

**HOMES FIRST SOCIETY  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
DECEMBER 31, 2017**

# HOMES FIRST SOCIETY

**Financial Statements  
December 31, 2017**

<b><u>Index</u></b>	<b><u>Page</u></b>
Independent Auditor's Report	1
Statement of Financial Position	2
Statement of Changes in Net Assets	3
Statement of Operations	4
Schedule of Government Funding - City of Toronto	5
Schedule of Administrative and Program Expenditures	6
Schedule of Maintenance Expenditures	7
Schedule of Utilities Expenditures	8
Statement of Cash Flows	9
Notes to the Financial Statements	10 - 21

**AKLER, BROWNING, FRIMET & LANDZBERG LLP**  
**CHARTERED ACCOUNTANTS**

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**INDEPENDENT AUDITOR'S REPORT**

To the Members of Homes First Society

We have audited the accompanying financial statements of Homes First Society, which comprise the statement of financial position as at December 31, 2017, and the statement of operations, statement of changes in net assets and statement of cash flows, and a summary of significant accounting policies and other explanatory information. The financial statements have been prepared by management of Homes First Society based on the financial reporting provisions of the operating agreements between Homes First Society and the specified users described in the notes to the financial statements.

*Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for private enterprises, 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.

*Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Homes First Society as at December 31, 2017, 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 of Accounting and Restriction on Use*

Without modifying our opinion, we draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist the management of Homes First Society to comply with the financial reporting requirements referred to above. 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.

*Akler, Browning, Frimet  
& Landzberg LLP*

Chartered Accountants  
Licensed Public Accountants  
Toronto, Ontario  
May 1, 2018

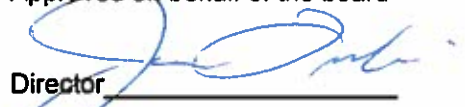
**HOMES FIRST SOCIETY**  
**Statement of Financial Position**  
**December 31, 2017**

	2017	2016
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents (Note 2)	\$ 1,081,186	\$ 687,128
Accounts receivable (Note 3)	227,816	131,462
Government funding receivable	528,433	528,544
Prepays	119,325	154,412
<b>Total current assets</b>	<b>1,956,760</b>	<b>1,501,546</b>
Property and equipment (Note 4)	7,139,645	7,839,392
Assets under capital lease (Note 5)	3,670,340	4,157,791
Restricted investments (Note 2)	2,271,000	2,162,159
<b>Total Assets</b>	<b>\$ 15,037,745</b>	<b>\$ 15,660,888</b>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 6)	\$ 1,040,471	\$ 742,771
Government remittances payable	42,506	29,888
Deferred contributions	281,190	187,888
Current portion of mortgages payable (Note 9)	1,202,968	2,144,706
<b>Total current liabilities</b>	<b>2,567,135</b>	<b>3,105,253</b>
Deferred capital contributions (Note 7)	841,777	1,027,197
Restricted contribution (Note 8)	115,997	115,019
Mortgages payable (Note 9)	8,482,350	8,542,389
<b>Total Liabilities</b>	<b>12,007,259</b>	<b>12,789,858</b>
<b>Net Assets</b>		
Externally restricted reserves	1,883,373	1,778,066
Internally restricted reserve	271,630	269,074
Unrestricted net assets	875,483	823,890
<b>Total Net Assets</b>	<b>3,030,486</b>	<b>2,871,030</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 15,037,745</b>	<b>\$ 15,660,888</b>


