

John Howard Society of Okanagan & Kootenay
Financial Statements
For the year ended March 31, 2021

	Contents
Independent Auditor's Report	2 - 3
Financial Statements	
Statement of Financial Position	4
Statement of Operations	5
Statement of Changes in Net Assets (Debt)	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 16



Tel: 250 763 6700
Fax: 250 763 4457
Toll-free: 800 928 3307
www.bdo.ca

BDO Canada LLP
Landmark Technology Centre
400 - 1631 Dickson Avenue
Kelowna BC V1Y 0B5 Canada

Independent Auditor's Report

To the Board of Directors of John Howard Society of Okanagan & Kootenay Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of John Howard Society of the Okanagan & Kootenay (the Society), which comprise the statement of financial position as at March 31, 2021, and the statement of operations, changes in net assets (debt) 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, 2021, and its results of operations and 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.

Responsibility 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.

Report on Other Legal and Regulatory Requirements

As required by the Societies Act (British Columbia), we report that, in our opinion, the accounting principles in Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

BDO Canada LLP

Chartered Professional Accountants

Kelowna, British Columbia
July 28, 2021

John Howard Society of Okanagan & Kootenay Statement of Financial Position

March 31	2021	2020
Assets		
Current Assets		
Cash (Note 2)	\$ 2,344,727	\$ 1,899,732
Accounts receivable	592,147	397,637
Prepaid expenses	60,276	57,799
	2,997,150	2,355,168
Property and equipment (Note 3)	8,289,106	8,435,673
	\$11,286,256	\$ 10,790,841
Liabilities and Net Assets (Debt)		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 631,376	\$ 288,382
Current portion of long term debt (Note 4)	252,291	243,886
Deferred revenue (Note 5)	683,782	705,966
	1,567,449	1,238,234
Long term debt (Note 4)	9,197,867	9,452,926
Deferred capital contributions (Note 6)	444,412	462,955
	11,209,728	11,154,115
Net Assets (Debt)		
Investment in property and equipment	(807,825)	(907,912)
Internally restricted net assets (Note 7)	(1,504,100)	(1,205,905)
Replacement reserves (Note 8)	314,975	296,006
Unrestricted net assets	2,073,478	1,454,537
	76,528	(363,274)
	\$11,286,256	\$ 10,790,841

Approved on behalf of the Board:

DocuSigned by:

Mike Woodroff

0BF06467034475...

Director

DocuSigned by:

Henri Cullinan

0E6BF8DF9B264AB...

Director

John Howard Society of Okanagan & Kootenay Statement of Operations

For the year ended March 31	Budget	2021	2020
Revenue			
Subsidies	\$ 6,402,866	\$ 6,701,354	\$ 4,613,884
Contract income	4,217,774	4,340,526	3,400,733
Rental income	1,267,652	1,086,518	753,646
Grants	220,000	336,192	339,104
Other income	42,620	328,967	117,310
	<u>12,150,912</u>	<u>12,793,557</u>	<u>9,224,677</u>
Expenses			
Advertising and promotion	9,000	3,486	5,551
Bank charges and interest	2,800	11,197	6,668
Cleaning supplies	77,817	150,688	57,495
Conferences and workshops	1,000	602	987
Insurance	74,109	93,088	66,872
Interest on long term debt	321,453	321,453	330,397
Licenses, dues and fees	2,267	10,285	8,301
Office	167,850	242,553	192,968
Other housing	115,833	69,083	137,405
Other programs	1,141,510	1,016,596	635,312
Professional fees	45,058	44,071	28,648
Property taxes	460	711	461
Rental	53,820	143,192	160,063
Repairs and maintenance	367,348	355,072	360,771
Meals	662,613	490,718	333,321
Security	162,640	30,243	7,018
Telephone	158,922	192,501	123,410
Training	36,117	24,769	38,350
Travel	143,250	147,084	148,027
Utilities	316,693	213,621	151,526
Wages and benefits	8,166,411	8,360,088	5,781,990
	<u>11,864,331</u>	<u>11,921,101</u>	<u>8,575,541</u>
Excess of revenue over expenses before amortization and other items	286,581	872,456	649,136
Amortization	359,724	359,724	342,052
Excess (deficiency) of revenues over expenses	\$ (73,143)	\$ 512,732	\$ 307,084

