

**JOHN HOWARD SOCIETY OF DURHAM REGION**

**FINANCIAL STATEMENTS**

**MARCH 31, 2013**



**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 AUDITOR'S REPORT

To the Members of  
John Howard Society of Durham Region

We have audited the accompanying statement of financial position of John Howard Society of Durham Region as at March 31, 2013 and the statements of operations and changes in net assets for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these statements in accordance with Canadian Accounting Standards for Not-for-Profit Organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### *Basis for Qualified Opinion*

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

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

### *Qualified Opinion*

In our opinion, except for the effect of matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of John Howard Society of Durham Region as at March 31, 2013, and the results of its operations and changes in net assets for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations, except as described in note 2(k) of the financial statements.

### *Comparative Information*

Without modifying our opinion, we draw attention to Note 3 to the financial statements which describes that John Howard Society of Durham Region adopted Canadian Accounting Standards for Not-for-Profit Organizations on April 1, 2012 with a transition date of April 1, 2011. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statements of financial position as at March 31, 2012 and April 1, 2011, and the statements of operations, changes in net assets and cash flows for the year ended March 31, 2012 and related disclosures.

*Smriti Chappell* *Manoel Vilanda* LLP  
Chartered Accountants, Licensed Public Accountants

June 25, 2013  
Oshawa, Ontario

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

AS AT MARCH 31,

2013

2012

ASSETS			
<b>Current</b>			
Cash		\$ 292,473	\$ 370,665
Accounts receivable		105,004	188,926
Prepaid expenses		<u>30,526</u>	<u>35,839</u>
		428,003	595,430
<b>Other</b>			
Capital assets (Notes 2 and 3)		<u>1,390,910</u>	<u>1,463,855</u>
		<u>\$ 1,818,913</u>	<u>\$ 2,059,285</u>
LIABILITIES			
<b>Current</b>			
Accounts payable		\$ 91,199	\$ 186,545
Deferred revenue (Note 2 (b))		44,423	31,362
Mortgage principal due within one year (Note 6)		37,353	35,790
Due to Ministries		11,196	67,784
Due to The Regional Municipality of Durham (Note 7)		<u>70,376</u>	<u>70,376</u>
		254,547	391,857
<b>Other</b>			
Mortgages payable (Note 6)		<u>400,030</u>	<u>437,406</u>
<b>Deferred Contributions Related to Capital Assets (Note 9)</b>		<u>337,237</u>	<u>375,322</u>
		<u>991,814</u>	<u>1,204,585</u>
NET ASSETS			
<b>Replacement and Capital Reserve Fund</b>		31,046	28,605
<b>Invested in Capital Assets (Note 2 (d) and 11)</b>		616,290	615,337
<b>Operational Reserve (Note 2 (i))</b>		187,703	187,703
<b>Unrestricted Funds</b>		<u>(7,940)</u>	<u>23,055</u>
		<u>827,099</u>	<u>854,700</u>
		<u>\$ 1,818,913</u>	<u>\$ 2,059,285</u>

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,

2013

2012

	Replacement Invested in and Capital					
	<u>Reserve Fund</u>	<u>Capital Assets</u>	<u>Operational Reserve</u>	<u>Unrestricted</u>		
Opening balance	\$ 28,605	\$ 615,337	\$ 187,703	\$ 23,055	\$ 854,700	\$ 563,718
Excess of revenue over expenses (expenses over revenue)						
- operations (Note 11)	-	(34,860)	-	4,818	(30,042)	287,650
- capital (Note 11)	-	35,813	-	(35,813)	-	-
Current year allocation	<u>2,441</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,441</u>	<u>3,332</u>
Closing balance	\$ <u>31,046</u>	\$ <u>616,290</u>	\$ <u>187,703</u>	\$ <u>(7,940)</u>	\$ <u>827,099</u>	\$ <u>854,700</u>

