

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

FINANCIAL STATEMENTS

MARCH 31, 2017



## 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, 2017, 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 for the fiscal years ended March 31, 2017 and March 31, 2016 with regards to donation and membership revenues, excess of revenue over expenditures, 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, 2017 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*  
*June 14, 2017*

CHARTERED ACCOUNTANTS  
LICENSED PUBLIC ACCOUNTANTS

# JOHN HOWARD SOCIETY OF PEEL-HALTON-DUFFERIN

## STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2017

### ASSETS

#### Current

Cash and cash equivalents (Note 4)  
 Accounts receivable  
 Government remittances recoverable  
 Marketable securities  
 Prepaid expenses

	Operating Fund	Reserve Fund	Capital Fund	March 31 2017 Total	March 31 2016
\$ 239,279	\$ 421,212	\$ 923,606	\$ 1,584,097	\$ 1,662,094	
30,669	-	-	30,669	51,368	
54,688	-	-	54,688	46,616	
-	119,978	-	119,978	108,526	
55,454	-	-	55,454	49,690	
380,090	541,190	923,606	1,844,886	1,918,294	
-	-	101,849	101,849	53,275	
-	-	6,650	6,650	-	
<u>\$ 380,090</u>	<u>\$ 541,190</u>	<u>\$ 1,032,105</u>	<u>\$ 1,953,385</u>	<u>\$ 1,971,569</u>	

#### Property and equipment (Note 5) Intangible assets (Note 6)



# JOHN HOWARD SOCIETY OF PEEL-HALTON-DUFFERIN

## STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2017

### LIABILITIES

#### Current

Accounts payable  
 Deferred revenue (Note 7)  
 Deferred contributions related to property and equipment

	Operating Fund	Reserve Fund	Capital Fund	March 31 2017 Total	March 31 2016
Accounts payable	\$ 177,247	\$ -	\$ -	\$ 177,247	\$ 193,790
Deferred revenue (Note 7)	202,843	-	-	202,843	241,814
Deferred contributions related to property and equipment	-	-	48,826	48,826	34,504
	<u>380,090</u>	<u>-</u>	<u>48,826</u>	<u>428,916</u>	<u>470,108</u>

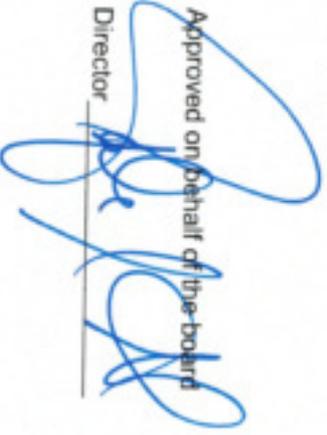
#### COMMITMENTS (Note 8)

### FUND BALANCES (Note 2 & 9)

Equip. replacement reserve  
 Service stabilization reserve  
 Personnel policy reserve  
 Info. management reserve  
 Contingency reserve  
 Surplus

Equip. replacement reserve	-	256,706	-	256,706	256,706
Service stabilization reserve	-	18,342	-	18,342	49,128
Personnel policy reserve	-	242,735	-	242,735	266,235
Info. management reserve	-	9,018	-	9,018	9,018
Contingency reserve	-	14,389	-	14,389	14,389
Surplus	-	-	983,279	983,279	905,985
	<u>\$ 380,090</u>	<u>\$ 541,190</u>	<u>\$ 983,279</u>	<u>\$ 1,524,469</u>	<u>\$ 1,501,461</u>
		<u>\$ 541,190</u>	<u>\$ 1,032,105</u>	<u>\$ 1,953,385</u>	<u>\$ 1,971,569</u>

Approved on behalf of the board

Director 

Director 

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, 2017

	Operating Fund	Reserve Fund	Capital Fund	Total 2017	Total 2016
<b>Revenue (Note 7)</b>					
Service Canada	\$ 10,841	\$ -	\$ -	\$ 10,841	\$ 12,476
Ministry of Advanced Education and Skills Development					
Summer Job Service	29,250	-	-	29,250	87,509
Employment Services	731,249	-	-	731,249	741,301
Canada-Ontario Job Grant	39,182	-	-	39,182	26,917
Youth Employment Fund	-	-	-	-	67,454
Ministry of the Attorney General					
Bail Verification & Supervision	877,618	-	-	877,618	839,367
Youth Justice Committee	40,780	-	-	40,780	35,000
Direct Accountability	55,144	-	-	55,144	55,608
Region of Peel	318,050	-	-	318,050	264,220
United Way	208,900	-	-	208,900	208,900
Ministry of Children and Youth Services	294,365	-	-	294,365	279,365
Brampton and Caledon Community Foundation	1,119	-	-	1,119	2,381
Fees for services	10,715	-	-	10,715	9,795
Memberships and Donations	11,048	-	-	11,048	8,578
Ontario Trillium Foundation	52,902	-	-	52,902	-
Investment income (loss)	-	24,419	-	24,419	(11,940)
Rental income	18,350	-	-	18,350	17,725
Jarden Community Fund	1,326	-	-	1,326	3,674
Halton Region	31,878	-	-	31,878	16,667
Catholic Family Services	31,092	-	-	31,092	6,124
Ministry of Community Safety and Correctional Services	2,506	-	-	2,506	28,228
Deferred contributions recognized	-	-	22,069	22,069	31,237
Other income	27,928	-	-	27,928	41,994
	<u>2,794,243</u>	<u>24,419</u>	<u>22,069</u>	<u>2,840,731</u>	<u>2,772,580</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, 2017

