

JOHN HOWARD SOCIETY OF TORONTO

FINANCIAL STATEMENTS

FOR THE YEAR MARCH 31, 2018

JOHN HOWARD SOCIETY OF TORONTO
FINANCIAL STATEMENTS
MARCH 31, 2018

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INDEPENDENT AUDITORS' REPORT

To the Directors of John Howard Society of Toronto

I have audited the accompanying financial statements of John Howard Society of Toronto, which comprises the statement of financial position as at March 31, 2018, and March 31, 2017 and the statement of operations and changes in fund assets and cash flow statement for the year 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 due to fraud and error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. These standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 auditors 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.

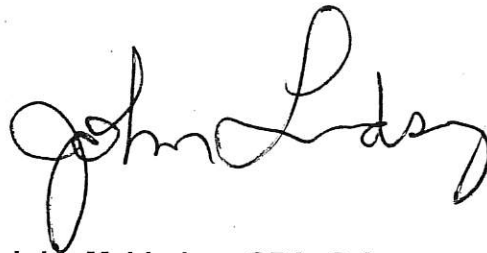
I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for Qualified Opinion

Note 3 describes that the Society is not adding renovation costs to the cost of one of its buildings. As a result, the capital asset is understated by \$338,038 less any amortization which would have been recorded since 2004. In addition, in common with many charitable organizations, the Society derives revenue from fundraising activities and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, my verification of these revenues was limited to the amounts recorded in the records of the Society and I was not able to determine whether any adjustment might be necessary to revenue, excess of revenue over expenditures, current assets, net assets and unearned revenue.

Qualified Opinion

In my opinion, except for the 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 Toronto as at March 31, 2018 and March 31, 2017 and of its financial performance and its cash flows for the year ending March 31, 2018 in accordance with Canadian accounting standards for not-for-profit organizations.

A handwritten signature in black ink, appearing to read "John M. Lindsay". The signature is fluid and cursive, with the first name "John" and last name "Lindsay" clearly distinguishable.

Brampton, Ontario
June 11, 2018

John M. Lindsay, CPA, C.A.
John M. Lindsay Professional Corporation
Authorized to practice public accounting by The
Chartered Professional Accountants of Ontario

JOHN HOWARD SOCIETY OF TORONTO
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2018

ASSETS

	<u>2018</u>	<u>2017</u>
<u>CURRENT</u>		
Cash	\$ 787,616	\$ 986,639
Accounts receivable	20,755	33,683
Accounts receivable-government	310,334	273,212
HST receivable	40,032	32,862
Inventory (notes 2 & 6)	4,556	3,991
Prepaid expenses	<u>94,708</u>	<u>32,391</u>
Total current assets	1,258,001	1,362,778
Capital assets (notes 3 & 4)	<u>2,673,595</u>	<u>2,432,785</u>
	<u>\$ 3,931,596</u>	<u>\$ 3,795,563</u>

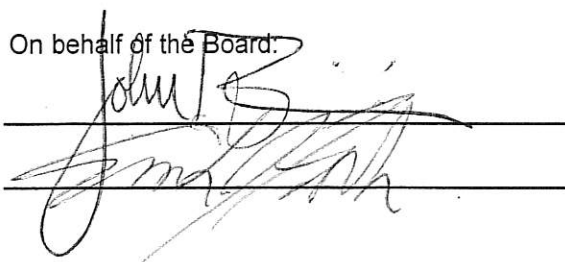
LIABILITIES

<u>CURRENT</u>		
Bank indebtedness	\$ -	\$ -
Accounts payable & accrued liabilities	379,130	216,960
Government payables	3,015	
Deferred Contributions (note 5)	27,125	166,962
Current portion of long-term debt	<u>79,710</u>	<u>961,676</u>
Total current liabilities	<u>488,980</u>	<u>1,345,598</u>
<u>LONG TERM</u>		
Mortgages payable (note 7)	<u>1,642,589</u>	<u>874,465</u>
	<u>1,642,589</u>	<u>874,465</u>
Total liabilities	<u>2,131,569</u>	<u>2,220,063</u>

