

**THE GATHERING PLACE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

THE GATHERING PLACE

JUNE 30, 2021

INDEX

Independent Auditor's Report	1 - 3
Financial Statements	
Statement of Financial Position	4
Statement of Changes in Net Assets (Deficit)	5
Statement of Operations	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 13



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, 2021**, 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, 2021, 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, 2021 and 2020, current assets as at June 30, 2021 and 2020, and net assets as at July 1 and June 30 for both the 2021 and 2020 years. Our audit opinion on the financial statements for the year ended June 30, 2020 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
December 18, 2021

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

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2021

(With comparative figures as at June 30, 2020)

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
Current		
Cash (Note 2)		\$ 148,991
Accounts receivable (Note 3)	\$ 72,193	23,127
Prepaid expenses	1,926	1,123
	<u>74,119</u>	<u>173,241</u>
Capital assets (Note 4)	<u>670,270</u>	<u>611,304</u>
	<u>\$ 744,389</u>	<u>\$ 784,545</u>
<u>LIABILITIES</u>		
Current		
Bank indebtedness (Note 2)	\$ 14,966	
Accounts payable and accrued liabilities (Note 5)	32,447	\$ 32,185
Government remittances payable		29,088
Deferred revenue (Note 6)	32,316	
Current portion of long term debt	23,500	22,800
	<u>103,229</u>	<u>84,073</u>
Long term debt (Note 7)	482,364	494,274
Deferred capital contributions (Note 8)	171,671	112,778
	<u>757,264</u>	<u>691,125</u>
<u>NET ASSETS (DEFICIT)</u>		
Unrestricted (deficit)	(35,609)	81,969
Internally restricted - capital assets	22,734	11,451
	<u>(12,875)</u>	<u>93,420</u>
	<u>\$ 744,389</u>	<u>\$ 784,545</u>

(See accompanying notes to financial statements)

STATEMENT OF CHANGES IN NET ASSETS (DEFICIT)

FOR THE YEAR ENDED JUNE 30, 2021

(With comparative figures for 2020)

<u>UNRESTRICTED (DEFICIT)</u>	<u>2021</u>	<u>2020</u>
Balance beginning of year		
As previously stated	\$ 81,969	\$ (61,900)
Correction of prior period		73,613
As restated	<u>81,969</u>	<u>11,713</u>
Excess (deficiency) of revenue over expenses for the year	<u>(106,295)</u>	<u>36,746</u>
	<u>(24,326)</u>	<u>48,459</u>
Transfers from (to):		
Internally restricted - capital assets		
- additions to deferred capital contributions	97,300	10,467
- amortization of capital assets	86,808	43,073
- long term debt repayments	(11,210)	(14,225)
- amortization of deferred capital contributions	(38,407)	(11,221)
- purchase of capital assets	(145,774)	(21,533)
- loan proceeds		17,425
- loss on disposal of capital assets		9,524
	<u>(11,283)</u>	<u>33,510</u>
Balance end of year	<u>\$ (35,609)</u>	<u>\$ 81,969</u>
<u>INTERNALLY RESTRICTED - CAPITAL ASSETS</u>		
Balance beginning of year		
As previously stated	\$ 11,451	\$ 114,893
Correction of prior period		(69,932)
As restated	<u>11,451</u>	<u>44,961</u>
Transfers from (to) unrestricted		
- purchase of capital assets	145,774	21,533
- amortization of deferred capital contributions	38,407	11,221
- long term debt repayments	11,210	14,225
- amortization of capital assets	(86,808)	(43,073)
- additions to deferred capital contributions	(97,300)	(10,467)
- loss on disposal of capital assets		(9,524)
- loan proceeds		(17,425)
Balance end of year	<u>\$ 22,734</u>	<u>\$ 11,451</u>

(See accompanying notes to financial statements)

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED JUNE 30, 2021

(With comparative figures for 2020)

	<u>2021</u>	<u>2020</u>
Revenue		
Fundraising and donations	\$ 441,136	\$ 362,081
DNSSAB	151,667	120,830
Ministry of the Environment, Conservation and Parks	85,000	
Wage subsidies	24,326	53,709
Ministry of Agriculture and Agri-Food	12,300	
Other	8,844	17,706
Capital campaign donations		5,000
Amortization of deferred capital contributions	38,407	11,221
	<u>761,680</u>	<u>570,547</u>
Add: Prior year deferred revenue		3,300
Less: Current year deferred revenue (Note 6)	(32,316)	
Deferred capital contributions (Note 8)	(97,300)	(5,000)
	<u>632,064</u>	<u>568,847</u>
Expenses		
Wages and benefits	415,699	337,152
Food and kitchen supplies	78,377	17,364
Interest on long term debt	41,683	21,037
Office	23,601	32,494
Program costs	18,106	
Property taxes	17,088	15,923
Utilities	15,381	15,526
Professional fees	12,403	9,562
Repairs and maintenance	10,296	11,689
Garden supplies	6,055	1,695
Insurance	5,941	5,595
Vehicle	2,728	
Advertising and promotion	1,934	690
Fundraising	982	903
Security	676	336
Interest and bank charges	601	1,702
Good Food Box		5,617
Rent		2,219
Amortization	86,808	43,073
	<u>738,359</u>	<u>522,577</u>
Excess (deficiency) of revenue over expenses before the following	(106,295)	46,270
Loss on disposal of capital assets		(9,524)
Excess (deficiency) of revenue over expenses for the year	<u>\$ (106,295)</u>	<u>\$ 36,746</u>

