

**JOHN HOWARD SOCIETY OF DURHAM REGION**

**FINANCIAL STATEMENTS**

**MARCH 31, 2012**



**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, 2012 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 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.

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, 2012, 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 Marsh V. Lander LLP*

Chartered Accountants, Licensed Public Accountants

June 26, 2012  
Oshawa, Ontario

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

**AS AT MARCH 31,**

**2012**

**2011**

**ASSETS**

**Current**

Cash	\$ 370,665	\$ 378,104
Investments	-	111,012
Accounts receivable	188,926	200,978
Prepaid expenses	<u>35,839</u>	<u>27,779</u>

595,430 717,873

**Other**

Capital assets (Notes 2 and 3)	<u>1,463,855</u>	<u>1,535,972</u>
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\$ 2,059,285 \$ 2,253,845

**LIABILITIES**

**Current**

Accounts payable	\$ 186,545	\$ 124,752
Deferred revenue (Note 2 (b))	31,362	34,647
Accrued pension liability (Note 12)	-	213,448
Mortgage principal due within one year (Note 5)	35,790	29,162
Due to Ministries	67,784	212,185
Due to The Regional Municipality of Durham (Note 6)	<u>70,376</u>	<u>70,376</u>

391,857 684,570

**Other**

Mortgages payable (Note 5)	<u>437,406</u>	<u>592,150</u>
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**Deferred Contributions Related to Capital Assets (Note 8)** 375,322 413,407

1,204,585 1,690,127

**NET ASSETS**

**Replacement and Capital Reserve Fund** 28,605 25,273

**Invested in Capital Assets (Note 2 (d) and 10)** 615,337 501,253

**Operational Reserve (Note 2 (i))** 187,703 27,703

**Unrestricted Funds** 23,055 9,489

854,700 563,718

\$ 2,059,285 \$ 2,253,845

**Approved On Behalf Of The Board:**

Peter C. Hyslop Director

H. J. Pearson Director

**JOHN HOWARD SOCIETY OF DURHAM REGION**  
**STATEMENT OF CHANGES IN NET ASSETS**

**FOR THE YEAR ENDED MARCH 31,**

**2012**

**2011**

	Replacement Invested in		Capital		Operational							
	and Capital		Assets		Reserve		Unrestricted					
	<u>Reserve Fund</u>		<u>Assets</u>		<u>Reserve</u>		<u>Unrestricted</u>					
Opening balance	\$	25,273	\$	501,253	\$	27,703	\$	9,489	\$	563,718	\$	272,606
Excess of revenue over expenses (expenses over revenue)												
- operations (Note 10)	-		(34,032)		-		321,682		287,650		288,810	
- capital (Note 10)	-		148,116		-		(148,116)		-		-	
Current year allocation		3,332		-		-		-		3,332		2,302
Interfund transfer		<u>-</u>		<u>-</u>		<u>160,000</u>		<u>(160,000)</u>		<u>-</u>		<u>-</u>
Closing balance	\$	<u>28,605</u>	\$	<u>615,337</u>	\$	<u>187,703</u>	\$	<u>23,055</u>	\$	<u>854,700</u>	\$	<u>563,718</u>

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

**2012**

**2011**

**Revenue**

United Way grants	\$ 330,983	\$ 378,488
Ministry funding	3,171,196	3,443,712
Ministry capital funding	-	214,393
Other programs	99,437	113,748
Region of Durham	519,374	510,921
Social Housing Renovation and Retrofit Program (Note 13)	11,000	47,568
Public Health Agency of Canada	-	130,000
Public Safety Canada	333,661	46,000
Ontario Trillium Foundation	56,685	13,994
ERC - MTCU	-	57,176
Bingo and fundraising	79,373	70,673
Other receipts	33,512	29,885
Donations	69,280	68,796
Interest	15,027	-
Children's Aid Society	48,969	49,237
Community Alternative to School Suspension funding	57,137	55,491
Residence fees	55,883	51,852
Amortization of deferred contributions (Note 8)	38,085	57,577
	<u>4,919,602</u>	<u>5,339,511</u>

