

**JOHN HOWARD SOCIETY
OF PEEL-HALTON-DUFFERIN**

AN AFFILIATE OF THE
JOHN HOWARD SOCIETY OF ONTARIO

FINANCIAL STATEMENTS

MARCH 31, 2011





INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
John Howard Society of Peel-Halton-Dufferin

Report on the Financial Statements

We have audited the accompanying financial statements of **John Howard Society of Peel-Halton-Dufferin**, which comprise the statement of financial position as at March 31, 2011, and the statement of operations and changes in fund balances and cash flows 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 financial statements in accordance with Canadian generally accepted accounting principles, 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 risks 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 Society derives part of its revenue from the general public in the form of donations and memberships, the completeness of which are not susceptible to satisfactory audit verification. Accordingly, our verification of revenue from these sources was limited to accounting for the amounts recorded in the records of the Society and we were unable to determine whether any adjustments might be necessary to donation and membership revenues, excess of expenditures over revenue, assets and fund balances.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Society as at March 31, 2011 and the results of its financial performance for the year then ended in accordance with Canadian generally accepted accounting principles.

Mississauga, Canada
June 13, 2011

CHARTERED ACCOUNTANTS,
LICENSED PUBLIC ACCOUNTANTS


JOHN HOWARD SOCIETY OF PEEL-HALTON-DUFFERIN

AN AFFILIATE OF THE JOHN HOWARD SOCIETY OF ONTARIO

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2011

	OPERATING FUND	RESERVE FUND	CAPITAL FUND	TOTAL 2011	TOTAL 2010
ASSETS					
CURRENT					
Cash	\$ 156,942	\$ 483,984	\$ 373,950	\$ 1,014,876	\$ 1,154,420
Marketable securities	-	345,766	-	345,766	397,506
Accounts receivable (Note)	108,500	35,661	-	144,161	66,806
Prepaid expenses	<u>40,804</u>	-	-	<u>40,804</u>	<u>42,362</u>
	306,246	865,411	373,950	1,545,607	1,661,094
SOFTWARE UNDER DEVELOPMENT (Note 4)	-	-	-	-	19,367
PROPERTY AND EQUIPMENT (Note 5)	-	-	<u>527,547</u>	<u>527,547</u>	<u>494,500</u>
	<u>\$ 306,246</u>	<u>\$ 865,411</u>	<u>\$ 901,497</u>	<u>\$ 2,073,154</u>	<u>\$ 2,174,961</u>
LIABILITIES					
CURRENT					
Accounts payable	\$ 127,940	\$ 39,000	\$ -	\$ 166,940	\$ 216,652
Deferred revenue	178,306	-	-	178,306	68,261
Deferred contributions related to property and equipment	-	-	<u>66,742</u>	<u>66,742</u>	<u>112,030</u>
	<u>306,246</u>	<u>39,000</u>	<u>66,742</u>	<u>411,988</u>	<u>396,943</u>
COMMITMENTS AND CONTINGENCIES (Note 7)					
FUND BALANCES (Note 2)					
EQUIP. REPLACEMENT RESERVE	-	245,643	-	245,643	203,134
SERVICE STABILIZATION RESERVE	-	135,943	-	135,943	344,704
PERSONNEL POLICY RESERVE	-	419,275	-	419,275	465,267
INFO. MANAGEMENT RESERVE	-	11,161	-	11,161	22,699
CONTINGENCY RESERVE	-	14,389	-	14,389	20,000
SURPLUS	-	-	<u>834,755</u>	<u>834,755</u>	<u>722,214</u>
	-	826,411	<u>834,755</u>	<u>1,661,166</u>	<u>1,778,018</u>
	<u>\$ 306,246</u>	<u>\$ 865,411</u>	<u>\$ 901,497</u>	<u>\$ 2,073,154</u>	<u>\$ 2,174,961</u>

On Behalf of the Board

 Director


 Director

See accompanying notes to the financial statements.



