

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

AN AFFILIATE OF THE
JOHN HOWARD SOCIETY OF ONTARIO

FINANCIAL STATEMENTS

MARCH 31, 2012



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, 2012, and the statements 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, 2012 and the results of its financial performance for the year then ended in accordance with Canadian generally accepted accounting principles.



Mississauga, Canada
May 30, 2012

CHARTERED ACCOUNTANTS,
LICENSED PUBLIC ACCOUNTANTS

MacGillivray Brampton
6605 Hurontario St., Suite 600, Mississauga, ON L5T 0A3
T: 905.696.0707 • F: 905.696.0760
www.macgillivray.com

JOHN HOWARD SOCIETY OF PEEL-HALTON-DUFFERIN

AN AFFILIATE OF THE JOHN HOWARD SOCIETY OF ONTARIO

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2012

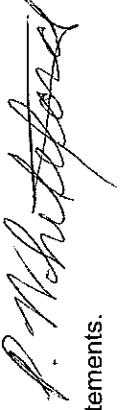
	<u>OPERATING FUND</u>	<u>RESERVE FUND</u>	<u>CAPITAL FUND</u>	<u>TOTAL 2012</u>	<u>2011</u>
ASSETS					
CURRENT					
Cash	\$ 80,047	\$ 544,500	\$ 204,806	\$ 829,353	\$ 1,014,876
Marketable securities	-	313,230	-	313,230	345,766
Accounts receivable	134,216	3,185	-	137,401	144,161
Prepaid expenses	<u>38,946</u>	<u>-</u>	<u>-</u>	<u>38,946</u>	<u>40,804</u>
	253,209	860,915	204,806	1,318,930	1,545,607
	<u>-</u>	<u>-</u>	<u>502,028</u>	<u>502,028</u>	<u>527,547</u>
PROPERTY AND EQUIPMENT (Note 4)	<u>\$ 253,209</u>	<u>\$ 860,915</u>	<u>\$ 706,834</u>	<u>\$ 1,820,958</u>	<u>\$ 2,073,154</u>
LIABILITIES					
CURRENT					
Accounts payable	\$ 118,137	\$ 49,000	\$ -	\$ 167,137	\$ 166,940
Deferred revenue	135,072	-	-	135,072	178,306
Deferred contributions related to property and equipment	<u>-</u>	<u>-</u>	<u>72,852</u>	<u>72,852</u>	<u>66,742</u>
	<u>253,209</u>	<u>49,000</u>	<u>72,852</u>	<u>375,061</u>	<u>411,988</u>
COMMITMENTS AND CONTINGENCIES (Note 6)					
FUND BALANCES (Note 2)					
EQUIP. REPLACEMENT RESERVE	-	271,243	-	271,243	245,643
SERVICE STABILIZATION RESERVE	-	111,305	-	111,305	135,943
PERSONNEL POLICY RESERVE	-	403,817	-	403,817	419,275
INFO. MANAGEMENT RESERVE	-	11,161	-	11,161	11,161
CONTINGENCY RESERVE	-	14,389	-	14,389	14,389
SURPLUS	<u>-</u>	<u>-</u>	<u>633,982</u>	<u>633,982</u>	<u>834,755</u>
	<u>-</u>	<u>811,915</u>	<u>633,982</u>	<u>1,445,897</u>	<u>1,661,166</u>
	<u>\$ 253,209</u>	<u>\$ 860,915</u>	<u>\$ 706,834</u>	<u>\$ 1,820,958</u>	<u>\$ 2,073,154</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, 2012

