

**THE JOHN HOWARD SOCIETY OF CANADA  
FINANCIAL STATEMENTS  
AS AT MARCH 31, 2014**

**THE JOHN HOWARD SOCIETY OF CANADA**  
**TABLE OF CONTENTS**  
**AS AT MARCH 31, 2014**

	<b><u>Page</u></b>
<b>INDEPENDENT AUDITORS' REPORT</b>	1
<b>FINANCIAL STATEMENTS</b>	
Statement of Financial Position	3
Statement of Revenue and Expenditures and Fund Balances	4
Statement of Cash Flows	5
Notes to Financial Statements	6-10
Schedule A - Statement of Operating Fund Revenue and Expenditures	11

## INDEPENDENT AUDITORS' REPORT

To the Members of  
The John Howard Society of Canada

### **Report on the Financial Statements**

We have audited the accompanying financial statements of The John Howard Society of Canada, which comprise the statement of financial position as at March 31, 2014 and the statements of revenue and expenditures and fund balances 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.

### **Auditor's 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 qualified audit opinion.

### **Basis for Qualified Opinion**

In common with many charitable organizations, The John Howard Society of Canada derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of The John Howard Society of Canada and we were not able to determine whether any adjustments might be necessary to donations revenue, excess of revenue over expenditure, assets and fund balances.

**Qualified Opinion**

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of The John Howard Society of Canada as at March 31, 2014, and its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

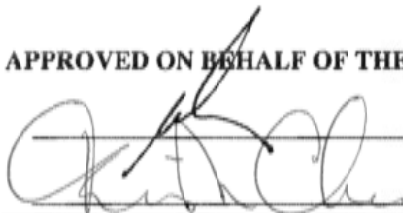
KINGSTON, Canada  
August 24, 2014

*Wilkinson Company LLP*

Chartered Accountants  
Licensed Public Accountants

**THE JOHN HOWARD SOCIETY OF CANADA**  
**STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2014**

March 31, 2014

	Operating Fund \$	Senator Hastings Fund \$	Total \$	March 31 2013 Total \$
<b>ASSETS</b>				
<b>CURRENT</b>				
Cash	114,442	37,260	151,702	107,425
Short-term investments - Note 3		210,259	210,259	206,466
Accounts receivable	9,180		9,180	21,937
Prepaid expenses	2,559		2,559	2,552
	<b>126,181</b>	<b>247,519</b>	<b>373,700</b>	<b>338,380</b>
<b>CAPITAL ASSETS - Note 4</b>	<b>57,398</b>		<b>57,398</b>	<b>61,989</b>
	<b>183,579</b>	<b>247,519</b>	<b>431,098</b>	<b>400,369</b>
<b>LIABILITIES</b>				
<b>CURRENT</b>				
Accounts payable and accrued liabilities	10,430		10,430	11,048
Deferred revenue - Note 5	54,482		54,482	41,114
	<b>64,912</b>		<b>64,912</b>	<b>52,162</b>
<b>FUND BALANCES</b>				
Internally restricted		247,519	247,519	226,721
Investment in capital assets	57,398		57,398	61,989
Unrestricted	61,269		61,269	59,497
	<b>118,667</b>	<b>247,519</b>	<b>366,186</b>	<b>348,207</b>
<b>APPROVED ON BEHALF OF THE BOARD</b>				
				
Director				
Director				
	<b>183,579</b>	<b>247,519</b>	<b>431,098</b>	<b>400,369</b>

