

**THE GATHERING PLACE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

THE GATHERING PLACE

JUNE 30, 2020

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INDEPENDENT AUDITOR'S REPORT

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

Qualified Opinion

We have audited the financial statements of **The Gathering Place**, which comprise the statement of financial position as at **June 30, 2020**, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, 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, 2020, 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.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the organization derives revenue from donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the organization. Therefore, we were not able to determine whether any adjustments might be necessary to donations and fundraising revenue, excess of revenue over expenses and cash flows from operations for the years ended June 30, 2020 and 2019, current assets as at June 30, 2020 and 2019, and net assets as at July 1 and June 30 for both the 2020 and 2019 years. Our audit opinion on the financial statements for the year ended June 30, 2019 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Responsibilities of Management and Those Charged with Governance of the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for over-seeing the organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

North Bay, Ontario
January 13, 2021

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

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2020

(With comparative figures as at June 30, 2019)

	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>		
Current		
Cash (Note 2)	\$ 148,991	\$ 8,784
Accounts receivable (Note 3)	23,127	41,172
Prepaid expenses (Note 4)	1,123	1,497
	<u>173,241</u>	<u>51,453</u>
Capital assets (Note 5)	<u>611,304</u>	<u>642,368</u>
	<u>\$ 784,545</u>	<u>\$ 693,821</u>
<u>LIABILITIES</u>		
Current		
Accounts payable and accrued liabilities (Note 6)	\$ 32,185	\$ 36,440
Government remittances payable	29,088	
Deferred revenue (Note 7)		3,300
Current portion of long term debt	22,800	23,600
	<u>84,073</u>	<u>63,340</u>
Long term debt (Note 8)	494,274	460,275
Deferred capital contributions (Note 9)	112,778	113,532
	<u>691,125</u>	<u>637,147</u>
<u>NET ASSETS</u>		
Unrestricted	81,969	11,713
Internally restricted - capital assets	11,451	44,961
	<u>93,420</u>	<u>56,674</u>
	<u>\$ 784,545</u>	<u>\$ 693,821</u>

(See accompanying notes to financial statements)

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2020

(With comparative figures for 2019)

<u>UNRESTRICTED</u>	<u>2020</u>	<u>2019</u>
Balance beginning of year		
As previously stated	\$ (61,900)	\$ (89,768)
Correction of prior period (Note 15)	73,613	
As restated	<u>11,713</u>	<u>(89,768)</u>
Excess (deficiency) of revenue over expenses for the year	<u>36,746</u>	<u>(50,765)</u>
	<u>48,459</u>	<u>(140,533)</u>
Transfers from (to):		
Internally restricted - capital assets		
- amortization of capital assets	43,073	40,423
- loan proceeds	17,425	578,467
- additions to deferred capital contributions	10,467	34,216
- (gain) loss on disposal of capital assets	9,524	(58,203)
- amortization of deferred capital contributions	(11,221)	(33,297)
- long term debt repayments	(14,225)	(377,371)
- purchase of capital assets	(21,533)	(177,632)
- write-down of capital asset		458,307
- proceeds on disposal of capital assets		145,643
- write-down of deferred capital contributions		(458,307)
	<u>33,510</u>	<u>152,246</u>
Balance end of year	<u>\$ 81,969</u>	<u>\$ 11,713</u>
<u>INTERNALLY RESTRICTED - CAPITAL ASSETS</u>		
Balance beginning of year		
As previously stated	\$ 114,893	\$ 197,207
Correction of prior period (Note 15)	(69,932)	
As restated	<u>44,961</u>	<u>197,207</u>
Transfers from (to) unrestricted		
- purchase of capital assets	21,533	177,632
- long term debt repayments	14,225	377,371
- amortization of deferred capital contributions	11,221	33,297
- (gain) loss on disposal of capital assets	(9,524)	58,203
- additions to deferred capital contributions	(10,467)	(34,216)
- loan proceeds	(17,425)	(578,467)
- amortization of capital assets	(43,073)	(40,423)
- write-down of deferred capital contributions		458,307
- proceeds on disposal of capital assets		(145,643)
- write-down of capital asset		(458,307)
Balance end of year	<u>\$ 11,451</u>	<u>\$ 44,961</u>

(See accompanying notes to financial statements)

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED JUNE 30, 2020

(With comparative figures for 2019)

