

THE GATHERING PLACE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

THE GATHERING PLACE

JUNE 30, 2019

INDEX

Independent Auditor's Report	1 - 3
Financial Statements	
Statement of Financial Position	4
Statement of Changes in Net Assets	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, 2019**, 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, 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.

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, 2019 and 2018, current assets as at June 30, 2019 and 2018, and net assets as at July 1 and June 30 for both the 2019 and 2018 years. Our audit opinion on the financial statements for the year ended June 30, 2018 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 Responsibility 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 7, 2020

*Kondell, Sinclair,
Casper & Daigle*
Chartered Professional Accountants
Licensed Public Accountants

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2019

(With comparative figures as at June 30, 2018)

	<u>2019</u>	<u>2018</u>
	<u>ASSETS</u>	
Current		
Cash (Note 2)	\$ 8,784	
Accounts receivable (Note 3)	47,592	\$ 66,983
Prepaid expenses (Note 4)	1,497	2,663
	<u>57,873</u>	<u>69,646</u>
Funds held in trust (Note 8)		4,065
Capital assets (Note 5)	<u>642,368</u>	<u>1,050,906</u>
	<u>\$ 700,241</u>	<u>\$ 1,124,617</u>
	<u>LIABILITIES</u>	
Current		
Bank indebtedness (Note 2)		\$ 63,810
Accounts payable and accrued liabilities (Note 6)	\$ 116,473	88,104
Deferred revenue (Note 7)	3,300	7,500
Current portion of long term debt	23,600	9,700
	<u>143,373</u>	<u>169,114</u>
Funds held in trust (Note 8)		4,065
Long term debt (Note 9)	460,275	273,079
Deferred capital contributions (Note 10)	43,600	570,920
	<u>647,248</u>	<u>1,017,178</u>
	<u>NET ASSETS</u>	
Unrestricted	(61,900)	(89,768)
Internally restricted - capital assets	114,893	197,207
	<u>52,993</u>	<u>107,439</u>
	<u>\$ 700,241</u>	<u>\$ 1,124,617</u>

(See accompanying notes to financial statements)

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2019

(With comparative figures for 2018)

	<u>UNRESTRICTED</u>	<u>2019</u>	<u>2018</u>
Balance beginning of year		\$ (89,768)	\$ 23,797
Excess (deficiency) of revenue over expenses for the year		<u>(54,446)</u> <u>(144,214)</u>	<u>(71,793)</u> <u>(47,996)</u>
Transfers from (to):			
Internally restricted - capital assets			
- loan proceeds		578,467	
- write-down of capital asset		531,920	
- proceeds on disposal of capital assets		145,643	
- amortization of capital assets		40,423	14,138
- additions to deferred capital contributions		34,216	457,001
- amortization of deferred capital contributions		(29,616)	(6,248)
- gain on disposal of capital assets		(58,203)	
- purchase of capital assets		(251,245)	(560,179)
- long term debt repayments		(377,371)	(9,198)
- write-down of deferred capital contributions		(531,920)	
Internally restricted		<u>62,714</u>	<u>(41,772)</u>
Balance end of year		<u>\$ (61,900)</u>	<u>\$ (89,768)</u>
	<u>INTERNALLY RESTRICTED</u>		
Balance beginning of year		\$	\$ 62,714
Transfer from (to) unrestricted		<u></u>	<u>(62,714)</u>
Balance end of year		<u>\$</u>	<u>\$</u>
	<u>INTERNALLY RESTRICTED - CAPITAL ASSETS</u>		
Balance beginning of year		\$ 197,207	\$ 92,721
Transfers from (to) unrestricted			
- write-down of deferred capital contributions		531,920	
- long term debt repayments		377,371	9,198
- purchase of capital assets		251,245	560,179
- gain on disposal of capital assets		58,203	
- amortization of deferred capital contributions		29,616	6,248
- additions to deferred capital contributions		(34,216)	(457,001)
- amortization of capital assets		(40,423)	(14,138)
- proceeds on disposal of capital assets		(145,643)	
- write-down of capital asset		(531,920)	
- loan proceeds		(578,467)	
Balance end of year		<u>\$ 114,893</u>	<u>\$ 197,207</u>

(See accompanying notes to financial statements)

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED JUNE 30, 2019

(With comparative figures for 2018)