**Expenses**

Salaries and benefits	3,058,825	3,328,623
Training subsidies	646,216	626,774
Staff training	7,290	22,454
Travel	35,513	34,212
Program supplies	77,008	99,364
Occupancy (Note 7)	209,440	195,081
Mortgage interest	22,237	26,689
Insurance	30,705	28,752
Telephone	44,682	39,841
Office	131,993	95,593
Office equipment and maintenance	65,042	86,966
Meetings and promotion	3,944	5,812
Professional fees	29,897	29,213
Client assistance	6,719	10,351
Fundraising	7,350	7,350
Program costs	74,262	28,764
Miscellaneous	31,814	32,702
Marketing and promotion	9,947	16,926
Repairs and maintenance	26,861	24,963
Training supports	12,274	36,749
Replacement and capital reserve fund allocation	2,346	2,302
Social Housing Renovation and Retrofit Program (Note 13)	11,000	47,568
Amortization	72,117	91,171
	<u>4,617,482</u>	<u>4,918,220</u>

**Earnings before amount Refundable**

**Amount Refundable to Funders**

**Excess of Revenue over Expenses**

302,120	421,291
<u>14,470</u>	<u>132,481</u>
<u>\$ 287,650</u>	<u>\$ 288,810</u>

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

**FOR THE YEAR ENDED MARCH 31,**

**2012**

**2011**

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

Whitby and Oshawa Residences Program	\$ (683)	\$ 205,032
Youth Diversion Service Program	(16)	-
Youth in Transition Program	1	35
Job Connect and Summer Job Service Programs	-	(1,264)
Community Justice Worker Program	-	939
Programming Contract	-	80
Literacy and Basic Skills Program	(67)	(3,236)
Project X	-	(460)
Access to Housing	(1)	59
Community Alternative to School Suspension	(74)	(1,645)
Clarington Youth Centre	1,654	280
ERC - MTCU	-	(4,337)
Bingo	3,943	(43,439)
Residence 2	6,688	(6,416)
C for Yourself	-	-
Project STEP	-	-
Essential Skills Literacy Program	-	-
Oshawa Employment Services	-	-
Multisystemic Therapy	(140)	-
Whitby Employment Services	(2)	-
Summer Jobs Services	-	-
TEAM	-	-
Men's Diversion Program	(227)	22,519
Central Administration	<u>276,574</u>	<u>120,663</u>
Net Surplus (Deficit)	<u>\$ 287,650</u>	<u>\$ 288,810</u>

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

**STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED MARCH 31,**

**2012**

**2011**

**Revenue**

Ministry subsidy	\$ 752,637	\$ 718,837
Ministry capital funding	-	214,393
Housing charges	46,763	42,732
Other funding	48,969	49,237
Amortization of deferred contributions	<u>7,015</u>	<u>3,507</u>
	<u>855,384</u>	<u>1,028,706</u>

**Expenses**

Salaries and benefits	694,808	694,808
Staff travel	4,219	2,988
Staff training	1,040	959
Food costs	25,731	24,200
Personal needs	1,569	982
Administration costs (Note 2 (j))	45,352	36,924
Office and supplies	40,750	11,464
Premises rent	-	19,423
Utilities and taxes	9,447	7,967
Insurance	3,500	2,750
Repairs and maintenance	1,453	3,166
Renovation and minor capital	3,512	2,198
Furnishings and equipment	2,769	1,624
Professional fees	4,600	4,100
Amortization	7,015	3,507
Telephone	<u>10,302</u>	<u>6,614</u>
	<u>856,067</u>	<u>823,674</u>

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

**\$ (683)      \$ 205,032**



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

**STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED MARCH 31,**

**2012**

**2011**

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**Revenue**

Ministry subsidy

\$ 115,296

\$ 115,296

**Expenses**

Salaries and benefits

99,004

99,003

Staff training

500

500

Travel

2,000

2,151

Administration costs (Note 2 (j))

6,917

6,667

Program supplies

675

667

Office supplies

1,324

1,614

Occupancy

3,892

3,694

Professional fees

1,000

1,000

115,312

115,296

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

\$ (16)

\$ -

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

**STATEMENT OF OPERATIONS**

**FOR THE PERIOD ENDED MARCH 31,**

**2012**

**2011**

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**Revenue**

Ministry subsidy

\$ 121,296

\$ 121,296

**Expenses**

Salaries and benefits

89,788

89,788

Staff training

200

200

Travel

8,000

7,001

Administration costs (Note 2 (j))

