HOMES FIRST SOCIETY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2015

HOMES FIRST SOCIETY

Financial Statements December 31, 2015

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AKLER, BROWNING, FRIMET & LANDZBERG LLP CHARTERED ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Members of Homes First Society

We have audited the accompanying financial statements of Homes First Society, which comprise the statement of financial position as at December 31, 2015, and the statements of operations, changes in net assets, cash flows and supporting schedules for the year then ended, and a summary of significant accounting policies and other explanatory information. The financial statements have been prepared by management of Homes First Society based on the financial reporting provisions of the operating agreements between Homes First Society and the specified users described in the notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the operating agreements between Homes First Society and the specified users described in the notes to the financial statements, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of Homes First Society as at December 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance with the financial reporting provisions of the operating agreements between Homes First Society and the specified users described in the notes to the financial statements.

Basis of Accounting and Restriction on Use

Akler, Browning, Frimet

Without modifying our opinion, we draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist the management of Homes First Society to comply with the financial reporting requirements referred to above. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the members of Homes First Society and should not be used by parties other than the members of Homes First Society.

E Landzberg LLP
Chartered Accountants
Licensed Public Accountants
Toronto, Canada

April 5, 2016

HOMES FIRST SOCIETY Statement of Financial Position December 31, 2015

		2015	2014
Assets			
Current			
Cash and cash equivalents (Note 2)	\$	987,935 \$	794,565
Accounts receivable (Note 3)	101	191,674	150,920
Government funding receivable		518,388	447,927
Prepaids		87,268	100,495
Total current assets		1,785,265	1,493,907
Property and equipment (Note 4)		8,508,426	9,135,774
Assets under capital lease (Note 5)		4,638,003	5,111,141
Restricted Investments (Note 2)		2,020,536	1,911,181
Total Assets	\$	16,952,230 \$	17,652,003
Liabilities			
Current			
Accounts payable and accrued liabilities (Note 6)	\$	1,000,564 \$	779,629
Government remittances payable		13,990	17,829
Deferred contributions (Note 7)		206,845	158,103
Current portion of mortgages payable (Note 10)		962,573	2,807,137
Total current liabilities		2,183,972	3,762,698
Deferred contributions related to property and equipment (Note 8)		1,212,617	1,398,037
Restricted contribution (Note 9)		113,995	112,255
Mortgages payable (Note 10)		10,688,348	9,758,850
Total Liabilities		14,198,932	15,031,840
Net Assets			
Externally restricted reserves		1,639,348	1,557,341
Internally restricted reserve		267,193	241,585
Unrestricted net assets		846,757	821,237
Total Net Assets		2,753,298	2,620,163
Total Liabilities and Net Assets	\$	16,952,230 \$	17,652,003

Approved on behalf of the board

Director

Date

Director_

HOMES FIRST SOCIETY

Statement of Changes in Net Assets Year ended December 31, 2015

	Externally Restricted Reserve Section 78	Externally Restricted Reserve 90 Shuter Section 95	Externally Restricted Strachan Capital Reserve	Externally Restricted Scarboro Capital Reserve	Internally Restricted Operating Capital Reserve	Un- restricted Net Assets	2015	2014
Balance, beginning of year								
	1,241,996	192,732	122,613	-	241,585	821,237	2,620,163	2,561,734
Add/(Deduct):	-	**						
Allocation from operations	130,763	22,500	96,600	90,000	23,434	-	363,297	171,240
Reserve investment income	22,836	3,776	1,287	-	2,174	-	30,073	82,848
Reserve expenditures (Note 11)	(203,555)	(28,525)	(53,675)	-	-	-	(285,755)	(197,589)
Adjustment to prior year's funding	•	-	-	-	-	23,721	23,721	(3,130)
Excess of revenues over expenditures		•	-	-	-	1,799	1,799	5,060
Balance, end of year	1,192,040	190,483	166,825	90,000	267,193	846,757	2,753,298	2,620,163

