

FINANCIAL STATEMENTS
For
JOHN HOWARD SOCIETY OF OTTAWA
For year ended
MARCH 31, 2026

JOHN HOWARD SOCIETY OF OTTAWA
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MARCH 31, 2026

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of

JOHN HOWARD SOCIETY OF OTTAWA

Opinion

We have audited the financial statements of John Howard Society of Ottawa (the "Society"), which comprise the statement of financial position as at March 31, 2026, 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 accompanying financial statements present fairly, in all material respects, the financial position of the Society as at March 31, 2026 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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 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.

Other Matter

The financial statements of the Society for the year ended March 31, 2025 were audited by another auditor who expressed an unmodified opinion on those financial statements dated September 29, 2025.

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 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.



Chartered Professional Accountants
Licensed Public Accountants

Ottawa, Ontario
September 29, 2026.

JOHN HOWARD SOCIETY OF OTTAWA
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2026

	<u>2026</u>	<u>2025</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 847,608	\$ 1,262,286
Accounts receivable (note 3)	2,525,585	2,641,689
Prepaid expenses	333,425	274,595
Short-term investments (note 5)	<u>-</u>	<u>1,577,375</u>
	3,706,618	5,755,945
INVESTMENTS (note 5)	3,128,910	1,616,884
TANGIBLE CAPITAL ASSETS (note 6)	<u>59,134,008</u>	<u>60,493,575</u>
	<u>\$ 65,969,536</u>	<u>\$ 67,866,404</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (note 7)	\$ 1,388,032	\$ 1,313,231
Deferred contributions - operations (note 9)	303,324	891,387
Current portion of long-term debt (note 10)	1,270,301	2,258,671
Due to related parties	<u>-</u>	<u>42,150</u>
	<u>2,961,657</u>	<u>4,505,439</u>
LONG-TERM LIABILITIES		
Long-term debt (note 10)	13,981,671	14,320,816
Deferred contributions related to tangible capital assets (note 11)	<u>31,794,239</u>	<u>32,425,444</u>
	<u>45,775,910</u>	<u>46,746,260</u>
	<u>48,737,567</u>	<u>51,251,699</u>
NET ASSETS		
Internally restricted		
Capital reserve	1,750,000	707,018
Operating reserve (formerly Contingency reserve)	1,750,000	174,004
Acquisition reserve	-	2,312,485
Invested in tangible capital assets (note 13)	12,087,797	11,488,644
Unrestricted	<u>1,644,172</u>	<u>1,932,554</u>
	<u>17,231,969</u>	<u>16,614,705</u>
	<u>\$ 65,969,536</u>	<u>\$ 67,866,404</u>

On behalf of the Board:

..... Director

..... Director

(See accompanying notes)

Welch LLP[®]

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JOHN HOWARD SOCIETY OF OTTAWA

STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31, 2026

	<u>2026</u>	<u>2025</u>
Revenue		
Federal funding	\$ 5,817,749	\$ 5,648,750
Provincial funding	6,864,862	6,318,134
Municipal funding	6,130,739	5,507,469
United Way funding	139,000	152,812
Rental income	1,863,454	1,420,364
Fundraising, donations and memberships	53,028	48,970
Other contributions	1,414,999	911,399
Amortization of deferred contributions related to tangible capital assets	<u>1,279,717</u>	<u>1,271,018</u>
	<u>23,563,548</u>	<u>21,278,916</u>
Expenses		
Salaries and employee benefits	15,060,918	13,672,474
Operating	5,526,815	4,793,285
Administration	200,437	111,838
Interest on long-term debt	651,851	685,527
Amortization of tangible capital assets	<u>1,506,263</u>	<u>1,487,708</u>
	<u>22,946,284</u>	<u>20,750,832</u>
Excess of revenue over expenses before other income	617,264	528,084
Other income		
Gain on sale of property	<u>-</u>	<u>171,281</u>
Excess of revenue over expenses	<u>\$ 617,264</u>	<u>\$ 699,365</u>

(See accompanying notes)

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JOHN HOWARD SOCIETY OF OTTAWA
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2026