	<u>2020</u>	<u>2019</u>
Revenue		
Fundraising and donations	\$ 362,081	\$ 330,728
DNSSAB funding	120,830	65,000
Wage subsidies	53,709	30,221
Capital campaign donations	5,000	34,216
Other	17,706	7,031
Amortization of deferred capital contributions	11,221	33,297
Prior year deferred revenue	3,300	7,500
	<u>573,847</u>	<u>507,993</u>
Deferred revenue - United Way		(3,300)
Deferred capital contributions	<u>(5,000)</u>	<u>(34,216)</u>
	<u>568,847</u>	<u>470,477</u>
Expenses		
Wages and benefits	337,152	342,986
Office	32,494	21,382
Interest on long term debt	21,037	24,381
Food and kitchen supplies	17,364	22,280
Property taxes	15,923	18,630
Utilities	15,526	20,718
Repairs and maintenance	11,689	7,746
Professional fees	9,562	14,796
Good Food Box	5,617	7,139
Insurance	5,595	4,118
Rent	2,219	16,126
Interest and bank charges	1,702	9,212
Garden supplies	1,695	1,863
Fundraising	903	1,029
Advertising and promotion	690	9,397
Security	336	937
Moving costs		15,368
Bad debt		914
Amortization	43,073	40,423
	<u>522,577</u>	<u>579,445</u>
Excess (deficiency) of revenue over expenses before the following	<u>46,270</u>	<u>(108,968)</u>
Gain (loss) on disposal of capital assets	(9,524)	58,203
Write-down of capital asset		(458,307)
Write-down of deferred capital contributions		458,307
	<u>(9,524)</u>	<u>58,203</u>
Excess (deficiency) of revenue over expenses for the year	<u>\$ 36,746</u>	<u>\$ (50,765)</u>

(See accompanying notes to financial statements)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

(With comparative figures for 2019)

	2020	2019
Cash was provided by (used for):		
Operating activities		
Excess (deficiency) of revenue over expenses for the year	\$ 36,746	\$ (50,765)
Item not affecting cash		
Amortization (net)	31,852	7,126
(Gain) loss on disposal of capital assets	9,524	(58,203)
Write-down of capital asset		458,307
Write-down of deferred capital contributions		(458,307)
	78,122	(101,842)
Changes in non-cash working capital		
(Increase) decrease in:		
Accounts receivable	18,045	25,811
Prepaid expenses	374	1,166
Increase (decrease) in:		
Accounts payable and accrued liabilities	(4,255)	(51,664)
Government remittances payable	29,088	
Deferred revenue	(3,300)	(4,200)
	118,074	(130,729)
Financing activities		
Deferred capital contributions	10,467	34,216
Loan proceeds	57,424	578,467
Forgivable portion of long term debt	(10,000)	
Long term debt repayments	(14,225)	(377,371)
	43,666	235,312
Investing activities		
Purchase of capital assets	(21,533)	(177,632)
Proceeds on disposal of capital assets		145,643
	(21,533)	(31,989)
Increase in cash	140,207	72,594
Cash (bank indebtedness) beginning of year	8,784	(63,810)
Cash end of year	\$ 148,991	\$ 8,784

(See accompanying notes to financial statements)

THE GATHERING PLACE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

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:

Building	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, 2020

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

	<u>2020</u>	<u>2019</u>
Cash in bank	\$ 155,233	\$ 10,407
Gift certificates	6,230	2,924
Cash on hand	116	1,150
Cheques issued and outstanding	<u>(12,588)</u>	<u>(5,697)</u>
	<u>\$ 148,991</u>	<u>\$ 8,784</u>

The organization has an operating line of credit available to a maximum of \$50,000, secured by general security agreement, bearing interest at prime. The balance at June 30, 2020 is \$Nil (2019 - \$Nil).

3. Accounts Receivable

	<u>2020</u>	<u>2019</u>
Canada Summer Jobs	\$ 10,405	
Coldest Night of the Year	10,277	
HST rebate	1,619	\$ 31,122
Metis Nation of Ontario accrual	826	1,922
NOHFC		7,797
Trade		<u>331</u>
	<u>\$ 23,127</u>	<u>\$ 41,172</u>

THE GATHERING PLACE
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

4. Prepaid Expenses

	<u>2020</u>	<u>2019</u>
Licences	\$ 1,123	
Rent		\$ 1,150
Insurance		347
	<u>\$ 1,123</u>	<u>\$ 1,497</u>

5. Capital Assets

	<u>2020</u>		<u>2019</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>
Land	\$ 40,000		\$ 40,000
Building	610,000	\$ 61,000	549,000
Garden infrastructure	34,460	30,787	7,119
Furniture and equipment	113,840	95,209	6,225
Leasehold improvements			9,524
	<u>\$ 798,300</u>	<u>\$ 186,996</u>	<u>\$ 642,368</u>

