

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

FINANCIAL STATEMENTS

MARCH 31, 2019



INDEPENDENT AUDITORS' REPORT

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

Qualified Opinion

We have audited the financial statements of the John Howard Society of Peel-Halton-Dufferin, which comprise the statement of financial position as at March 31, 2019, and the statement of operations and changes in fund balances and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of John Howard Society of Peel-Halton-Dufferin as at March 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

The John Howard Society of Peel-Halton-Dufferin 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 John Howard Society of Peel-Halton-Dufferin and we were unable to determine whether any adjustments might be necessary for the fiscal years ended March 31, 2019 and March 31, 2018 with regards to donation and membership revenues, excess of expenditures over revenue, assets and fund balances.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the John Howard Society of Peel-Halton-Dufferin's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the John Howard Society of Peel-Halton-Dufferin or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the John Howard Society of Peel-Halton-Dufferin's financial reporting process.

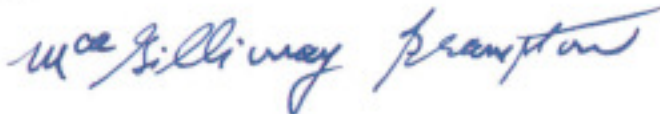
INDEPENDENT AUDITORS' REPORT, CONTINUED

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Mississauga, Ontario
June 19, 2019

CHARTERED PROFESSIONAL ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS



JOHN HOWARD SOCIETY OF PEEL-HALTON-DUFFERIN

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2019

	Operating Fund 2019	Reserve Fund 2019	Capital Fund 2019	March 31 2019 Total	March 31 2018
ASSETS					
Current					
Cash	\$ 301,384	\$ 192,917	\$ -	\$ 494,301	\$ 750,251
Accounts receivable	52,445	-	-	52,445	16,852
Government remittances recoverable	7,959	-	-	7,959	41,828
Marketable securities (Note 4)	-	511,173	-	511,173	863,968
Prepaid expenses	47,331	-	-	47,331	53,262
	<u>409,119</u>	<u>704,090</u>	<u>-</u>	<u>1,113,209</u>	<u>1,726,161</u>
Property and equipment (Note 5)	-	-	1,435,211	1,435,211	128,420
Intangible assets (Note 6)	-	-	5,507	5,507	7,896
	<u>\$ 409,119</u>	<u>\$ 704,090</u>	<u>\$ 1,440,718</u>	<u>\$ 2,553,927</u>	<u>\$ 1,862,477</u>

See accompanying Notes to the financial statements



JOHN HOWARD SOCIETY OF PEEL-HALTON-DUFFERIN

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2019

	Operating Fund 2019	Reserve Fund 2019	Capital Fund 2019	March 31 2019 Total	March 31 2018
LIABILITIES					
Current					
Accounts payable	\$ 145,124	\$ -	\$ -	\$ 145,124	\$ 137,788
Deferred revenue (Note 7)	263,995	-	-	263,995	281,319
Deferred contributions related to property and equipment	-	-	12,858	12,858	28,685
Current portion of mortgage payable (Note 8)	-	-	776,750	776,750	-
	<u>409,119</u>	<u>-</u>	<u>789,608</u>	<u>1,198,727</u>	<u>447,792</u>
COMMITMENTS & CONTINGENCY (Notes 9 & 10)					
FUND BALANCES (Note 2 & 11)					
Equipment and IT reserve	-	129,682	-	129,682	135,997
Personnel policy and stabilization reserve	-	574,408	-	574,408	577,451
Surplus	-	-	651,110	651,110	701,237
	<u>-</u>	<u>704,090</u>	<u>651,110</u>	<u>1,355,200</u>	<u>1,414,685</u>
	<u>\$ 409,119</u>	<u>\$ 704,090</u>	<u>\$ 1,440,718</u>	<u>\$ 2,553,927</u>	<u>\$ 1,862,477</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, 2019

