

**JOHN HOWARD SOCIETY OF DURHAM REGION**

**FINANCIAL STATEMENTS**

**MARCH 31, 2011**



*Smith  
Chappell  
Marsh  
Vilander LLP Chartered Accountants*

*H. Howard Smith, FCA  
Richard A. Chappell, BA, CA  
Deborah L. Marsh, BMath, CA  
Vesa K. Vilander, BA, CA*

## INDEPENDENT AUDITORS' 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, 2011 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 generally accepted accounting principles, and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' 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 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.

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 generally accepted accounting principles.

### *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, 2011, and the results of its operations and changes in net assets 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 Mark Vilander LLP*

Chartered Accountants, Licensed Public Accountants

June 21, 2011  
Oshawa, Ontario

**JOHN HOWARD SOCIETY OF DURHAM REGION**  
**STATEMENT OF FINANCIAL POSITION**

**AS AT MARCH 31,** **2011** **2010**

**ASSETS**

**Current**

Cash	\$ 378,104	\$ 297,929
Investments	111,012	110,247
Accounts receivable	200,978	64,155
Prepaid expenses	<u>27,779</u>	<u>23,500</u>

717,873 495,831

**Other**

Capital assets (Notes 2 and 3)	<u>1,535,972</u>	<u>974,069</u>
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\$ 2,253,845 \$ 1,469,900

**LIABILITIES**

**Current**

Accounts payable	\$ 124,752	\$ 85,169
Deferred revenue (Note 2 (b))	34,647	15,495
Accrued pension liability (Note 12)	213,448	211,816
Mortgage principal due within one year (Note 5)	29,162	28,536
Due to Ministries	212,185	142,039
Due to The Regional Municipality of Durham (Note 6)	<u>70,376</u>	<u>70,376</u>

684,570 553,431

**Other**

Mortgages payable (Note 5)	<u>592,150</u>	<u>620,863</u>
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**Deferred Contributions Related to Capital Assets (Note 9)**

413,407 23,000

1,690,127 1,197,294

**NET ASSETS**

**Replacement and Capital Reserve Fund**

25,273 22,971

**Invested in Capital Assets (Note 2 (d) and 10)**

501,253 301,670

**Operational reserve (Note 2 (i))**

27,703 -

**Unrestricted Funds**

9,489 (52,035)

563,718 272,606

\$ 2,253,845 \$ 1,469,900

**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,

2011

2010

	Replacement Invested in		Capital Operational			
	<u>Reserve Fund</u>	<u>Assets</u>	<u>Reserve</u>	<u>Unrestricted</u>		
Opening balance	\$ 22,971	\$ 301,670	\$ -	\$ (52,035)	\$ 272,606	\$ 352,507
Excess of revenue over expenses (expenses over revenue)						
- operations (Note 10)	-	(33,594)	-	322,404	288,810	(82,193)
- capital (Note 10)	-	233,177	-	(233,177)	-	-
Current year allocation	2,302	-	-	-	2,302	2,294
Interfund transfer	<u>-</u>	<u>-</u>	<u>27,703</u>	<u>(27,703)</u>	<u>-</u>	<u>-</u>
Closing balance	\$ <u>25,273</u>	\$ <u>501,253</u>	\$ <u>27,703</u>	\$ <u>9,489</u>	\$ <u>563,718</u>	\$ <u>272,608</u>

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

**2011**

**2010**

**Revenue**

United Way grants	\$ 378,488	\$ 345,617
Ministry funding	3,443,712	3,004,610
Ministry capital funding	214,393	-
Other programs	113,748	79,234
Region of Durham	510,921	478,373
Social Housing Renovation and Retrofit Program (Note 13)	47,568	12,548
Public Health Agency of Canada	130,000	129,067
Public Safety Canada	46,000	-
Ontario Trillium Foundation	13,994	-
ERC - MTCU	57,176	198,048
Bingo and fundraising	70,673	90,094
Other receipts	29,885	32,198
Donations	68,796	62,992
Interest	-	125
Children's Aid Society	49,237	48,791
Community Alternative to School Suspension funding	55,491	43,708
Residence fees	51,852	57,743
Amortization of deferred contributions (Note 9)	<u>57,577</u>	<u>33,000</u>
	<b><u>5,339,511</u></b>	<b><u>4,616,148</u></b>

