

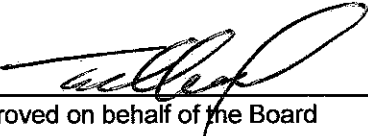
JOHN HOWARD SOCIETY OF WATERLOO-WELLINGTON

AN AFFILIATE OF THE JOHN HOWARD SOCIETY OF ONTARIO

FINANCIAL STATEMENTS

AS AT MARCH 31, 2014

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Approved on behalf of the Board



Approved on behalf of the Board



INDEPENDENT AUDITORS' REPORT

To the Directors of John Howard Society of Waterloo - Wellington

Report on the Financial Statements

We have audited the accompanying financial statements of John Howard Society of Waterloo - Wellington which comprise the statement of financial position as at March 31, 2014, the statement of operations, the statement of changes in net assets and the 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.

Auditors' 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 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of John Howard Society of Waterloo - Wellington as at March 31, 2014, and its results of operations, changes in net assets and cash flows for the year then ended, in accordance with Canadian Accounting Standards for Not-for-profit Organizations.

Chartered Professional Accountants
Licensed Public Accountants
June 9, 2014
Kitchener, ON

Cardy Winters & Simon LLP
Chartered Professional Accountants

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JOHN HOWARD SOCIETY OF WATERLOO-WELLINGTON
AN AFFILIATE OF THE JOHN HOWARD SOCIETY OF ONTARIO
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2014

(the accompanying notes are an integral part of these financial statements)

	2014		2013	
	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Operating Fund</u>	<u>Capital Fund</u>
ASSETS				
CURRENT				
Cash	68,605	89,696	158,301	0
Investments (note 3)	77,000	3,684	80,684	101,262
Investments - Program Continuation Reserve (notes 3 and 7)	200,000	0	200,000	0
Grants and program fees receivable	54,852	0	54,852	100,873
Prepaid expenses	22,419	0	22,419	0
	422,876	93,380	516,256	202,135
PROPERTY AND EQUIPMENT (note 5)	0	1,916,800	1,916,800	1,912,189
	\$422,876	\$2,010,180	\$2,433,056	\$2,114,324
			\$322,013	\$2,436,337
LIABILITIES				
CURRENT				
Accounts payable and accrued liabilities	84,348	0	84,348	0
Deferred revenue (note 4)	119,854	0	119,854	0
Program revenue repayable	26,737	0	26,737	0
Current portion of long term debt (note 6)	0	25,950	25,950	298,597
	230,939	25,950	256,889	298,597
LONG-TERM DEBT (note 6)	0	155,738	155,738	0
NET ASSETS (page 3)				
Internally restricted (note 7)	200,000	27,135	227,135	101,262
Externally restricted - grant receivable for roof repair	0	0	0	0
Unrestricted	(8,063)	1,801,357	1,793,294	298
	191,937	1,828,492	2,020,429	1,613,892
	\$422,876	\$2,010,180	\$2,433,056	\$2,114,324
			\$322,013	\$2,436,337

JOHN HOWARD SOCIETY OF WATERLOO-WELLINGTON
AN AFFILIATE OF THE JOHN HOWARD SOCIETY OF ONTARIO
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2014

(the accompanying notes are an integral part of these financial statements)

	<u>2014</u>		<u>2013</u>	
	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Operating Fund</u>	<u>Capital Fund</u>
NET ASSETS - BEGINNING OF THE YEAR	100,298	1,815,727	1,916,025	1,857,041
				1,958,942
EXCESS (DEFICIT) OF REVENUES OVER EXPENSES	54,483	49,921	104,404	(125,232)
INTERFUND TRANSFERS				
Mortgage principal repaid by Operating Fund	(41,909)	41,909	0	86,131
Purchase of equipment	(20,935)	20,935	0	0
Investments - Program Continuation Reserve	100,000	(100,000)	0	(2,213)
	37,156	(37,156)	0	83,918
NET ASSETS - END OF THE YEAR	\$191,937	\$1,828,492	\$2,020,429	\$1,815,727
			\$100,298	\$1,916,025

