

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

FINANCIAL STATEMENTS

MARCH 31, 2016



INDEPENDENT AUDITORS' REPORT

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

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, 2016, and the statement of operations and changes in fund balances and statement of 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 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 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 Society'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 in our audit 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.

INDEPENDENT AUDITORS' REPORT, continued

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 John Howard Society of Peel-Halton-Dufferin as at March 31, 2016 and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Mississauga, Ontario
July 8, 2016



CHARTERED ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

JOHN HOWARD SOCIETY OF PEEL-HALTON-DUFFERIN

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2016

	Operating Fund 2016	Reserve Fund 2016	Capital Fund 2016	March 31 2016 Total	March 31 2015
ASSETS					
Current					
Cash and cash equivalents (Note 4)	\$ 287,930	\$ 486,950	\$ 887,214	\$ 1,662,094	\$ 983,003
Accounts receivable	51,368	-	-	51,368	75,738
Government remittances	46,616	-	-	46,616	88,224
Marketable securities	-	108,526	-	108,526	123,562
Assets held for sale	-	-	-	-	330,632
Prepaid expenses	49,690	-	-	49,690	64,878
	<u>435,604</u>	<u>595,476</u>	<u>887,214</u>	<u>1,918,294</u>	<u>1,666,037</u>
Property and equipment (Note 5)					
	-	-	53,275	53,275	35,657
	<u>\$ 435,604</u>	<u>\$ 595,476</u>	<u>\$ 940,489</u>	<u>\$ 1,971,569</u>	<u>\$ 1,701,694</u>



See accompanying notes to the financial statements

JOHN HOWARD SOCIETY OF PEEL-HALTON-DUFFERIN

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2016

	Operating Fund 2016	Reserve Fund 2016	Capital Fund 2016	March 31 2016 Total	March 31 2015
LIABILITIES					
Current					
Accounts payable	\$ 193,790	\$ -	\$ -	\$ 193,790	\$ 231,699
Deferred revenue (Note 6)	241,814	-	-	241,814	168,884
Deferred contributions related to property and equipment	-	-	34,504	34,504	37,837
	<u>435,604</u>	<u>-</u>	<u>34,504</u>	<u>470,108</u>	<u>438,420</u>
COMMITMENTS AND CONTINGENCIES (Note 7)					
FUND BALANCES (Note 2 & 8)					
Equip. replacement reserve	-	256,706	-	256,706	264,054
Service stabilization reserve	-	49,128	-	49,128	113,271
Personnel policy reserve	-	266,235	-	266,235	302,422
Info. management reserve	-	9,018	-	9,018	9,018
Contingency reserve	-	14,389	-	14,389	14,389
Surplus	<u>-</u>	<u>-</u>	<u>905,985</u>	<u>905,985</u>	<u>560,120</u>
	<u>\$ 435,604</u>	<u>\$ 595,476</u>	<u>\$ 940,489</u>	<u>\$ 1,971,569</u>	<u>\$ 1,701,694</u>

Approved on behalf of the board

Director

Director

President

TREASURER

See accompanying notes to the financial statements



JOHN HOWARD SOCIETY OF PEEL-HALTON-DUFFERIN

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED MARCH 31, 2016

	Operating Fund	Reserve Fund	Capital Fund	Total 2016	Total 2015
Revenue (Note 5)					
Human Resource Development Canada	\$ 12,476	\$ -	\$ -	\$ 12,476	\$ 13,343
Ministry of Training, Colleges and Universities					
Summer Job Service	87,509	-	-	87,509	87,598
Employment Services	741,301	-	-	741,301	658,271
Canada-Ontario Job Grant	26,917	-	-	26,917	5,396
Youth Employment Fund	67,454	-	-	67,454	342,661
Ministry of the Attorney General					
Bail Verification & Supervision	839,367	-	-	839,367	839,367
Youth Justice Committee	35,000	-	-	35,000	35,000
Direct Accountability	55,608	-	-	55,608	49,827
Region of Peel	264,220	-	-	264,220	132,370
United Way	208,900	-	-	208,900	206,200
Ministry of Children and Youth Services	279,365	-	-	279,365	280,982
Brampton and Caledon Community Foundation	2,381	-	-	2,381	-
Fees for services	9,795	-	-	9,795	14,585
Memberships and Donations	8,578	-	-	8,578	21,617
County of Dufferin	-	-	-	-	26,093
Investment (loss) income	-	(11,940)	-	(11,940)	18,039
Rental income	14,725	-	3,000	17,725	25,048
Jarden Community Fund	3,674	-	-	3,674	2,507
Halton Region	16,667	-	-	16,667	-
Catholic Family Services	6,124	-	-	6,124	-
Ministry of Community Safety and Correctional Services	28,228	-	-	28,228	-
Deferred contributions recognized	-	-	31,237	31,237	18,454
Other income	41,994	-	-	41,994	58,901
	<u>2,750,283</u>	<u>(11,940)</u>	<u>34,237</u>	<u>2,772,580</u>	<u>2,836,259</u>

