

**THE GATHERING PLACE  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

**THE GATHERING PLACE**

**JUNE 30, 2018**

**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 - 13



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## INDEPENDENT AUDITOR'S REPORT

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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, 2018** 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 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 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, 2018, 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  
December 10, 2018

*Kendall, Sinclair,  
Casper & Daigle LLP*  
Chartered Professional Accountants  
Licensed Public Accountants

## STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2018

(With comparative figures as at June 30, 2017)

	<u>2018</u>	<u>2017</u>
<b><u>ASSETS</u></b>		
Current		
Cash (Note 2)		\$ 373,048
Accounts receivable (Note 3)	\$ 66,983	24,550
Prepaid expenses (Note 4)	2,663	4,143
	<u>69,646</u>	<u>401,741</u>
Funds held in trust (Note 8)	4,065	26,500
Capital assets (Note 5)	<u>1,050,906</u>	<u>504,865</u>
	<u>\$ 1,124,617</u>	<u>\$ 933,106</u>
<b><u>LIABILITIES</u></b>		
Current		
Bank indebtedness (Note 2)	\$ 63,810	
Accounts payable and accrued liabilities (Note 6)	88,104	\$ 3,600
Deferred revenue (Note 7)	7,500	311,630
Current portion of long term debt	9,700	9,200
	<u>169,114</u>	<u>324,430</u>
Funds held in trust (Note 8)	4,065	26,500
Long term debt (Note 9)	273,079	282,777
Deferred capital contributions (Note 10)	570,920	120,167
	<u>1,017,178</u>	<u>753,874</u>
<b><u>NET ASSETS</u></b>		
Unrestricted	(89,768)	23,797
Internally restricted (Note 11)		62,714
Internally restricted - capital assets	197,207	92,721
	<u>107,439</u>	<u>179,232</u>
	<u>\$ 1,124,617</u>	<u>\$ 933,106</u>

(See accompanying notes to financial statements)

## STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2018

(With comparative figures for 2017)

	<u>2018</u>	<u>2017</u>
<b><u>UNRESTRICTED</u></b>		
Balance beginning of year	\$ 23,797	\$ 85,714
Excess (deficiency) of revenue over expenses for the year	<u>(71,793)</u>	<u>(38,154)</u>
	<u>(47,996)</u>	<u>47,560</u>
Transfers from (to):		
Internally restricted - capital assets		
- purchase of capital assets	(560,179)	(65,509)
- long term debt repayments	(9,198)	(8,023)
- deferred capital contributions	457,001	46,460
- amortization of deferred capital contributions	(6,248)	(6,248)
- amortization of capital assets	14,138	13,345
Internally restricted	<u>62,714</u>	<u>(3,788)</u>
	<u>(41,772)</u>	<u>(23,763)</u>
Balance end of year	<u>\$ (89,768)</u>	<u>\$ 23,797</u>
<b><u>INTERNALLY RESTRICTED</u></b>		
Balance beginning of year	\$ 62,714	\$ 58,926
Transfer from (to) unrestricted	<u>(62,714)</u>	<u>3,788</u>
Balance end of year	<u>\$</u>	<u>\$ 62,714</u>
<b><u>INTERNALLY RESTRICTED - CAPITAL ASSETS</u></b>		
Balance beginning of year	\$ 92,721	\$ 72,746
Transfers from (to) unrestricted		
- purchase of capital assets	560,179	65,509
- long term debt repayments	9,198	8,023
- deferred capital contributions	(457,001)	(46,460)
- amortization of deferred capital contributions	6,248	6,248
- amortization of capital assets	<u>(14,138)</u>	<u>(13,345)</u>
Balance end of year	<u>\$ 197,207</u>	<u>\$ 92,721</u>

(See accompanying notes to financial statements)



## STATEMENT OF OPERATIONS

FOR THE YEAR ENDED JUNE 30, 2018

(With comparative figures for 2017)

