



Financial Statements
For the year ended March 31, 2020



John Howard Society of Ottawa
Financial Statements
For the year ended March 31, 2020

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Independent Auditor's Report

**To the Board of Directors of
John Howard Society of Ottawa**

Opinion

We have audited the accompanying financial statements of John Howard Society of Ottawa (the "Society"), which comprise the statement of financial position as at March 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, the financial statements present fairly, in all material respects, the financial position of John Howard Society of Ottawa as at March 31, 2020, and its results of operations and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-for-profit Organizations.

Basis for Opinion

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 Society in accordance with the 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 opinion.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Society'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 Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society'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 Society'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 Society'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 Society 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.

Baker Tilly Ottawa LLP

Chartered Professional Accountants, Licensed Public Accountants
October 1, 2020
Ottawa, Ontario

John Howard Society of Ottawa Statement of Financial Position

March 31

2020

2019

Assets

Current

Cash	\$ 92,000	\$ 217,374
Accounts receivable (Note 1)	1,588,932	1,721,369
Prepaid expenses	184,361	103,740
Current portion of loans receivable (Note 2)	58,202	22,778

1,923,495 2,065,261

Long-term portion of loans receivable (Note 2) 175,681 272,174

Investments (Note 3) 4,009,255 1,838,928

Tangible capital assets (Note 4) 21,525,672 22,367,913

\$ 27,634,103 \$ 26,544,276

Liabilities and Net Assets

Current

Accounts payable and accrued liabilities (Note 5)	\$ 1,376,208	\$ 1,507,207
Deferred contributions - operations (Note 6)	217,326	225,779
Current portion of long-term debt (Note 7)	112,219	108,744

1,705,753 1,841,730

Long-term

Deferred contributions - tangible capital assets (Note 8)	12,520,810	13,091,096
Long-term debt (Note 7)	5,818,583	5,926,806

18,339,393 19,017,902

Net assets

Capital reserve	562,312	575,028
Contingency reserve	174,004	174,004
Acquisition reserve	2,312,485	475,703
Invested in tangible capital assets	3,074,060	3,241,267
Unrestricted	1,466,096	1,218,642

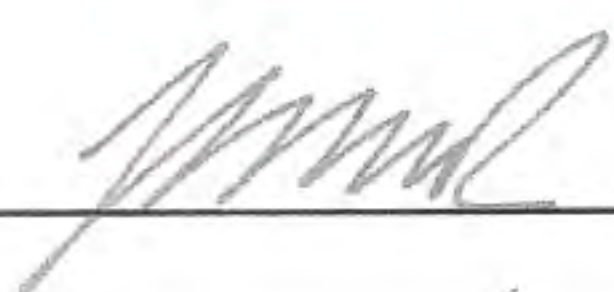
7,588,957 5,684,644

\$ 27,634,103 \$ 26,544,276

On behalf of the Board:



Director



Director

The accompanying summary of accounting policies, notes and schedules are an integral part of these financial statements.

John Howard Society of Ottawa Statement of Operations

For the year ended March 31

2020

2019

Revenues

Federal funding	\$ 3,928,262	\$ 3,396,566
Provincial funding	5,519,524	4,846,070
Municipal funding	2,611,278	2,485,222
United Way funding	128,983	149,349
Rental income	720,627	662,587
Fundraising, donations, memberships	33,141	15,984
Other contributions	516,840	529,520
Amortization of deferred contributions - tangible capital assets	856,686	714,200
	<u>14,315,341</u>	<u>12,799,498</u>

Expenses

Salaries and employee benefits	9,550,581	7,741,292
Operating	3,140,165	3,363,898
Administration	132,060	137,469
Interest on long-term debt	197,332	194,583
Amortization of tangible capital assets	1,227,672	1,027,303
	<u>14,247,810</u>	<u>12,464,545</u>

Excess of revenue over expenses before
gain on sale of property

67,531 334,953

Gain on sale of property (Note 4)