	Capital reserve	Operating reserve (formerly Contingency reserve)	Acquisition reserve	Invested in tangible capital assets	Unrestricted	2026 Total	2025 Total
Net assets, beginning of year	\$ 707,018	\$ 174,004	\$ 2,312,485	\$ 11,488,644	\$ 1,932,554	\$ 16,614,705	\$ 15,915,340
Excess of revenue over expenses	-	-	-	452,457	164,807	617,264	699,365
Investment in tangible capital assets	-	-	-	146,696	(146,696)	-	-
Transfer between funds	<u>1,042,982</u>	<u>1,575,996</u>	<u>(2,312,485)</u>	<u>-</u>	<u>(306,493)</u>	<u>-</u>	<u>-</u>
Net assets, end of year	<u>\$ 1,750,000</u>	<u>\$ 1,750,000</u>	<u>\$ -</u>	<u>\$ 12,087,797</u>	<u>\$ 1,644,172</u>	<u>\$ 17,231,969</u>	<u>\$ 16,614,705</u>

(See accompanying notes)

JOHN HOWARD SOCIETY OF OTTAWA

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2026

	<u>2026</u>	<u>2025</u>
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 617,264	\$ 699,365
Adjustments for:		
Amortization of tangible capital assets	1,506,263	1,487,707
Amortization of deferred contributions of tangible capital assets	(1,279,717)	(1,271,018)
Gain on sale of property	<u>-</u>	<u>(171,281)</u>
	843,810	744,773
Changes in non-cash working capital items:		
Accounts receivable	116,104	(203,925)
Prepaid expenses	(58,830)	(61,659)
Accounts payable and accrued liabilities	74,801	(181,645)
Deferred revenue	(588,063)	298,555
Related parties	<u>(42,150)</u>	<u>42,150</u>
	<u>345,672</u>	<u>638,249</u>
INVESTING ACTIVITIES		
Receipt of loans receivable	-	15,637
Net redemption (purchase) of investments	65,349	(1,183,125)
Purchase of tangible capital assets	(146,696)	(314,331)
Proceeds on sale of property	<u>-</u>	<u>331,000</u>
	<u>(81,347)</u>	<u>(1,150,819)</u>
FINANCING ACTIVITIES		
Repayment of long-term debt	(1,327,515)	(398,969)
Increase in deferred contributions related to tangible capital assets	<u>648,512</u>	<u>943,698</u>
	<u>(679,003)</u>	<u>544,729</u>
INCREASE IN CASH	(414,678)	32,159
CASH, BEGINNING OF YEAR	<u>1,262,286</u>	<u>1,230,127</u>
CASH, END OF YEAR	<u>\$ 847,608</u>	<u>\$ 1,262,286</u>

(See accompanying notes)

JOHN HOWARD SOCIETY OF OTTAWA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2026

1. NATURE OF OPERATIONS

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Use of estimates

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.

Significant estimates include assumptions used in determining the collectibility of accounts receivable, in establishing the useful lives and related amortization of tangible capital assets as well as the related amortization of deferred contributions related to tangible capital assets, and in estimating provisions for accrued liabilities.

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.

The Society initially measures its financial instruments at fair value.

The Society subsequently measures all its arm's length financial instruments, except for cash, investments in fixed income securities and equity mutual funds that are measured at fair value, at amortized cost or cost.

Financial assets and financial liabilities measured at amortized cost or cost include accounts receivables, accounts payable and accrued liabilities, due to related parties, and long-term debt.

JOHN HOWARD SOCIETY OF OTTAWA
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2026

2. SIGNIFICANT ACCOUNTING POLICIES - Cont'd.

Financial Instruments - Cont'd.

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.

Tangible Capital Assets

Tangible capital assets are recorded at cost.

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 on a straight-line basis using the following annual rates:

Office furniture and equipment	5 years
Buildings	40 years
Leasehold improvements	lease term

Amortization in the year of acquisition is calculated at one-half of the above rates except for Buildings.

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 fair 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.

Deferred Capital Contributions

Contributions received for tangible capital assets are deferred and amortized over the same term and on the same basis as the related tangible capital assets, unless those assets are not amortized, in which case the contributions are recognized as a direct increase to the Society's net assets. Deferred capital contributions represent the unamortized amount of donations, grants, and loans received for the purchase of capital assets.

JOHN HOWARD SOCIETY OF OTTAWA
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2026

2. SIGNIFICANT ACCOUNTING POLICIES - Cont'd.

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.

Capital Reserve

The Capital Reserve has been established by the Society to accumulate funds for the repair, maintenance, replacement, and improvement of capital assets and equipment. The target balance for the Capital Reserve is a minimum of one month of operating expenses.

Included in the Capital Reserve are amounts designated in accordance with capital replacement reserve provisions of the Society's CMLS Financial and First National Financial LP mortgage agreements. As at March 31, 2026, the reserve includes \$138,566 related to the CMLS Financial mortgage and \$246,373 related to the First National Financial LP mortgage, for a total of \$384,939. These amounts have been set aside to fund future major repairs, replacements, and improvements to the related properties.

