

**THE GATHERING PLACE**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

# THE GATHERING PLACE

JUNE 30, 2023

## 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 - 14



---

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

## Emphasis of Matter – Material Uncertainties Related to Going Concern

We draw attention to Note 14 to the financial statements, which indicates that there have been significant losses for the past three fiscal years, and, as of June 30, 2023, the organization's current liabilities exceeded its total current assets by \$227,161. These conditions, along with other matters set forth in Note 14, indicate the existence of a material uncertainty that may cast doubt about the organization's ability to continue as a going concern. Our opinion is not modified with respect to this matter.

## 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  
April 29, 2024

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

## STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2023

(With comparative figures as at June 30, 2022)

	<u>2023</u>	<u>2022</u>
<b><u>ASSETS</u></b>		
Current		
Cash (Note 2)	\$ 27,979	\$ 41,976
Accounts receivable (Note 3)	63,196	24,775
Prepaid expenses		1,275
	<u>91,175</u>	<u>68,026</u>
Capital assets (Note 4)	<u>543,475</u>	<u>588,464</u>
	<u>\$ 634,650</u>	<u>\$ 656,490</u>
<b><u>LIABILITIES</u></b>		
Current		
Accounts payable and accrued liabilities (Note 5)	\$ 82,236	\$ 30,206
Government remittances payable (Note 6)	145,932	24,855
Deferred revenue (Note 7)	58,568	26,000
Current portion of long term debt	31,600	25,000
	<u>318,336</u>	<u>106,061</u>
Long term debt (Note 8)	401,524	457,755
Deferred capital contributions (Note 9)	116,064	136,705
	<u>835,924</u>	<u>700,521</u>
<b><u>NET ASSETS (DEFICIT)</u></b>		
Unrestricted (deficit)	(200,561)	(43,035)
Internally restricted (deficit) - capital assets	(713)	(996)
	<u>(201,274)</u>	<u>(44,031)</u>
	<u>\$ 634,650</u>	<u>\$ 656,490</u>

(See accompanying notes to financial statements)

## STATEMENT OF CHANGES IN NET ASSETS (DEFICIT)

FOR THE YEAR ENDED JUNE 30, 2023

(With comparative figures for 2022)

	<u>2023</u>	<u>2022</u>
<b><u>UNRESTRICTED (DEFICIT)</u></b>		
Balance beginning of year	\$ (43,035)	\$ (35,609)
Excess (deficiency) of revenue over expenses for the year	<u>(157,243)</u> <u>(200,278)</u>	<u>(31,156)</u> <u>(66,765)</u>
Transfers from (to):		
Internally restricted (deficit) - capital assets		
- amortization of capital assets	74,444	81,807
- proceeds on disposal of capital assets	30,000	
- additions to deferred capital contributions	27,000	
- gain on disposal of capital assets	(6,048)	
- long term debt repayments	(24,631)	(23,111)
- amortization of deferred capital contributions	(47,641)	(34,966)
- purchase of capital assets	<u>(53,407)</u>	
	<u>(283)</u>	<u>23,730</u>
Balance end of year	<u>\$ (200,561)</u>	<u>\$ (43,035)</u>

**INTERNALLY RESTRICTED (DEFICIT) - CAPITAL ASSETS**

Balance beginning of year	\$ (996)	\$ 22,734
Transfers from (to) unrestricted		
- purchase of capital assets	53,407	
- amortization of deferred capital contributions	47,641	34,966
- long term debt repayments	24,631	23,111
- gain on disposal of capital assets	6,048	
- additions to deferred capital contributions	(27,000)	
- proceeds on disposal of capital assets	(30,000)	
- amortization of capital assets	<u>(74,444)</u>	<u>(81,807)</u>
Balance end of year	<u>\$ (713)</u>	<u>\$ (996)</u>

(See accompanying notes to financial statements)

## STATEMENT OF OPERATIONS

FOR THE YEAR ENDED JUNE 30, 2023

(With comparative figures for 2022)