1,836,782 -

Excess of revenue over expenses for the year

\$ 1,904,313 \$ 334,953

John Howard Society of Ottawa
Statement of Changes in Net Assets

For the year ended March 31

2020 2019

	Capital Reserve	Contingency Reserve	Acquisition Reserve	Invested in Tangible Capital Assets	Unrestricted	Total	Total
Net assets, beginning of year	\$ 575,028	\$ 174,004	\$ 475,703	\$ 3,241,267	\$ 1,218,642	\$ 5,684,644	\$ 5,349,691
Excess (deficiency) of revenue over expenses for the year	(12,716)	-	-	(370,986)	2,288,015	1,904,313	334,953
Investment in tangible capital assets	-	-	-	203,779	(203,779)	-	-
Interfund transfers	-	-	1,836,782	-	(1,836,782)	-	-
Net assets, end of year	\$ 562,312	\$ 174,004	\$ 2,312,485	\$ 3,074,060	\$ 1,466,096	\$ 7,588,957	\$ 5,684,644

John Howard Society of Ottawa
Statement of Cash Flows

For the year ended March 31 2020 2019

Cash flows from operating activities		
Excess of revenue over expenses for the year	\$ 1,904,313	\$ 334,953
Adjustments for		
Amortization of tangible capital assets	1,227,672	1,027,303
Amortization of deferred contributions of tangible capital assets	(856,686)	(714,201)
Gain on sale of property	(1,836,782)	-
	<u>438,517</u>	<u>648,055</u>
Changes in non-cash working capital items		
Accounts receivables	132,437	179,738
Prepaid expenses	(80,621)	(3,884)
Accounts payable and accrued liabilities	(130,999)	(23,760)
Deferred revenue	(8,453)	(205,469)
	<u>350,881</u>	<u>594,680</u>
Investing activities		
Receipt of loans receivable	61,069	108,167
Net increase in investments	(2,170,327)	(644,617)
Purchase of tangible capital assets	(543,431)	(1,563,339)
Proceeds on sale of property	1,994,782	-
	<u>(657,907)</u>	<u>(2,099,789)</u>
Financing activities		
Issuance of long-term debt	-	513,841
Repayment of long-term debt	(104,748)	(80,450)
Increase in deferred contributions - tangible capital assets	286,400	1,271,883
	<u>181,652</u>	<u>1,705,274</u>
Net increase (decrease) in cash for the year	(125,374)	200,165
Cash, beginning of year	217,374	17,209
Cash, end of year	\$ 92,000	\$ 217,374

John Howard Society of Ottawa Summary of Significant Accounting Policies

March 31, 2020

Governing Statutes and Nature of Organization	<p>The John Howard Society of Ottawa (the "Society"), formally incorporated in April 1995 without share capital, under the laws of Ontario, generally works through service, community education, advocacy and reform: (i) to assist those at conflict with the law, (ii) to study and promote study of causes of crime and prevention, and (iii) to develop and improve community understanding of offenders in becoming productive members of society. The Society is a registered charity under the Income Tax Act.</p> <p>A member of the Board of Directors of the Society serves on the Board of John Howard Society of Ontario (JHS Ontario), which is comprised of representatives of all Ontario affiliates. A member of the JHS Ontario Board of Directors in turn serves on the Board of John Howard Society of Canada, which is comprised of representatives from every province and territory. All John Howard Society affiliates share common Core Values and Guiding Principles.</p>
Basis of Presentation	<p>These financial statements have been prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations which are part of Canadian generally accepted accounting principles and include the following significant accounting policies.</p>
Use of Estimates	<p>The preparation of financial statements in accordance 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 revenue and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in operations in the fiscal period in which they become known.</p> <p>Significant estimates include assumptions used in establishing the amounts and collectibility of accounts and loans receivable; the useful lives and related amortization of tangible capital assets; and provisions for certain liabilities.</p>
Uncertainty due to COVID-19	<p>The duration and full financial effect of the COVID-19 pandemic is unknown at this time, as are the measures taken by governments, the Society or others to attempt to reduce the spread of COVID-19. Any estimate of the length and severity of these developments is therefore subject to significant uncertainty, and accordingly estimates of the extent to which the COVID-19 may materially and adversely affect the Society's operations, financial results and condition in future periods are also subject to significant uncertainty.</p> <p>Further, assumptions and estimates are subject to greater variability than normal in the current environment which could significantly affect the estimates and assumptions made by management as they relate to</p>

