

**HOMES FIRST SOCIETY  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
DECEMBER 31, 2014**

# HOMES FIRST SOCIETY

## Financial Statements December 31, 2014

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**AKLER, BROWNING, FRIMET & LANDZBERG LLP**  
**CHARTERED ACCOUNTANTS**

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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, 2014, 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, 2014, 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 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.

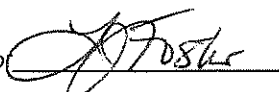
*Akler, Browning, Frimet  
& Landzberg LLP*

Chartered Accountants  
Licensed Public Accountants  
Toronto, Canada  
April 14, 2015

**HOMES FIRST SOCIETY**  
**Statement of Financial Position**  
**December 31, 2014**

	2014	2013
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents (Note 2)	\$ 794,565	\$ 863,087
Accounts receivable (Note 3)	150,920	286,634
Government funding receivable	447,927	488,013
Prepays	100,495	87,809
<b>Total current assets</b>	<b>1,493,907</b>	<b>1,725,543</b>
Property and equipment (Note 4)	9,135,774	9,720,635
Assets under capital lease (Note 5)	5,111,141	5,571,190
Restricted Investments (Note 2)	1,911,181	1,837,367
<b>Total Assets</b>	<b>\$ 17,652,003</b>	<b>\$ 18,854,735</b>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 6)	\$ 779,629	\$ 904,318
Government remittances payable	17,829	18,155
Deferred contributions (Note 7)	158,103	254,800
Current portion of mortgages payable (Note 10)	2,807,137	4,523,851
<b>Total current liabilities</b>	<b>3,762,698</b>	<b>5,701,124</b>
Deferred contributions related to property and equipment (Note 8)	1,398,037	1,583,457
Restricted contribution (Note 9)	112,255	110,815
Mortgages payable (Note 10)	9,758,850	8,897,605
<b>Total Liabilities</b>	<b>15,031,840</b>	<b>16,293,001</b>
<b>Net Assets</b>		
Externally restricted reserves	1,557,341	1,487,241
Internally restricted reserve	241,585	239,312
Unrestricted net assets	821,237	835,181
<b>Total Net Assets</b>	<b>2,620,163</b>	<b>2,561,734</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 17,652,003</b>	<b>\$ 18,854,735</b>

Approved on behalf of the board

Director   
 Date Apr. 14/15

Director 

**HOMES FIRST SOCIETY**  
**Statement of Changes in Net Assets**  
**Year ended December 31, 2014**

	Externally Restricted Reserve Section 78	Externally Restricted Reserve 90 Shuter Section 95	Externally Restricted Strachan Capital Reserve	Internally Restricted Operating Capital Reserve	Un-restricted Net Assets	2014	2013
Balance, beginning of year	1,185,574	201,495	100,172	239,312	835,181	2,561,734	3,115,573
Add/(Deduct):							
Allocation from operations	127,140	22,500	21,600	-	-	171,240	199,020
Reserve investment income	68,323	11,411	841	2,273	-	82,848	50,501
Reserve expenditures (Note 11)	(139,041)	(58,548)	-	-	-	(197,589)	(807,643)
Adjustment to prior year's funding	-	15,874	-	-	(19,004)	(3,130)	1,604
Excess of revenues over expenditures	-	-	-	-	5,060	5,060	2,679
Balance, end of year	1,241,996	192,732	122,613	241,585	821,237	2,620,163	2,561,734

