

JOHN HOWARD SOCIETY OF ONTARIO PROVINCIAL OFFICE

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DECEMBER 31, 2014

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JOHN HOWARD SOCIETY OF ONTARIO PROVINCIAL OFFICE

FINANCIAL STATEMENTS

DECEMBER 31, 2014



INDEPENDENT AUDITORS' REPORT

To the Members of John Howard Society of Ontario Provincial Office

We have audited the accompanying financial statements of John Howard Society of Ontario Provincial Office, which comprise the statement of financial position as at December 31, 2014, and the statements of operations, changes in net assets, and cash flows for the year then ended, and notes, comprising 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 misstatements, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion of 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 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 not-for-profit organizations, John Howard Society of Ontario Provincial Office derives revenue from fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of this revenue was limited to the amounts recorded in the records of John Howard Society of Ontario Provincial Office.

Therefore, we were not able to determine whether, as at and for the year ended December 31, 2014, any adjustments might be necessary to fundraising revenue, excess (deficiency) of revenue over expenses reported in the statements of operations, cash flows from operations, and current assets and net assets reported in the statement of financial position.

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 John Howard Society of Ontario Provincial Office as at December 31, 2014, and its financial performance and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

April 11, 2015

Sloan Partners LLP

Chartered Professional Accountants
Licensed Public Accountants

JOHN HOWARD SOCIETY OF ONTARIO PROVINCIAL OFFICE
STATEMENT OF FINANCIAL POSITION

As at December 31	2014	(restated, note 2) 2013
ASSETS		
Current		
Cash	\$ 160,730	\$ -
Short-term investments (note 5)	386,125	597,366
Accounts receivable	241,924	341,708
HST receivable	56,399	34,043
Prepaid expenses and other current assets	103,650	4,000
Due from affiliates (note 3)	374,000	424,000
	1,322,828	1,401,117
Due from affiliates (note 3)	12,000	28,000
Capital assets (note 4)	1,074,367	825,679
	\$ 2,409,195	\$ 2,254,796
LIABILITIES		
Current		
Bank overdraft (note 6)	\$ -	\$ 27,552
Accounts payable and accrued liabilities (note 7)	66,552	43,050
Current portion of long-term debt (note 8)	16,747	15,998
Deferred revenue	11,795	7,500
Affiliate benefit deposits held	137,007	127,383
	232,101	221,483
Long-term debt (note 8)	474,237	491,002
Deferred capital contributions (note 9)	150,000	-
Deferred contributions (note 10)	17,486	75,072
	873,824	787,557
NET ASSETS		
Unrestricted	916,350	(274,560)
Invested in capital assets (note 11)	569,021	318,679
Internally restricted (note 12)	50,000	1,423,120
	1,535,371	1,467,239
	\$ 2,409,195	\$ 2,254,796

Approved by:

Director: 

Director: 

See accompanying notes to the financial statements

JOHN HOWARD SOCIETY OF ONTARIO PROVINCIAL OFFICE
STATEMENT OF OPERATIONS

Year ended December 31	(restated, note 2)	
	2014	2013
REVENUE		
John Howard Society of Canada - National Grant	\$ 121,849	\$ 121,849
Affiliate contributions	460,545	423,294
Miscellaneous (note 13)	401,805	309,930
Fundraising	104,557	129,388
Cost recovery (note 14)	29,009	41,853
Investment	25,631	29,631
Conference registration fees	-	85,050
	1,143,396	1,140,995
EXPENSES		
Salaries and benefits	634,735	514,802
Travel and meeting (note 14)	100,185	104,001
Building occupancy	69,451	83,248
Office and postage	66,562	56,440
Fundraising	59,942	41,844
Affiliate direct services	47,924	47,480
Purchased services	41,475	48,917
Interest on long-term debt	22,482	-
Professional fees	21,291	34,326
Research Centre Expenses	8,601	-
Skills development	5,973	869
Insurance	5,280	-
JHSO conference	37	80,219
	1,083,938	1,012,146
REVENUE OVER EXPENSES BEFORE THE UNDERNOTED	59,458	128,849
Unrealized gain on investment	9,313	15,399
Amortization of capital assets (note 4)	(639)	(1,731)
EXCESS OF REVENUE OVER EXPENSES	\$ 68,132	\$ 142,517

