

HOMES FIRST SOCIETY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2021

HOMES FIRST SOCIETY

Financial Statements December 31, 2021

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AKLER BROWNING LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

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, 2021, 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, 2021, 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

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 12, 2022

HOMES FIRST SOCIETY
Statement of Financial Position
December 31, 2021

	2021	2020
Assets		
Current		
Cash and cash equivalents (Note 2)	\$ 8,941,886	\$ 3,784,431
Accounts receivable (Note 3)	950,693	956,374
Government funding receivable	795,377	2,170,744
Prepays	356,358	212,121
Total current assets	11,044,314	7,123,670
Property and equipment (Note 4)	4,543,503	5,130,630
Assets under capital lease (Note 5)	1,663,955	2,169,114
Restricted investments (Note 2)	2,537,554	2,754,731
Total Assets	\$ 19,789,326	\$ 17,178,145
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 5,165,147	\$ 5,130,020
Government remittance payable	115,754	106,331
Payable to the City of Toronto	91,836	383,612
Advances from Homes First Foundation (Note 6)	80,622	-
Deferred contributions	4,736,753	668,284
Current portion of mortgages payable (Note 9)	1,702,262	925,221
Total current liabilities	11,892,374	7,213,468
Deferred capital contributions (Note 7)	110,765	285,518
Restricted contribution (Note 8)	120,875	120,393
Mortgages payable (Note 9)	4,111,548	5,806,114
Total Liabilities	16,235,562	13,425,493
Net Assets		
Externally restricted reserves	2,105,852	2,324,520
Internally restricted reserve	310,827	309,818
Unrestricted net assets	1,137,085	1,118,314
Total Net Assets	3,553,764	3,752,652
Total Liabilities and Net Assets	\$ 19,789,326	\$ 17,178,145

Approved on behalf of the Board

 Director

 Director

April 12, 2022 Date

HOMES FIRST SOCIETY
Statement of Changes in Net Assets
Year ended December 31, 2021

	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			
							2021		2020
Balance, beginning of year	\$ 1,473,319	\$ 237,847	\$ 431,653	\$ 181,701	\$ 309,818	\$ 1,118,314	\$ 3,752,652	\$	3,510,475
Add/(Deduct):									
Allocation from operations	142,129	115,925	21,600	-	-	-	279,654		261,844
Reserve investment income	43,279	13,081	1,727	727	1,009	-	59,823		174,214
Reserve expenditures (Note 10)	(626,963)	-	-	-	-	-	(626,963)		(79,323)
Adjustment to prior year's funding	69,827	-	-	-	-	-	69,827		(122,003)
Excess of revenues over expenditures	-	-	-	-	-	18,771	18,771		7,445
Balance, end of year	\$ 1,101,591	\$ 366,853	\$ 454,980	\$ 182,428	\$ 310,827	\$ 1,137,085	\$ 3,553,764	\$	3,752,652

