

**THE GATHERING PLACE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

THE GATHERING PLACE

JUNE 30, 2017

INDEX

Independent Auditor's Report	1 - 2
Financial Statements	
Statement of Financial Position	3
Statement of Changes in Net Assets	4
Statement of Operations	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 11

KENDALL, SINCLAIR, COWPER & DAIGLE LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

237 MAIN STREET EAST
NORTH BAY, ONTARIO
P1B 1B2PHONE: (705) 472-0420
FAX: (705) 476-7524
EMAIL: info@ca-partners.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Gathering Place
North Bay, Ontario

Report on the Financial Statements

We have audited the accompanying financial statements of **The Gathering Place** which comprise the statement of financial position as at **June 30, 2017** and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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 not-for-profit organizations, 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 an audit to obtain reasonable assurance 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 that we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the organization derives revenue from donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to ensuring that the amounts recorded in the records of the organization were deposited to the bank and we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenses, current assets and net assets.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of The Gathering Place as at June 30, 2017, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

North Bay, Ontario
October 28, 2017

Chartered Professional Accountants
Licensed Public Accountants

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2017

(With comparative figures as at June 30, 2016)

	<u>2017</u>	<u>2016</u>
<u>ASSETS</u>		
Current		
Cash	\$ 373,048	\$ 244,731
Accounts receivable (Note 2)	24,550	15,405
Prepaid expenses (Note 3)	4,143	1,605
	<u>401,741</u>	<u>261,741</u>
Funds held in trust (Note 6)	26,500	
Capital assets (Note 4)	<u>504,865</u>	<u>452,700</u>
	<u>\$ 933,106</u>	<u>\$ 714,441</u>
<u>LIABILITIES</u>		
Current		
Accounts payable and accrued liabilities	\$ 3,600	\$ 3,600
Deferred revenue (Note 5)	311,630	113,501
Current portion of long term debt	9,200	
	<u>324,430</u>	<u>117,101</u>
Funds held in trust (Note 6)	26500	
Long term debt (Note 7)	282,777	300,000
Deferred capital contributions (Note 8)	120,167	79,954
	<u>753,874</u>	<u>497,055</u>
<u>NET ASSETS</u>		
Unrestricted	23,797	85,714
Internally restricted (Note 9)	62,714	58,926
Internally restricted - capital assets	92,721	72,746
	<u>179,232</u>	<u>217,386</u>
	<u>\$ 933,106</u>	<u>\$ 714,441</u>

(See accompanying notes to financial statements)

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2017

(With comparative figures for 2016)

	<u>2017</u>	<u>2016</u>
<u>UNRESTRICTED</u>		
Balance beginning of year	\$ 85,714	\$ 130,704
Excess (deficiency) of revenue over expenses for the year	<u>(38,154)</u>	<u>(49,563)</u>
	47,560	81,141
Transfers from (to):		
Internally restricted - capital assets		
- purchase of capital assets	(65,509)	(332,927)
- loan proceeds		300,000
- long term debt repayments	(8,023)	
- deferred capital contributions	46,460	32,927
- amortization of deferred capital contributions	(6,248)	(6,248)
- amortization of capital assets	13,345	12,686
Internally restricted	<u>(3,788)</u>	<u>(1,865)</u>
	(23,763)	4,573
Balance end of year	<u>\$ 23,797</u>	<u>\$ 85,714</u>
<u>INTERNALLY RESTRICTED</u>		
Balance beginning of year	\$ 58,926	\$ 57,061
Transfer from unrestricted	<u>3,788</u>	<u>1,865</u>
Balance end of year	<u>\$ 62,714</u>	<u>\$ 58,926</u>
<u>INTERNALLY RESTRICTED - CAPITAL ASSETS</u>		
Balance beginning of year	\$ 72,746	\$ 79,184
Transfers from (to) unrestricted		
- purchase of capital assets	65,509	332,927
- loan proceeds		(300,000)
- long term debt repayments	8,023	
- deferred capital contributions	(46,460)	(32,927)
- amortization of deferred capital contributions	6,248	6,248
- amortization of capital assets	<u>(13,345)</u>	<u>(12,686)</u>
Balance end of year	<u>\$ 92,721</u>	<u>\$ 72,746</u>