Approved on behalf of the board

Director

Date

  
 Date 1 May 2018

Director



**Homes First Society**  
**Statement of Changes in Net Assets**  
**Year ended December 31, 2017**

	Externally Restricted Reserve Section 78	Externally Restricted Reserve 90 Shuter Section 95	Externally Restricted Strachan Capital Reserve	Externally Restricted Scarborough Capital Reserve	Internally Restricted Operating Capital Reserve	Unrestricted Net Assets	2017	2016
Balance, beginning of year	1,234,208	188,430	214,726	140,702	269,074	823,890	2,871,030	2,753,298
Add/(Deduct):								
Allocation from operations	134,487	22,500	76,600	-	-	-	233,587	251,105
Reserve investment income	44,091	7,052	1,825	-	2,556	-	55,524	53,273
Reserve expenditures (Note 10)	(181,248)	-	-	-	-	-	(181,248)	(163,779)
Adjustment to prior year's funding	-	-	-	-	-	49,363	49,363	(27,449)
Excess of revenues over expenditures	-	-	-	-	-	2,230	2,230	4,582
<b>Balance, end of year</b>	<b>1,231,538</b>	<b>217,982</b>	<b>293,151</b>	<b>140,702</b>	<b>271,630</b>	<b>875,483</b>	<b>3,030,486</b>	<b>2,871,030</b>

**Homes First Society  
Statement of Operations  
Year Ended December 31, 2017**

	Follow up						Support for					
	Savard's	Strachan	Scarboro	Kennedy	Support Services	CAMH	Section 78 Various	Section 95 Shuter Properties	Managed Properties	Daily Living	2017	2016
<b>Revenues</b>												
City of Toronto (Schedule)	827,943	1,391,287	1,314,397	2,078,311	177,270	-	2,526,818	470,344	12,330	802,980	9,601,680	7,568,262
Revenues from tenants	-	447,078	-	-	-	-	524,691	165,492	59,872	-	1,197,133	1,163,463
Donations	99,764	125,750	40	3,428	-	-	158,465	1,000	-	25,292	413,739	171,612
Government funding	346,294	-	-	-	-	-	-	-	-	-	346,294	346,294
MOHLTC	-	-	-	-	-	-	-	-	-	-	-	-
CAMH high support funding	-	-	20,500	-	-	256,881	-	-	-	-	277,382	272,931
United Way	117,095	83,586	-	-	-	-	-	-	-	-	200,681	200,681
Amortization of contributions	19,596	165,824	-	-	-	-	-	-	-	-	185,420	185,420
Management fees	-	-	-	-	-	-	-	-	116,089	-	116,089	116,089
Non-rental income	-	6,268	-	-	-	-	20,912	30,745	5,978	-	63,902	59,571
Rebates, signage, interest & other	20,342	-	-	-	-	-	-	8,882	7,304	-	36,529	28,580
	<b>1,431,034</b>	<b>2,219,793</b>	<b>1,334,937</b>	<b>2,081,739</b>	<b>177,270</b>	<b>256,881</b>	<b>3,230,886</b>	<b>676,463</b>	<b>201,573</b>	<b>828,272</b>	<b>12,438,849</b>	<b>10,112,903</b>
<b>Expenditures</b>												
Administrative and Program (Schedule)	1,197,826	1,233,129	1,130,208	1,430,457	169,353	245,413	364,359	93,594	104,654	779,299	6,748,293	5,030,628
Maintenance (Schedule)	176,275	568,070	145,373	533,800	7,917	11,468	900,451	199,941	75,358	48,973	2,667,627	2,080,515
Mortgage principal and interest	-	-	-	-	-	-	1,169,688	205,429	-	-	1,375,117	1,367,046
Utilities	33,620	155,538	52,984	110,326	-	-	320,402	135,639	16,125	-	824,634	790,336
Property taxes	-	-	-	-	-	-	296,346	-	-	-	296,346	303,630
Allocation to restricted reserve funds	19,596	76,600	-	-	-	-	134,487	22,500	-	-	233,587	251,105
Amortization	-	165,824	-	-	-	-	-	-	-	-	185,420	185,420
Insurance and bad debts	3,585	19,714	6,372	7,156	-	-	40,686	19,135	8,947	-	105,595	99,641
	<b>1,430,902</b>	<b>2,218,875</b>	<b>1,334,937</b>	<b>2,081,739</b>	<b>177,270</b>	<b>256,881</b>	<b>3,226,419</b>	<b>676,238</b>	<b>205,084</b>	<b>828,272</b>	<b>12,436,619</b>	<b>10,108,321</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>132</b>	<b>918</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,467</b>	<b>225</b>	<b>(3,511)</b>	<b>-</b>	<b>2,230</b>	<b>4,582</b>