HOMES FIRST SOCIETY Statement of Operations Year ended December 31, 2015

	Savard's	Strachan	Scarboro	CAMH	Sec 78 Various	Sec 95 Shuter	Managed Properties	Support for Daily Living		
			<u> </u>						2015	2014
Revenues										
Government funding - City of Toronto										
(Schedule)	804,227	1,267,878	1,276,483	-	2,555,159	450,512		785,091	7,139,350	
Revenues from tenants	-	411,708	-	-	530,966	156,202	56,638	-	1,155,514	1,096,608
Government funding - MOHLTC	346,294	-	-	-	-	-	-	-	346,294	346,294
CAMH high support funding	-	*		263,008	-	-	-	-	263,008	264,592
United Way	117,100	91,280	-	-	-	•	•	-	208,380	203,588
Amortization of deferred contributions										
related to property and equipment	19,596	165,824	-	-	-	-	-	-	185,420	185,420
Donations (Note 12)	54,457	55,771	12,926	-	-	24,000		30,001	184,510	186,184
Management fees	•	-	-	-	-	-	116,089	-	116,089	116,089
Rebates, refunds, signage, interest										
and other	58	18,616	3,055	-	-	28,998	•	-	75,198	3,041
Non-rental income		<u>7,48</u> 9	-	-	13,054	26,043	4,705	-	51,291	54,834
Total revenues	1,341,732	2,018,566	1,292,464_	263,008	3,099,179	685,755	209,258	815,092	9,725,054	9,145,731
Expenditures										
Administrative and Program (Schedule)	1,058,577	1,068,702	984,429	252,684	328,436	90,866	73,350	752,892	4,609,936	4,614,485
Maintenance (Schedule)	225,620	545,145	152,707	10,324	770,259	202,399	89,376	62,200	2,058,030	1,712,935
Mortgage principal and interest	-	-	-	_	1,205,827	205,731	-	-	1,411,558	1,444,306
Utilities (Schedule)	33,925	124,020	57,712	_	311,730	143,737	16,140	-	687,264	637,958
Allocation to restricted reserve funds		96,600	90,000	_	130,763	22,500		-	363,297	171,240
Property taxes	_	-	<u>-</u>	_	293,540	-	-	-	293,540	279,093
Amortization	19,596	165,824	_	-	-	-	_	-	185,420	185,420
Insurance and bad debts	3,629	15,967	6,416	_	58,624	20,298	9,276	-	114,210	95,234
Total expenses		2,016,258	1,291,264	263,008	3,099,179	685,531	211,576	815,092	9,723,255	
Excess of Revenues over Expenditures	385	2,308	1,200	_	_	224	(2,318)	_	1,799	5,060

HOMES FIRST SOCIETY Schedule of Government Funding - City of Toronto Year ended December 31, 2015

	Savard's	Strachan	Scarboro	CAMH	Sec 78 Various	Sec 95 Shuter	Managed Properties	Support for Daily Living		
									2015	2014
Shelter per diem	720,994	974,118	1,211,091	-	-	_	_	_	2,906,203	2,752,344
Housing Services Act (HSA) - Section 78	-	-	<u>-</u>	-	2,480,159	-	-	-	2,480,159	2,383,316
Supports to daily living	-	_	_	-	_	-	-	785,091	785,091	785,091
Rent Supplement Program	-	-	-	-	-	450,512	-	-	450,512	432,682
Emergency hostel funding program	65,392	65,392	65,392	-	-	-	-	-	196,176	158,700
Strachan Interior Alternations	<u>.</u>	134,075	-	-	-	-	-	-	134,075	-
Homelessness Partnership Strategy	-	-	-	-	75,000	-	-	-	75,000	-
Housekeeping, hoarding and bed bugs funding	_	64,351	-	-	-	-	-	_	64,351	16,089
Food access project	-	29,942	_	-	-	-	-	-	29,942	26,610
Health and Safety Funding	15,000	-	_	-	_	-	-	-	15,000	-
Toronto Public Health	2,841	-	-	•	-	-	-	-	2,841	17,516
Housing Services Act (HSA) - Section 95	-	-	-	-	-	-	-	-	-	54,835
Homelessness Partnership Initiative	-	-	-	-	-	-	-	-	-	61,648
Other miscellaneous payment	<u> </u>	-	-	<u></u>		-	-	-	-	250
	804,227	1,267,878	1,276,483	-	2,555,159	450,512	-	785,091	7,139,350	6,689,081

HOMES FIRST SOCIETY Schedule of Administrative and Program Expenses Year ended December 31, 2015