FUND BALANCES

Benevolent Fund (note 1)	1,730	1,730
Eglinton Building Reserve Fund (note 1)	250,000	250,000
419 Jones Reserve Fund (note 1)	22,036	17,036
General Fund (note 1)	<u>1,526,261</u>	<u>1,306,734</u>
	<u>1,800,027</u>	<u>1,575,500</u>
	<u>\$ 3,931,596</u>	<u>\$ 3,795,563</u>

On behalf of the Board:



Director

Director

JOHN HOWARD SOCIETY OF TORONTO
STATEMENT OF OPERATIONS
FOR THE YEAR MARCH 31, 2018

	<u>2018</u>	<u>2017</u>
<u>REVENUE</u>		
United Way	\$ 521,305	\$ 521,184
Delta Bingo	45,384	38,844
City of Toronto	910,279	967,916
Correctional Services Canada & Justice Canada	1,084,670	962,924
Ministry of Attorney General	1,078,101	826,929
Foundations & other agencies	419,127	315,998
Ministry of Community Safety	66,129	171,329
Fee for service	255,583	165,419
Donations and fundraising	128,533	102,418
Other	20,603	52,293
Klink Coffee Sales	54,614	42,790
	<u>4,584,328</u>	<u>4,168,044</u>
 <u>COST OF SALES-COFFEE</u>	 <u>37,366</u>	 <u>29,902</u>
 <u>EXPENSES</u>		
Advertising & promotion	8,728	12,059
Amortization	80,273	89,667
Bank charges	4,838	5,596
Food	27,316	18,332
Furniture, equipment, computer lease	18,023	22,735
Insurance	20,988	21,007
Mortgage interest	70,775	74,283
Office supplies & expense	68,787	44,659
Postage, fax, courier, publications	9,823	10,637
Printing, copying	13,203	13,553
Professional fees	279,400	94,453
Program	234,615	200,079
Purchased services	4,500	-
Rent	160,240	153,128
Salaries	2,979,369	2,699,871
Security system & cleaning & maintenance	106,391	126,571
Staff training	53,354	38,295
Telephone & internet	82,603	77,033
Travel	39,803	34,428
Utilities	64,407	71,498
	<u>4,327,435</u>	<u>3,807,884</u>
 Excess of Revenue over Expenses	 <u>\$ 219,527</u>	 <u>\$ 330,258</u>

The accompanying notes are an integral part of these financial statements 3

**JOHN HOWARD SOCIETY OF TORONTO
STATEMENT OF CHANGES IN FUND BALANCES
FOR THE YEAR ENDED MARCH 31, 2018**

	<u>2018</u>	<u>2017</u>
<u>Benevolent Fund</u>		
Balance, beginning of year	\$ 1,730	\$ 1,730
Expenses paid	-	-
Balance, end of year	<u>\$ 1,730</u>	<u>\$ 1,730</u>
<u>419 Jones Reserve Fund</u>		
Balance, beginning of year	\$ 17,036	\$ 27,031
Expenses paid	-	14,995
Allocation from General Fund	5,000	5,000
Balance, end of year	<u>\$ 22,036</u>	<u>\$ 17,036</u>
<u>General Fund</u>		
Balance, beginning of year	\$ 1,306,734	\$ 1,226,476
Transfer to Eglinton Building Reserve Fund	-	250,000
Excess of Revenue over Expenses	219,527	330,258
Balance, end of year	<u>\$ 1,526,261</u>	<u>\$ 1,306,734</u>
<u>Eglinton Building Reserve Fund</u>		
Balance, beginning of year	\$ 250,000	\$ -
Expenses paid	-	-
Allocation from General Fund	-	250,000
Balance, end of year	<u>\$ 250,000</u>	<u>\$ 250,000</u>