JOHN HOWARD SOCIETY OF WATERLOO-WELLINGTON

AN AFFILIATE OF THE JOHN HOWARD SOCIETY OF ONTARIO

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2014

(the accompanying notes are an integral part of these financial statements)

OPERATING FUND

	<u>2014</u>	<u>2013</u>
REVENUES		
Government program grants	2,754,268	2,664,201
United Way	228,572	220,160
Program fees	278,377	271,910
Other program grants	0	19,283
Donations, fundraising and miscellaneous	23,034	19,075
Golf day	24,251	22,809
Interest earned	2,283	2,085
	3,310,785	3,219,523
EXPENSES		
Wages and employee benefits	2,499,108	2,516,680
Program	348,430	304,531
Building occupancy	87,617	83,564
Office and general	47,817	57,665
Advertising	10,757	9,731
Repairs and maintenance	83,259	22,652
Rent, net of recoveries	27,054	30,783
Interest on long term debt	13,891	19,391
Computer	37,690	6,309
Travel	26,548	24,651
Telephone	28,953	30,914
Contracted Services	21,379	10,244
Professional fees	15,879	9,628
Golf day	7,920	10,465
	3,256,302	3,137,208
EXCESS OF REVENUES OVER EXPENSES	\$54,483	\$82,315

CAPITAL FUND

	<u>2014</u>	<u>2013</u>
REVENUES		
Government grant - vehicle purchase	25,685	0
Government grant - roof repairs	0	100,873
Expropriation of land	66,245	0
	91,930	100,873
EXPENSES		
Roof repairs	0	172,356
Amortization of property and equipment	42,009	53,749
	42,009	226,105
EXCESS (DEFICIT) OF REVENUES OVER EXPENSES	\$49,921	(\$125,232)

JOHN HOWARD SOCIETY OF WATERLOO-WELLINGTON
AN AFFILIATE OF THE JOHN HOWARD SOCIETY OF ONTARIO
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2014

(the accompanying notes are an integral part of these financial statements)

	<u>2014</u>		<u>2013</u>	
	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Operating Fund</u>	<u>Capital Fund</u>
CASH FLOWS FROM (TO):				
OPERATING ACTIVITIES				
Excess (deficit) of revenues over expenses	54,483	49,921	104,404	(125,232)
Items not requiring cash flows:				
Amortization of property and equipment	0	42,009	42,009	53,749
	54,483	91,930	146,413	(71,483)
Change in non-cash current assets and liabilities:				
Investments	(100,000)	97,578	(2,422)	174,569
Grants and program fees receivable	63,554	100,873	164,427	(100,873)
Prepaid expenses	(4,086)	0	(4,086)	0
Accounts payable and accrued liabilities	5,010	0	5,010	0
Deferred revenue (note 4)	(1,811)	0	(1,811)	54,297
Program revenue repayable	6,025	0	6,025	(154,247)
	23,175	290,381	313,556	2,213
			(260,957)	(258,744)
INVESTING ACTIVITIES				
Purchase of vehicle and equipment	0	(46,620)	(46,620)	0
FINANCING ACTIVITIES				
Repayment of long-term debt	0	(116,909)	(116,909)	(86,131)
Transfers between funds	37,156	(37,156)	0	83,918
	37,156	(154,065)	(116,909)	(2,213)
				(86,131)
CHANGE IN CASH FOR THE YEAR	60,331	89,696	150,027	(344,875)
CASH - BEGINNING OF THE YEAR	8,274	0	8,274	353,149
CASH - END OF THE YEAR	\$68,605	\$89,696	\$158,301	\$0
			\$8,274	\$8,274

JOHN HOWARD SOCIETY OF WATERLOO-WELLINGTON

AN AFFILIATE OF THE JOHN HOWARD SOCIETY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2014

1. NATURE OF THE ORGANIZATION

The John Howard Society of Waterloo-Wellington is an organization of citizens who accept responsibility for the understanding of and dealing with the problems of crime and the criminal justice system. The organization's mandate is the prevention of crime through service, community education, advocacy and reform.