**HOMES FIRST SOCIETY**  
**Statement of Operations**  
**Year ended December 31, 2014**

	Savard's	Strachan	Scarboro	HPI	Sec 78	Sec 95	Managed	Support	CAMH	2014	2013
					Various	Shuter	Properties	for Daily			
								Living			
<b>Revenues</b>											
Government funding - City of Toronto (Schedule)	779,995	1,077,300	1,114,214	61,648	2,383,316	487,517	-	785,091	-	6,689,081	6,811,923
Revenues from tenants	-	402,817	-	-	484,964	150,299	58,528	-	-	1,096,608	1,086,486
Government funding - MOHLTC	346,294	-	-	-	-	-	-	-	-	346,294	354,294
CAMH high support funding	-	-	-	-	-	-	-	-	264,592	264,592	436,978
United Way	117,100	86,488	-	-	-	-	-	-	-	203,588	206,169
Donations	90,000	5,000	1,000	-	24,000	29,901	11,283	5,000	20,000	186,184	227,735
Amortization of deferred contributions related to property and equipment	19,596	165,824	-	-	-	-	-	-	-	185,420	185,420
Management fees	-	-	-	-	-	-	116,089	-	-	116,089	116,089
Non-rental income	-	7,470	-	-	16,855	25,308	5,201	-	-	54,834	54,068
Other	-	148	3,690	-	-	(1,857)	1,060	-	-	3,041	48,953
<b>Total revenues</b>	<b>1,352,985</b>	<b>1,745,047</b>	<b>1,118,904</b>	<b>61,648</b>	<b>2,909,135</b>	<b>691,168</b>	<b>192,161</b>	<b>790,091</b>	<b>284,592</b>	<b>9,145,731</b>	<b>9,528,115</b>
<b>Expenditures</b>											
Administrative and Program (Schedule)	1,076,572	1,027,250	914,481	58,796	349,226	125,912	87,605	694,415	280,228	4,614,485	4,853,566
Maintenance (Schedule)	223,863	411,507	145,055	2,852	568,443	183,121	78,054	95,676	4,364	1,712,935	1,884,030
Mortgage principal and interest	-	-	-	-	1,223,441	220,865	-	-	-	1,444,306	1,453,141
Utility costs (Schedule)	28,883	98,881	52,865	-	317,219	122,232	17,878	-	-	637,958	570,997
Property taxes	-	-	-	-	279,093	-	-	-	-	279,093	267,052
Amortization	19,596	165,824	-	-	-	-	-	-	-	185,420	185,420
Allocation to restricted reserve funds	-	21,600	-	-	127,140	22,500	-	-	-	171,240	199,020
Insurance and bad debts	3,352	17,877	5,844	-	43,573	15,964	8,624	-	-	95,234	87,214
Other expenses	-	-	-	-	-	-	-	-	-	-	24,996
<b>Total expenses</b>	<b>1,352,266</b>	<b>1,742,939</b>	<b>1,118,245</b>	<b>61,648</b>	<b>2,908,135</b>	<b>690,594</b>	<b>192,161</b>	<b>790,091</b>	<b>284,592</b>	<b>9,140,671</b>	<b>9,525,436</b>
<b>Excess of Revenues over Expenditures</b>	<b>719</b>	<b>2,108</b>	<b>659</b>	<b>-</b>	<b>1,000</b>	<b>574</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,060</b>	<b>2,679</b>

See notes to the financial statements

**HOMES FIRST SOCIETY**  
**Schedule of Government Funding - City of Toronto**  
**Year ended December 31, 2014**

	Savard's	Strachan	Scarboro	HPI	Sec 78 Various	Sec 95 Shuter Properties	Managed Properties	Support for Daily Living	CAMH	2014	2013
Shelter per diem Housing Services Act (HSA) - Section 78	721,735	932,992	1,097,617	-	-	-	-	-	-	2,752,344	2,730,124
Supports to daily living	-	-	-	-	2,383,316	-	-	-	-	2,383,316	2,366,520
Rent Supplement Program	-	-	-	-	-	-	-	785,091	-	785,091	785,090
Emergency hostel funding program	-	-	-	-	-	432,682	-	-	-	432,682	416,932
Homelessness partnership initiative (HPI)	58,260	84,093	16,347	-	-	-	-	-	-	158,700	146,208
Housing Services Act (HSA) - Section 95	-	-	-	61,648	-	-	-	-	-	61,648	82,198
Food access project	-	-	-	-	-	54,835	-	-	-	54,835	59,820
Toronto Public Health	-	26,610	-	-	-	-	-	-	-	26,610	25,500
Housekeeping, hoarding and bed bugs funding	-	17,516	-	-	-	-	-	-	-	17,516	7,434
Other miscellaneous payment	-	16,089	-	-	-	-	-	-	-	16,089	-
Health and Safety Funding	-	-	250	-	-	-	-	-	-	250	-
Homelessness Partnership Strategy	-	-	-	-	-	-	-	-	-	-	14,795
Stimulus capital project funding	-	-	-	-	-	-	-	-	-	-	176,302
	-	-	-	-	-	-	-	-	-	-	1,000
<b>Total</b>	<b>779,995</b>	<b>1,077,300</b>	<b>1,114,214</b>	<b>61,648</b>	<b>2,383,316</b>	<b>487,517</b>	<b>-</b>	<b>785,091</b>	<b>-</b>	<b>6,689,081</b>	<b>6,811,923</b>

