John Howard Society of Ontario
Financial Statements
For the Year Ended December 31, 2025

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Tel: 705 726 6331
Fax: 705 722 6588
www.bdo.ca

BDO Canada LLP
300 Lakeshore Drive, Suite 300
Barrie, ON, Canada, L4N 0B4

Independent Auditor's Report

To the Board of Directors of John Howard Society of Ontario

Qualified Opinion

We have audited the accompanying financial statements of John Howard Society of Ontario (the "Society"), which comprise the statement of financial position as at December 31, 2025, and the statements of operations and 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 Society as at December 31, 2025, 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 Qualified Opinion

In common with many other not-for-profit organizations, the Society 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 Society. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenue over expenses, and cash flows from operations for the years ended December 31, 2025 and 2024, current assets as at December 31, 2025 and 2024, and net assets as at January 1 and December 31 for both the 2025 and 2024 years.

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 qualified 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 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 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 the Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the 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 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 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 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Barrie, Ontario
March 24, 2026

John Howard Society of Ontario
Statement of Financial Position

December 31	2025	2024
Assets		
Current		
Cash	$ 2,565,023	$ 1,436,167
Short-term investments (Note 3)	431,374	390,072
Accounts receivable	102,887	313,590
Harmonized sales tax recoverable	23,980	16,723
Prepaid expenses	14,254	38,155
	3,137,518	2,194,707
Capital assets (Note 5)	1,671,340	1,759,068
Due from affiliate (Note 4)	20,000	20,000
	$ 4,828,858	$ 3,973,775
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities	$ 531,327	$ 554,744
Deferred research and foundation grants (Note 6)	1,472,853	472,729
Affiliate benefit deposits held (Note 7)	243,493	243,493
Deferred contributions (Note 10)	13,486	55,696
Current portion of long-term debt (Note 8)	20,340	588,861
Current portion of deferred capital contributions (Note 9)	11,047	11,047
	2,292,546	1,926,570
Long-term debt (Note 8)	250,586	-
Deferred capital contributions (Note 9)	101,437	114,222
	2,644,569	2,040,792
Net Assets		
Invested in capital assets (Note 11)	1,287,930	1,044,938
Internally restricted (Note 12)	688,043	155,000
Unrestricted	208,316	733,045
	2,184,289	1,932,983
	$ 4,828,858	$ 3,973,775

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

John Howard Society of Ontario
Statement of Changes in Net Assets

For the year ended December 31	Unrestricted	Invested in capital assets (Note 11)	Internally restricted (Note 12)	2025 Total	2024 Total
Balance, beginning of the year	$ 733,045	$ 1,044,938	$ 155,000	$ 1,932,983	$ 1,843,888
Excess (deficiency) of revenue over expenses	355,691	(104,385)	-	251,306	89,095
Internally financed investment in capital assets	(29,442)	29,442	-	-	-
Payment of debt related to investment in capital assets	(317,935)	317,935	-	-	-
Internal transfers between funds	(533,043)	-	533,043	-	-
Balance, end of the year	$ 208,316	$ 1,287,930	$ 688,043	$ 2,184,289	$ 1,932,983

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

John Howard Society of Ontario
Statement of Operations

For the year ended December 31	2025	2024
Revenue		
Affiliate contributions	$ 831,928	$ 777,706
Research and foundation grants	965,975	735,885
National Grant	107,746	107,746
Pension plan administration	104,480	103,877
Fundraising (Schedule of Fundraising Revenue)	52,452	60,346
Other revenue	69,981	24,595
Unrealized gain on short-term investments	41,930	35,807
Cost recovery	105,431	62,034
Investment income	20,538	14,955
Amortization of deferred capital contributions	12,785	12,785
Staff conference	211,484	-
	2,524,730	1,935,736
Expenses		
Affiliate direct services	119,222	95,190
Amortization	117,170	115,548
Building occupancy	32,043	19,405
Fundraising	6,197	5,208
Insurance	14,909	15,858
Interest on long-term debt	34,645	38,047
Office and postage	79,653	42,487
Professional fees	85,265	42,666
Purchased services	55,089	7,276
Research and other grant expenses	170,268	200,123
Salaries and benefits (Note 13)	1,249,948	1,146,832
Staff conference	203,704	-
Staff development	22,405	27,300
Travel and meeting	82,906	70,738
Web marketing	-	19,963
	2,273,424	1,846,641
Excess of revenue over expenses	$ 251,306	$ 89,095