	Savard's	Strachan	Scarboro	САМН	Sec 78 Various	Sec 95 Shuter	Managed Properties	Support for Daily Living		
									2015	2014
Salaries and benefits	881,335	927,742	770,334	239,555	232,282	49,810	65,347	641,360	3,807,765	3,878,709
Tenant services	126,758	50,902	102,176	1,262	-	-	436	29,075	310,609	272,189
Professional fees	21,703	32,181	20,034	4,357	54,519	10,709	3,619	28,751	175,873	197,919
Telephone/Fax/internet	10,038	13,966	10,563	3,314	9,075	1,815	1,778	19,987	70,536	74,753
Rental charges	-	2	63,654	-	-	_	-	2,292	65,948	64,511
Office equipment	2,309	21,416	4,623	1,153	5,327	1,065	355	6,530	42,778	29,668
Other	1,737	2,494	1,603	369	4,002	22,821	267	2,221	35,514	-
Computer supplies, repairs and maintenance	5,268	6,468	2,194	731	3,696	739	246	8,352	27,694	21,933
Supplies and general administrative	3,715	4,956	3,391	593	6,347	1,269	423	4,036	24,730	29,702
Membership dues	1,442	2,070	1,546	289	3,327	665	222	1,744	11,305	9,779
Travel	1,171	1,682	1,448	265	2,703	541	180	1,910	9,900	10,521
Advertising and promotion	1,128	1,620	1,042	227	2,604	521	174	1,365	8,681	9,779
Meetings and conferences	689	990	636	312	1,591	318	106	3,716	8,358	4,740
Postage and courier	684	1,352	631	137	1,578	316	105	827	5,630	4,481
Interest and bank charges	600	861	554	120	1,385	277	92	726	4,615	5,801
	1,058,577	1,068,702	984,429	252,684	328,436	90,866	73,350	752,892	4,609,936	4,614,485

HOMES FIRST SOCIETY Schedule of Maintenance Expenses Year ended December 31, 2015

	Savard's	Strachan	Scarboro	CAMH	Sec 78 Various	Sec 95 Shuter	Managed Properties	Support for Daily Living		
									2015	2014
Building and equipment	67,142	228,363	43,147	1,049	166,869	49,206	38,393	6,318	600,487	516,724
General repairs and maintenance	42,234	91,591	28,355	994	113,279	34,926	15,120	5,990	332,489	359,857
Salaries and benefits	41,246	59,219	38,073	8,281	95,183	19,037	6,346	49,892	317,277	282,205
Heating, air conditioning, ventilation and										
plumbing	52,074	52,947	14,054	-	129,764	23,150	5,154	-	277,143	203,193
Security	6,535	51,493	10,693	-	153,398	18,349	6,629	-	247,097	150,544
Waste removal	12,846	32,591	8,491	-	31,122	28,721	7,352	-	121,123	110,410
Electrical systems	3,087	21,982	9,894	-	28,173	16,284	715	-	80,135	21,968
Grounds	456	3,604	_	-	26,140	1,689	9,667	-	41,556	40,725
Elevators	-	3,355	-	-	11,576	9,558	-	-	24,489	27,309
Painting	-		-	-	14,755	1,479	-		16,234	4
-	225,620	545,145	152,707	10,324	770,259	202,399	89,376	62,200	2,058,030	1,712,935

HOMES FIRST SOCIETY Schedule of Utilities Expenses Year ended December 31, 2015

	Savard's	Strachan	Scarboro	CAMH	Sec 78 Various		Managed Properties	Support for Daily Living		
									2015	2014
Electricity	17,790	61,474	30,830	-	146,214	122,630	6,402	-	385,340	355,749
Water and sewage	10,509	21,550	12,873	-	96,445	21,107	2,600	-	165,084	150,195
Fuel	5,626	40,996	14,009	-	69,071	<u>•</u>	7,138	-	136,840	132,014
	33,925	124,020	57.712	-	311,730	143,737	16,140	-	687,264	637.958

HOMES FIRST SOCIETY

Statement of Cash Flows Year ended December 31

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenues over expenditures	\$ 1,800 \$	5,060
Items not involving cash		
Amortization	1,100,486	1,044,910
Amortization of deferred contributions related to property and equipment	(185,420)	(185,420)
Adjustment to prior year's funding	 23,721	(19, <u>004)</u>
	940,587	845,546
Change in non-cash working capital items		
Accounts receivable	(40,754)	135,714
Government funding receivable	(70,461)	40,086
Prepaids	13,227	(12,686)
Accounts payable and accrued liabilities	220,934	(124,690)
Government remittances payable	(3,839)	(326)
Deferred contributions	48,742	(96,697)
Cash Provided by Operating Activities	1,108,436	786,947
CASH FLOWS FROM FINANCING ACTIVITIES		
Mortgages payable	 (915,066)	(855, <u>469)</u>
(Decrease) increase in cash and cash equivalents	193,370	(68,522)
Cash and cash equivalents, beginning of year	794,565	863 <u>,0</u> 87
Cash and cash equivalents, end of year	\$ 987,935 <u>\$</u>	794,5 <u>65</u>

Notes to the Financial Statements

December 31, 2015

PURPOSE AND NATURE OF THE ORGANIZATION

Homes First Society (the "Society") is a not-for-profit organization incorporated under The Corporations Act (Ontario) as a corporation without share capital and is registered with the Canada Revenue Agency as a charity within the meaning of the Income Tax Act.

The primary purpose of the Society is to provide permanent and affordable housing and transitional support services to those with the fewest housing options in our community.

