

**HOMES FIRST SOCIETY**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**DECEMBER 31, 2019**

# HOMES FIRST SOCIETY

## Financial Statements December 31, 2019

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**AKLER BROWNING LLP**  
**CHARTERED PROFESSIONAL ACCOUNTANTS**

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**INDEPENDENT AUDITOR'S REPORT**

To the Members of Homes First Society

*Opinion*

We have audited the financial statements of Homes First Society, which comprise the statement of financial position as at December 31, 2019, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at December 31, 2019, and its financial performance 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 for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Emphasis of Matter - Basis of Accounting and Restriction on Use*

We draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist the Members of Homes First Society to meet the requirements of the financial reporting provisions of the operating agreements between Homes First Society and the specified users described in the notes to the financial statements. 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. Our opinion is not modified in respect of this matter.

*Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization's financial reporting process.

**AKLER BROWNING LLP**  
**CHARTERED PROFESSIONAL ACCOUNTANTS**

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**INDEPENDENT AUDITOR'S REPORT, continued**

*Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.


*Akler Browning LLP*


Chartered Professional Accountants  
Licensed Public Accountants  
Toronto, Canada  
April 14, 2020

**HOMES FIRST SOCIETY**  
**Statement of Financial Position**  
**December 31, 2019**

	2019	2018
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents (Note 2)	\$ 2,019,804	\$ 243,941
Accounts receivable (Note 3)	660,508	889,370
Government funding receivable	1,900,136	1,679,599
Prepays	141,954	144,724
<b>Total current assets</b>	<b>4,722,402</b>	<b>2,957,634</b>
<b>Property and equipment (Note 4)</b>	<b>5,697,034</b>	<b>9,244,624</b>
<b>Assets under capital lease (Note 5)</b>	<b>2,675,525</b>	<b>3,175,512</b>
<b>Restricted investments (Note 2)</b>	<b>2,518,664</b>	<b>2,125,979</b>
<b>Total Assets</b>	<b>\$ 15,613,625</b>	<b>\$ 17,503,749</b>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 6)	\$ 3,396,086	\$ 2,090,880
Government remittance payable	26,216	39,592
Payable to the City of Toronto	261,609	-
Deferred contributions	210,513	518,503
Current portion of mortgages payable (Note 9)	1,841,581	3,341,378
<b>Total current liabilities</b>	<b>5,736,005</b>	<b>5,990,353</b>
<b>Deferred capital contributions (Note 7)</b>	<b>470,938</b>	<b>656,357</b>
<b>Restricted contribution (Note 8)</b>	<b>119,058</b>	<b>116,757</b>
<b>Mortgages payable (Note 9)</b>	<b>5,777,149</b>	<b>7,633,381</b>
<b>Total Liabilities</b>	<b>12,103,150</b>	<b>14,396,848</b>
<b>Net Assets</b>		
<b>Externally restricted reserves</b>	<b>2,150,185</b>	<b>1,764,621</b>
<b>Internally restricted reserve</b>	<b>249,421</b>	<b>244,601</b>
<b>Unrestricted net assets</b>	<b>1,110,869</b>	<b>1,097,679</b>
<b>Total Net Assets</b>	<b>3,510,475</b>	<b>3,106,901</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 15,613,625</b>	<b>\$ 17,503,749</b>

Approved on behalf of the Board

  
 Director  
 April 14, 2020 Date

  
 Director

**HOMES FIRST SOCIETY**  
**Statement of Changes in Net Assets**  
**Year ended December 31, 2019**

	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	Unrestricted Net Assets		
							2019	2018
Balance, beginning of year	\$ 1,304,277	\$ 88,210	\$ 316,775	\$ 55,359	\$ 244,601	\$ 1,097,679	\$ 3,106,901	\$ 3,030,486
Add/(Deduct):								
Allocation from operations	139,438	72,500	96,600	124,000	-	-	432,538	243,443
Reserve investment income (loss)	91,171	5,830	6,243	1,091	4,820	-	109,155	(6,954)
Reserve expenditures (Note 10)	(125,394)	(11,947)	(13,968)	-	-	-	(151,309)	(203,423)
Adjustment to prior year's funding	-	-	-	-	-	-	-	9,024
Excess of revenues over expenditures	-	-	-	-	-	13,190	13,190	34,325
Balance, end of year	\$ 1,409,492	\$ 154,593	\$ 405,650	\$ 180,450	\$ 249,421	\$ 1,110,869	\$ 3,510,475	\$ 3,106,901