**Expenses**

Salaries and benefits	3,328,623	3,333,249
Training subsidies	626,774	503,987
Staff training	22,454	8,227
Travel	34,212	34,394
Program supplies	99,364	42,480
Occupancy (Note 8)	195,081	168,353
Mortgage interest	26,689	30,649
Insurance	28,752	28,196
Telephone	39,841	39,772
Office	95,593	91,269
Office equipment and maintenance	86,966	39,119
Meetings and promotion	5,812	4,260
Professional fees	29,213	31,755
Client assistance	10,351	7,872
Fundraising	7,350	7,670
Other programs	28,764	24,518
Miscellaneous	32,702	34,440
Marketing and promotion	16,926	18,494
Repairs and maintenance	24,963	33,756
Training supports	36,749	18,281
Replacement and capital reserve fund allocation	2,302	2,294
Social Housing Renovation and Retrofit Program (Note 13)	47,568	12,548
Amortization	<u>91,171</u>	<u>53,108</u>
	<b><u>4,918,220</u></b>	<b><u>4,568,691</u></b>

**Earnings before amount refundable**

**Amount refundable to funders**

**Excess of revenue over expenses**

	421,291	47,457
	<u>132,481</u>	<u>129,650</u>
	<b><u>\$ 288,810</u></b>	<b><u>\$ (82,193)</u></b>

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

**FOR THE YEAR ENDED MARCH 31,**

**2011**

**2010**

**Excess (Deficiency) of Revenue over Expenses**

Whitby and Oshawa Residences Program	\$ 205,032	\$ -
Youth Diversion Service Program	-	(1,267)
Youth in Transition Program	35	-
Job Connect and Summer Job Service Programs	(1,264)	(714)
Community Justice Worker Program	939	(494)
Programming Contract	80	-
Literacy and Basic Skills Program	(3,236)	(622)
Project X	(460)	(1,136)
Access to Housing	59	(363)
Community Alternative to School Suspension	(1,645)	2,179
Clarington Youth Centre	280	1,267
ERC - MTCU	(4,337)	2,369
Bingo	(43,439)	46,108
Residence 2	(6,416)	3,034
C for Yourself	-	-
Project STEP	-	8
Essential Skills Literacy Program	-	-
Oshawa Employment Services	-	-
Multisystemic Therapy	-	-
Whitby Employment Services	-	-
Summer Jobs Services	-	-
TEAM	-	-
Men's Diversion Program	22,519	-
Central Administration	<u>120,663</u>	<u>(132,564)</u>
Net Surplus (Deficit)	\$ <u>288,810</u>	\$ <u>(82,195)</u>

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

**STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED MARCH 31,**

**2011**

**2010**

**Revenue**

Ministry subsidy	\$ 718,837	\$ 728,837
Ministry capital funding	214,393	-
Housing charges	42,732	48,623
Other funding	49,237	48,791
	<u>3,507</u>	<u>-</u>
	<u>1,028,706</u>	<u>826,251</u>

**Expenses**

Salaries and benefits	694,808	693,706
Staff travel	2,988	3,236
Staff training	959	666
Food costs	24,200	25,252
Personal needs	982	1,078
Administration costs (Note 2 (j))	36,924	37,925
Office and supplies	11,464	4,372
Premises rent	19,423	19,423
Utilities and taxes	7,967	7,474
Insurance	2,750	3,000
Repairs and maintenance	3,166	13,761
Renovation and minor capital	2,198	2,197
Furnishings and equipment	1,624	1,634
Professional fees	4,100	4,100
Amortization	3,507	-
Telephone	<u>6,614</u>	<u>6,350</u>
	<u>823,674</u>	<u>824,174</u>

