

**THE JOHN HOWARD SOCIETY OF CANADA
FINANCIAL STATEMENTS
AS AT MARCH 31, 2010**

THE JOHN HOWARD SOCIETY OF CANADA
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AUDITORS' REPORT

To the Members of
The John Howard Society of Canada

We have audited the statement of financial position of The John Howard Society of Canada as at March 31, 2010 and the statements of revenue and expenditures and fund balances and cash flows for the year then ended. These financial statements are the responsibility of the organization's Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many not-for-profit organizations, The John Howard Society of Canada derives revenue from donations 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 fund balances.

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 revenues referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the corporation as at March 31, 2010, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KINGSTON, Canada
June 30, 2010

Chartered Accountants
Licensed Public Accountants

THE JOHN HOWARD SOCIETY OF CANADA
STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2010

	2010			Total \$	2009 Total \$
	Operating Fund \$	Senator Hastings Fund \$	McLatchie Memorial Fund \$		
ASSETS					
CURRENT					
Cash		5,207		5,207	96,016
Short-term investments - Note 3		199,663		199,663	196,652
Accounts receivable	153,969			153,969	13,987
Prepaid expenses	2,711			2,711	2,711
	156,680	204,870		361,550	309,366
PROPERTY, PLANT AND EQUIPMENT - Note 4					
Computer equipment					863
Building	75,765			75,765	80,356
	75,765	NIL	NIL	75,765	81,219
APPROVED ON BEHALF OF THE BOARD					
_____ Director					
_____ Director					
	232,445	204,870		437,315	390,585

The accompanying notes form an integral part of these financial statements

THE JOHN HOWARD SOCIETY OF CANADA
STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2010

	2010			2009 Total \$
	Operating Fund \$	Senator Hastings Fund \$	McLatchie Memorial Fund \$	
LIABILITIES				
CURRENT				
Bank indebtedness - outstanding cheques	39,578			39,578
Accounts payable and accrued liabilities	12,387			10,296
Deferred revenue - Note 5	60,784			66,975
	112,749	NIL	NIL	112,749
FUND BALANCES				
Internally restricted		204,870		197,967
Investment in capital assets	75,765			81,219
Unrestricted	43,931			34,128
	119,696	204,870		313,314
	232,445	204,870		390,585

The accompanying notes form an integral part of these financial statements

THE JOHN HOWARD SOCIETY OF CANADA
STATEMENT OF REVENUE AND EXPENDITURES AND FUND BALANCES
FOR THE YEAR ENDED MARCH 31, 2010

	2010			2009 Total \$
	Operating Fund \$	Senator Hastings Fund \$	McLatchie Memorial Fund \$	
REVENUE				
Donations	169,072	5,000		174,072
Grant - Ministry of Solicitor General				144,432
- Provincial allocations	342,106			326,807
- Administration	108,879			92,583
- Travel pool	65,000			65,000
Interest	269	3,032		5,292
Project contracts				422
Member assessments - Note 6	1,100			1,100
Grant - Ministry of Public Safety				43,688
Grant - Department of Justice				
- Funding	140,277			140,277
- Administration	18,400			18,400
National Staff Conference registration fees				12,335
Other income	719			480
	845,822	8,032	NIL	853,854
EXPENDITURES				
Bank charges and interest	70			148
Dues and subscriptions	1,737			1,469
Equipment and computer	1,427			1,921
Grants to provincial societies - Note 7	342,106			326,807
Hospitality	261			152
Insurance	4,647			4,641
Mail campaign	47,384			42,711
Miscellaneous				374
National staff conference				12,440
Occupancy	6,788			7,679
Office supplies and expenses	24,927			20,580
Project costs	64,996			
Professional fees	27,313			8,993
Publications	1,415			2,552
Salaries and employee benefits	160,829			153,045
Staff development	1,081			350
Telephone	6,548			6,063
Travel - general	6,836			23,947
- pool, board and AGM	67,947			68,647
- other	70,836			
	837,148	NIL	NIL	837,148
EXCESS OF REVENUE OVER EXPENDITURES FOR YEAR BEFORE AMORTIZATION	8,674	8,032		16,706
AMORTIZATION OF PROPERTY, PLANT AND EQUIPMENT	5,454			6,960
EXCESS OF REVENUE OVER EXPENDITURES FOR YEAR AFTER AMORTIZATION	3,220	8,032		11,252
TRANSFERS BETWEEN FUNDS - Note 8	1,129		(1,129)	
FUND BALANCES - BEGINNING OF YEAR	115,347	196,838	1,129	310,654
FUND BALANCES - END OF YEAR	119,696	204,870		313,314