See notes to the financial statements

HOMES FIRST SOCIETY
Statement of Operations
Year ended December 31, 2021

	Shelters	Hotel	Respite	Follow up Support Services	CAMH	Section 78 Various	Section 95 Shuter	Managed Properties	Support for Daily Living	2021	2020
Revenues											
Government funding - City of Toronto (Schedule)	\$ 23,365,776	\$ 14,750,826	\$ 6,242,274	\$ 233,053	\$ -	\$ 2,679,906	\$ 345,801	-	\$ 867,575	\$ 48,485,211	\$ 35,454,528
Revenues from tenants	392,614	-	-	-	-	651,822	271,760	59,768	-	1,375,964	1,402,247
Government funding MOHLTC	353,220	-	-	-	-	-	-	-	-	353,220	353,820
CAMH high support funding	14,230	-	-	-	267,000	-	-	-	-	281,230	273,894
United Way	130,002	55,626	-	-	-	-	-	-	-	185,628	224,855
Amortization of contributions	174,753	-	-	-	-	-	-	-	-	174,753	185,420
Donations	18,000	-	-	-	-	89,000	-	46,081	-	153,081	356
Management fees	-	-	-	-	-	-	-	116,089	-	116,089	116,089
Interest, signage & other	49,344	-	-	-	-	-	-	-	57,102	106,446	173,432
Non-rental income	4,842	-	-	-	-	9,654	33,305	4,030	-	51,831	47,700
Pandemic pay subsidy	-	-	-	-	-	-	-	-	-	-	795,053
	24,502,781	14,806,452	6,242,274	233,053	267,000	3,430,382	650,866	225,968	924,677	51,283,453	39,027,394
Expenditures											
Administrative and Program (Schedule)	18,863,768	14,167,310	4,859,162	227,010	266,442	127,560	136,122	62,679	905,685	39,615,738	28,042,961
Maintenance (Schedule)	4,898,526	618,396	1,374,050	6,043	558	1,358,403	250,029	128,592	18,992	8,653,589	7,995,424
Mortgage principal and interest	-	-	-	-	-	1,175,550	-	-	-	1,175,550	1,173,517
Utilities (Schedule)	355,561	-	-	-	-	301,306	118,812	14,482	-	790,161	819,701
Insurance and bad debts	169,802	20,746	9,062	-	-	45,383	29,978	20,215	-	295,186	259,033
Property taxes	-	-	-	-	-	280,051	-	-	-	280,051	282,049
Allocation to restricted reserve funds	21,600	-	-	-	-	142,129	115,925	-	-	279,654	261,844
Amortization of deferred capital contributions	174,753	-	-	-	-	-	-	-	-	174,753	185,420
	24,484,010	14,806,452	6,242,274	233,053	267,000	3,430,382	650,866	225,968	924,677	51,264,682	39,019,949
Excess of Revenues over Expenditures	\$ 18,771	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,771	\$ 7,445

See notes to the financial statements

HOMES FIRST SOCIETY

Schedule of Government Funding - City of Toronto
December 31, 2021

	Shelters	Hotel	Respite	Follow up Support Services	CAMH	Section 78 Various	Section 95 Shuter	Managed Properties	Support for Daily Living	2021	2020
Shelter allocation	\$ 22,271,719	\$ 14,603,384	\$ 6,237,619	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 43,112,722	\$ 29,798,651
Housing Services Act Section 78	-	-	-	-	-	2,405,906	-	-	-	2,405,906	2,493,200
Other City funding (Note 11)	805,976	82,054	4,655	-	-	274,000	-	-	66,706	1,233,391	1,369,849
Support for daily living	-	-	-	-	-	-	-	-	800,869	800,869	804,776
Rent supplement program	-	-	-	-	-	-	345,801	-	-	345,801	384,055
Assertive follow up support services	-	-	-	233,053	-	-	-	-	-	233,053	202,528
Emergency hostel funding	82,788	65,388	-	-	-	-	-	-	-	148,176	196,176
Food access project	140,943	-	-	-	-	-	-	-	-	140,943	140,941
HHB funding	64,350	-	-	-	-	-	-	-	-	64,350	64,352
	\$ 23,365,776	\$ 14,750,826	\$ 6,242,274	\$ 233,053	\$ -	\$ 2,679,906	\$ 345,801	\$ -	\$ 867,575	\$ 48,485,211	\$ 35,454,528

See notes to the financial statements

HOMES FIRST SOCIETY
**Schedule of Administrative and Program Expenditures
December 31, 2021**

	Shelters	Hotel	Respite	Follow up Support Services	CAMH	Section 78 Various	Section 95 Shuter	Managed Properties	Support for Daily Living	2021	2020
Salaries and benefits	\$ 13,325,084	\$ 12,844,802	\$ 3,004,303	\$ 210,786	\$ 262,651	\$ 64,236	\$ 55,430	\$ 48,743	\$ 738,299	\$ 30,554,334	\$ 19,744,546
Tenant services	4,062,986	624,329	1,632,720	2,524	1,313	16,621	38,797	2,410	75,045	6,456,745	6,178,048
Other administrative and program expenditures	1,475,698	698,179	222,139	13,700	2,478	46,703	41,895	11,526	92,341	2,604,659	2,120,367
	\$ 18,863,768	\$ 14,167,310	\$ 4,859,162	\$ 227,010	\$ 266,442	\$ 127,560	\$ 136,122	\$ 62,679	\$ 905,685	\$ 39,615,738	\$ 28,042,961