JOHN HOWARD SOCIETY OF ONTARIO PROVINCIAL OFFICE
STATEMENT OF CHANGES IN NET ASSETS

Year ended December 31, 2014

	Internally restricted					Total		
	Unrestricted	Invested in capital assets (note 11)	Benefaction Fund (note 12)	L.W. Skey Fund (note 12)	Trillium Stabilization Fund (note 12)		Capital Reserve (note 12)	Operating Reserve (note 12)
Net assets, beginning of the year	\$ (274,560)	\$ 318,679	\$ 900,048	\$ 23,072	\$ 500,000	\$ -	\$ -	\$ 1,467,239
Excess of revenue over expenses (expenses over revenue)	68,771	(639)	-	-	-	-	-	-
Internally financed investment in capital assets	(234,965)	234,965	-	-	-	-	-	68,132
Payment of debt related to investment in capital assets	(16,016)	16,016	-	-	-	-	-	-
Close Benefaction Fund and L.W. Skey Fund	923,120	-	(900,048)	(23,072)	-	-	-	-
Transfer Trillium Stabilization Fund to Unrestricted	500,000	-	-	-	(500,000)	-	-	-
Transfer funds to Capital and Operating Reserve	(50,000)	-	-	-	-	25,000	25,000	-
Net assets, end of the year	\$ 916,350	\$ 569,021	\$ -	\$ -	\$ -	\$ 25,000	\$ 25,000	\$ 1,535,371

Year ended December 31, 2013

	Internally restricted					Total		
	Unrestricted	Invested in capital assets (note 11)	Benefaction Fund (note 12)	L.W. Skey Fund (note 12)	Trillium Stabilization Fund (note 12)		Capital Reserve (note 12)	Operating Reserve (note 12)
Net assets, beginning of the year	\$ (100,768)	\$ 2,370	\$ 900,048	\$ 23,072	\$ 500,000	\$ -	\$ -	\$ 1,324,722
Excess of revenue over expenses (expenses over revenue)	144,248	(1,731)	-	-	-	-	-	-
Investment in capital assets	(825,040)	825,040	-	-	-	-	-	142,517
Proceeds of debt related to investment in capital assets	507,000	(507,000)	-	-	-	-	-	-
Net assets, end of the year	\$ (274,560)	\$ 318,679	\$ 900,048	\$ 23,072	\$ 500,000	\$ -	\$ -	\$ 1,467,239

See accompanying notes to the financial statements

JOHN HOWARD SOCIETY OF ONTARIO PROVINCIAL OFFICE
STATEMENT OF CASH FLOWS

Year ending December 31	(restated, note 2)	
	2014	2013
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 68,132	\$ 142,517
Items not affecting cash:		
Amortization of capital assets (note 4)	639	1,731
Unrealized gain on investments	(9,313)	(15,399)
Changes in deferred contributions (note 10)	(57,886)	(731)
Changes in non-cash working capital:		
Accounts receivable	99,784	61,061
HST receivable	(22,356)	(871)
Prepaid expenses and other current assets	(99,650)	(4,000)
Accounts payable and accrued liabilities	23,502	(57,327)
Deferred revenue	4,595	7,500
Affiliate benefit deposits held	9,624	-
	17,071	134,481
INVESTING ACTIVITIES		
Net change in short-term investments	220,554	393,369
Due from affiliates	66,000	(392,000)
Purchase of capital assets (note 4)	(249,327)	(825,040)
	37,227	(823,671)
FINANCING ACTIVITY		
Bank overdraft	(27,552)	27,552
Proceeds from long-term debt	-	507,000
Repayment of long-term debt	(16,016)	-
Contributions received for capital purposes (note 9)	150,000	-
	106,432	534,552
Net cash provided by investing activities		
Net cash provided by financing activities	106,432	534,552
NET INCREASE (DECREASE) IN CASH	160,730	(154,638)
CASH, beginning of the year	-	154,638
CASH, end of the year	\$ 160,730	\$ -

See accompanying notes to the financial statements

JOHN HOWARD SOCIETY OF ONTARIO PROVINCIAL OFFICE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

1. PURPOSE AND NATURE OF THE ORGANIZATION

The John Howard Society of Ontario (the "Society") and its 19 affiliates provide direct services to individuals, families, and groups at all stages in the youth and criminal justice system from prevention education in public schools to post-institutional counselling for persons released from prison.

The Society is also involved in reform of the justice system through justice policy analysis and submission of briefs to various levels of government. As well, the Society provides community education conferences and presentations on critical issues in justice system.

The Society, through its Centre of Research and Program Development, engages in research and program development initiatives to reflect and further the Society's mission.

The mandate of the Society is effective, just, and human responses to crime and its causes.