	Operating Fund	Reserve Fund	Capital Fund	Total 2019	Total 2018
Revenue (Note 7)					
Service Canada	\$ 15,180	\$ -	\$ -	\$ 15,180	\$ 13,888
Ministry of Training, Colleges and Universities					
Youth Job Link	29,900	-	-	29,900	28,050
Employment Services	663,984	-	-	663,984	661,654
Employing Young Talent Incentive	51,512	-	-	51,512	-
Ministry of the Attorney General					
Bail Verification and Supervision	1,022,490	-	-	1,022,490	992,373
Youth Justice Committee	41,625	-	-	41,625	41,625
Direct Accountability	54,186	-	-	54,186	56,700
Ministry of Children and Youth Services	279,355	-	-	279,355	274,148
Ministry of Community Safety and Correctional Services					
Region of Peel	314,869	-	-	314,869	26,234
Halton Region	20,848	-	-	20,848	253,968
United Way	214,400	-	-	214,400	22,527
Mississauga Community Foundation	3,217	-	-	3,217	216,900
Brampton and Caledon Community Foundation	-	-	-	-	10,081
Ontario Trillium Foundation	250,000	-	-	250,000	2,000
Fees for services	11,734	-	-	11,734	231,763
Memberships and donations	10,852	-	-	10,852	5,590
Investment (loss) income	11	53,183	-	53,194	10,712
Rental income	42,100	-	-	42,100	(14,878)
Catholic Family Services	41,078	-	-	41,078	45,650
Deferred contributions recognized	-	-	15,827	15,827	33,711
Other income	19,334	-	-	19,334	20,141
	<u>3,086,675</u>	<u>53,183</u>	<u>15,827</u>	<u>3,155,685</u>	<u>21,341</u>
					<u>2,954,178</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, 2019

	Operating Fund	Reserve Fund	Capital Fund	Total 2019	Total 2018
Expenditures					
Salaries	1,940,818	-	-	1,940,818	1,833,616
Employee benefits and HR costs	327,455	23,166	-	350,621	346,790
Travel and conference expenses	94,761	-	-	94,761	65,691
Occupancy costs	345,231	-	-	345,231	347,106
Administration expenses	131,271	12,819	7,325	151,415	129,977
Professional fees	42,023	-	-	42,023	35,377
Service and program expenses	97,332	-	-	97,332	113,166
Project costs	3,360	-	-	3,360	12,107
Employer supports	118,892	-	-	118,892	73,194
Amortization of property and equipment	-	-	64,203	64,203	64,013
Interest on mortgage payable	-	-	4,124	4,124	-
Information management expenses	-	-	-	-	6,321
Amortization of intangible assets	-	-	2,390	2,390	2,390
Renovation and relocation expenses	-	-	-	-	34,214
	<u>3,101,143</u>	<u>35,985</u>	<u>78,042</u>	<u>3,215,170</u>	<u>3,063,962</u>
(Deficiency) excess, before appropriations	(14,468)	17,198	(62,215)	(59,485)	(109,784)
Appropriations	14,468	(26,556)	12,088	-	-
Fund balance, beginning of year	-	713,448	701,237	1,414,685	1,524,469
Fund balance, end of year	<u>\$ -</u>	<u>\$ 704,090</u>	<u>\$ 651,110</u>	<u>\$ 1,355,200</u>	<u>\$ 1,414,685</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, 2019

	Operating Fund	Reserve Fund	Capital Fund	Total 2019	Total 2018
Cash flows from operating activities					
Excess (deficiency) of expenditures over revenue	\$ (14,468)	\$ 17,198	\$ (62,215)	\$ (59,485)	\$ (109,784)
Adjustments for					
Amortization of property and equipment	-	-	64,203	64,203	64,013
Amortization of intangible assets	-	-	2,390	2,390	2,390
Gain on sale of marketable securities	-	(4,528)	-	(4,528)	-
(Gains) losses in fair value of marketable securities	-	(31,319)	-	(31,319)	19,156
	(14,468)	(18,649)	4,378	(28,739)	(24,225)
Change in non-cash working capital items					
Accounts receivable	(35,593)	-	-	(35,593)	13,817
Prepaid expenses	5,931	-	-	5,931	2,192
Accounts payable	7,336	-	-	7,336	(39,459)
Government remittances	33,869	-	-	33,869	12,860
Deferred revenue	(17,324)	-	(15,827)	(33,151)	58,335
Due to (from) other funds	(430,332)	(163,274)	593,606	-	-
	(450,581)	(181,923)	582,157	(50,347)	23,520
Cash flows from investing activities					
Purchase of property and equipment	-	-	(1,370,995)	(1,370,995)	(90,584)
Purchase of intangible assets	-	-	-	-	(3,636)
Purchase of marketable securities	-	(15,000)	-	(15,000)	(827,760)
Proceeds on disposition of marketable securities	-	403,642	-	403,642	64,614
	-	388,642	(1,370,995)	(982,353)	(857,366)
Cash flows from financing activities					
Appropriations	14,468	(26,556)	12,088	-	-
Deposit of mortgage funds	-	-	780,000	780,000	-
Repayments on mortgage	-	-	(3,250)	(3,250)	-
	14,468	(26,556)	788,838	776,750	-
(Decrease) increase in cash	(436,113)	180,163	-	(255,950)	(833,846)
Cash, beginning of year	737,497	12,754	-	750,251	1,584,097
Cash, end of year	\$ 301,384	\$ 192,917	\$ -	\$ 494,301	\$ 750,251