In accordance with its operating and funding agreements with the funders listed below, the Society receives funding to provide subsidized housing and transitional support services to its tenants and their families.

City of Toronto

Canada Mortgage and Housing Corporation (CMHC)

Ontario Ministry of Health and Long Term Care (MOHLTC)

United Way of Greater Toronto

The Society is dependent on these funders for its continued operation.

Specified Users

The specified users of these financial statements are as follows:

City of Toronto

Canada Mortgage and Housing Corporation (CMHC)

Ontario Ministry of Health and Long Term Care (MOHLTC)

United Way of Greater Toronto

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with the financial reporting provisions of the operating agreements between the Society and the specified users. The significant policies are detailed as follows.

(a) Basis of accounting

The basis of accounting used in these financial statements differ from Part III of the CICA Accounting Handbook - Accounting Standards for Not-for-Profit Organizations in the following ways:

- Property and equipment and assets under capital lease related to programs funded by the City (i) of Toronto Social Housing Unit other than 53 Strachan and 1322 Bloor Street West are recorded at cost. Amortization includes amortization of land and building costs and is equal to the amount of principal repaid on the corresponding mortgages rather than the useful lives of the related assets. Consequently the related assets are not tested for impairment.
- Major repairs, upgrades and expenditures and replacement of property and equipment are (ii) funded as an allocation from the externally restricted reserves.
- Allocations to the restricted reserves are made through the statement of operations rather than (iii) as interfund transfers through the statement of changes in net assets.
- Long-term land leases have been treated as capital leases rather than operating leases. (iv)

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(b) Consolidation

Homes First Foundation (Foundation), which is controlled by the Society as a result of the Society's significant economic interest in the Foundation, is not consolidated in the Society's financial statements. The Society has chosen to disclose the total assets, liabilities and net assets as its year end as well as the revenues and expenses for the period.

(c) Fund accounting

The accounts of the Society are maintained in accordance with the principles of fund accounting by which resources for various purposes are classified for accounting and reporting purposes into funds relating to the specific activities and operations. These funds are as follows:

(i) Unrestricted net assets

The unrestricted net assets represent the operating fund for the Society and consist of the Society's rental, administrative and support activities.

(ii) Externally restricted reserves

The Society is required by several agreements with its funders to maintain replacement reserve funds. The cash and investments in the funds are restricted and can only be used for capital expenditures as defined by the agreements. These funds consist of monies held in Guaranteed Investment Certificates as well as funds administered by an investment manager at Phillips, Hager & North Investment Funds Ltd.

(iii) Internally restricted reserve

Internally restricted reserve funds are to be used to fund major repairs and maintenance projects at locations which have no established specific reserve account, as approved by the Board of Directors.

(d) Revenue recognition

Government funding, revenues from tenants and other revenue is recognized on an accrual basis in the statement of operations. The City of Toronto provides subsidies to assist the organization's operations. The annual subsidy is subject to revision upon filing of the Annual Information Return for private non-profit housing corporations.

Restricted contributions related to expenditures of future periods are deferred and recognized as revenue in the period in which the related expenditures are incurred.

Unrestricted and restricted investment income is recognized as it is earned in the appropriate fund.

(e) Cash and cash equivalents

Bank balances, including bank overdrafts with balances that fluctuate from positive to overdrawn, are presented under cash and cash equivalents. Cash equivalents include highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value. An investment normally qualifies as a cash equivalent when it has a short maturity of approximately three months or less from the date of acquisition.

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(f) Property and equipment

Property and equipment are accounted for at cost. Contributed property and equipment are recorded at their fair value at the date of the donation. Except for the City of Toronto Social Housing Unit funded properties described in Note 1(a)(i), property and equipment are amortized following the straight line method over their estimated useful lives as follows:

Buildings 25 years

(g) Deferred contributions related to property and equipment

Deferred contributions related to property and equipment include the unamortized portions of the restricted contributions relating to the purchase of property and equipment. The deferred contributions will be recognized as revenue on the same basis the property and equipment are being amortized.

(h) Contributed services

The Society would not be able to carry out its activities without the services of the many volunteers who donate a considerable number of hours. Due to the difficulty of compiling these hours, contributed services are not recognized in the financial statements.

(i) Allocation of expenses

The Society engages in housing and transitional support services. The costs of each program includes the costs of personnel and other expenditures that are directly related to providing the services. The Society also incurs other expenditures that are common to the management and operations of the organization and each of its programs.

The Society allocates certain of its maintenance and administration expenditures by identifying the appropriate basis of allocating each component expenditures, and applies the basis consistently each year based on assumptions made by management. These costs are included in the revenues and expenditures per the schedules attached to the financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(i) Financial instruments

Measurement of Financial Instruments

The Society initially measures its financial assets and liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate.