John Howard Society of Ottawa Summary of Significant Accounting Policies

March 31, 2020

**Uncertainty due to
COVID-19 (continued)**

potential impact of the COVID-19 on various financial accounts and note disclosures and could lead to a material adjustment to the carrying value of the assets or liabilities affected. The impact of current uncertainty on estimates and assumptions extends but is not limited to the Society's valuation of the long-term assets (including the assessment for impairment and impairment reversal). Actual results may differ materially from these estimates.

Financial Instruments

Financial instruments are financial assets or financial liabilities of the Society where, in general, the Society has the right to receive cash or another financial asset from another party or the Society has the obligation to pay another party cash or other financial assets.

Measurement of financial instruments

The Society initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions, if any.

The Society subsequently measures all its financial assets and financial liabilities at amortized cost, except for certain fixed income and equity investments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in operations.

Financial assets measured at amortized cost include cash and cash equivalents and trade and other receivables. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, and long-term debt.

The Society has no financial assets or financial liabilities other than investments in fixed income securities and equity mutual funds that are measured at fair value.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it 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 operations.

Transaction costs

The Society recognizes its transaction costs in operations in the period incurred. However, the financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

John Howard Society of Ottawa Summary of Significant Accounting Policies

March 31, 2020

Tangible Capital Assets

Tangible capital assets are recorded at cost. Tangible capital assets include buildings, office furniture and equipment and leasehold improvements.

When the Society receives contributions of tangible capital assets, their cost is equal to their fair value at the contribution date.

Amortization expense is charged to the operations using the following annual rates:

Office furniture and equipment	2	years straight-line basis
Buildings	20	years straight-line basis
Leasehold improvements	20	years straight-line basis

One-half of the above rates is used in the year of acquisition.

Tangible capital assets under development are not amortized until development is complete and are put in use.

When a tangible capital asset no longer has any long-term service potential to the Society, the write-down being the excess of its net carrying amount over any residual value is recognized as an expense in the Statement of Operations. A write-down is not reversed in subsequent years.

Revenue Recognition

The Society follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred or the fiscal year to which the contribution relates. 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.

Rental income is recognized as earned and collectibility is reasonably assured.

Interest and other investment income is unrestricted and is recognized in operations as it is earned in accordance with the Society's financial instruments significant accounting policy as previously described.

Deferred Capital Contributions

Contributions received for capital assets are deferred and amortized over the same term and on the same basis as the related capital assets. Deferred capital contributions represent the unamortized amount of donations, grants, and loans received for the purchase of capital assets.

Programs

Programs administered by the Society are principally funded by the Government of Canada and the Province of Ontario, with funding being subject to periodic audit, and with any adjustments being recorded in a year in which such audits are completed.