The organization is incorporated without share capital under the laws of Ontario and registered as a charitable organization with Canada Revenue Agency, and as such is exempt from income tax.

2. SIGNIFICANT ACCOUNT POLICIES

Basis of presentation

These financial statements have been prepared using Canadian Accounting Standards for Not-for-profit Organizations.

Fund Accounting

The organization uses fund accounting to maintain its books and records. Fund accounting comprises the collective accounting procedures which result in a self-balancing set of accounts for each fund established by legal, contractual or voluntary actions.

Operating Fund

The Operating Fund reflects the assets, liabilities, revenues and expenses related to program delivery and administrative activities.

Capital Fund

The Capital Fund reflects the assets, liabilities, revenues and expenses related to property, equipment and related reserves.

Revenue recognition

The organization uses the restricted fund method for recognizing revenues, whereby contributions which are restricted by donors to non-operating funds are reflected as income when received or receivable, and to the extent they are unexpended, reflected as restricted net assets on the statement of financial position. Restricted contributions received or receivable by the Operating Fund are reflected as deferred income until spent as designated, provided collection is reasonably assured and amounts reasonably estimable. Non-monetary contributions are not reflected in the financial statements of the organization unless fair values can be reasonably determined.

JOHN HOWARD SOCIETY OF WATERLOO-WELLINGTON
AN AFFILIATE OF THE JOHN HOWARD SOCIETY OF ONTARIO
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

2. SIGNIFICANT ACCOUNT POLICIES (continued)

Property and Equipment

Property and equipment are reflected at cost, which is amortized at the following annual rates:

Building	- 2.5% straight-line
Equipment	- 20% straight-line
Vehicle	- 30% straight line

Financial instruments

A financial instrument is a contract that creates a financial asset for one entity and a financial liability or equity instrument of another. The organization initially measures its financial assets and liabilities at fair value, except for non-arm's length transactions, if any. The organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments with quoted fair values in an active market, if any, which are measured at fair value. Changes in fair value are recognized in net income. Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement. The amount of the reversal is recognized in net income. The organization recognizes its transaction costs in net income in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption. Unless indicated otherwise in these financial statements, as in the prior year, management believes the organization does not face any significant credit, currency, interest rate, liquidity or market risk with respect to its financial instruments.

3. FINANCIAL ASSETS	<u>2014</u>	<u>2013</u>
Short-term investments reflected at fair value:		
RBC Money Market Funds	280,684	278,262
Other financial assets reflected at amortized cost	213,153	227,553
	<hr/> \$493,837	<hr/> \$505,815

The organization has no equity instruments measured at cost, less a reduction for impairment.

4. DEFERRED REVENUE

Deferred revenue reflects designated contributions received or receivable which will be spent as designated in future periods.

JOHN HOWARD SOCIETY OF WATERLOO-WELLINGTON
 AN AFFILIATE OF THE JOHN HOWARD SOCIETY OF ONTARIO
 NOTES TO FINANCIAL STATEMENTS
 MARCH 31, 2014

5. PROPERTY AND EQUIPMENT

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2014 Net Book Value</u>	<u>2013 Net Book Value</u>
Land - Charles Street	135,000	0	135,000	135,000
Land - Cambridge	320,825	0	320,825	320,825
Building - Charles Street	538,627	73,415	465,212	478,678
Building - Cambridge	1,057,992	106,754	951,238	977,686
Equipment	122,268	103,427	18,841	0
Vehicle	48,027	22,343	25,684	0
	<u>\$2,222,739</u>	<u>\$305,939</u>	<u>\$1,916,800</u>	<u>\$1,912,189</u>

6. LONG-TERM DEBT

	<u>2014</u>	<u>2013</u>
Royal Bank of Canada fixed rate term loan, bearing interest at 4.65% per annum, repayable in blended bi-weekly instalments of \$1,300, due December 2018; secured by a collateral mortgage on the Cambridge property	181,688	298,597
Current portion	25,950	298,597
	<u>\$155,738</u>	<u>\$0</u>

Projected future principal payments	<u>Year</u>	<u>Amount</u>
	2015	25,950
	2016	27,181
	2017	28,470
	2018	29,820
	2019	70,267
		<u>\$181,688</u>

7. RESTRICTIONS ON NET ASSETS

Internally Restricted Net Assets:

Operating Fund - Program Continuance Reserve

Net assets have also been restricted to provide for program continuance in the event of funding cutbacks. Board discretion determines increases and decreases to the fund and which programs will be funded.