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

John Howard Society of Ontario
Statement of Cash Flows

For the year ended December 31	2025	2024
Cash flows from operating activities		
Excess of revenue over expenses	$ 251,306	$ 89,095
Items not affecting cash:		
Amortization of capital assets	117,170	115,548
Amortization of deferred capital contributions	(12,785)	(12,785)
Unrealized gain on short-term investments	(41,930)	(35,807)
	313,761	156,051
Changes in non-cash working capital:		
Accounts receivable	210,703	(64,582)
Harmonized sales tax recoverable	(7,257)	8,500
Prepaid expenses	23,901	(15,501)
Accounts payable and accrued liabilities	(23,417)	152,766
Deferred research and foundation grants	1,000,124	356,521
Deferred contributions	(42,210)	18,500
	1,475,605	612,255
Cash flows from investing activities		
Net change in short-term investments	628	(491)
Purchase of capital assets	(29,442)	(73,403)
	(28,814)	(73,894)
Cash flows from financing activities		
Repayment of long-term debt	(317,935)	(41,197)
Repayment of advances from affiliates	-	(21,478)
	(317,935)	(62,675)
Net increase in cash	1,128,856	475,686
Cash, beginning of the year	1,436,167	960,481
Cash, end of the year	$ 2,565,023	$ 1,436,167

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

December 31, 2025

1 .Significant Accounting Policies

Nature and Purpose of Organization

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

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

The Society, through its Centre of Research and Policy, engages in research and policy initiatives to reflect and further the Society's mission.

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

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

Basis of Accounting

The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations and include significant accounting policies as set out below. These financial statements include only the assets, liabilities, revenue, and expenses relating to the Society which operates as John Howard Society of Ontario Provincial Office. They do not include the revenue, expenses, assets, or liabilities of the individual affiliates of the Society.

At December 31, 2025, the Society had 19 incorporated independent affiliates: Belleville, Durham, Hamilton - Burlington and area, Kawartha Lakes-Haliburton, Kingston, London, Niagara, Ottawa, Peel-Halton-Dufferin, Peterborough, Sarnia-Lamton, Sault Ste. Marie, Simcoe-Musokoka, Sudbury, Thunder Bay, Toronto, Waterloo-Wellington, Windsor-Essex, and York Region. Separate financial statements are prepared for each of the affiliates.

1. Significant Accounting Policies (continued)

Revenue Recognition

The Society follows the deferral method of accounting for contributions, which includes donations and government grants. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonable assured. Contributions externally restricted are recorded as deferred contributions and recognized as revenue in the year in which the related expenses are recognized. Deferred capital contributions represents the unamortized 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 capital assets.

Fundraising revenue represents unrestricted contributions and are recognized as revenue in the period which the contributions are received.

Affiliate contributions represent network fees that are charged to affiliates and are recognized as revenue when the services are rendered.

Deferred research and foundation grants represents amounts received for operating expenses of specific projects as specified by the donors. Amounts are recognized as revenue in the period in which the related expenses are incurred. The amounts recognized as revenue during the year are included in research department grants revenue.

Investment income is recognized on the accrual basis.

Pension plan revenue is recognized on the accrual basis once the Society bills the pension plan provider.

All other revenues are recognized in the period which the services or goods are provided.

Employee Future Benefits

The Society has defined contribution pension plans for employees. The Society's pension costs are charged to operations as contributions are due. Contributions are a defined amount based upon a set percentage of salary.

Short-term Investments

Short-term investments consist of equity instruments, mutual funds and term deposits with a maturity period of less than three months at the date of acquisition.

1. Significant Accounting Policies (continued)

Capital Assets

Purchased tangible capital assets are stated at cost less accumulated amortization. Contributed tangible capital assets are recorded at fair value at the date of contribution, unless fair value is not determinable in which case contributed tangible capital assets are recorded at nominal value at the date of contribution. Contributed tangible capital assets are subsequently amortized over their estimated useful life. Expenditures for repairs and maintenance are expensed as incurred. Betterments that extend the useful life of the tangible capital asset are capitalized.