	OPERATING FUND	RESERVE FUND	CAPITAL FUND	TOTAL 2012	2011
REVENUE (Note 5)					
Human Resource Development Canada	\$ 13,900	\$ -	\$ -	\$ 13,900	\$ 18,763
Ministry of Training, Colleges and Universities:					
Summer Job Service	110,236	-	-	110,236	117,440
Employment Services	682,412	-	-	682,412	660,582
Ministry of the Attorney General					
Bail Verification & Supervision	838,395	-	-	838,395	839,136
Youth Justice Committee	64,605	-	-	64,605	65,539
Directed Accountability	55,349	-	-	55,349	39,431
Correctional Services of Canada	-	-	-	-	2,059
Region of Peel	8,000	-	-	8,000	13,294
United Way	289,161	-	-	289,161	279,039
Halton Healthy Community Fund	-	-	-	-	5,690
Ministry of Children & Youth Services	253,365	-	-	253,365	249,791
Industry Canada Community Access Program	18,511	-	-	18,511	14,595
Mississauga Community Foundation	39,147	-	-	39,147	-
Brampton and Area Community Foundation	2,500	-	-	2,500	-
Fees for services	4,629	-	-	4,629	4,045
Memberships and Donations	8,764	-	-	8,764	9,320
Fundraising	1,802	-	-	1,802	8,220
Investment income	3	6,044	-	6,047	11,150
Rental income	9,600	-	28,331	37,931	55,203
Deferred contributions recognized	-	-	22,022	22,022	61,843
Insurance proceeds	-	-	-	-	72,000
Other income	40,958	-	-	40,958	45,962
	<u>\$ 2,441,337</u>	<u>\$ 6,044</u>	<u>\$ 50,353</u>	<u>\$ 2,497,734</u>	<u>\$ 2,573,102</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, 2012

	OPERATING FUND	RESERVE FUND	CAPITAL FUND	TOTAL 2012	(Note 7) 2011
REVENUE (CONTINUED)	\$ 2,441,337	\$ 6,044	\$ 50,353	\$ 2,497,734	\$ 2,573,102
EXPENDITURES					
Salaries	1,385,538	-	-	1,385,538	1,335,994
Employee benefits and HR costs	307,340	15,458	-	322,798	337,566
Travel and conference expenses	51,472	-	-	51,472	48,230
Occupancy costs	435,593	26,409	-	462,002	425,328
Administration expenses	94,385	-	-	94,385	104,620
Fire replacement costs	-	433	-	433	21,709
Bank charges	(36)	-	-	(36)	478
Professional fees	36,562	-	-	36,562	37,904
Service and program expenses	102,249	-	-	102,249	116,428
Project costs	43,933	-	-	43,933	10,429
Summer Jobs stipend	92,154	-	-	92,154	101,349
Job development stipend	56,687	-	-	56,687	25,228
Amortization of property, plant and equipment	-	-	63,386	63,386	98,921
Loss on disposal of assets	-	-	1,440	1,440	25,770
	<u>2,605,877</u>	<u>42,300</u>	<u>64,826</u>	<u>2,713,003</u>	<u>2,689,954</u>
EXCESS, BEFORE APPROPRIATIONS	(164,540)	(36,256)	(14,473)	(215,269)	(116,852)
APPROPRIATIONS	<u>164,540</u>	<u>21,760</u>	<u>(186,300)</u>	<u>-</u>	<u>-</u>
EXCESS OF EXPENDITURES OVER REVENUE	-	(14,496)	(200,773)	(215,269)	(116,852)
FUND BALANCE, beginning of year	-	<u>826,411</u>	<u>834,755</u>	<u>1,661,166</u>	<u>1,778,018</u>
FUND BALANCE, end of year	\$ -	\$ <u>811,915</u>	\$ <u>633,982</u>	\$ <u>1,445,897</u>	\$ <u>1,661,166</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 CASH FLOWS

YEAR ENDED MARCH 31, 2012

	OPERATING FUND	RESERVE FUND	CAPITAL FUND	TOTAL 2012	2011
OPERATING ACTIVITIES					
Excess of expenditures over revenue	\$ (164,540)	\$ (36,256)	\$ (14,473)	\$ (215,269)	\$ (116,852)
Items not affecting cash:					
Amortization	-	-	63,386	63,386	98,921
Loss on disposal	-	-	1,440	1,440	25,770
Unrealized change in fair value of marketable securities	-	10,536	-	10,536	(3,258)
Change in non-cash working capital balances					
Accounts receivable	(25,717)	32,476	-	6,759	(77,355)
Prepaid expenses	1,858	-	-	1,858	1,558
Accounts payable	(9,802)	10,000	-	198	(49,711)
Deferred revenue	(43,234)	-	6,111	(37,123)	64,757
	<u>(241,435)</u>	<u>16,756</u>	<u>56,464</u>	<u>(168,215)</u>	<u>(56,170)</u>
FINANCING ACTIVITIES					
Appropriations	164,540	21,760	(186,300)	-	-
INVESTING ACTIVITIES					
Purchase of property and equipment	-	-	(39,308)	(39,308)	(138,371)
Sale of marketable securities	-	22,000	-	22,000	54,997
	-	22,000	(39,308)	(17,308)	(83,374)
NET INCREASE (DECREASE) IN CASH:	(76,895)	60,516	(169,144)	(185,523)	(139,544)
CASH, beginning of year	156,942	483,984	373,950	1,014,876	1,154,420
CASH, end of year	<u>\$ 80,047</u>	<u>\$ 544,500</u>	<u>\$ 204,806</u>	<u>\$ 829,353</u>	<u>\$ 1,014,876</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, 2012