(See accompanying notes to financial statements)

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2021

(With comparative figures for 2020)

	<u>2021</u>	<u>2020</u>
Cash was provided by (used for):		
Operating activities		
Excess (deficiency) of revenue over expenses for the year	\$ (106,295)	\$ 36,746
Items not affecting cash		
Amortization (net)	48,401	31,852
Loss on disposal of capital assets		9,524
	<u>(57,894)</u>	<u>78,122</u>
Changes in non-cash working capital		
(Increase) decrease in:		
Accounts receivable	(49,066)	18,045
Prepaid expenses	(803)	374
Increase (decrease) in:		
Accounts payable and accrued liabilities	262	(4,255)
Government remittances payable	(29,088)	29,088
Deferred revenue	32,316	(3,300)
	<u>(104,273)</u>	<u>118,074</u>
Financing activities		
Deferred capital contributions	97,300	10,467
Loan proceeds		57,424
Forgivable portion of long term debt		(10,000)
Long term debt repayments	(11,210)	(14,225)
	<u>86,090</u>	<u>43,666</u>
Investing activities		
Purchase of capital assets	<u>(145,774)</u>	<u>(21,533)</u>
Increase (decrease) in cash	(163,957)	140,207
Cash beginning of year	<u>148,991</u>	<u>8,784</u>
Cash (bank indebtedness) end of year	<u>\$ (14,966)</u>	<u>\$ 148,991</u>

(See accompanying notes to financial statements)

THE GATHERING PLACE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

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%
Vehicles	30%
Furniture and equipment	30%

THE GATHERING PLACE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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, the valuation of allowances for accounts receivable and the allocation of program expenses. 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>2021</u>	<u>2020</u>
Cash in bank	\$ 30,638	\$ 155,233
Cash on hand	200	116
Cheques issued and outstanding	(17,112)	(12,588)
Line of credit	(28,692)	
Gift certificates		6,230
	<u>\$ (14,966)</u>	<u>\$ 148,991</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, 2021 is \$28,692 (2020 - \$Nil).

3. **Accounts Receivable**

	<u>2021</u>	<u>2020</u>
District of Nipissing Social Services Administration Board	\$ 51,667	
HST rebate	14,098	\$ 1,619
Canada Summer Jobs	5,198	10,405
Minister of Agriculture and Agri-Food	1,230	
Coldest Night of the Year		10,277
Metis Nation of Ontario accrual		826
	<u>\$ 72,193</u>	<u>\$ 23,127</u>

THE GATHERING PLACE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

4. **Capital Assets**

	2021			2020
	Cost	Accumulated Amortization	Net	Net
Land	\$ 40,000		\$ 40,000	\$ 40,000
Building	610,000	\$ 91,500	518,500	549,000
Garden infrastructure	34,460	34,236	224	3,673
Vehicles	89,133	26,740	62,393	
Furniture and equipment	172,333	123,180	49,153	18,631
	\$ 945,926	\$ 275,656	\$ 670,270	\$ 611,304

5. **Accounts Payable And Accrued Liabilities**

	2021	2020
Wage accrual	\$ 15,401	\$ 11,767
Audit accrual	9,500	8,000
Trade	7,546	12,418
	\$ 32,447	\$ 32,185

THE GATHERING PLACE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

6. 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>2021</u>	<u>2020</u>
Balance beginning of year	\$ _____	\$ 3,300
Add: Contributions received during the year		
- DNSSAB	151,667	120,830
- United Way	73,852	27,730
- Capital campaign donations	_____	5,000
	<u>225,519</u>	<u>153,560</u>
Less: Amounts recognized during the period		
- DNSSAB	123,667	120,830
- United Way	69,536	31,030
- Capital campaign donations	_____	5,000
	<u>193,203</u>	<u>156,860</u>
Balance end of year	<u>\$ 32,316</u>	<u>\$ _____</u>
Comprised of:		
- DNSSAB	\$ 28,000	\$ _____
- United Way	4,316	_____
	<u>\$ 32,316</u>	<u>\$ _____</u>

7. Long Term Debt

	<u>2021</u>	<u>2020</u>
6.40% mortgage payable, secured by land and building (net book value \$558,500), repayable in blended monthly payments of \$4,408, due October, 2023	\$ 475,864	\$ 487,074
Canada Emergency Business Account (CEBA) loan, interest free, unsecured, due December, 2022	<u>30,000</u>	<u>30,000</u>
	505,864	517,074
Less: current portion	<u>23,500</u>	<u>22,800</u>
	<u>\$ 482,364</u>	<u>\$ 494,274</u>

The organization received CEBA loan proceeds of \$40,000 during the prior year, 25% of which is forgivable if the loan balance is repaid on or before December 31, 2022. The 25% forgivable portion was 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, 2021

7. 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:

2022	\$	23,500
2023		55,000
2024		26,700
2025		28,400
2026		30,200
Thereafter		<u>318,564</u>
	\$	<u><u>482,364</u></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>2021</u>	<u>2020</u>
Balance beginning of year	\$ 112,778	\$ 113,532
Add: contributions received	97,300	10,467
Less: amounts amortized to revenue	<u>(38,407)</u>	<u>(11,221)</u>
Balance end of year	<u><u>\$ 171,671</u></u>	<u><u>\$ 112,778</u></u>

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

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, 2021

10. Related Party Transactions

	2021	2020
Training fees within office expenses		
Paid to executive director	\$ 703	\$ 2,470

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.

11. 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.

12. 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, 2021.

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 2020.