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

	2013	2012
<b>Revenue</b>		
United Way grants	\$ 331,882	\$ 330,983
Ministry funding	2,922,988	3,171,196
Other programs	85,663	99,437
Region of Durham	543,156	519,374
Social Housing Renovation and Retrofit Program (Note 14)	-	11,000
Public Safety Canada	372,478	333,661
Ontario Trillium Foundation	21,539	56,685
Bingo and fundraising	72,345	79,373
Other receipts	51,026	33,512
Donations	72,426	69,280
Interest	1,249	15,027
Children's Aid Society	46,599	48,969
Community Alternative to School Suspension funding	57,137	57,137
Residence fees	58,808	55,883
Amortization of deferred contributions (Note 9)	38,085	38,085
	<u>4,675,381</u>	<u>4,919,602</u>
<b>Expenses</b>		
Salaries and benefits	3,374,950	3,058,825
Training subsidies	438,037	646,216
Staff training	9,358	7,290
Travel	40,084	35,513
Program supplies	88,074	77,008
Occupancy (Note 8)	209,994	209,440
Mortgage interest	19,218	22,237
Insurance	29,629	30,705
Telephone	40,182	44,682
Office	133,797	131,993
Office equipment and maintenance	27,231	65,042
Meetings and promotion	4,730	3,944
Professional fees	29,199	29,897
Client assistance	7,288	6,719
Fundraising	6,760	7,350
Program costs	59,146	74,262
Miscellaneous	37,292	31,814
Marketing and promotion	13,188	9,947
Repairs and maintenance	29,952	26,861
Training supports	15,945	12,274
Replacement and capital reserve fund allocation	2,441	2,346
Social Housing Renovation and Retrofit Program (Note 14)	-	11,000
Amortization	72,945	72,117
	<u>4,689,440</u>	<u>4,617,482</u>
<b>Earnings before amount Refundable</b>	(14,059)	302,120
<b>Amount Refundable to Funders</b>	15,983	14,470
<b>Excess of Revenue over Expenses</b>	<u>\$ (30,042)</u>	<u>\$ 287,650</u>

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

**FOR THE YEAR ENDED MARCH 31,**

**2013**

**2012**

	2013	2012
<b>Excess (Deficiency) of Revenue over Expenses</b>		
Whitby and Oshawa Residences Program	\$ -	\$ (683)
Youth Diversion Service Program	-	(16)
Youth in Transition Program	(1)	1
Community Justice Worker Program	22	-
Programming Contract	-	-
Literacy and Basic Skills Program	(68)	(67)
Project X	(1)	-
Access to Housing	-	(1)
Community Alternative to School Suspension	-	(74)
Clarington Youth Centre	(2)	1,654
ERC - MTCU	-	-
Bingo	4,061	3,943
Residence 2	1,233	6,688
Oshawa Employment Services	(5)	-
Multisystemic Therapy	1,063	(140)
Whitby Employment Services	(86)	(2)
Summer Jobs Services	-	-
TEAM	-	-
Men's Diversion Program	(3,953)	(227)
Central Administration	<u>(32,305)</u>	<u>276,574</u>
<b>Net Surplus (Deficit)</b>	<b>\$ <u>(30,042)</u></b>	<b>\$ <u>287,650</u></b>

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

**FOR THE YEAR ENDED MARCH 31,**

**2013**

**2012**

**Revenue**

Ministry subsidy

\$ 743,837 \$ 752,637

Housing charges

49,688 46,763

Other funding

52,716 48,969

Amortization of deferred contributions

7,015 7,015

853,256 855,384

**Expenses**

Salaries and benefits

694,826 694,808

Staff travel

4,311 4,219

Staff training

1,860 1,040

Food costs

31,423 25,731

Personal needs

1,600 1,569

Administration costs (Note 2 (j))

45,352 45,352

Office and supplies

34,641 40,750

Utilities and taxes

5,106 9,447

Insurance

3,500 3,500

Repairs and maintenance

3,548 1,453

Renovation and minor capital

3,432 3,512

Furnishings and equipment

2,000 2,769

Professional fees

4,600 4,600

Amortization

7,015 7,015

Telephone

8,348 10,302

851,562 856,067

**Earnings before amount refundable**

1,694 (683)

