

JOHN HOWARD SOCIETY OF DURHAM REGION

FINANCIAL STATEMENTS

MARCH 31, 2017



**Smith
Chappell
Marsh
Vilander**

LLP Chartered Accountants

*H. Howard Smith, FCPA (Retired)
Richard A. Chappell, CPA, CA
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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, 2017 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. Our report on the financial statements as at and for the year ended March 31, 2016 was qualified for the same reason.

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, 2017, 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.


Chartered Accountants, Licensed Public Accountants

June 19, 2017
Oshawa, Ontario

JOHN HOWARD SOCIETY OF DURHAM REGION
STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31,	2017	2016
ASSETS		
Current	\$ 598,689	\$ 553,014
Cash	80,471	142,595
Accounts receivable	<u>30,198</u>	<u>30,049</u>
Prepaid expenses	709,358	725,658
Other	<u>1,192,342</u>	<u>1,238,784</u>
Capital assets (Notes 2 and 3)	<u>\$ 1,901,700</u>	<u>\$ 1,964,442</u>
LIABILITIES		
Current	\$ 103,750	\$ 89,231
Accounts payable	136,100	40,382
Deferred revenue (Note 2 (b))	28,288	27,896
Mortgage principal due within one year (Note 5)	139,512	255,315
Due to Ministries	<u>70,376</u>	<u>70,376</u>
Due to The Regional Municipality of Durham (Note 6)	478,026	483,200
Other	<u>212,342</u>	<u>240,630</u>
Mortgages payable (Note 5)	<u>247,037</u>	<u>254,052</u>
Deferred Contributions Related to Capital Assets (Note 8)	<u>937,405</u>	<u>977,882</u>
NET ASSETS		
Replacement and Capital Reserve Fund	41,132	38,554
Invested in Capital Assets (Note 2 (d) and 10)	704,675	716,206
Operational Reserve (Note 2 (i))	187,703	187,703
Unrestricted Funds	<u>30,785</u>	<u>44,097</u>
	<u>964,295</u>	<u>986,560</u>
	<u>\$ 1,901,700</u>	<u>\$ 1,964,442</u>

Approved On Behalf Of The Board:

Peter L. Stephenson Director

H. J. Pearson Director

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

FOR THE YEAR ENDED MARCH 31,

2017

2016

	<u>Replacement Reserve Fund</u>	<u>Invested in Capital Assets</u>	<u>Operational Reserve</u>	<u>Unrestricted</u>		
Opening balance	\$ 38,554	\$ 716,206	\$ 187,703	\$ 44,097	\$ 986,560	\$ 908,984
Excess of revenue over expenses (expenses over revenue)						
- operations (Note 10)	-	(39,427)	-	14,584	(24,843)	75,022
- capital (Note 10)	-	27,896	-	(27,896)	-	-
Current year allocation	<u>2,578</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,578</u>	<u>2,554</u>
Closing balance	\$ <u>41,132</u>	\$ <u>704,675</u>	\$ <u>187,703</u>	\$ <u>30,785</u>	\$ <u>964,295</u>	\$ <u>986,560</u>

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

2017

2016

Revenue

United Way grants	\$ 291,470	\$ 293,809
Ministry subsidy	3,468,420	3,661,969
Other programs	75,563	82,257
Region of Durham	925,763	853,852
Bingo and fundraising	131,648	115,870
Other receipts	55,799	30,467
Donations	94,711	69,647
Interest	494	644
Children's Aid Society	48,747	49,205
Community Alternative to School Suspension funding	50,689	67,137
Residence fees	55,299	56,527
Amortization of deferred contributions (Note 8)	7,015	7,015
	<u>5,205,618</u>	<u>5,288,399</u>

Expenses

Salaries and benefits	3,466,155	3,290,634
Training subsidies	507,668	778,044
Staff training	12,928	29,555
Travel	31,845	33,093
Program supplies	107,121	107,944
Occupancy (Note 7)	233,476	220,748
Mortgage interest	3,640	10,204
Insurance	31,630	31,659
Telephone	40,114	47,113
Office	119,277	123,014
Office equipment and maintenance	10,510	26,053
Meetings and promotion	1,870	2,299
Professional fees	29,716	31,335
Client assistance	97,479	28,931
Fundraising	5,771	5,760
Program costs	16,515	18,292
Miscellaneous	41,197	41,489
Marketing and promotion	10,009	12,061
Repairs and maintenance	47,192	38,385
Training supports	29,677	25,823
Replacement and capital reserve fund allocation	2,578	2,554
Amortization	46,442	41,890
	<u>4,892,810</u>	<u>4,946,880</u>

