

**HOMES FIRST SOCIETY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2023**

HOMES FIRST SOCIETY

Financial Statements December 31, 2023

<u>Index</u>	<u>Page</u>
Independent Auditor's Report	1 - 2
Statement of Financial Position	3
Statement of Changes in Net Assets	4
Statements of Operations	5
Schedule of Government Funding - City of Toronto	6
Schedule of Administrative and Program Expenditures	7
Schedule of Maintenance Expenditures	8
Schedule of Utilities Expenditures	9
Schedule of Shelters	10
Schedule of Hotels	11
Schedule of Supportive Housing	12
Statement of Cash Flows	13
Notes to the Financial Statements	14 - 25

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, 2023, 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, 2023, and the result of its operations 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 and Those Charged with Governance 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 Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society'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 Society'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 Society'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 Society 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 1, 2024

HOMES FIRST SOCIETY
Statement of Financial Position
December 31, 2023

	2023	2022
Assets		
Current		
Cash and cash equivalents (Note 2)	\$ 8,074,276	\$ 7,956,126
Accounts receivable (Note 3)	1,209,914	916,167
Government funding receivable	3,528,857	596,998
Advances to Homes First Foundation (Note 4)	237,058	118,672
Prepays	352,755	272,328
Total current assets	13,402,860	9,860,291
Property and equipment (Note 5)	3,297,276	3,933,829
Assets under capital lease (Note 6)	935,108	1,304,416
Restricted investments (Note 2)	3,352,199	2,548,666
Total Assets	\$ 20,987,443	\$ 17,647,202
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 9,698,789	\$ 6,057,069
Government remittance payable	128,582	147,861
Payable to the City of Toronto	362,647	128,069
Deferred contributions	2,309,071	2,642,995
Current portion of mortgages payable (Note 9)	2,428,321	1,008,930
Total current liabilities	14,927,410	9,984,924
Deferred capital contributions (Note 7)	71,564	91,169
Restricted contribution (Note 8)	126,464	121,600
Mortgages payable (Note 9)	1,449,605	3,855,261
Total Liabilities	16,575,043	14,052,954
Net Assets		
Externally restricted reserves	2,337,682	2,036,343
Internally restricted reserve	888,053	390,723
Unrestricted net assets	1,186,665	1,167,182
Total Net Assets	4,412,400	3,594,248
Total Liabilities and Net Assets	\$ 20,987,443	\$ 17,647,202

Approved on behalf of the Board



Director



Director

May 1, 2024

Date

HOMES FIRST SOCIETY
Statement of Changes in Net Assets
Year ended December 31, 2023

	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				
							2023		2022	
Balance, beginning of year	\$ 957,126	\$ 438,114	\$ 457,580	\$ 183,523	\$ 390,723	\$ 1,167,182	\$ 3,594,248	\$	3,553,764	\$
Add/(Deduct):										
Allocation from operations	158,870	102,060	-	-	-	-	260,930		341,778	
Reserve investment income (loss)	78,581	36,994	17,439	7,341	497,330	-	637,685		(174,755)	
Reserve expenditures (Note 10)	(99,946)	-	-	-	-	-	(99,946)		(156,636)	
Excess of revenues over expenditures	-	-	-	-	-	19,483	19,483		30,097	
Balance, end of year	\$ 1,094,631	\$ 577,168	\$ 475,019	\$ 190,864	\$ 888,053	\$ 1,186,665	\$ 4,412,400	\$	3,594,248	\$

