

**John Howard Society of Okanagan & Kootenay**  
**Financial Statements**  
For the year ended March 31, 2022

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## Independent Auditor's Report

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### 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, 2022, 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, 2022, 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.

Chartered Professional Accountants

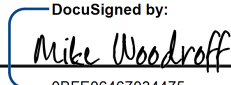

*BDO Canada LLP*

Kelowna, British Columbia  
September 22, 2022

## John Howard Society of Okanagan & Kootenay Statement of Financial Position

March 31	2022	2021
<b>Assets</b>		
<b>Current Assets</b>		
Cash (Note 2)	\$ 1,877,144	\$ 2,344,727
Accounts receivable	592,865	592,147
Prepaid expenses	49,848	60,276
	2,519,857	2,997,150
Property and equipment (Note 3)	7,984,607	8,289,106
	\$10,504,464	\$ 11,286,256
<b>Liabilities and Net Assets (Debt)</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	\$ 612,480	\$ 631,376
Current portion of long term debt (Note 4)	704,401	252,291
Deferred revenue (Note 5)	740,789	683,782
	2,057,670	1,567,449
Long term debt (Note 4)	8,103,631	9,197,867
Deferred capital contributions (Note 6)	469,870	444,412
	10,631,171	11,209,728
<b>Net Assets (Debt)</b>		
Investment in property and equipment	(937,626)	(1,276,070)
Internally restricted net assets (Note 7)	(2,127,606)	(1,504,100)
Replacement reserves (Note 8)	342,668	314,975
Unrestricted net assets	2,595,857	2,541,723
	(126,707)	76,528
	\$10,504,464	\$ 11,286,256

Approved on behalf of the Board:

<p>DocuSigned by:    <small>0BFEE06467034475...</small></p>	Director
<p>DocuSigned by:    <small>0E6BF8DF9B264AB...</small></p>	Director

## John Howard Society of Okanagan & Kootenay Statement of Operations

For the year ended March 31	Budget	2022	2021
<b>Revenue</b>			
Subsidies	\$ 6,262,125	\$ 6,634,726	\$ 6,701,354
Contract income	4,389,052	4,453,857	4,340,526
Rental income	1,117,515	1,167,598	1,086,518
Grants	92,400	249,395	336,192
Other income	245,783	369,939	308,325
Interest income	960	2,839	2,099
Amortization of deferred capital contributions	-	23,159	18,543
	<u>12,107,835</u>	<u>12,901,513</u>	<u>12,793,557</u>
<b>Expenses</b>			
Advertising and promotion	9,000	3,165	3,486
Bank charges and interest	3,100	10,183	11,197
Cleaning supplies	83,400	161,045	150,688
Conferences and workshops	1,000	276	602
Insurance	74,200	107,068	93,088
Interest on long term debt	310,319	310,319	321,453
Licenses, dues and fees	8,400	6,748	10,285
Office	259,200	388,506	242,553
Other housing	30,500	30,889	69,083
Other programs	1,125,978	1,114,297	1,016,596
Professional fees	45,100	38,301	44,071
Property taxes	460	13,987	711
Rental	185,465	114,595	143,192
Repairs and maintenance	426,835	484,169	355,072
Meals	-	587,677	490,718
Security	-	50,341	30,243
Telephone	195,971	203,056	192,501
Training	47,847	21,387	24,769
Travel	141,500	135,634	147,084
Utilities	311,826	293,529	213,621
Wages and benefits	8,597,035	8,649,840	8,360,088
	<u>11,857,136</u>	<u>12,725,012</u>	<u>11,921,101</u>
<b>Excess of revenue over expenses before amortization and other items</b>	250,699	176,501	872,456
Amortization	374,850	374,850	359,724
<b>Excess (deficiency) of revenues over expenses</b>	<u>\$ (124,151)</u>	<u>\$ (198,349)</u>	<u>\$ 512,732</u>