**Earnings before amount refundable**

**205,032**

**2,077**

**Amount refundable to Ministry**

**-**

**2,077**

**Excess (Deficiency) of Revenue over Expenses**

**\$ 205,032**

**\$ -**

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

**STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED MARCH 31,**

**2011**

**2010**

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**Revenue**

Ministry subsidy

\$ 115,296

\$ 72,727

**Expenses**

Salaries and benefits

**99,003**

56,436

Staff training

**500**

153

Travel

**2,151**

1,106

Administration costs (Note 2 (j))

**6,667**

6,667

Program supplies

**667**

434

Office supplies

**1,614**

1,014

Rent

**3,694**

3,892

Professional fees

**1,000**

1,000

Minor capital

-

3,292

**115,296**

73,994

**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,**

**2011**

**2010**

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**Revenue**

Ministry subsidy

**\$ 121,296**

**\$ 121,296**

**Expenses**

Salaries and benefits

**89,788**

**89,788**

Staff training

**200**

**282**

Travel

**7,001**

**8,000**

Administration costs (Note 2 (j))

**10,778**

**10,778**

Telephone

**1,588**

**2,257**

Supplies

**2,358**

**657**

Professional fees

**1,548**

**1,548**

Rent

**7,500**

**7,500**

Client assistance

**500**

**486**

**121,261**

**121,296**

**Excess (Deficiency) of Revenue over Expenses**

**\$ 35**

**\$ -**

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

**STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED MARCH 31,**

**2011**

**2010**

**Revenue**

Grants - Ministry of Training, Colleges and Universities	\$ 385,872	\$ 1,309,569
Summer Jobs Service (SJS)	-	382,581
Amortization of deferred contributions (Note 9)	<u>23,000</u>	<u>23,000</u>
	<u>408,872</u>	<u>1,715,150</u>

**Expenses**

Salaries and benefits	227,769	742,095
Summer Jobs Service stipends	-	335,058
Training subsidies	76,287	168,929
Training supports	4,100	12,281
Administration costs (Note 2 (j))	38,588	166,500
Staff development and training	15	3,000
Rent	22,768	69,350
Insurance	1,000	6,000
Travel and parking	776	6,895
Amortization	23,625	23,625
Office supplies	1,877	13,354
Fees and dues	500	1,317
Professional fees	800	3,485
Telephone	1,773	10,742
Computer maintenance and support	-	10,885
Promotion	<u>258</u>	<u>18,735</u>
	<u>400,136</u>	<u>1,592,251</u>

**Earnings before amount refundable**

**8,736**      **122,899**

**Amount refundable to Ministry**

**10,000**      **123,613**

**Excess (Deficiency) of Revenue over Expenses**

**\$ (1,264)**      **\$ (714)**

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

**STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED MARCH 31,**

**2011**

**2010**

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**Revenue**

Ministry subsidy

**\$ 88,700**

**\$ 90,112**

**Expenses**

Salaries and benefits

**72,700**

**71,659**

Staff travel

**947**

**1,778**

Staff training

**500**

**357**

Program supplies

**925**

**500**

Administration costs (Note 2 (j))

**9,000**

**8,000**

Office

**1,086**

**1,860**

Rent

**-**

**3,600**

Personal needs

**50**

**232**

Professional fees

**1,000**

**1,000**

Telephone

**1,553**

**1,531**

Marketing and promotion

**-**

**89**

**87,761**

**90,606**

**Excess (Deficiency) of Revenues over Expenses**

**\$ 939**

**\$ (494)**



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

**STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED MARCH 31,**

**2011**

**2010**

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**Revenue**

Ministry subsidy

**\$ 21,600**

**\$ 39,720**

**Expenses**

Salaries and benefits

**19,800**

**30,260**

Staff training

**100**

**382**

Program supplies

**-**

**716**

Staff travel

**-**

**472**

Administration costs (Note 2 (j))