11,118

10,778

Telephone

2,207

1,588

Supplies

400

2,358

Professional fees

1,548

1,548

Occupancy

7,500

7,500

Client assistance

499

500

121,260

121,261

**Earnings before amount Refundable**

36

35

**Amount Refundable to Ministry**

35

-

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

\$ 1

\$ 35

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

**STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED MARCH 31,**

**2012**

**2011**

**Revenue**

Grants - Ministry of Training, Colleges and Universities  
Amortization of deferred contributions (Note 8)

\$ -	\$ 385,872
-	23,000
-	408,872

**Expenses**

Salaries and benefits  
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  
Promotion

-	227,769
-	76,287
-	4,100
-	38,588
-	15
-	22,768
-	1,000
-	776
-	23,625
-	1,877
-	500
-	800
-	1,773
-	258
-	400,136

**Earnings before amount Refundable**

- 8,736

**Amount Refundable to Ministry**

- 10,000

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

\$ - \$ (1,264)

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

**STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED MARCH 31,**

**2012**

**2011**

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**Revenue**

Ministry subsidy

\$ 89,000

\$ 88,700

**Expenses**

Salaries and benefits

72,700

72,700

Staff travel

1,200

947

Staff training

500

500

Program supplies

1,415

925

Administration costs (Note 2 (j))

9,000

9,000

Office

1,335

1,086

Personal needs

250

50

Professional fees

1,000

1,000

Telephone

1,600

1,553

89,000

87,761

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

\$ -

\$ 939

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

**STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED MARCH 31,**

**2012**

**2011**

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**Revenue**

Ministry subsidy

\$ 6,000

\$ 21,600

**Expenses**

Salaries and benefits

**6,000**

19,800

Staff training

-

100

Office

-

420

Rent

-

1,200

**6,000**

21,520

**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,**

**2012**

**2011**

**Revenue**

Ministry of Training, Colleges and Universities

**\$ 168,408**

**\$ 202,160**

**Expenses**

Salaries and benefits

**129,243**

**178,154**

Administration costs (Note 2 (j))

**15,400**

**13,500**

Development and training

**5,552**

**4,497**

Travel and parking

**150**

**-**

Professional fees

**2,306**

**2,306**

Office supplies

**13,404**

**2,406**

Computer maintenance and support

**1,199**

**-**

Telephone

**375**

**375**

Insurance

**680**

**680**

Fees and dues

**137**

**150**

**168,446**

**202,068**

**Earnings before amount Refundable**

**(38)**

**92**

**Amount Refundable to Ministry**

**29**

**3,328**

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

**\$ (67)**

**\$ (3,236)**

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

**STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED MARCH 31,**

**2012**

**2011**

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**Revenue**

Region of Durham

**\$ 261,853**

**\$ 258,397**

**Expenses**

Salaries and benefits

**155,099**

**133,083**

Program supplies

**64,373**

**89,936**

Administration (Note 2 (j))

**25,000**

**22,670**

Marketing and promotion

**250**

**205**

Staff training

**868**

**710**

Travel and parking

**7,938**

**6,793**

Professional fees

**1,500**

**1,500**

Office supplies

**1,204**

**1,773**

Office equipment and maintenance

**3,021**

**-**

Telephone

**2,600**

**2,187**

**261,853**

**258,857**

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

**\$ -**

**\$ (460)**

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

**STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED MARCH 31,**

**2012**

**2011**

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**Revenue**

Region of Durham

**\$ 162,251**

**\$ 159,715**

**Expenses**

Salaries and benefits

**144,973**

**144,439**

Program supplies

**8,888**

**6,512**

Administration (Note 2 (j))

**6,791**

**6,691**

Staff training

**200**

**200**

Travel and parking

**303**

**714**

Office supplies

**597**

**600**

Telephone

**500**

**500**

**162,252**

**159,656**

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

**\$ (1)**

**\$ 59**



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

<b>FOR THE YEAR ENDED MARCH 31,</b>	<b>2012</b>	<b>2011</b>
<hr/>		
<b>Revenue</b>		
Board of Education	\$ <u>57,137</u>	\$ <u>55,491</u>
<b>Expenses</b>		
Salaries and benefits	47,147	47,146
Administration (Note 2 (j))	5,075	5,190
Occupancy	2,000	2,000
Travel and parking	782	500
Office supplies	907	1,000
Telephone	500	500
Insurance	<u>800</u>	<u>800</u>
	<u>57,211</u>	<u>57,136</u>
<b>Excess (Deficiency) of Revenue over Expenses</b>	\$ <u><u>(74)</u></u>	\$ <u><u>(1,645)</u></u>

