

JOHN HOWARD SOCIETY OF WATERLOO-WELLINGTON

AN AFFILIATE OF THE JOHN HOWARD SOCIETY OF ONTARIO


FINANCIAL STATEMENTS

AS AT MARCH 31, 2016

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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, 2016, 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, 2016, 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 20, 2016
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, 2016

(with comparative figures as at March 31, 2015)
 (the accompanying notes are an integral part of these financial statements)

	<u>2016</u>		<u>2015</u>		<u>Total</u>	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Total</u>
	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Operating Fund</u>	<u>Capital Fund</u>				
ASSETS								
CURRENT								
Cash	231,702	5,048	236,750	189,025	6,622	189,025	6,622	195,647
Investments - Program Continuance Reserve (notes 3 and 7)	190,376	0	190,376	190,376	0	190,376	0	190,376
Investments (note 3)	0	94,304	94,304	0	92,730	0	92,730	92,730
Grants, program fees and HST receivable	51,251	0	51,251	50,731	0	50,731	0	50,731
LONG-TERM - prepaid benefits	473,329	99,352	572,681	430,132	99,352	430,132	99,352	529,484
PROPERTY AND EQUIPMENT (note 5)	27,867	0	27,867	27,867	0	27,867	0	27,867
	0	1,816,313	1,816,313	0	1,870,361	0	1,870,361	1,870,361
	\$501,196	\$1,915,665	\$2,416,861	\$457,999	\$1,969,713	\$457,999	\$1,969,713	\$2,427,712
LIABILITIES								
CURRENT								
Accounts payable and accrued liabilities	179,973	0	179,973	131,792	0	131,792	0	131,792
Deferred revenue (note 4)	77,319	0	77,319	118,524	0	118,524	0	118,524
Program revenue repayable	50,940	0	50,940	18,734	0	18,734	0	18,734
Current portion of long term debt (note 6)	0	28,470	28,470	0	27,181	0	27,181	27,181
	308,232	28,470	336,702	269,050	27,181	269,050	27,181	296,231
LONG-TERM DEBT (note 6)	0	83,753	83,753	0	112,957	0	112,957	112,957
NET ASSETS (page 3)								
Internally restricted (note 7)	190,376	0	190,376	190,376	0	190,376	0	190,376
Unrestricted	2,588	1,803,442	1,806,030	(1,427)	1,829,575	(1,427)	1,829,575	1,828,148
	192,964	1,803,442	1,996,406	188,949	1,829,575	188,949	1,829,575	2,018,524
	\$501,196	\$1,915,665	\$2,416,861	\$457,999	\$1,969,713	\$457,999	\$1,969,713	\$2,427,712

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, 2016

(with comparative figures for the year ended March 31, 2015)
 (the accompanying notes are an integral part of these financial statements)

	<u>2016</u>	<u>2015</u>	<u>Total</u>	<u>Operating</u>	<u>Capital</u>	<u>Operating</u>	<u>Capital</u>	<u>Total</u>
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>
NET ASSETS - BEGINNING OF THE YEAR	188,949	1,829,575	2,018,524	191,937	1,828,492	191,937	1,828,492	2,020,429
EXCESS (DEFICIT) OF REVENUES OVER EXPENSES	31,930	(54,048)	(22,118)	45,478	(47,383)	45,478	(47,383)	(1,905)
INTERFUND TRANSFERS								
Mortgage principal repaid by Operating Fund	(27,915)	27,915	0	(41,550)	41,550	(41,550)	41,550	0
Purchase of equipment with Operating Funds	0	0	0	(6,916)	6,916	(6,916)	6,916	0
	(27,915)	27,915	0	(48,466)	48,466	(48,466)	48,466	0
NET ASSETS - END OF THE YEAR	\$192,964	\$1,803,442	\$1,996,406	\$188,949	\$1,829,575	\$188,949	\$1,829,575	\$2,018,524

JOHN HOWARD SOCIETY OF WATERLOO-WELLINGTON

AN AFFILIATE OF THE JOHN HOWARD SOCIETY OF ONTARIO

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2016

(with comparative figures for the year ended March 31, 2015)