Earnings before amount Refundable

Amount Refundable to Funders

Excess of Revenue over Expenses

	312,808	341,519
	<u>337,651</u>	<u>266,497</u>
	<u>\$ (24,843)</u>	<u>\$ 75,022</u>

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

FOR THE YEAR ENDED MARCH 31,

2017

2016

Excess (Deficiency) of Revenue over Expenses

	\$	-	\$	-
Whitby and Oshawa Residences Program		-		-
Youth Diversion Service Program		-		-
Youth in Transition Program		(10)		(25)
Experience Ontario		-		-
Community Justice Worker Program		(53)		-
Programming Contract		-		-
Literacy and Basic Skills Program		(2)		(33)
Project X		(248)		(3,918)
Access to Housing		(100)		-
Community Alternative to School Suspension		(4,650)		(7)
Clarington Youth Centre		13,182		12
Youth Job Connection		(1,657)		7,451
Bingo		(1,470)		2,041
Residence 2		10		30
Homelessness Partnering Strategy		(520)		-
After School Jobs		-		(12,747)
Youth Job Link		-		-
Oshawa Employment Services and Canada-Ontario Job Grant		1		(204)
Whitby Employment Services and Canada-Ontario Job Grant		(1)		(34)
Summer Jobs Services		-		-
TEAM		-		(1)
Men's Diversion Program		(1,107)		(2,378)
Central Administration		(28,218)		84,835
Net Surplus (Deficit)	\$	(24,843)	\$	75,022

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

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,

2017

2016

Revenue

Ministry subsidy	\$ 718,837	\$ 718,837
Housing charges	46,179	47,407
Other funding	48,747	49,205
Amortization of deferred contributions	<u>7,015</u>	<u>7,015</u>
	<u>820,778</u>	<u>822,464</u>

Expenses

Salaries and benefits	695,233	694,383
Staff travel	1,999	3,128
Staff training	1,775	2,810
Food costs	28,858	29,000
Personal needs	1,232	1,599
Administration costs (Note 2 (j))	54,603	46,498
Office and supplies	10,537	9,225
Utilities and taxes	5,649	5,479
Insurance	-	3,500
Repairs and maintenance	1,737	1,346
Renovation and minor capital	2,544	4,352
Furnishings and equipment	1,520	1,125
Professional fees	-	4,605
Amortization	7,015	7,015
Telephone	<u>8,043</u>	<u>8,183</u>
	<u>820,745</u>	<u>822,248</u>

Earnings before amount refundable

33 **216**

Amount refundable to Ministry

33 **216**

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,

2017

2016

Revenue

Ministry subsidy

\$ 115,296

\$ 122,796

Expenses

Salaries and benefits

99,154

99,154

Staff training

271

655

Travel

1,211

818

Administration costs (Note 2 (j))

7,667

6,667

Program supplies

972

386

Office supplies

1,782

2,614

Client assistance

223

-

Occupancy

4,000

4,000

Professional fees

-

1,000

Minor capital

-

7,500

115,280

122,794

Earnings before amount refundable

16

2

Amount refundable to Ministry

16

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,**

2017

2016

Revenue

Ministry subsidy

\$ 121,296

\$ 121,296

Expenses

Salaries and benefits

88,598

88,598

Staff training

145

310

Travel

5,301

6,940

Administration costs (Note 2 (j))

12,698

11,150

Telephone

846

1,343

Supplies

4,021

1,576

Professional fees

-

1,548

Occupancy

8,900

8,900

Client assistance

797

956

121,306

121,321

Excess (Deficiency) of Revenue over Expenses

\$ (10)

\$ (25)

**JOHN HOWARD SOCIETY OF DURHAM REGION
EXPERIENCE ONTARIO**

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,

2017

2016

Revenue

Ministry subsidy

\$ 81,699

\$ -

Expenses

Salaries and benefits

28,683

-

Training subsidies

38,973

-

Training supports

4,661

-

Administration costs (Note 2 (j))

