


# JOHN HOWARD SOCIETY OF WATERLOO-WELLINGTON

AN AFFILIATE OF THE JOHN HOWARD SOCIETY OF ONTARIO

## FINANCIAL STATEMENTS

AS AT MARCH 31, 2018

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Approved on behalf of the Board

  
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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, 2018, 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, 2018, 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 7, 2018  
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, 2018

(with comparative figures as at March 31, 2017)

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

	<u>2018</u>		<u>2017</u>	
	<u>Operating</u>	<u>Capital</u>	<u>Operating</u>	<u>Capital</u>
<b>ASSETS</b>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>
<b>CURRENT</b>				
Cash	160,947	110,436	330,324	3,369
Investments - Program Continuation Reserve (notes 3 and 7)	214,896	0	190,376	0
Investments (note 3)	0	73,916	0	95,983
Grants, program fees and HST receivable	61,375	0	47,897	0
	437,218	184,352	568,597	99,352
<b>LONG-TERM - prepaid benefits</b>	27,867	0	27,867	0
<b>PROPERTY AND EQUIPMENT (note 5)</b>	0	1,716,781	0	1,762,267
	\$465,085	\$1,901,133	\$596,464	\$1,861,619
		\$2,366,218		\$2,458,083
<b>LIABILITIES</b>				
<b>CURRENT</b>				
Accounts payable and accrued liabilities	86,396	0	165,590	0
Deferred revenue (note 4)	95,632	0	111,489	0
Program revenue repayable	55,734	0	48,324	0
Current portion of long term debt (note 6)	0	46,080	0	29,820
	237,762	46,080	325,403	29,820
		283,842		355,223
<b>LONG-TERM DEBT (note 6)</b>	0	0	0	53,167
				53,167
<b>NET ASSETS (page 3)</b>				
Internally restricted (note 7)	214,896	0	191,182	0
Unrestricted	12,427	1,855,053	79,879	1,778,632
	227,323	1,855,053	271,061	1,778,632
	\$465,085	\$1,901,133	\$596,464	\$1,861,619
		\$2,366,218		\$2,458,083

# 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, 2018

(with comparative figures for the year ended March 31, 2017)

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

	2018		2017	
	<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>
<b>NET ASSETS - BEGINNING OF THE YEAR</b>	271,061	1,778,632	192,964	1,803,442
				1,996,406
<b>EXCESS (DEFICIT) OF REVENUES OVER EXPENSES</b>	78,169	(45,486)	107,333	(54,046)
				53,287
<b>INTERFUND TRANSFERS</b>				
Mortgage principal repaid by Operating Fund	(36,907)	36,907	0	(29,236)
Capital Fund enhancement	(85,000)	85,000	0	0
	(121,907)	121,907	0	(29,236)
				29,236
				0
<b>NET ASSETS - END OF THE YEAR</b>	\$227,323	\$1,855,053	\$271,061	\$1,778,632
				\$2,049,693

**JOHN HOWARD SOCIETY OF WATERLOO-WELLINGTON**

AN AFFILIATE OF THE JOHN HOWARD SOCIETY OF ONTARIO

**STATEMENT OF OPERATIONS****FOR THE YEAR ENDED MARCH 31, 2018**

(with comparative figures for the year ended March 31, 2017)

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

**OPERATING FUND**

	<b><u>2018</u></b>	<b><u>2017</u></b>
<b>REVENUES</b>		
Government program grants	2,917,198	2,837,652
United Way	214,422	235,623
Program fees	257,394	247,707
Other program grants	14,470	12,000
Donations, fundraising and miscellaneous	40,254	21,266
Interest earned (net of interest expense)	2,300	1,213
	<b>3,446,038</b>	<b>3,355,461</b>
<b>EXPENSES</b>		
Wages and employee benefits	2,577,993	2,496,134
Program	366,778	325,744
Building occupancy	126,115	122,885
Office and general	57,529	57,450
Advertising	14,656	9,701
Equipment and computer maintenance	107,030	121,813
Rent, net of recoveries	12,079	10,135
Interest on long term debt	3,087	4,558
Travel	26,554	23,728
Telephone	22,650	24,160
Contracted Services	14,570	21,884
Professional fees	38,828	29,936
	<b>3,367,869</b>	<b>3,248,128</b>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<b>\$78,169</b>	<b>\$107,333</b>

**CAPITAL FUND**

	<b><u>2018</u></b>	<b><u>2017</u></b>
<b>EXPENSES</b>		
Amortization of property and equipment	45,486	54,046
<b>EXCESS (DEFICIT) OF REVENUES OVER EXPENSES</b>	<b>(\$45,486)</b>	<b>(\$54,046)</b>



