

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

# HOMES FIRST SOCIETY

## Financial Statements December 31, 2015

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**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*

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.

*Akler, Browning, Frimet  
& Landzberg LLP*

Chartered Accountants  
Licensed Public Accountants  
Toronto, Canada  
April 5, 2016

**HOMES FIRST SOCIETY**  
**Statement of Financial Position**  
**December 31, 2015**

	2015	2014
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents (Note 2)	\$ 987,935	\$ 794,565
Accounts receivable (Note 3)	191,674	150,920
Government funding receivable	518,388	447,927
Prepays	87,268	100,495
<b>Total current assets</b>	<b>1,785,265</b>	<b>1,493,907</b>
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
<b>Total Assets</b>	<b>\$ 16,952,230</b>	<b>\$ 17,652,003</b>
<b>Liabilities</b>		
<b>Current</b>		
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
<b>Total current liabilities</b>	<b>2,183,972</b>	<b>3,762,698</b>
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
<b>Total Liabilities</b>	<b>14,198,932</b>	<b>15,031,840</b>
<b>Net Assets</b>		
Externally restricted reserves	1,639,348	1,557,341
Internally restricted reserve	267,193	241,585
Unrestricted net assets	846,757	821,237
<b>Total Net Assets</b>	<b>2,753,298</b>	<b>2,620,163</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 16,952,230</b>	<b>\$ 17,652,003</b>

Approved on behalf of the board

Director Jeremy Roach  
 Date Apr. 5, 2016.

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	2015	2014
<b>Revenues</b>										
Government funding - City of Toronto (Schedule)	804,227	1,267,878	1,276,483	-	2,555,159	450,512	-	785,091	7,139,350	6,689,081
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	7,355	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	24,471	-	75,198	3,041
Non-rental income	-	7,489	-	-	13,054	26,043	4,705	-	51,291	54,834
<b>Total revenues</b>	<b>1,341,732</b>	<b>2,018,566</b>	<b>1,292,464</b>	<b>263,008</b>	<b>3,099,179</b>	<b>685,755</b>	<b>209,258</b>	<b>815,092</b>	<b>9,725,054</b>	<b>9,145,731</b>
<b>Expenditures</b>										
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	23,434	-	363,297	171,240
Property taxes	-	-	-	-	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
<b>Total expenses</b>	<b>1,341,347</b>	<b>2,016,258</b>	<b>1,291,264</b>	<b>263,008</b>	<b>3,099,179</b>	<b>685,531</b>	<b>211,576</b>	<b>815,092</b>	<b>9,723,255</b>	<b>9,140,671</b>
<b>Excess of Revenues over Expenditures</b>	<b>385</b>	<b>2,308</b>	<b>1,200</b>	<b>-</b>	<b>-</b>	<b>224</b>	<b>(2,318)</b>	<b>-</b>	<b>1,799</b>	<b>5,060</b>

**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	-	-	-	-	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	-	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	-	-	-	-	-	-	-	-	-	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	CAMH	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	-
	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	Sec 95 Shuter	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	-	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
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
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	(19,004)
	940,587	845,546
Change in non-cash working capital items		
Accounts receivable	(40,754)	135,714
Government funding receivable	(70,461)	40,086
Prepays	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)
<b>Cash Provided by Operating Activities</b>	<b>1,108,436</b>	<b>786,947</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Mortgages payable	(915,066)	(855,469)
<b>(Decrease) increase in cash and cash equivalents</b>	<b>193,370</b>	<b>(68,522)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>794,565</b>	<b>863,087</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 987,935</b>	<b>\$ 794,565</b>

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

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**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

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**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:

- (i) Property and equipment and assets under capital lease related to programs funded by the City 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.
- (ii) Major repairs, upgrades and expenditures and replacement of property and equipment are funded as an allocation from the externally restricted reserves.
- (iii) Allocations to the restricted reserves are made through the statement of operations rather than as interfund transfers through the statement of changes in net assets.
- (iv) Long-term land leases have been treated as capital leases rather than operating leases.

