

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

FINANCIAL STATEMENTS

MARCH 31, 2015



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, 2015, 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.

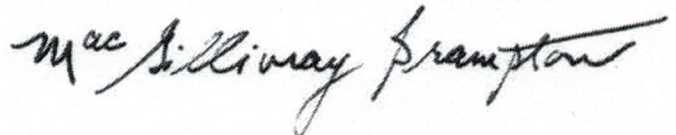
Basis for Qualified Opinion

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, 2015 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
August 25, 2015

CHARTERED ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS



JOHN HOWARD SOCIETY OF PEEL-HALTON-DUFFERIN

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2015

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	Operating Fund 2015	Reserve Fund 2015	Capital Fund 2015	March 31 2015	March 31 2014
ASSETS					
Current					
Cash	\$ 171,745	\$ 579,590	\$ 231,668	\$ 983,003	\$ 1,021,505
Accounts receivable	75,738	-	-	75,738	64,114
Government remittances	88,224	-	-	88,224	68,598
Marketable securities	-	123,564	-	123,562	110,379
Assets held for sale (Note 4)	-	-	330,632	330,632	-
Prepaid expenses	64,878	-	-	64,878	40,519
	<u>400,585</u>	<u>703,154</u>	<u>562,300</u>	<u>1,666,037</u>	<u>1,305,115</u>
Property and equipment (Note 4)					
	-	-	35,657	35,657	399,143
	<u>\$ 400,585</u>	<u>\$ 703,154</u>	<u>\$ 597,957</u>	<u>\$ 1,701,694</u>	<u>\$ 1,704,258</u>

See accompanying notes to the financial statements



JOHN HOWARD SOCIETY OF PEEL-HALTON-DUFFERIN

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2015

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	Operating Fund 2015	Reserve Fund 2015	Capital Fund 2015	March 31 2015	March 31 2014
LIABILITIES					
Current					
Accounts payable	\$ 231,701	\$ -	\$ -	\$ 231,699	\$ 241,348
Deferred revenue	168,884	-	-	168,884	89,452
Deferred contributions related to property and equipment	-	-	37,837	37,837	47,406
	<u>400,585</u>	<u>-</u>	<u>37,837</u>	<u>438,420</u>	<u>378,206</u>
COMMITMENTS AND CONTINGENCIES (Note 6)					
FUND BALANCES (Note 2)					
Equip. replacement reserve	-	264,054	-	264,054	266,821
Service stabilization reserve	-	113,271	-	113,271	125,494
Personnel policy reserve	-	302,422	-	302,422	327,488
Info. management reserve	-	9,018	-	9,018	9,018
Contingency reserve	-	14,389	-	14,389	14,389
Surplus	-	-	560,120	560,120	582,842
	<u>-</u>	<u>703,154</u>	<u>560,120</u>	<u>1,263,274</u>	<u>1,326,052</u>
	<u>\$ 400,585</u>	<u>\$ 703,154</u>	<u>\$ 597,957</u>	<u>\$ 1,701,694</u>	<u>\$ 1,704,258</u>

Approved on behalf of the board

Director *Burton*

Director *Kath Silbert*

See accompanying notes to the financial statements



JOHN HOWARD SOCIETY OF PEEL-HALTON-DUFFERIN

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STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED MARCH 31, 2015

	Operating Fund	Reserve Fund	Capital Fund	Total 2015	Total 2014
Revenue (Note 6)					
Human Resource Development Canada	\$ 13,343	\$ -	\$ -	\$ 13,343	\$ 13,721
Ministry of Training, Colleges and Universities					
Summer Job Service	87,598	-	-	87,598	59,952
Employment Services	658,271	-	-	658,271	660,693
Canada-Ontario Job Grant	5,396	-	-	5,396	-
Youth Employment Fund	342,661	-	-	342,661	220,122
Ministry of the Attorney General					
Bail Verification & Supervision	839,367	-	-	839,367	851,320
Youth Justice Committee	35,000	-	-	35,000	35,000
Direct Accountability	49,827	-	-	49,827	56,650
Region of Peel	132,370	-	-	132,370	50,261
United Way	206,200	-	-	206,200	242,942
Ministry of Children and Youth Services	280,982	-	-	280,982	279,365
Mississauga community foundation	-	-	-	-	27,500
Brampton and area community foundation	-	-	-	-	2,500
Fees for services	14,585	-	-	14,585	9,360
Memberships and Donations	21,617	-	-	21,617	9,062
County of Dufferin	26,093	-	-	26,093	43,588
Investment income	5	18,034	-	18,039	18,062
Rental income	10,900	-	14,148	25,048	31,741
Jarden Community Fund	2,507	-	-	2,507	1,993
Deferred contributions recognized	-	-	18,454	18,454	17,854
Other income	58,901	-	-	58,901	47,058
	<u>2,785,623</u>	<u>18,034</u>	<u>32,602</u>	<u>2,836,259</u>	<u>2,678,744</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, 2015

	Operating Fund	Reserve Fund	Capital Fund	Total 2015	Total 2014
Expenditures					
Salaries	1,416,959	-	-	1,416,959	1,375,055
Employee benefits and HR costs	287,391	25,066	-	312,457	316,288
Travel and conference expenses	45,189	-	-	45,189	55,624
Occupancy costs	427,290	-	-	427,290	437,251
Administration expenses	70,267	33,024	-	103,291	76,723
Bank charges	31	-	-	31	107
Professional fees	31,161	-	-	31,161	32,886
Service and program expenses	85,382	-	-	85,382	76,611
Project costs	3,237	-	-	3,237	3,274
Summer jobs stipend	65,704	-	-	65,704	44,900
Job development stipend	361,892	-	-	361,892	269,013
Amortization of property, plant and equipment	-	-	46,444	46,444	56,733
	<u>2,794,503</u>	<u>58,090</u>	<u>46,444</u>	<u>2,899,037</u>	<u>2,744,465</u>
Excess, before appropriations	(8,880)	(40,056)	(13,842)	(62,778)	(65,721)
Appropriations	8,880	-	(8,880)	-	-
Fund balance, beginning of year	-	743,210	582,842	1,326,052	1,391,773
Fund balance, end of year	<u>\$ -</u>	<u>\$ 703,154</u>	<u>\$ 560,120</u>	<u>\$ 1,263,274</u>	<u>\$ 1,326,052</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, 2015