John Howard Society of Ottawa Summary of Significant Accounting Policies

March 31, 2020

Capital Reserve	This internally restricted reserve has been established by the Society's board of directors for the major repairs or replacement required to its buildings.
Contingency Reserve	This internally restricted reserve has been established by the Society to cover estimated potential costs of certain program discontinuance.
Acquisition Reserve	This internally restricted reserve has been established by the Society to accommodate new residential developments, or other such initiatives as the Society might consider appropriate.
Invested in Tangible Capital Assets	Amounts invested in tangible capital assets are amounts internally restricted by the Society to equal the net book value of the Society's capital assets less amounts funded by long-term debt and deferred contributions towards tangible capital assets.
Allocation of Expenses	The Society incurs certain expenses applicable to more than one program. These expenses are allocated across the programs they relate to as a function of program revenues.
Contributed Services and Materials	Volunteers contribute a significant number of hours per year to assist the Society in carrying out its purpose. Because of the difficulty of determining their fair value, contributed services are not recognized in these financial statements. Contributed materials, if any, are not recognized in these financial statements.
Cash and Bank Indebtedness	The Society's cash and bank indebtedness represent balances held with financial institutions that fluctuate frequently from being positive to overdrawn.
Pension Plan	This Society provides a defined contribution pension plan through the John Howard Society of Ontario.

John Howard Society of Ottawa Notes to Financial Statements

March 31, 2020

1. Accounts Receivable

	<u>2020</u>	<u>2019</u>
Accounts receivable	\$ 1,296,181	\$ 1,394,366
Accrued interest	29	29
Repair reserve	77,220	39,857
HST receivable	<u>215,502</u>	<u>287,117</u>
	<u>\$ 1,588,932</u>	<u>\$ 1,721,369</u>

As at March 31, 2020, amounts owing from one funder represented 27% of the balance (2019 - 28%).

2. Related Party Transactions

The John Howard Society of Ottawa paid the John Howard Society of Ontario a total of \$1,185,616 (2019 - \$1,064,969) for their administration of the employee benefit package, network support, and other expenditures.

The employee benefit package consists of a defined contribution plan, and a multi-employer pension plan accounted for as a defined contribution plan. The Society recognizes as expenses for current services the amount of its required contribution in a given year. Contributions made to the pension plans in the current year were \$523,844 (2019 - \$418,944).

During 2016, an amount of \$400,000 was loaned to the John Howard Society of Ontario at 4.0% interest per annum, repayable in monthly instalments of \$2,952 including interest. The loan was granted for the purpose of acquiring a property and is secured by way of a second mortgage on said property.

The Society periodically advances amounts to Rideau Social Enterprises (RSE), a charitable entity under significant influence of the Society. Such advances are interest free and unsecured, with an outstanding balance of \$22,778 (2019 - \$22,778) as at March 31, 2020.

These transactions are measured at the exchange amount, which are the amounts established and accepted by the parties.

John Howard Society of Ottawa Notes to Financial Statements

March 31, 2020

3. Investments

Investments consist of a term deposit of \$972,640 (2019 - \$1,000,000) that bears interest at a rate of 1.4% (2019 - 2.1%) maturing February 2021 (2019 - February 2020) and an investment savings account with a year-end balance in the account of \$2,474,303 (2019 - \$263,900), bearing interest at 1.2% (2019 - 0.90%).

Also included in investments is a capital contribution of \$562,312 (2019 - \$575,028) to the Community Foundation of Ottawa, a registered charity that pools amounts received into a permanent, income earning endowment fund. The investment, managed by the Foundation, has an estimated yield of 6.50% per annum.

4. Tangible Capital Assets

	Cost	Accumulated Amortization	2020	2019
Land	\$ 3,216,569	\$ -	\$ 3,216,569	\$ 3,374,569
Buildings	24,496,656	6,282,238	18,214,418	18,868,806
Leasehold improvements	581,806	487,178	94,628	108,860
Office furniture and equipment	502,658	502,601	57	15,678
	\$ 28,797,689	\$ 7,272,017	\$ 21,525,672	\$ 22,367,913

Buildings include construction in progress of \$274,645 (2019 - \$31,460) for which no amortization has been recorded as the asset is not yet in use. The amounts represent costs incurred to date towards the construction project as described in Note 10.

During the year, the Society sold its building and land at 550 Old St Patrick Street in Ottawa, Ontario for net proceeds of \$1,994,782, which at the time had a net book value of \$158,000, generating a gain on the sale of property of \$1,836,782. The intention of the Board is to use these funds towards the construction of a new office building, as such, it has been included as an internally restricted transfer to the acquisition reserve in the statement of changes in net assets.

