

**JOHN HOWARD SOCIETY OF DURHAM REGION**

**FINANCIAL STATEMENTS**

**MARCH 31, 2014**



*Smith  
Chappell  
Marsh  
Vilander* **LLP Chartered Accountants**

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

## **INDEPENDENT AUDITOR'S REPORT**

To the Members of  
**John Howard Society of Durham Region**

We have audited the accompanying statement of financial position of John Howard Society of Durham Region as at March 31, 2014 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, 2014, and the results of its operations and changes in net assets for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations, except as described in note 2(k) of the financial statements.

*Smith Chappell Mawel Vilanda LLP*  
Chartered Accountants, Licensed Public Accountants

June 24, 2014  
Oshawa, Ontario

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

**AS AT MARCH 31,**

**2014**

**2013**

**ASSETS**

**Current**

Cash	\$ 575,582	\$ 292,473
Accounts receivable	159,675	105,004
Prepaid expenses	<u>30,581</u>	<u>30,526</u>

765,838 428,003

**Other**

Capital assets (Notes 2 and 3)	<u>1,318,090</u>	<u>1,390,910</u>
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\$ 2,083,928 \$ 1,818,913

**LIABILITIES**

**Current**

Accounts payable	\$ 119,076	\$ 91,200
Deferred revenue (Note 2 (b))	34,576	44,423
Mortgage principal due within one year (Note 5)	38,985	37,353
Due to Ministries	272,809	11,196
Due to The Regional Municipality of Durham (Note 6)	<u>70,376</u>	<u>70,376</u>

535,822 254,548

**Other**

Mortgages payable (Note 5)	<u>361,052</u>	<u>400,030</u>
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**Deferred Contributions Related to Capital Assets** (Note 8)

299,152 337,236

1,196,026 991,814

**NET ASSETS**

**Replacement and Capital Reserve Fund** 33,517 31,046

**Invested in Capital Assets** (Note 2 (d) and 10) 618,901 616,290

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

**Unrestricted Funds** 47,781 (7,940)

887,902 827,099

\$ 2,083,928 \$ 1,818,913

**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,**

**2014**

**2013**

**Replacement Invested in  
and Capital    Capital    Operational  
Reserve Fund    Assets    Reserve    Unrestricted**

Opening balance	\$	<b>31,046</b>	\$	<b>616,290</b>	\$	<b>187,703</b>	\$	<b>(7,940)</b>	\$	<b>827,099</b>	\$	854,700
Excess of revenue over expenses (expenses over revenue)												
- operations (Note 10)	-		(34,735)		-		93,067		58,332			(30,042)
- capital (Note 10)	-		37,346		-		(37,346)		-			-
Current year allocation		<u>2,471</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>2,471</u>		<u>2,441</u>
Closing balance	\$	<u><b>33,517</b></u>	\$	<u><b>618,901</b></u>	\$	<u><b>187,703</b></u>	\$	<u><b>47,781</b></u>	\$	<u><b>887,902</b></u>	\$	<u><b>827,099</b></u>

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

**2014**                      **2013**

**Revenue**

United Way grants	\$ 331,782	\$ 331,882
Ministry funding	3,633,182	2,922,988
Other programs	81,136	85,663
Region of Durham	576,994	543,156
Public Safety Canada	385,892	372,478
Ontario Trillium Foundation	39,982	21,539
Bingo and fundraising	70,992	72,345
Other receipts	35,618	51,026
Donations	89,269	72,426
Interest	2,677	1,249
Children's Aid Society	48,049	46,599
Community Alternative to School Suspension funding	57,137	57,137
Residence fees	59,235	58,808
Amortization of deferred contributions (Note 8)	<u>38,085</u>	<u>38,085</u>
	<b><u>5,450,030</u></b>	<b><u>4,675,381</u></b>

**Expenses**

Salaries and benefits	3,414,641	3,374,950
Training subsidies	714,483	438,037
Staff training	16,721	9,358
Travel	39,418	40,084
Program supplies	91,236	88,074
Occupancy (Note 7)	212,555	209,994
Mortgage interest	17,684	19,218
Insurance	31,446	29,629
Telephone	43,665	40,182
Office	113,762	133,797
Office equipment and maintenance	25,428	27,231
Meetings and promotion	9,203	4,730
Professional fees	29,273	29,199
Client assistance	13,276	7,288
Fundraising	6,080	6,760
Program costs	63,512	59,146
Miscellaneous	42,104	37,292
Marketing and promotion	23,817	13,188
Repairs and maintenance	45,367	29,952
Training supports	15,990	15,945
Replacement and capital reserve fund allocation	2,471	2,441
Amortization	<u>72,820</u>	<u>72,945</u>
	<b><u>5,044,952</u></b>	<b><u>4,689,440</u></b>

