

**HOMES FIRST SOCIETY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2022**

HOMES FIRST SOCIETY

Financial Statements December 31, 2022

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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, 2022, 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, 2022, 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
May 9, 2023

HOMES FIRST SOCIETY
Statement of Financial Position
December 31, 2022

	2022	2021
Assets		
Current		
Cash and cash equivalents (Note 2)	\$ 7,956,126	\$ 8,941,886
Accounts receivable (Note 3)	916,167	950,693
Government funding receivable	596,998	795,377
Advances to Homes First Foundation (Note 4)	118,672	-
Prepays	272,328	356,358
Total current assets	9,860,291	11,044,314
Property and equipment (Note 5)	3,933,829	4,543,504
Assets under capital lease (Note 6)	1,304,416	1,663,956
Restricted investments (Note 2)	2,548,666	2,537,554
Total Assets	\$ 17,647,202	\$ 19,789,328
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 6,057,069	\$ 5,165,149
Government remittance payable	147,861	115,754
Payable to the City of Toronto	128,069	91,836
Advances from Homes First Foundation (Note 4)	-	80,622
Deferred contributions	2,642,995	4,736,753
Current portion of mortgages payable (Note 9)	1,008,930	1,702,262
Total current liabilities	9,984,924	11,892,376
Deferred capital contributions (Note 7)	91,169	110,765
Restricted contribution (Note 8)	121,600	120,875
Mortgages payable (Note 9)	3,855,261	4,111,548
Total Liabilities	14,052,954	16,235,564
Net Assets		
Externally restricted reserves	2,036,343	2,105,852
Internally restricted reserve	390,723	310,827
Unrestricted net assets	1,167,182	1,137,085
Total Net Assets	3,594,248	3,553,764
Total Liabilities and Net Assets	\$ 17,647,202	\$ 19,789,328

Approved on behalf of the Board



Director



Director

May 9, 2023

Date

See notes to the financial statements

	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				
							2022		2021	
Balance, beginning of year	\$ 1,101,591	\$ 366,853	\$ 454,980	\$ 182,428	\$ 310,827	\$ 1,137,085	\$ 3,553,764	\$	3,752,652	
Add/(Deduct):										
Allocation from operations	147,402	116,000	-	-	78,376	-	341,778		279,654	
Reserve investment income (loss)	(135,231)	(44,739)	2,600	1,095	1,520	-	(174,755)		59,823	
Reserve expenditures (Note 10)	(156,636)	-	-	-	-	-	(156,636)		(626,963)	
Adjustment to prior year's funding	-	-	-	-	-	-	-		69,827	
Excess of revenues over expenditures	-	-	-	-	-	30,097	30,097		18,771	
Balance, end of year	\$ 957,126	\$ 438,114	\$ 457,580	\$ 183,523	\$ 390,723	\$ 1,167,182	\$ 3,594,248	\$	3,553,764	

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HOMES FIRST SOCIETY
Statement of Operations
Year ended December 31, 2022

	Shelters	Hotel	Respite	Follow up Support Services	CAMH	Section 78 Various	Section 95 Shuter	Managed Properties	Support for Daily Living	2022	2021
Revenues											
Government funding - City of Toronto (Schedule)	\$ 32,036,980	\$ 17,539,122	\$ 2,131,707	\$ 247,525	\$ -	\$ 2,479,912	\$ 345,334	\$ -	\$ 887,182	\$ 55,667,762	\$ 48,485,211
Revenues from tenants	41,504	-	-	-	-	720,851	267,608	66,010	-	1,095,973	1,375,964
Pandemic pay subsidy	483,674	240,117	113,706	2,313	-	-	-	-	43,236	883,046	-
Deferred contributions	38,136	-	-	-	-	549,261	-	-	-	587,397	153,081
Program funding	120,025	-	-	-	267,000	-	-	-	-	387,025	281,230
Government funding MOHLTC	353,220	-	-	-	-	-	-	-	-	353,220	353,220
CMHC seed grant	150,000	-	-	-	-	-	-	-	-	150,000	-
United Way	108,254	27,102	-	-	-	-	-	-	-	135,356	185,628
Management fees	-	-	-	-	-	-	-	116,089	-	116,089	116,089
Interest, signage & other	9,287	42	-	-	-	-	1,274	78,622	-	89,225	106,446
Non-rental income	-	-	-	-	-	7,973	20,120	3,666	-	31,759	51,831
Amortization of contributions	19,596	-	-	-	-	-	-	-	-	19,596	174,753
	33,360,676	17,806,383	2,245,413	249,838	267,000	3,757,997	634,336	264,387	930,418	59,516,448	51,283,453
Expenditures											
Administrative and Program (Schedule)	27,767,582	17,234,583	1,748,187	223,297	264,719	111,461	146,194	63,560	915,262	48,474,845	39,615,738
Maintenance (Schedule)	5,128,165	543,381	486,936	26,275	2,259	1,587,995	257,212	97,461	15,021	8,144,705	8,653,589
Amortization	-	-	-	-	-	949,619	-	-	-	949,619	917,464
Utilities (Schedule)	253,092	-	-	-	-	324,140	95,198	14,428	-	686,858	790,161
Insurance and bad debts	162,144	28,419	10,290	266	22	129,055	19,709	10,562	135	360,602	295,186
Allocation to restricted reserve funds	-	-	-	-	-	147,402	116,000	78,376	-	341,778	279,654
Property taxes	-	-	-	-	-	280,056	23	-	-	280,079	280,051
Mortgage interest	-	-	-	-	-	228,269	-	-	-	228,269	258,086
Amortization of deferred capital contributions	19,596	-	-	-	-	-	-	-	-	19,596	174,753
	33,330,579	17,806,383	2,245,413	249,838	267,000	3,757,997	634,336	264,387	930,418	59,486,351	51,264,682
Excess of Revenues over Expenditures	\$ 30,097	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,097	\$ 18,771