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	Operating Fund	Reserve Fund	Capital Fund	Total 2015	Total 2014
Cash flows from operating activities					
Excess of expenditures over revenue	\$ (8,880)	\$ (40,056)	\$ (13,842)	\$ (62,778)	\$ (65,721)
Adjustments for					
Amortization	-	-	46,444	46,444	56,733
Unrealized change in fair value of marketable securities	-	(13,185)	-	(13,185)	(14,733)
	(8,880)	(53,241)	32,602	(29,519)	(23,721)
Change in non-cash working capital items					
Accounts receivable	(11,624)	-	-	(11,624)	(35,833)
Prepaid expenses	(24,359)	-	-	(24,359)	1,186
Accounts payable	(9,647)	-	-	(9,647)	56,066
Government remittances	(19,626)	-	-	(19,626)	57,389
Deferred revenue	79,432	-	(9,569)	69,863	51,143
	5,296	(53,241)	23,033	(24,912)	106,230
Cash flows from investing activities					
Purchase of property, plant and equipment	-	-	(13,590)	(13,590)	(5,548)
Cash flows from financing activities					
Appropriations	8,880	-	(8,880)	-	-
Increase (decrease) in cash	14,176	(53,241)	563	(38,502)	100,682
Cash, beginning of year	157,569	632,831	231,105	1,021,505	920,823
Cash, end of year	\$ 171,745	\$ 579,590	\$ 231,668	\$ 983,003	\$ 1,021,505

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, 2015

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

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

The 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 set aside in reserve for specific purposes by the Board of Directors.

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.



JOHN HOWARD SOCIETY OF PEEL-HALTON-DUFFERIN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

(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:

Building	30 years
Equipment	3-5 years
Furniture	7-10 years
Paving	5 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 its music program. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

(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, 2015, the Society holds \$123,562 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.



JOHN HOWARD SOCIETY OF PEEL-HALTON-DUFFERIN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2015

4. PROPERTY AND EQUIPMENT

	<i>Cost</i>	<i>Accumulated Amortization</i>	<i>2015 Net</i>	<i>2014 Net</i>
Land	\$ -	\$ -	\$ -	\$ 133,767
Building	-	-	-	196,865
Leasehold improvements	240,878	227,543	13,335	13,944
Equipment	438,981	427,431	11,550	39,317
Furniture	110,370	99,598	10,772	15,251
	<u>\$ 790,229</u>	<u>\$ 754,572</u>	<u>\$ 35,657</u>	<u>\$ 399,144</u>

The Society placed its land and building up for sale. As such, the land and building has been included as a current asset on the statement of financial position and removed from property and equipment.

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 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.

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 \$617,696 in cash and recorded \$40,822 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 was brought into income and \$201 of the current year's funding was set up as deferred as at the current year-end. \$658,271 has been recognized as revenue.

The Society received funding of respectively \$87,509 for the Summer Jobs Service, \$89 of funding deferred at the prior year-end was brought into income in the year.

The Society received \$390,378 for the Youth Employment Fund, of which \$53,786 has been deferred at year-end. Funding deferred at the end of 2014 of \$6,069 was brought into income during the year.

The Society also received \$16,250 for the Canada-Ontario Job Grant program, of which \$10,854 has been deferred at year-end.

(b) Ministry of Attorney General

The Ministry confirmed payment of \$839,368 for the Bail Verification and Services, of which the entire amount has been recognized as revenue.

During the year the Society received \$30,609 from the Ministry for the Youth Justice



JOHN HOWARD SOCIETY OF PEEL-HALTON-DUFFERIN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2015

5. REVENUE RECONCILIATION, continued

Committee program, all of which was recorded as revenue. The amount deferred amount as of the previous year-end of \$4,391 has been recognized into revenue in the current year.

The Society also received \$53,573 for the Direct Accountability program during the year, of which \$3,870 has been deferred at year-end and the remainder recognized into revenue in the current year.

(c) Region of Peel

During the year the Society received \$64,178 in cash from the Region of Peel for Sustainability funding, of which \$48,417 has been deferred. Further, \$47,282 of income deferred in the previous year was recognized as revenue in the current year.

The Society also received \$69,650 for the Patch program, of which \$35,188 has been deferred. \$26,300 of income deferred in the previous year was recognized as revenue in the current year.

The Society also received Organizational Effectiveness funding from the Region this year of \$10,500. The entire amount has been deferred at year-end.

(d) Ministry of Children and Youth Services

The Ministry confirmed payment of \$289,865 during the year. \$8,883 has been deferred as it related to the purchase of equipment. The remaining \$280,982 was recorded as revenue in the year. \$1,066 of funding that was deferred at the end of 2014 remains in deferred revenue as of the current year-end.

6. COMMITMENTS

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

2016	\$ 166,668
2017	<u>43,509</u>
	<u>\$ 210,177</u>

7. SUBSEQUENT EVENTS

Subsequent to year-end, the Society finalized the details of a sale of its land and building for \$715,000. The closing date of the sale was June 30, 2015.