JOHN HOWARD SOCIETY OF PEEL-HALTON-DUFFERIN

AN AFFILIATE OF THE JOHN HOWARD SOCIETY OF ONTARIO

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES

YEAR ENDED MARCH 31, 2011

	OPERATING FUND	RESERVE FUND	CAPITAL FUND	TOTAL 2011	(Note 8) 2010
REVENUE					
Human Resource Development Canada (Note 6)	\$ 18,763	\$ -	\$ -	\$ 18,763	\$ 17,406
Ministry of Training, Colleges and Universities:					
Summer Job Service	117,440	-	-	117,440	76,040
Employment Services (Note 6)	660,582	-	-	660,582	795,506
Ministry of the Attorney General					
Bail Verification & Supervision (Note 6)	839,136	-	-	839,136	837,316
Youth Justice Committee (Note 6)	65,539	-	-	65,539	65,113
Directed Accountability (Note 6)	39,431	-	-	39,431	-
Correctional Services of Canada					
Region of Peel	2,059	-	-	2,059	12,877
United Way of Peel (Note 6)	13,294	-	-	13,294	4,000
Halton Healthy Community Fund (Note 6)					
Ministry of Children & Youth Services (Note 6)	279,039	-	-	279,039	273,415
Industry Canada Community Access Program (Note 6)	5,690	-	-	5,690	76,314
Fees for services	249,791	-	-	249,791	269,814
Memberships and Donations					
Fundraising	14,595	-	-	14,595	17,120
Investment income	4,045	-	-	4,045	6,823
Rental income	9,320	-	-	9,320	5,858
Deferred contributions recognized	8,220	-	-	8,220	13,953
Insurance proceeds	-	11,150	-	11,150	35,663
Other Income	-	-	55,203	55,203	67,296
	-	-	61,843	61,843	64,254
	-	72,000	-	72,000	-
	<u>45,962</u>	<u>-</u>	<u>-</u>	<u>45,962</u>	<u>106,561</u>
	\$ <u>2,372,906</u>	\$ <u>83,150</u>	\$ <u>117,046</u>	\$ <u>2,573,102</u>	\$ <u>2,745,329</u>

See accompanying notes to the financial statements



JOHN HOWARD SOCIETY OF PEEL-HALTON-DUFFERIN

AN AFFILIATE OF THE JOHN HOWARD SOCIETY OF ONTARIO

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES (CONTINUED)

YEAR ENDED MARCH 31, 2011

	OPERATING FUND	RESERVE FUND	CAPITAL FUND	TOTAL 2011	(Note 8) 2010
REVENUE (CONTINUED)	\$ 2,372,906	\$ 83,150	\$ 117,046	\$ 2,573,102	\$ 2,745,329
EXPENDITURES					
Salaries	1,129,241	-	-	1,129,241	1,039,323
Employee benefits and HR costs	307,461	30,105	-	337,566	291,418
Travel and conference expenses	48,230	-	-	48,230	42,406
Occupancy costs	384,327	41,001	-	425,328	348,969
Administration expenses	104,620	-	-	104,620	95,622
Fire replacement costs	-	21,709	-	21,709	-
Bank charges	478	-	-	478	1,735
Professional fees	37,904	-	-	37,904	22,791
Service and program expenses	323,181	-	-	323,181	343,525
Project costs	10,429	-	-	10,429	77,718
Summer Jobs stipend	101,349	-	-	101,349	76,040
Job development stipend	25,228	-	-	25,228	140,456
Amortization of property, plant and equipment	-	-	98,921	98,921	84,024
Loss on disposal of assets	-	-	25,770	25,770	-
	<u>2,472,448</u>	<u>92,815</u>	<u>124,691</u>	<u>2,689,954</u>	<u>2,564,027</u>
EXCESS, BEFORE APPROPRIATIONS	(99,542)	(9,665)	(7,645)	(116,852)	181,302
APPROPRIATIONS	<u>97,915</u>	<u>(219,728)</u>	<u>121,813</u>	-	-
EXCESS OF REVENUE OVER EXPENDITURES	(1,627)	(229,393)	114,168	(116,852)	181,302
FUND BALANCE, beginning of year	<u>1,627</u>	<u>1,055,804</u>	<u>720,587</u>	<u>1,778,018</u>	<u>1,596,716</u>
FUND BALANCE, end of year	\$ -	\$ 826,411	\$ 834,755	\$ 1,661,166	\$ 1,778,018