See Notes to the financial statements

**Homes First Society**  
**Schedule of Government Funding - City of Toronto**  
**December 31, 2017**

	Savard's	Strachan	Scarboro	Kennedy	Follow up			Support for				
					Support Services	CAMH	Section 78 Various	Section 95 Shuter	Managed Properties	Daily Living	2017	2016
Shelter allocation	749,833	1,225,453	1,243,708	2,078,311	-	-	-	-	-	-	5,297,306	3,223,324
Housing Services Act Section 78	-	-	-	-	-	2,521,530	-	-	-	-	2,521,530	2,484,341
Support for daily living	-	-	-	-	-	-	-	-	785,091	-	785,091	785,090
Rent supplement program	-	-	-	-	-	-	470,344	-	-	-	470,344	483,018
Emergency hostel funding	65,388	65,400	65,388	-	-	-	-	-	-	-	196,176	196,176
Assertive follow up support services	-	-	-	-	177,270	-	-	-	-	-	177,270	-
HHB funding	-	64,351	-	-	-	-	-	-	-	-	64,351	64,351
Other City funding (Note 11)	12,722	6,139	5,301	-	-	5,288	-	12,330	17,889	59,669	302,021	302,021
Food access project	-	29,944	-	-	-	-	-	-	-	-	29,944	29,941
	<b>827,943</b>	<b>1,391,287</b>	<b>1,314,397</b>	<b>2,078,311</b>	<b>177,270</b>	<b>2,526,818</b>	<b>470,344</b>	<b>12,330</b>	<b>802,980</b>	<b>9,601,680</b>	<b>7,568,262</b>	

**Homes First Society**  
**Schedule of Administrative and Program Expenditures**  
**December 31, 2017**

	Follow up Support					Support for						
	Savard's	Strachan	Scarboro	Kennedy	Support Services	CAMH	Section 78 Various	Section 95 Shuter Properties	Managed Properties	Daily Living	2017	2016
Salaries and benefits	1,051,561	1,029,534	879,717	972,465	154,076	232,759	259,201	49,884	93,032	655,380	5,377,610	4,086,957
Tenant services	88,345	109,157	113,207	178,967	150	315	-	-	1,475	24,932	516,549	366,743
Rental charges	-	2	63,654	197,478	-	-	-	-	-	2,287	263,421	90,943
Professional fees	13,127	24,498	30,946	23,211	2,681	3,883	41,647	7,237	2,418	16,581	166,227	199,934
Telephone, Fax, Internet	11,663	17,676	10,825	15,120	2,296	2,685	9,913	1,908	2,273	27,821	102,180	76,093
Computer supplies, repairs and maintenance	5,578	11,192	6,465	11,858	1,645	937	8,837	1,701	1,951	17,449	67,613	55,165
Meeting and conferences	5,942	11,712	5,811	6,131	1,406	886	8,356	1,608	552	8,646	51,050	10,923
Supplies and general administrative	5,619	8,400	5,071	9,109	1,146	1,018	9,605	1,848	927	6,945	49,689	40,007
Office equipment	7,117	6,622	4,795	3,936	2,957	710	6,697	1,289	687	9,331	44,142	26,212
Travel	3,960	7,042	4,428	5,674	2,343	1,120	10,566	2,033	710	5,528	43,404	19,541
Other miscellaneous expenses	2,371	2,894	2,275	2,879	134	348	2,444	24,721	161	1,187	39,414	34,639
Membership dues	740	1,280	1,040	1,056	151	219	2,064	397	136	935	8,018	10,635
Advertising and promotion	745	1,290	816	1,064	152	220	2,079	400	137	942	7,846	3,103
Interest and bank charges	591	1,022	647	843	121	175	1,648	317	109	746	6,218	5,833
Postage and courier	467	808	511	666	95	138	1,302	251	86	589	4,912	3,900
	<b>1,197,826</b>	<b>1,233,129</b>	<b>1,130,208</b>	<b>1,430,457</b>	<b>169,353</b>	<b>245,413</b>	<b>364,359</b>	<b>93,594</b>	<b>104,654</b>	<b>779,299</b>	<b>6,748,293</b>	<b>5,030,628</b>