**HOMES FIRST SOCIETY**  
**Statement of Operations**  
**Year ended December 31, 2019**

	Shelters	Respite	Follow up Support Services	CAMH	Section 78 Various	Section 95 Shuter	Managed Properties	Support for Daily Living	2019	2018
<b>Revenues</b>										
Government funding - City of Toronto (Schedule)	\$ 13,249,927	\$ 5,447,947	\$ 197,529	\$ -	\$ 2,768,414	\$ 429,821	\$ 36,000	\$ 859,650	\$ 22,989,288	\$ 14,666,589
Revenues from tenants	422,561	-	-	-	631,331	233,830	62,775	-	1,350,497	1,311,541
Government funding MOHLTC	353,214	100,000	-	-	-	-	-	-	453,214	352,203
CAMH high support funding	38,459	-	-	263,792	-	-	-	-	302,251	278,326
Interest, signage & other	16,630	-	-	-	-	-	-	193,893	210,523	12,806
United Way	204,312	-	-	-	-	-	-	-	204,312	201,891
Amortization of contributions	185,420	-	-	-	-	-	-	-	185,420	185,420
Donations	166,593	-	-	-	-	-	-	5,000	171,593	240,074
Management fees	-	-	-	-	-	-	116,089	-	116,089	116,089
Non-rental income	18,461	-	-	-	12,688	24,792	4,450	-	60,391	51,822
Loss on sale of property (note 4)	(81,131)	-	-	-	-	-	-	-	(81,131)	-
	14,574,446	5,547,947	197,529	263,792	3,412,433	688,443	219,314	1,058,543	25,962,447	17,416,761
<b>Expenditures</b>										
Administrative and Program (Schedule)	10,547,580	4,679,312	182,689	253,928	342,998	100,023	96,052	1,042,176	17,244,758	10,463,422
Maintenance (Schedule)	3,088,917	853,226	14,766	9,815	1,145,578	212,865	97,708	16,285	5,439,160	3,456,384
Mortgage principal and interest	54,417	-	-	-	1,170,188	171,172	-	-	1,395,777	1,436,271
Utilities (Schedule)	385,569	239	15	10	283,488	116,589	16,723	17	802,650	774,303
Allocation to restricted reserve funds	220,600	-	-	-	139,438	72,500	-	-	432,538	243,443
Property taxes	21,097	-	-	-	286,536	-	-	-	307,633	318,905
Amortization	185,420	-	-	-	-	-	-	-	185,420	252,501
Insurance and bad debts	58,080	15,170	59	39	43,783	15,294	8,831	65	141,321	127,207
Property write-down to fair value (Note 4)	-	-	-	-	-	-	-	-	-	310,000
	14,561,680	5,547,947	197,529	263,792	3,412,009	688,443	219,314	1,058,543	25,949,257	17,382,436
<b>Excess of Revenues over Expenditures</b>	\$ 12,766	\$ -	\$ -	\$ -	\$ 424	\$ -	\$ -	\$ -	\$ 13,190	\$ 34,325

