

**THE JOHN HOWARD SOCIETY OF
BRITISH COLUMBIA**

Vancouver, B.C.

FINANCIAL STATEMENTS

March 31, 2019



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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Directors of The John Howard Society of British Columbia:

We have reviewed the accompanying financial statements of The John Howard Society of British Columbia that comprise the balance sheet as at March 31, 2019 and the statements of revenues and expenditures, changes in net assets (deficiency) 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.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of The John Howard Society of British Columbia as at March 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Baker Tilly WM LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

August 23, 2019
Vancouver, B.C.

ASSURANCE • TAX • ADVISORY

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THE JOHN HOWARD SOCIETY OF BRITISH COLUMBIA

STATEMENT OF REVENUES AND EXPENDITURES (unaudited)

For the year ended March 31, 2019

	2019 \$	2018 \$
Revenues		
Ministry of Advanced Education	1,032,131	-
Members' contributions	55,747	56,745
The John Howard Society of Canada grant	53,751	55,368
Regional affiliation fees	30,889	-
Interest	7,291	1,345
Other funding	5,439	4,293
Provincial Health Services Authority	3,386	-
Ministry of Children and Families grant	-	62,573
	<u>1,188,634</u>	<u>180,324</u>
Expenditures		
Administrative support	36,375	94,998
Advertising and promotion	3,256	-
Amortization	1,959	320
Bad debts	6,408	-
Bank charges	120	60
CAMS system maintenance fees	54,750	54,750
Insurance	1,461	1,342
Management services and office	148,000	-
MCFD youth advocacy services	-	50,694
Office and miscellaneous (Note 4)	11,030	3,824
Professional fees	34,909	33,829
Programmes, Schedule 1	853,770	-
Travel	31,914	33,783
	<u>1,183,952</u>	<u>273,600</u>
Excess (deficiency) of revenues over expenditures	4,682	(93,276)

The accompanying notes are an integral part of these financial statements.

THE JOHN HOWARD SOCIETY OF BRITISH COLUMBIA

STATEMENT OF CHANGES IN NET ASSETS (DEFICIENCY) (unaudited)

For the year ended March 31, 2019

	Unrestricted Fund \$	Internally Restricted Fund \$	Total 2019 \$	Total 2018 \$
Balance, beginning	(37,677)	-	(37,677)	55,599
Excess (deficiency) of revenues over expenditures	4,682	-	4,682	(93,276)
Balance, ending	(32,995)	-	(32,995)	(37,677)

The accompanying notes are an integral part of these financial statements.

THE JOHN HOWARD SOCIETY OF BRITISH COLUMBIA

BALANCE SHEET (unaudited)

March 31, 2019

	2019 \$	2018 \$
Assets		
Current		
Cash	76,383	73,623
Receivables	212,227	18,790
GST receivable	9,793	7,486
Prepaid expenses	1,459	776
	<u>299,862</u>	<u>100,675</u>
Restricted cash (Note 2)	2,006	1,914
Property and equipment, Schedule 2	10,350	748
	<u>312,218</u>	<u>103,337</u>
Liabilities		
Current		
Payables and accruals	289,752	90,283
Deferred revenue (Note 3)	53,455	48,817
	<u>343,207</u>	<u>139,100</u>
Ed Griffin Educational Bursary Fund (Note 2)	2,006	1,914
	<u>345,213</u>	<u>141,014</u>
Net Deficiency		
Unrestricted deficiency	(32,995)	(37,677)
	<u>312,218</u>	<u>103,337</u>

Approved by Directors:


Pamela Smith-Gander
V.P.


Treasurer

The accompanying notes are an integral part of these financial statements.

THE JOHN HOWARD SOCIETY OF BRITISH COLUMBIA

STATEMENT OF CASH FLOWS (unaudited)

For the year ended March 31, 2019

	2019 \$	2018 \$
Cash flows related to operating activities		
Excess (deficiency) of revenues over expenditures	4,682	(93,276)
Adjustments for items not affecting cash:		
Amortization	1,959	320
	<u>6,641</u>	<u>(92,956)</u>
Changes in non-cash working capital:		
Receivables	(193,437)	(10,387)
GST receivable	(2,307)	(1,491)
Prepaid expenses	(683)	12
Payables and accruals	199,469	72,647
Deferred revenue	4,638	(596)
Ed Griffin Educational Bursary Fund	-	(1,450)
	<u>14,321</u>	<u>(34,221)</u>
Cash flows related to investing activities		
Increase in restricted cash	-	1,950
Purchase of property and equipment	(11,561)	-
	<u>(11,561)</u>	<u>1,950</u>
Net increase (decrease) in cash	2,760	(32,271)
Cash, beginning	73,623	105,894
Cash, ending	76,383	73,623

The accompanying notes are an integral part of these financial statements.