**Homes First Society**  
**Schedule of Maintenance Expenditures**  
**December 31, 2017**

	Savard's	Strachan	Scarboro	Kennedy	Follow up			Support for				
					Support Services	CAMH	Section 78 Various	Section 95 Shuter	Managed Properties	Daily Living	2017	2016
Building and equipment	31,039	178,464	24,232	149,620	452	654	211,290	73,455	25,145	2,797	697,148	749,436
General repair and maintenance	39,888	100,269	58,218	109,176	335	486	117,474	42,939	21,726	2,074	492,585	374,933
Salaries and benefits	33,967	58,780	37,184	48,483	6,936	10,047	94,749	18,235	6,256	42,905	357,543	342,166
Air conditioning, Heating, ventilation and plumbing	32,448	40,699	12,184	170,930	70	101	68,163	12,152	3,118	430	340,295	198,223
Elevators	-	3,562	-	4,139	-	-	166,011	11,114	-	-	184,826	34,230
Security	10,634	26,835	5,011	23,524	64	93	77,657	30,644	6,962	397	181,821	154,872
Painting	-	64,378	-	-	-	-	84,825	1,338	-	-	150,541	8,271
Waste removal	13,174	54,597	3,367	4,434	-	-	37,799	1,088	1,647	-	116,106	108,628
Electrical systems	14,639	37,395	5,177	19,011	60	87	16,705	7,174	1,324	370	101,942	70,465
Grounds	486	3,091	-	4,483	-	-	25,778	1,802	9,180	-	44,820	39,291
	<b>176,275</b>	<b>568,070</b>	<b>145,373</b>	<b>533,800</b>	<b>7,917</b>	<b>11,468</b>	<b>900,451</b>	<b>199,941</b>	<b>75,358</b>	<b>48,973</b>	<b>2,667,627</b>	<b>2,080,515</b>

**Homes First Society**  
**Schedule of Utilities Expenditures**  
**December 31, 2017**

	Savard's	Strachan	Scarboro	Kennedy	Follow up Support Services	CAMH	Section 78 Various	Section 95 Shuter Properties	Managed Properties	Support for Daily Living	2017	2016
Electricity	16,659	70,646	33,107	81,743	-	-	153,720	112,043	5,329	-	473,247	476,343
Water and sewage	13,872	35,567	11,158	21,975	-	-	109,210	23,596	2,989	-	218,367	189,526
Fuel	3,089	49,325	8,719	6,608	-	-	57,472	-	7,807	-	133,020	124,467
	33,620	155,538	52,984	110,326	-	-	320,402	135,639	16,125	-	824,634	790,336

**Homes First Society**  
**Statement of Cash Flows**  
**Year ended December 31, 2017**

	<b>2017</b>	<b>2016</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Excess of revenues over expenditures	\$ 2,230	\$ 4,582
Items not involving cash		
Amortization	1,187,198	1,149,247
Amortization of deferred capital contributions	(185,420)	(185,420)
Adjustment to prior year's funding	49,363	(27,449)
	<b>1,053,371</b>	<b>940,960</b>
Change in non-cash working capital items		
Accounts receivable	(96,354)	56,650
Government funding receivable	111	(10,156)
Prepays	35,087	(67,144)
Accounts payable and accrued liabilities	297,700	(239,527)
Government remittances payable	12,618	1,193
Deferred contributions	93,302	(18,957)
	<b>1,395,835</b>	<b>663,019</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Mortgages payable	(1,001,777)	(963,826)
<b>Increase (decrease) in cash and cash equivalents</b>	<b>394,058</b>	<b>(300,807)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>687,128</b>	<b>987,935</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 1,081,186</b>	<b>\$ 687,128</b>

**PURPOSE AND NATURE OF THE ORGANIZATION**

Homes First Society (the "Society") is a not-for-profit organization incorporated under The Corporations Act (Ontario) as a corporation without share capital and is registered with the Canada Revenue Agency as a charity within the meaning of the Income Tax Act.