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

Financial assets measured at amortized cost include cash and cash equivalents, accounts receivable and government funding receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, government remittances payable and mortgages payable.

Financial assets measured at fair value include restricted investments.

Impairment

For financial assets measured at amortized cost, the Society determines whether there are indications of possible impairment. When there is an indication of impairment, and the Society determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in excess of revenues over expenditures in the respective fund. A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be 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 excess of revenues over expenditures in the respective fund.

(k) Use of estimates

The preparation of financial statements in accordance with the financial reporting provisions of the operating agreements between the Society and the specified user organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, revenues and expenditures.

The main estimates relate to the impairment of financial assets, the estimated useful life of property and equipment other than funded properties, allowance for doubtful accounts and the provision for the repayment of subsidies.

2. CASH AND CASH EQUIVALENTS AND RESTRICTED INVESTMENTS

		2015	2014
Cash and Cash Equivalents			
Cash	\$	146,322 \$	763,286
Guaranteed investment certificates		841,613	31,279
		987,935	794,565
Restricted Investments	- · ·		
Bond funds		1,099,420	1,152,210
Equity funds		283,103	282,517
Guaranteed investment certificates		638,013	476,45 <u>4</u>
		2,020,536	1,911,181
Total	\$	3,008,471 \$	2,705,746

Guaranteed investment certificates in the amount of \$11,000 are used as collateral for the Society's credit cards.

3. ACCOUNTS RECEIVABLE

	2015	2014
HST rebate receivable	\$ 150,554 \$	121,128
Rent receivable	46,087	50,280
Due from Homes First Foundation	9,457	2,034
Management fees receivable	-	7,942
vianagement rees receivable Allowance for doubtful accounts	(14,424)	(30,464)
	\$ 191,674 \$	150,920

4. PROPERTY AND EQUIPMENT

		Cost	Accumulated		5544
			Amortization	2015	2014
Land and buildings (City of I	Toronto S	ocial Housing l	Unit funded)		
175 Vaughan Road	\$	3,813,767 \$		1,892,547 \$	2,052,369
29 Wales Avenue		492,999	236,845	256,154	275,079
87 Bellevue Avenue		3,320,114	1,296,109	2,024,005	2,130,388
50 Earl Street		2,657,576	838,779	1,818,797	1,895,020
434 Gerrard Street		1,970,878	702,774	1,268,104	1,324,527
90 Shuter Street		3,102,881	2,341,730	761,151	<u>951,127</u>
		15,358,215	7,337, <u>45</u> 7	8,020,758	8,628,510
1322 Bloor Street West					
Land		257,550	-	257,550	257,550
Building		488,929	258,811	230,118	249,714_
		746,479	258,811	487,668	507,264
Total	\$	16,104,694 \$	7,596,268 \$	8,508,426 \$	9,135,774

5. ASSETS UNDER CAPITAL LEASE

		Cost	Accumulated Amortization	2015	2014
Land and buildings (City of To	ronto S	ocial Housing	Unit funded)		
490 Huron Street	\$	550,000 \$	305,573 \$	244,427 \$	268,662
800 Adelaide St. West		7,231,220	3,821,929	3,409,291	3,692,371
		7,781,220	4,127,502	3,653,718	3,961,033
53 Strachan-leasehold					•
improvements		4,070,985	3,086,700	984,285	1,150,108
	\$	11,852,205 \$	7,214,202 \$	4,638,003 \$	5,11 <u>1,</u> 141

As a condition of the mortgage subsidies received for these properties, the Society may not sell or otherwise dispose of any or all of the property and equipment without the prior written consent of the City of Toronto.

Leasehold Interest

(a) 490 Huron Street

The Society entered into a lease agreement with the City of Toronto Non-Profit Housing Corporation, wherein the land has been leased by the Society for a term of forty (40) years commencing on the 1st day of March, 1988 and ending on the last day of February 2028.

Consideration for the entire term was paid and is capitalized as the cost of land.

(b) 800 Adelaide St. West

The Society entered into a lease agreement with the City of Toronto, wherein the land has been leased by the Society for a term of ninety-nine (99) years commencing on the 1st day of September, 1989 and ending on the last day of August 2088.

Consideration for the entire term was paid and is capitalized as the cost of land.

(c) 53 Strachan House

The Society entered into a lease agreement with the City of Toronto, wherein the land and buildings have been leased by the Society for a term of five (5) years commencing on the 1st day of May, 2003 and ending on the last day of April 2008.

The lease is continuing on a month to month basis.

