

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

## HOMES FIRST FOUNDATION

Financial Statements  
December 31, 2015

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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 Foundation

We have audited the accompanying financial statements of Homes First Foundation, which comprise the statement of financial position as at December 31, 2015, and the statements of operations and changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *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 foundation'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 foundation'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 qualified audit opinion.

#### *Basis for Qualified Opinion*

In common with many charitable organizations, Homes First Foundation derives revenue from donations and fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of Homes First Foundation and we were not able to determine whether any adjustments might be necessary to donations and fundraising revenue, excess of revenues over expenditures, and cash flows from operations for the year ended December 31, 2015, current assets and net assets as at December 31, 2015.

#### *Qualified Opinion*

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of Homes First Foundation as at December 31, 2015 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.


*Akler, Browning, Frimet  
& Landzberg LLP*

Chartered Accountants  
Licensed Public Accountants  
Toronto, Canada  
April 21, 2016

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

	2015	2014
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 308,447	\$ 296,423
Term deposits (note 2)	94,210	94,210
Accounts receivable (note 3)	17,415	6,748
HST rebate receivable	6,709	8,592
Prepays	513	4,348
<b>Total Assets</b>	<b>\$ 427,294</b>	<b>\$ 410,321</b>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 25,784	\$ 13,551
Due to Homes First Society (note 4)	9,458	2,034
<b>Total Liabilities</b>	<b>35,242</b>	<b>15,585</b>
<b>Fund Balances</b>		
<b>Net assets</b>	<b>392,052</b>	<b>394,736</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 427,294</b>	<b>\$ 410,321</b>

Approved on behalf of the Board:

  
 \_\_\_\_\_ Member  
 \_\_\_\_\_ Date  
 April 21/16

  
 \_\_\_\_\_ Member

**HOMES FIRST FOUNDATION**  
**Statement of Operations and Changes in Net Assets**  
**Year ended December 31, 2015**

	2015	2014
<b>Revenues</b>		
Donations and fundraising (note 5)	\$ 501,801	\$ 412,309
Grants	31,429	107,432
Interest	1,324	1,345
<b>Total revenues</b>	534,554	521,086
<b>Expenditures</b>		
Fundraising	184,495	89,570
Wages and benefits	164,318	145,428
Administrative overhead	21,158	16,850
<b>Total expenditures</b>	369,971	251,848
<b>Excess of revenues over expenditures before other item</b>	164,583	269,238
<b>Other expense</b>		
Disbursement to Homes First Society (note 4)	167,267	111,184
<b><i>(Deficiency) excess of revenues over expenditures for the year</i></b>	<b><i>(2,684)</i></b>	<b><i>158,054</i></b>
<b>Net assets, beginning of year</b>	394,736	236,682
<b>Net assets, end of year</b>	<b>\$ 392,052</b>	<b>\$ 394,736</b>

**HOMES FIRST FOUNDATION**  
**Statement of Cash Flows**  
**Year ended December 31, 2015**

	<b>2015</b>	<b>2014</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Deficiency) excess of revenues over expenditures for the year	\$ (2,684)	\$ 158,054
Net change in non-cash working capital items		
Term deposits	-	(19,210)
Accounts receivable	(10,667)	(6,748)
HST rebate receivable	1,883	(4,302)
Prepays	3,835	(4,111)
Accounts payable and accrued liabilities	12,233	2,268
Due to Homes First Society	7,424	(56,490)
	<u>14,708</u>	<u>(88,593)</u>
<b>Net increase in cash</b>	<b>12,024</b>	<b>69,461</b>
<b>Cash, beginning of year</b>	<b>296,423</b>	<b>226,962</b>
<b>Cash, end of year</b>	<b>\$ 308,447</b>	<b>\$ 296,423</b>

## **NATURE OF OPERATIONS**

Homes First Foundation (the "Foundation") was incorporated pursuant to the Canada Corporations Act as a non-share capital corporation on November 7, 2001. The Foundation is a registered charity within the meaning of the Income Tax Act and is registered as such. As a registered charity, the Foundation is exempt from income tax.

The goal of the Foundation is to receive and maintain a fund or funds and to apply all or part of the principal and income generated to the charitable activities and charitable purposes of Homes First Society.

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## **1. SIGNIFICANT ACCOUNTING POLICIES**

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant policies are detailed as follows:

### **(a) Revenue recognition**

The Foundation follows the deferral method of accounting for contributions. Restricted contributions are deferred and recognized as revenue in the year in which the related expenditures are incurred. Unrestricted contributions are recognized as revenue when received or receivable when the amount to be received can be reasonably estimated and collection is reasonably assured.

### **(b) Contributed goods and services**

The Foundation 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. The fair market value of donated goods is recognized as donation revenue in the year the goods are donated only if the fair market value can be reasonably estimated otherwise the value is not reflected in the accompanying financial statements.

### **(c) Financial instruments**

#### **Measurement of financial instruments**

The Foundation 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 Foundation 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 excess of revenues over expenditures in the period incurred.

Financial assets measured at amortized cost include cash, term deposits, accounts receivable and HST rebate receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and amounts due to Homes First Society.

The Foundation has not designated any financial asset or financial liability to be measured at fair value.

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

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**1. SIGNIFICANT ACCOUNTING POLICIES, continued**

**(c) Financial instruments, continued**

Impairment

For financial assets measured at amortized cost, the Foundation determines whether there are indications of possible impairment. When there is an indication of impairment, and the Foundation 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. 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.

**(d) Use of estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the reported amounts of revenues and expenditures for the period covered. The main estimate relates to the impairment of financial assets.

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**2. TERM DEPOSITS**

	<b>2015</b>	<b>2014</b>
Term deposit at 1.39% per annum, maturing December 2016	\$ 89,210	\$ 89,210
Term deposit at 1.60% per annum, maturing March 2016	5,000	5,000
	<b>\$ 94,210</b>	<b>\$ 94,210</b>

The \$5,000 term deposit has been pledged as security for a Foundation credit card.

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**3. ACCOUNTS RECEIVABLE**

	<b>2015</b>	<b>2014</b>
Grant receivable	\$ 17,415	\$ 5,604
Other receivable	-	1,144
	<b>\$ 17,415</b>	<b>\$ 6,748</b>

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**4. DISBURSEMENT TO HOMES FIRST SOCIETY**

Homes First Foundation is related to Homes First Society by virtue of an economic interest between the two organizations.

During the year Homes First Foundation disbursed \$167,267 (2014 - \$111,184) in donations to Homes First Society.



**5. IN-KIND DONATIONS**

During the year, the Foundation received \$77,301 In-Kind Donations which have been reflected in these financial statements.

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**6. CONTRACTUAL OBLIGATIONS**

The Foundation has entered into an agreement to obtain services for event management and fundraising services. The total remaining obligation under the agreement is \$42,500 plus taxes and expires December 31, 2016.

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**7. 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 Foundation's main credit risk is related to its accounts and HST receivable. Receivables from government sources have a history of being received on a timely basis.

(b) Liquidity risk

Liquidity risk is the risk that the Foundation will encounter difficulty in meeting obligations associated with financial liabilities. The Foundation's exposure is dependent on its ability to repay its trade creditors and the amount due to Homes First Society as payments become due. The Foundation expects to meet their obligations as they become due by generating sufficient cash flow from donations and fundraising.

(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 Foundation is mainly exposed to interest rate 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 organization is exposed to interest rate risk on its fixed interest rate financial instruments. Fixed rate instruments subject the organization 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.

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