

**THE JOHN HOWARD SOCIETY OF CANADA
FINANCIAL STATEMENTS
AS AT MARCH 31, 2018**

**THE JOHN HOWARD SOCIETY OF CANADA
TABLE OF CONTENTS
AS AT MARCH 31, 2018**

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
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 AUDITOR'S 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, 2018 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, as at and for the years ended March 31, 2018 and March 31, 2017, any adjustments might be necessary to donations revenue, excess of revenue over expenditures, assets and fund balances.

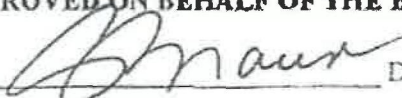
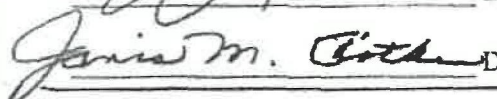
Qualified Opinion

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, 2018, 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 27, 2018

Wilkinson Company LP
Chartered Professional Accountants
Licensed Public Accountants

THE JOHN HOWARD SOCIETY OF CANADA
STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2018

	Operating Fund \$	Senator Hastings Fund \$	Total \$	2017 Total \$
ASSETS				
CURRENT				
Cash	16,444	7,780	24,224	66,235
Short-term investments - Note 3	93,728	260,911	354,639	379,372
Accounts receivable	108,741		108,741	50,090
Prepaid expenses	5,559		5,559	3,559
	<u>224,472</u>	<u>268,691</u>	<u>493,163</u>	<u>499,256</u>
TANGIBLE CAPITAL ASSETS - Note 4	<u>39,030</u>		<u>39,030</u>	<u>43,622</u>
	<u>263,502</u>	<u>268,691</u>	<u>532,193</u>	<u>542,878</u>
LIABILITIES				
CURRENT				
Accounts payable and accrued liabilities	24,703		24,703	35,864
Deferred revenue - Note 5	120,132		120,132	124,923
	<u>144,835</u>		<u>144,835</u>	<u>160,787</u>
FUND BALANCES				
Internally restricted		268,691	268,691	263,424
Investment in capital assets	39,030		39,030	43,622
Unrestricted	79,637		79,637	75,045
	<u>118,667</u>	<u>268,691</u>	<u>387,358</u>	<u>382,091</u>
APPROVED ON BEHALF OF THE BOARD				
 Director				
 Director				
	<u>263,502</u>	<u>268,691</u>	<u>532,193</u>	<u>542,878</u>

THE JOHN HOWARD SOCIETY OF CANADA
STATEMENT OF REVENUE AND EXPENDITURES AND FUND BALANCES
FOR THE YEAR ENDED MARCH 31, 2018

	2018		Total \$	2017 Total \$
	Operating Fund \$	Senator Hastings Fund \$		
REVENUE				
Donations	287,518		287,518	216,502
Grant - Ministry of Public Safety:				
- Provincial allocations	337,871		337,871	337,871
- Administration	93,477		93,477	93,477
- Travel pool	70,000		70,000	70,000
- Projects	62,481		62,481	60,158
Interest	3	5,267	5,270	3,977
Member assessments - Note 6	1,000		1,000	1,100
Other income				397
	852,350	5,267	857,617	783,482
EXPENDITURES				
Bank charges and interest	1,247		1,247	27
Dues and subscriptions	1,225		1,225	1,090
Equipment and computer	28		28	8,708
Grants to provincial societies - Note 7	337,871		337,871	337,871
Insurance	4,379		4,379	4,377
Mail campaign	43,429		43,429	39,097
Occupancy	8,342		8,342	9,622
Office supplies and expenses	22,275		22,275	22,403
Project costs	109,514		109,514	61,915
Professional fees	21,507		21,507	17,438
Publications	301		301	470
Salaries and employee benefits	208,958		208,958	193,589
Telephone	1,846		1,846	1,911
Travel - general	242		242	2,021
- pool, board and AGM	54,408		54,408	69,115
- other	32,186		32,186	5,268
	847,758		847,758	774,922
EXCESS OF REVENUE OVER EXPENDITURES FOR YEAR BEFORE AMORTIZATION	4,592	5,267	9,859	8,560
AMORTIZATION OF TANGIBLE CAPITAL ASSETS	4,592		4,592	4,592
EXCESS OF REVENUE OVER EXPENDITURES FOR YEAR AFTER AMORTIZATION	NIL	5,267	5,267	3,968
FUND BALANCES - BEGINNING OF YEAR	118,667	263,424	382,091	378,123
FUND BALANCES - END OF YEAR	118,667	268,691	387,358	382,091

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, 2018**

	2018 \$	2017 \$
OPERATING ACTIVITIES		
Excess of revenue over expenditures for year	5,267	3,968
Adjustment for amortization of tangible capital assets which does not affect cash	4,592	4,592
	<u>9,859</u>	<u>8,560</u>
Net change in non-cash working capital balances related to operations - Note 8	(51,870)	(68,007)
CASH FLOWS USED IN OPERATING ACTIVITIES	<u>(42,011)</u>	<u>(59,447)</u>
NET DECREASE IN CASH AND EQUIVALENTS FOR YEAR	<u>(42,011)</u>	<u>(59,447)</u>
CASH AND EQUIVALENTS - BEGINNING OF YEAR	<u>66,235</u>	<u>125,682</u>
CASH AND EQUIVALENTS - END OF YEAR	<u>24,224</u>	<u>66,235</u>
REPRESENTED BY:		
Cash	<u>24,224</u>	<u>66,235</u>

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, 2018**

1. NATURE OF OPERATIONS

The John Howard Society of Canada is incorporated in Canada as a not-for-profit corporation without share capital under the Canada Not-for-profit Corporations Act 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 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, 2018

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 initially recorded at their acquisition cost. At the balance sheet date the investments are adjusted to amortized cost, 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 1.60% to 2.20% and have varying maturity dates but may be liquidated in the short-term.