**-**

**3,600**

Office

**420**

**722**

Rent

**1,200**

**2,160**

Personal needs

**-**

**159**

Professional fees

**-**

**450**

**21,520**

**38,921**

**Earnings before amount refundable**

**80**

**799**

**Amount refundable to Ministry**

**-**

**799**

**Excess (Deficiency) of Revenues over Expenses**

**\$ 80**

**\$ -**

**JOHN HOWARD SOCIETY OF DURHAM REGION  
LITERACY AND BASIC SKILLS PROGRAM**

**STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED MARCH 31,**

**2011**

**2010**

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**Revenue**

Ministry of Training, Colleges and Universities

**\$ 202,160**

**\$ 202,160**

**Expenses**

Salaries and benefits

**178,154**

177,810

Administration costs (Note 2 (j))

**13,500**

13,500

Development and training

**4,497**

4,600

Travel and parking

-

6

Professional fees

**2,306**

2,306

Office supplies

**2,406**

2,669

Telephone

**375**

625

Insurance

**680**

1,020

Fees and dues

**150**

120

**202,068**

202,656

**Earnings before amount refundable**

**92**

(496)

**Amount Refundable to Ministry**

**3,328**

126

**Excess (Deficiency) of Revenue over Expenses**

**\$ (3,236)**

**\$ (622)**

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

**STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED MARCH 31,**

**2011**

**2010**

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**Revenue**

Region of Durham

**\$ 258,397**

**\$ 226,700**

**Expenses**

Salaries and benefits

**133,083**

155,820

Program supplies

**89,936**

36,428

Administration (Note 2 (j))

**22,670**

22,670

Marketing and promotion

**205**

100

Staff training

**710**

665

Travel and parking

**6,793**

6,426

Professional fees

**1,500**

1,500

Office supplies

**1,773**

1,607

Telephone

**2,187**

2,620

**258,857**

227,836

**Excess (Deficiency) of Revenue over Expenses**

**\$ (460)**

**\$ (1,136)**

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

**STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED MARCH 31,**

**2011**

**2010**

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**Revenue**

Region of Durham

**\$ 159,715**

**\$ 159,989**

**Expenses**

Salaries and benefits

**144,439**

146,031

Program supplies

**6,512**

5,603

Administration (Note 2 (j))

**6,691**

6,691

Staff training

**200**

200

Travel and parking

**714**

727

Office supplies

**600**

600

Telephone

**500**

**500**

**159,656**

**160,352**

**Excess (Deficiency) of Revenue over Expenses**

**\$ 59**

**\$ (363)**

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

**STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED MARCH 31,**

**2011**

**2010**

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**Revenue**

Board of Education  
Trillium

**\$ 55,491**

**\$ 51,184**

**-**

**(7,476)**

**55,491**

**43,708**

**Expenses**

Salaries and benefits  
Administration (Note 2 (j))  
Occupancy  
Travel and parking  
Office supplies  
Office equipment and maintenance  
Telephone  
Insurance

**47,146**

**37,308**

**5,190**

**2,000**

**2,000**

**1,603**

**500**

**526**

**1,000**

**-**

**-**

**50**

**500**

**42**

**800**

**-**

**57,136**

**41,529**

**Excess (Deficiency) of Revenue over Expenses**

**\$ (1,645)**

**\$ 2,179**

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

**STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED MARCH 31,**

**2011**

**2010**

**Revenue**

United Way	\$ 7,500	\$ 10,000
Ministry of Health - F.L.A.R.E.	2,445	2,477
Municipality of Clarington	47,500	45,625
Fundraising	10,671	7,107
Donations	<u>3,100</u>	<u>3,788</u>
	<u>71,216</u>	<u>68,997</u>

**Expenses**

Salaries and benefits	57,100	54,373
Program supplies	1,365	-
Client assistance	103	220
Administration (Note 2 (j))	6,045	6,046
Occupancy	1,000	1,000
Travel and parking	635	869
Office supplies	796	952
Office equipment and maintenance	-	153
Other programs	-	599
Telephone	100	-
Repairs and maintenance	981	1,010
Miscellaneous	<u>2,811</u>	<u>2,508</u>
	<u>70,936</u>	<u>67,730</u>