Amortization based on the estimated useful life of the asset is calculated as follows:

	Method	Rate
Building	Straight-line	20 years
Furniture and equipment	Straight-line	5 years
Computer equipment	Straight-line	3 years

When a tangible capital asset no longer contributes to the Society's ability to provide goods and services, or the future economic benefits or service potential of the tangible capital asset is less than its carrying value, the excess of its net carrying amount over its fair value or replacement cost is recognized as an expense in the statement of operations. Any unamortized deferred contribution amount related to the tangible capital asset is recognized in revenue in the statement of operations, provided that all restrictions have been complied with.

When a tangible capital asset is disposed of, the difference between the net proceeds on disposition and the net carrying amount is recognized in the statement of operations. Any unamortized deferred contribution amount related to the tangible capital asset disposed of is recognized in revenue in the statement of operations, provided that all restrictions have been complied with.

Contributed Services

Volunteers contribute many hours per year to assist the Society in carrying out its activities. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

1. Significant Accounting Policies (continued)

Financial Instruments

Financial instruments are recorded at fair value at initial recognition.

In subsequent periods, equities traded in an active market are reported at fair value, with any change in fair value reported in income.

All other financial instruments are reported at cost or amortized cost less impairment. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost.

Financial assets are tested for impairment when indicators of impairment exist. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in net income.

The Society's financial assets comprise of short-term investments, which are recorded at fair value; and cash, accounts receivable, harmonized sales tax receivable and due from affiliates which are recorded at amortized cost. The Society's financial liabilities comprise of accounts payable and accrued liabilities and long-term debt which are recorded at amortized cost.

Use of Estimates

The preparation of the 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 revenues and expenses during the reported period. The principal estimates used in the preparation of these financial statements are allowance for doubtful accounts, the useful life of capital assets, accrued liabilities and amortization of deferred capital contributions. Actual results could differ from management's best estimates as additional information becomes readily available in the future.

2. Credit Facility

The Society has a line of credit with the Royal Bank of Canada (RBC), due on demand, with a limit of $250,000 bearing interest at bank prime plus 1.25% per annum. As at December 31, 2025, the Society has drawn $Nil (2024 - $Nil) of the total line of credit available.

The above credit facility is secured by the following:

- General security agreement constituting a first ranking security interest in all personal property of the Borrower.

The following covenant is to be met by the Society:

- Debt Service Coverage Ratio of not less than 1.25:1.00

3. Short-Term Investments

The carrying amounts of investments are comprised of the following:

	2025		2024	
	Market	**Cost**	Market	Cost
Equities	**$ 431,374**	**$ 348,520**	$ 390,072	$ 330,740

4. Due from Affiliate

Due from affiliate represents an advance of $20,000 (2024 - $20,000) due from the John Howard Society of Sarnia which was interest-free until January 31, 2024 with no fixed terms of repayment. Subsequent to January 31, 2024, interest is payable at a rate equal to RBC's prime rate plus 0.25%, calculated and payable monthly, provided that the Society may, in its sole discretion waive interest at any time and from time to time. As at December 31, 2025, the Society exercised this discretion and waived the interest for the period.

5. Capital Assets

	2025		2024	
	Cost	**Accumulated Amortization**	Cost	Accumulated Amortization
Land	**$ 578,000**	**$ -**	$ 578,000	$ -
Building	**2,073,468**	**998,937**	2,069,404	895,263
Furniture and equipment	**7,966**	**1,809**	6,443	3,251
Computer equipment	**35,709**	**23,057**	34,412	30,677
	$ 2,695,143	**$ 1,023,803**	$ 2,688,259	$ 929,191
		$ 1,671,340		$ 1,759,068

6. Deferred Research and Foundation Grants

Deferred research and foundation grants represent unspent externally restricted grants used to engage in research and policy initiatives.