<b>Earnings before amount Refundable</b>	<b>405,078</b>	<b>(14,059)</b>
<b>Amount Refundable to Funders</b>	<b><u>346,746</u></b>	<b><u>15,983</u></b>
<b>Excess of Revenue over Expenses</b>	<b><u>\$ 58,332</u></b>	<b><u>\$ (30,042)</u></b>

# JOHN HOWARD SOCIETY OF DURHAM REGION

## STATEMENT OF OPERATING SURPLUS (DEFICIT)

FOR THE YEAR ENDED MARCH 31,

2014

2013

### Excess (Deficiency) of Revenue over Expenses

Whitby and Oshawa Residences Program	\$ -	\$ -
Youth Diversion Service Program	-	-
Youth in Transition Program	-	(1)
Community Justice Worker Program	6	22
Programming Contract	-	-
Literacy and Basic Skills Program	1	(68)
Project X	(1,842)	(1)
Access to Housing	6,815	-
Community Alternative to School Suspension	(9,489)	-
Clarington Youth Centre	7,043	(2)
ERC - MTCU	-	-
Bingo	17,147	4,061
Residence 2	1,405	1,233
After School Jobs	-	-
Oshawa Employment Services	(3)	(5)
Multisystemic Therapy	-	1,063
Whitby Employment Services	(28)	(86)
Summer Jobs Services	-	-
TEAM	10,189	-
Men's Diversion Program	(13,247)	(3,953)
Central Administration	<u>40,335</u>	<u>(32,305)</u>
Net Surplus (Deficit)	\$ <u>58,332</u>	\$ <u>(30,042)</u>

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

**STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED MARCH 31,**

**2014**

**2013**

**Revenue**

Ministry subsidy	\$ 718,837	\$ 743,837
Housing charges	50,115	49,688
Other funding	50,808	52,716
Amortization of deferred contributions	<u>7,015</u>	<u>7,015</u>
	<u>826,775</u>	<u>853,256</u>

**Expenses**

Salaries and benefits	693,384	694,826
Staff travel	4,077	4,311
Staff training	1,938	1,860
Food costs	30,370	31,423
Personal needs	1,554	1,600
Administration costs (Note 2 (j))	47,498	45,352
Office and supplies	6,225	34,641
Utilities and taxes	5,199	5,106
Insurance	3,099	3,500
Repairs and maintenance	2,001	3,548
Renovation and minor capital	5,474	3,432
Furnishings and equipment	4,432	2,000
Professional fees	4,605	4,600
Amortization	7,015	7,015
Telephone	<u>7,818</u>	<u>8,348</u>
	<u>824,689</u>	<u>851,562</u>

**Earnings before amount refundable**

**2,086**

**1,694**

**Amount refundable to Ministry**

**2,086**

**1,694**

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

**\$ -**

**\$ -**



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

**STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED MARCH 31,**

**2014**

**2013**

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**Revenue**

Ministry subsidy

\$ 115,296

\$ 115,296

**Expenses**

Salaries and benefits

99,154

99,004

Staff training

496

500

Travel

1,325

2,000

Administration costs (Note 2 (j))

6,667

6,917

Program supplies

317

712

Office supplies

2,335

1,271

Occupancy

4,000

3,892

Professional fees

1,000

1,000

115,294

115,296

**Earnings before amount refundable**

2

-

**Amount refundable to Ministry**

2

-

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

\$ -

\$ -

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

**STATEMENT OF OPERATIONS**

**FOR THE PERIOD ENDED MARCH 31,**

**2014**

**2013**

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**Revenue**

Ministry subsidy

**\$ 121,296**

**\$ 121,296**

**Expenses**

Salaries and benefits

**88,562**

89,824

Staff training

**438**

200

Travel

**7,842**

8,000

Administration costs (Note 2 (j))

**11,186**

11,118

Telephone

**1,061**

2,207

Supplies

**1,396**

400

Professional fees

**1,548**

1,548

Occupancy

**8,900**

7,500

Client assistance

**354**

**500**

**121,287**

**121,297**

**Earnings before amount Refundable**

**9**

**(1)**

**Amount Refundable to Ministry**

**9**

**-**

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

**\$ -**

**\$ (1)**

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

**STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED MARCH 31,**

**2014**

**2013**

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**Revenue**

Ministry subsidy

**\$ 89,000**

**\$ 89,000**

**Expenses**

Salaries and benefits

**72,700**

72,700

Staff travel

**992**

1,200

Staff training

**508**

614

Program supplies

**1,888**

1,334

Administration costs (Note 2 (j))