**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.

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

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**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
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**(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**

**(j) 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.

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

**2. CASH AND CASH EQUIVALENTS AND RESTRICTED INVESTMENTS**

	2015	2014
<b>Cash and Cash Equivalents</b>		
Cash	\$ 146,322	\$ 763,286
Guaranteed investment certificates	841,613	31,279
	<u>987,935</u>	<u>794,565</u>
<b>Restricted Investments</b>		
Bond funds	1,099,420	1,152,210
Equity funds	283,103	282,517
Guaranteed investment certificates	638,013	476,454
	<u>2,020,536</u>	<u>1,911,181</u>
<b>Total</b>	<b>\$ 3,008,471</b>	<b>\$ 2,705,746</b>

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
Allowance for doubtful accounts	(14,424)	(30,464)
	<u>\$ 191,674</u>	<u>\$ 150,920</u>

**4. PROPERTY AND EQUIPMENT**

	Cost	Accumulated Amortization	2015	2014
<b>Land and buildings (City of Toronto Social Housing Unit funded)</b>				
175 Vaughan Road	\$ 3,813,767	\$ 1,921,220	\$ 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	951,127
	<u>15,358,215</u>	<u>7,337,457</u>	<u>8,020,758</u>	<u>8,628,510</u>
<b>1322 Bloor Street West</b>				
Land	257,550	-	257,550	257,550
Building	488,929	258,811	230,118	249,714
	<u>746,479</u>	<u>258,811</u>	<u>487,668</u>	<u>507,264</u>
<b>Total</b>	<b>\$ 16,104,694</b>	<b>\$ 7,596,268</b>	<b>\$ 8,508,426</b>	<b>\$ 9,135,774</b>



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**5. ASSETS UNDER CAPITAL LEASE**

	Cost	Accumulated Amortization	2015	2014
<b>Land and buildings (City of Toronto Social Housing Unit funded)</b>				
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	\$ 5,111,141

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.

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**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
	<b>\$ 1,000,564</b>	<b>\$ 779,629</b>

**7. DEFERRED CONTRIBUTIONS**

	2015	2014
SCPI BCA Repairs Project	\$ 32,534	\$ 28,734
General	174,311	129,369
	<b>\$ 206,845</b>	<b>\$ 158,103</b>

**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	4,070,975	4,070,975
	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	<b>\$ 1,212,617</b>	<b>\$ 1,398,037</b>

Consists of:

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

**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.

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**10. MORTGAGES PAYABLE**

800 Adelaide St. West - 2.238%, repayable in blended monthly installments of \$30,161 maturing June 2019	\$	3,385,735	\$	3,668,815
87 Bellevue Avenue - 6.232%, repayable in blended monthly installments of \$19,540, maturing April 2028		2,024,005		2,130,388
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		1,818,797		1,895,020
434 Gerrard Street - 4.499%, repayable in blended monthly installments of \$9,526, maturing April 2017		1,268,104		1,324,527
90 Shuter Street - 1.830%, repayable in blended monthly installments of \$17,144, maturing October 2019		761,151		951,127
29 Wales Avenue - 6.129%, repayable in blended monthly installments of \$2,921, maturing April 2024		256,155		275,079
490 Huron Street - 2.882%, repayable in blended monthly installments of \$2,635, maturing Sept. 2018		244,428		268,662
		11,650,921		12,565,987
<b>Less current portion</b>		<b>962,573</b>		<b>2,807,137</b>
	<b>\$</b>	<b>10,688,348</b>	<b>\$</b>	<b>9,758,850</b>

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
	<b>\$</b>	<b>11,650,921</b>

**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.

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**11. RESERVE EXPENDITURES**

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

	2015	2014
<b>Ontario Housing Services Act - Section 78</b>		
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
	<b>203,555</b>	<b>139,041</b>
<b>Ontario Housing Services Act - Section 95</b>		
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
	<b>28,525</b>	<b>58,548</b>
<b>Strachan</b>		
Hot water tanks/heaters	53,675	-
<b>Total</b>	<b>\$ 285,755</b>	<b>\$ 197,589</b>

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**12. HOMES FIRST FOUNDATION**

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
<b>Statement of Financial Position</b>		
Total assets	\$ 427,294	\$ 410,321
Total liabilities	35,242	15,585
Net assets	392,052	394,736
	\$ 427,294	\$ 410,321

	2015	2014
<b>Statement of Operations</b>		
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.

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**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.

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