



JOHN HOWARD SOCIETY OF ONTARIO
Financial Statements
Year Ended December 31, 2020

JOHN HOWARD SOCIETY OF ONTARIO
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Year Ended December 31, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Members of John Howard Society of Ontario

Qualified Opinion

We have audited the financial statements of John Howard Society of Ontario ("the Organization"), which comprise the statement of financial position as at December 31, 2020, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2020, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended December 31, 2020, current assets and net assets as at December 31, 2020. Our audit opinion on the financial statements for the year ended December 31, 2019 was modified accordingly because of the possible effects of this limitation of scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO, 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.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

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Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Sloan Partners LLP

Chartered Professional Accountants
Licensed Public Accountants

March 27, 2021

JOHN HOWARD SOCIETY OF ONTARIO
Statement of Financial Position
As at December 31, 2020

	2020	2019
ASSETS		
CURRENT		
Cash	\$ 662,916	\$ 186,713
Short-term investments (Note 5)	307,813	201,180
Accounts receivable (Note 15)	339,572	129,840
HST receivable	11,463	12,736
Prepaid expenses and other current assets	10,051	8,125
Due from affiliates (Note 3)	113,112	218,673
	1,444,927	757,267
CAPITAL ASSETS (Note 4)	2,117,772	2,219,210
	\$ 3,562,699	\$ 2,976,477
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 7)	\$ 331,133	\$ 96,168
Current portion of long term debt (Note 8)	37,059	35,307
Deferred revenue	435,687	126,938
Affiliate benefit deposits held	233,493	233,493
	1,037,372	491,906
LONG TERM DEBT (Note 8)	707,319	726,663
DUE TO AFFILIATES (Note 3)	213,121	228,131
DEFERRED CAPITAL CONTRIBUTIONS (Note 9)	176,819	180,586
DEFERRED CONTRIBUTIONS (Note 10)	13,486	13,486
	2,148,117	1,640,772
NET ASSETS		
Unrestricted	276,128	212,182
Invested in capital assets (Note 11)	983,454	1,048,523
Internally restricted (Note 12)	155,000	75,000
	1,414,582	1,335,705
	\$ 3,562,699	\$ 2,976,477

ON BEHALF OF THE BOARD

_____ Director

_____ Director

See accompanying notes to financial statements

JOHN HOWARD SOCIETY OF ONTARIO

Statement of Operations

Year Ended December 31, 2020

	2020	2019
REVENUE		
Affiliate contributions	\$ 625,704	\$ 598,087
Miscellaneous (Note 13)	484,342	536,695
Fundraising	205,773	67,207
John Howard Society of Canada - National Grant	107,746	109,598
Cost recovery (Note 14)	14,305	11,264
Amortization of deferred capital contributions	12,220	11,047
Investment	7,335	10,544
Conference registration fees	-	137,732
	<u>1,457,425</u>	<u>1,482,174</u>
EXPENSES		
Salaries and benefits (Note 15)	759,195	847,657
Web marketing	132,622	12,197
Research and other grant expenses	106,728	106,534
Interest on long-term debt	44,984	46,398
Travel and meeting (Note 14)	40,980	78,519
Office and postage	38,472	40,307
Affiliate direct services	47,480	130,478
Purchased services	30,135	35,667
Professional fees	27,657	43,150
Building occupancy	17,663	25,282
Fundraising	16,021	19,534
Insurance	6,803	7,302
Skills development	2,619	1,870
JHSO conference	-	140,474
	<u>1,271,359</u>	<u>1,535,369</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FROM OPERATIONS	<u>186,066</u>	<u>(53,195)</u>
Unrealized gain on investment	8,797	20,841
Amortization of capital assets (Note 4)	<u>(115,986)</u>	<u>(119,420)</u>
	<u>(107,189)</u>	<u>(98,579)</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>\$ 78,877</u>	<u>\$ (151,774)</u>