John Howard Society of Ottawa
Notes to Financial Statements

March 31, 2020

5. Accounts Payable and Accrued Liabilities

	2020	2019
Accounts payable and accrued liabilities	\$ 777,680	\$ 1,131,242
Government remittances payable	260,000	-
Salaries payable	338,529	375,965
	\$ 1,376,209	\$ 1,507,207

Included in accounts payable and accrued liabilities are invoices payable amounting to \$105,774 (2019 - \$42,635) due to related parties.

6. Deferred Contributions - Operations

Deferred revenues is comprised of restricted project funding to be spent in the next fiscal year. During the year, the Society recognized \$227,220 (2019 - \$283,375) of deferred program funding carried forward from the previous year, and deferred \$218,767 (2019 - \$77,906) of additional program funding to be spent in future years.

7. Long-Term Debt

	2020	2019
Mortgage payable on land and building, secured by the Summerville property and assignment of rents with a net book value of \$1,885,199 - 3.60%, maturing December 2028, payable in monthly instalments of \$1,075, principal and interest	\$ 96,467	\$ 105,687
Mortgage payable on land and building, secured by the Gardner property and assignment of rents with a net book value of \$5,241,951 - 3.03%, maturing December 2025, payable in monthly instalments of \$3,964, principal and interest	1,041,734	1,057,673
Mortgage payable on land and building, secured by the Russell Road property and assignment of rents with a net book value of \$1,281,086 - 3.00%, maturing December 2041, payable in monthly instalments of \$5,981, principal and interest	1,153,490	1,187,889
<i>Sub-total carried forward to next page</i>	\$ 2,291,691	\$ 2,351,249

John Howard Society of Ottawa
Notes to Financial Statements

March 31, 2020

7. Long-Term Debt (continued)

<i>Carried forward from previous page</i>	\$ 2,291,691	\$ 2,351,249
Mortgage payable on land and building, secured by the Carruthers property and assignment of rents with a net book value of \$8,173,648 - fixed interest rate at 3.25% per annum, matures December 2027, payable in monthly instalments of \$13,764, principal and interest	3,639,111	3,684,301
	5,930,802	6,035,550
Less: Current portion of long-term debt	112,219	108,744
	\$ 5,818,583	\$ 5,926,806

Long-term debt principal repayments balances over the next five years, and thereafter, are as follows:

2021	\$ 112,219
2022	115,807
2023	186,248
2024	113,233
2025	116,243
Thereafter	<u>5,287,052</u>
	\$ 5,930,802

8. Deferred Contributions - Tangible Capital Assets

Deferred contributions related to tangible capital assets include the unamortized balance of capital asset contributions received. These deferred contributions comprise:

	<u>2020</u>	<u>2019</u>
Buildings - opening balance	\$ 12,921,566	\$ 12,336,920
Additions	286,400	1,271,884
Amortization	(838,965)	(687,238)
Buildings - ending balance	\$ 12,369,001	\$ 12,921,566

(carried forward to next page)

John Howard Society of Ottawa Notes to Financial Statements

March 31, 2020

8. Deferred Contributions - Tangible Capital Assets (continued)

<i>Carried forward from previous page</i>	\$ 12,369,001	\$ 12,921,566
Leasehold improvements - opening balance	169,530	196,494
Amortization	(17,721)	(26,964)
Leasehold improvements - ending balance	151,809	169,530
	\$ 12,520,810	\$ 13,091,096

Certain contributions related to buildings contain restrictions in respect of long-term future program delivery.

9. Pension Plan

The Society participates in a multiemployer defined contribution pension plan. During the year, the Society's employer contributions to the pension plan totalled \$394,475 (2019 - \$316,369).

