

**JOHN HOWARD SOCIETY OF YORK REGION**

**FINANCIAL STATEMENTS**

**MARCH 31, 2013**

**SMITH, SYKES, LEEPER & TUNSTALL LLP**

**CHARTERED ACCOUNTANTS**

**LICENCED PUBLIC ACCOUNTANTS**

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**JOHN HOWARD SOCIETY OF YORK REGION**  
**FINANCIAL STATEMENTS**  
**MARCH 31, 2013**

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## INDEPENDENT AUDITORS' REPORT

To the Directors of,  
John Howard Society of York Region.

We have audited the accompanying financial statements of **John Howard Society of York Region**, which comprise the statement of financial position as at **March 31, 2013** and the statements of changes in net assets, operations and 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 auditors' 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 auditors consider 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.

### **Basis for Qualified Opinion**

In common with many charitable organizations, the organization derives revenue from the general public in the form of donations and fundraising events, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to contributions, excess of revenues over expenses, current assets and net assets.

### **Qualified Opinion**

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the contributions referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of **John Howard Society of York Region** as at **March 31, 2013** and its financial performance and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations

We draw attention to Note 2 to the financial statements which describes that **John Howard Society of York Region** adopted Canadian ASNPO on April 1, 2012 with a transition date of April 1, 2011. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statements of financial position as at March 31, 2012 and April 1, 2011, and the statements of changes in net assets, operations and cash flows for the year ended March 31, 2012 and related disclosures. We were not engaged to report on the restated comparative information and, as such, it is neither audited nor reviewed.

*Smith, Sykes, Leeper & Tunstall LLP*

CHARTERED ACCOUNTANTS  
Licenced Public Accountants

**JOHN HOWARD SOCIETY OF YORK REGION**  
(Incorporated Under the Laws of Ontario Without Share Capital)  
**STATEMENT OF FINANCIAL POSITION**  
**MARCH 31, 2013**

	2013	(March 31) 2012	(April 1) 2011
<b><u>ASSETS</u></b>			
<b>CURRENT ASSETS</b>			
Cash	\$ 155,383	\$ 151,544	\$ 63,450
Accounts receivable	19,543	3,980	2,115
Prepaid expenses	8,695	1,159	1,296
	<b>\$ 183,621</b>	<b>\$ 156,683</b>	<b>\$ 66,861</b>
<b><u>LIABILITIES</u></b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable and accrued expenses	\$ 26,032	\$ 25,401	\$ 23,760
Deferred revenue	<u>9,879</u>	<u>6,161</u>	<u>0</u>
	<b>35,911</b>	<b>31,562</b>	<b>23,760</b>
Subsidies repayable to John Howard Society of Ontario (Note 5)	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>
	<b>45,911</b>	<b>41,562</b>	<b>33,760</b>
<b><u>NET ASSETS</u></b>			
Internally Restricted (Note 6)	19,000	19,000	19,000
Unrestricted	<u>118,710</u>	<u>96,121</u>	<u>14,101</u>
	<b>137,710</b>	<b>115,121</b>	<b>33,101</b>
	<b>\$ 183,621</b>	<b>\$ 156,683</b>	<b>\$ 66,861</b>

Approved on Behalf of the Board,

\_\_\_\_\_, Director.

\_\_\_\_\_, Director.

**JOHN HOWARD SOCIETY OF YORK REGION  
STATEMENT OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED MARCH 31, 2013**

	2013			2012
	Internally Restricted	Unrestricted	TOTAL	TOTAL
<b>BALANCE, BEGINNING OF THE YEAR</b>	\$ 19,000	\$ 96,121	\$ 115,121	\$ 33,101
Excess of revenues over expenses	0	22,589	22,589	82,020
<b>BALANCE, END OF THE YEAR</b>	<b>\$ 19,000</b>	<b>\$ 118,710</b>	<b>\$ 137,710</b>	<b>\$ 115,121</b>

*The accompanying notes are an integral part of these financial statements.*

**JOHN HOWARD SOCIETY OF YORK REGION  
STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED MARCH 31, 2013**

	2013			2012
	Ministry of the Attorney General Programs	General Programs	TOTAL	TOTAL
<b>REVENUES</b>				
Ministry of the Attorney General	\$ 131,500	\$ 0	\$ 131,500	\$ 126,000
Donations	0	69,750	69,750	93,250
United Way of York Region	0	135,137	135,137	59,339
Region of York	0	46,926	46,926	45,000
Miscellaneous	0	(778)	(778)	2,027
JVS Toronto	0	0	0	1,566
	<b>131,500</b>	<b>251,035</b>	<b>382,535</b>	<b>327,182</b>
<b>EXPENSES</b>				
Salaries and benefits	103,080	172,574	275,654	193,632
Office and general	7,355	24,165	31,520	15,898
Purchased services	13,110	(657)	12,453	12,675
Rent and occupancy	1,300	20,773	22,073	6,744
Travel	2,652	5,573	8,225	6,372
Program expenses	3,022	3,566	6,588	5,952
Miscellaneous	0	982	982	2,017
Staff development and training	884	1,567	2,451	1,872
	<b>131,403</b>	<b>228,543</b>	<b>359,946</b>	<b>245,162</b>
<b>EXCESS OF REVENUES OVER EXPENSES FOR THE YEAR</b>	<b>\$ 97</b>	<b>\$ 22,492</b>	<b>\$ 22,589</b>	<b>\$ 82,020</b>