Operating Reserve (formerly Contingency Reserve)

The Operating Reserve has been established by the Society to support short-term financial stability and ensure continuity of operating in the event of unplanned financial pressures, temporary cash flow disruptions, or delays in funding. The target balance for the Operating Reserve is one to two months of operating expenses.

Acquisition Reserve

This internally restricted reserve was established by the Society to accommodate new residential developments, or other such initiatives as the Society might consider appropriate. During the year, the Society transferred amounts previously internally restricted to the Acquisition Reserve to the Capital Reserve and the Operating Reserve.

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 tangible 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.

Pension Plan

This Society provides a defined contribution pension plan through the John Howard Society of Ontario.

JOHN HOWARD SOCIETY OF OTTAWA
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2026

3. ACCOUNTS RECEIVABLE

Accounts receivable consists of the following:

	<u>2026</u>	<u>2025</u>
Accounts receivable	\$ 2,179,405	\$ 1,793,815
Accrued interest	-	70,818
Repair reserve	246,373	248,059
HST receivable	97,124	216,472
EHT receivable	<u>2,683</u>	<u>312,525</u>
	<u>\$ 2,525,585</u>	<u>\$ 2,641,689</u>

4. RELATED PARTY TRANSACTIONS

The John Howard Society of Ottawa paid the John Howard Society of Ontario a total of \$1,738,049 (2025 - \$2,026,765) for their administration of the employee benefit package, network support, and other expenditures.

The John Howard Society of Ontario currently administers a registered pension plan that includes both a Defined Contribution (DC) and Defined Benefit (DB) component. On October 1, 2025, the John Howard Society of Ontario decided to wind-up the hybrid plan. As part of the wind-up process, a new Defined Contribution pension plan was introduced effective September 1, 2025. 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 \$380,404 (2025 - \$637,290).

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

5. INVESTMENTS

Investments consist of term deposits totaling \$3,128,910 (2025 - \$3,194,259), bearing interest 2.50% (2025 - 5.15%) and maturing in September 2029 (2025 - May 2025). The term deposits are held within a business investment account and may be redeemed prior to maturity in accordance with the financial institution's terms.

6. TANGIBLE CAPITAL ASSETS

Tangible capital assets consist of the following:

	<u>2026</u>			<u>2025</u>
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net</u>	<u>Net</u>
Land	\$ 8,649,373	\$ -	\$ 8,649,373	\$ 8,649,373
Buildings	59,448,431	9,051,321	50,397,110	51,811,120
Leasehold improvements	581,806	559,751	22,055	33,082
Office furniture and equipment	<u>578,201</u>	<u>512,731</u>	<u>65,470</u>	<u>-</u>
	<u>\$ 69,257,811</u>	<u>\$ 10,123,803</u>	<u>\$ 59,134,008</u>	<u>\$ 60,493,575</u>

JOHN HOWARD SOCIETY OF OTTAWA
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2026

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following:

	<u>2026</u>	<u>2025</u>
Accounts payable and accrued liabilities	\$ 667,918	\$ 628,493
Salaries payable	<u>720,114</u>	<u>684,738</u>
	<u>\$ 1,388,032</u>	<u>\$ 1,313,231</u>

8. CREDIT FACILITIES

The Society has available an undrawn operating line of credit in the amount of \$500,000 at an interest rate of prime plus 1.50%. This line of credit is secured by a first charge on a property situated on Lebreton Street as well as the assignment of rent and insurance proceeds related to the same property.

9. 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 \$878,727 (2025 - \$592,832) of deferred program funding carried forward from the previous year, and deferred \$290,664 (2025 - \$891,387) of additional program funding to be spent in future years.

10. LONG-TERM DEBT

Long-term debt consists of the following:

	<u>2026</u>	<u>2025</u>
Mortgage payable on land and building, secured by the Russell Road property and assignment of rents with a net book value of \$1,249,053 - fixed interest rate at 4.33% per annum, matures December 2026, payable in monthly instalments of \$9,774, principal and interest	\$ 931,221	\$ 979,047
Mortgage payable on land and building, secured by the Carruthers property and assignment of rents with a net book value of \$7,284,944 - fixed interest rate at 3.25% per annum, matures December 2028, payable in monthly instalments of \$13,764, principal and interest	3,321,746	3,378,681
Mortgage payable on land and building, secured by a pari-pasu charge on the Carling Road property and assignment of rents with a net book value of \$20,278,293 - fixed interest rate at 1.41% per annum, with monthly payments of interest only until the property reaches stabilization, matures September 2031	1,441,596	1,469,314
Mortgage payable on land and building, secured by the Carling property and assignment of rents with a net book value of \$20,278,293 - fixed interest rate at 4.75% per annum, matures March 2034, payable in monthly instalments of \$40,134, principal and interest	<u>5,771,480</u>	<u>5,976,365</u>
Balance carried forward	<u>\$ 11,466,043</u>	<u>\$ 11,803,407</u>