HOMES FIRST SOCIETY
Schedule of Government Funding - City of Toronto
December 31, 2022

	Shelters	Hotel	Respite	Follow up Support Services	CAMH	Section 78 Various	Section 95 Shuter	Managed Properties	Support for Daily Living	2022	2021
Shelter allocation	\$ 30,872,473	\$ 17,473,734	\$ 2,131,707	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,477,914	\$ 43,112,722
Housing Services Act Section 78	-	-	-	-	-	2,447,098	-	-	-	2,447,098	2,405,906
Other City funding (Note 11)	934,132	-	-	-	-	32,814	-	-	56,600	1,023,546	1,233,391
Support for daily living	-	-	-	-	-	-	-	-	830,582	830,582	800,869
Rent supplement program	-	-	-	-	-	-	345,334	-	-	345,334	345,801
Assertive follow up support services	-	-	-	247,525	-	-	-	-	-	247,525	233,053
Emergency hostel funding	130,788	65,388	-	-	-	-	-	-	-	196,176	148,176
HHB funding	64,351	-	-	-	-	-	-	-	-	64,351	64,350
Food access project	35,236	-	-	-	-	-	-	-	-	35,236	140,943
	\$ 32,036,980	\$ 17,539,122	\$ 2,131,707	\$ 247,525	\$ -	\$ 2,479,912	\$ 345,334	\$ -	\$ 887,182	\$ 55,667,762	\$ 48,485,211

HOMES FIRST SOCIETY**Schedule of Administrative and Program Expenditures****December 31, 2022**

	Shelters	Hotel	Respite	Follow up Support Services	CAMH	Section 78 Various	Section 95 Shuter	Managed Properties	Support for Daily Living	2022	2021
Salaries and benefits	\$ 20,358,276	\$ 15,479,068	\$ 1,100,852	\$ 184,191	\$ 259,101	\$ 59,808	\$ 66,006	\$ 55,175	\$ 812,585	\$ 38,375,062	\$ 30,554,334
Tenant services	5,345,212	902,412	595,444	64	252	2,233	27,501	1,861	24,893	6,899,872	6,456,745
Other administrative and program expenditures	2,064,094	853,103	51,891	39,042	5,366	49,420	52,687	6,524	77,784	3,199,911	2,604,659
	\$ 27,767,582	\$ 17,234,583	\$ 1,748,187	\$ 223,297	\$ 264,719	\$ 111,461	\$ 146,194	\$ 63,560	\$ 915,262	\$ 48,474,845	\$ 39,615,738

