

**THE JOHN HOWARD SOCIETY OF CANADA  
FINANCIAL STATEMENTS  
AS AT MARCH 31, 2011**

**THE JOHN HOWARD SOCIETY OF CANADA  
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AS AT MARCH 31, 2011**

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## 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, 2011 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 generally accepted accounting principles 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.

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**WILKINSON & COMPANY LLP**  
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### 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, 2011, and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KINGSTON, Canada  
July 28, 2011

Chartered Accountants  
Licensed Public Accountants

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**THE JOHN HOWARD SOCIETY OF CANADA**  
**STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2011**

	Operating Fund \$	2011 Senator Hastings Fund \$	Total \$	2010 Total \$
<b>ASSETS</b>				
<b>CURRENT</b>				
Cash	39,987	5,214	45,201	5,207
Short-term investments - Note 3		201,993	201,993	199,663
Accounts receivable	8,985		8,985	153,969
Prepaid expenses	2,547		2,547	2,711
	51,519	207,207	258,726	361,550
<b>PROPERTY, PLANT AND EQUIPMENT - Note 4</b>				
Building	71,173		71,173	75,765
	71,173		71,173	75,765
<b>APPROVED ON BEHALF OF THE BOARD</b>				
_____ Director				
_____ Director				
	122,692	207,207	329,899	437,315

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, 2011**

	Operating Fund \$	2011 Senator Hastings Fund \$	Total \$	2010 Total \$
<b>LIABILITIES</b>				
<b>CURRENT</b>				
Bank indebtedness - outstanding cheques				39,578
Accounts payable and accrued liabilities	13,792		13,792	12,387
Deferred revenue - Note 5	26,560		26,560	60,784
	40,352		40,352	112,749
<b>FUND BALANCES</b>				
Internally restricted		207,207	207,207	204,870
Investment in capital assets	71,173		71,173	75,765
Unrestricted	11,167		11,167	43,931
	82,340	207,207	289,547	324,566
	122,692	207,207	329,899	437,315

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, 2011**

	Operating Fund \$	2011 Senator Hastings Fund \$	Total \$	2010 Total \$
<b>REVENUE</b>				
Donations	169,401		169,401	174,072
Grant - Ministry of Solicitor General				
- Provincial allocations	342,106		342,106	342,106
- Administration	133,598		133,598	108,879
- Travel pool	69,458		69,458	65,000
Interest	271	2,337	2,608	3,301
In-kind donations	5,146		5,146	
Member assessments - Note 6	1,100		1,100	1,100
Grant - Department of Justice				
- Funding				140,277
- Administration				18,400
National Staff Conference registration fees				
Other income	840		840	719
	721,920	2,337	724,257	853,854
<b>EXPENDITURES</b>				
Bank charges and interest	227		227	70
Dues and subscriptions	1,376		1,376	1,737
Equipment and computer	4,221		4,221	1,427
Grants to provincial societies - Note 7	342,106		342,106	342,106
Insurance	4,529		4,529	4,647
In-kind donations	5,146		5,146	
Mail campaign	38,533		38,533	47,384
Occupancy	7,207		7,207	6,788
Office supplies and expenses	22,903		22,903	25,188
Project costs	5,592		5,592	64,996
Professional fees	64,019		64,019	27,313
Publications	1,893		1,893	1,415
Salaries and employee benefits	166,836		166,836	160,829
Staff development	440		440	1,081
Telephone	5,307		5,307	6,548
Travel - general	4,172		4,172	6,836
- pool, board and AGM	60,469		60,469	67,947
- other	19,708		19,708	70,836
	754,684	NIL	754,684	837,148
<b>EXCESS OF REVENUE OVER EXPENDITURES (EXPENDITURES OVER REVENUE) FOR YEAR BEFORE AMORTIZATION</b>	(32,764)	2,337	(30,427)	16,706
<b>AMORTIZATION OF PROPERTY, PLANT AND EQUIPMENT</b>	4,592		4,592	5,454
<b>EXCESS OF REVENUE OVER EXPENDITURES (EXPENDITURES OVER REVENUE) FOR YEAR AFTER AMORTIZATION</b>	(37,356)	2,337	(35,019)	11,252
<b>FUND BALANCES - BEGINNING OF YEAR</b>	119,696	204,870	324,566	313,314
<b>FUND BALANCES - END OF YEAR</b>	82,340	207,207	289,547	324,566

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, 2011**

	2011 \$	2010 \$
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenditures (expenditures over revenue) for year	(35,019)	11,252
Adjustment for amortization of property, plant and equipment which does not affect cash	4,592	5,454
	(30,427)	16,706
Net change in non-cash working capital balances related to operations - Note 8	109,999	(147,093)
<b>CASH FLOWS PROVIDED FROM (USED IN) OPERATING ACTIVITIES</b>	<b>79,572</b>	<b>(130,387)</b>
<b>FINANCING ACTIVITIES</b>		
Increase in bank indebtedness	(39,578)	39,578
<b>CASH FLOWS PROVIDED FROM (USED IN) FINANCING ACTIVITIES</b>	<b>(39,578)</b>	<b>39,578</b>
<b>NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS FOR YEAR</b>	<b>39,994</b>	<b>(90,809)</b>
<b>CASH AND EQUIVALENTS - BEGINNING OF YEAR</b>	<b>5,207</b>	<b>96,016</b>
<b>CASH AND EQUIVALENTS - END OF YEAR</b>	<b>45,201</b>	<b>5,207</b>
<b>REPRESENTED BY:</b>		
Cash	45,201	5,207
<b>SUPPLEMENTAL INFORMATION:</b>		
Interest paid	NIL	NIL
Income taxes paid	NIL	NIL