6,819

-

Travel and parking

2,141

-

Office supplies

422

-

81,699

-

Excess (Deficiency) of Revenue over Expenses

\$ -

\$ -

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

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,

2017

2016

Revenue

Ministry subsidy

\$ 92,251

\$ 92,250

Expenses

Salaries and benefits

72,657

72,657

Staff travel

1,056

990

Staff training

735

500

Program supplies

1,991

2,493

Administration costs (Note 2 (j))

9,500

9,500

Office

3,922

3,411

Personal needs

138

240

Professional fees

1,000

1,000

Telephone

1,305

1,424

92,304

92,215

Earnings before amount refundable

(53)

35

Amount Refundable to Ministry

-

35

Excess (Deficiency) of Revenues over Expenses

\$ (53)

\$ -

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

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,

2017

2016

Revenue

Ministry subsidy

\$ 2,750

\$ 2,750

Expenses

Salaries and benefits

2,750

2,750

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,

2017

2016

Revenue

Ministry subsidy

\$ 157,952

\$ 157,952

Expenses

Salaries and benefits

135,865

128,802

Administration costs (Note 2 (j))

11,692

15,400

Development and training

6,140

6,722

Rent

1,700

1,700

Travel and parking

183

163

Professional fees

-

1,500

Office supplies

1,886

2,223

Telephone

388

375

Insurance

-

1,000

Fees and dues

100

100

157,954

157,985

Excess (Deficiency) of Revenue over Expenses

\$ (2)

\$ (33)

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

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,

2017

2016

Revenue

Region of Durham

\$ 308,500

\$ 308,500

Expenses

Salaries and benefits

170,839

170,711

Program supplies

93,469

98,976

Administration (Note 2 (j))

25,000

25,000

Staff training

495

855

Travel and parking

5,577

5,385

Professional fees

1,500

1,500

Office supplies

9,734

7,945

Telephone

2,134

2,046

308,748

312,418

Excess (Deficiency) of Revenue over Expenses

\$ (248)

\$ (3,918)

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

FOR THE YEAR ENDED MARCH 31,

2017

2016

Revenue

Region of Durham

\$ 516,737

\$ 444,990

Expenses

Salaries and benefits

353,303

352,462

Client assistance

95,089

25,124

Administration (Note 2 (j))

45,050

45,050

Staff training

570

1,344

Occupancy

8,400

7,000

Travel and parking

2,773

3,788

Office supplies

7,326

4,836

Telephone

4,326

5,286

Repairs and maintenance

-

100

516,837

444,990

Excess (Deficiency) of Revenue over Expenses

\$ (100)

\$ -

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

FOR THE YEAR ENDED MARCH 31,

2017

2016

Revenue

Board of Education

\$ 50,689

\$ 67,137

Other income

280

-

50,969

67,137

Expenses

Salaries and benefits

42,808

54,556

Administration (Note 2 (j))

6,714

6,714

Occupancy

2,000

2,000

Travel and parking

892

584

Office supplies

1,905

1,990

Telephone

500

500

Insurance

800

800

55,619

67,144

Excess (Deficiency) of Revenue over Expenses

\$ (4,650)

\$ (7)

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

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,

2017

2016

Revenue

United Way	\$ 10,000	\$ 10,000
Municipality of Clarington	58,200	57,200
Fundraising	29,539	23,875
Donations	<u>19,000</u>	<u>3,105</u>
	<u>116,739</u>	<u>94,180</u>

Expenses

Salaries and benefits	78,539	71,453
Program supplies	2,775	3,107
Client assistance	-	137
Administration (Note 2 (j))	8,580	8,571
Staff training	160	400
Occupancy	1,000	1,000
Travel and parking	1,136	830
Office supplies	341	294
Telephone	924	800
Insurance	700	720
Repairs and maintenance	292	302
Miscellaneous	<u>9,110</u>	<u>6,554</u>
	<u>103,557</u>	<u>94,168</u>

Excess (Deficiency) of Revenue over Expenses

\$ 13,182 \$ 12

**JOHN HOWARD SOCIETY OF DURHAM REGION
YOUTH JOB CONNECTION**

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,

2017

2016

Revenue

Ministry subsidy

\$ 503,800

\$ 231,000

Expenses

Salaries and benefits

116,870

23,809

Program supplies

3,519

2,981

Training subsidies

163,198

38,009

Administration (Note 2 (j))