The Society is a registered charity and therefore exempt from income taxes under the Income Tax Act (Canada).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Change in accounting policy

In 2014, the Society changed its accounting policy for revenue recognition to the deferral method. In previous periods, the restricted fund method had been used. The organization believes that the deferral method is preferable as it presents information in a manner that is more easily understood by most users of the financial statements. The deferral method results in less volatility in revenue and resultant surpluses and deficits by closely synchronizing the recognition of revenue and related expenses. This is also the method favoured by other organizations within the Society's sector, thereby making the financial statements more comparable overall.

This change resulted in an increase in deferred contributions as at January 1, 2014 of \$75,072, and a corresponding decrease in net assets. There is no effect on revenues or expenses as a result of this restatement.

JOHN HOWARD SOCIETY OF ONTARIO PROVINCIAL OFFICE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

These financial statements have been prepared in accordance with Part III of the Chartered Professional Accountants of Canada ("CPA Canada") Handbook which sets out generally accepted accounting principles for not-for-profit organizations in Canada and includes the significant accounting policies set out below. These financial statements include only the assets, liabilities, revenue, and expenses relating to the organization which operated as John Howard Society of Ontario Provincial Office. They do not include the revenue, expenses, assets, or liabilities of the individual branches/affiliates of the Society.

At December 31, 2014, the Society had 19 incorporated affiliates: Belleville, Durham, Hamilton-Burlington and area, Kawartha Lakes-Haliburton, Kingston, London, Niagara, Ottawa, Peel-Halton-Dufferin, Peterborough, Sarnia-Lambton, Sault Ste. Marie, Simcoe-Muskoka, Sudbury, Thunder Bay, Toronto, Waterloo-Wellington, Windsor-Essex, and York Region. Separate financial statements are prepared for each of the affiliates.

Capital Assets

Capital assets acquired and constructed by the Society are recorded at cost. Capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

	<u>Rate</u>	<u>Method</u>
Building	20 years	Straight-line
Computer hardware	3 years	Straight-line
Furniture and equipment	5 years	Straight-line

Revenue Recognition

The Society follows the deferral method of accounting for contributions, which includes donations and government grants. 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. Contributions externally restricted are recognized as revenue in the year in which the related expenses are recognized. Externally restricted contributions for amortizable capital assets are deferred and amortized over the lives of the related capital assets.

JOHN HOWARD SOCIETY OF ONTARIO PROVINCIAL OFFICE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Instruments

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently measured at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Society has elected to carry its bonds, mutual funds, and fixed income securities at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Society determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Society expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement not exceeding the initial carrying value.

Contributed services and materials

Volunteers contribute an indeterminable number of hours per year. Because of the difficulty of determining their fair value, contributed services and materials are not recognized in the financial statements.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

JOHN HOWARD SOCIETY OF ONTARIO PROVINCIAL OFFICE
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2014

3. DUE FROM AFFILIATES

Included in the balance of due from affiliates are advances made to JHS Simcoe/Muskoka, JHS of York Region, JHS Belleville, and JHS Toronto.

The original advance of \$48,000 to JHS Simcoe/Muskoka is repayable in monthly instalments of \$500. At December 31, 2014, the remaining balance owed is \$18,000. \$12,000 is included in the long-term portion of the due from affiliates balance and \$6,000 is included in the current balance.

The advance of \$10,000 to JHS of York Region is due prior to or on March 31, 2015. This balance is included in the current portion of the due from affiliates balance.

The advance of \$8,000 to JHS Belleville does not have fixed repayment terms. This balance is included in the current portion of the due from affiliates balance.

The advance of \$350,000 to JHS Toronto has an initial term of five years at 3% interest per annum and is renewable for a further term of five years at an interest rate to be agreed upon. The advance is due on demand and therefore this balance is included in the current portion of the due from affiliates balance.

The advances to JHS Simcoe/Muskoka, JHS of York Region, and JHS Belleville are unsecured and non-interest bearing. The advances to JHS Toronto are secured by a mortgage on 1669 Eglinton Avenue West.

4. CAPITAL ASSETS

	Cost	Accumulated Amortization	2014 Net Book Value	2013 Net Book Value
Land	\$ 578,000	\$ -	\$ 578,000	\$ 578,000
Building	496,367	-	496,367	247,040
Computer hardware	112,390	112,390	-	639
Furniture and equipment	27,239	27,239	-	-
	<u>\$ 1,213,996</u>	<u>\$ 139,629</u>	<u>\$ 1,074,367</u>	<u>\$ 825,679</u>

The Society purchased a building and land on December 11, 2013 at a purchase price of \$780,000. As the building is not ready for occupancy, no depreciation has been taken.