	2019	2018
Revenue		
Fundraising and donations	\$ 330,728	\$ 236,778
DNSSAB funding (Note 13)	65,000	17,254
Capital campaign donations	34,216	189,236
Wage subsidies	30,221	54,397
Other	7,031	10,555
Amortization of deferred capital contributions	29,616	6,248
Prior year deferred revenue	7,500	43,865
	<u>504,312</u>	<u>558,333</u>
Deferred revenue - United Way	(3,300)	(7,500)
Deferred capital contributions	(34,216)	(189,236)
	<u>466,796</u>	<u>361,597</u>
Expenses		
Wages and benefits	342,986	280,865
Interest on long term debt	24,381	
Food and kitchen supplies	22,280	29,859
Office	21,382	21,032
Utilities	20,718	19,862
Property taxes	18,630	7,564
Rent	16,126	21,336
Moving costs	15,368	
Professional fees	14,796	10,195
Advertising and promotion	9,397	2,407
Interest and bank charges	9,212	2,006
Repairs and maintenance	7,746	5,321
Good Food Box	7,139	4,634
Insurance	4,118	3,622
Garden supplies	1,863	2,622
Fundraising	1,029	
Security	937	635
Bad debt	914	
Teaching kitchens		7,292
Amortization	40,423	14,138
	<u>579,445</u>	<u>433,390</u>
Excess (deficiency) of revenue over expenses before the following	<u>(112,649)</u>	<u>(71,793)</u>
Gain on disposal of capital assets	58,203	
Write-down of capital asset	(531,920)	
Write-down of deferred capital contributions	531,920	
	<u>58,203</u>	
Excess (deficiency) of revenue over expenses for the year	<u>\$ (54,446)</u>	<u>\$ (71,793)</u>

(See accompanying notes to financial statements)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

(With comparative figures for 2018)

	<u>2019</u>	<u>2018</u>
Cash was provided by (used for):		
Operating activities		
Excess (deficiency) of revenue over expenses for the year	\$ (54,446)	\$ (71,793)
Item not affecting cash		
Amortization (net)	10,807	7,890
Gain on disposal of capital assets	(58,203)	
Write-down of capital asset	531,920	
Write-down of deferred capital contributions	(531,920)	
	<u>(101,842)</u>	<u>(63,903)</u>
Changes in non-cash working capital		
(Increase) decrease in:		
Accounts receivable	19,391	(42,433)
Prepaid expenses	1,166	1,480
Increase (decrease) in:		
Accounts payable and accrued liabilities	28,369	84,504
Deferred revenue	(4,200)	(304,130)
	<u>(57,116)</u>	<u>(324,482)</u>
Financing activities		
Deferred capital contributions	34,216	457,001
Loan proceeds	578,467	
Long term debt repayments	(377,371)	(9,198)
	<u>235,312</u>	<u>447,803</u>
Investing activities		
Purchase of capital assets	(251,245)	(560,179)
Proceeds on disposal of capital assets	145,643	
	<u>(105,602)</u>	<u>(560,179)</u>
Increase (decrease) in cash	72,594	(436,858)
Cash (bank indebtedness) beginning of year	<u>(63,810)</u>	<u>373,048</u>
Cash (bank indebtedness) end of year	<u>\$ 8,784</u>	<u>\$ (63,810)</u>

(See accompanying notes to financial statements)

THE GATHERING PLACE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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, 2019

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>2019</u>	<u>2018</u>
Cash in bank	\$ 10,407	\$ 40,609
Gift certificates	2,924	1,117
Cash on hand	1,150	1,150
Cheques issued and outstanding	<u>(5,697)</u>	<u>(106,686)</u>
	<u>\$ 8,784</u>	<u>\$ (63,810)</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, 2019 is \$Nil (2018 - \$Nil).