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, 2019

1. PURPOSE OF ORGANIZATION

John Howard Society of Peel-Halton-Dufferin ("the Society") 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 for 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, as follows:

(i) Equipment and IT Reserve - this reserve provides for future equipment and software replacements and repairs.



JOHN HOWARD SOCIETY OF PEEL-HALTON-DUFFERIN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

(b) Fund accounting, continued

(ii) Personnel Policy and Stabilization Reserve - this reserve ensures the continued service delivery at times of funding shortfalls, provides for any liabilities arising from the Society's personnel policies, and 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:

Building	30 years
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, 2019

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) Marketable securities

The portfolio of marketable securities are measured 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.

3. FINANCIAL INSTRUMENTS

The Society's financial instruments include accounts receivable, government remittances recoverable, marketable securities, accounts payable, deferred revenue and mortgage payable. The carrying value of these instruments approximates their fair value due to their immediate or short-term liquidity.

(a) Interest rate risk

The Society's exposure to interest rate fluctuations is with respect to the mortgage payable with a variable rate of interest.

(b) Market risk

As at March 31, 2019, the Society holds \$511,173 in marketable securities that are exposed to market risk which could result in changes in their fair value and future cash flows.

(c) Currency and Credit Risks

Unless otherwise noted, it is management's opinion that the Society is not exposed to significant currency or credit 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, 2019

4. MARKETABLE SECURITIES

Marketable securities as presented on the Statement of Financial Position consist of:

	2019	2018
Mutual funds	\$ -	\$ 393,386
Equities	<u>511,173</u>	<u>470,582</u>
	<u>\$ 511,173</u>	<u>\$ 863,968</u>

5. PROPERTY AND EQUIPMENT

	Cost	Accumulated Amortization	Net 2019	Net 2018
Land	\$ 543,977	\$ -	\$ 543,977	\$ -
Building	815,966	2,267	813,699	-
Leasehold improvements	367,135	315,148	51,987	79,743
Equipment	549,716	528,414	21,302	43,596
Furniture	114,855	110,609	4,246	5,081
	<u>\$ 2,391,649</u>	<u>\$ 956,438</u>	<u>\$ 1,435,211</u>	<u>\$ 128,420</u>

6. INTANGIBLE ASSETS

	Cost	Accumulated Amortization	Net 2019	Net 2018
Web application	<u>\$ 11,948</u>	<u>\$ 6,441</u>	<u>\$ 5,507</u>	<u>\$ 7,896</u>



JOHN HOWARD SOCIETY OF PEEL-HALTON-DUFFERIN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2019

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 funding sources 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 \$709,256 in cash and recorded \$6,982 in accounts receivable from the Ministry of Training, Colleges and Universities in relation to its Employment Services and Employing Young Talent Incentive program. Funding deferred at the end of 2018 of \$4,559 was included in the total funding received from the Ministry in the current year. \$742 of the current year's funding was set up as deferred as at year-end. Total revenue recognized in the year is \$715,496.

The Society received \$29,600 in cash for the Youth Job Link program, and recorded \$400 in accounts receivable from the Ministry. \$29,900 was recorded in revenue in the current year. The remaining \$100 in funding was set up as deferred as at year-end.