**9,000**

9,000

Office

**909**

1,277

Personal needs

**137**

253

Professional fees

**1,000**

1,000

Telephone

**1,860**

1,600

**88,994**

88,978

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

**\$ 6**

**\$ 22**

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

**STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED MARCH 31,**

**2014**

**2013**

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**Revenue**

Ministry subsidy

\$ 6,000

\$ 6,000

**Expenses**

Salaries and benefits

6,000

6,000

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

\$ -

\$ -

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

**STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED MARCH 31,**

**2014**

**2013**

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**Revenue**

Ministry of Training, Colleges and Universities

**\$ 168,739**

**\$ 183,572**

**Expenses**

Salaries and benefits

**128,558**

130,177

Administration costs (Note 2 (j))

**15,400**

15,400

Development and training

**4,614**

4,498

Rent

**1,619**

-

Travel and parking

**34**

164

Professional fees

**1,500**

1,500

Office supplies

**15,773**

15,055

Office equipment and maintenance

-

15,619

Telephone

**375**

375

Insurance

**680**

680

Fees and dues

**185**

170

**168,738**

183,638

**Earnings before amount Refundable**

**1**

(66)

**Amount Refundable to Ministry**

**-**

2

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

**\$ 1**

**\$ (68)**

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

**STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED MARCH 31,**

**2014**

**2013**

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**Revenue**

Region of Durham

**\$ 277,321**

**\$ 273,571**

**Expenses**

Salaries and benefits

**170,712**

156,113

Program supplies

**71,383**

72,637

Administration (Note 2 (j))

**25,000**

25,000

Marketing and promotion

**128**

872

Staff training

**789**

1,129

Travel and parking

**6,560**

7,989

Professional fees

**1,500**

1,500

Office supplies

**1,706**

6,637

Telephone

**1,385**

1,695

**279,163**

273,572

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

**\$ (1,842)**

**\$ (1)**

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

**STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED MARCH 31,**

**2014**

**2013**

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**Revenue**

Region of Durham

**\$ 200,883**

**\$ 172,133**

**Expenses**

Salaries and benefits

**162,732**

144,972

Program supplies

-

8,888

Client assistance

**8,898**

-

Administration (Note 2 (j))

**14,826**

16,673

Staff training

**559**

200

Occupancy

**3,000**

-

Travel and parking

**14**

400

Office supplies

**3,150**

500

Telephone

**562**

500

Repairs and maintenance

**327**

-

**194,068**

**172,133**

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

**\$ 6,815**

**\$ -**

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

**FOR THE YEAR ENDED MARCH 31,**

**2014**

**2013**

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**Revenue**

Board of Education

\$ 57,137

\$ 57,137

**Expenses**

Salaries and benefits

**56,300**

47,147

Administration (Note 2 (j))

**5,190**

5,190

Occupancy

**2,000**

2,000

Travel and parking

**991**

941

Office supplies

**845**

559

Telephone

**500**

500

Insurance

**800**

800

**66,626**

57,137

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

\$ (9,489)

\$ -



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

**STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED MARCH 31,**

**2014**

**2013**

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**Revenue**

United Way	\$ 10,000	\$ 10,000
Municipality of Clarington	55,000	55,000
Fundraising	17,265	9,796
Donations	<u>19,482</u>	<u>3,340</u>
	<u>101,747</u>	<u>78,136</u>

**Expenses**

Salaries and benefits	59,887	60,387
Program supplies	17,648	4,569
Client assistance	-	61
Administration (Note 2 (j))	6,513	8,250
Staff training	51	-
Occupancy	1,000	1,000
Travel and parking	1,250	570
Office supplies	343	106
Telephone	300	300
Repairs and maintenance	913	852
Miscellaneous	<u>6,799</u>	<u>2,043</u>
	<u>94,704</u>	<u>78,138</u>

