,

2010

2009

Revenue

Ministry subsidy

\$ 121,296

\$ 126,269

Other

-

4,000

121,296

130,269

Expenses

Salaries and benefits

89,788

98,565

Staff training

282

403

Travel

8,000

8,250

Administration costs (Note 2 (j))

10,778

10,776

Telephone

2,257

2,740

Supplies

657

431

Professional fees

1,548

1,538

Rent

7,500

7,500

Client assistance

486

358

Minor capital

-

292

121,296

130,853

Excess (Deficiency) of Revenue over Expenses

\$ -

\$ (584)

**JOHN HOWARD SOCIETY OF DURHAM REGION
JOB CONNECT AND SUMMER JOB SERVICE PROGRAMS**

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,

2010

2009

Revenue

Grants - Ministry of Training, Colleges and Universities
Summer Jobs Service (SJS)
Amortization of deferred contributions (Note 10)

\$ 1,309,569 **\$ 1,247,300**
382,581 **258,043**
23,000 **23,000**

1,715,150 **1,528,343**

Expenses

Salaries and benefits
Summer Jobs Service stipends
Training subsidies
Training supports
Administration costs (Note 2 (j))
Staff development and training
Rent
Insurance
Travel and parking
Amortization
Office supplies
Fees and dues
Professional fees
Telephone
Computer maintenance and support
Promotion

742,095 **693,272**
335,058 **257,683**
168,929 **129,569**
12,281 **11,440**
166,500 **166,500**
3,000 **2,931**
69,350 **68,629**
6,000 **6,000**
6,895 **4,602**
23,625 **23,625**
13,354 **10,340**
1,317 **1,189**
3,485 **3,485**
10,742 **6,406**
10,885 **18,704**
18,735 **7,629**

1,592,251 **1,412,004**

Earnings before amount refundable

122,899 **116,339**

Amount refundable to Ministry

123,613 **116,964**

Excess (Deficiency) of Revenue over Expenses

\$ (714) **\$ (625)**

**JOHN HOWARD SOCIETY OF DURHAM REGION
COMMUNITY JUSTICE WORKER PROGRAM
STATEMENT OF OPERATIONS**

FOR THE YEAR ENDED MARCH 31,

2010

2009

Revenue

Ministry subsidy

\$ 90,112

\$ 70,838

Expenses

Salaries and benefits

71,659

52,488

Staff travel

1,778

1,740

Staff training

357

458

Program supplies

500

1,500

Administration costs (Note 2 (j))

8,000

6,000

Office

1,860

2,153

Rent

3,600

3,600

Personal needs

232

395

Professional fees

1,000

1,025

Telephone

1,531

1,150

Marketing and promotion

89

111

90,606

70,620

Earnings before amount refundable

(494)

218

Amount Refundable to Ministry

-

218

Excess (Deficiency) of Revenues over Expenses

\$ (494)

\$ -

**JOHN HOWARD SOCIETY OF DURHAM REGION
PROGRAMMING CONTRACT**

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,

2010

2009

Revenue

Ministry subsidy

\$ 39,720

\$ 66,334

Expenses

Salaries and benefits

30,260

50,434

Staff training

382

404

Program supplies

716

871

Staff travel

472

730

Administration costs (Note 2 (j))

3,600

6,000

Office

722

2,012

Rent

2,160

3,600

Personal needs

159

152

Professional fees

450

1,025

38,921

65,228

Earnings before amount refundable

799

1,106

Amount refundable to Ministry

799

1,106

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,

2010

2009

Revenue

Ministry of Training, Colleges and Universities
Joint Literacy Program Fees

\$ 202,160

\$ 164,000

-

46,847

202,160

210,847

Expenses

Salaries and benefits
Administration costs (Note 2 (j))
Development and training
Travel and parking
Professional fees
Office supplies
Computer maintenance and support
Telephone
Insurance
Fees and dues

177,810

177,435

13,500

13,500

4,600

5,374

6

358

2,306

2,306

2,669

6,371

-

2,511

625

1,500

1,020

1,020

120

120

202,656

210,495

Earnings before amount refundable

(496)