See notes to the financial statements

HOMES FIRST SOCIETY
Statement of Operations
Year ended December 31, 2023

	Shelters	Hotel	Supportive Housing	Follow up Support Services	CAMH	Section 78 Various	Section 95 Shuter	Managed Properties	Support for Daily Living	2023	2022
Revenues											
Government funding - City of Toronto (Schedule)	\$ 45,394,633	\$ 10,968,372	\$ 2,923,780	\$ 771,700	\$ -	\$ 2,534,546	\$ 368,647	\$ -	\$ 895,201	\$ 63,856,879	\$ 55,667,762
Revenues from tenants	-	-	397,524	-	-	756,383	263,479	66,588	-	1,483,974	1,095,973
Deferred contributions	-	-	-	-	-	659,561	-	-	-	659,561	587,397
Program funding	189,967	-	-	-	269,887	-	-	-	-	459,854	387,025
Government funding MOHLTC	366,498	-	-	-	-	-	-	-	-	366,498	353,220
Management fees	-	-	-	-	-	-	-	116,089	-	116,089	116,089
Donations, interest and other	25,500	-	-	-	-	190,287	-	27,795	-	243,582	89,225
United Way	36,888	-	-	-	-	-	-	-	-	36,888	135,356
Non-rental income	-	-	-	-	-	10,660	21,355	4,245	-	36,260	31,759
Amortization of contributions	19,596	-	-	-	-	-	-	-	-	19,596	19,596
CMHC seed grant	-	-	-	-	-	-	-	-	-	-	150,000
Pandemic pay subsidy	-	-	-	-	-	-	-	-	-	-	883,046
	46,033,082	10,968,372	3,321,304	771,700	269,887	4,151,437	653,481	214,717	895,201	67,279,181	59,516,448
Expenditures											
Administrative and Program (Schedule)	39,821,377	10,424,636	2,823,694	723,264	269,887	177,470	148,916	29,192	882,208	55,300,644	48,474,845
Maintenance (Schedule)	5,782,207	519,369	411,803	47,905	-	1,910,402	251,267	147,384	12,852	9,083,189	8,144,705
Amortization	-	-	-	-	-	985,635	-	-	-	985,635	949,619
Utilities (Schedule)	241,591	-	15,600	-	-	356,731	121,894	19,036	-	754,852	686,858
Insurance and bad debts	148,828	24,367	70,207	531	-	87,080	29,320	19,105	141	379,579	360,602
Property taxes	-	-	-	-	-	288,337	24	-	-	288,361	280,079
Allocation to restricted reserve funds	-	-	-	-	-	158,870	102,060	-	-	260,930	341,778
Mortgage interest	-	-	-	-	-	186,912	-	-	-	186,912	228,269
Amortization of deferred capital contributions	19,596	-	-	-	-	-	-	-	-	19,596	19,596
	46,013,599	10,968,372	3,321,304	771,700	269,887	4,151,437	653,481	214,717	895,201	67,259,698	59,486,351
Excess of Revenues over Expenditures	\$ 19,483	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,483	\$ 30,097

See notes to the financial statements

HOMES FIRST SOCIETY

Schedule of Government Funding - City of Toronto
December 31, 2023

	Shelters	Hotel	Supportive Housing	Follow up Support Services	CAMH	Section 78 Various	Section 95 Shuter	Managed Properties	Support for Daily Living	2023	2022
Shelter allocation	\$ 44,256,494	\$ 10,935,678	\$ 2,447,962	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 57,640,134	\$ 50,477,914
Housing Services Act Section 78	-	-	-	-	-	2,534,546	-	-	-	2,534,546	2,447,098
Other City funding (Note 11)	916,542	-	-	-	-	-	-	-	-	916,542	1,023,546
Support for daily living	-	-	-	-	-	-	-	-	895,201	895,201	830,582
Rent supplement program	-	-	475,818	-	-	-	368,647	-	-	844,465	345,334
Assertive follow up support services	-	-	-	771,700	-	-	-	-	-	771,700	247,525
Emergency hostel funding	157,246	32,694	-	-	-	-	-	-	-	189,940	196,176
HHB funding	64,351	-	-	-	-	-	-	-	-	64,351	64,351
Food access project	-	-	-	-	-	-	-	-	-	-	35,236
	\$ 45,394,633	\$ 10,968,372	\$ 2,923,780	\$ 771,700	\$ -	\$ 2,534,546	\$ 368,647	\$ -	\$ 895,201	\$ 63,856,879	\$ 55,667,762

See notes to the financial statements

HOMES FIRST SOCIETY
Schedule of Administrative and Program Expenditures
December 31, 2023