The accompanying notes form an integral part of these financial statements

**WILKINSON & COMPANY LLP**

Since 1964



**THE JOHN HOWARD SOCIETY OF CANADA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2011**

**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 JOHN HOWARD SOCIETY OF CANADA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2011**

**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 0.85% to 1.6% 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, 2011**

**4. PROPERTY, PLANT AND EQUIPMENT**

	2011		2010	
	Cost	Accumulated amortization	Cost	Accumulated amortization
	\$	\$	\$	\$
Computer equipment	26,265	26,265	26,265	26,265
Computer software	5,908	5,908	5,908	5,908
Building	114,795	43,622	114,795	39,030
Furniture and equipment	4,646	4,646	4,646	4,646
	<b>151,614</b>	<b>80,441</b>	<b>151,614</b>	<b>75,849</b>
Cost less accumulated amortization	<b>\$ 71,173</b>		<b>\$ 75,765</b>	

**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:

	2011	2010
	\$	\$
JHS Quebec, Nunavut and Northwest Territories distributions withheld and deferred for use of Society	<b>25,418</b>	60,784
Book Club for Inmates	<b>1,142</b>	
	<b>26,560</b>	<b>60,784</b>

**THE JOHN HOWARD SOCIETY OF CANADA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2011**

**6. MEMBER ASSESSMENTS**

Details of the member assessments are as follows:

	2011 \$	2010 \$
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	100
Saskatchewan	100	100
	<b>1,100</b>	<b>1,100</b>

**7. GRANTS TO PROVINCIAL SOCIETIES**

Details of the grants to provincial societies are as follows:

	2011 \$	2010 \$
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	12,239
Nova Scotia	17,239	17,239
Ontario	122,334	122,334
Prince Edward Island	12,254	12,254
Quebec	12,239	12,239
Saskatchewan	19,721	19,721
<b>TOTAL</b>	<b>342,106</b>	<b>342,106</b>

**THE JOHN HOWARD SOCIETY OF CANADA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2011**

**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:

	2011 \$	2010 \$
<b>(INCREASE) DECREASE IN CURRENT ASSETS</b>		
Short-term investments	(2,330)	(3,011)
Accounts receivable	144,984	(139,982)
Prepaid expenses	164	
	<u>142,818</u>	<u>(142,993)</u>
<b>INCREASE (DECREASE) IN CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	1,405	2,091
Deferred revenue	(34,224)	(6,191)
	<u>(32,819)</u>	<u>(4,100)</u>
<b>NET CHANGE IN NON-CASH WORKING CAPITAL BALANCES RELATED TO OPERATIONS</b>	<u>109,999</u>	<u>(147,093)</u>

**9. 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.

**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 \$11,918 of payments under these pension plan arrangements.



**THE JOHN HOWARD SOCIETY OF CANADA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2011**

**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 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, 2011**

	Total \$	General Administrative \$	Fundraising \$	Travel Pool \$	Book Club for Inmates \$	Unallocated Funds \$
<b>REVENUE</b>						
Donations	169,401		163,211		6,190	
Grant - Ministry of Solicitor General						
- Provincial allocations	342,106	342,106				
- Administration	133,598	90,450				43,148
- Travel pool	69,458			69,458		
Interest	271	271				
In-kind donations	5,146		5,146			
Member assessments	1,100	1,100				
Other income	840	840				
	<b>721,920</b>	<b>434,767</b>	<b>168,357</b>	<b>69,458</b>	<b>6,190</b>	<b>43,148</b>
<b>EXPENDITURES</b>						
Bank charges and interest	227	227				
Dues and subscriptions	1,376	1,376				
Equipment and computer	4,221	4,221				
Grants to provincial societies	342,106	342,106				
Insurance	4,529	4,529				
In-kind donations	5,146		5,146			
Mail campaign	38,533		38,533			
Occupancy	7,207	7,207				
Office supplies and expenses	22,903	20,067			198	2,638
Project costs	5,592				5,592	
Professional fees	64,019	43,968				20,051
Publications	1,893	663				1,230
Salaries and employee benefits	166,836	166,836				
Staff development	440	440				
Telephone	5,307	5,307				
Travel - general	4,172	4,172				
- pool, board and AGM	60,469			60,469		
- other	19,708	79			400	19,229
	<b>754,684</b>	<b>601,198</b>	<b>43,679</b>	<b>60,469</b>	<b>6,190</b>	<b>43,148</b>
<b>EXCESS OF REVENUE OVER EXPENDITURES (EXPENDITURES OVER REVENUE) FOR YEAR BEFORE AMORTIZATION</b>	<b>(32,764)</b>	<b>(166,431)</b>	<b>124,678</b>	<b>8,989</b>	<b>NIL</b>	<b>NIL</b>

The accompanying notes form an integral part of these financial statements