JOHN HOWARD SOCIETY OF OTTAWA
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2026

10. LONG-TERM DEBT - Cont'd.

	<u>2026</u>	<u>2025</u>
Balance brought forward	\$ 11,466,043	\$ 11,803,407
Mortgage payable on land and building, secured by the Carling property and assignment of rents with a net book value of \$20,278,293 - fixed interest rate at 4.75% per annum, matures March 2034, payable in monthly instalments of \$17,893, principal and interest	3,785,929	3,821,648
Mortgage payable on land and building, secured by the Gardner property and assignment of rents with a net book value of \$5,164,145 - fixed interest rate at 3.03% per annum, matured December 2025, payable in monthly instalments of \$3,964, principal and interest	- 954,432	15,251,972 16,579,487
Less current portion of long-term debt	<u>(1,270,301)</u>	<u>(2,258,671)</u>
	<u>\$ 13,981,671</u>	<u>\$ 14,320,816</u>

Principal repayments over the next five years and thereafter are estimated to be as follows:

2027	\$ 1,270,301
2028	353,480
2029	3,508,168
2030	319,626
2031	333,995
Thereafter	<u>9,466,402</u>
	<u>\$ 15,251,972</u>

11. DEFERRED CONTRIBUTIONS RELATED TO TANGIBLE CAPITAL ASSETS

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

	<u>2026</u>	<u>2025</u>
Buildings - opening balance	\$ 32,362,242	\$ 32,671,841
Additions	648,512	943,698
Amortization	<u>(1,261,996)</u>	<u>(1,253,297)</u>
Buildings - ending balance	<u>31,748,758</u>	<u>32,362,242</u>
Leasehold improvements - opening balance	63,202	80,923
Amortization	<u>(17,721)</u>	<u>(17,721)</u>
Leasehold improvements - ending balance	<u>45,481</u>	<u>63,202</u>
	<u>\$ 31,794,239</u>	<u>\$ 32,425,444</u>

Certain deferred contributions listed above as buildings contain restrictions on long-term future program delivery and certain cover payments related to mortgages payable which finance an underlying building.

JOHN HOWARD SOCIETY OF OTTAWA
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2026

12. COMMITMENTS AND CONTINGENCIES

Premises

The Society has operating leases for its premises, expiring June 30, 2026, November 30, 2026, December 31, 2026 and June 30, 2027. Future minimum lease payments over the remaining terms of its leases are as follows, by fiscal year:

2027	\$ 110,483
2028	23,587

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 2026 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.

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. INVESTED IN TANGIBLE CAPITAL ASSETS

	<u>2026</u>	<u>2025</u>
Capital assets	\$ 59,134,008	\$ 60,493,575
Less amounts financed by:		
Long-term debt	15,251,972	16,579,487
Deferred contribution related to tangible capital assets	<u>31,794,239</u>	<u>32,425,444</u>
Balance, end of year	<u>\$ 12,087,797</u>	<u>\$ 11,488,644</u>

JOHN HOWARD SOCIETY OF OTTAWA
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2026

14. FINANCIAL INSTRUMENTS

The Society is exposed to various risks through its financial instruments. The following analysis provides a measure of the Society's risk exposure and concentrations as at March 31, 2026.

Liquidity risk

Liquidity risk is the risk that the Society will encounter difficulty in meeting its financial obligations as they fall due. The Society is exposed to this risk mainly in respect of timing of receipt of the accounts receivable and the required timing of payment of accounts payable and accrued liabilities and long-term debt. The Society manages this risk by preparing and monitoring forecasts of cash flow from operations and maintaining a sufficient reserve of cash.

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 maximum exposure to credit risk is represented by the sum of the carrying value of its cash, accounts receivable, and its investments. The Society's cash and investments are deposited with a Canadian cooperative financial institution, and as a result management believes the risk of loss on these items to be remote. The Society's exposure to credit risk on its accounts receivable is reduced by the fact that most of its accounts receivable are supported by signed agreements. Management believes that all accounts receivable at year-end will be collected and has not deemed it necessary to establish an allowance for doubtful accounts.