352

Amount Refundable to Ministry

126

-

Excess (Deficiency) of Revenue over Expenses

\$ (622)

\$ 352

**JOHN HOWARD SOCIETY OF DURHAM REGION
PROJECT X**

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,

2010

2009

Revenue

Region of Durham

\$ 226,700

\$ 211,700

Expenses

Salaries and benefits

155,820

133,884

Program supplies

36,428

40,656

Administration (Note 2 (j))

22,670

20,670

Marketing and promotion

100

1,000

Staff training

665

1,031

Travel and parking

6,426

8,145

Professional fees

1,500

1,200

Office supplies

1,607

1,162

Telephone

2,620

1,744

227,836

209,492

Excess (Deficiency) of Revenue over Expenses

\$ (1,136)

\$ 2,208

**JOHN HOWARD SOCIETY OF DURHAM REGION
ACCESS TO HOUSING**

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,

2010

2009

Revenue

Region of Durham

\$ 159,989

\$ 162,045

Expenses

Salaries and benefits

146,031

143,127

Program supplies

5,603

6,763

Administration (Note 2 (j))

6,691

6,696

Staff training

200

1,000

Travel and parking

727

893

Office supplies

600

4,244

Telephone

500

1,020

160,352

163,743

Excess (Deficiency) of Revenue over Expenses

\$ (363)

\$ (1,698)

**JOHN HOWARD SOCIETY OF DURHAM REGION
COMMUNITY ALTERNATIVE TO SCHOOL SUSPENSION**

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,

2010

2009

Revenue

Board of Education

\$ 51,184

\$ 49,276

Trillium

(7,476)

12,067

Other program revenue

-

840

43,708

62,183

Expenses

Salaries and benefits

37,308

43,286

Administration (Note 2 (j))

2,000

2,000

Marketing and promotion

-

1,142

Occupancy

1,603

2,400

Travel and parking

526

464

Office supplies

-

7,366

Office equipment and maintenance

50

4,134

Other programs

-

275

Telephone

42

-

41,529

61,067

Excess (Deficiency) of Revenue over Expenses

\$ 2,179

1,116

**JOHN HOWARD SOCIETY OF DURHAM REGION
CLARINGTON YOUTH CENTRE**

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,

2010

2009

Revenue

United Way	\$ 10,000	\$ 12,500
Ministry of Health - F.L.A.R.E.	2,477	4,986
Municipality of Clarington	45,625	45,030
Fundraising	7,107	6,956
Donations	<u>3,788</u>	<u>3,365</u>
	<u>68,997</u>	<u>72,837</u>

Expenses

Salaries and benefits	54,373	60,160
Client assistance	220	-
Administration (Note 2 (j))	6,046	2,797
Marketing and promotion	-	661
Occupancy	1,000	1,000
Travel and parking	869	1,224
Office supplies	952	783
Office equipment and maintenance	153	2,218
Other programs	599	595
Telephone	-	223
Repairs and maintenance	1,010	763
Miscellaneous	<u>2,508</u>	<u>2,261</u>
	<u>67,730</u>	<u>72,685</u>

Excess (Deficiency) of Revenue over Expenses

\$ 1,267 152

**JOHN HOWARD SOCIETY OF DURHAM REGION
ERC - MTCU**

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,

2010

2009

Revenue

ERC - MTCU

\$ 198,048

\$ 179,070

Expenses

Salaries and benefits

149,942

132,522

Administration (Note 2 (j))