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

**STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED MARCH 31,**

**2012**

**2011**

**Revenue**

United Way	\$ 10,000	\$ 7,500
Ministry of Health - F.L.A.R.E.	2,785	2,445
Municipality of Clarington	49,375	47,500
Fundraising	9,897	10,671
Donations	<u>3,050</u>	<u>3,100</u>
	<u>75,107</u>	<u>71,216</u>

**Expenses**

Salaries and benefits	57,485	57,100
Program supplies	1,747	1,365
Client assistance	-	103
Administration (Note 2 (j))	6,300	6,045
Occupancy	1,000	1,000
Travel and parking	731	635
Office supplies	1,372	796
Telephone	300	100
Repairs and maintenance	1,436	981
Miscellaneous	<u>3,082</u>	<u>2,811</u>
	<u>73,453</u>	<u>70,936</u>

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

**\$ 1,654      \$ 280**

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

**STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED MARCH 31,**

**2012**

**2011**

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**Revenue**

ERC - MTCU

\$ -

\$ 57,176

**Expenses**

Salaries and benefits

-

44,432

Administration (Note 2 (j))

-

8,584

Occupancy

-

4,260

Office supplies

-

791

Office equipment and maintenance

-

1,599

Telephone

-

538

Insurance

-

1,309

-

61,513

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

\$ -

\$ (4,337)

**JOHN HOWARD SOCIETY OF DURHAM REGION  
BINGO**

**STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED MARCH 31,**

**2012**

**2011**

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**Revenue**

Bingo

\$ 46,910 \$ 46,109

Other

5,212 4,160

52,122 50,269

**Expenses**

Occupancy

48,179 93,708

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

\$ 3,943 \$ (43,439)

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

**STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED MARCH 31,**

**2012**

**2011**

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**Revenue**

Region of Durham

\$ 95,270

\$ 92,809

Social Housing Renovation and Retrofit Program (Note 13)

11,000

47,568

Residents' fees

9,120

9,120

115,390

149,497

**Expenses**

Salaries and benefits

26,842

26,342

Administration (Note 2 (j))

13,939

13,576

Occupancy

6,998

10,683

Professional fees

2,871

2,678

Office supplies

700

700

Mortgage interest

15,398

16,191

Insurance

5,774

5,059

Amortization

20,331

19,539

Repairs and maintenance

1,493

11,275

Replacement and capital reserve fund allocation

2,346

2,302

Social Housing Renovation and Retrofit Program (Note 13)

11,000

47,568

107,692

155,913

**Earnings before amount Refundable**

7,698

(6,416)

**Amount Refundable to Region**

1,010

-

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

\$ 6,688

\$ (6,416)

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

**STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED MARCH 31,**

**2012**

**2011**

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**Revenue**

Public Health Agency of Canada

\$ -

\$ 65,000

**Expenses**

Salaries and benefits

-

49,219

Client assistance

-

4,500

Administration (Note 2 (j))

-

3,515

Travel and parking

-

1,849

Office supplies

-

419

Other programs

-

3,500

Telephone

-

724

Miscellaneous

-

1,274

-

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,**

**2012**

**2011**

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**Revenue**

Public Health Agency of Canada

\$ -

\$ 65,000

**Expenses**

Salaries and benefits

-

46,703

Client assistance

-

550

Administration (Note 2 (j))

-

6,532

Travel and parking

-

3,688

Office supplies

-

291

Other programs

-

3,500

Telephone

-

710

Miscellaneous

-

3,026

-

65,000

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

\$ -

\$ -

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

**STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED MARCH 31,**

**2012**

**2011**

**Revenue**

Ministry of Training, Colleges and Universities

\$ -

\$ 240,083

**Expenses**

Salaries and benefits

-

159,383

Administration (Note 2 (j))