See accompanying notes to the financial statements



JOHN HOWARD SOCIETY OF PEEL-HALTON-DUFFERIN

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED MARCH 31, 2016

	Operating Fund	Reserve Fund	Capital Fund	Total 2016	Total 2015
Expenditures					
Salaries	1,533,326	-	-	1,533,326	1,416,959
Employee benefits and HR costs	311,646	25,815	-	337,461	312,457
Travel and conference expenses	63,088	-	-	63,088	45,189
Occupancy costs	407,786	-	-	407,786	427,290
Administration expenses	78,049	15,464	-	93,513	103,291
Bank charges	227	-	-	227	31
Professional fees	32,564	-	-	32,564	31,161
Service and program expenses	99,733	-	-	99,733	85,382
Project costs	6,255	-	-	6,255	3,237
Summer jobs stipend	65,708	-	-	65,708	65,704
Job development stipend	223,110	-	-	223,110	361,892
Amortization of property and equipment	-	-	29,954	29,954	46,444
Moving expenses	-	24,791	-	24,791	-
	<u>2,821,492</u>	<u>66,070</u>	<u>29,954</u>	<u>2,917,516</u>	<u>2,899,037</u>
Excess, before other income and appropriations	<u>(71,209)</u>	<u>(78,010)</u>	<u>4,283</u>	<u>(144,936)</u>	<u>(62,778)</u>
Other income					
Gain on sale of property and equipment	-	-	(383,123)	(383,123)	-
Excess, before appropriations	<u>(71,209)</u>	<u>(78,010)</u>	<u>387,406</u>	<u>238,187</u>	<u>(62,778)</u>
Appropriations	<u>71,209</u>	<u>(29,668)</u>	<u>(41,541)</u>	<u>-</u>	<u>-</u>
Fund balance, beginning of year	<u>-</u>	<u>703,154</u>	<u>560,120</u>	<u>1,263,274</u>	<u>1,326,052</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ 595,476</u>	<u>\$ 905,985</u>	<u>\$ 1,501,461</u>	<u>\$ 1,263,274</u>

See accompanying notes to the financial statements



JOHN HOWARD SOCIETY OF PEEL-HALTON-DUFFERIN

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2016

	Operating Fund	Reserve Fund	Capital Fund	Total 2016	Total 2015
Cash flows from operating activities					
Excess of expenditures over revenue	\$ (71,209)	\$ (78,010)	\$ 387,406	\$ 238,187	\$ (62,778)
Adjustments for					
Amortization	-	-	29,954	29,954	46,444
Gain on disposition of property	-	-	(383,123)	(383,123)	-
Unrealized change in fair value of marketable securities	-	15,037	-	15,037	(13,185)
	-	15,037	(353,169)	(338,132)	(29,519)
Change in non-cash working capital items					
Accounts receivable	24,370	-	-	24,370	(11,624)
Prepaid expenses	15,188	-	-	15,188	(24,359)
Accounts payable	(37,911)	-	-	(37,911)	(9,647)
Government remittances	41,608	-	-	41,608	(19,626)
Deferred revenue	72,930	-	(3,332)	69,598	69,863
	44,976	(62,973)	30,905	12,908	(24,912)
Cash flows from investing activities					
Purchase of property and equipment	-	-	(47,572)	(47,572)	(13,590)
Proceeds on disposal of property and equipment	-	-	713,755	713,755	-
	-	-	666,183	666,183	(13,590)
Cash flows from financing activities					
Appropriations	71,209	(29,667)	(41,542)	-	-
Increase (decrease) in cash and cash equivalents	116,185	(92,640)	655,546	679,091	(38,502)
Cash and cash equivalents, beginning of year	171,745	579,590	231,668	983,003	1,021,505
Cash and cash equivalents, end of year	\$ 287,930	\$ 486,950	\$ 887,214	\$ 1,662,094	\$ 983,003