**Amount refundable to Ministry**

1,694 -

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

\$ - \$ (683)



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

**STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED MARCH 31,**

2013

2012

	2013	2012
<b>Revenue</b>		
Ministry subsidy	\$ <u>115,296</u>	\$ <u>115,296</u>
<b>Expenses</b>		
Salaries and benefits	99,004	99,004
Staff training	500	500
Travel	2,000	2,000
Administration costs (Note 2 (i))	6,917	6,917
Program supplies	712	675
Office supplies	1,271	1,324
Occupancy	3,892	3,892
Professional fees	<u>1,000</u>	<u>1,000</u>
	<u>115,296</u>	<u>115,312</u>
<b>Excess (Deficiency) of Revenues over Expenses</b>	\$ <u>-</u>	\$ <u>(16)</u>

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

**STATEMENT OF OPERATIONS  
FOR THE PERIOD ENDED MARCH 31,**

**2013**

**2012**

	2013	2012
<b>Revenue</b>		
Ministry subsidy	\$ <u>121,296</u>	\$ <u>121,296</u>
<b>Expenses</b>		
Salaries and benefits	89,824	89,788
Staff training	200	200
Travel	8,000	8,000
Administration costs (Note 2 (j))	11,118	11,118
Telephone	2,207	2,207
Supplies	400	400
Professional fees	1,548	1,548
Occupancy	7,500	7,500
Client assistance	500	499
	<u>121,297</u>	<u>121,260</u>
<b>Earnings before amount Refundable</b>	(1)	36
<b>Amount Refundable to Ministry</b>	<u>-</u>	<u>35</u>
<b>Excess (Deficiency) of Revenue over Expenses</b>	<u>\$ (1)</u>	<u>\$ 1</u>

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

<b>FOR THE YEAR ENDED MARCH 31,</b>	<b>2013</b>	<b>2012</b>
<b>Revenue</b>		
Ministry subsidy	\$ <u>89,000</u>	\$ <u>89,000</u>
<b>Expenses</b>		
Salaries and benefits	72,700	72,700
Staff travel	1,200	1,200
Staff training	614	500
Program supplies	1,334	1,415
Administration costs (Note 2 (j))	9,000	9,000
Office	1,277	1,335
Personal needs	253	250
Professional fees	1,000	1,000
Telephone	<u>1,600</u>	<u>1,600</u>
	<u>88,978</u>	<u>89,000</u>
<b>Excess (Deficiency) of Revenues over Expenses</b>	<u>\$ 22</u>	<u>\$ -</u>

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

**STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED MARCH 31,**

**2013**

**2012**

<b>Revenue</b>		
Ministry subsidy	\$ <u>6,000</u>	\$ <u>6,000</u>
<b>Expenses</b>		
Salaries and benefits	<u>6,000</u>	<u>6,000</u>
<b>Excess (Deficiency) of Revenues over Expenses</b>	\$ <u>-</u>	\$ <u>-</u>

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

**FOR THE YEAR ENDED MARCH 31,**

**2013**

**2012**

<b>Revenue</b>		
Ministry of Training, Colleges and Universities	\$ <u>183,572</u>	\$ <u>168,408</u>
<b>Expenses</b>		
Salaries and benefits	130,177	129,243
Administration costs (Note 2 (j))	15,400	15,400
Development and training	4,498	5,552
Travel and parking	164	150
Professional fees	1,500	2,306
Office supplies	15,055	13,404
Office equipment and maintenance	15,619	1,199
Telephone	375	375
Insurance	680	680
Fees and dues	170	137
	<u>183,638</u>	<u>168,446</u>
<b>Earnings before amount Refundable</b>	(66)	(38)
<b>Amount Refundable to Ministry</b>	<u>2</u>	<u>29</u>
<b>Excess (Deficiency) of Revenue over Expenses</b>	\$ <u>(68)</u>	\$ <u>(67)</u>