JOHN HOWARD SOCIETY OF ONTARIO PROVINCIAL OFFICE
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2014

4. CAPITAL ASSETS (CONTINUED)

The change in net book value of capital assets is due to the following:

	2014	2013
Balance, beginning of year	\$ 825,679	\$ 2,370
Purchase of capital assets financed by debt	-	507,000
Purchase of capital assets internally financed (note 11)	234,965	318,040
Purchase of capital assets funded by deferred capital contributions (note 9)	14,362	-
Less amortization of capital assets (note 11)	(639)	(1,731)
Balance, end of year	<u>\$ 1,074,367</u>	<u>\$ 825,679</u>

5. SHORT-TERM INVESTMENTS

The Society invests in high interest savings accounts, equity instruments, and mutual funds. Short-term investments are comprised of the following:

	2014	2013
Fixed income and high interest savings	\$ 218,884	\$ 262,375
Equities	116,001	169,457
Mutual funds and segregated funds	51,240	165,534
	<u>\$ 386,125</u>	<u>\$ 597,366</u>

The Society holds securities which are subject to market risk, and interest rate risk. These risks will also impact future cash flow streams, including dividends, gains and losses, and interest income.

The value of equities changes with stock market conditions, which are affected by general economic and market conditions. The value of securities will vary with developments within specific governments and corporations which issue the securities.

The value of fixed income securities will generally rise if interest rates fall and fall if interest rates rise. Changes in interest rates may also affect the value of equity securities.

The Society does not enter into any derivative instrument arrangements for hedging or speculative purposes.

JOHN HOWARD SOCIETY OF ONTARIO PROVINCIAL OFFICE
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2014

6. BANK OVERDRAFT

The Society has a line of credit with the Royal Bank of Canada, due on demand, with a limit of \$250,000 bearing interest at bank prime plus 1.25% per annum and is secured by a general security agreement. As at December 31, 2014, the Society has drawn \$0 (2013 - \$95,246) of the total line of credit available.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As at December 31, 2014, there are no government remittances payable outstanding (2013 - \$nil).

8. LONG-TERM DEBT

	2014	2013
Royal Bank of Canada term loan, payable in monthly blended principal and interest payments of \$3,208 bearing interest at 4.5% per annum. Loan matures December 11, 2018 and is secured by a general security agreement and a mortgage on 342 Queen Street East. The credit facility agreement also requires the Society to comply with certain financial covenants.	\$ 490,984	\$ 507,000
Less: Current portion	16,747	15,998
Long-term portion	\$ 474,237	\$ 491,002

Future minimum annual principal payments are as follows:

2015	\$ 16,747
2016	17,516
2017	18,321
2018	438,400
	\$ 490,984

JOHN HOWARD SOCIETY OF ONTARIO PROVINCIAL OFFICE
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2014

9. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represents the unamortized and unspent amounts of grants received for the purchase of capital assets. The amortization of deferred capital contributions is recorded as revenue in the statement of operations over the useful lives of the capital assets. The changes in the deferred capital contributions balance for the year are as follows:

	2014	2013
Balance, beginning of year	\$ -	\$ -
Grants received restricted to capital assets	150,000	-
	\$ 150,000	\$ -
Balance, end of year	\$ 150,000	\$ -

The balance of deferred capital contributions consists of the following:

	2014	2013
Unspent deferred capital contributions	\$ 135,638	\$ -
Unamortized deferred capital contributions used to purchase capital assets (note 11)	14,362	-
	\$ 150,000	\$ -

JOHN HOWARD SOCIETY OF ONTARIO PROVINCIAL OFFICE
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2014

10. DEFERRED CONTRIBUTIONS

Deferred contributions represent unspent externally restricted grants and donations. The changes in the deferred contributions balance for the year are as follows:

	2014	(restated, note 2) 2013
Balance, beginning of year	\$ 75,072	\$ 75,803
Interest income	300	269
Scholarships	-	(1,000)
Amount recognized as revenue (A.M. Kirkpatrick Award) - note 13	(57,886)	-
Balance, end of year	\$ 17,486	\$ 75,072

The balance of deferred contributions consists of the following:

	2014	2013
MacFarlane Scholarship	\$ 17,486	\$ 17,186
A.M. Kirkpatrick Award	-	57,886
	\$ 17,486	\$ 75,072

Earnings generated from the MacFarlane Scholarship funds are used to provide the first year's tuition for a student undertaking any Master of Social Work program.

The A.M. Kirkpatrick Award was established to honour the work of A.M. Kirkpatrick and to provide recognition and incentive to men and women prisoners who take advantage of educational opportunities. Due to government policies it is no longer possible to fulfill these restrictions and therefore the funds have been recognized as income this year.