**HOMES FIRST SOCIETY**

Schedule of Government Funding - City of Toronto

December 31, 2019

	Shelters	Respite	Follow up Support Services	CAMH	Section 78 Various	Section 95 Shuter	Managed Properties	Support for Daily Living	2019	2018
Shelter allocation	\$ 11,909,755	\$ 5,447,947	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,357,702	\$ 10,001,903
Housing Services Act Section 78	-	-	-	-	2,330,520	-	-	-	2,330,520	2,534,680
Other City funding (Note 11)	966,453	-	-	-	437,894	-	36,000	74,560	1,514,907	413,321
Support for daily living	-	-	-	-	-	-	-	785,090	785,090	785,090
Rent supplement program	-	-	-	-	-	429,821	-	-	429,821	439,794
Assertive follow up support services	-	-	197,529	-	-	-	-	-	197,529	201,328
Emergency hostel funding	196,176	-	-	-	-	-	-	-	196,176	196,176
Food access project	113,192	-	-	-	-	-	-	-	113,192	29,943
HHB funding	64,351	-	-	-	-	-	-	-	64,351	64,354
	\$ 13,249,927	\$ 5,447,947	\$ 197,529	\$ -	\$ 2,768,414	\$ 429,821	\$ 36,000	\$ 859,650	\$ 22,989,288	\$ 14,666,589



**HOMES FIRST SOCIETY**
**Schedule of Administrative and Program Expenditures**
**December 31, 2019**

		Shelters	Respite	Follow up Support Services	CAMH	Section 78 Various	Section 95 Shuter	Managed Properties	Support for Daily Living	2019	2018
Salaries and benefits	\$	7,756,419	\$ 2,726,802	\$ 161,708	\$ 243,683	\$ 173,065	\$ 24,575	\$ 66,900	\$ 952,389	\$ 12,105,541	\$ 7,793,409
Tenant services		2,044,956	1,511,543	2,170	172	8,686	41,404	384	26,140	3,635,455	1,818,007
Other administrative and program expenditures		746,205	440,967	18,811	10,073	161,247	34,044	28,768	63,647	1,503,762	852,006
	\$	10,547,580	\$ 4,679,312	\$ 182,689	\$ 253,928	\$ 342,998	\$ 100,023	\$ 96,052	\$ 1,042,176	\$ 17,244,758	\$ 10,463,422

**HOMES FIRST SOCIETY**  
**Schedule of Maintenance Expenditures**  
**December 31, 2019**

	Shelters	Respite	Follow up Support Services	CAMH	Section 78 Various	Section 95 Shuter	Managed Properties	Support for Daily Living	2019	2018
Maintenance and repairs	\$ 1,325,345	\$ 554,689	\$ 837	\$ 556	\$ 132,935	\$ 53,521	\$ 24,861	\$ 927	\$ 2,093,671	\$ 787,583
Equipment and building	834,075	64,242	1,300	864	661,307	63,390	25,513	1,434	1,652,125	1,020,923
Other maintenance expenditures	435,517	29,319	693	462	160,882	49,007	39,719	764	716,363	526,192
Security	291,155	75,472	3,792	2,520	122,735	38,563	4,485	4,181	542,903	763,346
Salaries and benefits	202,825	129,504	8,144	5,413	67,719	8,384	3,130	8,979	434,098	358,340
	\$ 3,088,917	\$ 853,226	\$ 14,766	\$ 9,815	\$ 1,145,578	\$ 212,865	\$ 97,708	\$ 16,285	\$ 5,439,160	\$ 3,456,384

**HOMES FIRST SOCIETY**  
**Schedule of Utilities Expenditures**  
**December 31, 2019**

		Shelters	Respite	Follow up Support Services	CAMH	Section 78 Various	Section 95 Shuter	Managed Properties	Support for Daily Living	2019	2018
Electricity	\$	165,113	\$ 239	\$ 15	\$ 10	\$ 94,784	\$ 80,295	\$ 4,887	\$ 17	\$ 345,360	\$ 382,999
Water and sewage		123,898	-	-	-	126,282	36,294	3,871	-	290,345	231,346
Fuel		96,558	-	-	-	62,422	-	7,965	-	166,945	159,958
	\$	385,569	\$ 239	\$ 15	\$ 10	\$ 283,488	\$ 116,589	\$ 16,723	\$ 17	\$ 802,650	\$ 774,303