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

AN AFFILIATE OF THE JOHN HOWARD SOCIETY OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2012

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 Rate, Currency and Credit Risks

Unless otherwise noted, it is management's opinion that the Society is not exposed to significant interest rate, currency or credit risks arising from these financial instruments. Management believes the exposures to these risks have not changed in the past year.



JOHN HOWARD SOCIETY OF PEEL-HALTON-DUFFERIN

AN AFFILIATE OF THE JOHN HOWARD SOCIETY OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2012

4. PROPERTY AND EQUIPMENT

	Cost	Accumulated Amortization	Net Book Value	
			2012	2011
Land	\$ 133,767	\$ -	\$ 133,767	\$ 133,767
Building	324,633	106,126	218,507	229,328
Leasehold improvements	224,513	190,582	33,931	37,464
Equipment	425,096	333,264	91,832	96,846
Furniture	109,015	85,024	23,991	30,142
Paving	13,972	13,972	-	-
	<u>\$ 1,230,996</u>	<u>\$ 728,968</u>	<u>\$ 502,028</u>	<u>\$ 527,547</u>

5. 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.

Revenue recognized from various funding agencies can be reconciled to actual cash payments received during the year as follows:

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

During the year the Society received \$671,302 in cash and recorded \$27,174 in accounts receivable, of which \$16,064 was spent on capital asset additions. The remaining \$682,412 has been recognized as revenue.

The Society also received \$117,352 for the Summer Jobs Service program, of which \$7,116 has been deferred and the remaining \$110,236 has been recognized as revenue.

(ii) Ministry of Attorney General

The Ministry confirmed payment of \$839,370 for the Bail Verification and Services, of which \$975 was spent on capital asset additions and the remaining \$838,395 has been recognized as revenue.

During the year the Society received \$69,993 from the Ministry for the Youth Justice Committee program, of which \$4,388 was deferred, \$1,000 was spent on capital asset additions, and the remaining \$64,605 has been recognized as revenue. The 2011 deferred amount of \$4,451 has yet to have been repaid to the Ministry and is included in the deferred revenue balance.

The Society also received \$48,706 for the Direct Accountability program, of which \$1,000 was spent on capital asset additions, and the remaining balance of \$47,706 has been directly recognized as revenue. Further, \$7,643 received in 2011 and included in deferred revenue in the prior year was directly recognized in revenue for the current year.



JOHN HOWARD SOCIETY OF PEEL-HALTON-DUFFERIN

AN AFFILIATE OF THE JOHN HOWARD SOCIETY OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2012

5. REVENUE RECONCILIATION (Continued)

(iii) United Way

During the year the Society received \$280,094 in cash from the United Way of Peel of which \$7,433 was spent on capital asset additions and the remainder recognized as revenue. In addition, the Society received \$16,500 from the United Way of Milton which was recognized as revenue. In total, \$289,161 received from United Way organizations has been recognized as revenue.

(iv) Ministry of Children and Youth Services

The Ministry confirmed payment of \$254,365 during the year, of which \$1,000 was spent on capital assets. The remaining \$253,365 was recognized as revenue.

(v) Industry Canada Community Access Program

Total funds received for the current fiscal year were \$13,106 and \$5,405 has been recorded in accounts receivable, all of which has been recorded as revenue.

(vi) Mississauga Community Foundation

During the year the Society received \$50,017 from the Mississauga Community Foundation, of which \$10,870 has been deferred and the remaining \$39,147 has been recorded as revenue.

(vii) Brampton Area Community Foundation

During the year the Society received \$5,000 from the Brampton Area Community Foundation, of which \$2,500 has been deferred and the remaining \$2,500 has been recorded as revenue.

6. COMMITMENTS AND CONTINGENCIES

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

2013	\$ 234,088
2014	135,212
2015	84,882
2016	54,411
2017	<u>18,262</u>
	<u>\$ 526,855</u>

7. COMPARATIVE FIGURES

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