See notes to the financial statements

HOMES FIRST SOCIETY
Schedule of Maintenance Expenditures
December 31, 2022

	Shelters	Hotel	Respite	Follow up Support Services	CAMH	Section 78 Various	Section 95 Shuter	Managed Properties	Support for Daily Living	2022	2021
Maintenance and repairs	\$ 2,867,242	\$ 55,617	\$ 462,383	\$ 2,230	\$ 158	\$ 153,822	\$ 57,831	\$ 47,297	\$ 1,160	\$ 3,647,740	\$ 4,485,822
Equipment and building	643,940	32,029	5,095	1,113	474	1,100,068	76,325	19,976	579	1,879,599	1,375,272
Salaries and benefits	881,633	339,553	14,648	21,163	1,502	30,478	35,078	2,758	11,005	1,337,818	1,257,655
Other maintenance expenditures	372,691	21,914	1,150	1,203	85	204,577	45,675	20,792	880	668,967	877,906
Security	362,659	94,268	3,660	566	40	99,050	42,303	6,638	1,397	610,581	656,934
	\$ 5,128,165	\$ 543,381	\$ 486,936	\$ 26,275	\$ 2,259	\$ 1,587,995	\$ 257,212	\$ 97,461	\$ 15,021	\$ 8,144,705	\$ 8,653,589

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HOMES FIRST SOCIETY
Schedule of Shelters
December 31, 2022

	Savard's	Strachan	Scarboro	Kennedy	WWC	Lakeshore	Lawrence	101 Placer	2022	2021
Revenues										
Government Funding - City of Toronto										
Shelter allocation	\$ 257,802	\$ 3,245,783	\$ 1,726,551	\$ 2,412,062	\$ 9,417,962	\$ 7,596,206	\$ 3,084,249	\$ 3,131,858	\$ 30,872,473	\$ 22,271,719
Other City funding (Note 11)	150,644	253,200	-	530,288	-	-	-	-	934,132	805,976
Emergency hostel funding	-	65,400	65,388	-	-	-	-	-	130,788	82,788
HHB Funding	-	64,351	-	-	-	-	-	-	64,351	64,350
Food access project	-	35,236	-	-	-	-	-	-	35,236	140,943
Pandemic pay subsidy	-	64,103	17,439	33,741	178,020	135,627	35,481	19,263	483,674	-
Government funding MOHLTC	-	353,220	-	-	-	-	-	-	353,220	353,220
CMHC seed grant	-	150,000	-	-	-	-	-	-	150,000	-
Pogram funding	-	100,525	19,500	-	-	-	-	-	120,025	14,230
United Way	-	81,152	27,102	-	-	-	-	-	108,254	130,002
Revenues from tenants	-	41,504	-	-	-	-	-	-	41,504	392,614
Donations	-	38,136	-	-	-	-	-	-	38,136	18,000
Interest, signage and other	19,596	-	-	-	-	-	-	-	19,596	49,344
Non-rental income	-	708	284	1,764	-	-	3,570	2,961	9,287	4,842
Amortization of contributions	-	-	-	-	-	-	-	-	-	174,753
	428,042	4,493,318	1,856,264	2,977,855	9,595,982	7,731,833	3,123,300	3,154,082	33,360,676	24,502,781
Expenditures										
Administrative and Program										
Salaries and benefits	130,927	3,197,936	1,127,458	1,891,777	5,106,375	4,570,446	2,222,925	2,110,432	20,358,276	13,325,084
Tenant services	145,425	383,428	118,892	165,250	2,525,638	1,397,165	228,503	380,911	5,345,212	4,062,986
Other administrative and program	20,143	253,389	220,182	242,292	375,264	442,618	216,378	293,828	2,064,094	1,475,698
Maintenance										
Maintenance and repairs	11,749	107,083	109,542	229,927	1,143,096	883,158	233,966	148,721	2,867,242	3,026,149
Salaries and benefits	2,006	89,777	65,929	114,663	191,081	170,892	122,878	124,407	881,633	707,211
Equipment and building	44,730	303,621	35,078	68,143	91,337	47,664	25,651	27,716	643,940	442,946
Other maintenance expenditures	18,641	21,273	53,109	102,880	25,222	79,635	33,938	37,993	372,691	472,380
Security	13,362	90,687	18,819	59,147	67,083	75,536	15,009	23,016	362,659	249,840
Utilities	17,900	31,942	100,216	88,679	30	27	14,278	20	253,092	355,561
Insurance and bad debts	3,563	14,182	7,039	10,426	57,549	55,686	6,661	7,038	162,144	169,802
Amortization	19,596	-	-	-	-	-	-	-	19,596	174,753
Allocation to restricted reserve funds	-	-	-	-	-	-	-	-	-	21,600
	428,042	4,493,318	1,856,264	2,973,184	9,582,675	7,722,827	3,120,187	3,154,082	33,330,579	24,484,010
Excess of Revenues over Expenditures	\$ -	\$ -	\$ -	\$ 4,671	\$ 13,307	\$ 9,006	\$ 3,113	\$ -	\$ 30,097	\$ 18,771