**Excess (Deficiency) of Revenue over Expenses**

**\$ 280      \$ 1,267**

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

**STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED MARCH 31,**

**2011**

**2010**

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**Revenue**

ERC - MTCU

**\$ 57,176**

**\$ 198,048**

**Expenses**

Salaries and benefits

**44,432**

149,942

Administration (Note 2 (j))

**8,584**

21,594

Occupancy

**4,260**

12,780

Office supplies

**791**

2,279

Office equipment and maintenance

**1,599**

5,273

Telephone

**538**

1,567

Insurance

**1,309**

2,244

**61,513**

195,679

**Excess (Deficiency) of Revenue over Expenses**

**\$ (4,337)**

**\$ 2,369**

**JOHN HOWARD SOCIETY OF DURHAM REGION  
BINGO**

**STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED MARCH 31,**

**2011**

**2010**

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**Revenue**

Bingo

\$ 46,109 \$ 55,480

Other

4,160 1,711

50,269 57,191

**Expenses**

Administration

- 11,083

Occupancy

93,708 -

93,708 11,083

**Excess (Deficiency) of Revenue over Expenses**

\$ (43,439) \$ 46,108



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

**STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED MARCH 31,**

**2011**

**2010**

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**Revenue**

Region of Durham	\$ 92,809	\$ 91,684
Social Housing Renovation and Retrofit Program (Note 13)	47,568	12,548
Residents' fees	<u>9,120</u>	<u>9,120</u>
	<u>149,497</u>	<u>113,352</u>

**Expenses**

Salaries and benefits	26,342	25,413
Administration (Note 2 (j))	13,576	8,845
Occupancy	10,683	9,166
Professional fees	2,678	2,678
Office supplies	700	700
Mortgage interest	16,191	16,981
Insurance	5,059	4,200
Amortization	19,539	18,749
Repairs and maintenance	11,275	5,709
Replacement and capital reserve fund allocation	2,302	2,294
Social Housing Renovation and Retrofit Program (Note 13)	<u>47,568</u>	<u>12,548</u>
	<u>155,913</u>	<u>107,283</u>

**Earnings before amount refundable**

**(6,416)**

**6,069**

**Amount Refundable to Region**

**-**

**3,035**

**Excess (Deficiency) of Revenue over Expenses**

**\$ (6,416)**

**\$ 3,034**

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

**STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED MARCH 31,**

**2011**

**2010**

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**Revenue**

Public Health Agency of Canada

**\$ 65,000**

**\$ 65,000**

**Expenses**

Salaries and benefits

**49,219**

47,657

Client assistance

**4,500**

4,549

Administration (Note 2 (j))

**3,515**

5,543

Staff training

-

318

Travel and parking

**1,849**

1,903

Office supplies

**419**

-

Other programs

**3,500**

3,500

Telephone

**724**

-

Miscellaneous

**1,274**

1,530

**65,000**

65,000

**Excess (Deficiency) of Revenue over Expenses**

**\$ -**

**\$ -**

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

**STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED MARCH 31,**

**2011**

**2010**

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**Revenue**

Public Health Agency of Canada

**\$ 65,000**

**\$ 64,067**

**Expenses**

Salaries and benefits

**46,703**

42,088

Client assistance

**550**

1,125

Administration (Note 2 (j))

**6,532**

4,299

Staff training

-

200

Occupancy

-

3,400

Travel and parking

**3,688**

4,148

Office supplies

**291**

2,680

Other programs

**3,500**

4,000

Telephone

**710**

1,248

Miscellaneous

**3,026**

871

**65,000**

64,059

**Excess (Deficiency) of Revenue over Expenses**

**\$ -**

**\$ 8**

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

**STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED MARCH 31,**

**2011**

**2010**

---

**Revenue**

Ministry of Training, Colleges and Universities

**\$ 240,083**

**\$ 65,131**

**Expenses**

Salaries and benefits

**159,383**

**30,331**

Administration (Note 2 (j))