The primary purpose of the Society is to provide permanent and affordable housing and transitional support services to those with the fewest housing options in our community.

In accordance with its operating and funding agreements with the funders listed below, the Society receives funding to provide subsidized housing and transitional support services to its tenants and their families.

City of Toronto

Canada Mortgage and Housing Corporation (CMHC)

Ontario Ministry of Health and Long Term Care (MOHLTC)

United Way of Greater Toronto

The Society is dependent on these funders for its continued operation.

**Specified Users**

The specified users of these financial statements are as follows:

City of Toronto

Canada Mortgage and Housing Corporation (CMHC)

Ontario Ministry of Health and Long Term Care (MOHLTC)

United Way of Greater Toronto

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**1. SIGNIFICANT ACCOUNTING POLICIES**

These financial statements are prepared in accordance with the financial reporting provisions of the operating agreements between the Society and the specified users. The significant policies are detailed as follows.

**(a) Basis of accounting**

The basis of accounting used in these financial statements differ from Part III of the CICA Accounting 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 Phillips, Hager & North Investment Funds Ltd.

**(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.

**1. SIGNIFICANT ACCOUNTING POLICIES, continued**

**(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.

**(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) Deferred 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.

**(h) 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.

**1. SIGNIFICANT ACCOUNTING POLICIES, continued**

**(i) 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.

**(j) 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 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.

**HOMES FIRST SOCIETY**  
**Notes to the Financial Statements**  
**December 31, 2017**

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**1. SIGNIFICANT ACCOUNTING POLICIES, continued**

**(k) 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.

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

	<b>2017</b>	<b>2016</b>
<b>Cash and Cash Equivalents</b>		
Guaranteed investment certificates	\$ 849,597	\$ 841,838
Cash (Outstanding cheques)	231,589	(154,710)
	<b>1,081,186</b>	<b>687,128</b>
<b>Restricted Investments</b>		
Bond funds	1,081,638	1,101,032
Guaranteed investment certificates	746,479	739,520
Equity funds	367,883	321,607
Refundable deposit	75,000	-
	<b>2,271,000</b>	<b>2,162,159</b>
<b>Total</b>	<b>\$ 3,352,186</b>	<b>\$ 2,849,287</b>

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Guaranteed investment certificates in the amount of \$12,897 are used as collateral for the Society's credit cards.

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**HOMES FIRST SOCIETY**  
**Notes to the Financial Statements**  
**December 31, 2017**

**3. ACCOUNTS RECEIVABLE**

	<b>2017</b>	<b>2016</b>
HST rebate receivable	\$ 228,984	\$ 147,087
Due from Homes First Foundation	8,376	4,311
Rent receivable	6,846	(3,562)
Allowance for doubtful accounts	(16,390)	(16,374)
	<b>\$ 227,816</b>	<b>\$ 131,462</b>

**4. PROPERTY AND EQUIPMENT**

	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>2017</b>	<b>2016</b>
<b>Land and buildings (City of Toronto Social Housing Unit funded)</b>				
87 Bellevue Avenue	\$ 3,320,114	\$ 1,529,499	\$ 1,790,615	\$ 1,910,889
50 Earl Street	2,657,576	1,007,284	1,650,292	1,737,341
175 Vaughan Road	3,813,767	2,288,443	1,525,324	1,710,234
434 Gerrard Street	1,970,878	831,298	1,139,580	1,209,115
29 Wales Avenue	492,999	278,301	214,698	236,052
90 Shuter St	3,102,881	2,732,220	370,661	567,689
	<b>15,358,215</b>	<b>8,667,045</b>	<b>6,691,170</b>	<b>7,371,320</b>
<b>1322 Bloor Street West</b>				
Land	257,550	-	257,550	257,550
Building	488,929	298,004	190,925	210,522
	<b>746,479</b>	<b>298,004</b>	<b>448,475</b>	<b>468,072</b>
<b>Total</b>	<b>\$ 16,104,694</b>	<b>\$ 8,965,049</b>	<b>\$ 7,139,645</b>	<b>\$ 7,839,392</b>