32,999

13,999

Marketing and promotion

1,225

850

Staff training

2,011

3,575

Occupancy

1,200

600

Travel and parking

1,307

443

Office supplies

4,545

15,157

Telephone

1,312

300

Amortization

1,656

828

329,842

100,551

Earnings before amount refundable

173,958

130,449

Amount Refundable to Ministry

175,615

122,998

Excess (Deficiency) of Revenue over Expenses

\$ (1,657)

\$ 7,451

**JOHN HOWARD SOCIETY OF DURHAM REGION
BINGO**

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,

2017

2016

Revenue

Bingo

\$ 34,676

\$ 32,229

Other

9

14

34,685

32,243

Expenses

Occupancy

36,155

30,202

Excess (Deficiency) of Revenue over Expenses

\$ (1,470)

\$ 2,041

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

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,

2017

2016

Revenue

Region of Durham
Residents' fees

\$ 100,526

\$ 100,362

9,120

9,120

109,646

109,482

Expenses

Salaries and benefits
Administration (Note 2 (j))
Occupancy
Professional fees
Office equipment and maintenance
Mortgage interest
Insurance
Amortization
Repairs and maintenance
Replacement and capital reserve fund allocation

33,557

33,065

12,760

12,759

12,409

9,520

2,875

2,875

-

2,011

3,640

7,970

7,295

6,269

27,896

25,662

6,617

6,735

2,578

2,554

109,627

109,420

Earnings before amount Refundable

19

62

Amount Refundable to Region

9

32

Excess (Deficiency) of Revenue over Expenses

\$ 10

\$ 30

**JOHN HOWARD SOCIETY OF DURHAM REGION
HOMELESSNESS PARTNERING STRATEGY**

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,

2017

2016

Revenue

United Way grant

\$ 67,379

\$ -

Expenses

Salaries and benefits

48,120

-

Program supplies

4,396

-

Administration (Note 2 (j))

5,800

-

Marketing and promotion

177

-

Staff training

665

-

Occupancy

1,200

-

Travel and parking

1,214

-

Office supplies

5,922

-

Telephone

405

-

67,899

-

Excess (Deficiency) of Revenue over Expenses

\$ (520)

\$ -

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

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,

2017

2016

Revenue

Ministry subsidy

\$ -

\$ 199,909

Expenses

Salaries and benefits

-

64,301

Training subsidies

-

127,676

Client assistance

-

874

Administration (Note 2 (j))

-

12,599

Staff training

-

160

Occupancy

-

1,667

Travel and parking

-

1,193

Professional fees

-

1,000

Office supplies

-

2,272

Telephone

-

914

-

212,656

Excess (Deficiency) of Revenue over Expenses

\$ -

\$ (12,747)

**JOHN HOWARD SOCIETY OF DURHAM REGION
YOUTH JOB LINK**

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,

2017

2016

Revenue		
Ministry subsidy	\$ <u>55,500</u>	\$ <u>-</u>
Expenses		
Salaries and benefits	40,886	-
Training subsidies	6,000	-
Administration (Note 2 (j))	<u>7,214</u>	<u>-</u>
	<u>54,100</u>	<u>-</u>
Earnings before amount Refundable	1,400	-
Amount Refundable to Ministry	<u>1,400</u>	<u>-</u>
Excess (Deficiency) of Revenue over Expenses	\$ <u>-</u>	\$ <u>-</u>

JOHN HOWARD SOCIETY OF DURHAM REGION
OSHAWA EMPLOYMENT SERVICES AND CANADA-ONTARIO JOB GRANT
STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,	2017	2016
Revenue		
Ministry subsidy	\$ <u>680,712</u>	\$ <u>689,850</u>
Expenses		
Salaries and benefits	363,892	368,841
Training subsidies	131,794	136,477
Administration (Note 2 (j))	70,395	70,252
Marketing and promotion	4,469	3,178
Staff training	1,483	5,168
Occupancy	15,000	15,000
Travel and parking	2,738	3,820
Office supplies	12,573	6,695
Office equipment and maintenance	1,872	3,133
Telephone	3,212	3,408
Training support	8,062	7,628
Miscellaneous	<u>-</u>	<u>825</u>
	<u>615,490</u>	<u>624,425</u>
Earnings before amount refundable	65,222	65,425
Amount Refundable to Ministry	<u>65,221</u>	<u>65,629</u>
Excess (Deficiency) of Revenue over Expenses	\$ <u>1</u>	\$ <u>(204)</u>