John Howard Society of Okanagan & Kootenay
Statement of Changes in Net Assets (Debt)

Net Assets	Investment in Property and Equipment	Internally Restricted Net Assets	Replacement Reserves	Unrestricted Net Assets	Total 2021	Total 2020
Balance, beginning of year	\$ (907,912)	\$ (1,205,905)	\$ 296,006	\$ 1,454,537	\$ (363,274)	\$ (669,305)
Adjustment for BC Housing subsidy repayment (Note 9)	-	(72,930)	-	-	(72,930)	(1,053)
BC Housing adjustment (Note 8)	-	-	(2,023)	2,023	-	-
	(907,912)	(1,278,835)	293,983	1,456,560	(436,204)	(670,358)
Excess (deficiency) of revenues over expenses	(359,724)	-	869	871,587	512,732	307,084
Approved expenditures from replacement reserves	-	-	(41,077)	41,077	-	-
Investment in property and equipment						
- Purchase of capital assets	213,157	-	-	(213,157)	-	-
- Reduction of debt incurred to purchase capital assets	246,654	(225,265)	-	(21,389)	-	-
Interfund transfers	-	-	61,200	(61,200)	-	-
Balance, end of year	\$ (807,825)	\$ (1,504,100)	\$ 314,975	\$ 2,073,478	\$ 76,528	\$ (363,274)

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

John Howard Society of Okanagan & Kootenay Statement of Cash Flows

For the year ended March 31	2021	2020
Cash flows from operating activities		
Cash received from core operating grants	\$11,105,849	\$ 8,222,979
Cash received from other revenue sources	1,468,915	1,050,677
Cash paid to employees and suppliers	(11,247,933)	(8,266,427)
Interest paid	(332,650)	(337,066)
Interest received	2,098	7,745
	<u>996,279</u>	<u>677,908</u>
Cash flows from investing activities		
Purchase of property and equipment	<u>(213,157)</u>	<u>(14,474)</u>
Cash flows from financing activities		
Principal repayment of long term debt	(246,654)	(238,225)
BC Housing subsidy adjustment	(72,930)	(1,053)
Amortization of deferred capital contribution	(18,543)	(19,316)
	<u>(338,127)</u>	<u>(258,594)</u>
Increase in cash for the year	444,995	404,840
Cash, beginning of year	<u>1,899,732</u>	<u>1,494,892</u>
Cash, end of year	<u>\$ 2,344,727</u>	<u>\$ 1,899,732</u>

John Howard Society of Okanagan & Kootenay Notes to Financial Statements

March 31, 2021

1. Summary of significant accounting policies

Nature of Business	The Society is incorporated under the laws of the British Columbia Societies Act and is a registered charity under the Income Tax Act. The Society provides programs, services and ongoing support to people who live with mental illness, developmental disabilities and/or who have been involved in the criminal justice system. The Society also provides shelter and affordable supportive housing for those in need.												
Basis of Accounting	The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.												
Revenue Recognition	The Society follows the restricted fund method of accounting for contributions. Contributions received from the British Columbia Housing Management Commission ("BC Housing") for the Cardington and New Gate housing operations are recorded in their funds, including those specified for replacement reserves. Contributions received from BC Housing for the acquisition of property and equipment are recognized as revenue in the investment in property and equipment. All other contributions are recognized as revenue in the appropriate fund in the year in which the related disbursements are incurred. Interest income earned is recognized as revenue in the appropriate fund in the period in which the investment income is earned. Restricted contributions for which no corresponding restricted fund is presented should be recognized in accordance with the deferral method where they are deferred and recognized in the period the related expenditures are incurred. Rental and other service related revenues are recognized in the appropriate fund as they are earned and collection is reasonably assured.												
Property and Equipment	<p>Property and equipment is recorded at cost. Amortization is provided on a straight-lined and declining basis over the assets' estimated lives as follows:</p> <table border="0" style="margin-left: 20px;"> <tr> <td>Land</td> <td>- Nil</td> </tr> <tr> <td>Buildings</td> <td>- 4% diminishing balance basis</td> </tr> <tr> <td>Computer equipment</td> <td>- 45% diminishing balance basis</td> </tr> <tr> <td>Furniture and equipment</td> <td>- 20% diminishing balance basis</td> </tr> <tr> <td>Leasehold improvements</td> <td>- 5 years straight line</td> </tr> <tr> <td>Vehicles</td> <td>- 30% diminishing balance basis</td> </tr> </table>	Land	- Nil	Buildings	- 4% diminishing balance basis	Computer equipment	- 45% diminishing balance basis	Furniture and equipment	- 20% diminishing balance basis	Leasehold improvements	- 5 years straight line	Vehicles	- 30% diminishing balance basis
Land	- Nil												
Buildings	- 4% diminishing balance basis												
Computer equipment	- 45% diminishing balance basis												
Furniture and equipment	- 20% diminishing balance basis												
Leasehold improvements	- 5 years straight line												
Vehicles	- 30% diminishing balance basis												