**HOMES FIRST SOCIETY**  
**Schedule of Administrative and Program Expenses**  
**Year ended December 31, 2014**

	Savard's	Strachan	Scarboro	HPI	Sec 78 Various	Sec 95 Shuter Properties	Managed Properties	Support for Daily Living	CAMH	2014	2013
Salaries and benefits	943,172	896,872	710,107	55,963	242,018	73,445	75,675	610,474	270,983	3,878,709	3,933,395
Tenant services	72,591	67,775	112,165	91	-	-	198	19,163	206	272,189	196,835
Professional fees	26,084	28,412	10,434	1,429	61,700	39,741	6,225	19,148	4,746	197,919	411,996
Telephone/Fax/Internet	11,133	13,507	9,015	531	11,416	2,881	2,261	22,280	1,729	74,753	84,770
Rental charges	-	2	63,654	-	-	-	-	855	-	64,511	64,407
Supplies and general administrative	4,420	4,300	1,867	206	8,945	2,685	893	5,684	702	29,702	38,998
Office equipment	3,760	6,752	2,147	187	8,161	2,298	753	5,013	597	29,668	51,140
Computer supplies, repairs and maintenance	9,053	2,400	2,300	40	1,778	454	145	5,646	117	21,933	35,078
Travel	1,204	1,783	514	74	3,318	800	252	2,372	204	10,521	13,777
Membership dues	1,434	1,516	789	77	3,309	1,004	335	1,052	263	9,779	7,172
Advertising and promotion	1,467	1,550	587	78	3,384	1,027	342	1,076	268	9,779	977
Interest and bank charges	870	920	348	46	2,007	609	203	638	160	5,801	4,432
Meetings and conferences	712	751	284	38	1,640	498	166	521	130	4,740	5,476
Postage and courier	672	710	270	36	1,550	470	157	493	123	4,481	5,113
	1,076,572	1,027,250	914,481	58,796	349,226	125,912	87,605	694,415	280,228	4,614,485	4,853,566

See notes to the financial statements



**HOMES FIRST SOCIETY**  
**Schedule of Maintenance Expenses**  
**Year ended December 31, 2014**

	Savard's	Strachan	Scarboro	HPI	Sec 78 Various	Sec 95 Shuter Properties	Managed Properties	Support for Daily Living	CAMH	2014	2013
Building and equipment	95,966	123,697	71,679	267	135,344	53,783	26,751	8,829	408	516,724	602,564
General repairs and maintenance	56,160	99,522	31,555	199	118,243	29,436	17,826	6,609	307	359,857	299,262
Salaries and benefits	22,456	34,385	7,017	2,386	112,279	15,719	4,076	80,238	3,649	282,205	254,863
Heating, air conditioning, ventilation and plumbing	21,685	67,514	21,647	-	73,993	11,105	7,249	-	-	203,193	192,068
Security	9,272	43,359	6,277	-	54,701	30,090	6,845	-	-	150,544	339,460
Waste removal	11,537	33,980	410	-	34,267	25,541	4,675	-	-	110,410	90,727
Grounds	462	3,127	-	-	25,779	1,678	9,679	-	-	40,725	43,448
Elevators	-	2,791	-	-	11,456	13,062	-	-	-	27,309	37,817
Electrical systems	6,325	3,132	6,470	-	2,381	2,707	953	-	-	21,968	13,766
Painting	-	-	-	-	-	-	-	-	-	-	10,055
	223,863	411,507	145,055	2,852	568,443	183,121	78,054	95,676	4,364	1,712,935	1,884,030

See notes to the financial statements

**HOMES FIRST SOCIETY**  
**Schedule of Utilities Expenses**  
**Year ended December 31, 2014**

	Savard's	Strachan	Scarboro	HPI	Sec 78 Various	Sec 95 Shuter Properties	Managed Properties	Support for Daily Living	CAMH	2014	2013
Electricity	14,565	45,796	30,598	-	155,584	102,444	6,762	-	-	355,749	337,137
Water and sewage	9,130	21,110	8,105	-	88,946	19,788	3,117	-	-	150,196	106,037
Fuel	5,188	31,975	14,162	-	72,689	-	7,999	-	-	132,013	127,823
	28,883	98,881	52,865	-	317,219	122,232	17,878	-	-	637,958	570,997