(b) Ministry of Attorney General

The Ministry confirmed payment of \$1,022,490 for the Bail Verification and Supervision Service Program, all of which was recognized as revenue in the current year.

The Ministry also confirmed payment of \$41,625 for the Youth Justice Committee program during the year, all of which was recognized in revenue.

The Society also received \$57,000 for the Direct Accountability program during the year, of which \$54,186 was recorded in revenue in the current year. The remaining \$2,814 in funding was set up as deferred as at year-end.

(c) Region of Peel

During the year the Society received \$85,000 in cash from the Region of Peel for Sustainability funding, of which \$63,750 has been deferred. Further, the \$66,441 that was deferred in the previous year was recognized as revenue in the current year for total revenue recognized of \$87,691.

The Society also received \$224,416 in funding for the Home For Good program, of which \$5,238 was deferred at year-end along with the existing \$22,271 in funding deferred at the end of 2018. \$219,178 was recognized in revenue in the 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, 2019

7. REVENUE RECONCILIATION, continued

Balances in deferred revenue related to prior years' funding with no change include \$56,068 for the Peel Alternatives to Choosing Hospitalization program and \$5,096 for the Homelessness Partnering Strategy program.

Region of Peel contracts that began in the 2018 fiscal year included promissory note conditions. Refer to note 10 for further details.

(d) Ministry of Children and Youth Services

The Ministry confirmed payment of \$279,365 during the year, of which \$10 was deferred at year-end along with the existing \$6,282 in funding deferred at the end of 2018. \$279,355 was recognized as revenue in the year.

(e) Ontario Trillium Foundation

The Foundation provided \$250,000 in funding for the Patch program in the current year, of which \$90,335 has been deferred at year-end. The remaining amount was recognized in revenue in the 2019 year, along with the \$90,335 of funding that had been deferred at the end of 2018.

The changes in deferred revenue are as follows:

	2019	2018
Deferred revenue, beginning of year	\$ 281,319	\$ 202,843
Less amount recognized as revenue during the year	(188,233)	(166,336)
Add amount received related to next year	170,909	244,812
	<u>\$ 263,995</u>	<u>\$ 281,319</u>



JOHN HOWARD SOCIETY OF PEEL-HALTON-DUFFERIN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2019

8. MORTGAGE PAYABLE

2019

Mortgage repayable on demand at the Bank of Montreal's discretion, and otherwise by monthly payments of \$3,250 plus interest at prime plus 1.00%. The loan matures on February 28, 2039 and is secured by registered first-ranking on the 44 Queen St. building and insurance over said building.

\$ 776,750

Less current portion

(776,750)

Due beyond one year

\$ -

The estimated principal repayments are as follows:

2020	\$ 39,000
2021	39,000
2022	39,000
2023	39,000
2024	39,000
Subsequent years	<u>581,750</u>
	<u>\$ 776,750</u>

The mortgage has been classified as current due to it being due on demand. The estimated repayments noted above are based upon the remaining amortization period of the mortgage should it reach maturity.

Interest expensed relating to the mortgage during the year was \$4,124.

9. COMMITMENTS

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

2020	\$ 265,096
2021	217,612
2022	203,430
2023	<u>82,245</u>
	<u>\$ 768,383</u>

Some of the facility lease agreements have cancellation provisions with required lead time of four months in the event of a loss of funding for programs operated out of those facilities.



JOHN HOWARD SOCIETY OF PEEL-HALTON-DUFFERIN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2019

10. CONTINGENCY

As part of the funding agreements with the Region of Peel, the Society has entered into a promissory note agreement for a total of \$220,000 as at year-end. This amount is due on demand by the Region, should the Society be found to be in breach of spending allocations under the agreements. Given there is no indication the Society is spending outside the limits of the Region of Peel agreements, no provision has been recorded for the amount of the promissory note.

11. CHANGE IN RESERVES

	<i>Equipment and IT reserve</i>	<i>Personnel policy and stabilization reserve</i>
Beginning balance	\$ 135,997	\$ 577,451
Investment income	-	53,182
Disbursements	-	(35,984)
Appropriations	(6,315)	(20,241)
Ending balance	<u>\$ 129,682</u>	<u>\$ 574,408</u>