John Howard Society of Okanagan & Kootenay
Notes to Financial Statements

March 31, 2021

1. Summary of significant accounting policies (continued)

**Contributed Materials
and Services**

Contributions of assets, supplies and services that would otherwise have been purchased are recorded at fair value at the date of contribution, provided a fair value can be reasonably determined.

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles 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 reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial instruments are reported either at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are charged to the financial instrument.

Replacement Reserves

There are two replacement reserves, one for Cardington and one for New Gate. The reserves have been established to fund future capital expenditures to the facility and equipment. Appropriations to and from reserve funds must be approved by BC Housing.

John Howard Society of Okanagan & Kootenay Notes to Financial Statements

March 31, 2021

2. Cash

The Society's cash holdings are held to fund the following:

	<u>2021</u>	<u>2020</u>
Unrestricted cash	\$ 1,280,006	\$ 486,299
Restricted cash for replacement reserves		
Gaming - restorative justice	57,626	56,510
Cardington Apartments	206,805	126,023
New Gate Apartments	56,177	513,684
Restricted cash for BC Housing (a)	385,024	382,514
Externally restricted for replacement reserves		
Cardington replacement reserve (Note 8)	143,040	134,407
New Gate replacement reserve (Note 8)	216,049	200,295
	<u>\$ 2,344,727</u>	<u>\$ 1,899,732</u>

(a) Restricted cash for BC Housing:

	<u>2021</u>	<u>2020</u>
Funds in trust	\$ 337,142	\$ 337,142
Accrued interest	47,882	45,372
	<u>\$ 385,024</u>	<u>\$ 382,514</u>

Funds for the Society's New Gate apartments are being held by BC Housing in trust. Excess funds at the completion of a building project are held in trust for the future improvements or applied against the principle of the mortgage related to the property. The use of these funds are externally restricted by BC Housing.

John Howard Society of Okanagan & Kootenay Notes to Financial Statements

March 31, 2021

3. Property and equipment

	2021		2020	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 548,970	\$ -	\$ 548,970	\$ -
Leased land	2	-	2	-
Buildings	11,500,504	3,961,010	11,500,504	3,646,865
Computer equipment	136,949	51,033	28,564	25,076
Furniture and equipment	132,330	43,141	38,581	32,563
Leasehold improvements	15,551	6,434	4,528	4,426
Vehicles	39,419	23,001	39,419	15,965
	\$12,373,725	\$ 4,084,619	\$ 12,160,568	\$ 3,724,895
		<u>\$ 8,289,106</u>		<u>\$ 8,435,673</u>

The leased land consists of two parcels of land located at 1436 St. Paul Street and 189 Rutland Road North, both leased from the City of Kelowna since July, 2006 and August, 2010 respectively, for consideration of \$1 for a 60 year term from the commencement of each lease.