See accompanying notes to the financial statements



JOHN HOWARD SOCIETY OF PEEL-HALTON-DUFFERIN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

1. PURPOSE OF ORGANIZATION

John Howard Society of Peel-Halton-Dufferin was incorporated on January 30, 1996 and as of November 5, 2005 became the 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

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. Significant accounting policies adopted by the Organization are as follows:

(a) Financial statement presentation

These general purpose financial statements include the assets, liabilities, revenue and expenditures of all of the programs and operations of the John Howard Society of Peel-Halton-Dufferin.

(b) Fund accounting

The Society follows the deferral method of accounting for contributions which includes grants and donations. Contributions of property and equipment are included as deferred contributions and are amortized to revenue at the same rate and on the same basis as amortization of the related property and equipment.

Restricted contributions are recognized as revenue in the year in which the related expenses are made. 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.

The Organization's funds have been classified as follows:

Operating Fund

Day-to-day operations are recorded in the Operating Fund. This includes the revenues from ministry programs and donations, and expenses related to salaries, administration and occupancy.

Reserve Fund

The Reserve Fund reports amounts that have been set aside in reserve for specific purposes by the Board of Directors. The Society currently has set up reserves with the following purposes:

(i) The Equipment Replacement Reserve provides for future equipment repairs and replacements.



JOHN HOWARD SOCIETY OF PEEL-HALTON-DUFFERIN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

(b) Fund accounting, continued

(ii) The Service Stabilization Reserve ensures the continued service delivery at times of funding shortfalls.

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

(iv) The Information Management Reserve provides for updating and enhancing the Society's software system. Subsequent to year-end, the Information Management Reserve was closed into the Equipment Replacement Reserve.

(v) The Contingency Reserve provides and maintains property and leasehold improvements and commitments for the Society's locations.

Subsequent to year-end, the Service Stabilization Reserve, Personnel Policy Reserve and the Contingency Reserve were combined to form the Personnel & Service Stabilization Reserve.

Capital Fund

The Capital Fund includes all the activity throughout the year that is associated with the Society's capital expenditures as well as related liabilities. This includes rental revenue from its real property and amortization of its capital assets.

(c) Property and equipment

Property and equipment are recorded at cost. The Society provides for amortization over their estimated useful lives on a straight-line basis. The estimated useful lives of the assets are as follows:

Equipment	3-5 years
Furniture	7-10 years
Leasehold improvements	5 years

(d) 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.

(e) Contributed services

Volunteers contributed time to assist the Society in carrying out various programs. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.



JOHN HOWARD SOCIETY OF PEEL-HALTON-DUFFERIN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

(f) Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates. Balances that are subject to estimates are accounts receivable, property and equipment and deferred revenue.

3. FINANCIAL INSTRUMENTS

Market risk

As at March 31, 2016, the Society holds \$108,526 in marketable securities that are exposed to market risk which could result in changes in their fair value and future cash flows.

Interest Rate, Currency, Credit and Liquidity Risks

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

4. CASH EQUIVALENTS

Cash equivalents consist of cashable guaranteed investment certificates of \$350,000 with interest at 0.7% to 0.75%.

5. PROPERTY AND EQUIPMENT

	<i>Cost</i>	<i>Amortization</i>	<i>2016 Net</i>	<i>2015 Net</i>
Leasehold improvements	\$ 277,752	\$ 239,972	\$ 37,780	\$ 13,335
Equipment	449,678	440,736	8,942	11,550
Furniture	110,370	103,817	6,553	10,772
	<u>\$ 837,800</u>	<u>\$ 784,525</u>	<u>\$ 53,275</u>	<u>\$ 35,657</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 accounting standards for not-for-profit organizations. 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.