	Shelters	Hotel	Supportive Housing	Follow up Support Services	CAMH	Section 78 Various	Section 95 Shuter	Managed Properties	Support for Daily Living	2023	2022
Salaries and benefits	\$ 28,515,542	\$ 9,651,621	\$ 1,977,253	\$ 652,653	\$ 267,461	\$ 81,507	\$ 55,721	\$ 8,208	\$ 723,777	\$ 41,933,743	\$ 38,375,062
Tenant services	8,955,637	209,050	602,417	8,697	-	25,545	61,550	10,831	65,977	9,939,704	6,899,872
Other administrative and program expenditures	2,350,198	563,965	244,024	61,914	2,426	70,418	31,645	10,153	92,454	3,427,197	3,199,911
	\$ 39,821,377	\$ 10,424,636	\$ 2,823,694	\$ 723,264	\$ 269,887	\$ 177,470	\$ 148,916	\$ 29,192	\$ 882,208	\$ 55,300,644	\$ 48,474,845

See notes to the financial statements

HOMES FIRST SOCIETY
Schedule of Maintenance Expenditures
December 31, 2023

	Shelters	Hotel	Supportive Housing	Follow up Support Services	CAMH	Section 78 Various	Section 95 Shuter	Managed Properties	Support for Daily Living	2023	2022
Maintenance and repairs	\$ 3,620,477	\$ 29,250	\$ 92,759	\$ 799	\$ -	\$ 211,706	\$ 64,597	\$ 40,212	\$ 214	\$ 4,060,014	\$ 3,647,740
Equipment and building	206,319	30,098	70,237	110	-	1,227,833	51,374	33,958	30	1,619,959	1,879,599
Salaries and benefits	1,041,906	367,342	-	44,674	-	45,544	31,135	4,586	11,985	1,547,172	1,337,818
Other maintenance expenditures	527,335	20,072	203,342	2,311	-	332,239	92,967	59,527	620	1,238,413	668,967
Security	386,170	72,607	45,465	11	-	93,080	11,194	9,101	3	617,631	610,581
	\$ 5,782,207	\$ 519,369	\$ 411,803	\$ 47,905	\$ -	\$ 1,910,402	\$ 251,267	\$ 147,384	\$ 12,852	\$ 9,083,189	\$ 8,144,705

See notes to the financial statements

HOMES FIRST SOCIETY
Schedule of Utilities Expenditures
December 31, 2023

	Shelters	Hotel	Supportive Housing	Follow up Support Services	CAMH	Section 78 Various	Section 95 Shuter	Managed Properties	Support for Daily Living	2023	2022
Electricity	\$ 90,314	\$ -	\$ 9,000	\$ -	\$ -	\$ 120,404	\$ 81,621	\$ 4,804	\$ -	\$ 306,143	\$ 295,493
Water and sewage	45,938	-	2,100	-	-	155,975	40,273	4,484	-	248,770	179,903
Fuel	105,339	-	4,500	-	-	80,352	-	9,748	-	199,939	211,462
	\$ 241,591	\$ -	\$ 15,600	\$ -	\$ -	\$ 356,731	\$ 121,894	\$ 19,036	\$ -	\$ 754,852	\$ 686,858

