

JOHN HOWARD SOCIETY OF WATERLOO-WELLINGTON

AN AFFILIATE OF THE JOHN HOWARD SOCIETY OF ONTARIO

FINANCIAL STATEMENTS

AS AT MARCH 31, 2015

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Approved on behalf of the Board



Approved on behalf of the Board



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, 2015, 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. These 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 these 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, 2015, 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 4, 2015
Kitchener, ON

Charly 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, 2015

(With comparative figures as at March 31, 2014)
 (The accompanying notes are an integral part of these financial statements)

	2015		2014		
	Operating Fund	Capital Fund	Total	Operating Fund	
ASSETS				Capital Fund	Total
CURRENT					
Cash	129,025	6,622	135,647	63,505	199,152
Investments - Program Continence Reserve (notes 3 and 7)	190,378	0	190,378	200,000	390,378
Investments (note 3)	0	82,730	82,730	77,000	159,730
Grants and program fees receivable	50,731	0	50,731	54,852	105,583
Prepaid expenses	27,867	0	27,867	22,419	50,286
	457,863	89,352	547,215	422,676	969,891
PROPERTY AND EQUIPMENT (note 5):	0	1,870,361	1,870,361	0	1,870,361
	547,863	\$1,959,713	\$2,427,172	542,676	\$2,969,843
LIABILITIES					
CURRENT					
Accounts payable and accrued liabilities	131,792	0	131,792	84,348	216,140
Deferred revenue (note 4)	119,524	0	119,524	119,654	239,178
Program revenue payable	18,734	0	18,734	26,737	45,471
Current portion of long term debt (note 6)	0	27,181	27,181	0	27,181
	299,950	27,181	327,131	230,939	558,070
LONG-TERM DEBT (note 6)	0	112,957	112,957	0	112,957
NET ASSETS (page 3):					
Internally restricted (note 7)	190,376	0	190,376	200,000	390,376
Unrestricted	(1,427)	1,829,575	1,828,148	(6,003)	1,822,145
	188,949	1,829,575	2,018,524	193,997	2,212,521
	547,999	\$1,959,713	\$2,427,172	542,676	\$2,969,843

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, 2014)

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

	2015		2014		Total
	Operating Fund	Capital Fund	Operating Fund	Capital Fund	
NET ASSETS - BEGINNING OF THE YEAR	191,937	1,828,492	100,298	1,815,727	1,916,025
EXCESS (DEFICIT) OF REVENUES OVER EXPENSES	45,478	(47,583)	54,453	48,927	(3,104)
INTERFUND TRANSFERS					
Mortgage principal repaid by Operating Fund	(41,560)	41,560	(41,908)	41,908	0
Purchase of equipment with Operating Funds	(5,815)	5,816	(23,935)	23,935	0
Investments - Program Continuation Reserve	0	0	100,000	(100,000)	0
	(49,435)	48,436	37,156	(37,158)	0
NET ASSETS - END OF THE YEAR	\$188,949	\$1,829,575	\$2,018,524	\$1,826,492	\$2,020,429

JOHN HOWARD SOCIETY OF WATERLOO-WELLINGTON

AN AFFILIATE OF THE JOHN HOWARD SOCIETY OF ONTARIO

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2015

(with comparative figures for the year ended March 31, 2014)

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

OPERATING FUND

	<u>2015</u>	<u>2014</u>
REVENUES		
Government program grants	3,070,732	2,754,268
United Way	240,737	228,572
Program fees	244,140	278,377
Other program grants	36,633	0
Donations, fundraising and miscellaneous	16,083	23,034
Golf day	23,067	24,251
Interest earned	2,112	2,283
	<u>3,833,500</u>	<u>3,310,785</u>
EXPENSES		
Wages and employee benefits	2,858,589	2,499,108
Program	583,357	545,430
Building occupancy	118,416	87,517
Office and general	51,687	47,817
Advertising	11,853	10,757
Repairs and maintenance	35,448	83,250
Rent, net of recoveries	27,190	27,054
Interest on long term debt	7,520	13,891
Computer	20,393	37,690
Travel	21,238	26,548
Telephones	16,818	28,953
Contracted Services	16,376	21,378
Professional fees	11,672	15,878
Golf day	6,915	7,920
	<u>3,588,022</u>	<u>3,256,302</u>
EXCESS OF REVENUES OVER EXPENSES	<u>345,478</u>	<u>354,483</u>

CAPITAL FUND

	<u>2015</u>	<u>2014</u>
REVENUES		
Government grant - vehicle purchase	0	25,685
Land expropriation and other income	5,974	66,245
	<u>5,974</u>	<u>91,930</u>
EXPENSES		
Amortization of property and equipment	53,357	42,009
EXCESS (DEFICIT) OF REVENUES OVER EXPENSES	<u>(\$47,383)</u>	<u>\$49,921</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, 2015

(With comparative figures for the year ended March 31, 2014)
 (The accompanying notes are an integral part of these financial statements)