	Operating Fund	Reserve Fund	Capital Fund	Total 2017	Total 2016
<b>Expenditures</b>					
Salaries	1,544,412	-	-	1,544,412	1,533,326
Employee benefits and HR costs	308,252	23,500	-	331,752	337,461
Travel and conference expenses	95,209	-	-	95,209	63,088
Occupancy costs	371,910	-	-	371,910	407,786
Administration expenses	92,714	1,137	-	93,851	93,513
Bank charges	249	-	-	249	227
Professional fees	41,102	-	-	41,102	32,564
Service and program expenses	110,051	-	-	110,051	99,733
Project costs	3,107	-	-	3,107	6,255
Stipends	3,900	-	-	3,900	65,708
Job development stipend	165,657	-	-	165,657	223,110
Amortization of property and equipment	-	-	43,696	43,696	29,954
Amortization of intangible assets	-	-	1,662	1,662	-
Moving expenses	11,165	-	-	11,165	24,791
	<u>2,747,728</u>	<u>24,637</u>	<u>45,358</u>	<u>2,817,723</u>	<u>2,917,516</u>
<b>Excess, before other income and appropriations</b>	46,515	(218)	(23,289)	23,008	(144,936)
<b>Other income</b>					
Gain on sale of property and equipment	-	-	-	-	(383,123)
<b>Excess, before appropriations</b>	46,515	(218)	(23,289)	23,008	238,187
<b>Appropriations</b>	(46,515)	(54,068)	100,583	-	-
<b>Fund balance, beginning of year</b>	-	595,476	905,985	1,501,461	1,263,274
<b>Fund balance, end of year</b>	<u>\$ -</u>	<u>\$ 541,190</u>	<u>\$ 983,279</u>	<u>\$ 1,524,469</u>	<u>\$ 1,501,461</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, 2017

	Operating Fund	Reserve Fund	Capital Fund	Total 2017	Total 2016
<b>Cash flows from operating activities</b>					
Excess of expenditures over revenue	\$ 46,515	\$ (218)	\$ (23,289)	\$ 23,008	\$ 238,187
Adjustments for					
Amortization of property and equipment	-	-	43,696	43,696	29,954
Amortization of intangible assets	-	-	1,662	1,662	-
Gain on disposition of property	-	-	-	-	(383,123)
Unrealized change in fair value of marketable securities	-	(11,452)	-	(11,452)	15,037
Change in non-cash working capital items	46,515	(11,670)	22,069	56,914	(99,945)
Accounts receivable	20,699	-	-	20,699	24,370
Prepaid expenses	(5,764)	-	-	(5,764)	15,188
Accounts payable	(16,544)	-	-	(16,544)	(37,911)
Government remittances	(8,072)	-	-	(8,072)	41,608
Deferred revenue	(38,970)	-	14,323	(24,647)	69,598
	(2,136)	(11,670)	36,392	22,586	12,908
<b>Cash flows from investing activities</b>					
Purchase of property and equipment	-	-	(92,271)	(92,271)	(47,572)
Purchase of intangible assets	-	-	(8,312)	(8,312)	-
Proceeds on disposal of property and equipment	-	-	(100,583)	(100,583)	713,755
	-	-	-	-	666,183
<b>Cash flows from financing activities</b>					
Appropriations	(46,515)	(54,069)	100,583	-	-
(Decrease) Increase in cash and cash equivalents	(48,651)	(65,738)	36,392	(77,997)	679,091
Cash and cash equivalents, beginning of year	287,930	486,950	887,214	1,662,094	983,003
Cash and cash equivalents, end of year	\$ 239,279	\$ 421,212	\$ 923,606	\$ 1,584,097	\$ 1,662,094

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, 2017

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### 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 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.

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, 2017

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### 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.

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

#### 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.

#### (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 years
Furniture	10 years
Leasehold improvements	5 years

#### (d) Intangible assets

Intangible assets are recorded at cost. The Society provides for amortization using the straight-line method at rates designed to amortize the cost of the intangible assets over their estimated useful lives. The annual amortization rates are as follows:

Web application	5 years
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#### (e) 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.

#### (f) 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, 2017

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

#### (g) 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.

#### (h) Cash and cash equivalents

Cash and cash equivalents include cash and short-term investments, which are readily convertible into a known amount of cash, and are subject to an insignificant risk to changes in their fair value.

