

**HOUSES OPENING TODAY TORONTO INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
MARCH 31, 2015**

HOUSES OPENING TODAY TORONTO INC.

Financial Statements
March 31, 2015

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AKLER, BROWNING, FRIMET & LANDZBERG LLP

CHARTERED ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Houses Opening Today Toronto Inc.

We have audited the accompanying financial statements of Houses Opening Today Toronto Inc., which comprise the statement of financial position as at March 31, 2015, and the statements of operating fund, replacement reserve fund and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. The financial statements have been prepared by management based on the financial reporting provisions of the Ontario Housing Services Act as administered by the City of Toronto.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with financial reporting provisions of the Ontario Housing Services Act as administered by the City of Toronto, 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 organization'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 organization'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 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 Houses Opening Today Toronto Inc. as at March 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance with financial reporting provisions of the Ontario Housing Services Act as administered by the City of Toronto.

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 Directors of Houses Opening Today Toronto Inc. to meet the requirements of the Ontario Housing Services Act as administered by the City of Toronto. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Directors of Houses Opening Today Toronto Inc. and should not be used by parties other than the Directors of Houses Opening Today Toronto Inc..

*Akler, Browning, Frimet
& Landzberg LLP*

Chartered Accountants
Licensed Public Accountants
Toronto, Canada
August 17, 2015

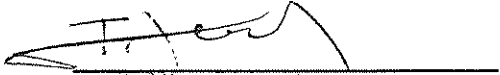
HOUSES OPENING TODAY TORONTO INC.


Statement of Financial Position

March 31, 2015

	2015	2014
Assets		
Current		
Cash	\$ 49,747	\$ 274
Accounts receivable (note 2)	10,139	9,029
HST rebate and sundry receivables	22,064	52,033
Government subsidy receivable	73,520	148,205
Receivable from City of Toronto (note 3)	22,030	27,998
Prepays	10,199	9,755
Total Current	187,699	247,294
Property and equipment (note 4)	5,901,881	6,162,091
Replacement reserve fund (note 5)	315,039	294,772
Total Assets	\$ 6,404,619	\$ 6,704,157
Liabilities		
Current		
Bank operating loan (note 6)	\$ -	\$ 12,262
Accounts payable and accrued liabilities	80,852	69,856
Government remittances payable	5,511	-
Capital advance Marigold property	16,378	24,779
Accrued mortgage interest	18,966	21,453
Rental deposits	1,890	1,875
Deferred contributions	-	75,463
Total Current	123,597	205,688
Loan payable - City of Toronto (note 7)	762,608	779,940
Loan payable - Province of Ontario (note 8)	121,144	127,520
Deferred capital contributions (note 9)	324,220	333,756
Mortgages payable (note 10)	4,642,445	4,869,411
Total Liabilities	5,974,014	6,316,315
Fund Balances		
Operating Fund - unrestricted	115,566	93,070
Replacement reserve fund - externally restricted	315,039	294,772
Total Fund Balances	430,605	387,842
Total Liabilities and Fund Balances	\$ 6,404,619	\$ 6,704,157

Approved-on-behalf of the Board:


 _____ Member
 August 17th, 2015 Date


 _____ Member

HOUSES OPENING TODAY TORONTO INC.**Statement of Operating Fund****Year ended March 31, 2015**

	2015	2014
Balance, beginning of year	\$ 93,070	\$ 59,093
Revenue		
Excess of revenues over expenditures	25,786	33,977
Adjustment to prior year's funding	(3,290)	-
	22,496	33,977
Balance, end of year	\$ 115,566	\$ 93,070

Statement of Replacement Reserve Fund**Year ended March 31, 2015**

	2015	2014
Balance, beginning of year	\$ 294,772	\$ 298,572
Revenues		
Allocated from operations	50,782	50,475
Investment income	13,220	10,114
Disbursements	(43,735)	(64,389)
HPS funding	-	386,218
HPS expenditures	-	(386,218)
	20,267	(3,800)
Balance, end of year	\$ 315,039	\$ 294,772

