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

**THE JOHN HOWARD SOCIETY OF CANADA**

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**AS AT MARCH 31, 2010**


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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 | | | | |
|---|---|---|---|---|---|
| | Operating Fund $ | Senator Hastings Fund $ | McLatchie Memorial Fund $ | Total $ | 2009 Total $ |
| **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 |
| | **232,445** | **204,870** | | **437,315** | 390,585 |

**APPROVED ON BEHALF OF THE BOARD**

_____ Director

_____ Director

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 | | | | |
|---|---|---|---|---|---|
| | Operating Fund $ | Senator Hastings Fund $ | McLatchie Memorial Fund $ | Total $ | 2009 Total $ |
| **LIABILITIES** | | | | | |
| **CURRENT** | | | | | |
| Bank indebtedness - outstanding cheques | **39,578** | | | **39,578** | |
| Accounts payable and accrued liabilities | **12,387** | | | **12,387** | 10,296 |
| Deferred revenue - Note 5 | **60,784** | | | **60,784** | 66,975 |
| | **112,749** | **NIL** | **NIL** | **112,749** | 77,271 |
| **FUND BALANCES** | | | | | |
| Internally restricted | | **204,870** | | **204,870** | 197,967 |
| Investment in capital assets | **75,765** | | | **75,765** | 81,219 |
| Unrestricted | **43,931** | | | **43,931** | 34,128 |
| | **119,696** | **204,870** | | **324,566** | 313,314 |
| | **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 REVENUE AND EXPENDITURES AND FUND BALANCES
## FOR THE YEAR ENDED MARCH 31, 2010

| | 2010 | | | | |
|---|---|---|---|---|---|
| | Operating Fund $ | Senator Hastings Fund $ | McLatchie Memorial Fund $ | Total $ | 2009 Total $ |
| **REVENUE** | | | | | |
| Donations | **169,072** | **5,000** | | **174,072** | 144,432 |
| Grant - Ministry of Solicitor General | | | | | |
| - Provincial allocations | **342,106** | | | **342,106** | 326,807 |
| - Administration | **108,879** | | | **108,879** | 92,583 |
| - Travel pool | **65,000** | | | **65,000** | 65,000 |
| Interest | **269** | **3,032** | | **3,301** | 5,292 |
| Project contracts | | | | | 422 |
| Member assessments - Note 6 | **1,100** | | | **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** | | | **719** | 480 |
| | **845,822** | **8,032** | **NIL** | **853,854** | 692,139 |
| **EXPENDITURES** | | | | | |
| Bank charges and interest | **70** | | | **70** | 148 |
| Dues and subscriptions | **1,737** | | | **1,737** | 1,469 |
| Equipment and computer | **1,427** | | | **1,427** | 1,921 |
| Grants to provincial societies - Note 7 | **342,106** | | | **342,106** | 326,807 |
| Hospitality | **261** | | | **261** | 152 |
| Insurance | **4,647** | | | **4,647** | 4,641 |
| Mail campaign | **47,384** | | | **47,384** | 42,711 |
| Miscellaneous | | | | | 374 |
| National staff conference | | | | | 12,440 |
| Occupancy | **6,788** | | | **6,788** | 7,679 |
| Office supplies and expenses | **24,927** | | | **24,927** | 20,580 |
| Project costs | **64,996** | | | **64,996** | |
| Professional fees | **27,313** | | | **27,313** | 8,993 |
| Publications | **1,415** | | | **1,415** | 2,552 |
| Salaries and employee benefits | **160,829** | | | **160,829** | 153,045 |
| Staff development | **1,081** | | | **1,081** | 350 |
| Telephone | **6,548** | | | **6,548** | 6,063 |
| Travel - general | **6,836** | | | **6,836** | 23,947 |
| - pool, board and AGM | **67,947** | | | **67,947** | 68,647 |
| - other | **70,836** | | | **70,836** | |
| | **837,148** | **NIL** | **NIL** | **837,148** | 682,519 |
| **EXCESS OF REVENUE OVER EXPENDITURES FOR YEAR BEFORE AMORTIZATION** | **8,674** | **8,032** | | **16,706** | 9,620 |
| **AMORTIZATION OF PROPERTY, PLANT AND EQUIPMENT** | **5,454** | | | **5,454** | 6,960 |
| **EXCESS OF REVENUE OVER EXPENDITURES FOR YEAR AFTER AMORTIZATION** | **3,220** | **8,032** | | **11,252** | 2,660 |
| **TRANSFERS BETWEEN FUNDS** - Note 8 | **1,129** | | **(1,129)** | | |
| **FUND BALANCES - BEGINNING OF YEAR** | **115,347** | **196,838** | **1,129** | **313,314** | 310,654 |
| **FUND BALANCES - END OF YEAR** | **119,696** | **204,870** | | **324,566** | 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**
**FOR THE YEAR ENDED MARCH 31, 2010**

## 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