See notes to the financial statements

HOMES FIRST SOCIETY
Schedule of Shelters
December 31, 2023

	Savard's	Strachan	Scarboro	Kennedy	WWC	Lakeshore	Lawrence	101 Placer	2023	2022
Revenues										
Government Funding - City of Toronto										
Shelter allocation	\$ 1,923,626	\$ 6,179,925	\$ 2,070,697	\$ 2,524,399	\$ 13,665,861	\$ 11,156,786	\$ 3,400,925	\$ 3,334,275	\$ 44,256,494	\$ 30,872,473
Other City funding (Note 11)	-	220,000	-	530,287	97,783	14,473	34,109	19,890	916,542	934,132
Emergency hostel funding (Note 11)	-	93,627	63,619	-	-	-	-	-	157,246	130,788
HHB Funding (Note 11)	-	64,351	-	-	-	-	-	-	64,351	64,351
Food access project	-	-	-	-	-	-	-	-	-	35,236
Government funding MOHLTC	-	366,498	-	-	-	-	-	-	366,498	353,220
Pogram funding	-	144,231	-	1,227	-	-	21,535	22,974	189,967	120,025
United Way	-	36,888	-	-	-	-	-	-	36,888	108,254
Non-rental income	-	25,500	-	-	-	-	-	-	25,500	9,287
Interest, signage and other	19,596	-	-	-	-	-	-	-	19,596	19,596
Donations	-	-	-	-	-	-	-	-	-	38,136
Revenues from tenants	-	-	-	-	-	-	-	-	-	41,504
CMHC seed grant	-	-	-	-	-	-	-	-	-	150,000
Pandemic pay subsidy	-	-	-	-	-	-	-	-	-	483,674
	1,943,222	7,131,020	2,134,316	3,055,913	13,763,644	11,171,259	3,456,569	3,377,139	46,033,082	33,360,676
Expenditures										
Administrative and Program										
Salaries and benefits	1,386,005	6,077,178	1,270,079	1,951,340	7,334,229	5,854,476	2,374,824	2,267,411	28,515,542	20,358,276
Tenant services	101,642	440,049	188,913	244,732	4,167,150	2,933,442	431,646	448,063	8,955,637	5,345,212
Other administrative and program	147,751	286,575	228,459	242,528	548,219	493,925	178,431	224,310	2,350,198	2,064,094
Maintenance										
Maintenance and repairs	85,985	89,307	175,290	202,942	1,245,738	1,379,900	239,011	202,304	3,620,477	2,867,242
Salaries and benefits	77,722	115,124	78,539	134,902	192,559	190,428	107,157	145,475	1,041,906	881,633
Other maintenance expenditures	50,805	12,456	51,591	124,567	77,243	116,683	46,799	47,191	527,335	372,691
Security	20,854	67,723	27,875	29,348	89,330	112,919	22,525	15,596	386,170	362,659
Equipment and building	15,084	30,834	10,210	24,554	53,057	32,122	22,969	17,489	206,319	643,940
Utilities	29,631	-	97,565	89,565	-	-	24,830	-	241,591	253,092
Insurance and bad debts	5,045	9,813	5,043	7,545	54,252	51,811	7,296	8,023	148,828	162,144
Amortization	19,596	-	-	-	-	-	-	-	19,596	19,596
	1,940,120	7,129,059	2,133,564	3,052,023	13,761,777	11,165,706	3,455,488	3,375,862	46,013,599	33,330,579
Excess of Revenues over Expenditures	\$ 3,102	\$ 1,961	\$ 752	\$ 3,890	\$ 1,867	\$ 5,553	\$ 1,081	\$ 1,277	\$ 19,483	\$ 30,097

See notes to the financial statements

HOMES FIRST SOCIETY

Schedule of Hotels

December 31, 2023

	Delta	Strathcona	2023	2022
Revenues				
Government Funding - City of Toronto				
Shelter allocation	\$ 10,251,790	\$ 683,888	\$ 10,935,678	\$ 17,473,734
Emergency hostel funding (Note 11)	-	32,694	32,694	65,388
Pandemic pay subsidy	-	-	-	240,117
United Way	-	-	-	27,102
Non-rental income	-	-	-	42
	10,251,790	716,582	10,968,372	17,806,383
Expenditures				
Administrative and Program				
Salaries and benefits	9,105,899	545,722	9,651,621	15,479,068
Other administrative and program	481,314	82,651	563,965	853,103
Tenant services	191,348	17,702	209,050	902,412
Maintenance				
Salaries and benefits	307,238	60,104	367,342	339,553
Security	69,315	3,292	72,607	94,268
Equipment and building	29,949	149	30,098	32,029
Maintenance and repairs	27,715	1,535	29,250	55,617
Other maintenance expenditures	16,962	3,110	20,072	21,914
Insurance and bad debts	22,050	2,317	24,367	28,419
	10,251,790	716,582	10,968,372	17,806,383
Excess of Revenues over Expenditures	\$ -	\$ -	\$ -	\$ -