See notes to the financial statements

HOMES FIRST SOCIETY
Schedule of Maintenance Expenditures
December 31, 2021

	Shelters	Hotel	Respite	Follow up Support Services	CAMH	Section 78 Various	Section 95 Shuter	Managed Properties	Support for Daily Living	2021	2020
Maintenance and repairs	\$ 3,026,149	\$ 35,761	\$ 1,186,938	\$ 165	\$ 10	\$ 145,112	\$ 58,399	\$ 32,780	\$ 508	\$ 4,485,822	\$ 4,037,494
Equipment and building	442,946	72,188	28,393	151	9	725,873	48,388	56,852	472	1,375,272	1,177,606
Salaries and benefits	707,211	329,702	133,513	5,416	320	34,655	29,904	-	16,934	1,257,655	736,474
Other maintenance expenditures	472,380	26,979	1,930	78	4	290,632	55,092	30,567	244	877,906	898,193
Security	249,840	153,766	23,276	233	215	162,131	58,246	8,393	834	656,934	1,145,657
	\$ 4,898,526	\$ 618,396	\$ 1,374,050	\$ 6,043	\$ 558	\$ 1,358,403	\$ 250,029	\$ 128,592	\$ 18,992	\$ 8,653,589	\$ 7,995,424

HOMES FIRST SOCIETY
Schedule of Utilities Expenditures
December 31, 2021

	Shelters	Hotel	Respite	Follow up Support Services	CAMH	Section 78 Various	Section 95 Shuter	Managed Properties	Support for Daily Living	2021	2020
Electricity	\$ 143,258	\$ -	\$ -	\$ -	\$ -	\$ 102,884	\$ 78,043	\$ 4,913	\$ -	\$ 329,098	\$ 362,005
Water and sewage	83,774	-	-	-	-	134,596	40,769	2,698	-	261,837	255,977
Fuel	128,529	-	-	-	-	63,826	-	6,871	-	199,226	201,719
	\$ 355,561	\$ -	\$ -	\$ -	\$ -	\$ 301,306	\$ 118,812	\$ 14,482	\$ -	\$ 790,161	\$ 819,701

