

HOMES FIRST SOCIETY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2020

HOMES FIRST SOCIETY

Financial Statements December 31, 2020

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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, 2020, 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, 2020, 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 18, 2021

HOMES FIRST SOCIETY
Statement of Financial Position
December 31, 2020

	2020	2019
Assets		
Current		
Cash and cash equivalents (Note 2)	\$ 3,784,431	\$ 2,019,804
Accounts receivable (Note 3)	956,374	660,508
Government funding receivable	2,170,744	1,900,136
Prepays	212,121	141,954
Total current assets	7,123,670	4,722,402
Property and equipment (Note 4)	5,130,630	5,697,034
Assets under capital lease (Note 5)	2,169,114	2,675,525
Restricted investments (Note 2)	2,754,731	2,518,664
Total Assets	\$ 17,178,145	\$ 15,613,625
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 6)	\$ 5,130,020	\$ 3,396,086
Government remittance payable	106,331	26,216
Payable to the City of Toronto	383,612	261,609
Deferred contributions	668,284	210,513
Current portion of mortgages payable (Note 9)	925,221	1,841,581
Total current liabilities	7,213,468	5,736,005
Deferred capital contributions (Note 7)	285,518	470,938
Restricted contribution (Note 8)	120,393	119,058
Mortgages payable (Note 9)	5,806,114	5,777,149
Total Liabilities	13,425,493	12,103,150
Net Assets		
Externally restricted reserves	2,324,520	2,150,185
Internally restricted reserve	309,818	249,421
Unrestricted net assets	1,118,314	1,110,869
Total Net Assets	3,752,652	3,510,475
Total Liabilities and Net Assets	\$ 17,178,145	\$ 15,613,625

Approved on behalf of the Board

Jose Quinlan

Director

Marc Pournakidi

Director

May 18, 2021

Date

HOMES FIRST SOCIETY
Statement of Changes in Net Assets
Year ended December 31, 2020

	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	2020	2019
Balance, beginning of year	\$ 1,409,492	\$ 154,593	\$ 405,650	\$ 180,450	\$ 249,421	\$ 1,110,869	\$ 3,510,475	\$ 3,106,901
Add/(Deduct):								
Allocation from operations	142,744	97,500	21,600	-	-	-	261,844	432,538
Reserve investment income	99,439	8,724	4,403	1,251	60,397	-	174,214	109,155
Reserve expenditures (Note 10)	(56,353)	(22,970)	-	-	-	-	(79,323)	(151,309)
Adjustment to prior year's funding	(122,003)	-	-	-	-	-	(122,003)	-
Excess of revenues over expenditures	-	-	-	-	-	7,445	7,445	13,190
Balance, end of year	\$ 1,473,319	\$ 237,847	\$ 431,653	\$ 181,701	\$ 309,818	\$ 1,118,314	\$ 3,752,652	\$ 3,510,475

HOMES FIRST SOCIETY
Statement of Operations
Year ended December 31, 2020

	Shelters	Respite	Follow up Support Services	CAMH	Section 78 Various	Section 95 Shuter	Managed Properties	Support for Daily Living	2020	2019
Revenues										
Government funding - City of Toronto (Schedule)	\$ 29,853,100	\$ 1,595,477	\$ 202,528	\$ -	\$ 2,493,200	\$ 384,055	\$ 30,000	\$ 896,168	\$ 35,454,528	\$ 22,989,288
Revenues from tenants	425,089	-	-	-	658,760	252,940	65,458	-	1,402,247	1,350,497
Pandemic pay subsidy	752,832	-	-	9,877	-	-	1,435	30,909	795,053	-
Government funding MOHLTC	353,820	-	-	-	-	-	-	-	353,820	453,214
CAMH high support funding	-	-	-	273,894	-	-	-	-	273,894	302,251
United Way	201,220	-	-	-	-	-	-	23,635	224,855	204,312
Amortization of contributions	185,420	-	-	-	-	-	-	-	185,420	185,420
Interest, signage & other	4,209	-	-	-	-	-	-	169,223	173,432	210,523
Management fees	-	-	-	-	-	-	116,089	-	116,089	116,089
Non-rental income	8,574	-	-	-	12,155	21,868	5,103	-	47,700	60,391
Donations	230	-	-	-	-	-	-	126	356	171,593
Loss on sale of property	-	-	-	-	-	-	-	-	-	(81,131)
	31,784,494	1,595,477	202,528	283,771	3,164,115	658,863	218,085	1,120,061	39,027,394	25,962,447
Expenditures										
Administrative and Program (Schedule)	24,879,990	1,062,277	197,996	269,820	339,803	114,554	81,246	1,097,275	28,042,961	17,244,758
Maintenance (Schedule)	6,153,664	531,799	4,532	13,951	835,967	318,658	114,067	22,786	7,995,424	5,439,160
Mortgage principal and interest	-	-	-	-	1,173,517	-	-	-	1,173,517	1,395,777
Utilities (Schedule)	392,634	-	-	-	302,008	110,162	14,897	-	819,701	802,650
Property taxes	-	-	-	-	282,049	-	-	-	282,049	307,633
Allocation to restricted reserve funds	21,600	-	-	-	142,744	97,500	-	-	261,844	432,538
Insurance and bad debts	143,921	1,401	-	-	87,847	17,989	7,875	-	259,033	141,321
Amortization of deferred capital contributions	185,420	-	-	-	-	-	-	-	185,420	185,420
	31,777,229	1,595,477	202,528	283,771	3,163,935	658,863	218,085	1,120,061	39,019,949	25,949,257
Excess of Revenues over Expenditures	\$ 7,265	\$ -	\$ -	\$ -	\$ 180	\$ -	\$ -	\$ -	\$ 7,445	\$ 13,190