**HOMES FIRST SOCIETY**  
**Notes to the Financial Statements**  
**December 31, 2017**

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**5. ASSETS UNDER CAPITAL LEASE**

	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>2017</b>	<b>2016</b>
800 Adelaide St. West	\$ 7,231,220	\$ 4,407,343	\$ 2,823,877	\$ 3,119,841
490 Huron Street	550,000	356,175	193,826	219,489
	7,781,220	4,763,518	3,017,703	3,339,330
53 Strachan - leasehold improvements	4,070,985	3,418,348	652,637	818,461
<b>Total</b>	<b>\$ 11,852,205</b>	<b>\$ 8,181,866</b>	<b>\$ 3,670,340</b>	<b>\$ 4,157,791</b>

As a condition of the mortgage subsidies received for these properties, the Society may not sell or otherwise dispose of any or all of the property and equipment without the prior written consent of the City of Toronto.

**Leasehold Interest**

(a) 490 Huron Street

The Society entered into a lease agreement with the City of Toronto Non-Profit Housing Corporation, wherein the land has been leased by the Society for a term of forty (40) years commencing on the 1st day of March, 1988 and ending on the last day of February 2028.

(b) 800 Adelaide St. West

The Society entered into a lease agreement with the City of Toronto, wherein the land has been leased by the Society for a term of ninety-nine (99) years commencing on the 1st day of September, 1989 and ending on the last day of August 2088.

Consideration for the entire term was paid and is capitalized as the cost of land.

(c) 53 Strachan House

The Society entered into a lease agreement with the City of Toronto, wherein the land and buildings have been leased by the Society for a term of five (5) years commencing on the 1st day of May, 2003 and ending on the last day of April 2008.

The lease is continuing on a month to month basis.

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**HOMES FIRST SOCIETY**  
**Notes to the Financial Statements**  
**December 31, 2017**

**6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<b>2017</b>	<b>2016</b>
Accounts payable and accrued liabilities	\$ 1,010,661	\$ 691,221
Accrued mortgage interest	29,810	34,731
Provision for repayment of subsidies	-	16,819
	<b>\$ 1,040,471</b>	<b>\$ 742,771</b>

**7. DEFERRED CAPITAL CONTRIBUTIONS**

	<b>2017</b>	<b>2016</b>
CMHC - land purchase and construction - 1322 Bloor Street West Savard's	\$ 640,949	\$ 640,949
City of Toronto - renovations - 53 Strachan House	4,070,975	4,070,975
	4,711,924	4,711,924
Portion of contributions relating to land recognized as a direct increase in net assets invested in property and equipment	(257,550)	(257,550)
Accumulated amortization	(3,612,597)	(3,427,177)
<b>Total</b>	<b>841,777</b>	<b>1,027,197</b>
Consists of:		
1322 Bloor St. West	189,149	208,745
53 Strachan House	652,628	818,452
	<b>\$ 841,777</b>	<b>\$ 1,027,197</b>

**8. RESTRICTED CONTRIBUTION**

The balance includes an amount of \$100,000 received from The Toronto Real Estate Board to purchase a residence to house homeless families. In 2003, the Society spent \$10,963 on a feasibility study to determine whether an existing property could be expanded for housing. The remaining amount consists of interest earned on the funds. The amount continues to be held until the board of directors locates a suitable project to apply the funds towards.