JOHN HOWARD SOCIETY OF ONTARIO
Statement of Changes in Net Assets
Year Ended December 31, 2020

	Unrestricted	Invested in capital assets (Note 11)	Internally restricted (Note 12)	2020	2019
NET ASSETS - BEGINNING OF YEAR	\$ 212,182	\$ 1,048,523	\$ 75,000	\$ 1,335,705	\$ 1,487,479
	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	182,643	(103,766)	-	78,877	(151,774)
Internally financed Investment in capital assets	(6,095)	6,095	-	-	-
Payment of debt related to investment in capital assets	(32,602)	32,602	-	-	-
Transfer funds to capital reserve	(80,000)	-	80,000	-	-
NET ASSETS - END OF YEAR	\$ 276,128	\$ 983,454	\$ 155,000	\$ 1,414,582	\$ 1,335,705

JOHN HOWARD SOCIETY OF ONTARIO
Statement of Cash Flows
Year Ended December 31, 2020

	2020	2019
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ 78,877	\$ (151,774)
Items not affecting cash:		
Amortization of capital assets <i>(Note 4)</i>	115,986	119,420
Amortization of deferred capital contributions	(12,220)	(11,047)
Unrealized gains on investment	(8,797)	(20,841)
Changes in deferred contributions	-	(1,000)
	<u>173,846</u>	<u>(65,242)</u>
Changes in non-cash working capital:		
Accounts receivable	(209,732)	122,917
Accounts payable and accrued liabilities	234,965	(1,458)
Prepaid expenses and other current assets	(1,926)	5,878
HST receivable	1,273	(640)
Deferred revenue	308,749	(72,638)
Deferred capital contributions	8,453	-
	<u>341,782</u>	<u>54,059</u>
Cash flow from (used by) operating activities	<u>515,628</u>	<u>(11,183)</u>
INVESTING ACTIVITIES		
Purchase of capital assets <i>(Note 4)</i>	(14,548)	(67,285)
Due from affiliates	90,551	43,366
Net change in short-term investments	(97,836)	(1,334)
	<u>(21,833)</u>	<u>(25,253)</u>
Cash flow used by investing activities	<u>(21,833)</u>	<u>(25,253)</u>
FINANCING ACTIVITY		
Repayment of long term debt	(17,592)	(34,306)
	<u>(17,592)</u>	<u>(34,306)</u>
INCREASE (DECREASE) IN CASH FLOW	476,203	(70,742)
Cash - beginning of year	<u>186,713</u>	<u>257,455</u>
CASH - END OF YEAR	\$ 662,916	\$ 186,713

JOHN HOWARD SOCIETY OF ONTARIO

Notes to Financial Statements

Year Ended December 31, 2020

1. PURPOSE AND NATURE OF THE ORGANIZATION

The John Howard Society of Ontario (the "JHSO") 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 JHSO 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 the justice system.

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

The mandate of the JHSO is effective, just, and humane responses to crime and its causes.

The JHSO is a registered charity and therefore exempt from income taxes under the Income Tax Act (Canada), provided certain disbursement quotas are met.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting policy selection

The organization believes that the deferral method is preferable for them 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.

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 JHSO.

At December 31, 2020, the JHSO 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 branches/affiliates.

Government assistance

Government assistance for current expenses is recorded as a reduction of the related expenditures.

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JOHN HOWARD SOCIETY OF ONTARIO

Notes to Financial Statements

Year Ended December 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Capital assets

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

Buildings	20 years	straight-line method
Computer equipment	3 years	straight-line method
Furniture and equipment	5 years	straight-line method

Revenue recognition

The JHSO 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.

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 JHSO 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 JHSO 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
Notes to Financial Statements
Year Ended December 31, 2020

3. DUE FROM (TO) AFFILIATES

Included in the balance of due from affiliates are advances made to JHS Belleville, and JHS Toronto, as well as an amount owing to JHS Ottawa.