HOMES FIRST SOCIETY
Schedule of Supportive Housing
December 31, 2023

	Dundalk	Spadina	2023	2022
Revenues				
City of Toronto				
Shelter allocation	\$ 505,002	\$ 2,418,778	\$ 2,923,780	\$ -
Revenues from tenants		397,524	397,524	-
	505,002	2,816,302	3,321,304	-
Expenditures				
Administrative and program				
Salaries and benefits	236,345	1,740,908	1,977,253	-
Tenant services	153,279	449,138	602,417	-
Other administrative and program	68,697	175,327	244,024	-
Maintenance				
Other maintenance expenditures	27,216	176,126	203,342	-
Maintenance and repairs	12,913	79,846	92,759	-
Equipment and building	991	69,246	70,237	-
Security	446	45,019	45,465	-
Insurance and bad debts	5,115	65,092	70,207	-
Utilities	-	15,600	15,600	-
	505,002	2,816,302	3,321,304	-
Excess of Revenues over Expenditures	\$ -	\$ -	\$ -	\$ -

HOMES FIRST SOCIETY
Statement of Cash Flows
Year ended December 31, 2023

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenues over expenditures	\$ 19,483	\$ 30,097
Items not involving cash		
Amortization	1,005,861	969,215
Amortization of deferred capital contributions	(19,596)	(19,596)
	1,005,748	979,716
Change in non-cash working capital items		
Accounts receivable	(293,747)	34,526
Government funding receivable	(2,931,859)	198,379
Prepays	(80,427)	84,030
Accounts payable and accrued liabilities	3,641,711	891,920
Government remittances payable	(19,279)	32,107
Payable to the City of Toronto	234,578	36,233
Advances to Homes First Foundation	(118,386)	(199,294)
Deferred contributions	(333,924)	(2,093,758)
Cash Provided (Used in) by Operating Activities	1,104,415	(36,141)
CASH FLOWS FROM FINANCING ACTIVITIES		
Mortgages payable	(986,265)	(949,619)
Cash Used In Financing Activities	(986,265)	(949,619)
Increase (decrease) in cash and cash equivalents	118,150	(985,760)
Cash and cash equivalents, beginning of year	7,956,126	8,941,886
Cash and cash equivalents, end of year	\$ 8,074,276	\$ 7,956,126

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, 2023

2. CASH AND CASH EQUIVALENTS AND RESTRICTED INVESTMENTS

	2023	2022
Cash and Cash Equivalents		
Cash	\$ 1,407,252	\$ 977,294
Guaranteed investment certificates	8,385,027	7,013,027
Due to restricted investments	(1,718,003)	(34,195)
	8,074,276	7,956,126
Restricted Investments		
Bond funds	1,141,603	1,085,090
Guaranteed investment certificates	-	995,849
Equity funds	492,593	433,532
Due from operating account	1,718,003	34,195
	3,352,199	2,548,666
Total	\$ 11,426,475	\$ 10,504,792

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

3. ACCOUNTS RECEIVABLE

	2023	2022
HST rebate receivable	1,137,318	992,508
Rent receivable	201,735	41,939
Allowance for doubtful accounts	(129,139)	(118,280)
Total	\$ 1,209,914	\$ 916,167

HOMES FIRST SOCIETY
Notes to the Financial Statements
December 31, 2023

4. ADVANCES TO HOMES FIRST FOUNDATION

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

5. PROPERTY AND EQUIPMENT

	Cost	Accumulated Amortization	2023	2022
Land and buildings (City of Toronto Social Housing Unit funded)				
50 Earl Street	\$ 2,657,576	\$ 1,670,064	\$ 987,512	\$ 1,117,170
87 Bellevue Avenue	3,320,114	2,428,596	891,518	1,065,334
434 Gerrard Street	1,970,878	1,302,530	668,348	749,549
175 Vaughan Road	3,813,767	3,450,412	363,355	564,963
29 Wales Avenue	492,999	437,357	55,642	86,317
90 Shuter Street	3,102,881	3,102,880	1	1
	15,358,215	12,391,839	2,966,376	3,583,334
1322 Bloor Street West				
Land	257,550	-	257,550	257,550
Building	488,929	415,579	73,350	92,945
	746,479	415,579	330,900	350,495
Total	\$ 16,104,694	\$ 12,807,418	\$ 3,297,276	\$ 3,933,829