HOUSES OPENING TODAY TORONTO INC.**Statement of Operations**

Year ended March 31, 2015

	Shelter	Darrell	Care and Other	2015	2014
Revenues					
Government subsidy	\$ 818,913	\$ 69,120	\$ -	\$ 888,033	\$ 872,904
Tenant rentals	203,367	28,219	-	231,586	241,793
Care subsidy and grants	-	-	100,617	100,617	100,617
Deferred contribution & debt forgiveness recognized	-	15,912	-	15,912	15,912
Parking	5,022	243	-	5,265	6,115
Other	205	-	-	205	163
Donations	50	-	-	50	389
	1,027,557	113,494	100,617	1,241,668	1,237,893
Expenditures					
Administrative overhead (note 13)	179,959	17,351	100,617	297,927	311,007
Amortization	220,595	39,615	-	260,210	246,499
Mortgage interest	230,188	12,050	-	242,238	260,209
Utilities (note 14)	112,820	15,134	-	127,954	108,849
Materials and services (note 15)	91,182	6,334	-	97,516	93,168
Property taxes	90,439	-	-	90,439	89,168
Allocation to replacement reserve fund	46,792	3,990	-	50,782	50,475
Maintenance salaries and benefits	49,597	-	-	49,597	38,477
Insurance	10,374	3,792	-	14,166	15,563
Garbage levy	6,388	226	-	6,614	5,800
Bad debts	469	-	-	469	4,113
	1,038,803	98,492	100,617	1,237,912	1,223,328
	(11,246)	15,002	-	3,756	14,565
Estimated subsidy receivable from City of Toronto	17,369	4,661	-	22,030	19,412
Excess of revenues over expenditures	\$ 6,123	\$ 19,663	\$ -	\$ 25,786	\$ 33,977

HOUSES OPENING TODAY TORONTO INC.**Statement of Cash Flows**

Year ended March 31, 2015

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenues over expenditures for the year	\$ 25,786	\$ 33,977
Adjustments for non-cash items		
Amortization	260,210	246,499
Adjustment to prior year's funding	(3,290)	-
	282,706	280,476
Net change in non-cash working capital items		
Accounts receivable	(1,110)	(808)
HST rebate and sundry receivables	29,969	(30,356)
Government subsidy receivable	74,685	(23,130)
Receivable from City of Toronto	5,968	(19,412)
Prepays	(444)	33,748
Accounts payable and accrued liabilities	10,996	(2,847)
Government remittances payable	5,511	-
Capital advance Marigold property	(8,401)	-
Accrued mortgage interest	(2,487)	(3,225)
Rental deposits	15	(1,112)
Deferred contributions	(75,463)	-
	39,239	(47,142)
Cash Provided by Operating Activities	321,945	233,334
CASH FLOWS FROM FINANCING ACTIVITIES		
Bank operating loan	(12,262)	12,262
Loan payable - City of Toronto	(17,332)	(17,332)
Loan payable - Province of Ontario	(6,376)	(6,376)
Deferred capital contributions	(9,536)	(9,536)
Decrease in mortgages payable	(226,966)	(213,255)
Cash Used in Financing Activities	(272,472)	(234,237)
Net increase (decrease) in cash	49,473	(903)
Cash, beginning of year	274	1,177
Cash, end of year	\$ 49,747	\$ 274

HOUSES OPENING TODAY TORONTO INC.

Notes to the Financial Statements

March 31, 2015

NATURE OF OPERATIONS

Houses Opening Today Toronto Inc., (the "organization") was incorporated under Letters of Patent on October 16, 1987 under the Ontario Corporations Act as an organization without share capital to provide subsidized housing.

The organization is exempt from income tax under section 149(1)(l) of the Income Tax Act as an organization operating exclusively for social welfare and is registered with the Canada Revenue Agency as a charity, within the meaning of the Income Tax Act. No portion of the organization's income is available for the personal benefit of any member.

