

**THE JOHN HOWARD SOCIETY OF CANADA**  
**FINANCIAL STATEMENTS**  
**AS AT MARCH 31, 2013**

**THE JOHN HOWARD SOCIETY OF CANADA**  
**TABLE OF CONTENTS**  
**AS AT MARCH 31, 2013**

	<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	6-11
Schedule A - Statement of Operating Fund Revenue and Expenditures	12

## **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, 2013, March 31, 2012 and April 1, 2011 and the statements of revenue and expenditures and fund balances and cash flows for the years ended March 31, 2013 and March 31, 2012, 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, 2013, March 31, 2012 and April 1, 2011 and its operations and cash flows for the years ended March 31, 2012 and March 31, 2013 in accordance with Canadian accounting standards for not-for-profit organizations.

KINGSTON, Canada  
July 12, 2013

*Wilkinson Company LLP*  
Chartered Accountants  
Licensed Public Accountants

**THE JOHN HOWARD SOCIETY OF CANADA  
STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2013**

	March 31, 2013		March 31, 2012	April 1, 2011
	Operating Fund \$	Senator Hastings Fund \$	Total \$	Total \$
<b>ASSETS</b>				
<b>CURRENT</b>				
Cash	87,170	20,255	107,425	45,201
Short-term investments - Note 4		206,466	206,466	201,993
Accounts receivable	21,937		21,937	8,985
Prepaid expenses	2,552		2,552	2,547
	111,659	226,721	338,380	258,726
<b>PROPERTY, PLANT AND EQUIPMENT - Note 5</b>	<b>61,989</b>		<b>61,989</b>	<b>71,173</b>
	173,648	226,721	400,369	329,899
<b>LIABILITIES</b>				
<b>CURRENT</b>				
Accounts payable and accrued liabilities	11,048		11,048	13,792
Deferred revenue - Note 6	41,114		41,114	26,560
	52,162		52,162	40,352
<b>FUND BALANCES</b>				
Internally restricted		226,721	226,721	207,207
Investment in capital assets	61,989		61,989	71,173
Unrestricted	59,497		59,497	11,167
	121,486	226,721	348,207	289,547
	173,648	226,721	400,369	329,899

**APPROVED ON BEHALF OF THE BOARD**  
*[Signature]* Director  
*[Signature]* Director

**THE JOHN HOWARD SOCIETY OF CANADA**  
**STATEMENT OF REVENUE AND EXPENDITURES AND FUND BALANCES**  
**FOR THE YEAR ENDED MARCH 31, 2013**

	2013		2012 (Note 2)
	Operating Fund \$	Senator Hastings Fund \$	Total \$
<b>REVENUE</b>			
Donations	174,737		174,737
Grant - Ministry of Public Safety:			
- Provincial allocations	337,491		337,491
- Administration	93,852		93,852
- Travel pool	70,000		70,000
- Projects	26,267		26,267
Interest	651	2,164	2,815
Member assessments - Note 7	1,100		1,100
Registration fees	38,000		38,000
Other income	4,200		4,200
	<b>746,298</b>	<b>2,164</b>	<b>748,462</b>
<b>EXPENDITURES</b>			
Bank charges and interest	47		47
Dues and subscriptions	1,355		1,355
Equipment and computer	1,868		1,868
Grants to provincial societies - Note 8	337,871		337,871
Insurance	4,268		4,268
Mail campaign	35,909		35,909
National staff conference	21,414		21,414
Occupancy	7,601		7,601
Office supplies and expenses	27,225		27,225
Project costs	10,588		10,588
Professional fees	5,840		5,840
Publications	1,567		1,567
Salaries and employee benefits	174,559		174,559
Staff development	51		51
Telephone	6,781		6,781
Travel - general	3,795		3,795
- pool, board and AGM	64,035		64,035
- other	10,133		10,133
	<b>714,907</b>	<b>NIL</b>	<b>714,907</b>
<b>EXCESS OF REVENUE OVER EXPENDITURES FOR YEAR</b>			<b>673,524</b>
<b>BEFORE AMORTIZATION</b>	<b>31,391</b>	<b>2,164</b>	<b>33,555</b>
<b>AMORTIZATION OF PROPERTY, PLANT AND EQUIPMENT</b>	<b>4,592</b>		<b>4,592</b>
<b>EXCESS OF REVENUE OVER EXPENDITURES FOR YEAR</b>			<b>28,963</b>
<b>AFTER AMORTIZATION</b>	<b>26,799</b>	<b>2,164</b>	<b>28,963</b>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<b>94,687</b>	<b>224,557</b>	<b>319,244</b>
<b>FUND BALANCES - END OF YEAR</b>	<b>121,486</b>	<b>226,721</b>	<b>319,244</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, 2013**