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

OPERATING FUND

	<u>2016</u>	<u>2015</u>
REVENUES		
Government program grants	2,923,055	3,070,732
United Way	246,867	240,737
Program fees	247,528	244,140
Other program grants	17,988	36,633
Donations, fundraising and miscellaneous	23,837	16,083
Golf day	20,007	23,057
Interest earned	1,284	2,118
	<u>3,480,566</u>	<u>3,633,500</u>
EXPENSES		
Wages and employee benefits	2,667,634	2,658,569
Program	449,938	583,357
Building occupancy	84,182	118,416
Office and general	54,580	51,697
Advertising	10,189	11,853
Repairs and maintenance	61,714	35,448
Rent, net of recoveries	5,207	27,190
Interest on long term debt	5,885	7,820
Computer	21,053	20,393
Travel	24,174	21,238
Telephone	20,181	16,848
Contracted Services	15,451	16,376
Professional fees	17,693	11,872
Golf day	10,755	6,945
	<u>3,448,636</u>	<u>3,588,022</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$31,930</u>	<u>\$45,478</u>

CAPITAL FUND

	<u>2016</u>	<u>2015</u>
REVENUES		
Gain on sale of vehicle	0	5,974
	<u>0</u>	<u>5,974</u>
EXPENSES		
Amortization of property and equipment	54,048	53,357
EXCESS (DEFICIT) OF REVENUES OVER EXPENSES	<u>(\$54,048)</u>	<u>(\$47,383)</u>

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, 2016

(with comparative figures for the year ended March 31, 2015)

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

	<u>2016</u>		<u>2015</u>		<u>Total</u>	<u>Capital Fund</u>	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Total</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	31,930	(54,048)	(22,118)	45,478	(47,383)	(1,905)			
Items not requiring cash flows:									
Amortization of property and equipment	0	54,048	54,048	0	53,357	53,357			
	31,930	0	31,930	45,478	5,974	51,452			
Change in non-cash current assets and liabilities:									
Investments	0	(1,574)	(1,574)	86,624	(89,046)	(2,422)			
Grants, program fees and HST receivable	(520)	0	(520)	4,121	0	4,121			
Accounts payable and accrued liabilities	48,181	0	48,181	47,444	0	47,444			
Deferred revenue (note 4)	(41,205)	0	(41,205)	(1,330)	0	(1,330)			
Program revenue repayable	32,206	0	32,206	(8,003)	0	(8,003)			
	70,592	(1,574)	69,018	174,334	(83,072)	91,262			
INVESTING ACTIVITIES									
Prepaid benefits	0	0	0	(5,448)	0	(5,448)			
Purchase of vehicle and equipment	0	0	0	0	(6,918)	(6,918)			
	0	0	0	(5,448)	(6,918)	(12,366)			
FINANCING ACTIVITIES									
Repayment of long-term debt	0	(27,915)	(27,915)	0	(41,550)	(41,550)			
Transfers between funds	(27,915)	27,915	0	(48,466)	48,466	0			
	(27,915)	0	(27,915)	(48,466)	6,916	(41,550)			
CHANGE IN CASH FOR THE YEAR	42,677	(1,574)	41,103	120,420	(83,074)	37,346			
CASH - BEGINNING OF THE YEAR	189,025	6,622	195,647	68,605	89,696	158,301			
CASH - END OF THE YEAR	\$231,702	\$5,048	\$236,750	\$189,025	\$6,622	\$195,647			

JOHN HOWARD SOCIETY OF WATERLOO-WELLINGTON

AN AFFILIATE OF THE JOHN HOWARD SOCIETY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2016

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 Accounting

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 contribution 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, 2016

2. SIGNIFICANT ACCOUNT POLICIES (continued)

Property and Equipment

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

Buildings	- 2.5% straight-line
Equipment	- 20% straight-line
Vehicle	- 33% 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>2016</u>	<u>2015</u>
Short-term investments reflected at fair value:		
RBC Money Market Funds - Program Continuance Reserve	190,376	190,376
RBC Money Market Funds - Capital Fund	94,304	92,730
	<hr/> 284,680	<hr/> 283,106
Other financial assets reflected at amortized cost:		
Cash	236,750	195,647
Grants and program fees receivable	43,864	40,384
	<hr/> \$565,294	<hr/> \$519,137