*The accompanying notes are an integral part of these financial statements.*

**JOHN HOWARD SOCIETY OF YORK REGION  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED MARCH 31, 2013**

	<b>2013</b>	<b>2012</b>
<b>CASH PROVIDED BY (USED FOR) OPERATIONS</b>		
Excess of revenues over expenses for the year	\$ 22,589	\$ 82,020
<b>Changes in operating working capital</b>		
Accounts receivable	(15,564)	(1,864)
Prepaid expenses	(7,536)	137
Accounts payable and accrued expenses	632	1,640
Deferred revenue	<u>3,718</u>	<u>6,161</u>
	<u>(18,750)</u>	<u>6,074</u>
<b>CASH PROVIDED BY OPERATIONS</b>	<b>3,839</b>	<b>88,094</b>
<b>NET CHANGE IN CASH POSITION</b>	<b>3,839</b>	<b>88,094</b>
Cash position, beginning of the year	151,544	63,450
<b>CASH POSITION, END OF THE YEAR</b>	<b>\$ 155,383</b>	<b>\$ 151,544</b>

*The accompanying notes are an integral part of these financial statements.*

**JOHN HOWARD SOCIETY OF YORK REGION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2013**

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**1. PURPOSE OF THE ORGANIZATION**

The John Howard Society of York Region was incorporated as a non-profit organization under the laws of the Province of Ontario in 2010 for the purpose of supporting new beginnings by providing support services to people in conflict with the law and adults at imminent risk of coming into conflict with the law, in order to facilitate positive change and achieve community reintegration.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

These financial statements have been prepared in accordance with significant accounting policies summarized as follows:

**Adoption of Accounting Standards for Private Enterprises -**

The organization has elected to apply Canadian accounting standards for not-for-profit organizations (ASNPO). These financial statements are the first financial statements for which the organization has applied Canadian accounting standards for not-for-profit organizations. The financial statements for the year ended March 31, 2013 were prepared in accordance with the accounting principles and provisions set out in Section 1501, First-time Adoption by Not-for-Profit Organizations, for first-time adopters of this basis of accounting. The date of transition to ASNPO is April 1, 2011. The organizations transition to ASNPO has had no significant impact on the opening net assets as at April 1, 2011 or the statements of financial position or the statement of cash flows for the year ended March 31, 2012.

**Contributed services -**

This organization, in common with many non-profit organizations, makes extensive use of volunteers and donated materials in conducting its activities. Donated materials are recorded at the fair market value if it can be reasonably determined and a receipt has been issued, but no attempt has been made to quantify the value of volunteer services in these financial statements.

**Estimates and assumptions -**

The preparation of financial statements in accordance with Canadian accounting standards for not for profit organizations requires management to make estimates and assumptions. The estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at March 31, 2013 and the reported amounts of the revenues and expenses for the year ended March 31, 2013. Significant items subject to such estimates and assumptions include the valuation of allowance for accounts receivable. Actual results could differ from those estimates.

**Financial instruments -**

The organization recognizes and measures financial assets and financial liabilities on the statement of financial position when they become a party to the contractual provisions of a financial instrument. All financial instruments are measured at fair value on initial recognition. The Organization's financial assets measured at fair value included the short-term investments which consisted of term deposits. In subsequent periods, financial assets including cash, accounts receivable, prepaids, accounts payable are measured at amortized cost.



**JOHN HOWARD SOCIETY OF YORK REGION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2013**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Revenue recognition -**

The organization follows the deferral method of accounting for contributions, which include government & foundation grants.

The organization is funded in part by the Government of Ontario in accordance with budget arrangements established by the Ministry of the Attorney General. Operating grants are recorded as revenue in the period to which they relate.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonable assured.

Revenue from fees and other contracts are recognized when the services are provided.

**Deferred revenue -**

Deferred revenue represents unspent externally restricted grants that will be used to fund expenses of a future period.

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**3. FINANCIAL INSTRUMENTS**

The Organization is exposed to the following risks related to its financial assets and liabilities:

**Liquidity risk -**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly in respect of its subsidies repayable to John Howard Society of Ontario and accounts payable and accrued expenses.

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**4. LEASE COMMITMENT**

The organization operates in leased premises under a long-term lease requiring annual rents as follows:

2014	\$ 27,035
2015	27,845
2016	9,373
2017	<u>0</u>
Total	<u>\$ 64,253</u>

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**JOHN HOWARD SOCIETY OF YORK REGION  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2013**

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**5. SUBSIDIES REPAYABLE TO JOHN HOWARD SOCIETY OF ONTARIO**

The subsidy consists of the following:	<u>2013</u>	<u>2012</u>
The subsidy repayable is non-interest bearing, and will be repaid in 5 years from April 1, 2010.	\$ <u>10,000</u>	\$ <u>10,000</u>

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**6. INTERNALLY RESTRICTED FUND**

The internally restricted fund has been established by the Board of Directors to be used by the Organization for the occurrence of an unforeseeable event, which results in additional expenses or loss of revenue for which funds are not otherwise available.

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