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, 2014**

	2014			
	Operating Fund \$	Senator Hastings Fund \$	Total \$	2013 Total \$
<b>REVENUE</b>				
Donations	178,098	17,000	195,098	174,737
Grant - Ministry of Public Safety:				
- Provincial allocations	337,491		337,491	337,491
- Administration	94,136		94,136	93,852
- Travel pool	70,000		70,000	70,000
- Projects	221		221	26,267
Interest	398	3,798	4,196	2,815
Member assessments - Note 6	1,100		1,100	1,100
Registration fees				38,000
Other income	64		64	4,200
	<b>681,508</b>	<b>20,798</b>	<b>702,306</b>	<b>748,462</b>
<b>EXPENDITURES</b>				
Bank charges and interest	52		52	47
Dues and subscriptions	1,426		1,426	1,355
Equipment and computer	984		984	1,868
Grants to provincial societies - Note 7	337,871		337,871	337,871
Insurance	4,377		4,377	4,268
Mail campaign	35,732		35,732	35,909
Miscellaneous	103		103	
National staff conference				21,414
Occupancy	7,825		7,825	7,601
Office supplies and expenses	23,509		23,509	27,225
Project costs	2,701		2,701	10,588
Professional fees	6,021		6,021	5,840
Publications	720		720	1,567
Salaries and employee benefits	181,482		181,482	174,559
Staff development	1,022		1,022	51
Telephone	8,035		8,035	6,781
Travel - general	779		779	3,795
- pool, board and AGM	67,096		67,096	64,035
- other				10,133
	<b>679,735</b>	<b>NIL</b>	<b>679,735</b>	<b>714,907</b>
<b>EXCESS OF REVENUE OVER EXPENDITURES FOR YEAR BEFORE AMORTIZATION</b>	<b>1,773</b>	<b>20,798</b>	<b>22,571</b>	<b>33,555</b>
<b>AMORTIZATION OF CAPITAL ASSETS</b>	<b>4,592</b>		<b>4,592</b>	<b>4,592</b>
<b>EXCESS OF REVENUE OVER EXPENDITURES FOR YEAR AFTER AMORTIZATION</b>	<b>(2,819)</b>	<b>20,798</b>	<b>17,979</b>	<b>28,963</b>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<b>121,486</b>	<b>226,721</b>	<b>348,207</b>	<b>319,244</b>
<b>FUND BALANCES - END OF YEAR</b>	<b>118,667</b>	<b>247,519</b>	<b>366,186</b>	<b>348,207</b>

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, 2014**

	2014 \$	2013 \$
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenditures for year	17,979	28,963
Adjustment for amortization of capital assets which does not affect cash	4,592	4,592
	<b>22,571</b>	33,555
Net change in non-cash working capital balances related to operations - Note 8	21,706	(3,747)
<b>CASH FLOWS PROVIDED FROM OPERATING ACTIVITIES</b>	<b>44,277</b>	29,808
<b>NET INCREASE IN CASH AND EQUIVALENTS FOR YEAR</b>	<b>44,277</b>	29,808
<b>CASH AND EQUIVALENTS - BEGINNING OF YEAR</b>	<b>107,425</b>	77,617
<b>CASH AND EQUIVALENTS - END OF YEAR</b>	<b>151,702</b>	107,425
<b>REPRESENTED BY:</b>		
Cash	151,702	107,425

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, 2014**

**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**

Outlined below are those accounting policies adopted by the organization considered to be particularly significant:

**(a) Basis of accounting**

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations.

**(b) Accounting Estimates**

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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 capital assets. Actual results could differ from those estimates.

**(c) 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.

**(d) 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 JOHN HOWARD SOCIETY OF CANADA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2014**

**2. ACCOUNTING POLICIES (Cont'd)**

**(e) Capital Assets**

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

<b>Asset</b>	<b>Basis</b>	<b>Rate</b>
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 fair market value, and the corresponding income 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 1.15% to 2.05% and have varying maturity dates but may be liquidated in the short-term.

**4. CAPITAL ASSETS**

	<b>2014</b>		<b>2013</b>	
	<b>Cost</b>	<b>Accumulated amortization</b>	<b>Cost</b>	<b>Accumulated amortization</b>
	\$	\$	\$	\$
Computer equipment	26,265	26,265	26,265	26,265
Computer software	5,908	5,908	5,908	5,908
Building	114,795	57,397	114,795	52,806
Furniture and equipment	4,646	4,646	4,646	4,646
	<b>151,614</b>	<b>94,216</b>	151,614	89,625
Cost less accumulated amortization	<b>\$ 57,398</b>		\$ 61,989	

**THE JOHN HOWARD SOCIETY OF CANADA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2014**

**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:

	<b>2014</b>	2013
	\$	\$
National Staff Conference	<b>5,200</b>	
JHS Quebec, Nunavut and Northwest Territories distributions withheld and deferred for use of Society	<b>49,282</b>	41,114
<b>TOTAL</b>	<b>54,482</b>	41,114

**6. MEMBER ASSESSMENTS**

Details of the member assessments are as follows:

	<b>2014</b>	2013
	\$	\$
Alberta	<b>100</b>	100
British Columbia	<b>100</b>	100
Manitoba	<b>100</b>	100
New Brunswick	<b>100</b>	100
Newfoundland	<b>100</b>	100
Northwest Territories	<b>100</b>	100
Nova Scotia	<b>100</b>	100
Ontario	<b>100</b>	100
Prince Edward Island	<b>100</b>	100
Quebec	<b>100</b>	100
Saskatchewan	<b>100</b>	100
<b>TOTAL</b>	<b>1,100</b>	1,100