Notes to the Financial Statements

December 31, 2015

6. **ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	2015	2014
Accounts payable and accrued liabilities	\$ 936,428 \$	697,246
Accrued mortgage interest	61,255	61,255
Provision for repayment of subsidies	2,881	21,128
	\$ 1,000,564 \$	779,629

7. **DEFERRED CONTRIBUTIONS**

	 2015	2014
SCPI BCA Repairs Project	\$ 32,534 \$	28,734
General	 17 <u>4,311</u>	129,369
	\$ 206,845 \$	158,103

8. DEFERRED CONTRIBUTIONS RELATED TO PROPERTY AND EQUIPMENT

	2015	2014
CMHC - land purchase and construction - 1322 Bloor Street West		
(Savard's)	\$ 640,949 \$	640,949
City of Toronto - renovations - 53 Strachan House	4,07 <u>0,</u> 975	4,070,975
<u> </u>	4,711,924	4,711,924
Portion of contributions relating to land recognized as a direct increase		
in net assets invested in property and equipment	(257,550)	(257,550)
Net	4,454,374	4,454,374
Accumulated amortization	(3,241,757)	(3,056,337)
Total	\$ 1,212,617 \$_	1,398,037

Consists of:

	 2015	2014
1322 Bloor St. West (Savard's)	\$ 228,341 \$	247,937
53 Strachan House	 984,276	1,150,100
	\$ 1,212,617 \$	1,398,037

9. RESTRICTED CONTRIBUTION

The balance consists primarily of an amount of \$100,000 received from The Toronto Real Estate Board to purchase a residence to house homeless families. In 2003, the Society spent \$10,963 on a feasibility study to determine whether an existing property could be expanded for housing. The remaining amount consists of interest earned on the funds. The amount continues to be held until the board of directors locates a suitable project to apply the funds towards.