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

**\$ 7,043      \$ (2)**

**JOHN HOWARD SOCIETY OF DURHAM REGION  
BINGO**

**STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED MARCH 31,**

**2014**

**2013**

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<b>Revenue</b>		
Bingo	\$ 25,795	\$ 31,538
Other	<u>17</u>	<u>2,442</u>
	<u>25,812</u>	<u>33,980</u>
<b>Expenses</b>		
Occupancy	8,665	29,735
Office supplies	<u>-</u>	<u>184</u>
	<u>8,665</u>	<u>29,919</u>
<b>Excess (Deficiency) of Revenue over Expenses</b>	\$ <u>17,147</u>	\$ <u>4,061</u>



**JOHN HOWARD SOCIETY OF DURHAM REGION  
AFTER SCHOOL JOBS**

**STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED MARCH 31,**

**2014**

**2013**

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**Revenue**

Ministry subsidy

\$ 396,842

\$ -

**Expenses**

Salaries and benefits

88,042

-

Training subsidies

131,998

-

Client assistance

697

-

Administration (Note 2 (j))

11,857

-

Marketing and promotion

341

-

Staff training

406

-

Occupancy

3,341

-

Travel and parking

2,405

-

Office supplies

4,724

-

Office equipment and maintenance

5,347

-

Telephone

1,567

-

Insurance

1,968

-

252,693

-

**Earnings before amount refundable**

144,149

-

**Amount Refundable to Ministry**

144,149

-

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

\$ -

\$ -

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

**STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED MARCH 31,**

**2014**

**2013**

**Revenue**

Ministry of Training, Colleges and Universities

**\$ 773,100**

**\$ 562,500**

**Expenses**

Salaries and benefits

**355,551**

353,125

Training subsidies

**175,810**

86,941

Administration (Note 2 (j))

**69,375**

69,375

Marketing and promotion

**9,990**

4,683

Staff training

**3,790**

3,949

Occupancy

**11,140**

8,000

Travel and parking

**3,039**

2,874

Professional fees

**3,000**

3,000

Office supplies

**8,451**

6,905

Office equipment and maintenance

**6,464**

2,991

Telephone

**2,245**

2,103

Insurance

**5,014**

5,000

Repairs and maintenance

**5,347**

-

Training support

**4,993**

4,948

Miscellaneous

**156**

500

**664,365**

554,394

**Earnings before amount refundable**

**108,735**

8,106

**Amount Refundable to Ministry**

**108,738**

8,111

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

**\$ (3)**

**\$ (5)**

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

**STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED MARCH 31,**

**2014**

**2013**

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**Revenue**

Public Safety Canada

**\$ 385,892**

**\$ 372,478**

**Expenses**

Salaries and benefits

**316,632**

307,348

Client assistance

**504**

2,154

Administration (Note 2 (j))

**4,877**

4,845

Staff training

**120**

313

Occupancy

-

642

Travel and parking

**7,468**

8,817

Professional fees

**2,100**

2,100

Office supplies

**2,477**

2,827

Other programs

**48,003**

38,778

Telephone

**3,072**

3,591

Repairs and maintenance

**639**

-

**385,892**

**371,415**

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

**\$ -**

**\$ 1,063**

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

**STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED MARCH 31,**

**2014**

**2013**

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**Revenue**

Ministry of Training, Colleges and Universities	\$ 943,500	\$ 729,500
Amortization of deferred contributions	<u>31,070</u>	<u>31,070</u>
	<u>974,570</u>	<u>760,570</u>

**Expenses**

Salaries and benefits	392,389	422,328
Training subsidies	183,073	70,064
Administration (Note 2 (j))	98,114	97,125
Marketing and promotion	12,225	5,611
Staff training	4,451	2,203
Occupancy	128,947	93,547
Travel and parking	1,838	1,075
Professional fees	3,000	3,000
Office supplies	8,261	10,404
Office equipment and maintenance	3,409	1,689
Telephone	2,427	3,104
Insurance	7,038	7,000
Amortization	31,070	31,070
Training support	7,000	7,000
Miscellaneous	<u>1,000</u>	<u>500</u>
	<u>884,242</u>	<u>755,720</u>

**Earnings before amount Refundable**

**90,328**      4,850

**Amount Refundable to Ministry**

**90,356**      4,936

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

**\$ (28)**      **\$ (86)**

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

**STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED MARCH 31,**

**2014**

**2013**

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**Revenue**

Ministry of Training, Colleges and Universities

**\$ 300,572**

**\$ 371,988**

**Expenses**

Salaries and benefits

**56,938**

69,914

Training subsidies

**223,602**

281,031

Administration (Note 2 (j))