See notes to the financial statements

HOMES FIRST SOCIETY

Schedule of Shelters

December 31, 2021

	Savard's	Strachan	Scarboro	Kennedy	WWC	Lakeshore	Lawrence	101 Placer	2021	2020
Revenues										
Government Funding - City of Toronto										
Shelter allocation	\$ 319,796	\$ 1,434,027	\$ 1,726,551	\$ 2,412,062	\$ 6,597,898	\$ 7,626,733	\$ 2,029,890	\$ 124,762	\$ 22,271,719	\$ 25,260,248
Other City funding (Note 11)	-	272,843	18,837	462,719	3,930	44,779	2,868	-	805,976	1,248,457
Food access project	-	140,943	-	-	-	-	-	-	140,943	140,941
Emergency hostel funding	-	35,400	47,388	-	-	-	-	-	82,788	196,176
HHB Funding	-	64,350	-	-	-	-	-	-	64,350	64,352
Revenues from tenants	-	392,614	-	-	-	-	-	-	392,614	425,089
Government funding MOHLTC	-	353,220	-	-	-	-	-	-	353,220	353,820
Amortization of contributions	19,596	155,157	-	-	-	-	-	-	174,753	185,420
United Way	-	74,376	55,626	-	-	-	-	-	130,002	201,220
Interest, signage and other	-	49,344	-	-	-	-	-	-	49,344	4,209
Donations	-	18,000	-	-	-	-	-	-	18,000	230
CAMH high support funding	-	-	-	14,230	-	-	-	-	14,230	-
Non-rental income	-	31	1,811	1,901	-	-	1,099	-	4,842	8,574
Pandemic pay subsidy	-	-	-	-	-	-	-	-	-	728,712
	339,392	2,990,305	1,850,213	2,890,912	6,601,828	7,671,512	2,033,857	124,762	24,502,781	28,817,448
Expenditures										
Administrative and Program										
Salaries and benefits	103,607	1,473,021	1,095,350	1,813,628	3,336,723	4,329,422	1,146,605	26,728	13,325,084	15,295,477
Tenant services	24,585	216,049	142,868	188,357	1,576,916	1,557,653	289,327	67,231	4,062,986	5,260,819
Other administrative and program	67,215	296,600	205,716	199,398	216,132	336,938	138,244	15,455	1,475,698	1,604,130
Maintenance										
Maintenance and repairs	3,357	327,928	98,744	174,477	1,054,860	1,052,009	312,962	1,812	3,026,149	3,496,489
Salaries and benefits	55,896	47,917	83,809	101,306	151,937	164,753	90,551	11,042	707,211	570,051
Other maintenance expenditures	12,409	84,777	66,161	116,172	126,113	46,220	19,444	1,084	472,380	484,776
Equipment and building	11,402	125,911	37,448	144,785	34,207	75,620	12,639	934	442,946	614,651
Security	18,499	70,642	16,599	33,185	50,587	42,441	17,411	476	249,840	742,999
Utilities	18,708	136,851	93,158	104,277	-	-	2,567	-	355,561	392,634
Amortization	19,596	155,157	-	-	-	-	-	-	174,753	185,420
Insurance and bad debts	4,118	26,955	7,509	10,757	54,353	62,984	3,126	-	169,802	141,137
Allocation to restricted reserve funds	-	21,600	-	-	-	-	-	-	21,600	21,600
	339,392	2,983,408	1,847,362	2,886,342	6,601,828	7,668,040	2,032,876	124,762	24,484,010	28,810,183
Excess of Revenues over Expenditures	\$ -	\$ 6,897	\$ 2,851	\$ 4,570	\$ -	\$ 3,472	\$ 981	\$ -	\$ 18,771	\$ 7,265

See notes to the financial statements

HOMES FIRST SOCIETY**Schedule of Hotels****December 31, 2021**

	Delta	Esplanade	Strathcona	2021	2020
Revenues					
Government Funding - City of Toronto					
Shelter allocation	\$ 7,012,171	\$ 5,641,670	\$ 1,949,543	\$ 14,603,384	\$ 2,942,926
Other City funding (Note 11)	7,448	41,968	32,638	82,054	-
Emergency hostel funding	-	-	65,388	65,388	-
United Way	-	-	55,626	55,626	-
Pandemic pay subsidy	-	-	-	-	24,120
	7,019,619	5,683,638	2,103,195	14,806,452	2,967,046
Expenditures					
Administrative and Program					
Salaries and benefits	6,210,206	4,918,575	1,716,021	12,844,802	2,291,970
Other administrative and program	258,597	276,494	163,088	698,179	234,333
Tenant services	193,033	328,814	102,482	624,329	193,261
Maintenance					
Salaries and benefits	163,495	70,834	95,373	329,702	87,497
Security	114,657	29,913	9,196	153,766	107,027
Equipment and building	49,882	13,917	8,389	72,188	28,719
Maintenance and repairs	14,797	16,967	3,997	35,761	10,512
Other maintenance expenditures	10,335	13,927	2,717	26,979	10,943
Insurance and bad debts	4,617	14,197	1,932	20,746	2,784
	7,019,619	5,683,638	2,103,195	14,806,452	2,967,046
Excess of Revenues over Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