**JOHN HOWARD SOCIETY OF DURHAM REGION
WHITBY EMPLOYMENT SERVICES AND CANADA-ONTARIO JOB GRANT
STATEMENT OF OPERATIONS**

FOR THE YEAR ENDED MARCH 31,

2017

2016

Revenue

Ministry subsidy

\$ 938,328

\$ 946,644

Expenses

Salaries and benefits

402,957

406,079

Training subsidies

167,704

191,869

Administration (Note 2 (j))

98,448

98,857

Marketing and promotion

4,138

7,846

Staff training

2,054

3,834

Occupancy

134,523

130,200

Travel and parking

2,059

1,025

Office supplies

14,165

10,641

Office equipment and maintenance

1,410

1,427

Telephone

3,060

4,120

Training support

10,954

12,195

Miscellaneous

1,500

1,000

842,972

869,093

Earnings before amount Refundable

95,356

77,551

Amount Refundable to Ministry

95,357

77,585

Excess (Deficiency) of Revenue over Expenses

\$ (1)

\$ (34)

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

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,

2017

2016

Revenue

Ministry subsidy

\$ -

\$ 378,685

Expenses

Salaries and benefits

-

66,968

Training subsidies

-

284,014

Administration (Note 2 (j))

-

14,200

Marketing and promotion

-

187

Staff training

-

590

Occupancy

-

1,200

Travel and parking

-

762

Office supplies

-

10,164

Telephone

-

600

-

378,685

Excess (Deficiency) of Revenue over Expenses

\$ -

\$ -

**JOHN HOWARD SOCIETY OF DURHAM REGION
TEAM**

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,

2017

2016

Revenue

Other revenue

\$ -

\$ 13,421

Donations

-

750

-

14,171

Expenses

Salaries and benefits

-

4,670

Administration (Note 2 (j))

-

300

Office supplies

-

8,727

Repairs and maintenance

-

475

-

14,172

Excess (Deficiency) of Revenue over Expenses

\$ -

\$ (1)

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

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,

2017

2016

Revenue

Program revenue

\$ 580

\$ 680

Expenses

Office supplies

1,687

3,058

Excess (Deficiency) of Revenue over Expenses

\$ (1,107)

\$ (2,378)

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

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,

2017

2016

Revenue

United Way grants	\$ 214,091	\$ 283,809
Other programs	70,350	81,377
Bingo and fundraising	71,786	59,215
Donations	17,511	9,342
Other receipts	55,799	17,046
Interest	486	630
	<u>430,023</u>	<u>451,419</u>

Expenses

Salaries and benefits	691,443	587,376
Meetings and promotion	1,870	2,299
Staff training	2,423	8,631
Occupancy	44,741	45,348
Travel and parking	2,261	3,222
Professional fees	24,341	16,307
Office supplies	38,503	32,186
Office equipment and maintenance	3,164	6,505
Other programs	16,515	18,292
Mortgage interest	-	2,234
Telephone	18,302	22,714
Insurance	22,835	19,369
Amortization	9,876	8,385
Repairs and maintenance	38,547	29,427
Fundraising	5,771	5,760
Miscellaneous	1,629	4,010
Allocated salaries, benefits and administration	<u>(463,980)</u>	<u>(445,481)</u>
	<u>458,241</u>	<u>366,584</u>

Excess (Deficiency) of Revenue over Expenses

\$ (28,218)

\$ 84,835

JOHN HOWARD SOCIETY OF DURHAM REGION**STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED MARCH 31,****2017****2016****Operating Activities**

Excess of revenue over expenses

\$ (24,843) \$ 75,022

Charges to income not involving cash

Amortization

46,442 41,890

Change in capital reserve allowance

2,578 2,554

Deferred contributions

(7,015) (7,015)

Provided from working capital (Note 9)

56,409 (40,947)73,571 71,504**Financing Activities**

Repayment of mortgage

(27,896) (92,522)**Investing Activities**

Additions to capital assets

- (33,473)**Increase (Decrease) In Cash**

45,675 (54,491)

Cash, beginning of period

553,014 607,505

Cash, end of period

\$ 598,689 \$ 553,014

JOHN HOWARD SOCIETY OF DURHAM REGION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2017

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 fiscal year allocation and by United Way.