**HOMES FIRST SOCIETY**  
**Statement of Cash Flows**  
**Year ended December 31**

	<b>2014</b>	<b>2013</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Excess of revenues over expenditures	\$ 5,060	\$ 2,679
Items not involving cash		
Amortization	1,044,910	997,597
Amortization of deferred contributions related to property and equipment	(185,420)	(185,420)
Adjustment to prior year's funding	(19,004)	1,604
	<u>845,546</u>	<u>816,460</u>
Change in non-cash working capital items		
Accounts receivable	135,714	(22,454)
Government funding receivable	40,086	179,511
Prepays	(12,686)	(642)
Accounts payable and accrued liabilities	(124,690)	(138,034)
Government remittances payable	(326)	8,539
Deferred contributions	(96,697)	49,147
<b>Cash Provided by Operating Activities</b>	<u>786,947</u>	<u>892,527</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Mortgages payable	(855,469)	(816,197)
<b>(Decrease) increase in cash and cash equivalents</b>	<u>(68,522)</u>	<u>76,330</u>
<b>Cash and cash equivalents, beginning of year</b>	<u>863,087</u>	<u>786,757</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 794,565</u>	<u>\$ 863,087</u>

**HOMES FIRST SOCIETY**  
**Notes to the Financial Statements**  
**December 31, 2014**

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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 externally 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.

**HOMES FIRST SOCIETY**  
**Notes to the Financial Statements**  
**December 31, 2014**

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**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, rentals 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, 2014**

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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
Furniture and equipment	3 years
Appliances	5 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**

**(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, 2014**

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

	2014	2013
<b>Cash and Cash Equivalents</b>		
Cash	\$ 763,286	\$ 832,147
Guaranteed investment certificates	31,279	30,940
	794,565	863,087
<b>Restricted Investments</b>		
Bond funds	1,152,210	1,133,687
Equity funds	282,517	253,381
Guaranteed investment certificates	476,454	450,299
	\$ 1,911,181	\$ 1,837,367

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

**3. ACCOUNTS RECEIVABLE**

	2014	2013
HST rebate receivable	\$ 121,128	\$ 213,929
Rent receivable	50,280	49,887
Management fees receivable	7,942	-
Due from Homes First Foundation	2,034	58,524
Allowance for doubtful accounts	(30,464)	(35,706)
	\$ 150,920	\$ 286,634

**4. PROPERTY AND EQUIPMENT**

	Cost	Accumulated Amortization	2014	2013
<b>Land and buildings (City of Toronto Social Housing Unit funded)</b>				
175 Vaughan Road	\$ 3,813,767	\$ 1,761,398	\$ 2,052,369	\$ 2,199,498
29 Wales Avenue	492,999	217,920	275,079	293,317
87 Bellevue Avenue	3,320,114	1,189,726	2,130,388	2,231,304
50 Earl Street	2,657,576	762,556	1,895,020	1,969,235
434 Gerrard Street	1,970,878	646,351	1,324,527	1,378,494
90 Shuter Street	3,102,881	2,151,754	951,127	1,121,928
	15,358,215	6,729,705	8,628,510	9,193,776
<b>1322 Bloor Street West</b>				
Land	257,550	-	257,550	257,550
Building and renovations	488,929	239,215	249,714	269,309
	746,479	239,215	507,264	526,859
<b>Total</b>	<b>\$ 16,104,694</b>	<b>\$ 6,968,920</b>	<b>\$ 9,135,774</b>	<b>\$ 9,720,635</b>



**HOMES FIRST SOCIETY**  
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**5. ASSETS UNDER CAPITAL LEASE**

	Cost	Accumulated Amortization	2014	2013
<b>Land and buildings (City of Toronto Social Housing Unit funded)</b>				
490 Huron Street	\$ 550,000	\$ 281,338	\$ 268,662	\$ 292,214
800 Adelaide St. West	7,231,220	3,538,849	3,692,371	3,963,044
	7,781,220	3,820,187	3,961,033	4,255,258
53 Strachan-leasehold improvements	4,070,985	2,920,877	1,150,108	1,315,932
	\$ 11,852,205	\$ 6,741,064	\$ 5,111,141	\$ 5,571,190