**28,315**

**8,235**

Marketing and promotion

**4,616**

**1,500**

Staff training

**4,884**

**500**

Occupancy

**12,385**

**2,065**

Office supplies

**7,500**

**2,500**

Office equipment and maintenance

**-**

**18,000**

Training support

**20,652**

**2,000**

**237,735**

**65,131**

**Earnings before amount refundable**

**2,348**

**-**

**Amount Refundable to Ministry**

**2,348**

**-**

**Excess (Deficiency) of Revenue over Expenses**

**\$ -**

**\$ -**

**JOHN HOWARD SOCIETY OF DURHAM REGION  
OSHAWA EMPLOYMENT SERVICES**

**STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED MARCH 31,**

**2011**

**2010**

---

**Revenue**

Ministry of Training, Colleges and Universities

**\$ 385,825**

**\$ -**

**Expenses**

Salaries and benefits

**232,746**

**-**

Training subsidies

**24,068**

**-**

Administration (Note 2 (j))

**46,204**

**-**

Marketing and promotion

**3,300**

**-**

Staff training

**2,809**

**-**

Occupancy

**5,206**

**-**

Travel and parking

**988**

**-**

Professional fees

**2,000**

**-**

Office supplies

**3,744**

**-**

Office equipment and maintenance

**17,352**

**-**

Telephone

**1,437**

**-**

Insurance

**3,330**

**-**

Training support

**3,330**

**-**

**346,514**

**-**

**Earnings before amount refundable**

**39,311**

**-**

**Amount Refundable to Ministry**

**39,311**

**-**

**Excess (Deficiency) of Revenue over Expenses**

**\$ -**

**\$ -**

**JOHN HOWARD SOCIETY OF DURHAM REGION  
MULTISYSTEMIC THERAPY**

**STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED MARCH 31,**

**2011**

**2010**

---

**Revenue**

Public Safety Canada

\$ 46,000

\$ -

**Expenses**

Salaries and benefits

12,039

-

Administration (Note 2 (j))

1,239

-

Occupancy

1,000

-

Travel and parking

47

-

Office supplies

600

-

Office equipment and maintenance

6,049

-

Other programs

10,792

-

31,766

-

**Earnings before amount refundable**

14,234

-

**Amount Refundable to Ministry**

14,234

-

**Excess (Deficiency) of Revenue over Expenses**

\$ -

\$ -

**JOHN HOWARD SOCIETY OF DURHAM REGION  
WHITBY EMPLOYMENT SERVICES**

**STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED MARCH 31,**

**2011**

**2010**

**Revenue**

Ministry of Training, Colleges and Universities  
Amortization of deferred contributions (Note 9)

**\$ 571,023**

**\$ -**

**31,070**

**-**

**602,093**

**-**

**Expenses**

Salaries and benefits  
Training subsidies  
Administration (Note 2 (j))  
Marketing and promotion  
Staff training  
Occupancy  
Travel and parking  
Professional fees  
Office supplies  
Office equipment and maintenance  
Telephone  
Insurance  
Amortization  
Training support

**278,419**

**-**

**83,555**

**-**

**64,796**

**-**

**3,330**

**-**

**1,941**

**-**

**62,365**

**-**

**746**

**-**

**2,000**

**-**

**3,607**

**-**

**52,646**

**-**

**3,106**

**-**

**4,667**

**-**

**31,070**

**-**

**4,670**

**-**

**596,918**

**-**

**Earnings before amount refundable**

**5,175**

**-**

**Amount Refundable to Ministry**

**5,175**

**-**

**Excess (Deficiency) of Revenue over Expenses**

**\$ -**

**\$ -**

**JOHN HOWARD SOCIETY OF DURHAM REGION  
SUMMER JOBS SERVICES**

**STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED MARCH 31,**

**2011**

**2010**

---

**Revenue**

Ministry of Training, Colleges and Universities

**\$ 590,575**

**\$ -**

**Expenses**

Salaries and benefits

**62,392**

**-**

Training subsidies

**442,865**

**-**

Administration (Note 2 (j))