-

28,315

Marketing and promotion

-

4,616

Staff training

-

4,884

Occupancy

-

12,385

Office supplies

-

7,500

Training support

-

20,652

-

237,735

**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,**

**2012**

**2011**

**Revenue**

Ministry of Training, Colleges and Universities

**\$ 609,430**

**\$ 385,825**

**Expenses**

Salaries and benefits

**357,615**

**232,746**

Training subsidies

**83,996**

**24,068**

Administration (Note 2 (j))

**69,375**

**46,204**

Marketing and promotion

**1,457**

**3,300**

Staff training

**3,849**

**2,809**

Occupancy

**7,809**

**5,206**

Travel and parking

**1,982**

**988**

Professional fees

**3,000**

**2,000**

Office supplies

**7,964**

**3,744**

Office equipment and maintenance

**49,603**

**17,352**

Telephone

**1,276**

**1,437**

Insurance

**5,000**

**3,330**

Training support

**4,277**

**3,330**

Miscellaneous

**500**

**-**

**597,703**

**346,514**

**Earnings before amount refundable**

**11,727**

**39,311**

**Amount Refundable to Ministry**

**11,727**

**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,**

**2012**

**2011**

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**Revenue**

Public Safety Canada

**\$ 333,661**

**\$ 46,000**

**Expenses**

Salaries and benefits

**263,358**

**12,039**

Client assistance

**1,549**

**-**

Administration (Note 2 (j))

**3,414**

**1,239**

Staff training

**614**

**-**

Occupancy

**-**

**1,000**

Travel and parking

**6,011**

**47**

Professional fees

**2,100**

**-**

Office supplies

**550**

**600**

Office equipment and maintenance

**-**

**6,049**

Other programs

**51,363**

**10,792**

Telephone

**4,200**

**-**

Repairs and maintenance

**642**

**-**

**333,801**

**31,766**

**Earnings before amount Refundable**

**(140)**

**14,234**

**Amount Refundable to Ministry**

**-**

**14,234**

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

**\$ (140)**

**\$ -**

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

**STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED MARCH 31,**

**2012**

**2011**

**Revenue**

Ministry of Training, Colleges and Universities  
Amortization of deferred contributions

\$ 718,000	\$ 571,023
<u>31,070</u>	<u>31,070</u>
<u>749,070</u>	<u>602,093</u>

**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  
Miscellaneous

418,328	278,419
64,834	83,555
97,125	64,796
4,606	3,330
1,140	1,941
93,547	62,365
1,229	746
3,000	2,000
12,758	3,607
3,758	52,646
4,011	3,106
7,000	4,667
31,070	31,070
3,997	4,670
<u>1,000</u>	<u>-</u>
<u>747,403</u>	<u>596,918</u>

**Earnings before amount Refundable**

**1,667**      **5,175**

**Amount Refundable to Ministry**

**1,669**      **5,175**

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

**\$ (2)**      **\$ -**

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

**STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED MARCH 31,**

**2012**

**2011**

**Revenue**

Ministry of Training, Colleges and Universities

**\$ 588,344**

**\$ 590,575**

**Expenses**

Salaries and benefits

**67,960**

**62,392**

Training subsidies

**497,387**

**442,865**

Administration (Note 2 (j))

**13,597**

**13,452**

Marketing and promotion

**3,884**

**5,422**

Occupancy

**1,200**

**-**

Travel and parking

**596**

**1,741**

Professional fees

**1,000**

**1,000**

Office supplies

**2,720**

**5,618**

**588,344**

**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,**

**2012**

**2011**

**Revenue**

Trillium	\$ 56,685	\$ 13,994
Other revenue	8,629	184
Donations	<u>4,100</u>	<u>1,500</u>
	<u>69,414</u>	<u>15,678</u>

**Expenses**

Salaries and benefits	60,352	10,614
Staff training	559	-
Occupancy	3,600	900
Travel and parking	314	-
Office supplies	982	454
Office equipment and maintenance	1,181	3,544
Insurance	850	-
Repairs and maintenance	474	116
Miscellaneous	<u>1,102</u>	<u>50</u>
	<u>69,414</u>	<u>15,678</u>