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 is comprised of currency risk, interest rate risk and other price risk. The Society is 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 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 prior fiscal year.

15. COMPARATIVE FIGURES

Comparative figures were audited by another auditor and have been reclassified where necessary to conform to the presentation used in the current year.

JOHN HOWARD SOCIETY OF OTTAWA
UNAUDITED SUPPLEMENTARY INFORMATION
YEAR ENDED MARCH 31, 2026

	<u>Administration</u>	<u>Main Building</u>	<u>Fostering Inclusive Communities</u>	<u>Clinical</u>	<u>Youth Justice Services</u>	<u>Adult Housing</u>	<u>Adult Justice Services</u>	<u>Employment and Training</u>	<u>Inter-program Revenue/ Expenses</u>	<u>2026 Total</u>	<u>2025 Total</u>
Revenue											
Federal funding	\$ 4,817	\$ -	\$ -	\$ -	\$ 598,766	\$ 4,929,670	\$ 279,680	\$ 4,816	\$ -	\$ 5,817,749	\$ 5,648,750
Provincial funding	-	-	-	-	2,689,012	621,834	1,357,531	2,196,485	-	6,864,862	6,318,134
Municipal funding	-	-	-	-	2,486,242	2,786,974	825,341	32,182	-	6,130,739	5,507,469
United Way of Ottawa	-	-	-	-	60,000	-	24,000	55,000	-	139,000	152,812
Rental income	-	742,125	-	-	297,296	809,072	-	14,961	-	1,863,454	1,420,364
Fundraising, donations and memberships	39,099	5,000	-	-	6,520	2,009	400	-	-	53,028	48,970
Other contributions	169,671	-	35,000	-	242,027	337,508	132,036	498,757	-	1,414,999	911,399
Administration	<u>2,206,076</u>	<u>-</u>	<u>-</u>	<u>463,032</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,669,108)</u>	<u>-</u>	<u>-</u>
	<u>2,419,663</u>	<u>747,125</u>	<u>35,000</u>	<u>463,032</u>	<u>6,379,863</u>	<u>9,487,067</u>	<u>2,618,988</u>	<u>2,802,201</u>	<u>(2,669,108)</u>	<u>22,283,831</u>	<u>20,007,898</u>
Expenses											
Salaries and employee benefits	1,285,899	-	23,883	427,166	4,537,818	5,377,631	2,057,729	1,813,824	(463,032)	15,060,918	13,672,474
Operating	724,800	318,511	11,117	32,610	1,102,410	2,316,213	296,629	724,525	-	5,526,815	4,793,285
Administration	185,031	-	-	-	611,728	1,012,499	293,269	303,986	(2,206,076)	200,437	111,838
Interest on long-term debt	-	<u>476,203</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>175,648</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>651,851</u>	<u>685,527</u>
	<u>2,195,730</u>	<u>794,714</u>	<u>35,000</u>	<u>459,776</u>	<u>6,251,956</u>	<u>8,881,991</u>	<u>2,647,627</u>	<u>2,842,335</u>	<u>(2,669,108)</u>	<u>21,440,021</u>	<u>19,263,124</u>
	223,933	(47,589)	-	3,256	127,907	605,076	(28,639)	(40,134)	-	843,810	744,774
Gain on sale of property	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>171,281</u>
Excess (deficiency) of revenue over expenses before tangible assets	<u>223,933</u>	<u>(47,589)</u>	<u>-</u>	<u>3,256</u>	<u>127,907</u>	<u>605,076</u>	<u>(28,639)</u>	<u>(40,134)</u>	<u>-</u>	<u>843,810</u>	<u>916,055</u>
Amortization of deferred contributions - tangible capital assets	-	460,524	-	-	549,998	258,168	-	11,027	-	1,279,717	1,271,018
Amortization of tangible capital assets	<u>-</u>	<u>(506,112)</u>	<u>-</u>	<u>-</u>	<u>(568,226)</u>	<u>(420,898)</u>	<u>-</u>	<u>(11,027)</u>	<u>-</u>	<u>(1,506,263)</u>	<u>(1,487,708)</u>
	<u>-</u>	<u>(45,588)</u>	<u>-</u>	<u>-</u>	<u>(18,228)</u>	<u>(162,730)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(226,546)</u>	<u>(216,690)</u>
Excess (deficiency) of revenue over expenses	<u>\$ 223,933</u>	<u>\$ (93,177)</u>	<u>\$ -</u>	<u>\$ 3,256</u>	<u>\$ 109,679</u>	<u>\$ 442,346</u>	<u>\$ (28,639)</u>	<u>\$ (40,134)</u>	<u>\$ -</u>	<u>\$ 617,264</u>	<u>\$ 699,365</u>