HOMES FIRST SOCIETY
Schedule of Government Funding - City of Toronto
December 31, 2020

	Shelters	Respite	Follow up Support Services	CAMH	Section 78 Various	Section 95 Shuter	Managed Properties	Support for Daily Living	2020	2019
Shelter allocation	\$ 28,203,174	\$ 1,595,477	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,798,651	\$ 17,357,702
Housing Services Act Section 78	-	-	-	-	2,493,200	-	-	-	2,493,200	2,330,520
Other City funding (Note 11)	1,248,457	-	-	-	-	-	30,000	91,392	1,369,849	1,514,907
Support for daily living	-	-	-	-	-	-	-	804,776	804,776	785,090
Rent supplement program	-	-	-	-	-	384,055	-	-	384,055	429,821
Assertive follow up support services	-	-	202,528	-	-	-	-	-	202,528	197,529
Emergency hostel funding	196,176	-	-	-	-	-	-	-	196,176	196,176
Food access project	140,941	-	-	-	-	-	-	-	140,941	113,192
HHB funding	64,352	-	-	-	-	-	-	-	64,352	64,351
	\$ 29,853,100	\$ 1,595,477	\$ 202,528	\$ -	\$ 2,493,200	\$ 384,055	\$ 30,000	\$ 896,168	\$ 35,454,528	\$ 22,989,288

HOMES FIRST SOCIETY**Schedule of Administrative and Program Expenditures****December 31, 2020**

	Shelters	Respite	Follow up Support Services	CAMH	Section 78 Various	Section 95 Shuter	Managed Properties	Support for Daily Living	2020	2019
Salaries and benefits	\$ 17,587,447	\$ 482,305	\$ 187,991	\$ 246,777	\$ 149,898	\$ 36,785	\$ 68,151	\$ 985,192	\$ 19,744,546	\$ 12,105,541
Tenant services	5,454,080	545,432	4,420	11,283	54,785	50,673	3,683	53,692	6,178,048	3,635,455
Other administrative and program expenditures	1,838,463	34,540	5,585	11,760	135,120	27,096	9,412	58,391	2,120,367	1,503,762
	\$ 24,879,990	\$ 1,062,277	\$ 197,996	\$ 269,820	\$ 339,803	\$ 114,554	\$ 81,246	\$ 1,097,275	\$ 28,042,961	\$ 17,244,758

See notes to the financial statements

HOMES FIRST SOCIETY
Schedule of Maintenance Expenditures
December 31, 2020

	Shelters	Respite	Follow up Support Services	CAMH	Section 78 Various	Section 95 Shuter	Managed Properties	Support for Daily Living	2020	2019
Maintenance and repairs	\$ 3,507,001	\$ 315,899	\$ 122	\$ 953	\$ 137,475	\$ 47,195	\$ 28,236	\$ 613	\$ 4,037,494	\$ 2,093,671
Equipment and building	643,370	112,482	516	1,521	250,298	113,794	53,030	2,595	1,177,606	1,652,125
Security	850,026	98,577	1,902	5,606	112,978	56,581	10,424	9,563	1,145,657	542,903
Other maintenance expenditures	495,719	4,841	43	127	287,240	89,263	20,743	217	898,193	716,363
Salaries and benefits	657,548	-	1,949	5,744	47,976	11,825	1,634	9,798	736,474	434,098
	\$ 6,153,664	\$ 531,799	\$ 4,532	\$ 13,951	\$ 835,967	\$ 318,658	\$ 114,067	\$ 22,786	\$ 7,995,424	\$ 5,439,160