**HOMES FIRST SOCIETY**  
**Schedule of Shelters**  
**December 31, 2019**

	Savard's	Strachan	Scarboro	Kennedy	Lakeshore	2019	2018
<b>Revenues</b>							
Government Funding - City of Toronto							
Shelter allocation	\$ 750,122	\$ 1,173,440	\$ 1,692,533	\$ 2,364,535	\$ 5,929,125	\$ 11,909,755	\$ 5,962,526
Other City funding (Note 11)	-	289,473	-	676,980	-	966,453	67,795
Emergency hostel funding	65,388	65,400	65,388	-	-	196,176	196,176
Food access project	-	113,192	-	-	-	113,192	29,943
HHB Funding	-	64,351	-	-	-	64,351	64,354
Revenues from tenants	-	422,561	-	-	-	422,561	458,942
Government funding MOHLTC	353,214	-	-	-	-	353,214	352,203
United Way	34,349	81,588	88,375	-	-	204,312	201,891
Amortization of contributions	19,596	165,824	-	-	-	185,420	185,420
Donations	-	97,774	64,058	771	3,990	166,593	155,374
CAMH high support funding	-	-	38,459	-	-	38,459	20,923
Non-rental income	-	2,289	12,622	3,550	-	18,461	5,586
Interest, signage and other	3,389	1,463	11,778	-	-	16,630	7,233
Loss on sale of property	-	-	(81,131)	-	-	(81,131)	-
	1,226,058	2,477,355	1,892,082	3,045,836	5,933,115	14,574,446	7,708,366
<b>Expenditures</b>							
Administrative and Program							
Salaries and benefits	865,775	1,096,211	1,090,655	1,830,749	2,873,029	7,756,419	4,438,853
Tenant services	74,307	101,328	156,320	355,813	1,357,188	2,044,956	585,802
Other administrative and program	59,095	61,568	93,866	146,586	385,090	746,205	408,194
Maintenance							
Maintenance and repairs	43,638	185,412	64,473	196,544	835,278	1,325,345	365,229
Equipment and building	54,647	383,872	87,840	182,921	124,795	834,075	219,657
Other maintenance expenditures	32,831	142,292	92,517	128,671	39,206	435,517	320,231
Security	26,529	65,549	14,050	34,322	150,705	291,155	81,066
Salaries and benefits	18,840	14,590	3,473	25,178	140,744	202,825	147,720
Utilities	23,802	143,766	83,845	133,896	260	385,569	336,882
Allocation to restricted reserve funds	-	96,600	124,000	-	-	220,600	84,600
Amortization	19,596	165,824	-	-	-	185,420	252,501
Insurance and bad debts	3,769	16,107	5,228	9,744	23,232	58,080	43,468
Mortgage principal and interest	-	-	54,417	-	-	54,417	64,330
Property taxes	-	-	21,097	-	-	21,097	27,644
Property write-down to fair value (Note 4)	-	-	-	-	-	-	310,000
	1,222,829	2,473,119	1,891,781	3,044,424	5,929,527	14,561,680	7,686,177
<b>Excess of Revenues over Expenditures</b>	<b>\$ 3,229</b>	<b>\$ 4,236</b>	<b>\$ 301</b>	<b>\$ 1,412</b>	<b>\$ 3,588</b>	<b>\$ 12,766</b>	<b>\$ 22,189</b>