3. **Accounts Receivable**

	<u>2019</u>	<u>2018</u>
HST rebate	\$ 37,542	\$ 45,469
NOHFC	7,797	12,829
Metis Nation of Ontario accrual	1,922	5,581
Trade	331	914
Canada Summer Jobs	<u>2,190</u>	<u>2,190</u>
	<u>\$ 47,592</u>	<u>\$ 66,983</u>

THE GATHERING PLACE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

4. **Prepaid Expenses**

	<u>2019</u>	<u>2018</u>
Rent	\$ 1,150	\$ 1,799
Insurance	347	303
Parking		421
Telephone		140
	<u>\$ 1,497</u>	<u>\$ 2,663</u>

5. **Capital Assets**

	<u>2019</u>			<u>2018</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>	<u>Net</u>
Land	\$ 40,000		\$ 40,000	\$ 76,326
Building	610,000	\$ 30,500	579,500	949,601
Garden infrastructure	34,460	27,341	7,119	10,565
Furniture and equipment	92,306	86,081	6,225	1,080
Leasehold improvements	19,049	9,525	9,524	13,334
	<u>\$ 795,815</u>	<u>\$ 153,447</u>	<u>\$ 642,368</u>	<u>\$ 1,050,906</u>

In the year, the building was written down by \$531,920 based on an independent appraisal valuing the land and building at \$650,000.

6. **Accounts Payable And Accrued Liabilities**

	<u>2019</u>	<u>2018</u>
JaCon payable	\$ 95,245	\$ 82,104
Trade	13,228	
Audit accrual	8,000	6,000
	<u>\$ 116,473</u>	<u>\$ 88,104</u>

THE GATHERING PLACE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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>2019</u>	<u>2018</u>
Balance beginning of year	\$ 7,500	\$ 311,630
Add: Contributions received during the year		
- Capital campaign donations	34,216	189,236
- DNSSAB (Note 13)	65,000	17,254
- United Way	7,140	7,500
	<u>106,356</u>	<u>213,990</u>
Less: Amounts recognized during the period		
- Capital campaign donations	34,216	457,001
- DNSSAB (Note 13)	65,000	61,119
- United Way	11,340	
	<u>110,556</u>	<u>518,120</u>
Balance end of year	<u>\$ 3,300</u>	<u>\$ 7,500</u>
Comprised of:		
United Way	<u>\$ 3,300</u>	<u>\$ 7,500</u>

8. Funds Held In Trust

Funds held in trust relate to the Service Development and Expansion program where the organization managed funds on behalf of The Warming Centre.

9. Long Term Debt

	<u>2019</u>	<u>2018</u>
6.40% mortgage payable, secured by land and building (net book value \$619,500), repayable in blended monthly payments of \$4,408, due October, 2023	\$ 483,875	\$ 282,779
Less: current portion	<u>23,600</u>	<u>9,700</u>
	<u>\$ 460,275</u>	<u>\$ 273,079</u>

THE GATHERING PLACE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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:

2020	\$ 23,600
2021	24,500
2022	26,100
2023	27,800
2024	29,600
Thereafter	<u>352,275</u>
	<u>\$ 483,875</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>2019</u>	<u>2018</u>
Balance beginning of year	\$ 570,920	\$ 120,167
Add: contributions received	34,216	457,001
Less: amounts amortized to revenue	(5,650)	(6,248)
recognition of unamortized portion of deferred capital contributions		
related to disposed capital asset	(23,966)	
Write-down of deferred capital contributions	<u>(531,920)</u>	
Balance end of year	<u>\$ 43,600</u>	<u>\$ 570,920</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.

THE GATHERING PLACE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

12. Related Party Transactions

	<u>2019</u>	<u>2018</u>
Training fees within office expenses		
Paid to executive director	\$ 3,400	\$ 8,340
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.

13. DNSSAB Funding

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

	<u>Souper Suppers Project</u>	<u>Food Outreach Program</u>	<u>North Bay Warming Centre</u>	<u>Total 2019</u>	<u>Total 2018</u>
Deferred revenue beginning of year					\$ 43,865
Received	\$ 20,000	\$ 15,000	\$ 30,000	\$ 65,000	17,254
Expenditures					
Wages and benefits	8,400	6,816	12,100	27,316	37,538
Rent and utilities	5,760	960	6,000	12,720	
Food	720		7,500	8,220	13,750
Equipment	4,200	1,440	750	6,390	1,000
Travel		2,736	550	3,286	655
Supplies	480	1,344	600	2,424	3,976
Training			2,000	2,000	2,268
Insurance	320	528	500	1,348	1,432
Advertising	120	816		936	500
Other		360		360	
	<u>20,000</u>	<u>15,000</u>	<u>30,000</u>	<u>65,000</u>	<u>61,119</u>
Deferred revenue end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

THE GATHERING PLACE**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2019****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, 2019.

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 2018.