The organization receives funding from the City of Toronto and provides subsidized housing to its tenants and their families. The organization is dependent on this funding for its continuing operations.

The organization also receives funding under the Supports for Daily Living Program administered by the City of Toronto.

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with financial reporting provisions of the Ontario Housing Services Act as administered by the City of Toronto. 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) Allocations to the replacement reserve fund are made through the statement of operations rather than the statement of funds.
- (ii) Amortization of property and equipment includes amortization of land and is equal to the amount of principal repaid on the mortgage rather than the useful lives of the related assets plus any amortization of the deferred capital contribution and debt forgiven. Consequently the related assets are not tested for impairment.
- (iii) Major repairs, upgrades and expenditures and replacement of property and equipment are funded as an allocation from the replacement reserve fund.
- (iv) The loan payable to the Province of Ontario is forgivable at the maturity of the loan in 2035. However, for accounting purposes, the loan is being recognized as being forgiven on a straight line basis over the term of the loan in order to match the amortization of the underlying asset.
- (v) Funds received in a previous period for the benefit of the property located at 54 Marigold Avenue when spent are recorded as a reduction of the account Capital advance Marigold Property and not shown as deferred revenue and an expenditure on the statement of operations.
- (vi) Long-term debt is not segregated between current and long-term on the statement of financial position.

HOUSES OPENING TODAY TORONTO INC.

Notes to the Financial Statements

March 31, 2015

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(b) Fund accounting

The accounts of the organization 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) Operating fund

This fund accounts for the organization's rental and administrative activities. This represents net unrestricted funds available to the organization.

(ii) Replacement reserve fund

The organization is required by an operating agreement with its funder to maintain a replacement reserve fund. The cash and investments in the fund are restricted and can only be used for capital expenditures as defined by the agreement. These funds are held with Philips, Hager & North Investment Funds Ltd. and Peoples Trust.

(c) Deferred capital contributions

Deferred capital contributions represent the unamortized portion of original contributions towards the construction of property and equipment. The amount is being amortized on a straight line basis over 40 years which began one year after occupancy of the project.

(d) Revenue recognition

Government subsidy, rentals and other revenue are recognized on an accrual basis in the operating fund. The City of Toronto provides subsidies to assist the organization's operations. The annual subsidy is subject to revision upon filing of the Annual Information Return for private non-profit housing corporations.

Restricted investment income is recognized as it is earned in the appropriate fund.

(e) Allocation of expenses

The organization allocates certain of its wages and employee benefits and administration expenses by identifying the appropriate basis of allocating each component expense and applying the basis consistently each year.

HOUSES OPENING TODAY TORONTO INC.

Notes to the Financial Statements

March 31, 2015

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(f) Financial instruments

Measurement of financial instruments

The organization initially measures its financial assets and liabilities at fair value.

The organization 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 excess of revenues over expenditures in the period incurred.

Financial assets measured at amortized cost include cash, accounts receivable, HST rebate receivable and sundry receivables, government subsidy receivable and receivable from City of Toronto.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, government remittances payable, accrued mortgage interest, rental deposits, capital advance Marigold property, mortgages payable and loans payable.

Financial assets measured at fair value include the reserve funds.

Impairment

For financial assets measured at amortized cost, the organization determines whether there are indications of possible impairment. When there is an indication of impairment, and the organization 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. 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.

(g) Use of estimates

The preparation of financial statements 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.

HOUSES OPENING TODAY TORONTO INC.

Notes to the Financial Statements

March 31, 2015

2. ACCOUNTS RECEIVABLE

	2015	2014
Due from tenants	\$ 12,302	\$ 14,864
Allowance for doubtful accounts	(2,163)	(5,835)
	\$ 10,139	\$ 9,029

3. RECEIVABLE FROM CITY OF TORONTO

Each fiscal year, the organization is required to submit an Annual Information Return (AIR) to the City of Toronto. After their review, the City of Toronto completes a year end reconciliation to determine any amount payable to or recoverable from the organization. The current year provision is subject to adjustment.