**13,452**

**-**

Marketing and promotion

**5,422**

**-**

Travel and parking

**1,741**

**-**

Professional fees

**1,000**

**-**

Office supplies

**5,618**

**-**

**532,490**

**-**

**Earnings before amount refundable**

**58,085**

**-**

**Amount Refundable to Ministry**

**58,085**

**-**

**Excess (Deficiency) of Revenue over Expenses**

**\$ -**

**\$ -**



**JOHN HOWARD SOCIETY OF DURHAM REGION  
TEAM**

**STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED MARCH 31,**

**2011**

**2010**

---

**Revenue**

Trillium

\$ 13,994

\$ -

Other revenue

184

-

Donations

1,500

-

15,678

-

**Expenses**

Salaries and benefits

10,614

-

Occupancy

900

-

Office supplies

454

-

Office equipment and maintenance

3,544

-

Repairs and maintenance

116

-

Miscellaneous

50

-

15,678

-

**Eycess (Deficiency) of Revenue over Eypenses**

\$ -

\$ -

**JOHN HOWARD SOCIETY OF DURHAM REGION  
MEN'S DIVERSION PROGRAM  
STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED MARCH 31,**

**2011**

**2010**

---

**Revenue**

Program revenue

**\$ 55,250**

**\$ -**

**Expenses**

Salaries and benefits

**13,315**

**-**

Program supplies

**410**

**-**

Client assistance

**3,680**

**-**

Administration (Note 2 (j))

**10,180**

**-**

Occupancy

**1,100**

**-**

Travel and parking

**14**

**-**

Professional fees

**1,000**

**-**

Office supplies

**2,873**

**-**

Miscellaneous

**159**

**-**

**32,731**

**-**

**Excess (Deficiency) of Revenue over Expenses**

**\$ 22,519**

**\$ -**

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

**STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED MARCH 31,**

**2011**

**2010**

**Revenue**

United Way grants	\$ 370,988	\$ 335,617
Other programs	57,952	78,691
Bingo and fundraising	8,779	26,338
Donations	18,196	13,579
Other receipts	29,701	32,198
Interest	-	125
	<u>485,616</u>	<u>486,548</u>

**Expenses**

Salaries and benefits	3,270,169	3,328,109
Client assistance	87	23
Meetings and promotion	5,812	4,260
Staff training	13,442	2,861
Occupancy	58,856	131,512
Travel and parking	3,547	3,758
Professional fees	29,213	31,755
Office supplies	55,467	70,011
Office equipment and maintenance	1,955	1,836
Other programs	10,972	16,419
Mortgage interest	10,498	13,668
Telephone	20,963	19,250
Insurance	28,516	28,027
Amortization	13,430	10,734
Repairs and maintenance	11,695	13,277
Fundraising	7,350	7,670
Miscellaneous	532	1,131
Allocated administration	(3,177,551)	(3,065,189)
	<u>364,953</u>	<u>619,112</u>

**Excess (Deficiency) of Revenue over Expenses**

**\$ 120,663      \$ (132,564)**

# JOHN HOWARD SOCIETY OF DURHAM REGION

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2011

---

### 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

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

#### (e) Pledges

Pledges are recorded when amounts are received.

# JOHN HOWARD SOCIETY OF DURHAM REGION

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2011

---

### 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 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 \$27,703 from Unrestricted Funds for the fiscal year ended March 31, 2011.

#### (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.

# JOHN HOWARD SOCIETY OF DURHAM REGION

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2011

### 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 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 \$19,539 and the accumulated amortization was \$194,849. 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 \$90,155.

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.

### 3. Capital Assets

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value 2011</u>	<u>2010</u>
Land - main office	\$ 176,000	\$ -	\$ 176,000	\$ 176,000
Land - residential program (Note 2(k))	387,872	6,937	380,935	387,872
Land - administration office	90,257	-	90,257	90,257
Land - residential program - Whitby	205,090	-	205,090	-
Building - main office	239,596	49,786	189,810	195,230
Building - residential program	187,912	187,912	-	12,602
Building - administration office	60,172	1,807	58,365	59,570
Building - residential program - Whitby	292,632	3,507	289,125	-
Leasehold improvements	155,352	31,070	124,282	23,625
Other equipment	47,981	25,873	22,108	28,913
	<u>\$ 1,842,864</u>	<u>\$ 306,892</u>	<u>\$ 1,535,972</u>	<u>\$ 974,069</u>

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 of \$65,000. There was \$nil outstanding at March 31, 2011 (\$nil outstanding at March 31, 2010). The line of credit is secured by a charge against property owned by the Society.