10. Commitments

Premises

The Society is committed, under long-term lease contracts for the rental of premises. Minimum lease payments, net of input tax credit recoverable, for the next three years approximate the following:

2021	\$ 142,467
2022	142,467
2023	<u>35,867</u>
Total minimum lease payments	<u>\$ 320,801</u>

Supportive housing construction

During the 2019 fiscal year, the Society entered into a contribution agreement for the development of supportive housing units. Under the terms of the agreement, it is expected that the Society will be required to contribute net assets of \$1,600,000 toward the total eligible costs of the project.

Other operating agreements

In connection with its operations, the Society regularly enters into agreements for the purchase of various supplies and services including the rental of equipment. Certain of these agreements extend beyond the end of the 2020 fiscal year. In the opinion of management, these agreements are in the normal course of Society's operations, are not abnormal in amount or nature and do not include a high degree of speculative risk.

John Howard Society of Ottawa Notes to Financial Statements

March 31, 2020

11. Internal Restrictions - Invested in Capital Assets

	<u>2020</u>	<u>2019</u>
Capital assets	\$ 21,525,672	\$ 22,367,913
Less amounts financed by:		
Long-term debt	(5,930,802)	(6,035,550)
Deferred contribution - tangible capital assets	<u>(12,520,810)</u>	<u>(13,091,096)</u>
Balance, end of year	<u>\$ 3,074,060</u>	<u>\$ 3,241,267</u>

12. Contingencies

Letter of guarantee

To comply with requirements in funding the Gardner project, the Society has secured a standby letter of guarantee in an amount of up to \$150,659 (2019 - \$45,999), which if drawn upon, must be repaid to the issuing bank. As at March 31, 2020, this standby letter of guarantee has not been drawn upon.

Other indemnification agreements

In the normal course of operations, the Society signs agreements whereby funds are provided for the execution of projects which are subject to restrictions as to the use of the funds. The sponsors of these projects can execute an audit of the financial records of the Society to ensure compliance with the project requirements. In the event that amounts to be reimbursed to the sponsor of a project are identified, the necessary adjustments will be recognized in the year they are identified.

13. Financial Instruments

The Society is exposed to various risks through its financial instruments. The following analysis provides a measure of the company's risk exposure and concentrations as at March 31, 2020.

The Society does not use derivative financial instruments to reduce its interest rate risk exposure.

Liquidity risk

Liquidity risk is the risk that the Society will encounter difficulty in meeting obligations associated with financial liabilities. The Society manages liquidity risk by maintaining a sufficient reserve of cash and cash equivalents. The Society establishes budgets and cash estimate to ensure it has funds necessary to fulfil its obligations. The Society is exposed to liquidity risk related to its accounts payable and accrued liabilities and long term debt.

John Howard Society of Ottawa Notes to Financial Statements

March 31, 2020

13. Financial Instruments (continued)

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's main credit risk relate to its contributions receivable, trade accounts receivable and loans receivable since failure of any of these parties to fulfill their obligations could result in significant financial losses for the Society. The Society is exposed to concentration of credit risk as disclosed in Note 1.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The entity is mainly exposed to interest rate risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fixed rate instruments subject the Society to a fair value risk, whereas floating rate instruments subject the Society to a cash flow risk. Investments and long-term debt bear interest at fixed and floating rates and the Society is therefore exposed to the risk of changes in fair value and cash flows resulting from interest rate fluctuations.

Changes in risk

There have been no significant changes in the Society's risk exposure from the 2019 fiscal year.

14. Comparative Amounts and Financial Disclosures

The comparative amounts and financial statement disclosures of the previous year have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year net assets.

