

**THE JOHN HOWARD SOCIETY OF CANADA
FINANCIAL STATEMENTS
AS AT MARCH 31, 2015**

**THE JOHN HOWARD SOCIETY OF CANADA
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AS AT MARCH 31, 2015**

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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, 2015 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, 2015, and its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

KINGSTON, Canada
July 17, 2015

Wilkinson Company LLP

Chartered Accountants
Licensed Public Accountants

THE JOHN HOWARD SOCIETY OF CANADA
STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2015

		March 31, 2015			
		Operating Fund \$	Senator Hastings Fund \$	Total \$	March 31 2014 Total \$
ASSETS					
CURRENT					
Cash		70,161	37,738	107,899	101,702
Short-term investments - Note 3		153,686	214,542	368,228	210,259
Accounts receivable		41,762		41,762	8,180
Prepaid expenses		2,559		2,559	2,559
		368,168	252,280	620,448	322,700
TANGIBLE CAPITAL ASSETS - Note 4		52,806		52,806	57,398
		320,974	252,280	573,254	431,098
LIABILITIES					
CURRENT					
Accounts payable and accrued liabilities		18,005		18,005	10,430
Deferred revenue - Note 5		184,302		184,302	54,482
		202,307		202,307	64,912
FUND BALANCES					
Internally restricted			252,280	252,280	247,519
Investment in capital assets		52,806		52,806	57,398
Unrestricted		65,861		65,861	61,262
		118,667	252,280	370,947	366,186
APPROVED ON BEHALF OF THE BOARD					
 _____ Treasurer					
 _____ Director					
		320,974	252,280	573,254	431,098

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, 2015

	2015		Total \$	2014 Total \$
	Operating Fund \$	Senator Hastings Fund \$		
REVENUE				
Donations	200,682		200,682	195,098
Grant - Ministry of Public Safety:				
- Provincial allocations	337,871		337,871	337,871
- Administration	98,774		98,774	93,756
- Travel pool	70,000		70,000	70,000
- Projects	49,505		49,505	221
Interest	342	4,761	5,103	4,196
Member assessments - Note 6	1,100		1,100	1,100
Registration fees				
Other income	454		454	64
	758,728	4,761	763,489	702,306
EXPENDITURES				
Bank charges and interest	76		76	52
Dues and subscriptions	1,262		1,262	1,426
Equipment and computer	8,167		8,167	984
Grants to provincial societies - Note 7	337,871		337,871	337,871
Insurance	4,397		4,397	4,377
Mail campaign	33,518		33,518	35,732
Miscellaneous	(26)		(26)	103
National staff conference	15,051		15,051	
Occupancy	8,396		8,396	7,825
Office supplies and expenses	24,383		24,383	23,509
Project costs	23,626		23,626	2,701
Professional fees	30,107		30,107	6,021
Publications	1,262		1,262	720
Salaries and employee benefits	189,252		189,252	181,482
Staff development				1,022
Telephone	5,313		5,313	8,035
Travel - general	1,052		1,052	779
- pool, board and AGM	68,070		68,070	67,096
- other	2,359		2,359	
	754,136		754,136	679,735
EXCESS OF REVENUE OVER EXPENDITURES FOR YEAR BEFORE AMORTIZATION	4,592	4,761	9,353	22,571
AMORTIZATION OF TANGIBLE CAPITAL ASSETS	4,592		4,592	4,592
EXCESS OF REVENUE OVER EXPENDITURES FOR YEAR AFTER AMORTIZATION	NIL	4,761	4,761	17,979
FUND BALANCES - BEGINNING OF YEAR	118,667	247,519	366,186	348,207
FUND BALANCES - END OF YEAR	118,667	252,280	370,947	366,186

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, 2015**

	2015 \$	2014 \$
OPERATING ACTIVITIES		
Excess of revenue over expenditures for year	4,761	17,979
Adjustment for amortization of tangible capital assets which does not affect cash	4,592	4,592
	9,353	22,571
Net change in non-cash working capital balances related to operations - Note 8	(53,156)	21,706
CASH FLOWS PROVIDED FROM (USED IN) OPERATING ACTIVITIES	(43,803)	44,277
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS FOR YEAR	(43,803)	44,277
CASH AND EQUIVALENTS - BEGINNING OF YEAR	151,702	107,425
CASH AND EQUIVALENTS - END OF YEAR	107,899	151,702
REPRESENTED BY:		
Cash	107,899	151,702

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, 2015**

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. During the year the Society filed Articles of Continuance under the new Canada Not-for-profit Corporations Act.