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, 2016

5. PROPERTY AND EQUIPMENT

			<u>2016</u>	<u>2015</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>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	100,347	438,280	451,746
Building - Cambridge	1,057,992	159,654	898,338	924,788
Equipment	27,851	12,542	15,309	20,879
Vehicle	25,685	17,124	8,561	17,123
	<u>\$2,105,980</u>	<u>\$289,667</u>	<u>\$1,816,313</u>	<u>\$1,870,361</u>

6. LONG-TERM DEBT

	<u>2016</u>	<u>2015</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	112,223	140,138
Current portion	28,470	27,181
	<u>\$83,753</u>	<u>\$112,957</u>

Projected future principal payments	<u>Year</u>	<u>Amount</u>
	2017	28,470
	2018	29,820
	2019	53,933
		<u>\$112,223</u>

7. RESTRICTIONS ON NET ASSETS

Internally Restricted Net Assets:

Operating Fund - Program Continuance Reserve

A portion of the net assets within the Operating Fund have been restricted to provide for program continuance in the event of funding cutbacks. Board discretion determines increases and decreases to this fund and which programs will be funded.

JOHN HOWARD SOCIETY OF WATERLOO-WELLINGTON
AN AFFILIATE OF THE JOHN HOWARD SOCIETY OF ONTARIO
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016

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 surplus (excess of revenues over expenses) of \$9,445 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, 2016

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</u>	<u>Community</u>	<u>Community</u>	<u>Youth</u>	<u>Youth</u>
	<u>Justice</u>	<u>Justice</u>	<u>Justice</u>	<u>Justice</u>	<u>Justice</u>
	<u>Worker</u>	<u>Worker</u>		<u>Committee</u>	<u>Committee</u>
	<u>Kitchener</u>	<u>Guelph</u>		<u>Kitchener</u>	<u>Guelph</u>
MAG Funding					
Carried forward	0	0	0	0	0
Current year's allocation	93,349	41,800	22,240	70,000	71,618
	<u>93,349</u>	<u>41,800</u>	<u>22,240</u>	<u>70,000</u>	<u>71,618</u>
Expenses:					
Salaries and contract	62,108	28,080	14,894	51,152	50,744
Benefits	14,485	4,440	3,118	11,486	12,715
	<u>76,593</u>	<u>32,520</u>	<u>18,012</u>	<u>62,638</u>	<u>63,459</u>
Rent	0	1,225	1,000	2,400	2,975
Insurance	550	500	200	340	400
Administrative fees	9,000	3,333	2,000	2,745	2,075
Audit	500	500	300	300	300
Office	2,952	862	348	285	438
Program supplies	1,566	1,647	495	465	923
Training and development	170	234	159	470	467
Travel	2,018	198	0	357	581
Client assistance	0	0	0	0	0
Resource materials	0	0	0	0	0
	<u>93,349</u>	<u>41,019</u>	<u>22,514</u>	<u>70,000</u>	<u>71,618</u>
Net revenue	0	781	(274)	0	0
Revenue deferred	0	0	0	0	0
Surplus revenue	<u>\$0</u>	<u>\$781</u>	<u>(\$274)</u>	<u>\$0</u>	<u>\$0</u>

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

JOHN HOWARD SOCIETY OF WATERLOO-WELLINGTON

AN AFFILIATE OF THE JOHN HOWARD SOCIETY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2016

10. CONTRACTS WITH THE MINISTRY OF THE ATTORNEY GENERAL (continued)

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>Partner</u>
	<u>Assault</u>
	<u>Response</u>
MAG Funding	
Carried forward	6,152
Current year's allocation	416,342
	<u>422,494</u>
Client Fees (see note below)	11,770
	<u>434,264</u>
Expenses:	
Salaries and contract	332,445
Benefits	65,957
	<u>398,402</u>
Rent	4,400
Utilities	2,779
Travel	2,093
Insurance	1,400
Office	3,739
Telecommunications	1,384
Office equipment	2,379
Staff expenses	801
Audit	400
Professional membership fees	480
Bookkeeping	6,000
	<u>424,257</u>
Net revenue	10,007
Revenue deferred	(10,007)
	<u>\$0</u>

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