# HOMES FIRST SOCIETY

## Schedule of Respite

December 31, 2019

	Queen Elizabeth Building	George Street	BBLT	WWC	2019	2018
<b>Revenues</b>						
City of Toronto						
Shelter allocation	\$ 2,531,770	\$ 1,425,004	\$ 319,892	\$ 1,171,281	\$ 5,447,947	\$ 4,039,377
Government funding MOHLTC	30,000	70,000	-	-	100,000	-
	2,561,770	1,495,004	319,892	1,171,281	5,547,947	4,039,377
<b>Expenditures</b>						
Administrative and program						
Salaries and benefits	1,285,140	836,283	148,666	456,713	2,726,802	1,763,197
Tenant services	653,234	389,080	98,160	371,069	1,511,543	1,147,045
Other administrative and program	256,170	56,452	34,331	94,014	440,967	167,521
Maintenance						
Maintenance and repairs	252,662	153,679	3,563	144,785	554,689	237,957
Salaries and benefits	58,093	20,393	18,138	32,880	129,504	92,880
Security	28,507	16,775	8,930	21,260	75,472	506,707
Equipment and building	11,276	8,736	5,677	38,553	64,242	96,971
Other maintenance expenditures	13,459	7,800	2,262	5,798	29,319	17,249
Insurance and bad debts	3,122	5,768	132	6,148	15,170	9,298
Utilities	107	38	33	61	239	-
	2,561,770	1,495,004	319,892	1,171,281	5,547,947	4,038,825
<b>Excess of Revenues over Expenditures</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 552

**HOMES FIRST SOCIETY**  
**Statement of Cash Flows**  
**Year ended December 31, 2019**

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Excess of revenues over expenditures	\$ 13,190	\$ 34,325
Items not involving cash		
Amortization	1,148,948	1,288,478
Amortization of deferred capital contributions	(185,420)	(185,420)
Adjustment to prior year's funding	-	9,024
Write down to fair value of property and equipment	-	310,000
	976,718	1,456,407
Change in non-cash working capital items		
Accounts receivable	228,862	(661,554)
Government funding receivable	(220,537)	(1,151,166)
Prepays	2,770	(25,399)
Accounts payable and accrued liabilities	1,305,206	1,050,407
Government remittances payable	(13,376)	(2,914)
Payable to the City of Toronto	261,609	-
Deferred contributions	(307,990)	237,313
<b>Cash Provided by Operating Activities</b>	<b>2,233,262</b>	<b>903,094</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds on sale (purchase) of property and equipment	2,898,629	(3,208,628)
<b>Cash Provided by (Used In) Investing Activities</b>	<b>2,898,629</b>	<b>(3,208,628)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Mortgages payable	(3,356,028)	1,289,442
Transfer from restricted funds	-	178,847
<b>Cash (Used In) Provided by Financing Activities</b>	<b>(3,356,028)</b>	<b>1,468,289</b>
<b>Increase (Decrease) in cash and cash equivalents</b>	<b>1,775,863</b>	<b>(837,245)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>243,941</b>	<b>1,081,186</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 2,019,804</b>	<b>\$ 243,941</b>

## **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 dependant on these funders for its continued operation.

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 CPA Canada 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 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.

**1. SIGNIFICANT ACCOUNTING POLICIES, continued**

- (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 statement of changes in net assets.
- (iv) Long-term land leases have been treated as capital leases rather than operating leases.

**(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 expenditures 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 Worldsource Financial Management Inc.

**(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 Society'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.



**1. SIGNIFICANT ACCOUNTING POLICIES, continued**

**(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.

**(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) Impairment of long-lived assets**

Property and equipment subject to amortization are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

**(h) Deferred and restricted capital contributions**

The Society received funding for the purpose of acquiring property and equipment. The contributions are recognized as revenue on the same basis as those used to amortize the property and equipment. The unamortized portion of the contribution is shown on the statement of financial position as deferred capital contributions.

**(i) 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.

**(j) Allocation of expenditures**

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**

**(k) 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, payable to the City of Toronto 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.

**(l) 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 and the reported amounts of revenues and expenditures for the period covered.

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, 2019

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

	2019	2018
<b>Cash and Cash Equivalents</b>		
Cash	\$ 2,006,777	\$ 231,044
Guaranteed investment certificates	13,027	12,897
	2,019,804	243,941
<b>Restricted Investments</b>		
Bond funds	1,140,823	1,093,630
Guaranteed investment certificates	747,948	733,492
Equity funds	393,246	343,439
Due from (to) operating account	236,647	(44,582)
	2,518,664	2,125,979
<b>Total</b>	<b>\$ 4,538,468</b>	<b>\$ 2,369,920</b>

Guaranteed investment certificates in the amount of \$13,027 are used as collateral for the Society's credit cards.