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 tangible 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, 2015**

2. ACCOUNTING POLICIES (Cont'd)

(e) Tangible Capital Assets

Tangible capital assets are stated at cost. Gains and losses on the sale of tangible capital assets are charged to operations in the year of disposal. Amortization of tangible capital assets, 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 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 1.75% to 2.05% and have varying maturity dates but may be liquidated in the short-term.

4. TANGIBLE CAPITAL ASSETS

	2015		2014	
	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	61,989	114,795	57,397
Furniture and equipment	4,646	4,646	4,646	4,646
	151,614	98,808	151,614	94,216
Cost less accumulated amortization	\$ 52,806		\$ 57,398	

**THE JOHN HOWARD SOCIETY OF CANADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015**

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:

	2015	2014
	\$	\$
National Staff Conference		5,200
Grant allocations withheld and deferred for use by Society	52,431	49,282
Funds withheld and deferred to advance the 5 Point Plan	131,871	
TOTAL	184,302	54,482

6. MEMBER ASSESSMENTS

Details of the member assessments are as follows:

	2015	2014
	\$	\$
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
TOTAL	1,100	1,100

**THE JOHN HOWARD SOCIETY OF CANADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015**

7. GRANTS TO PROVINCIAL SOCIETIES

Details of the grants to provincial societies are as follows:

	2015	2014
	\$	\$
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
TOTAL	337,871	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:

	2015	2014
	\$	\$
(INCREASE) DECREASE IN CURRENT ASSETS		
Short-term investments	(157,969)	(3,794)
Accounts receivable	(32,582)	12,757
Prepaid expenses		(7)
	(190,551)	8,956
INCREASE (DECREASE) IN CURRENT LIABILITIES		
Accounts payable and accrued liabilities	7,575	(618)
Deferred revenue	129,820	13,368
	137,395	12,750
NET CHANGE IN NON-CASH WORKING CAPITAL BALANCES RELATED TO OPERATIONS	(53,156)	21,706

**THE JOHN HOWARD SOCIETY OF CANADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015**

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 \$13,690 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 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, 2015

	Total \$	General Administrative \$	Fundraising \$	Travel Pool \$	National Staff Conference \$	Unallocated Funds \$	Literacy Project \$	Prisoner-based Workers Co-ops \$	Pros and Cons \$
REVENUE									
Donations	200,682		177,556						23,126
Grant - Ministry of Public Safety:									
- Provincial allocations	337,871	337,871							
- Administration	98,774	90,070				8,704			
- Travel pool	70,000			70,000					
- Projects	49,505				16,000		305	33,200	
Interest	342	342							
Member assessments	1,100	1,100							
Registration fees									
Other income	454	454							
	758,728	429,837	177,556	70,000	16,000	8,704	305	33,200	23,126
EXPENDITURES									
Bank charges and interest	76	76							
Dues and subscriptions	1,262	1,262							
Equipment and computer	8,167	8,167							
Grants to provincial societies	337,871	337,871							
Insurance	4,397	4,397							
Mail campaign	33,518		33,518						
Miscellaneous	(26)	(26)							
National staff conference	15,051				15,051				
Occupancy	8,396	8,396							
Office supplies and expenses	24,383	19,094			92	5,197			
Project costs	23,626								23,626
Professional fees	30,107	7,310						22,797	
Publications	1,262	745			517				
Salaries and employee benefits	189,252	178,849						10,403	
Staff development									
Telephone	5,313	1,806				3,507			
Travel - general	1,052	246			806				
- pool, board and AGM	68,070			68,070					
- other	2,359				2,359				
	754,136	568,193	33,518	68,070	18,825	8,704		33,200	23,626
EXCESS OF REVENUE OVER EXPENDITURES (EXPENDITURES OVER REVENUE) FOR YEAR BEFORE									
AMORTIZATION	4,592	(138,356)	144,038	1,930	(2,825)	NIL	305	NIL	(500)

The accompanying notes form an integral part of these financial statements