HOMES FIRST SOCIETY
Schedule of Utilities Expenditures
December 31, 2020

	Shelters	Respite	Follow up Support Services	CAMH	Section 78 Various	Section 95 Shuter	Managed Properties	Support for Daily Living	2020	2019
Electricity	\$ 181,067	\$ -	\$ -	\$ -	\$ 103,617	\$ 73,469	\$ 3,852	\$ -	\$ 362,005	\$ 345,360
Water and sewage	84,277	-	-	-	131,674	36,693	3,333	-	255,977	290,345
Fuel	127,290	-	-	-	66,717	-	7,712	-	201,719	166,945
	\$ 392,634	\$ -	\$ -	\$ -	\$ 302,008	\$ 110,162	\$ 14,897	\$ -	\$ 819,701	\$ 802,650

HOMES FIRST SOCIETY
Schedule of Shelters
December 31, 2020

	Savard's	Strachan	Scarboro	Kennedy	WWC	Delta	Lakeshore	2020	2019
Revenues									
Government Funding - City of Toronto									
Shelter allocation	\$ 772,701	\$ 1,445,761	\$ 1,743,476	\$ 2,435,707	\$ 8,336,608	\$ 2,942,926	\$ 10,525,995	\$ 28,203,174	\$ 11,909,755
Other City funding (Note 11)	443,449	158,367	9,246	514,414	67,104	-	55,877	1,248,457	966,453
Emergency hostel funding	65,388	65,400	65,388	-	-	-	-	196,176	196,176
Food access project	-	140,941	-	-	-	-	-	140,941	113,192
HHB Funding	-	64,352	-	-	-	-	-	64,352	64,351
Pandemic pay subsidy	56,188	100,675	52,899	106,839	263,263	24,120	148,848	752,832	-
Revenues from tenants	-	425,089	-	-	-	-	-	425,089	422,561
Government funding MOHLTC	353,820	-	-	-	-	-	-	353,820	353,214
United Way	60,333	80,993	59,894	-	-	-	-	201,220	204,312
Amortization of contributions	19,596	165,824	-	-	-	-	-	185,420	185,420
Non-rental income	-	156	4,209	4,209	-	-	-	8,574	18,461
Interest, signage and other	3,320	889	-	-	-	-	-	4,209	16,630
Donations	15	215	-	-	-	-	-	230	166,593
CAMH high support funding	-	-	-	-	-	-	-	-	38,459
Loss on sale of property	-	-	-	-	-	-	-	-	(81,131)
	1,774,810	2,648,662	1,935,112	3,061,169	8,666,975	2,967,046	10,730,720	31,784,494	14,574,446
Expenditures									
Administrative and Program									
Salaries and benefits	1,240,044	1,377,993	1,199,402	1,862,255	3,865,319	2,291,970	5,750,464	17,587,447	7,756,419
Tenant services	156,682	203,460	153,255	259,207	2,089,780	193,261	2,398,435	5,454,080	2,044,956
Other administrative and program	144,401	76,557	195,477	133,466	513,535	234,333	540,694	1,838,463	746,205
Maintenance									
Maintenance and repairs	22,649	303,189	98,184	189,494	1,542,279	10,512	1,340,694	3,507,001	1,325,345
Security	68,260	61,163	54,786	45,889	258,538	107,027	254,363	850,026	291,155
Salaries and benefits	51,428	13,851	34,541	25,629	227,335	87,497	217,267	657,548	202,825
Equipment and building	26,645	154,225	37,302	193,402	93,057	28,719	110,020	643,370	834,075
Other maintenance expenditures	17,070	92,360	56,462	223,912	39,233	10,943	55,739	495,719	435,517
Utilities	22,523	151,159	99,662	119,290	-	-	-	392,634	385,569
Amortization	19,596	165,824	-	-	-	-	-	185,420	185,420
Insurance and bad debts	5,512	27,281	5,810	8,444	37,899	2,784	56,191	143,921	58,080
Allocation to restricted reserve funds	-	21,600	-	-	-	-	-	21,600	220,600
Mortgage principal and interest	-	-	-	-	-	-	-	-	54,417
Property taxes	-	-	-	-	-	-	-	-	21,097
	1,774,810	2,648,662	1,934,881	3,060,988	8,666,975	2,967,046	10,723,867	31,777,229	14,561,680
Excess of Revenues over Expenditures	\$ -	\$ -	\$ 231	\$ 181	\$ -	\$ -	\$ 6,853	\$ 7,265	\$ 12,766