John Howard Society of Ottawa Supplementary Information

For the year ended March 31

2020 2019

	Administration	Clinical	Youth Justice Services	Adult Housing	Adult Justice Services	Employment and Training	Inter-Program Revenue/ Expenses	Total	Total
Revenues									
Federal funding	\$ -	\$ -	\$ 416,569	\$ 3,496,371	\$ 15,322	\$ -	\$ -	\$ 3,928,262	\$ 3,396,566
Provincial funding	-	-	2,321,832	455,448	969,546	1,772,698	-	5,519,524	4,846,070
Municipal funding	-	-	1,005,991	1,078,105	502,268	24,914	-	2,611,278	2,485,222
United Way of Ottawa	-	-	57,076	-	17,427	54,480	-	128,983	149,349
Rental income	-	-	241,036	515,389	-	10,000	(45,798)	720,627	662,587
Fundraising, donations and memberships	-	-	14,981	875	17,285	-	-	33,141	15,984
Other contributions	58,332	-	97,264	121,128	90,000	150,116	-	516,840	529,520
Amortization of deferred contributions - tangible capital assets	-	-	329,324	516,335	-	11,027	-	856,686	714,200
Administration	1,223,920	257,992	-	-	-	-	(1,481,912)	-	-
	1,282,252	257,992	4,484,073	6,183,651	1,611,848	2,023,235	(1,527,710)	14,315,341	12,799,498
Expenses									
Salaries and employee benefits	610,515	239,983	3,055,506	3,361,394	1,281,920	1,259,255	(257,992)	9,550,581	7,741,292
Operating	354,191	20,847	713,354	1,251,142	150,792	695,637	(45,798)	3,140,165	3,363,898
Administration	131,548	-	397,669	452,773	217,020	156,970	(1,223,920)	132,060	137,469
Interest on long-term debt	-	-	3,643	193,689	-	-	-	197,332	194,583
Amortization of tangible capital assets	-	-	357,380	856,060	-	14,232	-	1,227,672	1,027,303
	1,096,254	260,830	4,527,552	6,115,058	1,649,732	2,126,094	(1,527,710)	14,247,810	12,464,545
Excess (deficiency) of revenues over expenses before gain on sale of property	185,998	(2,838)	(43,479)	68,593	(37,884)	(102,859)	-	67,531	334,953
Gain on sale of property (Note 4)	1,836,782	-	-	-	-	-	-	1,836,782	-
Excess(deficiency) of revenue over expenses for the year	\$ 2,022,780	\$ (2,838)	\$ (43,479)	\$ 68,593	\$ (37,884)	\$ (102,859)	\$ -	\$ 1,904,313	\$ 334,953

John Howard Society of Ottawa Adult Housing - Supplementary Information

For the year ended March 31

2020 2019

	Kirkpatrick House	St. Anne Street Location	Bank Street Location	TRHP	Reporting Centre	Gardner Street Location	Inuit CRF	Bail Residence	Carruthers Street Location	Total	Total
Revenues											
Federal funding	\$ 837,178	\$ 1,409,525	\$ 559,807	\$ -	\$ 62,862	\$ -	\$ 626,999	\$ -	\$ -	\$ 3,496,371	\$ 3,280,579
Provincial funding	-	-	-	160,000	-	-	-	295,448	-	455,448	455,448
Municipal funding	-	-	-	-	-	537,315	-	-	540,790	1,078,105	1,034,539
Rental income	-	-	-	57,472	-	209,011	-	41,962	206,944	515,389	493,482
Fundraising, donations and memberships	350	-	-	-	-	525	-	-	-	875	500
Other contributions	-	63,600	-	25	-	29,231	-	-	28,272	121,128	78,166
Amortization of deferred contributions - tangible capital assets	-	55,655	6,694	-	-	247,500	-	-	206,486	516,335	422,334
	837,528	1,528,780	566,501	217,497	62,862	1,023,582	626,999	337,410	982,492	6,183,651	5,765,048
Expenses											
Salaries and employee benefits	520,880	693,736	367,099	163,578	73,825	431,403	421,865	258,570	430,438	3,361,394	2,998,113
Operating Administration	159,266	236,574	97,516	30,499	2,324	356,698	91,727	34,528	242,010	1,251,142	1,395,810
Interest on long-term debt	76,321	123,326	46,954	33,029	5,568	40,299	53,833	31,880	39,563	452,773	348,267
Amortization of tangible capital assets	-	-	-	-	-	31,628	26,805	15,277	119,979	193,689	190,615
	2,027	97,139	-	8,849	-	299,829	30,341	21,212	396,663	856,060	707,644
	760,494	1,150,775	511,569	235,955	81,717	1,159,857	624,571	361,467	1,228,653	6,115,058	5,640,449
Excess (deficiency) of revenues over expenses	\$ 77,034	\$ 378,005	\$ 54,932	\$ (18,458)	\$ (18,855)	\$ (136,275)	\$ 2,428	\$ (24,057)	\$ (246,161)	\$ 68,593	\$ 124,599