The accompanying notes are an integral part of these financial statements 4

JOHN HOWARD SOCIETY OF TORONTO
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2018

	<u>2018</u>	<u>2017</u>
<u>OPERATING ACTIVITIES:</u>		
Excess of Revenue over Expenses	\$ 219,527	\$ 330,258
Amortization	80,273	89,667
(Increase) Decrease in accounts receivable	12,928	(10,878)
(Increase) Decrease in accounts receivable-gov	(37,122)	13,161
(Increase) Decrease in HST receivable	(7,170)	22,277
(Increase) Decrease in inventory	(565)	1,821
Increase (Decrease) in accounts payable	165,187	39,828
Increase (Decrease) in deferred contributions	(139,839)	129,358
(Increase) Decrease in prepaid expenses	<u>(62,317)</u>	<u>(2,151)</u>
Cash provided from operations	<u>230,902</u>	<u>613,341</u>
<u>FINANCING ACTIVITIES:</u>		
Increase (Decrease) in mortgages payable	\$ (113,842)	\$ (113,878)
Cash transferred from St Leonard's	-	-
Change in Benevolent Fund	-	-
Change in 419 Jones Reserve Fund	<u>5,000</u>	<u>(9,997)</u>
	<u>(108,842)</u>	<u>(123,875)</u>
<u>INVESTING ACTIVITIES:</u>		
(Purchase) disposal of capital assets	<u>(321,083)</u>	<u>(54,023)</u>
NET INCREASE (DECREASE) IN CASH	(199,023)	435,443
CASH, at beginning of year	<u>986,639</u>	<u>551,196</u>
CASH, at end of year	<u>\$ 787,616</u>	<u>\$ 986,639</u>
<u>CASH IS REPRESENTED BY:</u>		
Cash	787,616	986,639
Bank indebtedness	<u>-</u>	<u>-</u>
	<u>\$ 787,616</u>	<u>\$ 986,639</u>

The accompanying notes are an integral part of these financial statements 5

**JOHN HOWARD SOCIETY OF TORONTO
SCHEDULE OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2018**

	<u>2018</u>	<u>2017</u>
Ministry of Attorney General	\$ (33,855)	\$ (36,270)
Correctional Services Canada	74,582	127,456
Klink Coffee	(30,578)	(901)
Other Programs	209,378	239,973
 Excess of Revenues Over Expenses	 <u>\$ 219,527</u>	 <u>\$ 330,258</u>

The accompanying notes are an integral part of these financial statements 6

JOHN HOWARD SOCIETY OF TORONTO
SCHEDULE OF SUPPLEMENTARY OPERATIONS
MINISTRY OF THE ATTORNEY GENERAL
FOR THE YEAR ENDED MARCH 31, 2018