The accompanying notes form an integral part of these financial statements

**THE JOHN HOWARD SOCIETY OF CANADA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2010**

	2010 \$	2009 \$
OPERATING ACTIVITIES		
Excess of revenue over expenditures for year	11,252	2,660
Adjustment for amortization of property, plant and equipment which does not affect cash	5,454	6,960
	16,706	9,620
Net change in non-cash working capital balances related to operations - Note 9	(147,093)	10,386
CASH FLOWS PROVIDED FROM (USED IN) OPERATING ACTIVITIES	(130,387)	20,006
FINANCING ACTIVITIES		
Increase in bank indebtedness	39,578	
CASH FLOWS PROVIDED FROM FINANCING ACTIVITIES	39,578	
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS FOR YEAR	(90,809)	20,006
CASH AND EQUIVALENTS - BEGINNING OF YEAR	96,016	76,010
CASH AND EQUIVALENTS - END OF YEAR	5,207	96,016
REPRESENTED BY:		
Cash	5,207	96,016
SUPPLEMENTAL INFORMATION:		
Interest paid	NIL	NIL
Income taxes paid	NIL	NIL

The accompanying notes form an integral part of these financial statements

**THE JOHN HOWARD SOCIETY OF CANADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2010**

1. NATURE OF OPERATIONS

The John Howard Society of Canada is incorporated in Canada as a not-for-profit corporation without share capital and is registered with the Government of Canada as a charitable organization. The corporation is an organization of provincial and territorial societies comprised of, and governed by, people whose goal is to understand and respond to problems of crime and the criminal justice system.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting policies. The following policies are those that are considered to be of particular significance by the corporation:

(a) Accounting Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include valuation of accounts receivable, and the estimated useful life of property, plant and equipment. Actual results could differ from those estimates.

(b) Donated Services

The work of the corporation is dependent on the voluntary service of many individuals. Since these services are not normally purchased by the organization and because of the difficulty of determining their fair market value, donated services are not recognized in these financial statements.

(c) Fund Accounting

The accompanying financial statements include the activities of the organization for which the Board of Directors is legally accountable. In order to properly reflect its activities, the organization maintains its accounts in accordance with the principles of fund accounting in order that limitations and restrictions placed on the use of available resources are observed. Under fund accounting, resources for various purposes are classified for accounting and reporting purposes into funds in accordance with activities or objective specified.

The Operating Fund accounts for revenue and expenditures related to program delivery and administrative activities.

The Senator Hastings Fund was established by the Board of Directors as a contingency fund.

The McLatchie Memorial Fund was established by the Board of Directors in memory of a previous executive director of the society and is to be used to honour individuals who have made significant contributions to the society. During the year, the balance of this fund was transferred to the operating fund to cover costs.

**THE JOHN HOWARD SOCIETY OF CANADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2010**

2. ACCOUNTING POLICIES (Cont'd)

(d) Realization of Revenue and Expenditure

In accordance with accounting principles generally accepted for not-for-profit organizations, the corporation follows the accrual basis of accounting.

(e) Property, Plant and Equipment

Property, plant and equipment are stated at cost. Gains and losses on the sale of property, plant and equipment are charged to operations in the year of disposal. Amortization of property, plant and equipment, which is based on estimated useful life, is calculated on the following bases and at the rates set out below:

Asset	Basis	Rate
Computer equipment	Straight-line	3 years
Computer software	Straight-line	2 years
Building	Straight-line	25 years
Furniture and equipment	Straight-line	5 years

(f) Short-Term Investments

Investments are classified as held-to-maturity, and are initially recorded at their acquisition cost. At the balance sheet date the investments are adjusted to amortized cost, and the corresponding effective interest earned is recorded in the statement of revenue and expenditures.

(g) Cash and Equivalents

Cash and equivalents consist of cash on deposit and bank term deposits in money market instruments with maturity dates of less than three months from the date they are acquired.

3. SHORT-TERM INVESTMENTS

Short-term investments consist of guaranteed investment certificates, bear interest at rates ranging from 1.0% to 1.5% and have varying maturity dates but may be liquidated in the short-term.

**THE JOHN HOWARD SOCIETY OF CANADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2010**

4. PROPERTY, PLANT AND EQUIPMENT

	2010		2009	
	Cost	Accumulated amortization	Cost	Accumulated amortization
	\$	\$	\$	\$
Computer equipment	26,265	26,265	26,265	25,402
Computer software	5,908	5,908	5,908	5,908
Building	114,795	39,030	114,795	34,439
Furniture and equipment	4,646	4,646	4,646	4,646
	151,614	75,849	151,614	70,395
Cost less accumulated amortization	\$ 75,765		\$ 81,219	

5. DEFERRED REVENUE

The details of revenue received prior to the year end, that relate to activities in the subsequent fiscal year are as follows:

	2010	2009
	\$	\$
JHS Quebec, Nunavut and Northwest Territories distributions withheld and deferred for use of Society	60,784	66,975

**THE JOHN HOWARD SOCIETY OF CANADA
NOTES TO FINANCIAL STATEMENTS
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6. MEMBER ASSESSMENTS

Details of the member assessments are as follows:

	2010	2009
	\$	\$
Alberta	100	100
British Columbia	100	100
Manitoba	100	100
New Brunswick	100	100
Newfoundland	100	100
Northwest Territories	100	100
Nova Scotia	100	100
Ontario	100	100
Prince Edward Island	100	100
Quebec	100	
Saskatchewan	100	100
	1,100	1,000

7. GRANTS TO PROVINCIAL SOCIETIES

Details of the grants to provincial societies are as follows:

	2010	2009
	\$	\$
Alberta	36,607	36,607
British Columbia	55,853	55,853
Manitoba	19,485	19,485
New Brunswick	20,069	20,069
Newfoundland	14,066	14,066
Northwest Territories	12,239	6,120
Nova Scotia	17,239	17,239
Ontario	122,334	122,334
Prince Edward Island	12,254	12,254
Quebec	12,239	3,059
Saskatchewan	19,721	19,721
TOTAL	342,106	326,807

**THE JOHN HOWARD SOCIETY OF CANADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2010**

8. TRANSFER BETWEEN FUNDS

During the year the Board of Directors approved the transfer of the fund balance from the McLatchie Memorial Fund to the Operating Fund of the balance of \$1,129 to offset expenses paid through the Operating Fund.

9. NET CHANGE IN NON-CASH WORKING CAPITAL BALANCES RELATED TO OPERATIONS

Cash provided from (used in) non-cash working capital is compiled as follows:

	2010 \$	2009 \$
(INCREASE) DECREASE IN CURRENT ASSETS		
Short-term investments	(3,011)	(14,479)
Accounts receivable	(139,982)	(7,287)
Prepaid expenses		(4)
	(142,993)	(21,770)
INCREASE (DECREASE) IN CURRENT LIABILITIES		
Accounts payable and accrued liabilities	2,091	6,751
Deferred revenue	(6,191)	25,405
	(4,100)	32,156
NET CHANGE IN NON-CASH WORKING CAPITAL BALANCES RELATED TO OPERATIONS	(147,093)	10,386

10. FINANCIAL INSTRUMENTS

Financial instruments consist of short-term investments, accounts receivable, accounts payable and accrued liabilities, and deferred revenue. The carrying amounts approximate their fair market value due to the immediate or short-term maturity of these financial instruments. It is management's opinion that the organization is not exposed to significant interest, currency or credit risks from these financial instruments.

11. PENSION PLAN

The organization is a participant in both a defined benefit and a defined contribution pension plan. The organization contributes, on behalf of each eligible employee, an amount of 12% of earnings. During the year the organization expensed \$15,621 of payments under these pension plan arrangements.

**THE JOHN HOWARD SOCIETY OF CANADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2010**

12. CAPITAL DISCLOSURE

The organization's objectives with respect to capital management are to maintain a minimum capital base that allows the organization to continue with and execute its overall purpose as outlined in the fund balances accounting policy in Note 2. The organization's Board of Directors performs periodic reviews of the organization's capital needs to ensure they remain consistent with the risk tolerance that is acceptable to the organization.

THE JOHN HOWARD SOCIETY OF CANADA
STATEMENT OF OPERATING FUND REVENUE AND EXPENDITURES
FOR THE YEAR ENDED MARCH 31, 2010

	Total \$	General Administrative \$	Fundraising \$	Travel Pool \$	Guns, Gangs and Drugs Conference \$	Unallocated Funds \$
REVENUE						
Donations	169,072		169,072			
Grant - Ministry of Solicitor General						
- Provincial allocations	342,106	342,106				
- Administration	108,879	90,450				18,429
- Travel pool	65,000			65,000		
Interest	269	269				
Member assessments	1,100	1,100				
Grant - Ministry of Public Safety		1,100				
Grant - Department of Justice						
-Funding	140,277				140,277	
Administration	18,400	18,400				
Other income	719	719				
	845,822	454,144	169,072	65,000	140,277	18,429
EXPENDITURES						
Bank charges and interest	70	70				
Dues and subscriptions	1,737	1,737				
Equipment and computer	1,427	1,427				
Grants to provincial societies	342,106	342,106				
Hospitality	261	261				
Insurance	4,647	4,647				
Mail campaign	47,384		47,384			
Occupancy	6,788	6,788				
Office supplies and expenses	24,927	23,807			1,120	
Project costs	64,996				64,996	
Professional fees	27,313	12,394				14,919
Publications	1,415	644			771	
Salaries and employee benefits	160,829	160,829				
Staff development	1,081	1,081				
Telephone	6,548	5,644			904	
Travel - general	6,836	5,186			1,650	
- pool, board and AGM	67,947			67,947		
- other	70,836				70,836	
	837,148	566,621	47,384	67,947	140,277	14,919
EXCESS OF REVENUE OVER EXPENDITURES (EXPENDITURES OVER REVENUE) FOR YEAR BEFORE AMORTIZATION						
	8,674	(112,477)	121,688	(2,947)	NIL	3,510

The accompanying notes form an integral part of these financial statements