(See accompanying notes to financial statements)

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED JUNE 30, 2017

(With comparative figures for 2016)

	<u>2017</u>	<u>2016</u>
Revenue		
Fundraising and donations	\$ 228,525	\$ 262,216
Capital campaign donations	200,725	146,428
DNSSAB funding (Note 10)	77,556	
Wage subsidies	51,665	34,703
Other	8,903	5,482
Amortization of deferred capital contributions	6,248	6,248
Prior year deferred revenue	113,501	4,125
	<u>687,123</u>	<u>459,202</u>
Deferred revenue - capital campaign	(267,765)	(113,501)
- DNSSAB funding (Note 10)	(43,865)	
Deferred capital contributions	(46,460)	(32,927)
	<u>329,033</u>	<u>312,774</u>
Expenses		
Wages and benefits	225,984	233,422
Food and kitchen supplies	44,049	33,406
Utilities	19,328	16,158
Office	16,018	14,459
Rent	15,061	7,465
Property taxes	7,008	6,447
Professional fees	5,405	4,106
Garden supplies	5,327	2,302
Repairs and maintenance	4,468	5,373
Insurance	3,945	3,926
Advertising and promotion	2,736	1,011
Interest and bank charges	1,654	1,619
Fundraising	1,611	17,425
Security	718	658
Board	530	1,874
Amortization	13,345	12,686
	<u>367,187</u>	<u>362,337</u>
Excess (deficiency) of revenue over expenses for the year	<u>\$ (38,154)</u>	<u>\$ (49,563)</u>

(See accompanying notes to financial statements)

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2017

(With comparative figures for 2016)

	<u>2017</u>	<u>2016</u>
Cash was provided by (used for):		
Operating activities		
Excess (deficiency) of revenue over expenses for the year	\$ (38,154)	\$ (49,563)
Item not affecting cash		
Amortization (net)	7,097	6,438
	<u>(31,057)</u>	<u>(43,125)</u>
Changes in non-cash working capital		
(Increase) decrease in:		
Accounts receivable	(9,145)	(8,112)
Prepaid expenses	(2,538)	7,300
Increase (decrease) in:		
Deferred revenue	198,129	109,376
	<u>155,389</u>	<u>65,439</u>
Financing activities		
Deferred capital contributions	46,460	32,927
Loan proceeds		300,000
Long term debt repayments	(8,023)	
	<u>38,437</u>	<u>332,927</u>
Investing activities		
Purchase of capital assets	<u>(65,509)</u>	<u>(332,927)</u>
Increase in cash	128,317	65,439
Cash beginning of year	<u>244,731</u>	<u>179,292</u>
Cash end of year	<u>\$ 373,048</u>	<u>\$ 244,731</u>

(See accompanying notes to financial statements)

THE GATHERING PLACE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Nature Of Operations

The Gathering Place was incorporated without share capital under the laws of Ontario and its principal purpose is to serve hot meals in a warm environment to people in need. The organization is a registered charity under the Income Tax Act (Canada) and accordingly is exempt from income taxes.

1. Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. The organization's significant accounting policies are as follows:

a) Revenue Recognition

The organization follows the deferral method of accounting for contributions, which include donations and government grants.

Unrestricted contributions are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions are recognized in revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis at a rate corresponding with the amortization rate for the related capital assets.

b) Capital Assets

Capital assets are recorded at cost. Amortization is provided on a straight-line basis at the following annual rates:

Buildings	5%
Garden infrastructure	10%
Furniture and equipment	30%
Leasehold improvements	20%

Amortization is only recorded on assets that are in use at the end of the fiscal year.

c) Contributed Goods And Services

The organization receives a substantial amount of donated food and other supplies. In addition, volunteers contribute a significant amount of their time each year. Because of the difficulty in determining their fair value, contributed goods and services are not recognized in the financial statements.

THE GATHERING PLACE
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

1. **Significant Accounting Policies (continued)**

d) Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. All cash equivalents have been designated to be in the fair value category, with gains and losses reported in revenues. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument of those measured at amortized cost.

e) Use Of Estimates

The preparation of the financial statements in conformity with Canadian accounting standards for not-for-profit organization requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the estimated useful lives of capital assets and the valuation allowances for accounts receivable. Actual results could differ from those estimates.