4. TANGIBLE CAPITAL ASSETS

	2018		2017	
	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	75,765	114,795	71,173
Furniture and equipment	4,646	4,646	4,646	4,646
	151,614	112,584	151,614	107,992
Cost less accumulated amortization	\$ 39,030		\$ 43,622	

**THE JOHN HOWARD SOCIETY OF CANADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018**

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:

	2018 \$	2017 \$
Funds withheld and deferred to advance the 5 Point Plan	47,109	55,581
National Staff Conference	3,300	
Grant allocations withheld and deferred for use by Society	61,965	63,667
Prison Art Program	2,083	
Prison Co-operative Knowledge Transfer	5,675	5,675
TOTAL	120,132	124,923

6. MEMBER ASSESSMENTS

Details of the member assessments are as follows:

	2018 \$	2017 \$
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
TOTAL	1,000	1,100

**THE JOHN HOWARD SOCIETY OF CANADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018**

7. GRANTS TO PROVINCIAL SOCIETIES

Details of the grants to provincial societies are as follows:

	2018	2017
	\$	\$
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:

	2018	2017
	\$	\$
(INCREASE) DECREASE IN CURRENT ASSETS		
Short-term investments	24,733	(3,968)
Accounts receivable	(58,651)	(33,578)
Prepaid expenses	(2,000)	6,611
	(35,918)	(30,935)
INCREASE (DECREASE) IN CURRENT LIABILITIES		
Accounts payable and accrued liabilities	(11,161)	17,071
Deferred revenue	(4,791)	(54,143)
	(15,952)	(37,072)
NET CHANGE IN NON-CASH WORKING CAPITAL BALANCES RELATED TO OPERATIONS	(51,870)	(68,007)

**THE JOHN HOWARD SOCIETY OF CANADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018**

9. FINANCIAL INSTRUMENTS

The corporation 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) Interest Rate Risk:

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates. The corporation is exposed to interest rate risk through its interest bearing investments.

(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 corporation if a debtor fails to make payments of interest and principal when due.

The corporation is exposed to credit risk in the event of non-performance by clients in connection with its accounts receivable. The corporation 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.

There have been no significant changes from the previous period in the exposure to risk or policies, procedures and methods used to measure for risks.

10. PENSION PLAN

The corporation is a participant in both a defined benefit and a defined contribution pension plan. The corporation contributes, on behalf of each eligible employee, an amount of 12% of earnings. During the year the organization expensed \$15,726 of payments under these pension plan arrangements.

11. CAPITAL DISCLOSURE

The corporations objectives with respect to capital management are to maintain a minimum capital base that allows the corporation to continue with and execute its overall purpose as outlined in the fund balances accounting policy in Note 2. The corporation's Board of Directors performs periodic reviews of the corporations capital needs to ensure they remain consistent with the risk tolerance that is acceptable to the corporation.

THE JOHN HOWARD SOCIETY OF CANADA
STATEMENT OF OPERATING FUND REVENUE AND EXPENDITURES
FOR THE YEAR ENDED MARCH 31, 2018

	Total \$	General Administrative \$	Fundraising \$	Travel Pool \$	Conferences \$	Litigation Solitary Confinement \$	Pros and Cons \$	Arts Inside and Out \$	Other Projects \$
REVENUE									
Donations	287,518	49,225	151,313				86,980		
Grant - Ministry of Public Safety:									
- Provincial allocations	337,871	337,871							
- Administration	93,477	93,477							
- Travel pool	70,000			70,000					
- Projects	62,481				33,000		2,000	27,481	
Interest	3	3							
Member assessments	1,000	1,000							
	852,350	481,576	151,313	70,000	33,000		88,980	27,481	
EXPENDITURES									
Amortization of property, plant and equipment	4,592	4,592							
Bank charges and interest	1,247	93						1,154	
Dues and subscriptions	1,225	1,225							
Equipment and computer	28	28							
Grants to provincial societies	337,871	337,871							
Insurance	4,379	4,379							
Mail campaign	43,429		43,429						
Occupancy	8,342	8,342							
Office supplies and expenses	22,275	20,467						1,808	
Project costs	109,514				1,000	13,950	86,975	7,589	
Professional fees	21,507	18,490				3,017			
Publications	301	301							
Salaries and employee benefits	208,958	194,168						14,790	
Telephone	1,846	1,846							
Travel - general	242							242	
- pool, board and AGM	54,408			52,510				1,898	
- other	32,186	2,396			28,023	1,767			
	852,350	594,198	43,429	52,510	29,023	18,734	86,975	27,481	
EXCESS OF REVENUE OVER EXPENDITURES (EXPENDITURES OVER REVENUE) FOR YEAR BEFORE									
AMORTIZATION	NIL	(112,622)	107,884	17,490	3,977	(18,734)	2,005	NIL	

The accompanying notes form an integral part of these financial statements