**13,133**

13,643

Marketing and promotion

**1,134**

2,021

Occupancy

**1,200**

1,200

Travel and parking

**967**

327

Professional fees

**1,000**

1,000

Office supplies

**2,598**

2,845

**300,572**

371,981

**Earnings before amount Refundable**

-

7

**Amount Refundable to Ministry**

-

7

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

**\$ -**

**\$ -**



**JOHN HOWARD SOCIETY OF DURHAM REGION  
TEAM**

**STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED MARCH 31,**

**2014**

**2013**

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**Revenue**

Trillium	\$ 39,982	\$ 21,539
Other revenue	2,338	12,747
Donations	<u>1,493</u>	<u>15,894</u>
	<u>43,813</u>	<u>50,180</u>

**Expenses**

Salaries and benefits	27,552	40,114
Staff training	203	268
Occupancy	3,000	3,000
Travel and parking	53	537
Office supplies	392	1,513
Office equipment and maintenance	-	882
Insurance	-	430
Repairs and maintenance	715	2,238
Miscellaneous	<u>1,709</u>	<u>1,198</u>
	<u>33,624</u>	<u>50,180</u>

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

**\$ 10,189      \$ -**

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

**STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED MARCH 31,**

**2014**

**2013**

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**Revenue**

Program revenue

\$ 3,600

\$ 14,537

**Expenses**

Salaries and benefits

9,838

8,848

Client assistance

920

2,630

Occupancy

2,600

2,600

Travel and parking

-

507

Office supplies

2,337

3,117

Telephone

1,099

642

Miscellaneous

53

146

16,847

18,490

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

\$ (13,247)

\$ (3,953)

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

**STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED MARCH 31,**

**2014**

**2013**

**Revenue**

United Way grants	\$ 321,782	\$ 321,882
Other programs	77,536	71,126
Bingo and fundraising	26,439	12,676
Donations	14,787	14,086
Other receipts	30,521	32,161
Interest	<u>2,660</u>	<u>1,249</u>
	<u>473,725</u>	<u>453,180</u>

**Expenses**

Salaries and benefits	598,539	645,280
Client assistance	213	91
Meetings and promotion	9,203	4,730
Staff training	2,476	2,540
Occupancy	57,762	67,244
Travel and parking	561	1,674
Professional fees	6,021	6,080
Office supplies	51,841	45,376
Office equipment and maintenance	302	618
Other programs	15,508	20,368
Mortgage interest	4,068	4,738
Telephone	22,224	22,967
Insurance	7,160	6,445
Amortization	12,620	13,610
Repairs and maintenance	29,341	17,276
Fundraising	6,080	6,760
Miscellaneous	1,833	1,312
Allocated salaries, benefits and administration	<u>(392,362)</u>	<u>(381,624)</u>
	<u>433,390</u>	<u>485,485</u>

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

**\$ 40,335**

**\$ (32,305)**

# JOHN HOWARD SOCIETY OF DURHAM REGION

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31,

2014

2013

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### Operating Activities

Excess of revenue over expenses \$ 58,332 \$ (30,042)

Charges to income not involving cash

Amortization 72,820 72,945

Change in capital reserve allowance 2,471 2,441

Deferred contributions (38,085) (38,085)

Provided from working capital (Note 9) 224,917 (49,638)

320,455 (42,379)

### Financing Activities

Repayment of mortgage (37,346) (35,813)

### Increase (Decrease) In Cash

283,109 (78,192)

Cash, beginning of period

292,473 370,665

Cash, end of period

\$ 575,582 \$ 292,473

# JOHN HOWARD SOCIETY OF DURHAM REGION

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2014

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### 1. General Information

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

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

### 2. Summary of Significant Accounting Policies

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

#### (a) Capital Assets

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

#### (b) Deferred Revenue

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

#### (c) Revenue Recognition

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

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

Various government funding is recognized based on the funding agreement.

Bingo revenue is recognized monthly based on pooling allocations.

Interest is recognized when it is earned.

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

Program revenue is recognized when programs are held.

#### (d) Invested in Capital Assets

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

#### (e) Pledges

Pledges are recorded when amounts are received.

# JOHN HOWARD SOCIETY OF DURHAM REGION

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2014

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

(h) Contributed Services

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

(i) Operational Reserve

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

(j) Allocation of Expenses

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

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

# JOHN HOWARD SOCIETY OF DURHAM REGION

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2014

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### 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 \$22,114 and the accumulated amortization was \$258,544. 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 \$103,348.