2. **Accounts Receivable**

	<u>2017</u>	<u>2016</u>
Accounts receivable consist of:		
NOHFC accrual	\$ 14,333	\$ 4,998
HST rebate	<u>10,217</u>	<u>10,407</u>
	<u>\$ 24,550</u>	<u>\$ 15,405</u>

3. **Prepaid Expenses**

	<u>2017</u>	<u>2016</u>
Prepaid expenses consist of:		
Rent	\$ 3,299	\$ 500
Parking	410	397
Insurance	294	708
Telephone	<u>140</u>	<u> </u>
	<u>\$ 4,143</u>	<u>\$ 1,605</u>

THE GATHERING PLACE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

4. **Capital Assets**

	2017			2016
	Cost	Accumulated Amortization	Net	Net
Land	\$ 76,326		\$ 76,326	\$ 76,326
Buildings	470,763	\$ 74,718	396,045	357,287
Garden infrastructure	34,460	20,449	14,011	17,457
Furniture and equipment	86,347	85,008	1,339	1,630
Leasehold improvements	19,049	1,905	17,144	
	<u>\$ 686,945</u>	<u>\$ 182,080</u>	<u>\$ 504,865</u>	<u>\$ 452,700</u>

Buildings include \$338,307 for the acquisition and renovation of a new location on Cassells Street, North Bay, ON. This location is still under development and is not in use as of year end.

5. **Deferred Revenue**

Deferred revenue is revenue received in the year, which will be expended on programs of the next fiscal period and consists of:

	2017	2016
Capital campaign donations	\$ 267,765	\$ 113,501
DNSSAB funding (see Note 10)		
- Souper Supper and Sit-Down Saturdays	27,500	
- Food Skills Programming	16,365	
	<u>\$ 311,630</u>	<u>\$ 113,501</u>

6. **Funds Held In Trust**

Funds held in trust relate to the Service Development and Expansion program where the organization manages funds on behalf of The Warming Centre.

7. **Long Term Debt**

	2017	2016
5.25% mortgage payable, secured by land and building (net book value \$378,307), repayable in blended monthly payments of \$2,012, due July, 2020	\$ 291,977	\$ 300,000
Less: current portion	9,200	
	<u>\$ 282,777</u>	<u>\$ 300,000</u>

THE GATHERING PLACE
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

7. Long Term Debt (continued)

Principal repayments on the long term debt for the next five years and thereafter are as follows:

2018	\$ 9,200
2019	9,700
2020	10,200
2021	10,700
2022	11,300
Thereafter	<u>240,877</u>
	<u>\$ 291,977</u>

8. Deferred Capital Contributions

Deferred capital contributions represents the unamortized capital contributions used to purchase capital assets.

The amortization of capital contributions is recorded as revenue in the statement of operations.

	<u>2017</u>	<u>2016</u>
Balance beginning of year	\$ 79,954	\$ 53,275
Add: contributions received	46,461	32,927
Less: amounts amortized to revenue	<u>(6,248)</u>	<u>(6,248)</u>
Balance end of year	<u>\$ 120,167</u>	<u>\$ 79,954</u>

9. Restrictions On Net Assets

Internally restricted net assets represents amounts set aside by the Board of Directors, together with interest thereon, and is available for use under certain circumstances as determined by the board.

THE GATHERING PLACE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

10. DNSSAB Funding

The District of Nipissing Social Services Administration Board funded programs as follows:

	<u>Souper Supper and Sit-Down Saturdays</u>	<u>Food Skills Programming</u>	<u>Total</u>
Received	\$ 60,000	\$ 17,556	\$ 77,556
Expenditures			
Wages and benefits	16,250	1,191	17,441
Food	16,250		16,250
	<u>32,500</u>	<u>1,191</u>	<u>33,691</u>
Deferred revenue	\$ 27,500	\$ 16,365	\$ 43,865

11. Financial Risks And Concentration Of Risk

The organization is not exposed to significant credit, liquidity, currency, interest rate, or other price risks arising from its financial instruments.

There has been no change to these risk exposures from 2016.