	<u>2023</u>	<u>2022</u>
Revenue		
Fundraising and donations	\$ 434,937	\$ 487,722
DNSSAB	296,449	128,283
Wage subsidies	89,760	50,691
Ontario Trillium Foundation	16,300	
Other	7,075	7,317
Amortization of deferred capital contributions	23,641	34,966
	<u>868,162</u>	<u>708,979</u>
Add: Prior year deferred revenue	26,000	32,316
Less: Current year deferred revenue (Note 7)	(58,568)	(26,000)
	<u>835,594</u>	<u>715,295</u>
Expenses		
Wages and benefits	605,363	454,911
Security	85,165	336
Food and kitchen supplies	64,880	73,444
Professional fees	34,012	8,835
Interest on long term debt	28,262	30,056
Office	27,034	21,209
Interest and bank charges	20,962	4,386
Repairs and maintenance	20,577	9,869
Utilities	19,003	18,150
Property taxes	17,391	16,651
Vehicle	12,930	8,850
Advertising and promotion	6,378	
Insurance	5,537	6,308
Garden supplies	776	2,126
Program costs	171	5,804
Fundraising		3,709
Amortization	74,444	81,807
	<u>1,022,885</u>	<u>746,451</u>
Excess (deficiency) of revenue over expenses before the following	(187,291)	(31,156)
Gain on disposal of capital assets	6,048	
Write down of deferred capital contributions	24,000	
	<u>          </u>	<u>          </u>
Excess (deficiency) of revenue over expenses for the year	<u>\$ (157,243)</u>	<u>\$ (31,156)</u>

(See accompanying notes to financial statements)



**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

(With comparative figures for 2022)

	<u>2023</u>	<u>2022</u>
Cash was provided by (used for):		
Operating activities		
Excess (deficiency) of revenue over expenses for the year	\$ (157,243)	\$ (31,156)
Items not affecting cash		
Amortization (net)	26,803	46,841
Gain on disposal of capital assets	(6,048)	
	<u>(136,488)</u>	<u>15,685</u>
Changes in non-cash working capital		
(Increase) decrease in:		
Accounts receivable	(38,421)	47,418
Prepaid expenses	1,275	651
Increase (decrease) in:		
Accounts payable and accrued liabilities	52,030	3,710
Government remittances payable	121,077	18,904
Deferred revenue	32,568	(6,316)
	<u>32,041</u>	<u>80,052</u>
Financing activities		
Deferred capital contributions received	27,000	
Long term debt repayments	(49,631)	(23,110)
	<u>(22,631)</u>	<u>(23,110)</u>
Investing activities		
Purchase of capital assets	(53,407)	
Proceeds on disposal of capital assets	30,000	
	<u>(23,407)</u>	<u>          </u>
Increase (decrease) in cash	(13,997)	56,942
Cash (bank indebtedness) beginning of year	<u>41,976</u>	<u>(14,966)</u>
Cash end of year	<u>\$ 27,979</u>	<u>\$ 41,976</u>

(See accompanying notes to financial statements)

## THE GATHERING PLACE

### NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

#### 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, 2023**

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**

	<u>2023</u>	<u>2022</u>
Cash in bank	\$ 26,829	\$ 38,789
Gift certificates	1,150	1,200
Cash on hand		1,987
	<u>\$ 27,979</u>	<u>\$ 41,976</u>

The organization has an operating line of credit available to a maximum of \$75,000 (2022 - \$50,000), secured by general security agreement, bearing interest at prime. The balance at June 30, 2023 is \$Nil (2022 - \$Nil).

3. **Accounts Receivable**

	<u>2023</u>	<u>2022</u>
HST rebate	\$ 30,080	\$ 11,055
Canada Summer Jobs	22,554	11,448
Northern Ontario Heritage Fund Corporation	7,000	
Ontario Trillium Foundation	2,700	
Other	862	162
Minister of Agriculture and Agri-Food		2,110
	<u>\$ 63,196</u>	<u>\$ 24,775</u>

**THE GATHERING PLACE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

4. **Capital Assets**

	<u>2023</u>			<u>2022</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>	<u>Net</u>
Land	\$ 40,000		\$ 40,000	\$ 40,000
Building	610,000	\$ 152,500	457,500	488,000
Garden infrastructure	34,460	34,460		
Vehicles	29,255	26,331	2,924	35,653
Furniture and equipment	225,741	182,690	43,051	24,811
	<u>\$ 939,456</u>	<u>\$ 395,981</u>	<u>\$ 543,475</u>	<u>\$ 588,464</u>