HOMES FIRST SOCIETY
Statement of Cash Flows
Year ended December 31, 2021

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenues over expenditures	\$ 18,771	\$ 7,445
Items not involving cash		
Amortization	1,092,286	1,072,815
Amortization of deferred capital contributions	(174,753)	(185,420)
	936,304	894,840
Change in non-cash working capital items		
Accounts receivable	5,681	(295,866)
Government funding receivable	1,375,367	(270,608)
Prepays	(144,237)	(70,167)
Accounts payable and accrued liabilities	35,127	1,733,934
Government remittances payable	9,423	80,115
Payable to the City of Toronto	(291,776)	122,003
Advances from Homes First Foundation	80,622	-
Deferred contributions	4,068,469	457,771
Cash Provided by Operating Activities	6,074,980	2,652,022
CASH FLOWS FROM FINANCING ACTIVITIES		
Mortgages payable	(917,525)	(887,395)
Cash Used In Financing Activities	(917,525)	(887,395)
Increase in cash and cash equivalents	5,157,455	1,764,627
Cash and cash equivalents, beginning of year	3,784,431	2,019,804
Cash and cash equivalents, end of year	\$ 8,941,886	\$ 3,784,431

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

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.

HOMES FIRST SOCIETY

Notes to the Financial Statements
December 31, 2021

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, advances from Homes First Foundation 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, 2021

2. CASH AND CASH EQUIVALENTS AND RESTRICTED INVESTMENTS

	2021	2020
Cash and Cash Equivalents		
Cash	\$ 5,777,912	\$ 397,937
Guaranteed investment certificates	3,013,027	3,513,027
Due from/(to) restricted investments	150,947	(126,533)
	8,941,886	3,784,431
Restricted Investments		
Bond funds	1,184,385	1,215,337
Guaranteed investment certificates	989,909	985,966
Equity funds	514,207	426,895
Due (to)/from operating account	(150,947)	126,533
	2,537,554	2,754,731
Total	\$ 11,479,440	\$ 6,539,162

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

3. ACCOUNTS RECEIVABLE

	2021	2020
HST rebate receivable	\$ 998,691	\$ 990,747
Rent receivable	40,862	45,710
Allowance for doubtful accounts	(88,860)	(88,120)
Due from Homes First Foundation	-	8,037
Total	\$ 950,693	\$ 956,374

HOMES FIRST SOCIETY**Notes to the Financial Statements****December 31, 2021****4. PROPERTY AND EQUIPMENT**

	Cost	Accumulated Amortization	2021	2020
Land and buildings (City of Toronto Social Housing Unit funded)				
50 Earl Street	\$ 2,657,576	\$ 1,419,493	\$ 1,238,083	\$ 1,351,616
87 Bellevue Avenue	3,320,114	2,091,695	1,228,419	1,382,158
434 Gerrard Street	1,970,878	1,141,416	829,462	909,368
175 Vaughan Road	3,813,767	3,051,463	762,304	955,471
29 Wales Avenue	492,999	377,856	115,143	142,329
90 Shuter Street	3,102,881	3,102,881	-	-
	15,358,215	11,184,804	4,173,411	4,740,942
1322 Bloor Street West				
Land	257,550	-	257,550	257,550
Building	488,929	376,387	112,542	132,138
	746,479	376,387	370,092	389,688
Total	\$ 16,104,694	\$ 11,561,191	\$ 4,543,503	\$ 5,130,630

HOMES FIRST SOCIETY

Notes to the Financial Statements

December 31, 2021

5. ASSETS UNDER CAPITAL LEASE

	Cost	Accumulated Amortization	2021	2020
800 Adelaide St. West	\$ 7,231,220	\$ 5,650,961	\$ 1,580,259	\$ 1,901,493
490 Huron Street	550,000	466,304	83,696	112,456
	7,781,220	6,117,265	1,663,955	2,013,949
53 Strachan - leasehold improvements	4,070,985	4,070,985	-	155,165
Total	\$ 11,852,205	\$ 10,188,250	\$ 1,663,955	\$ 2,169,114

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.