The changes in the deferred research and foundation grants balance reported for the year are as follows:

	2025		
	National Grant	**Research Grants**	**Foundations**
Opening balance	**$ -**	**$ 312,007**	**$ 160,722**
Contributions received during the year	**107,746**	**2,451,110**	**523,740**
Contributions receivable at year end	**26,937**	**13,977**	**-**
Contributions received transferred to affiliates	**-**	**(1,149,940)**	**-**
Contributions recognized into revenue during the year	**(134,683)**	**(704,512)**	**(134,251)**
	$ -	**$ 922,642**	**$ 550,211**
Ending balance			**$ 1,472,853**

	2024		
	National Grant	Research Grants	Foundations
Opening balance	$ 26,937	$ (2,290)	$ 91,561
Contributions received during the year	26,937	1,653,616	267,413
Contributions receivable at year end	26,936	73,775	8,917
Contributions received transferred to affiliates	-	(884,378)	-
Contributions recognized into revenue during the year	(80,810)	(528,716)	(207,169)
	$ -	$ 312,007	$ 160,722
Ending balance			$ 472,729

7. Affiliate Benefit Deposits Held

Affiliate benefit deposits held represent deposits received from the affiliates to cover premiums due for benefits for one month.

8. Long-term Debt

	2025	2024
Royal Bank of Canada - term loan in monthly blended principal and interest payments of $2,788 bearing interest at 5.01% per annum maturing May, 2027.	**$ 270,926**	$ -
Royal Bank of Canada - term loan in monthly blended principal and interest payments of $3,665 bearing interest at 6.42% per annum matured December, 2025.	**-**	299,032
Royal Bank of Canada - term loan in monthly blended principal and interest payments of $2,924 bearing interest at 5.96% per annum matured May, 2025.	**-**	289,829
	270,926	588,861
Less: current portion	**(20,340)**	(588,861)
	$ 250,586	$ -

The above term loans are secured by the following:

- General security agreement constituting a first ranking security interest in all personal property of the Borrower.
- Collateral mortgage signed by the Borrower constituting a first fixed charge on the lands and improvements located at 342 Queen Street East, Toronto.

The following covenant is to be met by the Society:

- Debt Service Coverage Ratio of not less than 1.25:1.00

Principal repayments over the next two years are as follows:

2026	$ 20,340
2027	250,586
Total	$ 270,926

9. Deferred Capital Contributions

Deferred capital contributions represent unamortized restricted grants and donations used to purchase capital assets.

The changes in the deferred capital contributions balance reported for the year are as follows:

	2025	2024
Beginning balance	**$ 125,269**	$ 138,054
Amortization of deferred capital contributions	**(12,785)**	(12,785)
Ending balance	**112,484**	125,269
Less: current portion	**(11,047)**	(11,047)
Non-current portion	**$ 101,437**	$ 114,222

10. Deferred Contributions

Deferred contributions represent unspent externally and internally restricted grants, donations, and funds received from affiliates and consist of the following:

	2025	
	McFarlane Scholarship	**Staff Conference**
Opening balance	**$ 13,486**	**$ 42,210**
Contributions received during the year	**-**	**169,274**
Contributions recognized into revenue during the year	**-**	**(211,484)**
	$ 13,486	**$ -**
Ending balance		**$ 13,486**

	2024	
	McFarlane Scholarship	Staff Conference
Opening balance	$ 13,486	$ 23,710
Contributions received during the year	-	18,500
	$ 13,486	$ 42,210
Ending balance		$ 55,696

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

December 31, 2025

11. Invested in Capital Assets

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

	2025	2024
Capital assets, net (Note 5)	**$ 1,671,340**	$ 1,759,068
Less: long-term debt (Note 8)	**(270,926)**	(588,861)
Less: unamortized deferred capital contributions used to purchase capital assets (Note 9)	**(112,484)**	(125,269)
	$ 1,287,930	$ 1,044,938

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

	2025	2024
Purchase of capital assets internally financed (Note 5)	**$ 29,442**	$ 73,403
Repayment of long-term debt principal	**317,935**	41,197
Amortization of deferred capital contributions	**12,785**	12,785
Repayment of due to affiliates	**-**	21,478
Less: amortization of capital assets (Note 5)	**(117,170)**	(115,548)
	$ 242,992	$ 33,315

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:

	2025	2024
Capital Reserve	**$ 200,000**	$ 130,000
Operating Reserve	**488,043**	25,000
	$ 688,043	$ 155,000

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.

Expenditures from these internally restricted net assets require Board approval.

13. Pension Plan

The Society participated in The Retirement Plan for Employees of John Howard Society of Ontario, its Affiliates and Participating Branches (the “Plan”). The Plan included both defined benefit and defined contribution components. The majority of employees participated in the defined contribution component, which was funded directly by affiliate offices for their qualifying employees. Employees were required to contribute to the defined contribution component of the Plan.