21,594

18,636

Marketing and promotion

-

20

Occupancy

12,780

12,775

Travel and parking

-

16

Office supplies

2,279

3,945

Office equipment and maintenance

5,273

6,874

Telephone

1,567

1,629

Insurance

2,244

2,239

195,679

178,656

Excess (Deficiency) of Revenue over Expenses

\$ 2,369

414

**JOHN HOWARD SOCIETY OF DURHAM REGION
BINGO**

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,

2010

2009

Revenue

Bingo

\$ 55,480

\$ 52,343

Other

1,711

1,606

57,191

53,949

Expenses

Program and services

-

44,333

Administration

11,083

-

Fundraising

-

150

11,083

44,483

Excess (Deficiency) of Revenue over Expenses

\$ 46,108

9,466

**JOHN HOWARD SOCIETY OF DURHAM REGION
RESIDENCE 2**

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,

2010

2009

Revenue

Region of Durham

\$ 91,684 \$ 90,866

Social Housing Renovation and Retrofit Program (Note 14)

12,548

-

Residents' fees

9,120

9,120

113,352

99,986

Expenses

Salaries and benefits

25,413

22,069

Administration (Note 2 (j))

8,845

8,845

Occupancy

9,166

9,446

Professional fees

2,678

2,460

Office supplies

700

170

Mortgage interest

16,981

17,702

Insurance

4,200

4,200

Amortization

18,749

18,027

Repairs and maintenance

5,709

5,531

Replacement and capital reserve fund allocation

2,294

2,254

Social Housing Renovation and Retrofit Program (Note 14)

12,548

-

107,283

90,704

Earnings before amount refundable

6,069

9,282

Amount Refundable to Region

3,035

4,645

Excess (Deficiency) of Revenue over Expenses

\$ 3,034

4,637

**JOHN HOWARD SOCIETY OF DURHAM REGION
C FOR YOURSELF - HEPATITIS C PREVENTION PROGRAM
STATEMENT OF OPERATIONS**

FOR THE YEAR ENDED MARCH 31,

2010

2009

Revenue

Public Health Agency of Canada

\$ 65,000

\$ 33,832

Expenses

Salaries and benefits

47,657

-

Program supplies

-

300

Client assistance

4,549

3,750

Administration (Note 2 (j))

5,543

3,532

Staff training

318

1,000

Travel and parking

1,903

2,550

Office supplies

-

10,800

Office equipment and maintenance

-

3,900

Other programs

3,500

6,500

Miscellaneous

1,530

1,500

65,000

33,832

Excess (Deficiency) of Revenue over Expenses

\$ -

-

**JOHN HOWARD SOCIETY OF DURHAM REGION
PROJECT STEP**

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,

2010

2009

Revenue

Public Health Agency of Canada

\$ 64,067

\$ 18,569

Expenses

Salaries and benefits

42,088

7,048

Client assistance

1,125

1,225

Administration (Note 2 (j))

4,299

661

Staff training

200

100

Occupancy

3,400

400

Travel and parking

4,148

1,798

Office supplies

2,680

2,615

Office equipment and maintenance

-

1,565

Other programs

4,000

2,500

Telephone

1,248

526

Miscellaneous

871

125

64,059

18,563

Excess (Deficiency) of Revenue over Expenses

\$ 8

6

**JOHN HOWARD SOCIETY OF DURHAM REGION
ESSENTIAL SKILLS LITERACY PROGRAM**

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,

2010

2009

Revenue

Ministry of Training, Colleges and Universities

\$ 65,131

\$ -

Expenses

Salaries and benefits

30,331

-

Administration (Note 2 (j))

8,235

-

Marketing and promotion

1,500

-

Staff training

500

-

Occupancy

2,065

-

Office supplies

2,500

-

Office equipment and maintenance

18,000

-

Training support

2,000

-

65,131

-

Excess (Deficiency) of Revenue over Expenses

\$ -

\$ -

**JOHN HOWARD SOCIETY OF DURHAM REGION
CENTRAL ADMINISTRATION**

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,

2010

2009

Revenue

United Way grants	\$ 335,617	\$ 342,444
Other programs	78,691	62,880
Bingo and fundraising	26,338	19,069
Donations	13,579	9,952
Other receipts	32,198	7,143
Interest	<u>125</u>	<u>5,603</u>
	<u>486,548</u>	<u>447,091</u>