**3. ACCOUNTS RECEIVABLE**

	2019	2018
HST rebate receivable	\$ 586,067	\$ 842,714
Due from Homes First Foundation	76,009	25,002
Rent receivable	20,831	48,823
Allowance for doubtful accounts	(22,399)	(27,169)
<b>Total</b>	<b>\$ 660,508</b>	<b>\$ 889,370</b>

**HOMES FIRST SOCIETY**  
**Notes to the Financial Statements**  
**December 31, 2019**

**4. PROPERTY AND EQUIPMENT**

	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>2019</b>	<b>2018</b>
<b>Land and buildings (City of Toronto Social Housing Unit funded)</b>				
87 Bellevue Avenue	\$ 3,320,114	\$ 1,793,368	\$ 1,526,746	\$ 1,662,728
50 Earl Street	2,657,576	1,199,722	1,457,854	1,557,267
175 Vaughan Road	3,813,767	2,666,207	1,147,560	1,337,778
434 Gerrard Street	1,970,878	983,210	987,668	1,064,394
29 Wales Avenue	492,999	325,077	167,922	192,016
90 Shuter St	3,102,881	3,102,881	-	170,014
	15,358,215	10,070,465	5,287,750	5,984,197
<b>1322 Bloor Street West</b>				
Land	257,550	-	257,550	257,550
Building	488,929	337,195	151,734	171,329
	746,479	337,195	409,284	428,879
<b>4117 Lawrence Avenue</b>				
Land	-	-	-	724,657
Building	-	-	-	2,106,891
	-	-	-	2,831,548
<b>Total</b>	<b>\$ 16,104,694</b>	<b>\$ 10,407,660</b>	<b>\$ 5,697,034</b>	<b>\$ 9,244,624</b>

During the year, the Society sold the property located at 4117 Lawrence Avenue to the City of Toronto. The Society incurred a loss of \$81,131 in the current year, in addition to the \$310,000 written down of the carrying amount in the prior year.

**HOMES FIRST SOCIETY**  
**Notes to the Financial Statements**  
**December 31, 2019**

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**5. ASSETS UNDER CAPITAL LEASE**

	Cost	Accumulated Amortization	2019	2018
800 Adelaide St. West	\$ 7,231,220	\$ 5,017,049	\$ 2,214,171	\$ 2,521,252
490 Huron Street	550,000	409,635	140,365	167,447
	7,781,220	5,426,684	2,354,536	2,688,699
53 Strachan - leasehold improvements	4,070,985	3,749,996	320,989	486,813
Total	\$ 11,852,205	\$ 9,176,680	\$ 2,675,525	\$ 3,175,512

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.

(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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**HOMES FIRST SOCIETY**  
**Notes to the Financial Statements**  
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**6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	2019	2018
Accounts payable and accrued liabilities	\$ 3,370,662	\$ 2,058,226
Accrued mortgage interest	25,424	32,654
	<b>\$ 3,396,086</b>	<b>\$ 2,090,880</b>

**7. DEFERRED CAPITAL CONTRIBUTIONS**

	2019	2018
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)
Accumulated amortization	(3,983,436)	(3,798,017)
<b>Total</b>	<b>\$ 470,938</b>	<b>\$ 656,357</b>
Consists of:		
1322 Bloor St. West	\$ 149,957	\$ 169,553
53 Strachan House	320,981	486,804
	<b>\$ 470,938</b>	<b>\$ 656,357</b>

**8. RESTRICTED CONTRIBUTION**

The balance includes 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.