JOHN HOWARD SOCIETY OF OTTAWA
UNAUDITED SUPPLEMENTARY INFORMATION - YOUTH JUSTICE SERVICES
YEAR ENDED MARCH 31, 2026

	<u>Lisgar Residence</u>	<u>Non-Residential Attendance Centre</u>	<u>Windrose</u>	<u>A Different Street</u>	<u>Time 4 Change</u>	<u>Youth Programs</u>	<u>On Point GPIP</u>	<u>Project ReSet</u>	<u>Montreal Partnership Program</u>	<u>Red Maple</u>	<u>2026 Total</u>	<u>2025 Total</u>
Revenue												
Federal funding	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 598,766	\$ -	\$ -	\$ 598,766	\$ 644,402
Provincial funding	-	390,512	-	356,863	-	37,752	104,844	-	-	1,799,041	2,689,012	2,592,231
Municipal funding	1,046,224	-	721,669	399,049	309,000	10,300	-	-	-	-	2,486,242	2,276,918
United Way of Ottawa	-	-	30,000	30,000	-	-	-	-	-	-	60,000	60,000
Rental income	178,689	-	25,169	50,742	-	-	-	-	-	42,696	297,296	350,781
Fundraising, donations and memberships	-	-	3,050	3,470	-	-	-	-	-	-	6,520	4,072
Other contributions	<u>11,100</u>	<u>-</u>	<u>29,999</u>	<u>-</u>	<u>-</u>	<u>95,961</u>	<u>-</u>	<u>3,226</u>	<u>99,232</u>	<u>2,509</u>	<u>242,027</u>	<u>92,651</u>
	<u>1,236,013</u>	<u>390,512</u>	<u>810,307</u>	<u>836,654</u>	<u>309,000</u>	<u>144,013</u>	<u>104,844</u>	<u>601,992</u>	<u>99,232</u>	<u>1,844,246</u>	<u>6,379,863</u>	<u>6,021,055</u>
Expenses												
Salaries and employee benefits	829,216	287,508	540,285	487,629	225,109	48,383	81,262	388,482	89,965	1,559,979	4,537,818	4,157,473
Operating	288,911	69,776	128,443	156,506	51,378	88,824	15,764	132,716	1,384	168,708	1,102,410	1,267,175
Administration	126,720	33,228	83,985	105,277	32,513	6,903	7,818	73,966	7,882	133,436	611,728	537,837
Interest on long-term debt	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,466</u>
	<u>1,244,847</u>	<u>390,512</u>	<u>752,713</u>	<u>749,412</u>	<u>309,000</u>	<u>144,110</u>	<u>104,844</u>	<u>595,164</u>	<u>99,231</u>	<u>1,862,123</u>	<u>6,251,956</u>	<u>5,964,951</u>
Excess (deficiency) of revenue over expenses before gain on sale of property	(8,834)	-	57,594	87,242	-	(97)	-	6,828	1	(17,877)	127,907	56,104
Gain on sale of property	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>171,281</u>
Excess (deficiency) of revenue over expenses before tangible assets	<u>(8,834)</u>	<u>-</u>	<u>57,594</u>	<u>87,242</u>	<u>-</u>	<u>(97)</u>	<u>-</u>	<u>6,828</u>	<u>1</u>	<u>(17,877)</u>	<u>127,907</u>	<u>227,385</u>
Amortization of deferred contributions - tangible capital assets	380,985	-	62,451	53,418	-	-	-	-	-	53,144	549,998	544,744
Amortization of tangible capital assets	<u>(393,638)</u>	<u>-</u>	<u>(63,036)</u>	<u>(56,101)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(55,451)</u>	<u>(568,226)</u>	<u>(566,153)</u>
	<u>-</u>	<u>-</u>	<u>(585)</u>	<u>(2,683)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,307)</u>	<u>(18,228)</u>	<u>(21,409)</u>
Excess (deficiency) of revenue over expenses	<u>\$ (8,834)</u>	<u>\$ -</u>	<u>\$ 57,009</u>	<u>\$ 84,559</u>	<u>\$ -</u>	<u>\$ (97)</u>	<u>\$ -</u>	<u>\$ 6,828</u>	<u>\$ 1</u>	<u>\$ (20,184)</u>	<u>\$ 109,679</u>	<u>\$ 205,976</u>