Expenses

Salaries and benefits	3,328,109	3,088,129
Client assistance	23	105
Meetings and promotion	4,260	5,791
Staff training	2,861	1,116
Occupancy	131,512	122,324
Travel and parking	3,758	3,658
Professional fees	31,755	21,679
Office supplies	70,011	49,356
Office equipment and maintenance	1,836	12,244
Other programs	16,419	17,906
Mortgage interest	13,668	11,543
Telephone	19,250	18,852
Insurance	28,027	26,113
Amortization	10,734	6,800
Repairs and maintenance	13,277	16,893
Fundraising	7,670	7,680
Miscellaneous	1,131	5,892
Allocated administration	<u>(3,065,189)</u>	<u>(2,906,266)</u>
	<u>619,112</u>	<u>509,815</u>

Excess (Deficiency) of Revenue over Expenses

\$ (132,564) \$ (62,724)

JOHN HOWARD SOCIETY OF DURHAM REGION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2010

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.

The Whitby Residence Program rents premises for a residence in Whitby. The residence is open to males between the ages of 15 and 24 who may have a history of parent/child conflict or family dysfunction. The program is designed to help residents learn the necessary skills to live independently in the community. The residence is staffed 24 hours a day, seven days a week. Counselling is available and various skills are taught.

The Oshawa Residence Program is located in Oshawa. The program is open to youth and designed to help them learn the necessary skills to live independently in the community. The residence is staffed 24 hours per day, seven days a week.

The Youth in Transition Program is facilitated from the Whitby office. The program is designed to provide counselling and transitional support services to Crown Ward youth aged 16-18 who are transitioning from the care of Durham Children's Aid Society to independent living within the community. Transitional staff assist clients in this program to secure housing, employment, educational supports, social and recreational supports, life and independent living skills, referrals and links to other community agencies and general counselling where required. Transitional workers provide direct service to their clientele in the various JHS office locations and the community.

Youth Diversion Services program provides alternative measures to youth aged 12-18 who have been identified by Durham Regional Police as individuals who have been alleged to have committed an offence and accept responsibility for their involvement. This program is facilitated in partnership with Durham Regional Police, Pinewood Centre and Eastview Boys and Girls Club. The Youth Diversion Services program consists of individual counselling, anger management and anti-theft group counselling. Counselling services are provided at each of the four agency locations including Clarington, Oshawa, Whitby and Ajax by the program counsellor.

The Job Connect and Summer Job Service Programs provide service to the unemployed, with a focus on youth, persons in receipt of social assistance, and persons not eligible for federal employment insurance programs and services. They also provide an information and referral service, employment preparation and planning, and on-the-job training.

The Community Justice Worker program deals with low-risk accused persons who have committed low-level offences. The program provides alternative measures to address offences including restitution, compensation, and reparation to community. The program also provide access to counselling, mental health services, employment skills, supportive housing, anger management and substance abuse.

The Programming Contract is for a worker who coordinates groups for participants referred by the Community Justice Worker and assists the Community Justice Worker.

The Literacy and Basic Skills Program provides literacy and basic skills services to the community.

Project X is a harm reduction program dedicated to protecting the general public from contamination caused by indiscriminate disposal of infected items in public areas. The program provides access to sterile needles, syringes, and condoms, and also provides information promoting safer injection drug use, and information on safer sex to individuals involved in at-risk activities.

JOHN HOWARD SOCIETY OF DURHAM REGION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2010

2. Summary of 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 10). The method of recording amortization on each class is described in Note 2(f).

(e) Pledges

Pledges are recorded when amounts are received.

(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
Leasehold improvements	5 years
Other equipment	5 years

JOHN HOWARD SOCIETY OF DURHAM REGION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2010

2. Summary of Significant Accounting Policies (continued)

(g) Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles 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. The Board of Directors authorized the transfer of \$67,000 to Unrestricted Funds for the fiscal year ended March 31, 2010.

(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.