**HOMES FIRST SOCIETY**  
**Notes to the Financial Statements**  
**December 31, 2019**

**9. MORTGAGES PAYABLE**

	2019	2018
800 Adelaide St. West - 2.699%, repayable in blended monthly installments of \$30,637, maturing June 2024	\$ 2,190,615	\$ 2,497,696
87 Bellevue Avenue - 6.232%, repayable in blended monthly installments of \$19,540, maturing April 2028	1,526,746	1,662,727
175 Vaughan Road - 1.42%, repayable in blended monthly installments of \$17,327, maturing September 2020	1,147,560	1,337,778
50 Earl Street - 6.752%, repayable in blended monthly installments of \$16,675, maturing December 2024	1,457,854	1,557,267
434 Gerrard Street - 2.040%, repayable in blended monthly installments of \$8,136, maturing April 2022	987,668	1,064,394
90 Shuter Street - 1.830%, repayable in blended monthly installments of \$17,144, repaid in the current year	-	170,014
29 Wales Avenue - 6.129%, repayable in blended monthly installments of \$2,921, maturing April 2024	167,922	192,016
490 Huron Street - 3.030%, repayable in blended monthly installments of \$2,646, maturing September 2023	140,365	167,448
4117 Lawrence Avenue - 4.250%, repayable in blended monthly installments of \$17,999, repaid in the current year	-	2,325,419
	7,618,730	10,974,759
Less current portion	1,841,581	3,341,378
Due beyond one year	\$ 5,777,149	\$ 7,633,381
Estimated principal re-payments are as follows:		
2020	\$ 1,841,581	
2021	723,501	
2022	1,501,827	
2023	726,167	
2024	2,117,006	
Subsequent years	708,648	
	\$ 7,618,730	

**HOMES FIRST SOCIETY**  
**Notes to the Financial Statements**  
**December 31, 2019**

**9. MORTGAGES PAYABLE, continued**

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.

**10. RESERVE EXPENDITURES**

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

	2019	2018
<b>Ontario Housing Services Act - Section 78</b>		
Sidewalks, stairways and ramps	\$ 57,453	\$ 53,017
Retaining walls	47,318	-
Make up air units	20,623	-
Air conditioning	13,968	-
	139,362	53,017
<b>Ontario Housing Services Act - Section 95</b>		
Life Safety System	11,947	-
Building condition assessments	-	150,406
	11,947	150,406
<b>Total</b>	<b>\$ 151,309</b>	<b>\$ 203,423</b>

**11. OTHER CITY FUNDING**

	2019	2018
Enhanced case management funding	\$ 676,980	\$ 37,795
Social housing improvement program	362,894	243,754
Housing with layered support	297,148	-
Home for good	91,373	-
Reaching home strategy	75,000	-
Toronto Public Health	11,512	36,913
Homelessness partnership strategy	-	64,859
Community engagement funding	-	15,000
Health and safety funding	-	15,000
	\$ 1,514,907	\$ 413,321



**HOMES FIRST SOCIETY**  
**Notes to the Financial Statements**  
**December 31, 2019**

**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 the 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:

	2019	2018
<b>Statement of Financial Position</b>		
Total assets	\$ 193,643	\$ 189,058
Total liabilities	117,997	61,425
Net assets	75,646	127,633
	\$ 193,643	\$ 189,058
<b>Statement of Operations</b>		
Revenues		
Donations and fundraising	\$ 563,482	\$ 566,697
Grants	22,641	30,809
Interest	626	816
	586,749	598,322
Expenditures		
Wages and benefits	307,009	244,476
Fundraising	125,248	79,032
Disbursements to Homes First Society	120,139	242,490
Administrative overhead	86,340	49,496
	638,736	615,494
Deficiency of revenues over expenditures	\$ (51,987)	\$ (17,172)

**13. UNCERTAINTY DUE TO COVID-19**

Many businesses and organizations across Canada have been negatively affected by the COVID-19 pandemic and the resulting downturn in the overall economy. The impact on the Society's operations and financial reporting are uncertain and cannot be determined at this time.

#### **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 government funding receivable, HST rebate 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.

(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 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.

(ii) 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 AMOUNTS**

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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