	Community Justice Worker 1000 Finch Ct 2018	Community Justice Worker 2201 Finch Ct 2018	Anger Management Substance Abuse 2018	Bail Beds Program 2018	Partner Assault Response 2018	PARS Court Referral 2018	TOTAL 2018	TOTAL 2017
Revenue								
Bail Beds Program				\$ 196,505			\$ 196,505	
PARS					\$ 356,865	\$ 190,933	\$ 547,798	\$ 509,275
Anger Management			\$ 29,671				29,671	28,700
MAG Justice program	\$ 103,600	\$ 102,800					206,400	194,824
City of Toronto				7,606			7,606	-
Fees for service					84,194		84,194	62,525
	103,600	102,800	29,671	204,111	441,059	190,933	1,072,174	795,324
Expenses								
Advertising & promotion					1,027	529	2,984	1,356
Amortization	580	619	229		146		607	-
Bookkeeping	425	725	290	315	725	725	2,890	3,810
Furniture, Equipment & Lease	471	392	1,078	656	472	327	3,396	2,581
Food				2,045	102		2,147	181
Insurance	800	1,000		1,125			2,925	1,800
Maintenance	156	156	3,589	7,141	3,700	2,456	17,198	11,699
Office supplies	2,957	2,746	819	5,138	20,233	80	31,973	6,812
Other expense			21		21	21	63	891
Postage, courier	30	36	318	442	1,527	52	2,405	2,458
Printing, copying	108	108	577	440	1,162	1,063	3,458	3,589
Professional fees	1,995	1,576	476	2,156	38,306	1,758	46,267	26,977
Program	34	1,022	91	6,558	602	253	8,560	2,263
Rent			605	21,596	17,441	4,500	44,142	20,755
Salaries	89,276	106,414	25,733	153,299	332,485	175,673	882,880	702,317
Security system	-	-	222	831	9,931	222	11,206	10,355
Staff training	744	1,046	300	919	5,385	273	8,667	6,562
Telephone, Internet & Cable	4,494	3,409	577	2,434	3,327	2,603	16,844	13,456
Travel	999	303	29	953	1,435	3,088	6,807	5,348
Utilities			2,626	2,731	2,626	2,627	10,610	8,384
	103,069	119,698	37,580	208,779	440,653	196,250	1,106,029	831,594
Excess of Expenses over Revenue	\$ 531	\$ (16,898)	\$ (7,909)	\$ (4,668)	\$ 406	\$ (5,317)	\$ (33,855)	\$ (36,270)

The accompanying notes are an integral part of these financial statements 7

JOHN HOWARD SOCIETY OF TORONTO
SCHEDULE OF SUPPLEMENTARY OPERATIONS
CORRECTIONAL SERVICES CANADA
FOR THE YEAR ENDED MARCH 31, 2018

	CRF Walter Huculak House <u>2018</u>	CDRC <u>2018</u>	TOTAL <u>2018</u>	TOTAL <u>2017</u>
Revenue				
CSC-Urine analysis		\$ 29,376	\$ 29,376	\$ 18,407
CSC – CRF High Risk	\$ 59,421		59,421	94,724
CSC – Contract Funding	590,118		590,118	585,945
CSC-CRDC		191,727	191,727	186,231
CSC-Women's Contract		39,028	39,028	50,625
City Of Toronto			-	(347)
Other revenue	1,022	1,006	2,028	336
	<u>650,561</u>	<u>261,137</u>	<u>911,698</u>	<u>935,921</u>
Expenses				
Advertising & promotion	703	490	1,193	630
Amortization	20,775	4,721	25,496	24,607
Bookkeeping	2,000	725	2,725	2,700
CMHC reserve	5,000		5,000	5,000
Equipment lease charges	3,753	1,880	5,633	3,409
Food	22,547	208	22,755	17,768
Insurance	5,141	2,400	7,541	9,073
Maintenance	8,081	11,862	19,943	17,376
Mortgage interest	427		427	568
Office supplies	11,181	3,341	14,522	7,381
Other expense			-	900
Postage, courier	1,082	176	1,258	809
Printing,copying	373	948	1,321	1,605
Professional fees	3,291	18,495	21,786	5,906
Program	6,131	5,414	11,545	14,243
Rent	5,062	12,000	17,062	14,876
Salaries & benefits	426,643	182,853	609,496	617,233
Security system	1,216	267	1,483	1,278
Staff training	15,931	8,772	24,703	11,528
Telephone & internet & cable	14,212	5,928	20,140	22,797
Travel	9,090	1,947	11,037	13,657
Utilities	10,925	1,125	12,050	15,121
	<u>573,564</u>	<u>263,552</u>	<u>837,116</u>	<u>808,465</u>
Excess of Revenue over Expenses	\$ 76,997	\$ (2,415)	\$ 74,582	\$ 127,456