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**

	2014	2013
Accounts payable and accrued liabilities	\$ 697,246	\$ 713,734
Accrued mortgage interest	61,255	65,277
Provision for repayment of subsidies	21,128	125,307
	<b>\$ 779,629</b>	<b>\$ 904,318</b>

**7. DEFERRED CONTRIBUTIONS**

	2014	2013
SCPI BCA Repairs Project	\$ 29,034	\$ 29,034
General	129,069	225,766
	<b>\$ 158,103</b>	<b>\$ 254,800</b>

**8. DEFERRED CONTRIBUTIONS RELATED TO PROPERTY AND EQUIPMENT**

	2014	2013
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	(3,056,337)	(2,870,917)
Total	<b>\$ 1,398,037</b>	<b>\$ 1,583,457</b>

Consists of:

	2014	2013
1322 Bloor St. West (Savard's)	\$ 247,937	\$ 267,533
53 Strachan House	1,150,100	1,315,924
	<b>\$ 1,398,037</b>	<b>\$ 1,583,457</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	\$ 3,668,815	\$ 3,939,488
87 Bellevue Avenue - 6.232%, repayable in blended monthly installments of \$19,540, maturing April 2028	2,130,388	2,230,438
175 Vaughan Road - 4.318%, repayable in blended monthly installments of \$19,878, maturing September 2015	2,052,369	2,199,626
50 Earl Street - 6.752%, repayable in blended monthly installments of \$16,675, maturing December 2024	1,895,020	1,966,346
434 Gerrard Street - 4.499%, repayable in blended monthly installments of \$9,526, maturing April 2017	1,324,527	1,378,494
90 Shuter Street - 1.830%, repayable in blended monthly installments of \$17,144, maturing October 2019	951,127	1,121,955
29 Wales Avenue - 6.129%, repayable in blended monthly installments of \$2,921, maturing April 2024	275,079	292,896
490 Huron Street - 2.882%, repayable in blended monthly installments of \$2,635, maturing Sept. 2018	268,662	292,213
	12,565,987	13,421,456
<u>Less current portion</u>	<u>2,807,137</u>	<u>4,523,851</u>
	<u>\$ 9,758,850</u>	<u>\$ 8,897,605</u>

Estimated principal re-payments are as follows:

2015	\$ 2,807,137
2016	780,261
2017	1,955,859
2018	940,068
2019	2,926,530
<u>Subsequent years</u>	<u>3,156,132</u>
	<u>\$ 12,565,987</u>

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:

	2014	2013
<b>Ontario Housing Services Act - Section 78</b>		
Eavestrough, fascias, soffits, downspouts	\$ 61,008	\$ -
Unit turnovers	49,570	25,817
Windows	7,755	75,356
Make up air units	6,910	-
Fire code compliance	5,046	-
Caulking, sealants, weather stripping	4,580	38,441
Foundation walls	4,172	-
Elevator upgrades and replacement	-	118,660
Drainage	-	25,441
Heating boilers	-	19,174
Alarm control panel	-	17,600
Lockers	-	8,899
Hot water tanks/heaters	-	8,040
Building exterior	-	4,692
Roofing	-	4,478
	<b>139,041</b>	<b>346,598</b>
<b>Ontario Housing Services Act - Section 95</b>		
Fire pumps	29,511	-
Kitchen cabinets and countertops	24,577	21,412
Generator and transfer switch	4,460	65,058
Elevator replacement	-	238,844
Alarm control panel	-	63,547
Electrical power supply	-	25,203
	<b>\$ 58,548</b>	<b>\$ 414,064</b>

**HOMES FIRST SOCIETY**  
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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 Ontario 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:

	2014	2013
<b>Statement of Financial Position</b>		
Total assets	\$ 406,429	\$ 306,489
Total liabilities	15,585	69,807
Net assets	390,844	236,682
	\$ 406,429	\$ 306,489

	2014	2013
<b>Statement of Operations</b>		
Donations and fundraising	\$ 412,309	\$ 423,530
Grants	107,432	83,200
Interest	1,345	747
	521,086	507,477
Wages and benefits	145,428	114,160
Fundraising	93,462	53,542
Administrative overhead	16,850	18,676
Disbursement to Homes First Society	111,184	258,815
	366,924	445,193
Excess of revenues over expenditures for the year	\$ 154,162	\$ 62,284

**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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**15. COMPARATIVE FIGURES**

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.

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