See notes to the financial statements

HOMES FIRST SOCIETY**Schedule of Hotels****December 31, 2022**

	Delta	Esplanade	Strathcona	2022	2021
Revenues					
Government Funding - City of Toronto					
Shelter allocation	\$ 8,247,375	\$ 7,276,817	\$ 1,949,542	\$ 17,473,734	\$ 14,603,384
Emergency hostel funding	-	-	65,388	65,388	65,388
Other City funding (Note 11)	-	-	-	-	82,054
Pandemic pay subsidy	160,290	36,086	43,741	240,117	-
United Way	-	-	27,102	27,102	55,626
Non-rental income	-	-	42	42	-
	8,407,665	7,312,903	2,085,815	17,806,383	14,806,452
Expenditures					
Administrative and Program					
Salaries and benefits	7,603,551	6,039,991	1,835,526	15,479,068	12,844,802
Other administrative and program	307,113	422,230	123,760	853,103	698,179
Tenant services	280,957	590,049	31,406	902,412	624,329
Maintenance					
Salaries and benefits	108,955	168,202	62,396	339,553	329,702
Security	46,569	37,581	10,118	94,268	153,766
Maintenance and repairs	23,604	23,321	8,692	55,617	35,761
Equipment and building	16,824	9,068	6,137	32,029	72,188
Other maintenance expenditures	6,872	11,185	3,857	21,914	26,979
Insurance and bad debts	13,220	11,276	3,923	28,419	20,746
	8,407,665	7,312,903	2,085,815	17,806,383	14,806,452
Excess of Revenues over Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

HOMES FIRST SOCIETY**Statement of Cash Flows****Year ended December 31, 2022**

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenues over expenditures	\$ 30,097	\$ 18,771
Items not involving cash		
Amortization	969,215	1,092,225
Amortization of deferred capital contributions	(19,596)	(174,753)
	979,716	936,243
Change in non-cash working capital items		
Accounts receivable	34,526	5,681
Government funding receivable	198,379	1,375,367
Prepays	84,030	(144,237)
Accounts payable and accrued liabilities	891,920	35,127
Government remittances payable	32,107	9,423
Payable to the City of Toronto	36,233	(291,776)
Advances (to)/from Homes First Foundation	(199,294)	80,622
Deferred contributions	(2,093,758)	4,068,469
Cash (Used in) Provided by Operating Activities	(36,141)	6,074,919
CASH FLOWS FROM FINANCING ACTIVITIES		
Mortgages payable	(949,619)	(917,464)
Cash Used In Financing Activities	(949,619)	(917,464)
(Decrease) increase in cash and cash equivalents	(985,760)	5,157,455
Cash and cash equivalents, beginning of year	8,941,886	3,784,431
Cash and cash equivalents, end of year	\$ 7,956,126	\$ 8,941,886

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.

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, government funding receivable and advances to Homes First Foundation.

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, 2022

2. CASH AND CASH EQUIVALENTS AND RESTRICTED INVESTMENTS

	2022	2021
Cash and Cash Equivalents		
Cash	\$ 977,294	\$ 5,777,912
Guaranteed investment certificates	7,013,027	3,013,027
Due (to)/from restricted investments	(34,195)	150,947
	7,956,126	8,941,886
Restricted Investments		
Bond funds	1,085,090	1,184,385
Guaranteed investment certificates	995,849	989,909
Equity funds	433,532	514,207
Due from/(to) operating account	34,195	(150,947)
	2,548,666	2,537,554
Total	\$ 10,504,792	\$ 11,479,440

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

3. ACCOUNTS RECEIVABLE

	2022	2021
HST rebate receivable	992,508	998,691
Rent receivable	41,939	40,862
Allowance for doubtful accounts	(118,280)	(88,860)
Total	\$ 916,167	\$ 950,693

HOMES FIRST SOCIETY
Notes to the Financial Statements
December 31, 2022

4. ADVANCES TO/(FROM) HOMES FIRST FOUNDATION

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

5. PROPERTY AND EQUIPMENT

	Cost	Accumulated Amortization	2022	2021
Land and buildings (City of Toronto Social Housing Unit funded)				
50 Earl Street	\$ 2,657,576	\$ 1,540,406	\$ 1,117,170	\$ 1,238,083
87 Bellevue Avenue	3,320,114	2,254,780	1,065,334	1,228,419
434 Gerrard Street	1,970,878	1,221,329	749,549	829,462
175 Vaughan Road	3,813,767	3,248,804	564,963	762,304
29 Wales Avenue	492,999	406,683	86,316	115,143
90 Shuter Street	3,102,881	3,102,880	1	1
	15,358,215	11,774,882	3,583,333	4,173,412
1322 Bloor Street West				
Land	257,550	-	257,550	257,550
Building	488,929	395,983	92,946	112,542
	746,479	395,983	350,496	370,092
Total	\$ 16,104,694	\$ 12,170,865	\$ 3,933,829	\$ 4,543,504