HOMES FIRST SOCIETY

Notes to the Financial Statements

December 31, 2021

6. ADVANCES FROM HOMES FIRST FOUNDATION

The advances from the related party represent funds advanced to the Society. These advances are non interest bearing and are due on demand.

7. DEFERRED CAPITAL CONTRIBUTIONS

	2021	2020
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	(4,343,609)	(4,168,856)
Total	\$ 110,765	\$ 285,518
Consists of:		
1322 Bloor St. West	\$ 110,765	\$ 130,361
53 Strachan House	-	155,157
	\$ 110,765	\$ 285,518

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, 2021

9. MORTGAGES PAYABLE

	2021	2020
800 Adelaide St. West - 2.699%, repayable in blended monthly installments of \$30,637, maturing June 2024	\$ 1,556,703	\$ 1,877,937
87 Bellevue Avenue - 6.232%, repayable in blended monthly installments of \$19,540, maturing April 2028	1,228,419	1,382,158
50 Earl Street - 6.752%, repayable in blended monthly installments of \$16,675, maturing December 2024	1,238,083	1,351,616
175 Vaughan Road - 2.15%, repayable in blended monthly installments of \$17,644, maturing September 2025	762,304	955,471
434 Gerrard Street - 2.040%, repayable in blended monthly installments of \$8,136, maturing April 2022	829,462	909,368
29 Wales Avenue - 6.129%, repayable in blended monthly installments of \$2,921, maturing April 2024	115,143	142,329
490 Huron Street - 3.030%, repayable in blended monthly installments of \$2,646, maturing September 2023	83,696	112,456
	5,813,810	6,731,335
Less current portion	1,702,262	925,221
Due beyond one year	\$ 4,111,548	\$ 5,806,114
Estimated principal re-payments are as follows:		
2022	\$ 1,702,262	
2023	927,887	
2024	2,318,231	
2025	353,186	
2026	208,450	
Subsequent years	303,794	
	\$ 5,813,810	

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.

HOMES FIRST SOCIETY

Notes to the Financial Statements

December 31, 2021

10. RESERVE EXPENDITURES

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

	2021	2020
Ontario Housing Services Act - Section 78		
Property restoration	\$ 161,790	\$ 21,802
Rooftop	465,173	34,551
	626,963	56,353
Ontario Housing Services Act - Section 95		
Property restoration	-	22,176
Health and Safety Consulting Services	-	794
	-	22,970
Total	\$ 626,963	\$ 79,323

11. OTHER CITY FUNDING

	2021	2020
Enhanced case management funding	\$ 440,287	\$ 458,788
Reaching home strategy	244,000	-
COVID-19 relief	172,500	273,874
Housing with layered support	169,800	109,800
Strachan incentive package	128,000	-
Social housing improvement program	38,698	-
Home for good	30,000	-
Toronto Public Health	10,106	57,292
Strathcona Hotel program	-	441,711
Health and safety funding	-	28,384
	\$ 1,233,391	\$ 1,369,849

HOMES FIRST SOCIETY
Notes to the Financial Statements
December 31, 2021

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:

	2021	2020
Statement of Financial Position		
Total assets	\$ 297,685	\$ 112,596
Total liabilities	2,500	8,037
Net assets	295,185	104,559
	\$ 297,685	\$ 112,596
Statement of Operations		
Revenues		
Donations and fundraising	\$ 197,267	\$ 133,510
Interest	18	128
Grants	-	18,894
	197,285	152,532
Expenditures		
Administrative overhead	6,659	49,392
Wages and benefits	-	64,612
Fundraising	-	9,615
	6,659	123,619
Excess of revenues over expenditures	\$ 190,626	\$ 28,913

13. UNCERTAINTY DUE TO COVID-19

In March 2020, the World Health Organization declared a global pandemic related to the novel coronavirus (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 government and public health officials initiated a number of measures to mitigate against the severity and impact of the virus. The organization has implemented a number of these measures to maintain a safe operating environment. The length and severity of the impact on the organization'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.

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.