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

**\$ -      \$ -**

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

**STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED MARCH 31,**

**2012**

**2011**

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**Revenue**

Program revenue

**\$ 17,385**

**\$ 55,250**

**Expenses**

Salaries and benefits

**8,848**

**13,315**

Program supplies

**-**

**410**

Client assistance

**2,685**

**3,680**

Administration (Note 2 (j))

**-**

**10,180**

Occupancy

**2,600**

**1,100**

Travel and parking

**422**

**14**

Professional fees

**-**

**1,000**

Office supplies

**2,193**

**2,873**

Telephone

**771**

**-**

Miscellaneous

**93**

**159**

**17,612**

**32,731**

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

**\$ (227)**

**\$ 22,519**

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

**STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED MARCH 31,**

**2012**

**2011**

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**Revenue**

United Way grants	\$ 320,983	\$ 370,988
Other programs	81,742	57,952
Bingo and fundraising	13,563	8,779
Donations	16,855	18,196
Other receipts	24,883	29,701
Interest	<u>15,027</u>	<u>-</u>
	<u>473,053</u>	<u>485,616</u>

**Expenses**

Salaries and benefits	3,050,118	3,270,169
Client assistance	169	87
Meetings and promotion	3,944	5,812
Staff training	2,028	13,442
Occupancy	139,006	58,856
Travel and parking	698	3,547
Professional fees	29,897	29,213
Office supplies	48,663	55,467
Office equipment and maintenance	-	1,955
Other programs	27,250	10,972
Mortgage interest	6,839	10,498
Telephone	21,680	20,963
Insurance	30,977	28,516
Amortization	13,700	13,430
Repairs and maintenance	22,098	11,695
Fundraising	7,350	7,350
Miscellaneous	221	532
Allocated administration	<u>(3,208,159)</u>	<u>(3,177,551)</u>
	<u>196,479</u>	<u>364,953</u>

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

**\$ 276,574      \$ 120,663**

**JOHN HOWARD SOCIETY OF DURHAM REGION**  
**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED MARCH 31,**

**2012**

**2011**

**Operating Activities**

Excess of revenue over expenses	\$ 287,650	\$ 288,810
Charges to income not involving cash		
Amortization	72,117	91,171
Change in capital reserve allowance	3,332	2,302
Deferred contributions	(38,085)	(57,577)
Provided from working capital (Note 9)	<u>(295,349)</u>	<u>(10,589)</u>
	<u>29,665</u>	<u>314,117</u>

**Financing Activities**

Repayment of mortgage	(148,116)	(28,087)
Deferred contributions related to capital assets additions	<u>-</u>	<u>447,984</u>
	<u>(148,116)</u>	<u>419,897</u>

**Investing Activities**

Additions to capital assets	-	(653,074)
Increase in investments	<u>111,012</u>	<u>(765)</u>
	<u>111,012</u>	<u>(653,839)</u>

**Increase (Decrease) In Cash**

	(7,439)	80,175
Cash, beginning of period	<u>378,104</u>	<u>297,929</u>
Cash, end of period	<u>\$ 370,665</u>	<u>\$ 378,104</u>



# JOHN HOWARD SOCIETY OF DURHAM REGION

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2012

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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

#### (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.

# JOHN HOWARD SOCIETY OF DURHAM REGION

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2012

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### 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 \$160,000 from Unrestricted Funds for the fiscal year ended March 31, 2012 (2011 - \$27,703).

#### (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, 2012

### 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 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 \$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 \$94,553.

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 2012</u>	<u>2011</u>
Land - main office	\$ 176,000	\$ -	\$ 176,000	\$ 176,000
Land - residential program (Note 2(k))	387,872	27,268	360,604	380,935
Land - administration office	90,257	-	90,257	90,257
Land - residential program - Whitby	205,090	-	205,090	205,090
Building - main office	239,596	55,476	184,120	189,810
Building - residential program	187,912	187,912	-	-
Building - administration office	60,172	3,012	57,160	58,365
Building - residential program - Whitby	292,632	10,522	282,110	289,125
Leasehold improvements	155,352	62,141	93,211	124,282
Other equipment	<u>47,981</u>	<u>32,678</u>	<u>15,303</u>	<u>22,108</u>
	<u>\$ 1,842,864</u>	<u>\$ 379,009</u>	<u>\$ 1,463,855</u>	<u>\$ 1,535,972</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 to a maximum of \$65,000. There was \$nil outstanding at March 31, 2012 (\$nil outstanding at March 31, 2011). 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, 2012

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### 5. Mortgage Payable

	<u>2012</u>	<u>2011</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.	\$ 112,598	\$ 240,383

Less: principal due within one year	<u>14,567</u>	<u>8,797</u>
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Long-term portion	<u>\$ 98,031</u>	<u>\$ 231,586</u>
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The annual principal payments (assuming interest rates remain consistent) would be as follows:

2013	\$ 14,567
2014	15,236
2015	15,936
2016	16,668
2017	17,433
2018 and beyond	<u>32,758</u>
	<u>\$ 112,598</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.