10. **MORTGAGES PAYABLE**

87 Bellevue Avenue - 6.232%, repayable in blended monthly installments of \$19,540, maturing April 2028 175 Vaughan Road - 1.42%, repayable in blended monthly installments of \$17,327, maturing September 2020 1,892,546 2,052,369 50 Earl Street - 6.752%, repayable in blended monthly installments of \$16,675, maturing December 2024 434 Gerrard Street - 4.499%, repayable in blended monthly installments of \$9,526, maturing April 2017 90 Shuter Street - 1.830%, repayable in blended monthly installments of \$17,144, maturing October 2019 29 Wales Avenue - 6.129%, repayable in blended monthly installments of \$2,921, maturing April 2024 490 Huron Street - 2.882%, repayable in blended monthly installments of \$2,921, maturing Sept. 2018 Less current portion 52,635, maturing Sept. 2018 Estimated principal re-payments are as follows: 2016 \$962,573 2,807,137 \$10,688,348 \$9,758,850 Estimated principal re-payments are as follows: 2016 \$962,573 2,140,769 2018 3,116,748 1,414,997 Subsequent years \$11,650,921	800 Adelaide St. West - 2.238%, repayable in blended monthly installments of \$30,161 maturing June 2019	\$	3,385,735 \$	3,668,815
- 1.42%, repayable in blended monthly installments of \$17,327, maturing September 2020 50 Earl Street - 6.752%, repayable in blended monthly installments of \$16,675, maturing December 2024 434 Gerrard Street - 4.499%, repayable in blended monthly installments of \$9,526, maturing April 2017 90 Shuter Street - 1.830%, repayable in blended monthly installments of \$17,144, maturing October 2019 29 Wales Avenue - 6.129%, repayable in blended monthly installments of \$2,921, maturing April 2024 490 Huron Street - 2.882%, repayable in blended monthly installments of \$2,635, maturing Sept. 2018 Less current portion 50 Estimated principal re-payments are as follows: 2016 \$962,573 2,807,137 \$10,688,348 \$9,758,850 Estimated principal re-payments are as follows: 2017 2019 3,116,748 2020 3,116,748 2020 5,058,262 5,738 2,888,221	- 6.232%, repayable in blended monthly installments of \$19,540,		2,024,005	2,130,388
- 6.752%, repayable in blended monthly installments of \$16,675, maturing December 2024 434 Gerrard Street - 4.499%, repayable in blended monthly installments of \$9,526, maturing April 2017 90 Shuter Street - 1.830%, repayable in blended monthly installments of \$17,144, maturing October 2019 29 Wales Avenue - 6.129%, repayable in blended monthly installments of \$2,921, maturing April 2024 490 Huron Street - 2.882%, repayable in blended monthly installments of \$2,921, maturing Sept. 2018 Less current portion 52,635, maturing Sept. 2018 Estimated principal re-payments are as follows: 2016 2017 2018 2019 2020 2018 2020 2018 2020 2018 2020 2028 2020 2028 2020 2028 2038 204,428 2058,662 2075,079 2088,221	- 1.42%, repayable in blended monthly installments of \$17,327,		1,892,546	2,052,369
- 4.499%, repayable in blended monthly installments of \$9,526, maturing April 2017 90 Shuter Street - 1.830%, repayable in blended monthly installments of \$17,144, maturing October 2019 29 Wales Avenue - 6.129%, repayable in blended monthly installments of \$2,921, maturing April 2024 490 Huron Street - 2.882%, repayable in blended monthly installments of \$2,635, maturing Sept. 2018 Less current portion Estimated principal re-payments are as follows: 2016 \$ 962,573 2,140,769 2018 2019 Subsequent years 1,268,104 1,324,527 1,324,527 1,324,527 1,324,527 1,324,428 2,58,662 1,326,662 1,326,662 1,326,662 1,326,73 1,326,7	- 6.752%, repayable in blended monthly installments of \$16,675,		1,818,797	1,895,020
- 1.830%, repayable in blended monthly installments of \$17,144, maturing October 2019 29 Wales Avenue - 6.129%, repayable in blended monthly installments of \$2,921, maturing April 2024 490 Huron Street - 2.882%, repayable in blended monthly installments of \$2,635, maturing Sept. 2018 Less current portion Estimated principal re-payments are as follows: 2016 2017 2018 2019 2018 2019 2019 2019 2019 2020 2014 2020 2020 2030 204,428 2056,155 275,079 21,655,987 244,428 268,662 244,428 268,662 275,079 268,573 2807,137 268,573 2807,137 2962,573 29758,850 2962,573 29758,850 29758,850 2982,273 2988,221	- 4,499%, repayable in blended monthly installments of \$9,526,		1,268,104	1,324,527
- 6.129%, repayable in blended monthly installments of \$2,921, maturing April 2024 490 Huron Street - 2.882%, repayable in blended monthly installments of \$2,635, maturing Sept. 2018 Less current portion Estimated principal re-payments are as follows: 2016 2017 2018 2019 2020 Subsequent years 256,155 275,079 268,662 211,650,921 11,650,921 12,565,987 244,428 268,662 11,650,921 12,565,987 268,662 11,650,921 12,565,987 268,662 275,079 244,428 268,662 275,079 244,428 268,662 275,079 244,428 268,662 275,079 244,428 268,662 21,650,921 22,686,662 244,428 268,662 244,428 268,662 244,428 268,662 21,655,987 244,428 268,662 21,650,921 22,686,662 244,428 268,662 244,428 268,662 244,428 268,662 244,428 268,662 244,428 268,662 21,655,987 244,428 268,662 21,650,921 22,665,987 244,428 268,662 21,650,921 22,665,987 244,428 268,662 21,650,921 22,686,662 244,428 268,662 268,662 2	- 1.830%, repayable in blended monthly installments of \$17,144,		761,151	951,127
- 2.882%, repayable in blended monthly installments of \$2,635, maturing Sept. 2018 Less current portion Estimated principal re-payments are as follows: 2016 2017 2018 2019 2020 Subsequent years 244,428 268,662 11,650,921 12,565,987 2,807,137 10,688,348 \$ 9,758,850 \$ 962,573 2,140,769 2,140,769 3,116,748 2020 5ubsequent years 244,428 268,662 11,650,921 12,565,987 2,886,622	- 6.129%, repayable in blended monthly installments of \$2,921,		256,155	275,079
Less current portion 11,650,921 962,573 2,807,137 Estimated principal re-payments are as follows: 2016 \$ 962,573 2017 2,140,769 2018 1,127,613 2019 3,116,748 2020 1,414,997 Subsequent years 2,888,221	- 2.882%, repayable in blended monthly installments of \$2,635,		044.400	268 669
Less current portion 962,573 2,807,137 \$ 10,688,348 \$ 9,758,850 Estimated principal re-payments are as follows: 2016 \$ 962,573 2017 2,140,769 2018 1,127,613 2019 3,116,748 2020 1,414,997 Subsequent years 2,888,221	maturing Sept. 2018			
Estimated principal re-payments are as follows: 2016 2017 2018 2019 2020 Subsequent years \$ 10,688,348 \$ 9,758,850 \$ 962,573 2,140,769 2,140,769 3,116,748 3,116,748 2,888,221				
Estimated principal re-payments are as follows: 2016 \$ 962,573 2017 \$ 2,140,769 2018 \$ 1,127,613 2019 \$ 3,116,748 2020 \$ 1,414,997 Subsequent years \$ 2,888,221	Less current portion	<u> </u>		
2016 \$ 962,573 2017 2,140,769 2018 1,127,613 2019 3,116,748 2020 1,414,997 Subsequent years 2,888,221		3	10,688,348 \$	9,756,650
2016 \$ 962,573 2017 2,140,769 2018 1,127,613 2019 3,116,748 2020 1,414,997 Subsequent years 2,888,221				
2017 2,140,769 2018 1,127,613 2019 3,116,748 2020 1,414,997 Subsequent years 2,888,221	· · · · · · · · · · · · · · · · · · ·		•	002 572
2018 1,127,613 2019 3,116,748 2020 1,414,997 Subsequent years 2,888,221			Ф	•
2019 3,116,748 2020 1,414,997 Subsequent years 2,888,221				
2020 1,414,997 Subsequent years 2,888,221				
Subsequent years 2,888,221				
			\$	11,650,921

