

THE GATHERING PLACE  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022

KENDALL, SINCLAIR, COWPER, DAIGLE & HOULDEN LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

THE GATHERING PLACE

JUNE 30, 2022

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## NDEPENDENT AUDITOR'S REPORT

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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, 2022, 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, 2022, 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, 2022 and 2021, current assets as at June 30, 2022 and 2021, and net assets as at July 1 and June 30 for both the 2022 and 2021 years. Our audit opinion on the financial statements for the year ended June 30, 2021 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  
February 28, 2023

Kendall, Sinclair, Cooper,  
Daigle & Houlden LLP  
Chartered Professional Accountants

Licensed Public Accountants

THE GATHERING PLACE

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STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2022

(With comparative figures as at June 30, 2021)

	2022	2021
	<u>ASSETS</u>	
Current		
Cash (Note 2)	\$ 41,976	
Accounts receivable (Note 3)	24,775	\$ 72,193
Prepaid expenses	1,275	1,926
	68,026	74,119
Capital assets (Note 4)	588,464	670,270
	<u>\$ 656,490</u>	<u>\$ 744,389</u>
	106,061	103,229
Long term debt (Note 7)	457,755	482,364
Deferred capital contributions (Note 8)	136,705	171,671
	<u>LIABILITIES</u>	
Current		
Bank indebtedness (Note 2)		\$ 14,966
Accounts payable and accrued liabilities (Note 5)	\$ 30,206	32,447
Government remittances payable	24,855	
Deferred revenue (Note 6)	26,000	32,316
	<u>\$ 744,389</u>	<u>\$ 656,490</u>

(See accompanying notes to financial statements)

THE GATHERING PLACE		5
Current portion of long term debt	25,000	23,500
	<u>700,521</u>	<u>757,264</u>

NET ASSETS (DEFICIT)

Unrestricted (deficit)	(43,035)	(35,609)
Internally restricted (deficit) - capital assets	(996)	22,734
	<u>(44,031)</u>	<u>(12,875)</u>

STATEMENT OF CHANGES IN NET ASSETS  
(DEFICIT)

FOR THE YEAR ENDED JUNE 30, 2022

(With comparative figures for 2021)

	2022	2021
<u>UNRESTRICTED (DEFICIT)</u>		
Balance beginning of year	\$ (35,609)	\$ 81,969
Excess (deficiency) of revenue over expenses for the year	<u>(31,156)</u>	(106,295)
	<u>(66,765)</u>	<u>(24,326)</u>
Transfers from (to):		
Internally restricted (deficit) - capital assets		
- amortization of capital assets	81,807	86,808
- long term debt repayments	(23,111)	(11,210)
- amortization of deferred capital contributions	(34,966)	(38,407)
- additions to deferred capital contributions		97,300
- purchase of capital assets		<u>(145,774)</u>
Balance end of year	\$ (43,035)	(35,609)

(See accompanying notes to financial statements)

THE GATHERING PLACE

23,730 (1,1283)

\$ (35,609)

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INTERNALLY RESTRICTED (DEFICIT) • CAPITAL ASSETS

Balance beginning of year \$ 22,734

Transfers from (to) unrestricted

- amortization of deferred capital contributions 34,966 38,407

- long term debt repayments 23,111

- amortization of capital assets (81,807) (86,808)

- purchase of capital assets 145,774

- additions to deferred capital contributions (97,300) \$ 22,734

Balance end of year \$ (996) 22,734

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED JUNE 30,  
2022

(With comparative figures for 2021)

	<u>2021</u>	2022
Revenue		
Fundraising and donations	\$ 487,722	\$ 441,136
DNSSAB	128,283	151,667
Wage subsidies	50,691	24,326
Other		8,844
Ministry of the Environment, Conservation and Parks		85,000
	708,979	761,568
Add: Prior year deferred revenue	32,316	
Less: Current year deferred revenue (Note 6)	(26,000)	(32,316)
Deferred capital contributions (Note 8)		(97,300)

(See accompanying notes to financial statements)



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Ministry of Agriculture and Agri-Food		12,300
Amortization of deferred capital contributions	34,966	38,407
	<u>715,295</u>	<u>632,064</u>

Expenses

Wages and benefits	454,911	415,699
Food and kitchen supplies	73,444	78,377
Interest on long term debt	30,056	41,968
Office	21,209	23,601
Utilities		
Property taxes	16,651	17,088
Repairs and maintenance	9,869	10,296
Vehicle	8,850	2,728
Professional fees		12,403
Insurance	6,308	
Program costs	5,804	
Interest and bank charges	4,386	601
Fundraising	3,709	982
Garden supplies	2,126	
Security	336	676
Advertising and promotion		1,934
Amortization	81,807	86,808