4. PROPERTY AND EQUIPMENT

	2015		2014	
<u>Property Address</u>	Cost	Accumulated amortization	Net	Net
153 Alameda Avenue	\$ 493,143	\$ 218,740	\$ 274,403	\$ 294,231
10 Ashdale Avenue	285,791	139,364	146,427	157,777
192 Ashdale Avenue	330,251	180,830	149,421	164,173
73-75 Blantyre Avenue	514,056	224,019	290,037	309,087
79 Boulton Avenue	259,814	156,644	103,170	114,623
40 Curzon Street	292,184	163,631	128,553	142,118
116 Glenmore Road	299,501	171,048	128,453	141,900
610 Woodbine Avenue	329,193	181,787	147,406	162,375
54 Marigold Avenue	4,215,354	1,210,610	3,004,744	3,106,925
30 Darrell Avenue	1,764,349	235,082	1,529,267	1,568,882
	\$ 8,783,636	\$ 2,881,755	\$ 5,901,881	\$ 6,162,091

HOUSES OPENING TODAY TORONTO INC.

Notes to the Financial Statements

March 31, 2015

5. REPLACEMENT RESERVE FUND

The balance consists of the following:

	2015	2014
Canadian bond fund	\$ 225,337	\$ 217,408
Canadian equity fund	36,917	43,718
Peoples Trust cash account	24,872	25,854
Amount due from operating fund	27,913	7,792
	<u>\$ 315,039</u>	<u>\$ 294,772</u>

6. BANK OPERATING LOAN

A demand operating loan to a maximum of \$15,000 is available to the organization. The operating loan bears interest at prime + 0.5% per annum and is secured by a general security agreement covering all assets of the organization. As at March 31, 2015 the loan amounted to \$NIL.

7. LOAN PAYABLE - CITY OF TORONTO

The City of Toronto loaned the organization \$866,600 towards the construction of 30 Darrell Avenue. The loan which is interest free is to be repaid over 50 years at a rate of \$17,332 per annum. Repayment commenced in July 2009, one year from the date of completion of the project.

8. LOAN PAYABLE - PROVINCE OF ONTARIO

The Province of Ontario loaned the organization \$159,400 towards the construction of 30 Darrell Avenue. The loan interest is to be forgiven annually on the interest adjustment date. Upon completion of the 25 year loan term, the principal amount of the loan will be forgiven. For accounting purposes the forgiveness of the loan is being recognized on a straight-line basis over the term of the loan at an annual rate of \$6,376.

9. DEFERRED CAPITAL CONTRIBUTIONS

	2015	2014
Balance beginning of year	\$ 333,756	\$ 343,292
Amortization of deferred capital contribution to revenue	(9,536)	(9,536)
	<u>\$ 324,220</u>	<u>\$ 333,756</u>

HOUSES OPENING TODAY TORONTO INC.