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

**STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED MARCH 31,**

**2013**

**2012**

<b>Revenue</b>		
Region of Durham	\$ <u>273,571</u>	\$ <u>261,853</u>
<b>Expenses</b>		
Salaries and benefits	156,113	155,099
Program supplies	72,637	64,373
Administration (Note 2 (j))	25,000	25,000
Marketing and promotion	872	250
Staff training	1,129	868
Travel and parking	7,989	7,938
Professional fees	1,500	1,500
Office supplies	6,637	1,204
Office equipment and maintenance	-	3,021
Telephone	<u>1,695</u>	<u>2,600</u>
	<u>273,572</u>	<u>261,853</u>
<b>Excess (Deficiency) of Revenue over Expenses</b>	\$ <u>(1)</u>	\$ <u>-</u>

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

**STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED MARCH 31,**

**2013**

**2012**

**Revenue**

Region of Durham

\$ 172,133      \$ 162,251

**Expenses**

Salaries and benefits

144,972      144,973

Program supplies

8,888      8,888

Administration (Note 2 (j))

16,673      6,791

Staff training

200      200

Travel and parking

400      303

Office supplies

500      597

Telephone

500      500

172,133      162,252

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

\$ -      \$ (1)

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

**FOR THE YEAR ENDED MARCH 31,**

**2013**

**2012**

**Revenue**

Board of Education

\$ 57,137

\$ 57,137

**Expenses**

Salaries and benefits

47,147

47,147

Administration (Note 2 (j))

5,190

5,075

Occupancy

2,000

2,000

Travel and parking

941

782

Office supplies

559

907

Telephone

500

500

Insurance

800

800

57,137

57,211

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

\$ -

\$ (74)



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

**STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED MARCH 31,**

**2013**

**2012**

**Revenue**

United Way	\$ 10,000	\$ 10,000
Ministry of Health - F.L.A.R.E.	-	2,785
Municipality of Clarington	55,000	49,375
Fundraising	9,796	9,897
Donations	3,340	3,050
	<u>78,136</u>	<u>75,107</u>

**Expenses**

Salaries and benefits	60,387	57,485
Program supplies	4,569	1,747
Client assistance	61	-
Administration (Note 2 (j))	8,250	6,300
Occupancy	1,000	1,000
Travel and parking	570	731
Office supplies	106	1,372
Telephone	300	300
Repairs and maintenance	852	1,436
Miscellaneous	2,043	3,082
	<u>78,138</u>	<u>73,453</u>

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

**\$ (2)      \$ 1,654**

**JOHN HOWARD SOCIETY OF DURHAM REGION  
BINGO**

**STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED MARCH 31,**

**2013**

**2012**

<b>Revenue</b>		
Bingo	\$ 31,538	\$ 46,910
Other	<u>2,442</u>	<u>5,212</u>
	<u>33,980</u>	<u>52,122</u>
<b>Expenses</b>	29,735	48,179
Occupancy	<u>184</u>	<u>-</u>
Office supplies	<u>29,919</u>	<u>48,179</u>
<b>Excess (Deficiency) of Revenue over Expenses</b>	<u>\$ 4,061</u>	<u>\$ 3,943</u>

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

**STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED MARCH 31,**

	2013	2012
<b>Revenue</b>		
Region of Durham	\$ 97,452	\$ 95,270
Social Housing Renovation and Retrofit Program (Note 13)	-	11,000
Residents' fees	<u>9,120</u>	<u>9,120</u>
	<u>106,572</u>	<u>115,390</u>
<b>Expenses</b>		
Salaries and benefits	26,842	26,842
Administration (Note 2 (j))	13,939	13,939
Occupancy	8,362	6,998
Professional fees	2,871	2,871
Office supplies	2,108	700
Mortgage interest	14,480	15,398
Insurance	5,774	5,774
Amortization	21,250	20,331
Repairs and maintenance	6,039	1,493
Replacement and capital reserve fund allocation	2,441	2,346
Social Housing Renovation and Retrofit Program (Note 13)	-	11,000
	<u>104,106</u>	<u>107,692</u>
<b>Earnings before amount Refundable</b>	2,466	7,698
<b>Amount Refundable to Region</b>	<u>1,233</u>	<u>1,010</u>
<b>Excess (Deficiency) of Revenue over Expenses</b>	<u>\$ 1,233</u>	<u>\$ 6,688</u>

