

**HOMES FIRST FOUNDATION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2017**

HOMES FIRST FOUNDATION

**Financial Statements
December 31, 2017**

<u>Index</u>	<u>Page</u>
Independent Auditor's Report	1
Statement of Financial Position	2
Statement of Operations and Changes in Net Assets	3
Statement of Cash Flows	4
Notes to the Financial Statements	5 - 8

AKLER, BROWNING, FRIMET & LANDZBERG LLP

CHARTERED ACCOUNTANTS

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, 2017, 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, 2017, current assets and net assets as at December 31, 2017.

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, 2017 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 26, 2018

HOMES FIRST FOUNDATION
Statement of Financial Position
December 31, 2017

	2017	2016
Assets		
Current		
Cash	\$ 113,720	\$ 191,938
Term deposits (note 2)	95,164	158,302
Grants receivable	8,893	3,864
HST rebate receivable	13,214	20,546
Prepays	3,923	5,377
Total Assets	\$ 234,914	\$ 379,827
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 18,733	\$ 21,922
Due to Homes First Society (note 3)	8,376	2,237
Deferred revenue	63,000	63,000
Total Liabilities	90,109	87,159
Fund Balances		
Net assets	144,805	292,668
Total Liabilities and Fund Balances	\$ 234,914	\$ 379,827

Approved on behalf of the Board:


 _____ Member
 26.4.18 Date


 _____ Member

HOMES FIRST FOUNDATION
Statement of Operations and Changes in Net Assets
Year ended December 31, 2017

	2017	2016
Revenues		
Donations and fundraising (note 4)	\$ 703,903	\$ 592,111
Grants	21,361	16,885
Interest	1,192	1,459
Total revenues	726,456	610,455
Expenditures		
Fundraising	230,676	199,327
Wages and benefits	229,159	191,749
Administrative overhead	71,321	38,613
Total expenditures	531,156	429,689
Excess of revenues over expenditures before other item	195,300	180,766
Other expense		
Disbursements to Homes First Society (note 3)	343,163	280,150
Deficiency of revenues over expenditures for the year	(147,863)	(99,384)
Net assets, beginning of year	292,668	392,052
Net assets, end of year	\$ 144,805	\$ 292,668

HOMES FIRST FOUNDATION
Statement of Cash Flows
Year ended December 31, 2017

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Deficiency of revenues over expenditures for the year	\$ (147,863)	\$ (99,384)
Net change in non-cash working capital items		
Grants receivable	(5,229)	13,751
HST rebate receivable	7,332	(13,837)
Prepays	1,454	(4,864)
Accounts payable and accrued liabilities	(3,189)	(3,862)
Due to Homes First Society	6,139	(7,221)
Deferred revenue	-	63,000
	6,507	46,967
Cash Used in Operating Activities	(141,356)	(52,417)
CASH FLOWS FROM INVESTING ACTIVITIES		
Term deposits	63,138	(64,092)
Cash Provided by (Used in) Investing Activities	63,138	(64,092)
Net decrease in cash	(78,218)	(116,509)
Cash, beginning of year	191,938	308,447
Cash, end of year	\$ 113,720	\$ 191,938

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.

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. Interest income is accrued as it is earned.

(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, grants 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, 2017

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.

2. TERM DEPOSITS

	2017	2016
Term deposit at 0.50% per annum, maturing September 2017	\$ -	\$ 63,200
Term deposit at 1.05% per annum, maturing September 2018	5,013	5,000
Term deposit at 0.50% per annum, maturing December 2018	90,151	90,102
	\$ 95,164	\$ 158,302

The \$5,013 term deposit has been pledged as security for a Foundation credit card.

3. DISBURSEMENTS 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 \$343,163 (2016 - \$280,150) to Homes First Society.

HOMES FIRST FOUNDATION
Notes to the Financial Statements
December 31, 2017

4. DONATIONS AND FUNDRAISING

	2017	2016
Donations and fundraising received in the year	\$ 703,903	\$ 655,111
Donations deferred to a future year	-	(63,000)
	\$ 703,903	\$ 592,111

During the year, the Foundation received \$134,687 (2016 - \$103,447) of In-Kind Donations which have been reflected in these financial statements.

5. 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 \$35,000 plus taxes. The agreement expires December 31, 2018.

6. 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 grants 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 is exposed to this risk mainly in respect to its trade accounts payable and the amount due to Homes First Society. 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.

HOMES FIRST FOUNDATION
Notes to the Financial Statements
December 31, 2017

6. FINANCIAL INSTRUMENTS, continued

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