John Howard Society of Ottawa

Adult Justice Services - Supplementary Information

For the year ended March 31

2020 2019

	Community Justice	Post Incarceration House Supports	Crisis and Re-integration Services	Supports in Social Housing	Bail Rooming House Project	Verification and Supervision	Justice HBCM	Mental Health Bail	Pembroke Bail	Rural Bail	Justice Housing Peer Support	JHS Canada - CBSA	Total
Revenues													
Federal funding	\$ -	\$ -	\$ 15,322	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,322
Provincial funding	25,956	-	57,200	-	-	618,432	-	72,700	81,700	113,558	-	-	969,546
Municipal funding	-	141,704	-	139,858	83,142	-	111,321	-	-	-	26,243	-	502,268
United Way of Ottawa	-	-	17,427	-	-	-	-	-	-	-	-	-	17,427
Fundraising, donations and memberships	-	-	17,285	-	-	-	-	-	-	-	-	-	17,285
Other contributions (repayments)	-	-	-	-	-	-	-	-	-	-	-	90,000	90,000
	25,956	141,704	107,234	139,858	83,142	618,432	111,321	72,700	81,700	113,558	26,243	90,000	1,611,848
Expenses													
Salaries and employee benefits	20,124	108,026	111,284	96,093	62,091	522,991	63,177	61,710	65,326	96,783	18,078	56,237	1,281,920
Operating	2,132	13,407	4,670	19,237	7,441	29,347	33,359	2,753	15,141	14,446	4,765	4,094	150,792
Administration	3,700	20,271	12,463	24,528	13,610	81,350	14,785	8,788	7,464	9,462	3,400	17,199	217,020
Amortization of tangible capital assets	-	-	-	-	-	-	-	-	-	-	-	-	650
	25,956	141,704	128,417	139,858	83,142	633,688	111,321	73,251	87,931	120,691	26,243	77,530	1,649,732
Excess (deficiency) of revenues over expenses	\$ -	\$ -	\$ (21,183)	\$ -	\$ -	\$ (15,256)	\$ -	\$ (551)	\$ (6,231)	\$ (7,133)	\$ -	\$ 12,470	\$ (37,884)

John Howard Society of Ottawa
Employment and Training - Supplementary Information

For the year ended March 31

2020 2019

	Canada Ontario Job Grant	Employment Ontario	Corrections Literacy	Employment Training	Total
Revenues					
Provincial funding	\$ 272,047	\$ 1,166,329	\$ 334,322	\$ -	\$ 1,772,698
Municipal funding	-	-	-	24,914	24,914
United Way of Ottawa	-	-	-	54,480	54,480
Rental income	-	10,000	-	-	10,000
Other contributions	-	-	-	150,116	150,116
Amortization of deferred contributions - tangible capital assets	-	11,027	-	-	11,027
	272,047	1,187,356	334,322	229,510	2,023,235
Expenses					
Salaries and employee benefits	54,711	730,558	287,871	186,115	1,259,255
Operating	231,588	427,994	14,032	22,023	695,637
Administration	5,385	97,794	32,419	21,372	156,970
Amortization of tangible capital assets	-	14,232	-	-	14,232
	291,684	1,270,578	334,322	229,510	2,126,094
Excess (deficiency) of revenues over expenses	\$ (19,637)	\$ (83,222)	\$ -	\$ -	\$ (102,859)
					\$ 19,865