	\$ 360,598	\$ 380,929
Less: Current portion	<u>21,223</u>	<u>20,365</u>
	<u>\$ 339,375</u>	<u>\$ 360,564</u>

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

2013	\$ 21,223
2014	22,117
2015	23,049
2016 and beyond	<u>294,209</u>
	<u>\$ 360,598</u>

# JOHN HOWARD SOCIETY OF DURHAM REGION

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2012

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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. Commitments

The Society pays rent for its Ajax office based on a lease agreement which expires in July 2014, for its Whitby office based on a lease agreement which expires in October 2015 and for its Clarington office based on a lease agreement which expires December 2012. 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):

2013	\$ 153,610
2014	\$ 145,479
2015	\$ 125,953
2016	\$ 67,893

### 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.

	<u>2012</u>	<u>2011</u>
Opening balance	\$ 413,407	\$ 23,000
Add: Contributions received during the year	<u>-</u>	<u>447,984</u>
	413,407	470,984
Less: Amount amortized to revenue	<u>(38,085)</u>	<u>(57,577)</u>
Closing balance	<u>\$ 375,322</u>	<u>\$ 413,407</u>

# JOHN HOWARD SOCIETY OF DURHAM REGION

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2012

### 9. Cash Provided From (Used For) Working Capital

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

	<u>2012</u>	<u>2011</u>
Accounts receivable	\$ 12,052	\$ (136,823)
Prepaid expenses	(8,060)	(4,279)
Due to funding agencies	(144,401)	70,146
Accounts payable	61,793	39,582
Deferred revenue	(3,285)	19,152
Accrued pension liability	<u>(213,448)</u>	<u>1,633</u>
	<u>\$ (295,349)</u>	<u>\$ (10,589)</u>

### 10. Invested in Capital Assets

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

	<u>2012</u>	<u>2011</u>
Net book value of capital assets	\$ 1,463,855	\$ 1,535,972
Less: Amount financed by mortgage	<u>(473,196)</u>	<u>(621,312)</u>
	990,659	914,660
Less: Amount financed by deferred contributions	<u>(375,322)</u>	<u>(413,407)</u>
Closing balance	<u>\$ 615,337</u>	<u>\$ 501,253</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	\$ 38,085	\$ 57,577
Amortization of capital assets	<u>(72,117)</u>	<u>(91,171)</u>
	<u>\$ (34,032)</u>	<u>\$ (33,594)</u>
Net Change in Invested in Capital Assets		
Additions to capital assets	\$ -	\$ 653,074
Reduction/Increase of mortgage	148,116	28,087
Amounts funded by other contributions	<u>-</u>	<u>(447,984)</u>
	<u>\$ 148,116</u>	<u>\$ 233,177</u>

# JOHN HOWARD SOCIETY OF DURHAM REGION

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2012

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### 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 \$222,452 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. At that time, the Board of Directors determined that an amount of \$200,000 be expensed in 2007 and set up as a liability towards this future commitment. As of 2012, this amount is no longer needed as John Howard Society of Ontario has amended the pension plan at no cost to Society. The \$200,000 has been reversed against expenses in the current year.

# JOHN HOWARD SOCIETY OF DURHAM REGION

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2012

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### 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.

Expenditures submitted as of March 31, 2012:

	<u>2012</u>	<u>2011</u>
Repairing driveway	\$ 4,335	\$ -
Installing furnace	6,665	43,210
Replacement of water tanks	-	1,680
Replacement of sump pumps	-	738
Replacement of installation	-	1,940
	<u>11,000</u>	<u>47,568</u>
Less: Amounts received from Region	<u>11,000</u>	<u>47,568</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.