	2015		2014	
	<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	45,478	(47,363)	(1,805)	48,921
Items not requiring cash flows:				
Amortization of property and equipment	0	53,357	53,357	42,000
	45,478	5,994	51,552	91,921
Change in non-cash current assets and liabilities:				
Investments	26,824	(89,048)	(2,422)	97,578
Grants and program fees receivable	4,121	0	4,121	(82,554)
Prepaid expenses	(5,446)	0	(5,448)	0
Accounts payable and accrued liabilities	47,444	0	47,444	0
Deferred revenues (note 4)	(1,330)	0	(1,330)	0
Program revenue payable	(8,005)	0	(8,003)	0
	68,886	(89,048)	85,814	252,381
	0	(8,373)	(6,318)	(46,620)
INVESTING ACTIVITIES				
Purchase of vehicle and equipment	0	(8,373)	(6,318)	(46,620)
FINANCING ACTIVITIES				
Repayment of long-term debt	0	(41,550)	(41,550)	(118,908)
Transfers between funds	(48,458)	48,458	0	(37,156)
	(48,458)	48,458	(41,550)	(154,064)
CHANGE IN CASH FOR THE YEAR	120,420	(33,374)	37,348	89,388
CASH - BEGINNING OF THE YEAR	68,805	69,888	158,501	8,274
CASH - END OF THE YEAR	\$188,025	\$36,514	\$195,849	\$97,662

JOHN HOWARD SOCIETY OF WATERLOO-WELLINGTON
AN AFFILIATE OF THE JOHN HOWARD SOCIETY OF ONTARIO
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2015

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 a 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 contributions are not reflected in the financial statements of the organization unless fair values can be reasonably determined.

JOHN HOWARD SOCIETY OF WATERLOO-WELLINGTON
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NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2015

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	- 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>2015</u>	<u>2014</u>
Short-term investments reflected at fair value:		
RBC Money Market Funds - Program Continuance Reserve	190,376	200,000
RBC Money Market Funds - Capital Fund	92,730	80,684
	<u>283,106</u>	<u>280,684</u>
Other financial assets reflected at amortized cost	246,378	213,153
	<u>529,484</u>	<u>\$493,837</u>

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, 2015

5. PROPERTY AND EQUIPMENT

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2015</u>	<u>2014</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	86,881	451,746	465,212
Building - Cambridge	1,057,992	133,204	924,788	951,238
Equipment	27,851	6,972	20,879	18,841
Vehicle	25,685	8,562	17,123	25,684
	<u>\$2,105,980</u>	<u>\$235,619</u>	<u>\$1,870,361</u>	<u>\$1,916,800</u>

6. LONG-TERM DEBT

	<u>2015</u>	<u>2014</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 2019; secured by a collateral mortgage on the Cambridge property	140,138	161,668
Current portion	27,181	25,059
	<u>\$112,957</u>	<u>\$155,736</u>

Projected future principal payments	<u>Year</u>	<u>Amount</u>
	2016	27,181
	2017	28,470
	2018	29,820
	2019	54,667
		<u>\$140,138</u>

7. RESTRICTIONS ON NET ASSETS

Internally Restricted Net Assets:

Operating Fund - Program Continuation 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.

JOHN HOWARD SOCIETY OF WATERLOO-WELLINGTON
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NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2015

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 \$61 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, 2015

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.

	Program				
	<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	94,000	41,200	22,240	70,000	70,000
	<u>94,000</u>	<u>41,200</u>	<u>22,240</u>	<u>70,000</u>	<u>70,000</u>
Expenses:					
Salaries and contract	80,550	28,998	15,308	52,151	51,856
Benefits	15,753	6,507	3,348	10,800	10,289
	<u>96,303</u>	<u>35,505</u>	<u>18,656</u>	<u>62,951</u>	<u>62,145</u>
Rent	0	1,225	1,000	2,400	2,975
Insurance	550	500	200	340	400
Administrative fees	9,000	3,300	2,000	2,746	2,075
Audit	500	500	300	300	300
Office	2,978	895	475	432	752
Program supplies	2,771	935	505	255	600
Training and development	405	87	54	388	340
Traavel	1,942	249	(8)	250	409
Client assistance	4	0	0	0	1
Resource materials	187	128	0	0	0
	<u>94,088</u>	<u>41,302</u>	<u>22,970</u>	<u>70,053</u>	<u>69,967</u>
Net revenue	(88)	(102)	(730)	(53)	3
Revenue deferred	0	0	0	0	0
Surplus revenue	(88)	(102)	(730)	(53)	3

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.

	Partner Assault Response
MAG Funding	
Carried forward	64,360
Current year's allocation	416,342
	<u>480,702</u>
Interpreter fees	16,376
Client Fees (see note below)	15,458
	<u>612,536</u>
Expenses:	
Salaries and contract	393,082
Benefits	67,928
	<u>461,010</u>
Rent	5,807
Utilities	3,860
Office	3,279
Telecommunications	1,530
Office equipment	1,604
Advertising	312
Staff expenses	2,446
Audit	367
Interpreter fees	16,376
Insurance	1,283
Professional membership fees	962
Other	1,890
Bookkeeping	6,000
	<u>506,384</u>
Net revenue	6,152
Revenue deferred	<u>(6,152)</u>
Surplus revenue	<u>\$0</u>

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