The defined benefit component was funded by contributions from affiliate and branch offices through the Society. While affiliates and branches were responsible for required contributions, the assets and obligations of the defined benefit component were maintained on a plan-wide basis and were not separately allocated to each affiliate. The Society accounted for its participation in the Plan by expensing required contributions as incurred.

Effective September 1, 2025, a Defined Contribution Pension Plan for Employees of John Howard Society of Ontario, its Affiliates and Participating Branches (the “DC Plan”) was established for eligible employees, replacing the prior defined contribution component of the Plan. Members of the defined contribution component of the Plan automatically transitioned to the DC Plan.

Effective October 1, 2025, the Plan was wound up. Upon wind-up, the Society had no further funding obligations.

The Society continues to participate in the DC Plan for eligible employees. Contributions are based on a percentage of eligible employees’ earnings.

The employer portion of pension contributions for the year amounted to $56,526 (2024 – $58,751) and is recorded in salaries and benefits in the statement of operations.

14. Break-open Tickets Lotteries

The Society was licensed by the Alcohol and Gaming Commission of the Province of Ontario, licenses number 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:

	BN1	BN14	BN31	AG91	Total
Number of boxes undistributed as at January 1, 2024	1	1	1	4	7
Number of boxes ordered	(1)	(1)	-	(3)	(5)
Number of boxes available for sale	-	-	1	1	2
Number of boxes distributed	-	-	1	-	1
Number of undistributed boxes at year end	-	-	-	1	1
Number of boxes available for sale in the year	-	-	1	1	2
Disbursed proceeds to the charity	-	605	1,167	-	1,772
Cash as at December 31, 2025	-	14,153	-	-	14,153
Gross Proceeds	-	605	1,167	-	1,772

The proceeds are included in other donation revenue.

15. Financial Instruments

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Society is exposed to credit risk resulting from the possibility that a customer or counterparty to a financial instrument defaults on their financial obligations; if there is a concentration of transactions carried out with the same counterparty; or of financial obligations which have similar economic characteristics such that they could be similarly affected by changes in economic conditions. The Society's financial instruments that are exposed to concentrations of credit risk relate primarily to its accounts receivable, and due from affiliates.

The Society does not believe it is subject to any significant concentration of customer credit risk as accounts receivables are generally the result of fees billed to multiple affiliates and grant receivables.

There have not been any changes in the risk from the prior year.

Liquidity risk

Liquidity risk is the risk that the Society will encounter difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Society will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. The Society is exposed to this risk mainly in respect of its accounts payable and long-term debt.

The Society’s approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash flows to fund its operations and to meet its liabilities when due, under both normal and stressed conditions. The Society maintains a portion of its invested assets in liquid securities.

There have not been any changes in the risk from the prior year.

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 of three types of risk: currency risk, interest rate risk and other price risk. The Society is mainly exposed to interest rate risk and other price risk.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Society is exposed to currency risk through their cash and short-term investments. At year end, cash and short-term investments of $4,007 (2024 - $3,904) and $33,412 (2024 - $29,200), respectively are denominated in US dollars and converted into Canadian dollars at year-end.

15. Financial Instruments (continued)

The Society considers this risk to be acceptable and therefore does not hedge its foreign exchange rate risks.

The risk has not changed from the previous year.

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. The Society is exposed to interest rate risk on its fixed financial instruments. Fixed-interest instruments subject the Society to a fair value risk.

The Society holds long-term debt with a fixed interest rate which involves risks of default on interest and principal and price changes due to, without limitation, such factors as interest rates and general economic conditions.

The Society's exposure to interest rate risk decreased compared to the prior year as one mortgage was fully repaid during the year.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Society is exposed to other price risk through its investments in equities. The Society manages other price risk through diversification of their investments across industries and geographic locations.

The risk has not changed from the previous year.

16. Comparative Figures

Certain comparative figures have been reclassified to conform to the current year presentation.

John Howard Society of Ontario
Schedule of Fundraising Revenue

For the year ended December 31		2025		2024
Canada Helps	**$**	**27,099**	$	30,909
Other donation revenue (Note 14)		**25,353**		29,437
	$	**52,452**	$	60,346