Security

Each mortgage is secured by a first charge on the related property, an assignment of rents and leases and a general security agreement securing all goods, equipment, chattels, fixtures and appliances located on the respective properties.

HOMES FIRST SOCIETY Notes to the Financial Statements December 31, 2015

11. RESERVE EXPENDITURES

The City of Toronto replacement reserve expenditures consist of the following:

	 2015	2014
Ontario Housing Services Act - Section 78		
Roofing	\$ 95,604 \$	-
Foundation walls	34,090	4,172
Heating boilers	24,747	-
Building condition assessment, reserve fund study, energy audit	18,886	-
Security camera system	18,313	-
Unit turnovers	6,339	49,570
Entrance door - unit	5,576	-
Eavestrough, fascias, soffits, downspouts	-	61,008
Windows	-	7,755
Make up air units	-	6,910
Fire code compliance	-	5,046
Caulking, sealants, weather stripping		4,580
	 203,555	139,041
Ontario Housing Services Act - Section 95		
Kitchen cabinets and countertops	24,454	24,577
Building condition assessment, reserve fund study, energy audit	4,071	-
Fire pumps	-	29,511
Generator and transfer switch		4,460
	28,525	58,548
Strachan		
Hot water tanks/heaters	53,675	<u> </u>
Total	\$ 285,755 \$	197,589

December 31, 2015

12. HOMES FIRST FOUNDATION

Notes to the Financial Statements

The Society is the sole member of Homes First Foundation. The Foundation's purpose is to support the long-term financial viability and continued housing supply for Homes First Society. The Foundation was incorporated on November 7, 2001 under the Canada Corporations Act and is a charitable organization within the meaning of the Income Tax Act.

The Foundation's audited financial statements are summarized as follows:

		2015		2014
Statement of Financial Position	¢	427,294	•	410,321
Total assets	Ψ	427,234	Ψ	410,021
Total liabilities		35,242		15,585
Net assets		392,052		394,736
		427,294	\$	410,321

	2015	2014
Statement of Operations		
Donations and fundraising	\$ 501,801 \$	412,309
Grants	31,429	107,432
Interest	1,324	1,345
_	 534,554	521,086
Wages and benefits	164,318	145,428
Fundraising	184,495	89,570
Administrative overhead	21,158	16,850
Disbursement to Homes First Society	167,267	111,184
	537,238	363,032
Excess of revenues over expenditures for the year	\$ (2,684) \$	158,054

13. **CONTINGENT LIABILITIES**

The Society has been named in a lawsuit along with three additional parties. In total, \$4,250,000 in damages and costs has been claimed by the plaintiff. The outcome of the lawsuit cannot currently be determined. While the Society has insurance coverage it cannot be determined at this time what if any portion of a possible judgment may be attributable to the Society or if any said amount would be covered by insurance. No amount has been accrued regarding this matter.

HOMES FIRST SOCIETY

Notes to the Financial Statements December 31, 2015

14. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

(a) Credit risk

Credit risk is the risk that one party to a financial transaction will cause a financial loss for the other party by failing to discharge an obligation. The Society's main credit risk relates to its funding receivable, HST rebate receivable, management fees receivable and rent receivable.

(b) Liquidity risk

Liquidity risk is the risk that the Society will encounter difficulty in meeting obligations associated with financial liabilities. The Society's exposure is dependent on its ability to repay trade creditors and long term debt as they become due. The Society expects to meet these obligations as they come due by generating sufficient cash flow from operations combined with the receipt of monthly subsidies from its funders.

(c) Market risk

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

(d) 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 interest rate financial instruments. Fixed rate instruments subject the Society to risk of changes in fair value. The exposure to this risk also fluctuates as the quantity of fixed rate instruments held changes from year to year.

(e) 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 marketable securities for which the value fluctuates with the quoted market price.