	2013	2012 (Note 2)
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenditures for year	28,963	29,697
Adjustment for amortization of property, plant and equipment which does not affect cash	4,592	4,592
	<b>33,555</b>	<b>34,289</b>
Net change in non-cash working capital balances related to operations - Note 9	(3,747)	(1,873)
<b>CASH FLOWS PROVIDED FROM OPERATING ACTIVITIES</b>	<b>29,808</b>	<b>32,416</b>
<b>NET INCREASE IN CASH AND EQUIVALENTS FOR YEAR</b>	<b>29,808</b>	<b>32,416</b>
<b>CASH AND EQUIVALENTS - BEGINNING OF YEAR</b>	<b>77,617</b>	<b>45,201</b>
<b>CASH AND EQUIVALENTS - END OF YEAR</b>	<b>107,425</b>	<b>77,617</b>
<b>REPRESENTED BY:</b>		
Cash	107,425	77,617

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, 2013**

**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. ADOPTION OF ACCOUNTING STANDARDS FOR NOT FOR PROFIT ORGANIZATIONS**

Effective April 1, 2012, the organization adopted the requirements of the Canadian Institute of Chartered Accountants (CICA) Handbook – Accounting electing to adopt the new accounting framework: Canadian Accounting Standards for Not-For-Profit Organizations (Part III). These are the organization’s first financial statements prepared in accordance with Part III and the transitional provisions of Section 1501, First-time Adoption have been applied. Section 1501 requires retrospective application of the accounting standards with certain elective exemptions and limited retrospective exceptions. The accounting policies set out in the significant accounting policy note have been applied in preparing the financial statements for the year ended March 31, 2013, the comparative information for the year ended March 31, 2012 and the opening Part III statement of financial position at April 1, 2011 (the organization’s date of transition).

The organization issued financial statements for the year ended March 31, 2012 using generally accepted accounting principles prescribed by the CICA Handbook – Part V. The adoption of Canadian Accounting Standards for Not-for-Profit Organizations resulted in the reclassification of government remittances payable and government remittances receivable previously included in accounts payable and accrued liabilities. There were no other adjustments to the previously reported assets, liabilities, fund balances, excess of revenues over expenses and cash flows of the organization.

**3. 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.



**THE JOHN HOWARD SOCIETY OF CANADA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2013**

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

**(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 property, plant and equipment. 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.

**(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:

<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

**THE JOHN HOWARD SOCIETY OF CANADA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2013**

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

**(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.

**4. SHORT-TERM INVESTMENTS**

Short-term investments consist of guaranteed investment certificates, bear interest at rates ranging from 1.15% to 1.95% and have varying maturity dates but may be liquidated in the short-term.