	<u>2018</u>	<u>2017</u>
Revenue		
Fundraising and donations	\$ 236,778	\$ 228,525
Capital campaign donations	189,236	200,725
Wage subsidies	54,397	51,665
DNSSAB funding (Note 13)	17,254	77,556
Other	10,555	8,903
Amortization of deferred capital contributions	6,248	6,248
Prior year deferred revenue	43,865	113,501
	<u>558,333</u>	<u>687,123</u>
Deferred revenue - United Way	(7,500)	
- Capital campaign		(267,765)
- DNSSAB (Note 13)		(43,865)
Deferred capital contributions	<u>(189,236)</u>	<u>(46,460)</u>
	<u>361,597</u>	<u>329,033</u>
Expenses		
Wages and benefits	280,865	225,984
Food and kitchen supplies	29,859	44,049
Rent	21,336	15,061
Office	20,958	16,018
Utilities	19,862	19,328
Professional fees	10,195	5,405
Property taxes	7,564	7,008
Teaching kitchens	7,292	
Repairs and maintenance	5,321	4,468
Good Food Box	4,634	
Insurance	3,622	3,945
Garden supplies	2,622	5,327
Advertising and promotion	2,407	2,736
Interest and bank charges	2,006	1,654
Security	635	718
Board	74	530
Fundraising		1,611
Amortization	14,138	13,345
	<u>433,390</u>	<u>367,187</u>
Excess (deficiency) of revenue over expenses for the year	<u>\$ (71,793)</u>	<u>\$ (38,154)</u>

(See accompanying notes to financial statements)

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

(With comparative figures for 2017)

	<u>2018</u>	<u>2017</u>
Cash was provided by (used for):		
Operating activities		
Excess (deficiency) of revenue over expenses for the year	\$ (71,793)	\$ (38,154)
Item not affecting cash		
Amortization (net)	<u>7,890</u>	<u>7,097</u>
	(63,903)	(31,057)
Changes in non-cash working capital		
(Increase) decrease in:		
Accounts receivable	(42,433)	(9,145)
Prepaid expenses	1,480	(2,538)
Increase (decrease) in:		
Accounts payable and accrued liabilities	84,504	
Deferred revenue	<u>(304,130)</u>	<u>198,129</u>
	<u>(324,482)</u>	<u>155,389</u>
Financing activities		
Deferred capital contributions	457,001	46,460
Long term debt repayments	<u>(9,198)</u>	<u>(8,023)</u>
	447,803	38,437
Investing activities		
Purchase of capital assets	<u>(560,179)</u>	<u>(65,509)</u>
Increase (decrease) in cash	(436,858)	128,317
Cash beginning of year	<u>373,048</u>	<u>244,731</u>
Cash (bank indebtedness) end of year	<u>\$ (63,810)</u>	<u>\$ 373,048</u>

(See accompanying notes to financial statements)



## THE GATHERING PLACE

### NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

#### 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) 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.

##### c) Cash And Cash Equivalents

Cash is defined as cash on hand, cash on deposit, and operating line of credit, net of cheques issued and outstanding at the reporting date.

##### d) 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.

**THE GATHERING PLACE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

e) Use Of Estimates

The preparation of the financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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.

f) 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.

2. **Cash (Bank Indebtedness)**

	<u>2018</u>	<u>2017</u>
Cash (bank indebtedness) consists of:		
Cash in bank	\$ 40,609	\$ 387,151
Cash on hand	1,150	1,150
Gift certificates	1,117	417
Cheques issued and outstanding	<u>(106,686)</u>	<u>(15,670)</u>
	<u>\$ (63,810)</u>	<u>\$ 373,048</u>

The organization has an operating line of credit available to a maximum of \$200,000, secured by general security agreement, bearing interest at prime + 1.55%. The balance at June 30, 2018 is \$Nil.

3. **Accounts Receivable**

	<u>2018</u>	<u>2017</u>
Accounts receivable consists of:		
HST rebate	\$ 45,469	\$ 10,217
NOHFC accrual	12,829	14,333
DNSSAB	5,581	
Canada Summer Jobs	2,190	
Trade	<u>914</u>	
	<u>\$ 66,983</u>	<u>\$ 24,550</u>

**THE GATHERING PLACE**  
**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2018**

**4. Prepaid Expenses**

	<u>2018</u>	<u>2017</u>
Prepaid expenses consists of:		
Rent	\$ 1,799	\$ 3,299
Parking	421	410
Insurance	303	294
Telephone	140	140
	<u>\$ 2,663</u>	<u>\$ 4,143</u>

**5. Capital Assets**

	<u>2018</u>			<u>2017</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>	<u>Net</u>
Land	\$ 76,326		\$ 76,326	\$ 76,326
Buildings	1,030,942	\$ 81,341	949,601	396,045
Garden infrastructure	34,460	23,895	10,565	14,011
Furniture and equipment	86,347	85,267	1,080	1,339
Leasehold improvements	19,049	5,715	13,334	17,144
	<u>\$ 1,247,124</u>	<u>\$ 196,218</u>	<u>\$ 1,050,906</u>	<u>\$ 504,865</u>

Buildings include \$898,487 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.

