

JOHN HOWARD SOCIETY OF WATERLOO-WELLINGTON

AN AFFILIATE OF THE JOHN HOWARD SOCIETY OF ONTARIO

FINANCIAL STATEMENTS

AS AT MARCH 31, 2017

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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, 2017, 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, 2017, 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.

Cardy Winters & Simon LLP

Chartered Professional Accountants
Licensed Public Accountants
June 19, 2017
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, 2017

(with comparative figures as at March 31, 2016)

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

	<u>2017</u>		<u>2016</u>	
	<u>Operating</u>	<u>Capital</u>	<u>Operating</u>	<u>Capital</u>
ASSETS	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>
CURRENT				
Cash	330,324	3,369	231,702	5,048
Investments - Program Continuation Reserve (notes 3 and 7)	191,182	0	190,376	0
Investments (note 3)	(806)	95,983	0	94,304
Grants, program fees and HST receivable	47,897	0	51,251	0
	568,597	99,352	473,329	99,352
LONG-TERM - prepaid benefits	27,867	0	27,867	0
PROPERTY AND EQUIPMENT (note 5)	0	1,762,267	0	1,816,313
	\$596,464	\$1,861,619	\$501,196	\$1,915,665
		\$2,458,083		\$2,416,861
LIABILITIES				
CURRENT				
Accounts payable and accrued liabilities	165,590	0	179,973	0
Deferred revenue (note 4)	111,489	0	77,319	0
Program revenue repayable	48,324	0	50,940	0
Current portion of long term debt (note 6)	0	29,820	0	28,470
	325,403	29,820	308,232	28,470
LONG-TERM DEBT (note 6)	0	53,167	0	83,753
NET ASSETS (page 3)				
Internally restricted (note 7)	191,182	0	191,182	0
Unrestricted	79,879	1,778,632	2,588	1,803,442
	271,061	1,778,632	192,964	1,803,442
	\$596,464	\$1,861,619	\$501,196	\$1,915,665
		\$2,458,083		\$2,416,861

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, 2017

(with comparative figures for the year ended March 31, 2016)

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

	<u>2017</u>		<u>2016</u>	
	<u>Operating</u>	<u>Capital</u>	<u>Operating</u>	<u>Capital</u>
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>
				<u>Total</u>
NET ASSETS - BEGINNING OF THE YEAR	192,964	1,803,442	188,949	1,829,575
				2,018,524
EXCESS (DEFICIT) OF REVENUES OVER EXPENSES	107,333	(54,046)	31,930	(54,048)
				(22,118)
INTERFUND TRANSFERS				
Mortgage principal repaid by Operating Fund	(29,236)	29,236	0	(27,915)
Purchase of equipment with Operating Funds	0	0	0	0
	(29,236)	29,236	0	(27,915)
				27,915
				0
NET ASSETS - END OF THE YEAR	\$271,061	\$1,778,632	\$192,964	\$1,803,442
				\$1,996,406

JOHN HOWARD SOCIETY OF WATERLOO-WELLINGTON

AN AFFILIATE OF THE JOHN HOWARD SOCIETY OF ONTARIO

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2017

(with comparative figures for the year ended March 31, 2016)

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

OPERATING FUND

	<u>2017</u>	<u>2016</u>
REVENUES		
Government program grants	2,837,652	2,923,055
United Way	235,623	246,867
Program fees	247,707	247,528
Other program grants	12,000	17,988
Donations, fundraising and miscellaneous	21,266	23,837
Golf day	0	20,007
Interest earned (net of interest expense)	1,213	1,284
	<u>3,355,461</u>	<u>3,480,566</u>
EXPENSES		
Wages and employee benefits	2,496,134	2,667,634
Program	325,744	449,938
Building occupancy	122,885	94,830
Office and general	57,450	54,580
Advertising	9,701	10,189
Equipment and computer maintenance (note 10)	121,813	72,119
Rent, net of recoveries	10,135	5,207
Interest on long term debt	4,558	5,885
Travel	23,728	24,174
Telephone	24,160	20,181
Contracted Services	21,884	15,451
Professional fees	29,936	17,693
Golf day	0	10,755
	<u>3,248,128</u>	<u>3,448,636</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$107,333</u>	<u>\$31,930</u>

CAPITAL FUND

	<u>2017</u>	<u>2016</u>
EXPENSES		
Amortization of property and equipment	54,046	54,048
EXCESS (DEFICIT) OF REVENUES OVER EXPENSES	<u>(\$54,046)</u>	<u>(\$54,048)</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, 2017

(with comparative figures for the year ended March 31, 2016)