**5. PROPERTY, PLANT AND EQUIPMENT**

	2013		2012	
	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	52,806	114,795	48,214
Furniture and equipment	4,646	4,646	4,646	4,646
	<b>151,614</b>	<b>89,625</b>	151,614	85,033
Cost less accumulated amortization	<b>\$ 61,989</b>		\$ 66,581	

**THE JOHN HOWARD SOCIETY OF CANADA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2013**

**6. 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>2013</b>	2012
	\$	\$
JHS Quebec, Nunavut and Northwest Territories distributions withheld and deferred for use of Society	<b>41,114</b>	32,662

**7. MEMBER ASSESSMENTS**

Details of the member assessments are as follows:

	<b>2013</b>	2012
	\$	\$
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, 2013**

**8. GRANTS TO PROVINCIAL SOCIETIES**

Details of the grants to provincial societies are as follows:

	2013	2012
	\$	\$
Alberta	36,222	36,222
British Columbia	55,468	55,468
Manitoba	19,100	19,100
New Brunswick	19,684	19,684
Newfoundland	13,681	13,681
Northwest Territories	11,854	11,854
Nova Scotia	16,854	16,854
Ontario	121,949	121,949
Prince Edward Island	11,869	11,869
Quebec	11,854	11,854
Saskatchewan	19,336	19,336
<b>TOTAL</b>	<b>337,871</b>	<b>337,871</b>

**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:

	2013	2012
	\$	\$
<b>(INCREASE) DECREASE IN CURRENT ASSETS</b>		
Short-term investments	(2,154)	(2,319)
Accounts receivable	(11,930)	(1,022)
Prepaid expenses	(106)	101
	<b>(14,190)</b>	<b>(3,240)</b>
<b>INCREASE (DECREASE) IN CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	1,991	(4,735)
Deferred revenue	8,452	6,102
	<b>10,443</b>	<b>1,367</b>
<b>NET CHANGE IN NON-CASH WORKING CAPITAL BALANCES RELATED TO OPERATIONS</b>	<b>(3,747)</b>	<b>(1,873)</b>

**THE JOHN HOWARD SOCIETY OF CANADA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2013**

## **10. 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 organization will not be able to meet all cash outflow obligations as they come due.

The organizations 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.

## **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 \$12,883 of payments under these pension plan arrangements.

## **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 3. 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, 2013**

	Total \$	General Administrative \$	Fundraising \$	Travel Pool \$	National Staff Conference \$	Unallocated Funds \$	Prison Crowding Symposium \$	Prisoner-based Workers Co-ops \$
<b>REVENUE</b>								
Donations	174,737		174,737					
Grant - Ministry of Public Safety:								
- Provincial allocations	337,491	337,491						
- Administration	93,852	90,450		70,000		3,402		
- Travel pool	70,000							
- Projects	26,267				5,000			21,267
Interest	651	651						
Member assessments	1,100	1,100						
Registration fees	38,000				26,590			11,410
Other income	4,200	4,200						
	<b>746,298</b>	<b>433,892</b>	<b>174,737</b>	<b>70,000</b>	<b>31,590</b>	<b>3,402</b>	<b>11,410</b>	<b>21,267</b>
<b>EXPENDITURES</b>								
Bank charges and interest	47	47						
Dues and subscriptions	1,355	1,355						
Equipment and computer	1,868	1,868						
Grants to provincial societies	337,871	337,871						
Insurance	4,268	4,268						
Mail campaign	35,909		35,909					
National staff conference	21,414				21,414			
Occupancy	7,601	7,601						
Office supplies and expenses	27,225	27,156						
Project costs	10,588							
Professional fees	5,840	5,840						
Publications	1,567	752			731			
Salaries and employee benefits	174,559	174,559						
Staff development	51	51						
Telephone	6,781	3,379						
Travel - general	3,795	3,169		64,035		3,402		626
- pool, board and AGM	64,035							
- other	10,133	895			5,108			4,130
	<b>714,907</b>	<b>568,811</b>	<b>35,909</b>	<b>64,035</b>	<b>27,253</b>	<b>3,402</b>	<b>10,203</b>	<b>5,294</b>
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>								
<b>(EXPENDITURES OVER REVENUE) FOR YEAR BEFORE</b>								
<b>AMORTIZATION</b>	<b>31,391</b>	<b>(134,919)</b>	<b>138,828</b>	<b>5,965</b>	<b>4,337</b>	<b>NIL</b>	<b>1,207</b>	<b>15,973</b>

The accompanying notes form an integral part of these financial statements