THE JOHN HOWARD SOCIETY OF BRITISH COLUMBIA

NOTES
(unaudited)

For the year ended March 31, 2019

The John Howard Society of British Columbia (the "Society") was incorporated in 1932 under the *Societies Act of British Columbia* and is a registered charity under the *Income Tax Act*. As a registered charity, the Society is not subject to income taxes. The purpose of the Society is to offer services and to provide funding to other societies involved in the criminal justice process.

Note 1 Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Internally Restricted Fund

The internally restricted fund reports funds restricted to cover salaries and benefits expenditures. During the prior year, the Board of Directors decided to unrestrict the funds and transfer the balance to the unrestricted fund.

Property and Equipment

Property and equipment are carried at cost less accumulated amortization. Amortization is calculated annually as follows:

Computer equipment	- 30% declining balance
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except in the year of acquisition, at which time amortization is provided for at one-half the annual rate.

Revenue Recognition

The Society follows the deferral method of accounting for revenue. Restricted contributions are recorded as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributed Services and Materials

A number of volunteers contribute a significant amount of their time and services to the Society each year. Because of the difficulty in determining fair value, these contributed services are not recognized in the financial statements. The Society records the fair value of contributed materials at the time of receipt, where such fair value is determinable, and the materials would otherwise have been purchased. The Society did not receive any such contributed materials.

THE JOHN HOWARD SOCIETY OF BRITISH COLUMBIA

NOTES
(unaudited)

For the year ended March 31, 2019

Note 1 Significant Accounting Policies (continued)

Financial Instruments

Measurement of financial instruments

The Society measures its financial assets and financial liabilities at fair value at the acquisition date, except for financial assets and financial liabilities acquired in related party transactions. Transaction costs related to the acquisition of financial instruments subsequently measured at fair value are recognized in excess (deficiency) of revenues over expenditures when incurred. The carrying amounts of financial instruments not subsequently measured at fair value are adjusted by the amount of the transaction costs directly attributable to the acquisition of the instrument.

The Society subsequently measures all of its financial assets and financial liabilities at amortized cost.

Impairment

Financial assets measured at amortized cost are assessed for indications of impairment at the end of each reporting period. If impairment is identified, the amount of the write-down is recognized as an impairment loss in excess (deficiency) of revenues over expenditures. Previously recognized impairment losses are reversed when the extent of the impairment decreases, provided that the adjusted carrying amount is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in excess (deficiency) of revenues over expenditures.

Use of 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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

THE JOHN HOWARD SOCIETY OF BRITISH COLUMBIA

NOTES
(unaudited)

For the year ended March 31, 2019

Note 2 Ed Griffin Educational Bursary Fund

During fiscal 2011, the Society and the Ed Griffin family established an educational bursary fund, which is designated for paying bursaries to individuals who have been incarcerated in the Canadian correctional system and are seeking a post-secondary education. The use of these funds is restricted for the purpose of paying bursaries to assist qualified applicants with the expenses of higher education.

	\$	
Balance, opening	1,914	
Donations received	-	
Bursaries awarded	-	
Interest income	92	
	<hr/>	
Balance, ending	2,006	
	<hr/>	

Note 3 Deferred Revenue

	2019	2018
	\$	\$
Balance, beginning	48,817	49,413
Received for designated purposes	4,638	8,243
Recognized as revenue	-	(8,839)
	<hr/>	<hr/>
	53,455	48,817
	<hr/>	<hr/>

The amounts included in deferred revenue are restricted for the granting of scholarships from the J.D. Hobden Scholarship fund.

Note 4 Office and Miscellaneous

Included in office and miscellaneous expenditures are website costs of \$10,744 (2018: \$1,133).

THE JOHN HOWARD SOCIETY OF BRITISH COLUMBIA

NOTES
(unaudited)

For the year ended March 31, 2019

Note 5 Financial Instruments

Items that meet the definition of a financial instrument include cash, receivables, restricted cash and payables.

It is management's opinion that the Society is not exposed to significant currency risk, interest rate risk or other price risk arising from these financial instruments. The following is a summary of the significant financial instrument risks:

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Society is exposed to liquidity risk arising primarily from its payables and accruals.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Society is exposed to credit risk in connection with its receivables. The Society provides credit to its clients in the normal course of its operations.

THE JOHN HOWARD SOCIETY OF BRITISH COLUMBIA Schedule 1

PROGRAMMES
(unaudited)

	2019	2018
	\$	\$
Regional client support (ACES)	850,700	-
Peer mentorship	3,070	-
	853,770	-

The accompanying notes are an integral part of these financial statements.

THE JOHN HOWARD SOCIETY OF BRITISH COLUMBIA Schedule 2

PROPERTY AND EQUIPMENT
(unaudited)

For the year ended March 31, 2019

	Cost \$	Accumulated Amortization \$	Net Carrying Value \$	Current Amortization \$
Computer Equipment				
Balance, March 31, 2018	2,565	1,817	748	
Additions	11,561		11,561	
	14,126	1,817	12,309	
Amortization		1,959	(1,959)	1,959
Balance, March 31, 2019	14,126	3,776	10,350	
Totals	14,126	3,776	10,350	1,959

The accompanying notes are an integral part of these financial statements.