Notes to the Financial Statements

March 31, 2015

10. MORTGAGES PAYABLE

	2015	2014
153 Alameda Avenue Maturing October 1, 2019 with interest at 2.418% per annum, repayable in equal monthly payments of \$2,264 of principal and interest	\$ 274,405	\$ 294,234
10 Ashdale Avenue Maturing May 1, 2016 with interest at 4.894% per annum, repayable in equal monthly payments of \$1,562 of principal and interest	146,428	157,777
192 Ashdale Avenue Maturing September 1, 2019 with interest at 2.18% per annum, repayable in equal monthly payments of \$1,606 of principal and interest	149,441	164,193
73-75 Blantyre Avenue Maturing November 1, 2019 with interest at 2.164% per annum, repayable in equal monthly payments of \$2,345 of principal and interest	290,037	309,087
79 Boulton Avenue Maturing April 1, 2019 with interest at 2.435% per annum, repayable in equal monthly payments of \$1,183 of principal and interest	103,169	114,622
40 Curzon Street Maturing July 1, 2019 with interest at 2.35% per annum, repayable in equal monthly payments of \$1,416 of principal and interest	128,553	142,118
116 Glenmore Road Maturing August 1, 2019 with interest at 2.225% per annum, repayable in equal monthly payments of \$1,395 of principal and interest	128,452	141,900
54 Marigold Avenue Maturing June 1, 2024 with interest at 6.1% per annum, repayable in equal monthly payments of \$23,911 of principal and interest	3,004,744	3,106,924
610 Woodbine Avenue Maturing November 1, 2019 with interest at 2.164% per annum, repayable in equal monthly payments of \$1,569 of principal and interest	147,407	162,376
30 Darrell Avenue Maturing June 1, 2024 with interest at 4.45% per annum, repayable in equal monthly payments of \$1,535 of principal and interest	269,809	276,180
	<u>\$ 4,642,445</u>	<u>\$ 4,869,411</u>

HOUSES OPENING TODAY TORONTO INC.

Notes to the Financial Statements

March 31, 2015

10. MORTGAGES PAYABLE, continued

Estimated principal repayments are as follows:

2016	\$ 242,407
2017	374,681
2018	250,326
2019	261,006
2020	892,359
Subsequent years	2,621,666
	<hr/>
	\$ 4,642,445

11. ECONOMIC DEPENDENCE

Approximately 80% (2014 - 79%) of revenues are derived from government subsidies. Without this level of support, the continued existence of the organization is unlikely.

12. 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 organization's credit risk is mainly related to tenant receivables and amounts due from government agencies. Tenant receivables represent rental charges that are at least one month past due. The credit risk associated with tenant receivables is offset somewhat by the organization holding rental deposits from some of its tenants.

(b) Liquidity risk

Liquidity risk is the risk that the organization will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect to its trade accounts payable and long term debt. The organization 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 organization is mainly exposed to interest rate risk and other price risk.

HOUSES OPENING TODAY TORONTO INC.

Notes to the Financial Statements

March 31, 2015

12. FINANCIAL INSTRUMENTS, continued

(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 organization is exposed to interest rate risk on its fixed interest rate financial instruments. Fixed rate instruments subject the organization 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 organization is exposed to other price risk through its investments in marketable securities for which the value fluctuates with the quoted market price.

13. EXPENSES - ADMINISTRATIVE OVERHEAD

	Shelter	Darrell	Care and Other	2015 Total	2014 Total
Salaries and benefits	\$ 110,015	\$ 10,537	\$ 88,459	\$ 209,011	\$ 189,590
Materials and services	69,945	6,814	12,158	88,917	121,417
	\$ 179,960	\$ 17,351	\$ 100,617	\$ 297,928	\$ 311,007

14. EXPENSES - UTILITIES

	Shelter	Darrell	2015 Total	2014 Total
Electricity	\$ 42,999	\$ 9,603	\$ 52,602	\$ 46,557
Fuel	40,014	5,219	45,233	40,538
Water and sewage	29,807	312	30,119	21,754
	\$ 112,820	\$ 15,134	\$ 127,954	\$ 108,849

HOUSES OPENING TODAY TORONTO INC.

Notes to the Financial Statements

March 31, 2015

15. EXPENSES - MATERIALS AND SERVICES

	Shelter	Darrell	2015 Total	2014 Total
Building and equipment	\$ 46,952	\$ 2,234	\$ 49,186	\$ 55,288
Heating and plumbing	11,234	3,839	15,073	16,110
Grounds	7,902	108	8,010	2,199
Elevator	6,350	-	6,350	6,798
Electrical systems	5,909	-	5,909	4,211
Waste removal	4,828	-	4,828	140
Security	4,254	153	4,407	7,379
Painting	3,753	-	3,753	1,043
	\$ 91,182	\$ 6,334	\$ 97,516	\$ 93,168