**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 2022	Total 2021
<b>Balance, beginning of year</b>	\$ (1,276,070)	\$ (1,504,100)	\$ 314,975	\$ 2,541,723	\$ 76,528	\$ (363,274)
BC Housing replacement reserve adjustment (Note 8)	-	-	(2,654)	2,654	-	-
Adjustment for BC Housing subsidy repayment (Note 9)	-	(4,886)	-	-	(4,886)	(72,930)
	<b>(1,276,070)</b>	<b>(1,508,986)</b>	<b>312,321</b>	<b>2,544,377</b>	<b>71,642</b>	<b>(436,204)</b>
Excess (deficiency) of revenues over expenses	(374,850)	-	80	176,421	(198,349)	512,732
Amortization of deferred capital contributions	23,159	-	-	(23,159)	-	-
Approved expenditures from replacement reserves	-	-	(30,933)	30,933	-	-
Investment in property and equipment						
- Purchase of capital assets	94,183	-	-	(94,183)	-	-
Assets purchased from deferred capital	(46,174)	-	-	46,174	-	-
- Reduction of debt incurred to purchase capital assets	642,126	(618,620)	-	(23,506)	-	-
Interfund transfers	-	-	61,200	(61,200)	-	-
<b>Balance, end of year</b>	<b>\$ (937,626)</b>	<b>\$ (2,127,606)</b>	<b>\$ 342,668</b>	<b>\$ 2,595,857</b>	<b>\$ (126,707)</b>	<b>\$ 76,528</b>

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	2022	2021
<b>Cash flows from operating activities</b>		
Cash received from core operating grants	\$11,337,978	\$ 11,105,849
Cash received from other revenue sources	1,616,986	1,450,372
Cash paid to employees and suppliers	(12,409,863)	(11,247,933)
Interest paid	(320,502)	(332,650)
Interest received	2,839	2,098
	<u>227,438</u>	<u>977,736</u>
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(94,183)	(213,157)
Property and equipment paid for with deferred capital contributions	46,174	-
	<u>(48,009)</u>	<u>(213,157)</u>
<b>Cash flows from financing activities</b>		
Principal repayment of long term debt	(642,126)	(246,654)
BC Housing subsidy adjustment	(4,886)	(72,930)
	<u>(647,012)</u>	<u>(319,584)</u>
<b>Increase (decrease) in cash for the year</b>	<b>(467,583)</b>	<b>444,995</b>
<b>Cash, beginning of year</b>	<b>2,344,727</b>	<b>1,899,732</b>
<b>Cash, end of year</b>	<b>\$ 1,877,144</b>	<b>\$ 2,344,727</b>

## John Howard Society of Okanagan & Kootenay Notes to Financial Statements

**March 31, 2022**

### 1. Summary of significant accounting policies

<b>Nature of Business</b>	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.												
<b>Basis of Accounting</b>	The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.												
<b>Revenue Recognition</b>	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.												
<b>Property and Equipment</b>	Property and equipment is recorded at cost. Amortization is provided on a straight-lined and declining basis over the assets' estimated lives as follows: <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												



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## John Howard Society of Okanagan & Kootenay Notes to Financial Statements

**March 31, 2022**

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### 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, 2022**

### 2. Cash

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

	2022	2021
Unrestricted cash	\$ 1,427,744	\$ 1,542,988
Restricted cash for Gaming - restorative justice	62,699	57,626
Restricted cash for BC Housing (a)	-	385,024
Externally restricted for replacement reserves		
Cardington replacement reserve (Note 8)	150,759	143,040
New Gate replacement reserve (Note 8)	235,942	216,049
	\$ 1,877,144	\$ 2,344,727

#### (a) Restricted cash for BC Housing:

	2022	2021
Funds in trust	\$ -	\$ 337,142
Accrued interest	-	47,882
	\$ -	\$ 385,024

In prior years, funds for the Society's New Gate Apartments were being held by BC Housing in trust. Excess funds at the completion of a building project were held in trust for future improvements or applied against the principle of the mortgage related to the property. During the year ended March 31, 2022, the balance of the funds held in trust were applied against the principle balance of the mortgage.