HOMES FIRST SOCIETY
Notes to the Financial Statements
December 31, 2023

6. ASSETS UNDER CAPITAL LEASE

	Cost	Accumulated Amortization	2023	2022
800 Adelaide St. West	\$ 7,231,220	\$ 6,319,728	\$ 911,492	\$ 1,250,357
490 Huron Street	550,000	526,385	23,615	54,058
	7,781,220	6,846,113	935,107	1,304,415
53 Strachan - leasehold improvements	4,070,985	4,070,984	1	1
Total	\$ 11,852,205	\$ 10,917,097	\$ 935,108	\$ 1,304,416

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, 2023

7. DEFERRED CAPITAL CONTRIBUTIONS

	2023	2022
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	(4,382,810)	(4,363,205)
Total	\$ 71,564	\$ 91,169
Consists of:		
1322 Bloor St. West	\$ 71,564	\$ 91,169

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, 2023

9. MORTGAGES PAYABLE

	2023	2022
800 Adelaide St. West - 2.699%, repayable in blended monthly installments of \$30,637, maturing June 2024	\$ 887,936	\$ 1,226,801
87 Bellevue Avenue - 6.232%, repayable in blended monthly installments of \$19,540, maturing April 2028	891,518	1,065,334
50 Earl Street - 6.752%, repayable in blended monthly installments of \$16,675, maturing December 2024	987,512	1,117,170
175 Vaughan Road - 2.15%, repayable in blended monthly installments of \$17,644, maturing September 2025	363,355	564,963
434 Gerrard Street - 2.75%, repayable in blended monthly installments of \$8,390, maturing April 2027	668,348	749,549
29 Wales Avenue - 6.129%, repayable in blended monthly installments of \$2,921, maturing April 2024. The mortgage was renewed subsequent to year end at a rate of 5.67% with blended monthly installments of \$2,921 and a maturity date of August 2025	55,642	86,317
490 Huron Street - 6.50%, repayable in blended monthly installments of \$2,694, maturing September 2024	23,615	54,057
	3,877,926	4,864,191
Less current portion	2,428,321	1,008,930
Due beyond one year	\$ 1,449,605	\$ 3,855,261

Estimated principal re-payments are as follows:

2024	\$ 2,428,321
2025	439,220
2026	296,585
2027	251,561
2028	81,154
Subsequent years	381,085
	\$ 3,877,926

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, 2023

10. RESERVE EXPENDITURES

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

	2023	2022
Ontario Housing Services Act - Section 78		
Property restoration	\$ 99,946	\$ 156,636

11. OTHER CITY FUNDING

	2023	2022
Enhanced case management funding	\$ 530,287	\$ 530,288
Housing help	189,939	51,057
Repayment of beds	166,256	-
Infection prevention and control	140,000	140,000
Shelter COVID payment	80,000	-
Housekeeping, Hoarding, and Bed Bug Program	64,351	64,351
Housing with layered support	-	169,800
Meal club	-	35,236
Reaching home strategy	-	32,814
	\$ 1,170,833	\$ 1,023,546

HOMES FIRST SOCIETY

Notes to the Financial Statements

December 31, 2023

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:

	2023	2022
Statement of Financial Position		
Total assets	\$ 1,048,323	\$ 580,317
Total liabilities	244,785	121,672
Net assets	803,538	458,645
	\$ 1,048,323	\$ 580,317
Statement of Operations		
Revenues		
Donations and fundraising	\$ 586,153	\$ 295,091
Interest	1,872	9
	588,025	295,100
Expenditures		
Wages and benefits	124,611	86,497
Event	107,029	38,739
Administrative overhead	11,492	6,404
	243,132	131,640
Excess of revenues over expenditures	\$ 344,893	\$ 163,460

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.