**6. Accounts Payable And Accrued Liabilities**

	<u>2018</u>	<u>2017</u>
Accounts payable and accrued liabilities consists of:		
JaCon payable	\$ 82,104	
Audit accrual	6,000	\$ 3,600
	<u>\$ 88,104</u>	<u>\$ 3,600</u>

**THE GATHERING PLACE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**7. Deferred Revenue**

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

	2018	2017
Balance beginning of year	\$ 311,630	\$ 113,501
Add: Contributions received during the year		
- Capital campaign donations	189,236	200,724
- DNSSAB (Note 13)	17,254	77,556
- United Way	7,500	
	213,990	278,280
Less: Amounts recognized during the period		
- Capital campaign donations	457,001	46,460
- DNSSAB (Note 13)	61,119	33,691
	518,120	80,151
Balance end of year	\$ 7,500	\$ 311,630
Comprised of:		
United Way	\$ 7,500	
Capital campaign donations		\$ 267,765
DNSSAB		43,865
	\$ 7,500	\$ 311,630

**8. 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.

**9. Long Term Debt**

	2018	2017
5.25% mortgage payable, secured by land and building (net book value \$1,025,927), repayable in blended monthly payments of \$2,012, due July, 2020	\$ 282,779	\$ 291,977
Less: current portion	9,700	9,200
	\$ 273,079	\$ 282,777



**THE GATHERING PLACE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**9. Long Term Debt (continued)**

Principal repayments on the long-term debt for the next five years and thereafter, assuming the debt is renegotiated under similar terms and conditions, are as follows:

2019	\$ 9,700
2020	10,200
2021	10,700
2022	11,300
2023	11,900
Thereafter	<u>228,979</u>
	<u>\$ 282,779</u>

**10. 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>2018</u>	<u>2017</u>
Balance beginning of year	\$ 120,167	\$ 79,954
Add: contributions received	457,001	46,461
Less: amounts amortized to revenue	<u>(6,248)</u>	<u>(6,248)</u>
Balance end of year	<u>\$ 570,920</u>	<u>\$ 120,167</u>

Amortization revenue is only recorded on funding where the related assets are in use at the end of the fiscal year.

**11. 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.

**12. Related Party Transactions**

During the year, the organization paid \$8,340 (2017 - \$Nil) in training fees within office expenses to a company controlled by the Executive Director. The transactions were carried out in the normal course of business. They are measured at the exchange amount, which is the consideration established and agreed to by the related parties.



**THE GATHERING PLACE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**13. DNSSAB Funding**

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

	Souper Supper and Sit-Down Saturdays	Food Skills Programming	Good Food Box	Learning to Live	Warming Centre	Total 2018	Total 2017
Deferred revenue beginning of year	\$ 27,500	\$ 16,365				\$ 43,865	
Received			\$ 5,407	\$ 10,347	\$ 1,500	17,254	\$ 77,556
Expenditures							
Wages and benefits	13,750	13,097	3,000	7,691		37,538	17,441
Food	13,750					13,750	16,250
Training		2,268				2,268	
Equipment		1,000				1,000	
Travel			655			655	
Supplies			536	1,940	1,500	3,976	
Distribution costs			500			500	
Administration costs			716	716		1,432	
	<u>27,500</u>	<u>16,365</u>	<u>5,407</u>	<u>10,347</u>	<u>1,500</u>	<u>61,119</u>	<u>33,691</u>
Deferred revenue end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,865</u>

**14. Financial Risks And Concentration Of Risk**

The organization is exposed to various risks through its financial instruments, without being exposed to concentrations of risk. The following analysis provides a measure of the organizations' risk exposure as at June 30, 2018.

a) Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its long term debt and accounts payable.

b) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The organization's main credit risk exposure is from the HST rebate. The organization records the rebate on HST as per guidance from the Canada Revenue Agency.

**THE GATHERING PLACE**  
**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2018**

**14. Financial Risks And Concentration Of Risk (continued)**

c) 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 variable rate line of credit.

The change in risk exposures is due to the purchase, renovation and financing of The Gathering Place's new location.