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

**STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED MARCH 31,**

**2013**

**2012**

	2013	2012
<b>Revenue</b>		
Ministry of Training, Colleges and Universities	\$ <u>562,500</u>	\$ <u>609,430</u>
<b>Expenses</b>		
Salaries and benefits	353,125	357,615
Training subsidies	86,941	83,996
Administration (Note 2 (j))	69,375	69,375
Marketing and promotion	4,683	1,457
Staff training	3,949	3,849
Occupancy	8,000	7,809
Travel and parking	2,874	1,982
Professional fees	3,000	3,000
Office supplies	6,905	7,964
Office equipment and maintenance	2,991	49,603
Telephone	2,103	1,276
Insurance	5,000	5,000
Training support	4,948	4,277
Miscellaneous	<u>500</u>	<u>500</u>
	<u>554,394</u>	<u>597,703</u>
<b>Earnings before amount refundable</b>	8,106	11,727
<b>Amount Refundable to Ministry</b>	<u>8,111</u>	<u>11,727</u>
<b>Excess (Deficiency) of Revenue over Expenses</b>	\$ <u>(5)</u>	\$ <u>-</u>

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

**STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED MARCH 31,**

**2013**

**2012**

**Revenue**

Public Safety Canada

\$ 372,478

\$ 333,661

**Expenses**

Salaries and benefits

307,348

263,358

Client assistance

2,154

1,549

Administration (Note 2 (j))

4,845

3,414

Staff training

313

614

Occupancy

642

-

Travel and parking

8,817

6,011

Professional fees

2,100

2,100

Office supplies

2,827

550

Other programs

38,778

51,363

Telephone

3,591

4,200

Repairs and maintenance

-

642

371,415

333,801

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

\$ 1,063

\$ (140)

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

**STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED MARCH 31,**

**2013**

**2012**

**Revenue**

Ministry of Training, Colleges and Universities  
Amortization of deferred contributions

\$ 729,500	\$ 718,000
<u>31,070</u>	<u>31,070</u>
<u>760,570</u>	<u>749,070</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

422,328	418,328
70,064	64,834
97,125	97,125
5,611	4,606
2,203	1,140
93,547	93,547
1,075	1,229
3,000	3,000
10,404	12,758
1,689	3,758
3,104	4,011
7,000	7,000
31,070	31,070
7,000	3,997
<u>500</u>	<u>1,000</u>
<u>755,720</u>	<u>747,403</u>

**Earnings before amount Refundable**

4,850	1,667
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**Amount Refundable to Ministry**

<u>4,936</u>	<u>1,669</u>
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**Excess (Deficiency) of Revenue over Expenses**

\$ <u>(86)</u>	\$ <u>(2)</u>
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**JOHN HOWARD SOCIETY OF DURHAM REGION  
 SUMMER JOBS SERVICES  
 STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED MARCH 31,**

**2013**

**2012**

	2013	2012
<b>Revenue</b>		
Ministry of Training, Colleges and Universities	\$ <u>371,988</u>	\$ <u>588,344</u>
<b>Expenses</b>		
Salaries and benefits	69,914	67,960
Training subsidies	281,031	497,387
Administration (Note 2 (j))	13,643	13,597
Marketing and promotion	2,021	3,884
Occupancy	1,200	1,200
Travel and parking	327	596
Professional fees	1,000	1,000
Office supplies	2,845	2,720
	<u>371,981</u>	<u>588,344</u>
<b>Earnings before amount Refundable</b>	7	-
<b>Amount Refundable to Ministry</b>	<u>7</u>	<u>-</u>
<b>Excess (Deficiency) of Revenue over Expenses</b>	<u>\$ -</u>	<u>\$ -</u>