### 3. FINANCIAL INSTRUMENTS

#### Market risk

As at March 31, 2017, the Society holds \$119,977 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

In the current year, there are no cash equivalents. In the prior year, cash equivalents consisted of cashable guaranteed investment certificates of \$350,000 with interest at 0.7% to 0.75%.



# JOHN HOWARD SOCIETY OF PEEL-HALTON-DUFFERIN

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

### 5. PROPERTY AND EQUIPMENT

	<i>Cost</i>	<i>Amortization</i>	<i>2017 Net</i>	<i>2016 Net</i>
Leasehold improvements	\$ 322,837	\$ 259,637	\$ 63,200	\$ 37,780
Equipment	496,864	461,841	35,023	8,942
Furniture	110,370	106,744	3,626	6,553
	<u>\$ 930,071</u>	<u>\$ 828,222</u>	<u>\$ 101,849</u>	<u>\$ 53,275</u>

### 6. INTANGIBLE ASSETS

	<i>Cost</i>	<i>Amortization</i>	<i>2017 Net</i>	<i>2016 Net</i>
Web application	<u>\$ 8,312</u>	<u>\$ 1,662</u>	<u>\$ 6,650</u>	<u>\$ -</u>

### 7. 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 Advanced Education and Skills Development - general funding

During the year the Society received \$729,293 in cash and recorded \$4,290 in accounts receivable from the Ministry of Advanced Education and Skills Development in relation to its Employment Services program. Funding deferred at the end of 2016 of \$4,392 was included in the total funding received from the Ministry in the current year. \$2,334 of the current year's funding was set up as deferred as at the current year-end. \$731,249 has been recognized as revenue.

The Society received \$29,250 in cash for the Youth Job Link program, all of which was recorded in revenue in the current year.

The Society also received \$39,182 in cash for the Canada-Ontario Job Grant program, all of which was recorded in revenue in the current year. Further, \$565 of funding that was deferred at the end of 2016 remains in deferred revenue as of the current year-end.

#### (b) Ministry of Attorney General

The Ministry confirmed payment of \$877,620 for the Bail Verification and Services, \$2 of which was deferred and the remaining \$877,618 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, 2017

### 7. REVENUE RECONCILIATION, continued

The Ministry also confirmed payment of \$41,625 for the Youth Justice Committee program during the year, of which \$845 has been deferred at year-end. The remainder was recognized as revenue in the current year.

The Society also received \$55,608 for the Direct Accountability program during the year, of which \$1,576 has been deferred at year-end. The remainder was recognized into revenue in the current year including \$1,112 that was deferred at the end of 2016.

#### (c) Region of Peel

During the year the Society received \$79,273 in cash from the Region of Peel for Sustainability funding, of which \$60,980 has been deferred. Further, of the \$76,521 that was deferred in the previous year, \$16,391 was used to purchase capital assets and the remainder was recognized as revenue in the current year.

The Society also received \$46,250 for the Patch program, all of which has been recognized in revenue. Of the \$142,478 deferred at the end of the prior year, \$83,051 was recognized in revenue in the current year. The remaining \$59,427 has been deferred at the end of 2017.

The Society also received \$10,000 in Organizational Effectiveness funding from the Region in the prior year, all of which was recognized as revenue in the current year.

During the year the Society received \$92,326 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.

#### (d) Ministry of Children and Youth Services

The Ministry confirmed payment of \$314,365 during the year, of which \$20,000 was specifically designated for the purchase of property and equipment. The remaining \$294,365 was recognized as revenue in the year. Further, \$1,065 of funding that was deferred at the end of 2016 remains in deferred revenue as of the current year-end.

#### (e) Ontario Trillium Foundation

The Foundation provided \$125,000 in funding for the Patch program in the current year, of which \$72,098 has been deferred at year-end. The remaining amount was recognized in revenue in the 2017 year.

The changes in deferred revenue are as follows:

	2017	2016
Deferred revenue, beginning of year	\$ 241,814	\$ 168,884
Less amount recognized as revenue during the year	(165,842)	(167,556)
Less amount used to purchase capital assets	(16,391)	-
Add amount received related to next year	143,262	240,486
	<u>\$ 202,843</u>	<u>\$ 241,814</u>



# JOHN HOWARD SOCIETY OF PEEL-HALTON-DUFFERIN

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

### 8. COMMITMENTS

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

2018	\$ 139,061
2019	126,446
2020	67,664
2021	18,825
2022	13,715
	<u>\$ 365,711</u>

The Society has the ability to terminate some of its facility leases on four months notice in the event of a loss of funding for programs operated out of those facilities.

In addition to the above, subsequent to year-end, the Society committed to costs of \$48,780 relating to renovations at its Brampton location.

### 9. 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	\$ 256,706	\$ 49,128	\$ 266,235	\$ 9,018	\$ 14,389
Investment gain	-	24,419	-	-	-
Disbursements	-	(1,137)	(23,500)	-	-
Appropriations	-	(54,068)	-	-	-
Ending balance	<u>\$ 256,706</u>	<u>\$ 18,342</u>	<u>\$ 242,735</u>	<u>\$ 9,018</u>	<u>\$ 14,389</u>