<u>Excess (deficiency) of revenue over expenses for the year</u>	<u>\$ (31,156)</u>	<u>\$ (106,295)</u>
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 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2022  
 (With comparative figures for 2021)

(See accompanying notes to financial statements)

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<u>          </u> Cash was provided by (used for):		
Operating activities		
Excess (deficiency) of revenue over expenses for the year	\$ (31,156)	\$ (106,295)
Item not affecting cash		
Amortization (net)	46,841	48,401
	15,685	(57,894)
Changes in non-cash working capital		
(Increase) decrease in:		
Accounts receivable	47,418	(49,066)
Prepaid expenses	651	(803)
Increase (decrease) in:		
Accounts payable and accrued liabilities	3,710	262
Government remittances payable	18,904	(29,088)
Deferred revenue	(6,316)	32,316
	2022	2021
	805052	(104,273)
Financing activities		
Deferred capital contributions		97,300
Long term debt repayments	(23,110)	(11,210)
	<u>(23,110)</u>	<u>86,090</u>
Investing activities		
Increase (decrease) in cash	56,942	(163,957)
Cash (bank indebtedness) beginning of year	(14,966)	148,991
<u>\$ (14,966)</u> Cash (bank indebtedness) end of year	<u>\$ 41,976</u>	<u>\$ (14,966)</u>

(See  
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Purchase of capital assets

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THE GATHERING PLACE  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

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, 2022  
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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)

	2022	2021
Cash in bank	38,789	\$ 30,638
Cash on hand		200
Gift certificates	1,200	
Cheques issued and outstanding		(28,692)
Line of credit		(14,966)
	\$ 41,976	\$ (14,966)

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, 2022 is \$Nil (2021 - \$28,692).

3. Accounts Receivable

	2022	2021
Canada Summer Jobs	1 1,610	\$ 5,198
HST rebate	1 1,055	14,098
Minister of Agriculture and Agri-Food 2,110 1.230 District of Nipissing Social Services Administration Board 51,667		
	\$ 24,775	\$ 72,193

4. Capital Assets

	Cost	Accumulated <u>Amortization</u>	Net	Net
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THE GATHERING PLACE  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

	2022			2021
Land	\$ 40,000		\$ 40,000	\$ 40,000
Building	610,000	\$ 122,000	488,000	518,500
Garden infrastructure	34,460	34,460		224
Vehicles	89,133	53,480	35,653	62,393
Furniture and equipment	172,333	147,522	24,811	49,153
	\$ 945,926	\$ 357,462	588,464	670,270
5. <u>Accounts Payable And Accrued Liabilities</u>				
			2022	2021
Trade			\$ 30,206	32,447
Audit accrual			20,706	\$ 7,546
Wage accrual			9,500	9,500
			15,401	15,401

THE GATHERING PLACE  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

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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>2022</u>	<u>2021</u>
Balance beginning of year	\$ 32,316	\$
Add: Contributions received during the year		
- DNSSAB 128,283 151,667		
- United Way 12,627 73,852		
	<u>140,910</u>	<u>225,519</u>
Less: Amounts recognized during the period		
- DNSSAB 130,283 123,667		
- United Way 16,943 69,536		
	<u>147,226</u>	<u>193,203</u>
Balance end of year	26,000	32,316
Comprised of:		
- DNSSAB 26,000 \$ 28,000		
- United Way 4,316		
	\$ 26,000	\$ 32,316

7. Long Term Debt

	<u>2022</u>	<u>2021</u>
6.40% mortgage payable, secured by land and building (net book value \$528,000), repayable in blended monthly payments of \$4,408, due October, 2023	452,755	\$ 475,864

Canada Emergency Business Account (CEBA) loan, interest free,

	482,755	505,864
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Less: current portion

	<u>25,000</u>	<u>23,000</u>
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THE GATHERING PLACE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

unsecured, due December, 2023	30,000	30,000
	s 457,755	482,364

The company received CEBA loan proceeds of \$40,000, of which \$10,000 is forgivable if the loan is repaid on or before December 31, 2023. The forgivable portion was included in prior year's revenue.

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:

2023	\$	25,000
2024		56,600
2025		28,400
2026		30,200
2027		32,200
Thereafter		310,355
		482,755

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.

		2022
	2021 \$	
	171,671	
Balance beginning of year	\$ 112,778	
Add: contributions received 97,300	(34,966)	
Less: amounts amortized to revenue (38,407)		
Balance end of year 171,671	\$ 136,705	

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.

10. Related Party Transactions



THE GATHERING PLACE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

Training fees within office expenses	\$ 950	\$ 703
Paid to executive director	\$ 950	\$ 703

These transactions were carried out in the nonnal 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, 2022.

#### 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 2021.