The accompanying notes are an integral part of these financial statements 8

JOHN HOWARD SOCIETY OF TORONTO
SCHEDULE OF SUPPLEMENTARY OPERATIONS
KLINK COFFEE
FOR THE YEAR ENDED MARCH 31, 2018

	<u>2018</u>	<u>2017</u>
Revenue		
Coffee & teas	\$ 54,614	\$ 42,792
Donation	2,269	659
United Way -Enterprise Fund Grant	48,000	43,000
City of Toronto-Investing in Neighbourhoods	-	2,372
Foundations and Other Agencies	7,777	5,755
Other revenue	<u>553</u>	<u>-</u>
	<u>113,213</u>	<u>94,578</u>
Cost of Sales		
Opening inventory	3,991	5,812
Purchases	37,931	28,081
Closing inventory	<u>4,556</u>	<u>3,991</u>
Cost of sales	<u>\$ 37,366</u>	<u>\$ 29,902</u>
Expenses		
Advertising & promotion	715	1,258
Amortization	233	606
Bank charges	513	562
Bookkeeping	435	1,077
Equipment & lease charges		9
Insurance	2,278	2,015
Maintenance	395	370
Office supplies	1,647	1,865
Postage, courier	-	82
Printing, copying	25	12
Professional fees	9,344	7,090
Program	34	100
Rent	9,380	6,690
Salaries	74,214	40,931
Security system	211	156
Staff training	2,428	202
Telephone & internet	3,329	1,960
Travel	266	104
Utilities	<u>978</u>	<u>488</u>
	<u>106,425</u>	<u>65,577</u>
Excess of Expenses over Revenues	<u>\$ (30,578)</u>	<u>\$ (901)</u>

The accompanying notes are an integral part of these financial statements 9

JOHN HOWARD SOCIETY OF TORONTO
SCHEDULE OF OPERATIONS
OTHER PROGRAMS
FOR THE YEAR ENDED MARCH 31, 2018

	<u>Total</u> <u>2018</u>	<u>Total</u> <u>2017</u>
Revenue		
United Way	\$ 521,305	\$ 521,184
Delta Bingo	45,384	38,844
City of Toronto	902,673	965,891
Foundations & other agencies	363,350	267,243
Ministry of Community Safety	66,129	171,330
Ministry of Attorney General	97,727	94,133
Department of Justice	175,000	26,993
Donations & fundraising	126,264	101,874
Fee for services	171,389	102,895
Other revenue	18,022	51,834
	<u>2,487,243</u>	<u>2,342,221</u>
Expenses		
Advertising & promotion	3,836	8,818
Amortization	53,937	64,457
Bank charges	4,325	5,035
Bookkeeping	8,450	13,300
Equipment & lease charges	8,993	16,736
Food	2,414	383
Insurance	8,244	8,120
Maintenance	46,073	60,598
Mortgage interest	70,348	73,716
Office supplies	20,588	28,564
Other expenses	562	8,168
Postage, courier	6,160	7,290
Printing, copying	8,399	8,348
Professional fees	187,502	33,598
Program	214,474	183,479
Purchased Services	4,500	
Rent	89,657	110,807
Salaries	1,412,777	1,339,391
Security system	4,318	9,787
Staff training	17,556	20,006
Telephone & internet	42,290	38,824
Travel	21,693	15,316
Utilities	40,769	47,507
	<u>2,277,865</u>	<u>2,102,248</u>
Excess of Revenue over Expenses	<u>\$ 209,378</u>	<u>\$ 239,973</u>

The accompanying notes are an integral part of these financial statements 10

**JOHN HOWARD SOCIETY OF TORONTO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018**

1. Purpose of the Organization

John Howard Society of Toronto is a local organization operating programs and services to ensure a safer community by helping people become responsible community members. It provides support services to people in conflict with the law and adults at imminent risk of coming into conflict with the law, in order to facilitate positive change in the community.