**JOHN HOWARD SOCIETY OF DURHAM REGION  
TEAM**

**STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED MARCH 31,**

**2013**

**2012**

	2013	2012
<b>Revenue</b>		
Trillium	\$ 21,539	\$ 56,685
Other revenue	12,747	8,629
Donations	<u>15,894</u>	<u>4,100</u>
	<u>50,180</u>	<u>69,414</u>
<b>Expenses</b>	40,114	60,352
Salaries and benefits	268	559
Staff training	3,000	3,600
Occupancy	537	314
Travel and parking	1,513	982
Office supplies	882	1,181
Office equipment and maintenance	430	850
Insurance	2,238	474
Repairs and maintenance	<u>1,198</u>	<u>1,102</u>
Miscellaneous	<u>50,180</u>	<u>69,414</u>
<b>Excess (Deficiency) of Revenue over Expenses</b>	<u>\$ -</u>	<u>\$ -</u>



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

**FOR THE YEAR ENDED MARCH 31,**

**2013**

**2012**

	2013	2012
<b>Revenue</b>		
Program revenue	\$ <u>14,537</u>	\$ <u>17,385</u>
 <b>Expenses</b>		
Salaries and benefits	8,848	8,848
Client assistance	2,630	2,685
Occupancy	2,600	2,600
Travel and parking	507	422
Office supplies	3,117	2,193
Telephone	642	771
Miscellaneous	<u>146</u>	<u>93</u>
	<u>18,490</u>	<u>17,612</u>
 <b>Excess (Deficiency) of Revenue over Expenses</b>	 <u>\$ (3,953)</u>	 <u>\$ (227)</u>

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

**FOR THE YEAR ENDED MARCH 31,**

**2013**

**2012**

	2013	2012
<b>Revenue</b>		
United Way grants	\$ 321,882	\$ 320,983
Other programs	71,126	81,742
Bingo and fundraising	12,676	13,563
Donations	14,086	16,855
Other receipts	32,161	24,883
Interest	1,249	15,027
	<u>453,180</u>	<u>473,053</u>
<b>Expenses</b>		
Salaries and benefits	3,364,961	3,050,118
Client assistance	91	169
Meetings and promotion	4,730	3,944
Staff training	2,540	2,028
Occupancy	160,791	139,006
Travel and parking	1,674	698
Professional fees	29,199	29,897
Office supplies	45,376	48,663
Office equipment and maintenance	618	-
Other programs	20,368	27,250
Mortgage interest	4,738	6,839
Telephone	22,967	21,680
Insurance	29,629	30,977
Amortization	13,610	13,700
Repairs and maintenance	17,276	22,098
Fundraising	6,760	7,350
Miscellaneous	1,312	221
Allocated salaries, benefits and administration	<u>(3,241,155)</u>	<u>(3,208,159)</u>
	<u>485,485</u>	<u>196,479</u>
<b>Excess (Deficiency) of Revenue over Expenses</b>	<u>\$ (32,305)</u>	<u>\$ 276,574</u>

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

**FOR THE YEAR ENDED MARCH 31,**

**2013**

**2012**

<b>Operating Activities</b>		
Excess of revenue over expenses	\$ (30,042)	\$ 287,650
Charges to income not involving cash		
Amortization	72,945	72,117
Change in capital reserve allowance	2,441	3,332
Deferred contributions	(38,085)	(38,085)
Provided from working capital (Note 10)	(49,638)	(295,349)
	<u>(42,379)</u>	<u>29,665</u>
<b>Financing Activities</b>		
Repayment of mortgage	<u>(35,813)</u>	<u>(148,116)</u>
<b>Investing Activities</b>		
Increase in investments	<u>-</u>	<u>111,012</u>
<b>Decrease In Cash</b>	<u>(78,192)</u>	<u>(7,439)</u>
<b>Cash, beginning of period</b>	<u>370,665</u>	<u>378,104</u>
<b>Cash, end of period</b>	<u>\$ 292,473</u>	<u>\$ 370,665</u>

# JOHN HOWARD SOCIETY OF DURHAM REGION

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2013

### 1. General Information

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

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

### 2. Summary of Significant Accounting Policies

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

#### (a) Capital Assets

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

#### (b) Deferred Revenue

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

#### (c) Revenue Recognition

John Howard Society of Durham Region follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

United Way funding is recognized based on the calendar year allocation and prorated for January to March.