**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, 2018**

(with comparative figures for the year ended March 31, 2017)

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

	<u>2018</u>		<u>2017</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>
<b>CASH FLOWS FROM (TO):</b>				
<b>OPERATING ACTIVITIES</b>				
Excess (deficit) of revenues over expenses	78,169	(45,486)	107,333	(54,046)
Items not requiring cash flows:				
Amortization of property and equipment	0	45,486	0	54,046
	78,169	0	107,333	0
				107,333
Change in non-cash current assets and liabilities:				
Investments - Program Continuance Reserve (notes 3 and 7)	(24,520)	0	(806)	0
Investments (note 3)	0	22,067	806	(1,679)
Grants, program fees and HST receivable	(13,478)	0	3,354	0
Accounts payable and accrued liabilities	(79,194)	0	(14,383)	0
Deferred revenue (note 4)	(15,857)	0	34,170	0
Program revenue repayable	7,410	0	(2,616)	0
	(47,470)	22,067	127,858	(1,679)
				126,179
<b>INVESTING ACTIVITIES</b>	0	0	0	0
<b>FINANCING ACTIVITIES</b>				
Repayment of long-term debt	0	(36,907)	0	(29,236)
Transfers between funds	(121,907)	121,907	(29,236)	29,236
	(121,907)	85,000	(29,236)	0
				(29,236)
<b>CHANGE IN CASH FOR THE YEAR</b>	(169,377)	107,067	98,622	(1,679)
<b>CASH - BEGINNING OF THE YEAR</b>	330,324	3,369	231,702	5,048
<b>CASH - END OF THE YEAR</b>	\$160,947	\$110,436	\$330,324	\$3,369
				\$333,693

# JOHN HOWARD SOCIETY OF WATERLOO-WELLINGTON

AN AFFILIATE OF THE JOHN HOWARD SOCIETY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2018

## 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, 2018

### 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>2018</u>	<u>2017</u>
Short-term investments reflected at fair value:		
RBC Money Market Funds - Program Continuance Reserve	214,896	191,182
RBC Money Market Funds - Capital Fund	73,916	95,177
	<u>288,812</u>	<u>286,359</u>
Other financial assets reflected at amortized cost:		
Cash	271,383	333,693
Grants and program fees receivable	50,286	31,939
	<u>\$610,481</u>	<u>\$651,991</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, 2018

## 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>2018</u>	<u>2017</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	127,279	411,348	424,814
Building - Cambridge	1,057,992	212,553	845,439	871,889
Equipment	27,851	23,682	4,169	9,739
Vehicle	25,685	25,685	0	0
	<u>\$2,105,980</u>	<u>\$389,199</u>	<u>\$1,716,781</u>	<u>\$1,762,267</u>

## 6. LONG-TERM DEBT

	<u>2018</u>	<u>2017</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	46,080	82,987
Current portion	46,080	29,820
	<u>\$0</u>	<u>\$53,167</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, 2018

**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 \$16,020 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, 2018

## 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	95,204	41,800	22,240	62,400	41,625
	95,204	41,800	22,240	62,400	41,625
Expenses:					
Salaries	64,175	28,264	14,458	38,032	25,672
Benefits	12,815	5,819	3,324	8,802	4,132
	76,990	34,083	17,782	46,834	29,804
Rent	0	1,225	1,000	2,200	1,575
Insurance	550	500	200	1,000	1,000
Administrative fees	9,000	3,330	2,002	5,500	3,500
Audit	500	500	300	500	500
Office	4,034	1,141	472	1,580	1,770
Program supplies	1,824	788	303	1,077	801
Training and development	429	201	174	336	336
Volunteers	0	0	0	1,519	1,582
Travel	1,801	32	7	1,013	190
Resource materials	76	0	0	841	567
	95,204	41,800	22,240	62,400	41,625
Net revenue (deficit)	0	0	0	0	0
Revenue deferred	0	0	0	0	0
Surplus revenue	\$0	\$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, 2018

### 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	31,910
Current year's allocation	440,134
	<hr/> 472,044
Client Fees (see note below)	35,220
	<hr/> 507,264
Expenses:	
Salaries and contract	376,923
Mandatory benefits	31,157
Benefits	45,915
	<hr/> 453,995
Rent / lease	6,084
Utilities	2,563
Office supplies	2,967
Telecommunications	1,412
Office equipment	9,114
Advertising	621
Promotional goods and materials	403
Staff expenses	2,765
Audit	500
Insurance	1,600
Professional membership fees	600
	<hr/> 482,624
Net revenue	24,640
Revenue deferred	(24,640)
	<hr/>
Surplus revenue	\$0

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