2. Summary of Significant Accounting Policies

The financial statements are prepared on the basis of generally accepted accounting principles for not-for-profit enterprises, the most significant of which, are described below:

Revenue Recognition

The Society follows the deferral method of accounting for contributions whereby restricted contributions related to expenses of future periods are deferred and recognized as revenue in the period in which the related expenses are incurred. Unrestricted contributions are recognized when received. Cash donations are recognized when received.

Capital Assets

Capital assets are stated at cost. Amortization of land and buildings is equal to the mortgage principal paid in accordance with the policies of Canada Mortgage and Housing Corporation. (See note 3 for exception to cost)

Other assets are amortized over their estimated useful lives on the straight line basis on a percentage declining balance at the following rates per annum:

Computer equipment	25%
Office equipment & software	10%
Furniture and fixtures	20%
Leasehold improvements	Straight line over lease term
Building-Eglinton	40yrs straight line
Building-Jones	Equal to annual mortgage principal paid

Use of estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities

**JOHN HOWARD SOCIETY OF TORONTO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018**

and disclosure of contingent assets and liabilities at the statement of financial position date and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates. The most significant estimates in these financial statements include estimate of useful lives of capital assets and contributions received, but not recognized as revenue.

Benevolent Fund

This fund was established to provide support to families of offenders.

419 Jones Reserve Fund

This fund was established to provide for future replacement of capital assets. Allocations are made in accordance with the Society's agreement with the City of Toronto Housing Division.

General Fund

The general fund represents the net accumulation of all revenue received and expenses incurred for the Society. It is used to provide funding for the programs and services of John Howard Society of Toronto.

Eglinton Building Reserve Fund

In 2017, the Board established this fund to provide for the renovations of the second floor at 1669 Eglinton Avenue.

Financial Instruments

The organization initially measures its financial assets and financial liabilities at fair value. The organization subsequently measures all its financial assets and financial liabilities at amortized cost. Changes in fair value are recognized in excess of revenue over expenses. Financial assets measured at cost include cash and accounts receivable. Financial liabilities measured at amortized cost include accounts payable & accrued liabilities and mortgages payable.

**JOHN HOWARD SOCIETY OF TORONTO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018**

Inventory

Inventory is carried at the lower of cost and net realizable value on a first in first out basis.

Contributed Material and Services

This organization, in common with many non-profit organizations, makes extensive use of volunteers and donated materials in conducting its activities. Donated materials are recorded at the fair market value if it can be reasonably determined and a receipt has been issued, but no attempt has been made to quantify the value of volunteer services in these financial statements.

3. Renovation Costs to Jones Avenue Building

The Society received two capital replacement grants which were used to pay for renovations to 419 Jones Avenue in 2004. The amounts paid for renovations are as follows:

City of Toronto – Housing Grant	\$ 248,038
City of Toronto – SCPI Grant	<u>90,000</u>
	<u>\$ 338,038</u>

Due to a request from the City of Toronto, the accounting presentation is to record the renovation costs as an allocation of funds out of the City of Toronto grants. As a result, the cost of the renovations are not recorded in the value of the buildings on the statement of financial position. The cost of the land and buildings is understated by this amount. This presentation is not in accordance with generally accepted accounting principles.

**JOHN HOWARD SOCIETY OF TORONTO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018**

4. Capital Assets

	<u>Cost</u>	<u>Accum Amort</u>	<u>2018 Net</u>	<u>2017 Net</u>
Land & bldg – 419 Jones	\$ 271,297	209,160	62,137	77,487
Land & bldg-Eglinton	2,716,689	170,102	2,546,587	2,287,545
Leasehold Improvements	113,836	100,831	13,005	24,754
Computer equipment	23,941	13,987	9,954	5,271
Computer software	46,466	40,272	6,194	5,806
Office equipment	38,219	25,413	12,806	11,445
Furniture and Fixtures	53,665	30,753	22,912	20,477
	<u>\$ 3,264,113</u>	<u>590,518</u>	<u>2,673,595</u>	<u>2,432,785</u>

5. Deferred Contributions

This amount represents contributions from corporate donors and a Trillium Grant which will be used for expenses in the future year.