See accompanying notes to the financial statements



JOHN HOWARD SOCIETY OF PEEL-HALTON-DUFFERIN

AN AFFILIATE OF THE JOHN HOWARD SOCIETY OF ONTARIO

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2011

	OPERATING FUND	RESERVE FUND	CAPITAL FUND	TOTAL 2011	2010
OPERATING ACTIVITIES					
Excess of revenue over expenditure	\$ (99,542)	\$ (9,665)	\$ (7,645)	\$ (116,852)	\$ 181,302
Items not affecting cash:					
Amortization	-	-	98,921	98,921	84,024
Loss on disposal	-	-	25,770	25,770	-
Unrealized change in fair value of marketable securities	-	(3,258)	-	(3,258)	(22,762)
Change in non-cash working capital balances					
Accounts receivable	(49,914)	(27,441)	-	(77,355)	(6,921)
Prepaid expenses	1,558	-	-	1,558	(38)
Accounts payable	16,031	(65,742)	-	(49,711)	25,834
Deferred revenue	110,045	-	(45,288)	64,757	(162,003)
	<u>(21,822)</u>	<u>(106,106)</u>	<u>71,758</u>	<u>(56,170)</u>	<u>99,436</u>
FINANCING ACTIVITIES					
Appropriations	97,915	(219,728)	121,813	-	-
INVESTING ACTIVITIES					
Software under development	-	-	-	-	(19,367)
Purchase of property and equipment	-	-	(138,371)	(138,371)	(13,427)
Sale of marketable securities	-	54,997	-	54,997	52,480
	<u>-</u>	<u>54,997</u>	<u>(138,371)</u>	<u>(83,374)</u>	<u>19,686</u>
NET INCREASE IN CASH:	76,093	(270,837)	55,200	(139,544)	119,122
CASH, beginning of year	80,849	754,821	318,750	1,154,420	1,035,298
CASH, end of year	<u>\$ 156,942</u>	<u>\$ 483,984</u>	<u>\$ 373,950</u>	<u>\$ 1,014,876</u>	<u>\$ 1,154,420</u>

See accompanying notes to the financial statements.



JOHN HOWARD SOCIETY OF PEEL-HALTON-DUFFERIN

AN AFFILIATE OF THE JOHN HOWARD SOCIETY OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2011

1. PURPOSE OF ORGANIZATION

The John Howard Society of Peel was incorporated on January 30, 1996 and as of November 5, 2005 became John Howard Society of Peel-Halton-Dufferin, a corporation without share capital that is a registered charity under paragraph 149(1)(f) of the Income Tax Act. The Society is an affiliate of the John Howard Society of Ontario. The Society's mission is to prevent crime through research, community education, and the promotion of systemic change and restorative services to individuals.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Society follows accounting principles generally accepted in Canada in preparing its financial statements. The significant accounting policies used are as follows:

Financial Statement Presentation

These financial statements include the assets, liabilities, revenue and expenditures of the Society including the Employment Services Program and the Summer Job Service Program.

Fund Accounting

The Society uses fund accounting to report its activities and follows the deferral method of accounting for contributions.

The Operating fund is used generally for administrative operations as well as for the various programs.

The Reserve fund is used to monitor the various reserves of the Society and the revenues and expenditures relating to the investment of those reserve funds. The Society currently has set up various reserves with the following purposes:

The Equipment Replacement Reserve provides for future repairs and replacements.

The Service Stabilization Reserve ensures the continued service delivery at time of funding shortfalls.

The Personnel Policy Reserve provides for any liabilities arising from the Society's personnel policies.

The Information Management Reserve provides for updating and enhancing the Society's software system.

The Contingency Reserve provides and maintains property and leasehold Improvements and commitments for the Society's locations.

The Capital fund is used to identify the cost and amortization of all property and equipment for the various programs.

Investments

The portfolio of marketable securities are classified as held-for-trading and are reported at fair value. The related changes in fair value of the portfolio of marketable securities are reported in the statement of operations. Fair value is determined using market rates on the active market.



JOHN HOWARD SOCIETY OF PEEL-HALTON-DUFFERIN

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NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property, plant and equipment are recorded at cost and amortization is recorded on the straight-line basis over the estimated useful life of the asset as follows:

Building	- 30 years
Leasehold improvements	- 5 years
Equipment	- 5 years
Furniture	- 10 years
Paving	- 5 years

Revenue recognition

The Society uses the deferral method of accounting for contributions whereby restricted funding and donations related to expenses of future periods are deferred and recognized as revenue in the period in which the related expenses are incurred. Unrestricted donations and contributions along with investment income not required to be paid back to funders are reported as revenue of the current period.