HOMES FIRST SOCIETY
Statement of Cash Flows
Year ended December 31, 2020

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenues over expenditures	\$ 7,445	\$ 13,190
Items not involving cash		
Amortization	1,072,815	1,148,948
Amortization of deferred capital contributions	(185,420)	(185,420)
	894,840	976,718
Change in non-cash working capital items		
Accounts receivable	(295,866)	228,862
Government funding receivable	(270,608)	(220,537)
Prepays	(70,167)	2,770
Accounts payable and accrued liabilities	1,733,934	1,305,206
Government remittances payable	80,115	(13,376)
Payable to the City of Toronto	122,003	261,609
Deferred contributions	457,771	(307,990)
Cash Provided by Operating Activities	2,652,022	2,233,262
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds on sale of property and equipment	-	2,898,629
Cash Provided by Investing Activities	-	2,898,629
CASH FLOWS FROM FINANCING ACTIVITIES		
Mortgages payable	(887,395)	(3,356,028)
Cash Used In Financing Activities	(887,395)	(3,356,028)
Increase in cash and cash equivalents	1,764,627	1,775,863
Cash and cash equivalents, beginning of year	2,019,804	243,941
Cash and cash equivalents, end of year	\$ 3,784,431	\$ 2,019,804

HOMES FIRST SOCIETY

Notes to the Financial Statements

December 31, 2020

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 and government funding receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, government remittances payable, payable to the City of Toronto and mortgages payable.

Financial assets measured at fair value include restricted investments.

Impairment

For financial assets measured at amortized cost, the Society determines whether there are indications of possible impairment. When there is an indication of impairment, and the Society determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in excess of revenues over expenditures in the respective fund. A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in excess of revenues over expenditures in the respective fund.

(l) Use of estimates

The preparation of financial statements in accordance with the financial reporting provisions of the operating agreements between the Society and the specified user organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the reported amounts of revenues and expenditures for the period covered.

The main estimates relate to the impairment of financial assets, the estimated useful life of property and equipment other than funded properties, allowance for doubtful accounts and the provision for the repayment of subsidies.

HOMES FIRST SOCIETY
Notes to the Financial Statements
December 31, 2020

2. CASH AND CASH EQUIVALENTS AND RESTRICTED INVESTMENTS

	2020	2019
Cash and Cash Equivalents		
Cash	\$ 3,771,404	\$ 2,006,777
Guaranteed investment certificates	13,027	13,027
	<u>3,784,431</u>	<u>2,019,804</u>
Restricted Investments		
Bond funds	1,215,337	1,140,823
Guaranteed investment certificates	985,966	747,948
Equity funds	426,895	393,246
Due from operating account	126,533	236,647
	<u>2,754,731</u>	<u>2,518,664</u>
Total	<u>\$ 6,539,162</u>	<u>\$ 4,538,468</u>

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

3. ACCOUNTS RECEIVABLE

	2020	2019
HST rebate receivable	\$ 990,747	\$ 586,067
Due from Homes First Foundation	8,037	76,009
Rent receivable	45,710	20,831
Allowance for doubtful accounts	(88,120)	(22,399)
Total	<u>\$ 956,374</u>	<u>\$ 660,508</u>

HOMES FIRST SOCIETY
Notes to the Financial Statements
December 31, 2020

4. PROPERTY AND EQUIPMENT

	Cost	Accumulated Amortization	2020	2019
Land and buildings (City of Toronto Social Housing Unit funded)				
87 Bellevue Avenue	\$ 3,320,114	\$ 1,937,956	\$ 1,382,158	\$ 1,526,746
50 Earl Street	2,657,576	1,305,960	1,351,616	1,457,854
175 Vaughan Road	3,813,767	2,858,296	955,471	1,147,560
434 Gerrard Street	1,970,878	1,061,510	909,368	987,668
29 Wales Avenue	492,999	350,670	142,329	167,922
90 Shuter St	3,102,881	3,102,881	-	-
	15,358,215	10,617,273	4,740,942	5,287,750
1322 Bloor Street West				
Land	257,550	-	257,550	257,550
Building	488,929	356,791	132,138	151,734
	746,479	356,791	389,688	409,284
Total	\$ 16,104,694	\$ 10,974,064	\$ 5,130,630	\$ 5,697,034