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 \$105,112 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 Belleville are unsecured and non-interest bearing. The advances to JHS Toronto are secured by a mortgage on 1669 Eglinton Avenue West.

The advance of \$400,000 from JHS Ottawa had an initial term of 5 years at 4% interest per annum. During 2020, principal payments of \$15,010 (2019-\$58,463) were made on this advance. At December 31, 2020 the balance was \$213,121.

4. CAPITAL ASSETS

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Land	\$ 578,000	\$ -	\$ 578,000	\$ 578,000
Building	2,007,843	490,617	1,517,226	1,617,618
Computer equipment	62,408	42,439	19,969	20,160
Furniture and equipment	14,260	11,683	2,577	3,432
	\$ 2,662,511	\$ 544,739	\$ 2,117,772	\$ 2,219,210

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

	2020	2019
Balance, beginning of year	\$ 2,219,210	\$ 2,271,345
Purchase of capital assets internally financed (Note 11)	6,095	67,285
Purchase of capital assets funded by deferred capital contributions (Note 9)	8,453	-
Less amortization of capital assets (Note 11)	(115,986)	(119,420)
	\$ 2,117,772	\$ 2,219,210

JOHN HOWARD SOCIETY OF ONTARIO

Notes to Financial Statements

Year Ended December 31, 2020

5. SHORT-TERM INVESTMENTS

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

	<u>2020</u>	<u>2019</u>
Equities	<u>\$ 307,813</u>	<u>\$ 201,180</u>

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

6. BANK OVERDRAFT

The JHSO 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, 2020, the JHSO has drawn \$nil (2019 - \$nil) of the total line of credit available.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As at December 31, 2020, there are no government remittances payable outstanding (2019 - \$nil).

8. LONG TERM DEBT

Royal Bank of Canada term loan, payable in monthly blended principal and interest payments of \$3,291 bearing interest at 4.88% per annum. Loan matures December 11, 2023 and is secured by a general security agreement and a mortgage on 342 Queen Street East. The credit facility agreement also requires the JHSO to comply with certain financial covenants.

	<u>2020</u>	<u>2019</u>
	<u>\$ 389,498</u>	<u>\$ 399,855</u>

Royal Bank of Canada term loan, payable in monthly blended principal and interest payments of \$2,664 bearing interest at 4.81% per annum. Loan matures May 30, 2023 and is secured by a general security agreement and a mortgage on 342 Queen Street East. The credit facility agreement also requires the JHSO to comply with certain financial covenants.

	<u>354,880</u>	<u>362,115</u>
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Total long-term debt

	<u>744,378</u>	<u>761,970</u>
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Less: Current Portion

	<u>(37,059)</u>	<u>(35,307)</u>
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JOHN HOWARD SOCIETY OF ONTARIO
Notes to Financial Statements
Year Ended December 31, 2020

8. LONG TERM DEBT *(continued)*

	2020	2019
Long Term Portion	\$ 707,319	\$ 726,663

Future minimum annual principal payments are as follows:

2021	\$ 37,059
2022	38,897
2023	668,422
	\$ 744,378

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:

	2020	2019
Balance, beginning of year	\$ 180,586	\$ 191,633
Contributions received	8,453	-
Amortization of deferred capital contributions	(12,220)	(11,047)
Balance, end of year	\$ 176,819	180,586

The balance of deferred capital contributions consists of the following:

	2020	2019
Unamortized deferred capital contributions used to purchase capital assets (Note 11)	\$ 176,819	\$ 180,586

10. DEFERRED CONTRIBUTIONS

Deferred contributions represent unspent externally restricted grants and donations.

	2020	2019
Balance, beginning of year	\$ 13,486	\$ 14,486
Scholarships	-	(1,000)
Balance, end of year	\$ 13,486	\$ 13,486

The balance of deferred contributions consists of the following:

	2020	2019
MacFarlane Scholarship	\$ 13,486	\$ 13,486

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.