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, 2017

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, 2017

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 \$27,896 and the accumulated amortization was \$335,148. 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 \$116,542.

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, 2017

3. Capital Assets

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value 2017</u>	<u>2016</u>
Land - main office	\$ 176,000	\$ -	\$ 176,000	\$ 176,000
Land - residential program (Note 2(k))	387,872	147,236	240,636	268,532
Land - administration office	90,257	-	90,257	90,257
Land - residential program - Whitby	205,090	-	205,090	205,090
Building - main office	251,364	84,370	166,994	172,980
Building - residential program	187,912	187,912	-	-
Building - administration office	60,172	9,037	51,135	52,340
Building - residential program - Whitby	292,632	45,597	247,035	254,050
Leasehold improvements	155,352	155,352	-	-
Other equipment	69,687	54,492	15,195	19,535
	<u>\$ 1,876,338</u>	<u>\$ 683,996</u>	<u>\$ 1,192,342</u>	<u>\$ 1,238,784</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, 2017 (\$nil outstanding at March 31, 2016). 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, 2017

5. Mortgage Payable

The mortgage, secured by the property used in the residential program, bears interest at a rate of 1.43% per annum, is amortized over 9 years and 7 months and is repayable in blended monthly installments of \$2,628 through May, 2025.

	<u>2017</u>	<u>2016</u>
	\$ 240,630	\$ 268,526
Less: Current portion	<u>28,288</u>	<u>27,896</u>
	<u>\$ 212,342</u>	<u>\$ 240,630</u>

Minimum principal repayments are as follows:

2018	\$ 28,288
2019	28,694
2020	29,101
2021	29,528
2022	29,947
2023 and beyond	<u>95,072</u>
	<u>\$ 240,630</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, 2017

7. Commitments

The Society pays rent for its Ajax office based on a lease agreement which expires in July 2017, for its Whitby office based on a lease agreement which expires in October 2020 and for its Clarington office based on a lease agreement which expires December 2020. 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):

2018	\$ 149,516
2019	\$ 137,921
2020	\$ 137,921
2021	\$ 82,976

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>2017</u>	<u>2016</u>
Opening balance	\$ 254,052	\$ 261,067
Add: Contributions received during the year	<u>-</u>	<u>-</u>
	254,052	261,067
Less: Amount amortized to revenue	<u>(7,015)</u>	<u>(7,015)</u>
Closing balance	\$ <u>247,037</u>	\$ <u>254,052</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>2017</u>	<u>2016</u>
Accounts receivable	\$ 62,124	\$ (12,473)
Prepaid expenses	(149)	757
Due to funding agencies	(115,803)	(30,164)
Accounts payable	14,519	(26,028)
Deferred revenue	<u>95,718</u>	<u>26,961</u>
	\$ <u>56,409</u>	\$ <u>(40,947)</u>

JOHN HOWARD SOCIETY OF DURHAM REGION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2017

10. Invested in Capital Assets

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

	<u>2017</u>	<u>2016</u>
Net book value of capital assets	\$ 1,192,342	\$ 1,238,784
Less: Amount financed by mortgage	<u>(240,630)</u>	<u>(268,526)</u>
	951,712	970,258
Less: Amount financed by deferred contributions	<u>(247,037)</u>	<u>(254,052)</u>
Closing balance	<u>\$ 704,675</u>	<u>\$ 716,206</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	\$ 7,015	\$ 7,015
Amortization of capital assets	<u>(46,442)</u>	<u>(41,890)</u>
	<u>\$ (39,427)</u>	<u>\$ (34,875)</u>
Net Change in Invested in Capital Assets		
Additions to capital assets	\$ -	\$ 33,473
Reduction/Increase of mortgage	<u>27,896</u>	<u>92,522</u>
	<u>\$ 27,896</u>	<u>\$ 125,995</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 \$185,451 (\$177,144 - 2016) were expensed for both plans.

JOHN HOWARD SOCIETY OF DURHAM REGION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2017

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, 2017.

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 not subject to interest rate risk with the mortgage payable as the mortgage is guaranteed by the funding authority.