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Notes to the Financial Statements
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5. ASSETS UNDER CAPITAL LEASE

	Cost	Accumulated Amortization	2020	2019
800 Adelaide St. West	\$ 7,231,220	\$ 5,329,727	\$ 1,901,493	\$ 2,214,171
490 Huron Street	550,000	437,544	112,456	140,365
	7,781,220	5,767,271	2,013,949	2,354,536
53 Strachan - leasehold improvements	4,070,985	3,915,820	155,165	320,989
Total	\$ 11,852,205	\$ 9,683,091	\$ 2,169,114	\$ 2,675,525

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
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6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2020	2019
Accounts payable and accrued liabilities	\$ 5,106,629	\$ 3,370,662
Accrued mortgage interest	23,391	25,424
	\$ 5,130,020	\$ 3,396,086

7. DEFERRED CAPITAL CONTRIBUTIONS

	2020	2019
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	(4,168,856)	(3,983,436)
Total	\$ 285,518	\$ 470,938
Consists of:		
1322 Bloor St. West	\$ 130,361	\$ 149,957
53 Strachan House	155,157	320,981
	\$ 285,518	\$ 470,938

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
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9. MORTGAGES PAYABLE

	2020	2019
800 Adelaide St. West - 2.699%, repayable in blended monthly installments of \$30,637, maturing June 2024	\$ 1,877,937	\$ 2,190,615
87 Bellevue Avenue - 6.232%, repayable in blended monthly installments of \$19,540, maturing April 2028	1,382,158	1,526,746
50 Earl Street - 6.752%, repayable in blended monthly installments of \$16,675, maturing December 2024	1,351,616	1,457,854
175 Vaughan Road - 2.15%, repayable in blended monthly installments of \$17,644, maturing September 2025	955,471	1,147,560
434 Gerrard Street - 2.040%, repayable in blended monthly installments of \$8,136, maturing April 2022	909,368	987,668
29 Wales Avenue - 6.129%, repayable in blended monthly installments of \$2,921, maturing April 2024	142,329	167,922
490 Huron Street - 3.030%, repayable in blended monthly installments of \$2,646, maturing September 2023	112,456	140,365
	6,731,335	7,618,730
Less current portion	925,221	1,841,581
Due beyond one year	\$ 5,806,114	\$ 5,777,149

Estimated principal re-payments are as follows:

2021	\$ 925,221
2022	1,702,262
2023	927,887
2024	2,318,727
2025	344,631
Subsequent years	512,607
	\$ 6,731,335

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, 2020

10. RESERVE EXPENDITURES

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

	2020	2019
Ontario Housing Services Act - Section 78		
Property restoration	\$ 21,802	\$ 139,362
Rooftop	34,551	-
	56,353	139,362
Ontario Housing Services Act - Section 95		
Property restoration	22,176	11,947
Health and Safety Consulting Services	794	-
	22,970	11,947
Total	\$ 79,323	\$ 151,309

11. OTHER CITY FUNDING

	2020	2019
Enhanced case management funding	\$ 458,788	\$ 676,980
Strathcona Hotel program	441,711	-
COVID-19 relief	273,874	-
Housing with layered support	109,800	297,148
Toronto Public Health	57,292	11,512
Health and safety funding	28,384	-
Social housing improvement program	-	362,894
Home for good	-	91,373
Reaching home strategy	-	75,000
	\$ 1,369,849	\$ 1,514,907

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:

	2020	2019
Statement of Financial Position		
Total assets	\$ 112,596	\$ 193,643
Total liabilities	8,037	117,997
Net assets	104,559	75,646
	\$ 112,596	\$ 193,643
Statement of Operations		
Revenues		
Donations and fundraising	\$ 133,510	\$ 563,482
Grants	18,894	22,641
Interest	128	626
	152,532	586,749
Expenditures		
Wages and benefits	64,612	307,009
Administrative overhead	49,392	86,340
Fundraising	9,615	125,248
Disbursements to Homes First Society	-	120,139
	123,619	638,736
Excess (deficiency) of revenues over expenditures	\$ 28,913	\$ (51,987)

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.