JOHN HOWARD SOCIETY OF OTTAWA
UNAUDITED SUPPLEMENTARY INFORMATION - ADULT HOUSING
YEAR ENDED MARCH 31, 2026

	Kirkpatrick House	Ste. Anne Residence	Tom Lamothe Residence	TRHP	Reporting Centre	Rita Thompson Residence	Ikaarvik	Bail Residence	Carruthers	Carling Residence	2026 Total	2025 Total
Revenue												
Federal funding	\$ 1,219,139	\$ 1,937,202	\$ 741,571	\$ -	\$ 65,904	\$ -	\$ 965,854	\$ -	\$ -	\$ -	\$ 4,929,670	\$ 4,695,038
Provincial funding	-	-	-	232,960	-	-	-	388,874	-	-	621,834	596,874
Municipal funding	-	-	-	-	49,000	825,770	-	50,000	869,075	993,129	2,786,974	2,331,387
United Way of Ottawa	-	-	-	-	-	-	-	-	-	-	-	-
Rental income	-	-	-	78,433	-	218,158	-	41,699	237,116	233,666	809,072	719,735
Fundraising, donations and memberships	-	400	-	-	-	1,309	-	-	-	300	2,009	-
Other contributions	805	25,178	389	10,000	36,756	33,018	557	98,600	107,426	24,779	337,508	278,772
	<u>1,219,944</u>	<u>1,962,780</u>	<u>741,960</u>	<u>321,393</u>	<u>151,660</u>	<u>1,078,255</u>	<u>966,411</u>	<u>579,173</u>	<u>1,213,617</u>	<u>1,251,874</u>	<u>9,487,067</u>	<u>8,621,806</u>
Expenses												
Salaries and employee benefits	685,628	881,705	483,830	194,396	90,579	606,987	601,656	417,345	613,412	802,093	5,377,631	4,788,251
Operating	272,714	356,463	158,830	80,263	12,266	396,544	182,050	85,256	416,902	354,925	2,316,213	2,137,748
Administration	130,332	191,166	77,944	46,404	17,817	120,010	101,051	63,284	132,654	131,837	1,012,499	743,529
Interest on long-term debt	-	-	-	-	-	21,411	29,442	16,562	108,233	-	175,648	258,036
	<u>1,088,674</u>	<u>1,429,334</u>	<u>720,604</u>	<u>321,063</u>	<u>120,662</u>	<u>1,144,952</u>	<u>914,199</u>	<u>582,447</u>	<u>1,271,201</u>	<u>1,288,855</u>	<u>8,881,991</u>	<u>7,927,564</u>
Excess (deficiency) of revenue over expenses before capital grants and before capital grants and depreciation	<u>131,270</u>	<u>533,446</u>	<u>21,356</u>	<u>330</u>	<u>30,998</u>	<u>(66,697)</u>	<u>52,212</u>	<u>(3,274)</u>	<u>(57,584)</u>	<u>(36,981)</u>	<u>605,076</u>	<u>694,242</u>
Amortization of deferred contributions - tangible capital assets	-	27,828	-	3,347	-	123,750	-	-	103,243	-	258,168	715,247
Amortization of tangible capital assets	<u>-</u>	<u>(46,707)</u>	<u>-</u>	<u>(4,424)</u>	<u>-</u>	<u>-</u>	<u>(12,813)</u>	<u>(9,168)</u>	<u>(197,804)</u>	<u>(149,982)</u>	<u>(420,898)</u>	<u>(916,937)</u>
	<u>-</u>	<u>(18,879)</u>	<u>-</u>	<u>(1,077)</u>	<u>-</u>	<u>123,750</u>	<u>(12,813)</u>	<u>(9,168)</u>	<u>(94,561)</u>	<u>(149,982)</u>	<u>(162,730)</u>	<u>(201,690)</u>
Excess (deficiency) of revenue over expenses	<u>\$ 131,270</u>	<u>\$ 514,567</u>	<u>\$ 21,356</u>	<u>\$ (747)</u>	<u>\$ 30,998</u>	<u>\$ 57,053</u>	<u>\$ 39,399</u>	<u>\$ (12,442)</u>	<u>\$ (152,145)</u>	<u>\$ (186,963)</u>	<u>\$ 442,346</u>	<u>\$ 492,552</u>