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, 2014

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### 3. Capital Assets

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value 2014</u>	<u>2013</u>
Land - main office	\$ 176,000	\$ -	\$ 176,000	\$ 176,000
Land - residential program (Note 2(k))	387,872	70,632	317,240	339,354
Land - administration office	90,257	-	90,257	90,257
Land - residential program - Whitby	205,090	-	205,090	205,090
Building - main office	239,596	66,856	172,740	178,430
Building - residential program	187,912	187,912	-	-
Building - administration office	60,172	5,422	54,750	55,955
Building - residential program - Whitby	292,632	24,552	268,080	275,095
Leasehold improvements	155,352	124,282	31,070	62,141
Other equipment	<u>47,981</u>	<u>45,118</u>	<u>2,863</u>	<u>8,588</u>
	<u>\$ 1,842,864</u>	<u>\$ 524,774</u>	<u>\$ 1,318,090</u>	<u>\$ 1,390,910</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. The interest rate is prime plus 1.75%. There was \$nil outstanding at March 31, 2014 (\$nil outstanding at March 31, 2013). 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, 2014

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### 5. Mortgage Payable

	<u>2014</u>	<u>2013</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.	\$ 82,803	\$ 98,035

Less: principal due within one year	<u>15,936</u>	<u>15,236</u>
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Long-term portion	<u>\$ 66,867</u>	<u>\$ 82,799</u>
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The annual principal payments (assuming interest rates remain consistent) would be as follows:

2015	\$ 15,936
2016	16,668
2017	17,433
2018	18,234
2019 and beyond	<u>14,532</u>
	<u>\$ 82,803</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.

	\$ 317,234	\$ 339,348
Less: Current portion	<u>23,049</u>	<u>22,117</u>
	<u>\$ 294,185</u>	<u>\$ 317,231</u>

Minimum principal repayments are as follows:

2015	\$ 23,049
2016 and beyond	<u>294,185</u>
	<u>\$ 317,234</u>

### 6. Due to The Regional Municipality of Durham

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

# JOHN HOWARD SOCIETY OF DURHAM REGION

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2014

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### 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 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):

2015	\$ 153,020
2016	\$ 104,698
2017	\$ 34,425
2018	\$ 11,475

### 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>2014</u>	<u>2013</u>
Opening balance	\$ 337,237	\$ 375,322
Add: Contributions received during the year	<u>-</u>	<u>-</u>
	337,237	375,322
Less: Amount amortized to revenue	<u>(38,085)</u>	<u>(38,085)</u>
Closing balance	<u>\$ 299,152</u>	<u>\$ 337,237</u>

### 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>2014</u>	<u>2013</u>
Accounts receivable	\$ (54,670)	\$ 83,918
Prepaid expenses	(55)	5,314
Due to funding agencies	261,613	(56,588)
Accounts payable	27,876	(95,343)
Deferred revenue	<u>(9,847)</u>	<u>13,061</u>
	<u>\$ 224,917</u>	<u>\$ (49,638)</u>

# JOHN HOWARD SOCIETY OF DURHAM REGION

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2014

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### 10. Invested in Capital Assets

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

	<u>2014</u>	<u>2013</u>
Net book value of capital assets	\$ 1,318,090	\$ 1,390,910
Less: Amount financed by mortgage	<u>(400,037)</u>	<u>(437,383)</u>
	918,053	953,527
Less: Amount financed by deferred contributions	<u>(299,152)</u>	<u>(337,237)</u>
Closing balance	<u>\$ 618,901</u>	<u>\$ 616,290</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	\$ 38,085
Amortization of capital assets	<u>(72,820)</u>	<u>(72,945)</u>
	<u>\$ (34,735)</u>	<u>\$ (34,860)</u>
Net Change in Invested in Capital Assets		
Additions to capital assets	\$ -	\$ -
Reduction/Increase of mortgage	<u>37,346</u>	<u>35,813</u>
	<u>\$ 37,346</u>	<u>\$ 35,813</u>

### 11. Pension Costs and Obligations

The Society participates in a multi-employer defined benefit pension plan of John Howard Society of Ontario, which covers certain eligible employees. The Society also sponsors a defined contribution pension plan for its employees. During the year, regular pension contributions of \$204,766 (\$222,384 - 2013) were expensed for both plans.

# JOHN HOWARD SOCIETY OF DURHAM REGION

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2014

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### 12. Financial Instruments

#### Risks and concentrations

The organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the organization's risk exposure and concentrations at March 31, 2014.

#### *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.

### 13. Comparative Figures

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year's financial statements.