John Howard Society of Okanagan & Kootenay Notes to Financial Statements

March 31, 2021

4. Long term debt

	2021	2020
RBC mortgage payable with interest at 4.820% per annum, with monthly principal and interest payments of \$2,851, secured by specific land and building at 1043 Harvey Avenue, maturing November 23, 2021.	\$ 471,205	\$ 482,409
Peoples Trust mortgage payable with interest at 3.480% per annum, with monthly principal and interest payments of \$16,194, secured by specific land and buildings at the Cardington Apartments, maturing May 1, 2024.	3,043,971	3,131,482
TD Bank Group mortgage payable with interest at 3.189% per annum, with monthly principal and interest payments of \$26,590, secured by specific land and buildings at the New Gate Apartments, maturing March 1, 2022.	5,647,697	5,785,451
RBC mortgage payable with interest at 3.360% per annum, with monthly principal and interest payments of \$1,686, secured by specific land and building at 2817 Springfield Road, maturing July 9, 2025.	287,285	297,470
	9,450,158	9,696,812
Less: current portion	252,291	243,886
	\$ 9,197,867	\$ 9,452,926

Principal repayments on long term debt for the next four years and thereafter are as follows, assuming mortgages are renewed on similar terms:

Year	Amount
2022	\$ 252,291
2023	260,990
2024	269,991
2025	2,945,302
Thereafter	5,721,584
	\$ 9,450,158

John Howard Society of Okanagan & Kootenay Notes to Financial Statements

March 31, 2021

5. Deferred revenue

Deferred revenue consists of contracts and grants received to pay for expenditures relating to different programs provided by the Society. Recognition of these amounts as revenue is deferred to periods when the specified expenditures are made, and the obligations of the funding agreements are met.

	<u>2021</u>	<u>2020</u>
BC Housing	\$ 583,657	\$ 588,690
Province of BC - Gaming	49,500	49,500
Other deferred revenue	<u>50,625</u>	<u>67,776</u>
	<u>\$ 683,782</u>	<u>\$ 705,966</u>

6. Deferred capital contributions

	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 462,955	\$ 482,271
Contributions	-	-
Revenue recognized	<u>(18,543)</u>	<u>(19,316)</u>
Balance, end of year	<u>\$ 444,412</u>	<u>\$ 462,955</u>

Deferred capital contributions received from BC Housing in the form of reimbursement of costs directly related to the installation of a new HVAC unit in the Cardington apartment building.

7. Internally restricted net assets

The Internally Restricted Fund reports the assets, liabilities, receipts and disbursements related to the Cardington and New Gate housing operations and its related restrictions as reserves for capital replacements and improvements.

	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ (1,205,905)	\$ (986,845)
BC Housing subsidy repayment	(72,930)	(1,053)
Newgate mortgage repayments	(137,755)	(133,464)
Cardington mortgage repayments	<u>(87,510)</u>	<u>(84,543)</u>
Balance, end of year	<u>\$ (1,504,100)</u>	<u>\$ (1,205,905)</u>

John Howard Society of Okanagan & Kootenay Notes to Financial Statements

March 31, 2021

8. Replacement reserves

Under the terms of the agreement with BC Housing, the replacement reserve accounts are externally restricted by BC Housing and are to be credited in the amount determined by the budget provision per annum plus interest earned. These funds, along with accumulated interest must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canadian Deposit Insurance Corporation or the Credit Union Deposit Insurance Corporation; in investments in accordance with the Society Act or Municipal act, in investments guaranteed by a Canadian government, or in other investment instruments as agreed upon with BC Housing.

There are two replacement reserves, one for New Gate and one for Cardington. The annual amounts that are transferred to the New Gate and Cardington replacement reserves are \$35,280 and \$25,920 respectively. Approval from British Columbia Housing must be acquired in order to use these restricted funds for any purpose. In the current year, expenditures of \$41,077 (2020 - \$31,618) were approved by British Columbia Housing as qualifying approved expenditures to be spent out of the replacement reserve.

	Cardington Apartments	New Gate Apartments	Total 2021	2020
Balance, beginning of year	\$ 122,417	\$ 173,589	\$ 296,006	\$ 261,478
BC Housing adjustment	(3,215)	1,192	(2,023)	-
Annual transfer	25,920	35,280	61,200	61,200
Interest income	349	520	869	4,946
Approved expenditures	(21,826)	(19,251)	(41,077)	(31,618)
Balance, end of year	123,645	191,330	314,975	296,006
Cash restricted for replacement reserves (Note 2)	143,040	216,049	359,089	334,702
Over funded replacement reserve	\$ 19,395	\$ 24,719	\$ 44,114	\$ 38,696

9. Subsidy assistance adjustments

BC Housing conducts an annual review of the financial statements and may adjust for any operation surplus or deficit of the prior year related to Cardington Apartments and New Gate Apartments. These adjustments occur and are accounted for as changes in the opening fund balances in the year the adjustment is communicated to the Society. In the current year, there was a subsidy repayment to (from) the Society of \$(72,930) (2020 - \$(1,053)).