# JOHN HOWARD SOCIETY OF DURHAM REGION

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2011

---

### 5. Mortgage Payable

	<u>2011</u>	<u>2010</u>
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. During the year, the original loan was paid off and a new amount advanced.	\$ 240,383	\$ 248,931
Less: principal due within one year	<u>8,797</u>	<u>8,994</u>
Long-term portion	<u>\$ 231,586</u>	<u>\$ 239,937</u>

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

2012	\$ 8,797
2013	9,197
2014	9,615
2015	10,053
2016	10,510
2017 and beyond	<u>192,211</u>
	<u>\$ 240,383</u>

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.

	\$ 380,929	\$ 400,468
Less: Current portion	<u>20,365</u>	<u>19,542</u>
	<u>\$ 360,564</u>	<u>\$ 380,926</u>

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

2012	\$ 20,365
2013	21,223
2014	22,117
2015	23,049
2016 and beyond	<u>294,175</u>
	<u>\$ 380,929</u>

# JOHN HOWARD SOCIETY OF DURHAM REGION

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2011

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### 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.

### 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 \$4,907 plus taxes per month for its Whitby office based on a lease agreement which expires in October, 2015. The Society also pays rent of \$1,146 plus taxes per month for its Clarington office based on a lease agreement which expires December 2011 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>2011</u>	<u>2010</u>
Opening balance	\$ 23,000	\$ 46,000
Add: Contributions received during the year	<u>447,984</u>	<u>-</u>
	470,984	46,000
Less: Amount amortized to revenue	<u>(57,577)</u>	<u>(23,000)</u>
Closing balance	\$ <u>413,407</u>	\$ <u>23,000</u>



# JOHN HOWARD SOCIETY OF DURHAM REGION

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2011

---

### 10. Invested in Capital Assets

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

	<u>2011</u>	<u>2010</u>
Net book value of capital assets	\$ 1,535,972	\$ 974,069
Less: Amount financed by mortgage	<u>(621,312)</u>	<u>(649,399)</u>
	914,660	324,670
Less: Amount financed by deferred contributions	<u>(413,407)</u>	<u>(23,000)</u>
Closing balance	\$ <u>501,253</u>	\$ <u>301,670</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	\$ 57,577	\$ 23,000
Amortization of capital assets	<u>(91,171)</u>	<u>(53,108)</u>
	\$ <u>(33,594)</u>	\$ <u>(30,108)</u>
Net Change in Invested in Capital Assets		
Additions to capital assets	\$ 653,074	\$ 179,054
Reduction/Increase of mortgage	28,087	(73,190)
Amounts funded by other contributions	<u>(447,984)</u>	<u>-</u>
	\$ <u>233,177</u>	\$ <u>105,864</u>

# JOHN HOWARD SOCIETY OF DURHAM REGION

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2011

---

### 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, 2011 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 \$248,816 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.

# JOHN HOWARD SOCIETY OF DURHAM REGION

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2011

### 13. 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, 2011:

	<u>2011</u>	<u>2010</u>
Designated Substance Survey	\$ -	\$ 4,500
Installing exterior handrails	-	2,090
Replacement of basement windows	-	1,650
Replacement of exterior storm doors	-	4,308
Installing furnace	43,210	-
Replacement of water tanks	1,680	-
Replacement of sump pumps	738	-
Replacement of installation	<u>1,940</u>	<u>-</u>
	47,568	12,548
Less: Accounts receivable from Region	<u>47,568</u>	<u>12,548</u>
	\$ <u>-</u>	\$ <u>-</u>

### 14. 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.