**THE JOHN HOWARD SOCIETY OF CANADA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2014**

**7. GRANTS TO PROVINCIAL SOCIETIES**

Details of the grants to provincial societies are as follows:

	<b>2014</b>	2013
	\$	\$
Alberta	<b>36,222</b>	36,222
British Columbia	<b>55,468</b>	55,468
Manitoba	<b>19,100</b>	19,100
New Brunswick	<b>19,684</b>	19,684
Newfoundland	<b>13,681</b>	13,681
Northwest Territories	<b>11,854</b>	11,854
Nova Scotia	<b>16,854</b>	16,854
Ontario	<b>121,949</b>	121,949
Prince Edward Island	<b>11,869</b>	11,869
Quebec	<b>11,854</b>	11,854
Saskatchewan	<b>19,336</b>	19,336
<b>TOTAL</b>	<b>337,871</b>	337,871

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

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

	<b>2014</b>	2013
	\$	\$
<b>(INCREASE) DECREASE IN CURRENT ASSETS</b>		
Short-term investments	<b>(3,794)</b>	(2,154)
Accounts receivable	<b>12,757</b>	(11,930)
Prepaid expenses	<b>(7)</b>	(106)
	<b>8,956</b>	(14,190)
<b>INCREASE (DECREASE) IN CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	<b>(618)</b>	1,991
Deferred revenue	<b>13,368</b>	8,452
	<b>12,750</b>	10,443
<b>NET CHANGE IN NON-CASH WORKING CAPITAL BALANCES RELATED TO OPERATIONS</b>	<b>21,706</b>	(3,747)

**THE JOHN HOWARD SOCIETY OF CANADA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2014**

**9. FINANCIAL INSTRUMENTS**

The organization has a comprehensive risk management framework to monitor, evaluate, and manage the principle risks assumed with financial instruments. The risks that arise from transacting financial instruments are as follows:

**(a) Market Risk:**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of market factors. Market factors include three types of risk, currency risk, interest rate risk, and equity risk.

**(b) Liquidity Risk:**

Liquidity risk is the risk that the corporation will not be able to meet all cash outflow obligations as they come due. The corporation's exposure to liquidity risk is dependent on the receipt of funds from its operations.

**(c) Credit Risk:**

Credit risk is the risk of financial loss to the organization if a debtor fails to make payments of interest and principal when due.

The organization is exposed to credit risk in the event of non-performance by clients in connection with its accounts receivable. The organization does not obtain collateral or other security to support the accounts receivable subject to credit risk but mitigates this risk by dealing only with what management believes to be financially sound counterparties and, accordingly, does not anticipate significant loss for non-performance.

**10. 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 \$13,941 of payments under these pension plan arrangements.

**11. 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 23. 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, 2014**

	Total \$	General Administrative \$	Fundraising \$	Travel Pool \$	Unallocated Funds \$	Literacy Project \$	Prisoner-based Workers Co-ops \$
<b>REVENUE</b>							
Donations	178,098		178,098				
Grant - Ministry of Public Safety:							
- Provincial allocations	337,491	337,491					
- Administration	94,136	90,450			3,686		
- Travel pool	70,000			70,000			
- Projects	221					221	
Interest	398	398					
Member assessments	1,100	1,100					
Registration fees							
Other income	64	64					
	<b>681,508</b>	<b>429,503</b>	<b>178,098</b>	<b>70,000</b>	<b>3,686</b>	<b>221</b>	<b>NIL</b>
<b>EXPENDITURES</b>							
Bank charges and interest	52	52					
Dues and subscriptions	1,426	1,426					
Equipment and computer	984	984					
Grants to provincial societies	337,871	337,871					
Insurance	4,377	4,377					
Mail campaign	35,732		35,732				
Miscellaneous	103	103					
Occupancy	7,825	7,825					
Office supplies and expenses	23,509	23,509					
Project costs	2,701						383
Professional fees	6,021	6,021					
Publications	720	720					
Salaries and employee benefits	181,482	181,482					
Staff development	1,022	1,022					
Telephone	8,035	4,408			3,627		
Travel - general	779	779					
- pool, board and AGM	67,096			67,096	59		
	<b>679,735</b>	<b>570,579</b>	<b>35,732</b>	<b>67,096</b>	<b>3,686</b>		<b>383</b>
<b>EXCESS OF REVENUE OVER EXPENDITURES (EXPENDITURES OVER REVENUE) FOR YEAR BEFORE</b>							
<b>AMORTIZATION</b>	1,773	(141,076)	142,366	2,904	NIL	221	(383)

The accompanying notes form an integral part of these financial statements