Contributed Services

Volunteers contribute time each year to assist the Society in carrying out its service delivery activities. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

3. FINANCIAL INSTRUMENTS

Fair Value

The Society's financial instruments include cash, accounts receivable, and accounts payable and accrued liabilities. The carrying value of these instruments approximates their fair value due to their immediate or short-term liquidity.

Financial instruments also include marketable securities classified as held-for-trading, which are reported at fair value.

Interest, Currency and Credit Risks

Unless otherwise noted, it is management's opinion that the Society is not exposed to significant interest, currency or credit risks arising from these financial instruments.



JOHN HOWARD SOCIETY OF PEEL-HALTON-DUFFERIN

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NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2011

4. SOFTWARE UNDER DEVELOPMENT

Intangible assets of \$19,367, which consisted of expenditures associated with the development of new software that was not available to use in the prior year, was identified as fully impaired and expensed during the year. Management had identified that the software could not be used by the Society and the project was fully abandoned.

5. PROPERTY AND EQUIPMENT

	Cost	Accumulated Amortization	Net Book Value	
			2011	2010
Land	\$ 133,767	\$ -	\$ 133,767	\$ 133,766
Building	324,633	95,305	229,328	240,149
Leasehold improvements	215,607	178,143	37,464	36,097
Equipment	397,095	300,249	96,846	45,210
Furniture	109,015	78,873	30,142	36,949
Paving	13,972	13,972	-	2,329
	<u>\$ 1,194,089</u>	<u>\$ 666,542</u>	<u>\$ 527,547</u>	<u>\$ 494,500</u>

6. REVENUE RECONCILIATION

The property and equipment of the Society are capitalized and expensed by way of amortization over the assets' useful life as per Note 2, to comply with Canadian generally accepted accounting principles. This results in a difference between actual funding and expenditures versus those disclosed on these financial statements.

Similarly, some funding relating to future periods has been set up as a deferred revenue as per Note 2. This also results in a difference between actual funding and expenditures versus those disclosed on these financial statements. The amounts repayable to the respective Ministries have been reduced from current revenues and shown in accounts payable.

Had those revenues and expenditures been recognized on a cash basis the results would have been as follows:

(i) Ministry of Training, Colleges and Universities - general funding

During the year the Society received \$778,100 in cash, of which \$107,822 was deferred and \$9,696 was spent on capital asset additions. The remaining \$660,582 has been recognized as revenue.

(ii) Ministry of Attorney General

The Ministry confirmed payment of \$839,368 for the Bail Verification and Services, of which \$232 was spent on capital asset additions and the remaining \$839,136 has been recognized as revenue.

During the year the Society received \$69,990 for Ministry for the Youth Justice Committee program, of which \$4,451 was deferred and the remaining \$65,539 has been recognized as revenue. The 2010 deferred amount of \$6,197 was repaid back to the Ministry.

Also, the Society received \$47,780 for the Direct Accountability program, of which \$7,478 was deferred, \$870 was spent on capital asset additions and the remaining balance of \$39,431 has been directly recognized as revenue.



JOHN HOWARD SOCIETY OF PEEL-HALTON-DUFFERIN

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NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2011

6. REVENUE RECONCILIATION (Continued)

(iii) United Way of Peel

During the year the Society received \$280,094 in cash of which \$1,055 was spent on capital asset additions. The remaining \$279,039 has been recognized as revenue.

(iv) Halton Healthy Community Fund

In the prior year \$5,690 of revenue had been deferred. In the current fiscal year the full \$5,690 amount has been recognized as revenue.

(v) Ministry of Children and Youth Services

The Ministry confirmed payment of \$254,365 during the year, of which \$2,834 was deferred, \$1,740 was spent on capital assets. The remaining \$249,791 was recognized as revenue.

(vi) Industry Canada Community Access Program

Total funds received for the current fiscal year were \$9,894 and \$8,606 has been recorded in accounts receivable. Of the balance received \$3,903 has been spent on capital assets. The total amount of revenue for this program is \$14,595.

7. COMMITMENTS AND CONTINGENCIES

The Society has the following annual operating lease commitments with respect to premises:

2012	\$ 193,638
2013	125,211
2014	83,047
2015	<u>31,594</u>
	<u>\$ 433,490</u>

8. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to conform with the financial statement presentation adopted in the current period.