**HOMES FIRST SOCIETY**  
**Notes to the Financial Statements**  
**December 31, 2017**

**9. MORTGAGES PAYABLE**

	2017	2016
800 Adelaide St. West - 2.238%, repayable in blended monthly installments of \$30,161, maturing June 2019	\$ 2,800,322	\$ 3,096,286
87 Bellevue Avenue - 6.232%, repayable in blended monthly installments of \$19,540, maturing April 2028	1,790,614	1,910,889
175 Vaughan Road - 1.42%, repayable in blended monthly installments of \$17,327, maturing September 2020	1,525,324	1,710,234
50 Earl Street - 6.752%, repayable in blended monthly installments of \$16,675, maturing December 2024	1,650,292	1,737,341
434 Gerrard Street - 2.040%, repayable in blended monthly installments of \$8,136, maturing April 2022	1,139,580	1,209,115
90 Shuter Street - 1.830%, repayable in blended monthly installments of \$17,144, maturing October 2019	370,661	567,689
29 Wales Avenue - 6.129%, repayable in blended monthly installments of \$2,921, maturing April 2024	214,698	236,052
490 Huron Street - 2.882%, repayable in blended monthly installments of \$2,635, maturing September 2018	193,827	219,489
	9,685,318	10,687,095
Less current portion	1,202,968	2,144,706
Due beyond one year	\$ 8,482,350	\$ 8,542,389
Estimated principal re-payments are as follows:		
2018	\$ 1,202,968	
2019	3,193,531	
2020	1,501,189	
2021	373,366	
2022	1,141,927	
Subsequent years	2,272,337	
	\$ 9,685,318	

**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, 2017**

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**10. RESERVE EXPENDITURES**

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

	<b>2017</b>	<b>2016</b>
<b>Ontario Housing Services Act - Section 78</b>		
Make up air units	\$ 65,872	\$ -
Retaining walls	40,501	-
Fencing	36,358	-
Heating boilers	15,961	-
Common and service area lighting	12,395	-
Fire code compliance	10,161	4,930
Roofing	-	95,044
Foundation walls	-	32,563
	<b>181,248</b>	<b>132,537</b>
<b>Ontario Housing Services Act - Section 95</b>		
Roofing	-	18,103
Kitchen cabinets and counters	-	8,070
Heating, ventilation and air conditioning	-	5,069
	<b>-</b>	<b>31,242</b>
<b>Total</b>	<b>\$ 181,248</b>	<b>\$ 163,779</b>

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**11. OTHER CITY FUNDING**

	<b>2017</b>	<b>2016</b>
Homelessness partnership strategy	\$ 36,492	\$ 75,000
Toronto Public Health	13,889	14,278
Social housing improvement program	5,288	-
Capacity building funding	4,000	-
Toronto renovates rooming house	-	107,110
Shelter standards implementation funding	-	58,099
Strachan Scipi renovation funding	-	32,534
Health and safety funding	-	15,000
	<b>\$ 59,669</b>	<b>\$ 302,021</b>

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**HOMES FIRST SOCIETY**  
**Notes to the Financial Statements**  
**December 31, 2017**

**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:

	<b>2017</b>	<b>2016</b>
<b>Statement of Financial Position</b>		
Total assets	\$ 234,914	\$ 379,827
Total liabilities	90,109	87,159
Net assets	144,805	292,668
	\$ 234,914	\$ 379,827

	<b>2017</b>	<b>2016</b>
<b>Statement of Operations</b>		
Revenues		
Donations and fundraising	\$ 703,903	\$ 592,111
Grants	21,361	16,885
Interest	1,192	1,459
	726,456	610,455
Expenditures		
Fundraising	230,676	199,327
Wages and benefits	229,159	191,749
Administrative overhead	71,321	38,613
Disbursements to Homes First Society	343,163	280,150
	874,319	709,839
Deficiency of revenues over expenditures	\$ (147,863)	\$ (99,384)

**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 funding receivable, HST rebate receivable and rent receivable.

(b) Liquidity risk

Liquidity risk is the risk that the Society will encounter difficulty in meeting obligations associated with financial liabilities. The Society's exposure is dependent on its ability to repay trade creditors and long term debt as they become due. The Society expects to meet these obligations as they come due by generating sufficient cash flow from operations combined with the receipt of monthly subsidies from its funders.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Society is mainly exposed to interest rate risk and other price risk.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Society is exposed to interest rate risk on its fixed interest rate financial instruments. Fixed rate instruments subject the Society to risk of changes in fair value. The exposure to this risk also fluctuates as the quantity of fixed rate instruments held changes from year to year.

(ii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Society is exposed to other price risk through its investments in marketable securities for which the value fluctuates with the quoted market price.

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**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.

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