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

	<u>2017</u>		<u>2016</u>	
	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Operating Fund</u>	<u>Capital Fund</u>
		<u>Total</u>		<u>Total</u>
CASH FLOWS FROM (TO):				
OPERATING ACTIVITIES				
Excess (deficit) of revenues over expenses	107,333	(54,046)	31,930	(54,048)
Items not requiring cash flows:				
Amortization of property and equipment	0	54,046	0	54,048
	107,333	0	31,930	0
Change in non-cash current assets and liabilities:				
Investments	0	(1,679)	0	(1,574)
Grants, program fees and HST receivable	3,354	0	(520)	0
Accounts payable and accrued liabilities	(14,383)	0	48,181	0
Deferred revenue (note 4)	34,170	0	(41,205)	0
Program revenue repayable	(2,616)	0	32,206	0
	127,858	(1,679)	70,592	(1,574)
		126,179		69,018
INVESTING ACTIVITIES	0	0	0	0
FINANCING ACTIVITIES				
Repayment of long-term debt	0	(29,236)	0	(27,915)
Transfers between funds	(29,236)	29,236	(27,915)	27,915
	(29,236)	0	(27,915)	0
CHANGE IN CASH FOR THE YEAR	98,622	(1,679)	42,677	(1,574)
CASH - BEGINNING OF THE YEAR	231,702	5,048	189,025	6,622
CASH - END OF THE YEAR	\$330,324	\$3,369	\$231,702	\$5,048
		\$333,693		\$236,750

JOHN HOWARD SOCIETY OF WATERLOO-WELLINGTON

AN AFFILIATE OF THE JOHN HOWARD SOCIETY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2017

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, 2017

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.

3. FINANCIAL ASSETS

	<u>2017</u>	<u>2016</u>
Short-term investments reflected at fair value:		
RBC Money Market Funds - Program Continuance Reserve	191,182	190,376
RBC Money Market Funds - Capital Fund	95,177	94,304
	<u>286,359</u>	<u>284,680</u>
Other financial assets reflected at amortized cost:		
Cash	333,693	236,750
Grants and program fees receivable	31,939	43,864
	<u>\$651,991</u>	<u>\$565,294</u>

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.

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

JOHN HOWARD SOCIETY OF WATERLOO-WELLINGTON

AN AFFILIATE OF THE JOHN HOWARD SOCIETY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2017

4. DEFERRED REVENUE

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

5. PROPERTY AND EQUIPMENT

			<u>2017</u>	<u>2016</u>
	<u>Cost</u>	<u>Accumulated</u> <u>Amortization</u>	<u>Net Book</u> <u>Value</u>	<u>Net Book</u> <u>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	113,813	424,814	438,280
Building - Cambridge	1,057,992	186,103	871,889	898,338
Equipment	27,851	18,112	9,739	15,309
Vehicle	25,685	25,685	0	8,561
	<u>\$2,105,980</u>	<u>\$343,713</u>	<u>\$1,762,267</u>	<u>\$1,816,313</u>

6. LONG-TERM DEBT

	<u>2017</u>	<u>2016</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	82,987	112,223
Current portion	29,820	28,470
	<u>\$53,167</u>	<u>\$83,753</u>

Projected future principal payments	<u>Year</u>	<u>Amount</u>
	2018	29,820
	2019	53,167
		<u>\$82,987</u>

7. RESTRICTIONS ON NET ASSETS

Internally Restricted Net Assets:

Operating Fund - Program Continuation Reserve

A portion of the net assets within the Operating Fund have been restricted to provide for program continuation 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, 2017

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 \$20,909 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.

10. EQUIPMENT AND COMPUTER MAINTENANCE

The equipment and computer maintenance expense for the current fiscal year includes licensing and configuration costs of web-based client file management software in the amount of \$48,852.

11. STATEMENT OF OPERATIONS - COMPARATIVE FIGURES

Certain prior year expenses on the Statement of Operations have been reclassified to correspond with financial statement presentation adopted in the current year.

JOHN HOWARD SOCIETY OF WATERLOO-WELLINGTON

AN AFFILIATE OF THE JOHN HOWARD SOCIETY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2017

12. 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	92,600	42,280	22,240	62,400	41,625
	92,600	42,280	22,240	62,400	41,625
Expenses:					
Salaries	62,699	27,873	14,572	37,659	24,283
Benefits	13,563	5,296	3,262	8,786	4,334
	76,262	33,169	17,834	46,445	28,617
Rent	0	1,212	1,000	2,200	1,612
Insurance	550	500	200	1,000	1,000
Administrative fees	9,000	3,333	2,002	5,500	3,500
Audit	500	498	300	500	500
Office	2,234	1,867	554	2,206	2,424
Program supplies	1,809	1,249	199	682	591
Training and development	220	227	151	2,822	2,401
Travel	1,887	225	0	941	948
Client assistance	0	0	0	0	0
Resource materials	142	0	0	104	32
	92,604	42,280	22,240	62,400	41,625
Net revenue (deficit)	(4)	0	0	0	0
Revenue deferred	0	0	0	0	0
Surplus revenue	(\$4)	\$0	\$0	\$0	\$0

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, 2017

12. 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	10,007
Current year's allocation	440,134
	<hr/> 450,141
Client Fees (see note below)	29,464
	<hr/> 479,605
Expenses:	
Salaries and contract	329,665
Mandatory benefits	31,101
Benefits	37,501
	<hr/> 398,267
Rent / lease	6,022
Utilities	2,744
Office supplies	2,990
Telecommunications	1,504
Office equipment	2,072
Promotional goods and materials	192
Staff expenses	3,604
Audit	400
Insurance	1,600
Professional membership fees	300
Other expenses	28,000
	<hr/> 447,695
Net revenue	31,910
Revenue deferred	(31,910)
Surplus revenue	<hr/> \$0

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