6. Accounts Payable And Accrued Liabilities

	<u>2020</u>	<u>2019</u>
Trade	\$ 12,418	\$ 11,228
Wage accrual	11,767	
Audit accrual	8,000	8,000
JaCon payable		17,212
	<u>\$ 32,185</u>	<u>\$ 36,440</u>

THE GATHERING PLACE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

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:

	<u>2020</u>	<u>2019</u>
Balance beginning of year	\$ 3,300	\$ 7,500
Add: Contributions received during the year		
- DNSSAB	120,830	65,000
- United Way	27,730	7,140
- Capital campaign donations	5,000	34,216
	<u>153,560</u>	<u>106,356</u>
Less: Amounts recognized during the period		
- DNSSAB	120,830	65,000
- United Way	31,030	11,340
- Capital campaign donations	5,000	34,216
	<u>156,860</u>	<u>110,556</u>
Balance end of year	<u>\$</u>	<u>\$ 3,300</u>
Comprised of:		
United Way	<u>\$</u>	<u>\$ 3,300</u>

8. Long Term Debt

	<u>2020</u>	<u>2019</u>
6.40% mortgage payable, secured by land and building (net book value \$589,000), repayable in blended monthly payments of \$4,408, due October, 2023	\$ 487,074	\$ 483,875
Canada Emergency Business Account (CEBA) loan, interest free, unsecured, due December, 2022	<u>30,000</u>	<u> </u>
	517,074	483,875
Less: current portion	<u>22,800</u>	<u>23,600</u>
	<u>\$ 494,274</u>	<u>\$ 460,275</u>

The organization received CEBA loan proceeds of \$40,000 during the year, 25% of which is forgivable if the loan balance is repaid on or before December 31, 2022. The 25% forgivable portion is included in revenue, and is repayable should the loan balance not be repaid by December 31, 2022.

THE GATHERING PLACE
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

8. 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:

2021	\$	22,800
2022		54,300
2023		25,800
2024		27,500
2025		29,300
Thereafter		<u>357,374</u>
	<u>\$</u>	<u>517,074</u>

9. 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>2020</u>	<u>2019</u>
Balance beginning of year	\$ 113,532	\$ 570,920
Add: contributions received	10,467	34,216
Less: amounts amortized to revenue	(11,221)	(9,331)
recognition of unamortized portion of deferred capital contributions related to disposed capital asset		(23,966)
Write-down of deferred capital contributions		<u>(458,307)</u>
Balance end of year	<u>\$ 112,778</u>	<u>\$ 113,532</u>

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

10. 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, 2020

11. Related Party Transactions

	2020	2019
Training fees within office expenses		
Paid to executive director	\$ 2,470	\$ 3,400
Contract work on renovations to the new building capitalized in the year, paid to board chair		3,378

These transactions were carried out in the normal course of operations. They are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

12. Contingency

The organization receives various pockets of funding from the District of Nipissing Social Services Administration Board (DNSSAB). Pursuant to the related agreements, funding is reconciled by the funder subsequent to the issuance of the financial statements. These reconciliations can cause adjustments to the amounts recorded as payable by the organization. These adjustments are charged to net assets in the period in which the adjustments are determined.

13. 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, 2020.

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.

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.

There has been no change to risk exposures from 2019.

THE GATHERING PLACE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

14. Subsequent Event

On March 11, 2020, the World Health Organization announced that COVID-19 was a pandemic. The impact of this has been seen throughout the world including Canada. On March 25, 2020, the Ontario government required the shut down of all non-essential businesses. The Gathering Place met the classification of an essential business and its operations and services remained functional. During the year, District of Nipissing Social Services Administration Board (DNSSAB) provided one-time COVID-19 relief funding of \$40,830 to cover significant related expenditures to ensure the organization can function during these difficult times. There has been no impact on the amounts reported on the statement of financial position and statements of operations and cash flows for the year ended June 30, 2020, however the impact subsequent to year end on the company's assets, liabilities, revenue and expenses remains to be determined.

15. Prior Period Adjustment

In 2019, the organization overstated accounts payable, deferred capital contributions and related amortization due to a trade payable that was set up and subsequently settled through litigation.

For comparative purposes the prior year figures have been restated as follows:

	<u>Increase</u>	<u>Decrease</u>
Unrestricted	\$ 73,613	
Deferred capital contributions	69,952	
Amortization of deferred capital contributions	3,681	
Write-down of deferred capital contribution		\$ 73,614
Accounts receivable		6,420
Accounts payable and accrued liabilities		80,033
Internally restricted - capital assets		69,932
Write-down of capital asset		73,614