Various government funding is recognized based on the funding agreement.

Bingo revenue is recognized monthly based on pooling allocations.

Interest is recognized when it is earned.

Housing charges are due and recognized at the beginning of each month for that month.

Program revenue is recognized when programs are held.

#### (d) Invested in Capital Assets

This funds represents capital assets less amortization and net of mortgages payable and deferred contributions related to capital assets (Note 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, 2013**

**2. Summary of Significant Accounting Policies (continued)**

(f) Amortization

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

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

(g) Use of Estimates

The preparation of financial statements in accordance with Canadian Accounting Standards for Not-for-Profit Organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results may differ from those estimates.

(h) Contributed Services

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

(i) Operational Reserve

The Board of Directors of John Howard Society of Durham Region has established an internally restricted Operational Reserve fund. The purpose of this fund is to provide the organization with a reserve of cash for years when funding is not sufficient to cover operating costs. Funds can only be transferred to and from this fund with the approval of the Board of Directors. The Board of Directors authorized the transfer of \$160,000 from Unrestricted Funds for the fiscal year ended March 31, 2012.

(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, 2013

### 2. Summary of Significant Accounting Policies (continued)

#### (k) Basis of Accounting

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

The residential land and building is amortized annually in an amount equal to the annual mortgage principal repayment. Current year's amortization of the land and building referred to was \$21,250 and the accumulated amortization was \$236,430. 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 \$98,950.

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

#### (l) Financial Instruments

##### *Measurement of financial instruments*

The organization initially measures its financial assets at fair value.

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

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

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

The organization has no financial assets measured at fair value.

##### *Impairment*

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

##### *Transaction costs*

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

**JOHN HOWARD SOCIETY OF DURHAM REGION**  
**NOTES TO FINANCIAL STATEMENTS**

**MARCH 31, 2013**

**3. Impact of the Change in the Basis of Accounting**

The organization has elected to apply the Canadian Accounting Standards for Not-for-Profit Organizations of Part III of the CICA Accounting Handbook.

These financial statements are the first financial statements for which the organization has applied Canadian Accounting Standards for Not-for-Profit Organizations.

The financial statements for the year ended March 31, 2013 were prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations and provisions set out in First Time Adoption, Section 1501, for first-time adopters in this basis of accounting.

There was no impact or changes to the statements of financial position, operations, changes in net assets or cash flows as a result of adopting these standards at the date of transition, April 1, 2011 to financial statements previously issued by the organization for the period ending March 31, 2012 or the statement of financial position as at April 1, 2011.

**4. Capital Assets**

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value 2013</u>	<u>2012</u>
Land - main office	\$ 176,000	\$ -	\$ 176,000	\$ 176,000
Land - residential program (Note 2(k))	387,872	48,518	339,354	360,604
Land - administration office	90,257	-	90,257	90,257
Land - residential program - Whitby	205,090	-	205,090	205,090
Building - main office	239,596	61,166	178,430	184,120
Building - residential program	187,912	187,912	-	-
Building - administration office	60,172	4,217	55,955	57,160
Building - residential program - Whitby	292,632	17,537	275,095	282,110
Leasehold improvements	155,352	93,211	62,141	93,211
Other equipment	47,981	39,393	8,588	15,303
	<u>\$ 1,842,864</u>	<u>\$ 451,954</u>	<u>\$ 1,390,910</u>	<u>\$ 1,463,855</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.