5. **Accounts Payable And Accrued Liabilities**

	<u>2023</u>	<u>2022</u>
Trade	\$ 52,236	\$ 20,706
Audit accrual	30,000	9,500
	<u>\$ 82,236</u>	<u>\$ 30,206</u>

6. **Government Remittances Payable**

	<u>2023</u>	<u>2022</u>
Payroll source deductions	\$ 20,667	\$ 17,325
Arrears - payroll source deductions	122,547	6,782
- WSIB	1,594	
WSIB	1,124	748
	<u>\$ 145,932</u>	<u>\$ 24,855</u>

**THE GATHERING PLACE**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2023**

**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:

	2023	2022
Balance beginning of year	\$ 26,000	\$ 32,316
Add: Contributions received during the year		
- DNSSAB	296,449	128,283
- North Bay Indigenous Friendship Centre	30,744	
- Ontario Trillium Foundation	16,300	
- United Way	13,648	12,627
	357,141	140,910
Less: Amounts recognized during the period		
- DNSSAB	283,449	130,283
- North Bay Indigenous Friendship Centre	16,476	
- United Way	13,648	16,943
- Ontario Trillium Foundation	11,000	
	324,573	147,226
Balance end of year	\$ 58,568	\$ 26,000
Comprised of:		
- DNSSAB - Healthy Communities	\$ 39,000	\$ 26,000
- North Bay Indigenous Friendship Centre	14,268	
- Ontario Trillium Foundation	5,300	
	\$ 58,568	\$ 26,000

**8. Long Term Debt**

	2023	2022
6.40% mortgage payable, secured by land and building (net book value \$497,500), repayable in blended monthly payments of \$4,408, due and renewable October, 2023	\$ 428,124	\$ 452,755
Canada Emergency Business Account (CEBA) loan, interest free, unsecured, due January, 2024	5,000	30,000
	433,124	482,755
Less: current portion	31,600	25,000
	\$ 401,524	\$ 457,755

The company received CEBA loan proceeds of \$40,000, of which \$10,000 is forgivable if the loan is repaid on or before January 18, 2024. The forgivable portion was included in prior years' revenue.

**THE GATHERING PLACE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**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:

2024	\$ 31,600
2025	28,300
2026	30,200
2027	32,100
2028	34,200
Thereafter	<u>276,724</u>
	<u>\$ 433,124</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>2023</u>	<u>2022</u>
Balance beginning of year	\$ 136,705	\$ 171,671
Add: contributions received	27,000	
Less: amounts amortized to revenue	(23,641)	(34,966)
recognition of unamortized portion of deferred capital contributions related to disposed capital assets	<u>(24,000)</u>	<u>          </u>
Balance end of year	<u>\$ 116,064</u>	<u>\$ 136,705</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, 2023**

**11. Related Party Transactions**

	2023	2022
Training fees within office expenses		
Paid to executive director	\$	\$ 950

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) and various other funders. 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, 2023.

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.

There has been no change to risk exposures from 2022.

**14. Going Concern**

These financial statements have been prepared on the going concern basis which assumes the organization will continue for the foreseeable future and be able to realize its assets and discharge its liabilities in the normal course of operations. There is material uncertainty about the appropriateness of the use of going concern assumption because the organization has sustained significant losses over the past three fiscal years and it is questionable if the organization will have the ability to payoff existing and known current liabilities with existing cash flows. The application of the going concern basis is dependent on the organization's ability to raise sufficient funds to adequately reduce this debt in the short term.

**THE GATHERING PLACE****NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2023****14. Going Concern (continued)**

Management and those charged with governance have restructured long term debt, drawing an additional \$150,000 from the existing mortgage to assist with paying off current liabilities. The organization has also negotiated payment plans to payoff significant government remittances payable, which have accrued both during and after year end.

These financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis were not appropriate, adjustments would be necessary to the carrying values of assets, the reported revenues and expenses, and the classifications used on the statement of financial position.