JOHN HOWARD SOCIETY OF OTTAWA
UNAUDITED SUPPLEMENTARY INFORMATION - ADULT JUSTICE SERVICES
YEAR ENDED MARCH 31, 2026

	<u>OCDC In-reach</u>	<u>Community Justice</u>	<u>Housing Links</u>	<u>Crisis and re-integration Services</u>	<u>Rooming House</u>	<u>Bail Supervision Program</u>	<u>Justice HCBM</u>	<u>CBSA Bail</u>	<u>Record Suspension</u>	<u>2026 Total</u>	<u>2025 Total</u>
Revenue											
Federal funding	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 279,680	\$ 279,680	\$ 279,680
Provincial funding	71,935	30,330	-	-	-	1,255,266	-	-	-	1,357,531	1,346,658
Municipal funding	-	-	151,822	49,000	102,306	-	522,213	-	-	825,341	899,166
United Way of Ottawa	-	-	-	24,000	-	-	-	-	-	24,000	48,000
Rental income	-	-	-	-	-	-	-	-	-	-	-
Fundraising, donations and memberships	-	-	-	-	400	-	-	-	-	400	20,358
Other contributions	510	-	-	37,346	-	-	-	94,180	-	132,036	185,568
	<u>72,445</u>	<u>30,330</u>	<u>151,822</u>	<u>110,346</u>	<u>102,706</u>	<u>1,255,266</u>	<u>522,213</u>	<u>94,180</u>	<u>279,680</u>	<u>2,618,988</u>	<u>2,779,430</u>
Expenses											
Salaries and employee benefits	63,527	35,716	123,171	85,389	86,077	1,031,546	389,294	70,804	172,205	2,057,729	2,124,963
Operating	3,995	2,447	15,526	9,569	8,451	95,261	91,664	10,721	58,995	296,629	348,393
Administration	6,540	2,414	13,271	15,388	8,391	144,411	41,719	12,655	48,480	293,269	266,334
	<u>74,062</u>	<u>40,577</u>	<u>151,968</u>	<u>110,346</u>	<u>102,919</u>	<u>1,271,218</u>	<u>522,677</u>	<u>94,180</u>	<u>279,680</u>	<u>2,647,627</u>	<u>2,739,690</u>
Excess (deficiency) of revenue over expenses	\$ <u>(1,617)</u>	\$ <u>(10,247)</u>	\$ <u>(146)</u>	\$ <u>-</u>	\$ <u>(213)</u>	\$ <u>(15,952)</u>	\$ <u>(464)</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(28,639)</u>	\$ <u>39,740</u>

JOHN HOWARD SOCIETY OF OTTAWA
UNAUDITED SUPPLEMENTARY INFORMATION - EMPLOYMENT AND TRAINING
YEAR ENDED MARCH 31, 2026

	Employment Ontario	Corrections Literacy	Supportive Employment and Training	Trade Able	2026 Total	2025 Total
Revenue						
Federal funding	\$ -	\$ -	\$ 4,816	\$ -	\$ 4,816	\$ 29,634
Provincial funding	1,247,013	792,834	-	156,638	2,196,485	1,782,371
Municipal funding	-	-	32,182	-	32,182	-
United Way of Ottawa	-	-	55,000	-	55,000	44,812
Rental income	14,961	-	-	-	14,961	2,452
Other contributions	275,154	-	223,603	-	498,757	206,203
	<u>1,537,128</u>	<u>792,834</u>	<u>315,601</u>	<u>156,638</u>	<u>2,802,201</u>	<u>2,065,472</u>
Expenses						
Salaries and employee benefits	1,031,212	438,991	235,973	107,648	1,813,824	1,502,705
Operating	384,754	262,836	41,342	35,593	724,525	387,442
Administration	159,829	91,576	38,285	14,296	303,986	175,325
	<u>1,575,795</u>	<u>793,403</u>	<u>315,600</u>	<u>157,537</u>	<u>2,842,335</u>	<u>2,065,472</u>
Excess (deficiency) of revenue over expenses before tangible capital assets	<u>(38,667)</u>	<u>(569)</u>	<u>1</u>	<u>(899)</u>	<u>(40,134)</u>	<u>-</u>
Amortization of deferred contributions - tangible capital assets	11,027	-	-	-	11,027	11,027
Amortization of tangible capital assets	<u>(11,027)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(11,027)</u>	<u>(4,617)</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,410</u>
Excess (deficiency) of revenue over expenses	<u>\$ (38,667)</u>	<u>\$ (569)</u>	<u>\$ 1</u>	<u>\$ (899)</u>	<u>\$ (40,134)</u>	<u>\$ 6,410</u>