6. Inventory

Inventory consists of coffee, tea and promotional items.

7. Long-Term Debt

	<u>2018</u>	<u>2017</u>
Mortgage payable bearing interest at 3.15% per annum, repayable in monthly instalments of principal and interest of \$6,321, due February 20, 2023, secured by first priority on the Eglinton Avenue property with a net book value of \$2,546,587 Interest rate increase annually.	\$ 845,097	\$ 885,376
Mortgage payable bearing interest at 2.5% per annum, repayable in monthly instalments of principal and interest of \$3,550 due February 28, 2018, secured by second priority on the Eglinton Avenue property with a net book value of \$2,546,587 ranking pari passu with the mortgage noted below.		38,560
Mortgage payable bearing interest at 3% per annum, for the first five years, repayable in monthly instalments of interest only, due February 28, 2024, secured by second priority on the Eglinton Avenue	350,000	350,000

**JOHN HOWARD SOCIETY OF TORONTO
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property with a net book value of \$2,287,545
ranking pari passu with the mortgage noted above.

Mortgage payable bearing interest at 4.75% per annum, repayable in monthly instalments of principal and interest of \$3,619, due May 13, 2019, secured by first priority on the Eglinton Avenue property with a net book value of \$2,546,587

489,514 509,167

The mortgage bears interest at the rate of .93% per annum. It is payable in blended monthly payments of \$1,314 and is amortized over 15 years. It becomes due August 1, 2020. This mortgage is secured by the property at 419 Jones Ave.

	37,688	53,038
	1,722,299	1,836,141
Less: current portion	79,710	961,676
	1,642,589	874,465

Scheduled debt repayments to the maturity dates are as follows:

2019	\$79,710
2020	533,293
2021	45,552
2022	47,454
2023	666,543
Thereafter	350,000

1,722,552

Interest on long-term debt for the year amounted to \$70,775 (2017 - \$74,283).

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8. Financial Instruments and Risks

Risks and concentrations

The organization is exposed to various risks through its financial instruments, without being exposed to concentrations of risk. The following analysis provides a measure of the organizations risk exposure at the statement of financial position date, March 31, 2018:

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization's liquidity is adequate.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The organization main credit risk is accounts receivable.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Currency risk

Currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The organization does not transact in foreign currencies.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The organization is exposed to interest rate risk on its mortgages payable.

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Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The organization is not exposed to other price risk.

9. Income Tax Status

The Society is a registered non-profit organization within the meaning of the Income Tax Act (Canada) and is exempt from income taxes.

10. Economic Dependence

The organization receives a substantial amount of its revenue from the Federal Government, Ontario Government and City of Toronto and is financially dependent on the government for funding.

11. Commitments

The society has operating lease commitments in respect of equipment and premises which end at various times from 2018 through 2019. Total payments remaining over the lease terms are as follows:

2019	137,200
2020	35,300
2021	14,700

12. Line of Credit

The Organization has a revolving operating facility for \$50,000 secured by a General Security Agreement covering all assets. The facility bears interest at the prime rate plus 1.25% per annum and is repayable on demand. As at March 31, 2018 the outstanding balance related to the credit facility was \$Nil (2017 - \$Nil).

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13. Transactions with Related Parties

During the year, the society made payments to The John Howard Society of Ontario for benefits administration in the amount of \$47,389 (2017 - \$40,125).

14. Native Inmate Liaison Program

John Howard Society of Toronto has an agreement to provide Native Inmate Liaison services in three maximum security provincial Ministry locations. The Ministry of Community Safety and Correctional Services compensates the organization for specific hours provided. The actual costs of the employees working on this program is recorded below.

Revenue	
Ministry of Community Safety and Correctional Services	\$ 66,129
Expenses	
Salaries	115,762
Benefits	23,445
	139,207
	<u>\$ (73,078)</u>