(k) Basis of Accounting

As indicated in the Auditors' report, paragraph 4, there are departures from Canadian generally accepted accounting principles in these financial statements. These departures are as follows:

The residential building is amortized annually in an amount equal to the annual mortgage principal repayment. Current year's amortization of the building referred to was \$18,749 and the accumulated amortization was \$175,310. 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 \$4,698 and the accumulated amortization would have been \$93,960.

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.

JOHN HOWARD SOCIETY OF DURHAM REGION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2010

3. Capital Assets

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u> <u>2010</u>	<u>2009</u>
Land - main office	\$ 176,000	\$ -	\$ 176,000	\$ 176,000
Land - residential program	387,872	-	387,872	387,872
Land - administration office	90,257	-	90,257	-
Building - main office	239,596	44,366	195,230	201,190
Building - residential program	187,912	175,310	12,602	31,351
Building - administration office	60,172	602	59,570	-
Leasehold improvements	118,121	94,496	23,625	47,250
Other equipment	47,981	19,068	28,913	4,460
	<u>\$ 1,307,911</u>	<u>\$ 333,842</u>	<u>\$ 974,069</u>	<u>\$ 848,123</u>

4. Line of Credit

The bank credit facility represents a line of credit of \$65,000. There was \$nil outstanding at March 31, 2010 (\$nil outstanding at March 31, 2009). The line of credit is secured by a charge against property owned by the Society.

5. Mortgage Payable

The mortgage is due in blended monthly installments of \$1,515 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. During the year, the original loan was paid off and a new amount advanced.

\$ 248,931 \$ 156,992

Less: principal due within one year

8,994 12,040

Long-term portion

\$ 239,937 \$ 144,952

The annual principal payments (assuming interest rates remain consistent) would be as follows:

2011	\$ 8,994
2012	9,337
2013	9,693
2014	10,063
2015	10,447
2016 and beyond	<u>200,397</u>
	<u>\$ 248,931</u>

JOHN HOWARD SOCIETY OF DURHAM REGION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2010

5. Mortgage Payable (continued)

The mortgage, secured by the property used in the residential program, bears interest at a rate of 4.17% per annum, is amortized over 19 years and 7 months and is repayable in blended monthly installments of \$2,977 through October, 2015.

	<u>2010</u>	<u>2009</u>
	\$ 400,468	\$ 419,217
	<u>19,542</u>	<u>18,752</u>
	\$ <u>380,926</u>	\$ <u>400,465</u>

Less: Current portion

Minimum principal repayments within the next five years are as follows:

2011	\$ 19,542
2012	20,365
2013	21,223
2014	22,117
2015	23,049
2016 and beyond	<u>294,172</u>
	\$ <u>400,468</u>

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. Statement of Cash Flows

A statement of cash flows has not been presented as all investing and financing activities are separately disclosed within these financial statements.

JOHN HOWARD SOCIETY OF DURHAM REGION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2010

8. Commitments

The Society pays rent of \$2,696 plus taxes per month for its Ajax office based on a lease agreement which expires in July 2011 and may be subject to marginal adjustments. The Society pays rent of \$5,000 plus taxes per month for its Whitby office based on a lease agreement which expires in March, 2011. The Society also pays rent of \$1,092 plus taxes per month for its Clarington office based on a lease agreement which expires December 2010 and may be subject to marginal adjustments from year to year. Some of the space occupied by the Society is sublet to other organizations from which rent is collected.

9. 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.

	<u>2010</u>	<u>2009</u>
Opening balance	\$ 46,000	\$ 69,000
Less: Amount amortized to revenue	<u>(23,000)</u>	<u>(23,000)</u>
Closing balance	<u>\$ 23,000</u>	<u>\$ 46,000</u>

10. Invested in Capital Assets

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

	<u>2010</u>	<u>2009</u>
Net book value of capital assets	\$ 974,069	\$ 848,123
Less: Amount financed by mortgage	<u>(649,399)</u>	<u>(576,209)</u>
	324,670	271,914
Less: Amount financed by deferred contributions	<u>(23,000)</u>	<u>(46,000)</u>
Closing balance	<u>\$ 301,670</u>	<u>\$ 225,914</u>