JOHN HOWARD SOCIETY OF ONTARIO PROVINCIAL OFFICE
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2014

11. INVESTED IN CAPITAL ASSETS

Investment in capital assets, which represents the unamortized value of capital assets funded using internal unrestricted resources, net of outstanding debt, is calculated as follows:

	2014	2013
Capital assets, net (note 4)	\$ 1,074,367	\$ 825,679
Less long-term debt (note 8)	(490,984)	(507,000)
Less unamortized deferred capital contributions used to purchase capital assets (note 9)	(14,362)	-
	\$ 569,021	\$ 318,679

The net change in net assets invested in capital assets is calculated as follows:

	2014	2013
Purchase of capital assets internally financed (note 4)	\$ 234,965	\$ 318,040
Repayment of long-term debt principal	16,016	-
Proceeds of long-term debt	-	(507,000)
Purchase of capital assets financed by debt	-	507,000
	250,981	318,040
Less amortization of capital assets (note 4)	(639)	(1,731)
	\$ 250,342	\$ 316,309

JOHN HOWARD SOCIETY OF ONTARIO PROVINCIAL OFFICE
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2014

12. INTERNALLY RESTRICTED NET ASSETS

Internally restricted net assets are funds set aside that reflect the application of the Board of Directors policy as follows:

	2014	2013
Capital Reserve	\$ 25,000	\$ -
Operating Reserve	25,000	-
Benefaction Fund	-	900,048
L.W. Skey Fund	-	23,072
Trillium Stabilization Fund	-	500,000
	\$ 50,000	\$ 1,423,120

The capital reserve represents funds internally restricted to be used for the purpose of paying for the major repairs and replacements of the building.

The operating reserve represents funds internally restricted to be maintained as a fiscally prudent operating reserve to provide funds for continuity of operations and operational contingencies.

The Board of Directors has determined that the Benefaction Fund and L.W. Skey Fund have fulfilled their purpose and are no longer necessary. The funds have been transferred to unrestricted net assets.

The Trillium Stabilization Fund was designated for major capital expenditures. A building was purchased with the funds and it has fulfilled its purpose.

Expenditures from these internally restricted net assets require Board approval.

13. MISCELLANEOUS

	2014	2013
Pension plan administration cost recovery	\$ 156,901	\$ 161,288
Research	171,440	133,609
A.M. Kirkpatrick Award (note 10)	57,886	-
Other	15,578	15,033
	\$ 401,805	\$ 309,930

JOHN HOWARD SOCIETY OF ONTARIO PROVINCIAL OFFICE
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2014

14. TRAVEL AND MEETINGS EXPENSES

Included in travel and meetings expenses are \$29,009 (2013 - \$41,853) worth of costs for accommodation, travel, and food which have been recovered from the affiliates and pension committee.

15. PENSION PLAN

The Society has one pension plan with defined benefit plan and defined contribution plan components. The majority of the employees are in the defined contribution plan, which is funded directly by the affiliate offices for their qualifying employees. The employees are required to contribute to the defined contribution component of the pension plan. The defined benefit plan is funded by the affiliate and branch offices for their qualifying employees through the Society. The Society follows defined contribution accounting for its portion of both plan components. The employer portion of pension contribution for the year was \$35,483 (2013 - \$31,827).

16. BREAK-OPEN TICKET LOTTERIES

The Society was licensed by the Alcohol and Gaming Commission of the Province of Ontario, license number 4029, to engage in break-open ticket lotteries during the year. The following is a summary of the financial details related to the lotteries:

	BN 1	BN 14	Total
Number of boxes undistributed as at January 1, 2014	12	4	16
Number of boxes ordered	38	10	48
Number of boxes available for sale	50	14	64
Number of boxes distributed	40	10	50
Number of undistributed boxes at year end	10	4	14
Number of boxes available for sale in the year	50	14	64
Disbursed proceeds to the charity	\$ 17,707	\$ 17,882	\$ 35,589
Expenses other than license fees	6,046	6,661	12,707
License fees	7,085	4,788	11,873
Cash as at December 31, 2014	25,924		25,924
Gross proceeds	67,200	74,200	141,400

JOHN HOWARD SOCIETY OF ONTARIO PROVINCIAL OFFICE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

17. COMMITMENTS

The Society leases its current premises under an operating lease, which expires December 31, 2015. The following are the approximate future annual minimum operating lease payments including HST due over the next fiscal year:

2015	\$ 74,484
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The estimated cost to complete construction and renovation projects in progress as at December 31, 2014, which will be funded by government grants, donations and operations, is approximately \$860,000 (2013 - \$0).

18. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

The fair values of financial instruments approximate their carrying values unless otherwise noted.

19. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.