John Howard Society of Okanagan & Kootenay Notes to Financial Statements

March 31, 2021

10. Commitments and contingencies

(a) Residential accommodation

The Society has a 60 year operating agreement with BC Housing to provide non-market residential accommodation at various residential locations for persons who are homeless, or at high risk of homelessness, due to various factors. The society also has other operating agreements for properties such as Hearthstone, Stephen Village, and Samuel Place expiring between 2021 and 2022 with options to renew for 3-5 years. BC Housing agrees to provide subsidy to the Society for the difference between the tenant rent contribution and cost of operating the units, based on a budget approved by BC Housing for each location. The Society's main responsibilities are to manage and maintain the building, prepare an annual operating budget for approval by BC Housing, ensure sound financial management, enter into tenancy agreements with the tenants who meet the specifications contained in the agreement and provide specific support services where applicable.

(b) Operating agreements

The Society has various commitments for leases or rent at various locations. The annual payment for the following five years is estimated as follows:

2022	\$ 242,201
2023	164,508
2024	136,483
2025	134,734
2026	<u>124,548</u>
	<u>\$ 802,474</u>

11. Economic dependence

During the current year, the Society received subsidy payments for the Cardington Apartments, New Gate Apartments, and shelter and housing first projects totaling \$566,424 (2020 - \$556,152), \$596,808 (2020 - \$575,148), and \$5,538,122 (2020 - \$3,482,584) respectively, from the provincial government. The Society also receives government funding for several other short and long term programs.

Funding from BC Housing for the Cardington Apartments, New Gate Apartments, and shelter and housing first projects represent 4% (2020 - 6%), 5% (2020 - 6%), 43% (2020 - 39%) of the Society's total revenue for the year. The remainder of the funding received is from foundations and private sources. If these sources substantially curtail their funding, it would be of detriment to some programs which the Society operates. The Society is dependent on these funds to operate its other government funded housing projects in their present manner.

John Howard Society of Okanagan & Kootenay Notes to Financial Statements

March 31, 2021

12. BC Society Act disclosure

The Societies Act (British Columbia) requires certain information to be reported with regards to remuneration of employees, contractors and directors. Included in wages and benefits on the Statement of Operations are five employees (2020 - 5) with remuneration over \$75,000. The total salaries paid to these individuals for the year ended March 31, 2021 was \$445,980 (2020 - \$427,042). No honoraria were paid to members of the Board of Directors for the current year or the prior year.

13. Global pandemic

The impact of COVID-19 in Canada and on the global economy increased significantly. As the impacts of COVID-19 continue, there could be further impact on the Society, its community of service, employees, suppliers and other third party business associates that could impact the timing and amounts realized on the Society's assets and future ability to deliver services and projects.

At this time, the full potential impact of COVID-19 on the Society is not known. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of disruption and the related financial impact cannot be reasonably estimated at this time. The Society will continue to focus on effectively managing delivery of programs, managing expenditures, and leveraging existing reserves to ensure it is able to continue providing essential services to its community of service.

14. Financial instrument risk

The Society holds various forms of financial instruments. The nature of these instruments and the Society's operations expose the Society to interest, credit and liquidity risks. The Society manages its exposure to these risks by operating in a manner that minimizes its exposure to the extent practical.

Liquidity Risk

Liquidity risk is the risk that the Society encounters 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. Liquidity risk arises from accounts payable and accrued liabilities and long term debt.

See Note 10 for further information on possible liquidity risk arising from the Society's commitments and contingencies.

Management has determined that the Society is not significantly exposed to liquidity risk given its strong operating cash flows and secured funding sources. There have been no changes from the previous year of policies, procedures and methods to measure the risk.