- (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	\$ 23,000	\$ 23,000
Amortization of capital assets	<u>(53,108)</u>	<u>(48,452)</u>
	<u>\$ (30,108)</u>	<u>\$ (25,452)</u>
Net Change in Invested in Capital Assets		
Additions to capital assets	\$ 179,054	\$ -
Reduction/Increase of mortgage	<u>(73,190)</u>	<u>29,244</u>
	<u>\$ 105,864</u>	<u>\$ 29,244</u>

JOHN HOWARD SOCIETY OF DURHAM REGION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2010

11. Fair Value of Financial Instruments

The Society's significant financial assets and liabilities are classified and measured as follows:

<u>Assets/Liabilities</u>	<u>Classification</u>	<u>Measurement</u>
Cash	Held for trading	Fair value
Accounts receivable	Loans and receivables	Amortized cost
Investments	Held for trading	Fair value
Accounts payable	Other financial liabilities	Amortized cost
Mortgages payable	Other financial liabilities	Amortized cost

The carrying amount of cash, investments, accounts receivable and accounts payable approximate the fair value because of the short term maturity of these items. The carrying amount of the mortgages payable also approximates the fair values as fixed interest rates approximate market rates at March 31, 2010 and variable rates fluctuate with the prime rate.

Unless otherwise noted, it is management's opinion that the Society is not exposed to significant interest, currency, credit or market risks arising from financial instruments.

Interest rate risk

Interest rate risk arises because of the fluctuation in interest rates. The Society is subject to interest rate risk through their investments. The Society has formal policies and procedures that establish target asset mix. The Society is subject to interest rate risk through one of their mortgages. The Society is not subject to interest rate risk with one mortgage payable as the mortgage is guaranteed by the funding authority. For the other mortgage payable, the Society monitors the current interest rate to ensure that their interest rates do not vary much from the market rate.

12. 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 \$278,620 were expensed for both plans.

In 2007, the Society's Board of Directors committed to a change in the defined benefit plan to allow the year of record on retirement as being the calendar year of retirement for the remaining employees in this plan. John Howard Society of Ontario is currently in the process of implementing this amendment to the pension plan. The cost of this amendment is still unknown but the Board of Directors has determined that an amount of \$200,000 be expensed in 2007 and set up as a liability towards this future commitment.

13. Prior Year Adjustment

Prior period adjustments for the fiscal year 2009 reflect prior years' changes in subsidies applied for and received.

JOHN HOWARD SOCIETY OF DURHAM REGION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2010

14. Social Housing Renovation and Retrofit Program (SHRRP)

SHRRP is a capital program that assists eligible social housing providers to renovate and upgrade social housing projects. There is a strong emphasis on improving the health and safety of tenants and increasing the energy efficiency and physical accessibility system or component, improve operating costs and contribute to an improved quality of life for the tenants.

Renovate and Retrofit Projects

The repairs authorized for the Society include installing handrails on exterior steps, replacing basement windows, replacing electric heating with gas furnaces, replacing exterior storm doors, replacing hot water tanks, replacing sump pumps, upgrading attic insulation and a designated substance survey to a maximum cost of \$60,116.

Expenditures submitted as of March 31, 2010:

Designated Substance Survey	\$ 4,500
Installing exterior handrails	2,090
Replacement of basement windows	1,650
Replacement of exterior storm doors	<u>4,308</u>
	12,548
Less: Accounts receivable from Region	<u>12,548</u>
	<u>\$ -</u>

15. Capital Management

The Society considers its capital to be comprised of its internally restricted and unrestricted fund balances. The Society receives funding from various sources. Management is responsible for adhering to the provisions of their funding agreements with their funders.

The Society manages capital to safeguard its ability to operate and to meet its financial obligations as they become due so it can continue to provide delivery of its services.

Management maintains its capital by ensuring annual operating budgets are developed and approved by the Board of Directors based on known and estimated sources of funding each year to ensure the capital of the Society is maintained.

16. Comparative Figures

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