JOHN HOWARD SOCIETY OF ONTARIO

Notes to Financial Statements

Year Ended December 31, 2020

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:

	<u>2020</u>	<u>2019</u>
Capital assets, net (Note 4)	\$ 2,117,772	\$ 2,219,210
Less due to affiliates (Note 3)	(213,121)	(228,131)
Less long-term debt (Note 8)	(744,378)	(761,970)
Less unamortized deferred capital contributions used to purchase capital assets (Note 9)	(176,819)	(180,586)
	<u>\$ 983,454</u>	<u>\$ 1,048,523</u>

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

Purchase of capital assets internally financed (note 4)	\$ 6,095	\$ 67,285
Repayment of long-term debt principal	32,602	92,769
	<u>38,697</u>	<u>160,054</u>
Less amortization of capital assets (note 4)	(115,986)	(119,420)
Amortization of deferred capital contributions	12,220	11,047
	<u>\$ (65,069)</u>	<u>\$ 51,681</u>

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:

	<u>2020</u>	<u>2019</u>
Capital Reserve	\$ 130,000	\$ 50,000
Operating Reserve	25,000	25,000
	<u>\$ 155,000</u>	<u>\$ 75,000</u>

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.

JOHN HOWARD SOCIETY OF ONTARIO

Notes to Financial Statements

Year Ended December 31, 2020

13. MISCELLANEOUS

	<u>2020</u>	<u>2019</u>
Pension plan administration cost recovery	\$ 170,021	\$ 150,900
Research	235,650	330,705
Other	78,671	55,090
	<u>\$ 484,342</u>	<u>\$ 536,695</u>

14. TRAVEL AND MEETINGS EXPENSES

Included in travel and meetings expenses are \$14,305 (2019 - \$11,264) worth of costs for accommodation, travel, and food which have been recovered from the affiliates and pension committee.

15. GOVERNMENT WAGE SUBSIDY RECEIVABLE

Effective April 11, 2020, the Canada Emergency Wage Subsidy (CEWS) came into force providing a wage subsidy to eligible Canadian employers to enable them to continue to pay their Canadian employees through their own payroll during the March 15th to December 31st program period. In order to take advantage of the CEWS, companies must satisfy certain eligibility criteria. In addition, the federal government offered the 10% Temporary Wage Subsidy (TWS) for a three month period to eligible employers. During the year, the JHSO applied for \$229,120 of CEWS and TWS which is netted against salaries and benefits on the statement of operations. The amount of \$194,552 was received during the year and the amount of \$34,568 is outstanding at year end. The amount outstanding at year end is recorded in accounts receivable.

16. PENSION PLAN

The JHSO 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 JHSO. The JHSO follows defined contribution accounting for its portion of both plan components. The employer portion of pension contribution for the year was \$28,981 (2019 - \$34,417).

JOHN HOWARD SOCIETY OF ONTARIO

Notes to Financial Statements

Year Ended December 31, 2020

17. BREAK-OPEN TICKET LOTTERIES

The JHSO was licensed by the Alcohol and Gaming Commission of the Province of Ontario, license numbers 4029 and 8153 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	BN 26	Total
Number of boxes undistributed as at January 1, 2020	\$ 10	\$ 3	\$ -	\$ 13
Number of boxes ordered	15	3	1	19
Number of boxes available for sale	25	6	1	32
Number of boxes distributed	19	5	1	25
Number of undistributed boxes at year end	6	1	-	7
Number of boxes available for sale in the year	25	6	1	32
Disbursed proceeds to the charity	\$ 23,069	\$ -	\$ -	\$ 23,069
Expenses other than license fees	5,529	6,411	2,760	14,700
License fees	502	296	343	1,141
Cash as at December 31, 2020	32,468	-	-	32,468
Gross proceeds	31,920	37,100	16,800	85,820

18. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

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