## John Howard Society of Okanagan & Kootenay Notes to Financial Statements

March 31, 2022

### 3. Property and equipment

	2022		2021	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 548,970	\$ -	\$ 548,970	\$ -
Leased land	2	-	2	-
Buildings	11,508,060	4,262,740	11,500,504	3,961,010
Computer equipment	163,693	95,713	136,949	51,033
Furniture and equipment	138,838	56,864	132,330	43,141
Leasehold improvements	15,551	9,544	15,551	6,434
Vehicles	66,314	31,960	39,419	23,001
	<b>\$12,441,428</b>	<b>\$ 4,456,821</b>	<b>\$ 12,373,725</b>	<b>\$ 4,084,619</b>
		<b>\$ 7,984,607</b>		<b>\$ 8,289,106</b>

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, 2022**

### 4. Long term debt

	2022	2021
RBC mortgage payable with interest at 2.00% per annum, with monthly principal and interest payments of \$2,170, secured by specific land and building at 1043 Harvey Avenue, maturing November 23, 2022.	\$ 457,886	\$ 471,205
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.	2,953,387	3,043,971
Peoples Trust mortgage payable with interest at 2.815% per annum, with monthly principal and interest payments of \$23,738, secured by specific land and buildings at the New Gate Apartments, maturing March 1, 2032.	5,119,661	5,647,697
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.	277,098	287,285
	8,808,032	9,450,158
Less: current portion	704,401	252,291
	\$ 8,103,631	\$ 9,197,867

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
2023	\$ 704,401
2024	254,242
2025	2,927,252
2026	397,802
Thereafter	4,524,335
	\$ 8,808,032

## John Howard Society of Okanagan & Kootenay Notes to Financial Statements

**March 31, 2022**

### 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.

	2022	2021
BC Housing	\$ 591,845	\$ 583,657
Province of BC - Gaming	53,400	49,500
Other deferred revenue	95,544	50,625
	\$ 740,789	\$ 683,782

### 6. Deferred capital contributions

	2022	2021
Balance, beginning of year	\$ 444,412	\$ 462,955
Contributions	48,617	-
Revenue recognized	(23,159)	(18,543)
Balance, end of year	\$ 469,870	\$ 444,412

Deferred capital contributions consists of 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 and other deferred capital contributions received from funders.

### 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.

	2022	2021
Balance, beginning of year	\$ (1,504,100)	\$ (1,205,905)
BC Housing subsidy repayment	(4,886)	(72,930)
Newgate mortgage repayments	(528,037)	(137,755)
Cardington mortgage repayments	(90,583)	(87,510)
Balance, end of year	\$ (2,127,606)	\$ (1,504,100)

## John Howard Society of Okanagan & Kootenay Notes to Financial Statements

**March 31, 2022**

### 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 \$30,933 (2021 - \$41,077) were approved by British Columbia Housing as qualifying approved expenditures to be spent out of the replacement reserve.

	Cardington Apartments	New Gate Apartments	Total 2022	2021
Balance, beginning of year	\$ 123,645	\$ 191,330	\$ 314,975	\$ 296,006
BC Housing adjustment	-	(2,654)	(2,654)	(2,023)
Annual transfer	25,920	35,280	61,200	61,200
Interest income	48	32	80	869
Approved expenditures	(14,059)	(16,874)	(30,933)	(41,077)
Balance, end of year	135,554	207,114	342,668	314,975
Cash restricted for replacement reserves (Note 2)	150,759	235,942	386,701	359,089
Over funded replacement reserve	\$ 15,205	\$ 28,828	\$ 44,033	\$ 44,114

### 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 \$(4,886) (2021 - \$(72,930)).

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## John Howard Society of Okanagan & Kootenay Notes to Financial Statements

**March 31, 2022**

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### 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 2024 and 2027 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:

2024	\$ 259,818
2025	226,342
2026	206,511
2027	175,470
2028	<u>141,576</u>
	<u>\$ 1,009,717</u>

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### 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 totalling \$520,507 (2021 - \$566,424), \$568,568 (2021 - \$596,808), and \$5,545,651 (2021 - \$5,538,122) 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% (2021 - 4%), 4% (2021 - 5%), 43% (2021 - 43%) of the Society's total revenue for the year. During the year, the Society also received funding from Community Living BC in the amount of \$3,216,016 (2021 - \$3,309,473), representing 25% (2021 - 26%) 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.

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## John Howard Society of Okanagan & Kootenay Notes to Financial Statements

**March 31, 2022**

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### 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 four employees (2021 - 5) with remuneration over \$75,000. The total salaries paid to these individuals for the year ended March 31, 2022 was \$385,881 (2021 - \$445,980). No honoraria were paid to members of the Board of Directors for the current year or the prior year.

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### 13. Comparative figures

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

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### 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.