HOMES FIRST SOCIETY
Notes to the Financial Statements
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6. ASSETS UNDER CAPITAL LEASE

	Cost	Accumulated Amortization	2022	2021
800 Adelaide St. West	\$ 7,231,220	\$ 5,980,863	\$ 1,250,357	\$ 1,580,259
490 Huron Street	550,000	495,942	54,058	83,696
	7,781,220	6,476,805	1,304,415	1,663,955
53 Strachan - leasehold improvements	4,070,985	4,070,984	1	1
Total	\$ 11,852,205	\$ 10,547,789	\$ 1,304,416	\$ 1,663,956

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, 2022

7. DEFERRED CAPITAL CONTRIBUTIONS

	2022	2021
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	(4,363,205)	(4,343,609)
Total	\$ 91,169	\$ 110,765
Consists of:		
1322 Bloor St. West	\$ 91,169	\$ 110,765
	\$ 91,169	\$ 110,765

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, 2022

9. MORTGAGES PAYABLE

	2022	2021
800 Adelaide St. West - 2.699%, repayable in blended monthly installments of \$30,637, maturing June 2024	\$ 1,226,801	\$ 1,556,703
87 Bellevue Avenue - 6.232%, repayable in blended monthly installments of \$19,540, maturing April 2028	1,065,334	1,228,419
50 Earl Street - 6.752%, repayable in blended monthly installments of \$16,675, maturing December 2024	1,117,170	1,238,083
175 Vaughan Road - 2.15%, repayable in blended monthly installments of \$17,644, maturing September 2025	564,963	762,304
434 Gerrard Street - 2.75%, repayable in blended monthly installments of \$8,390, maturing April 2027	749,549	829,462
29 Wales Avenue - 6.129%, repayable in blended monthly installments of \$2,921, maturing April 2024	86,317	115,143
490 Huron Street - 3.030%, repayable in blended monthly installments of \$2,646, maturing September 2023	54,057	83,696
	4,864,191	5,813,810
Less current portion	1,008,930	1,702,262
Due beyond one year	\$ 3,855,261	\$ 4,111,548
Estimated principal re-payments are as follows:		
2023	\$ 1,008,930	
2024	2,405,203	
2025	439,266	
2026	296,585	
2027	333,123	
Subsequent years	381,084	
	\$ 4,864,191	

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, 2022

10. RESERVE EXPENDITURES

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

		2022		2021
Ontario Housing Services Act - Section 78				
Property restoration	\$	156,636	\$	161,790
Rooftop		-		465,173
Total	\$	156,636	\$	626,963

11. OTHER CITY FUNDING

		2022		2021
Enhanced case management funding	\$	530,288	\$	440,287
Housing with layered support		169,800		169,800
Infection prevention and control		140,000		-
Housekeeping, Hoarding, and Bed Bug Program		64,351		-
Housing help		51,057		-
Meal club		35,236		-
Reaching home strategy		32,814		244,000
COVID-19 relief		-		172,500
Strachan incentive package		-		128,000
Social housing improvement program		-		38,698
Home for good		-		30,000
Toronto Public Health		-		10,106
	\$	1,023,546	\$	1,233,391

HOMES FIRST SOCIETY
Notes to the Financial Statements
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12. HOMES FIRST FOUNDATION

The Society is the sole member of Homes First Foundation. The Foundation's purpose is to support the long-term financial viability and continued housing supply for 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:

	2022	2021
Statement of Financial Position		
Total assets	\$ 580,317	\$ 297,685
Total liabilities	121,672	2,500
Net assets	458,645	295,185
	\$ 580,317	\$ 297,685
Statement of Operations		
Revenues		
Donations and fundraising	\$ 295,091	\$ 197,267
Interest	9	18
	295,100	197,285
Expenditures		
Wages and benefits	86,497	-
Event	38,739	-
Administrative overhead	6,404	6,659
	131,640	6,659
Excess of revenues over expenditures	\$ 163,460	\$ 190,626

13. 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.

14. 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.