Capital Fund - Capital Maintenance Reserve

Net assets have been restricted by the Board of Directors to plan for contingencies regarding major capital maintenance projects. These funds are also intended to address longer term building needs in regard to facilities. Board discretion determines changes to the fund.

JOHN HOWARD SOCIETY OF WATERLOO-WELLINGTON
AN AFFILIATE OF THE JOHN HOWARD SOCIETY OF ONTARIO
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

8. CONTRACT WITH THE MINISTRY OF CHILDREN AND YOUTH SERVICES

The organization has a service contract with Ministry of Children and Youth Services. A reconciliation report summarizes by service (detail code), all revenues and expenses, and identifies any resulting surplus or deficit that relates to the Service Contract / CFSA Approval. A review of this report indicates the program had a deficit (excess of expenses over revenues) of \$28 for the current fiscal year.

9. ECONOMIC DEPENDENCE

The organization receives the vast majority of its funding for several programs from government sources. The continuance of these programs in their present form is dependant on the continued receipt of funding from these or similar entities.

JOHN HOWARD SOCIETY OF WATERLOO-WELLINGTON

AN AFFILIATE OF THE JOHN HOWARD SOCIETY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2014

10. CONTRACTS WITH THE MINISTRY OF THE ATTORNEY GENERAL

Funding agreements with the Ministry of the Attorney General require revenues and expenditures to be clearly identified and distinguished from the organization's other revenues and expenditures in these financial statements. These programs are not required to be, nor have they been, audited on an individual basis.

	<u>Program</u>					
	<u>Community Justice Worker Kitchener</u>	<u>Community Justice Worker Guelph</u>	<u>Community Justice</u>	<u>Youth Justice Committee Kitchener</u>	<u>Youth Justice Committee Guelph</u>	<u>Partner Assault Response</u>
Funding received or carried forward:						
Grants	98,000	35,900	22,240	70,000	70,000	446,912
Interpreter Fees	0	0	0	0	0	21,379
Client Fees (note)	0	0	0	0	0	25,660
	<u>98,000</u>	<u>35,900</u>	<u>22,240</u>	<u>70,000</u>	<u>70,000</u>	<u>493,951</u>
Expenses:						
Salaries	57,770	23,817	14,558	50,825	51,602	208,852
Benefits	18,255	3,390	2,800	10,523	10,240	44,983
Contract	0	0	0	0	0	111,542
Building occupancy	67	0	0	833	0	5,854
Rent	0	1,225	0	1,538	2,975	5,856
Utilities	0	0	0	430	0	2,549
Insurance	567	500	204	340	400	1,400
Administrative fees	9,000	3,295	2,000	2,746	2,060	0
Office and other	5,831	2,935	2,212	1,718	1,306	18,933
Professional fees	500	500	315	300	367	400
Program	520	0	0	0	0	23,621
Training and development	662	63	149	341	506	4,445
Travel	2,366	177	6	412	631	1,156
	<u>95,538</u>	<u>35,902</u>	<u>22,244</u>	<u>70,006</u>	<u>70,087</u>	<u>429,591</u>
Excess (deficit)	2,462	(2)	(4)	(6)	(87)	64,360
Revenue repayable or deferred	(2,462)	0	0	0	0	(64,360)
Excess (deficit)	<u>\$0</u>	<u>(\$2)</u>	<u>(\$4)</u>	<u>(\$6)</u>	<u>(\$87)</u>	<u>\$0</u>

note - Client fees are reflected on an accrual basis (fees billed), not on a cash basis (fees actually collected).