**5. Line of Credit**

The bank credit facility represents a line of credit to a maximum of \$65,000. The interest rate is prime plus 1.75%. There was \$nil outstanding at March 31, 2013 (\$nil outstanding at March 31, 2012). 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, 2013

### 6. Mortgage Payable

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.

Less: principal due within one year

Long-term portion

	<u>2013</u>	<u>2012</u>
	\$ 98,035	\$ 112,598
	<u>15,236</u>	<u>14,567</u>
	<u>\$ 82,799</u>	<u>\$ 98,031</u>

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

2014	\$ 15,236
2015	15,936
2016	16,668
2017	17,433
2018	18,234
2019 and beyond	<u>14,528</u>
	<u>\$ 98,035</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.

Less: Current portion

	\$ 339,348	\$ 360,598
	<u>22,117</u>	<u>21,223</u>
	<u>\$ 317,231</u>	<u>\$ 339,375</u>

Minimum principal repayments are as follows:

2014	\$ 22,117
2015	23,049
2016 and beyond	<u>294,182</u>
	<u>\$ 339,348</u>

### 7. 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.



# JOHN HOWARD SOCIETY OF DURHAM REGION

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2013

### 8. 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 March 2014. 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):

2014	\$ 164,290
2015	\$ 130,070
2016	\$ 70,264

### 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>2013</u>	<u>2012</u>
Opening balance	\$ 375,322	\$ 413,407
Add: Contributions received during the year	-	-
	<u>375,322</u>	<u>413,407</u>
Less: Amount amortized to revenue	<u>(38,085)</u>	<u>(38,085)</u>
Closing balance	<u>\$ 337,237</u>	<u>\$ 375,322</u>

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

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

	<u>2013</u>	<u>2012</u>
Accounts receivable	\$ 83,921	\$ 12,047
Prepaid expenses	5,314	(8,060)
Due to funding agencies	(56,588)	(144,401)
Accounts payable	(95,346)	61,798
Deferred revenue	13,061	(3,285)
Accrued pension liability	-	(213,448)
	<u>\$ (49,638)</u>	<u>\$ (295,349)</u>

# JOHN HOWARD SOCIETY OF DURHAM REGION

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2013

### 11. Invested in Capital Assets

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

	<u>2013</u>	<u>2012</u>
Net book value of capital assets	\$ 1,390,910	\$ 1,463,855
Less: Amount financed by mortgage	<u>(437,383)</u>	<u>(473,196)</u>
	953,527	990,659
Less: Amount financed by deferred contributions	<u>(337,237)</u>	<u>(375,322)</u>
Closing balance	<u>\$ 616,290</u>	<u>\$ 615,337</u>

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

Excess of Revenues Over Expenses (Expenses Over Revenues)	\$ 38,085	\$ 38,085
Amortization of deferred contributions	<u>(72,945)</u>	<u>(72,117)</u>
Amortization of capital assets	<u>(34,860)</u>	<u>(34,032)</u>
Net Change in Invested in Capital Assets	\$ -	\$ -
Additions to capital assets	<u>35,813</u>	<u>148,116</u>
Reduction/Increase of mortgage	<u>\$ 35,813</u>	<u>\$ 148,116</u>

### 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 \$222,384 (\$222,452 - 2012) were expensed for both plans.

# JOHN HOWARD SOCIETY OF DURHAM REGION

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2013

### 13. Financial Instruments

#### Risks and concentrations

The organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the organization's risk exposure and concentrations at March 31, 2013.

#### *Liquidity risk*

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

#### *Credit risk*

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

#### *Interest rate risk*

Interest rate risk arises because of the fluctuation in interest rates. The organization is subject to interest rate risk through their investments. The organization has formal policies and procedures that establish target asset mix. The organization is subject to interest rate risk through one of their mortgages. The organization 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.

### 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.

Expenditures submitted as of March 31, 2013:

	<u>2013</u>	<u>2012</u>
Repairing driveway	\$ -	\$ 4,335
Installing furnace	-	6,665
	-	11,000
	-	11,000
Less: Amounts received from Region	-	-
	<u>\$ -</u>	<u>\$ -</u>