JOHN HOWARD SOCIETY OF PEEL-HALTON-DUFFERIN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

6. REVENUE RECONCILIATION, continued

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

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

During the year the Society received \$745,242 in cash and recorded \$250 in accounts receivable from the Ministry of Training, Colleges and Universities in relation to its Employment Services program. Funding deferred at the end of the previous year of \$201 was brought into income and \$4,392 of the current year's funding was set up as deferred as at the current year-end. \$741,301 has been recognized as revenue.

The Society received \$63,706 in cash and recorded \$3,748 in accounts receivable for the Youth Employment Fund. Funding deferred at the end of 2015 of \$53,786 was included in the total funding received from the Ministry in the current year. Total revenue of \$67,454 has been recognized.

The Society also received \$14,719 in cash and recorded \$12,763 in accounts receivable for the Canada-Ontario Job Grant program, of which \$565 has been deferred at year-end. Funding deferred at the end of 2015 of \$10,854 was included in the total funding received from the Ministry in the current year. Total revenue of \$26,917 has been recognized

(b) Ministry of Attorney General

The Ministry confirmed payment of \$859,367 for the Bail Verification and Services, of which \$20,000 was specifically designated for the purchase of property and equipment. The remaining portion of \$839,367 has been recognized as revenue.

The Society also received \$52,850 for the Direct Accountability program during the year, of which \$1,112 has been deferred at year-end. The remainder was recognized into revenue in the current year, along with the \$3,870 that was deferred at the end of 2015.

(c) Region of Peel

During the year the Society received \$77,719 in cash from the Region of Peel for Sustainability funding, of which \$59,426 has been deferred. Further, \$48,417 of income deferred in the previous year was recognized as revenue in the current year.

The Society also received \$206,650 for the Patch program, of which \$142,478 has been deferred. \$35,188 of income deferred in the previous year was recognized as revenue in the current year.

The Society also received \$10,500 in Organizational Effectiveness funding from the Region in the prior year, all of which was deferred at the end of 2015. The entire amount has been recognized as revenue in the current year.

During the year the Society received \$79,650 in funding for a Homelessness Partnering Strategy program, all of which was recognized as revenue in the current year.

During the year the Society received \$8,000 in funding for the Needle Exchange program, all of which was recognized as revenue in the current year.



JOHN HOWARD SOCIETY OF PEEL-HALTON-DUFFERIN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

6. REVENUE RECONCILIATION, continued

(d) Ministry of Children and Youth Services

The Ministry confirmed payment of \$284,365 during the year, of which \$5,000 was specifically designated for the purchase of property and equipment. The remaining \$279,365 was recorded as revenue in the year. \$1,065 of funding that was deferred at the end of 2015 remains in deferred revenue as of the current year-end.

The changes in deferred revenue are as follows:

	2016	2015
Deferred revenue, beginning of year	\$ 168,884	\$ 89,452
Less amount recognized as revenue during the year	(167,556)	(88,185)
Add amount received related to next year	240,486	167,617
	<u>\$ 241,814</u>	<u>\$ 168,884</u>

7. COMMITMENTS

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

2017	\$ 105,904
2018	45,601
2019	41,924
2020	17,740
2021	17,740
Subsequent	4,435
	<u>\$ 233,344</u>

8. CHANGE IN RESERVES

	<i>Equipment replacement reserve</i>	<i>Service stabilization reserve</i>	<i>Personnel policy reserve</i>	<i>Information management reserve</i>	<i>Contingency reserve</i>
Beginning balance	\$ 264,054	\$ 113,271	\$ 302,422	\$ 9,018	\$ 14,389
Investment loss	-	(11,940)	-	-	-
Disbursements	(3,007)	(26,877)	(36,187)	-	-
Appropriations	(4,341)	(25,326)	-	-	-
Ending balance	<u>\$ 256,706</u>	<u>\$ 49,128</u>	<u>\$ 266,235</u>	<u>\$ 9,018</u>	<u>\$ 14,389</u>

