

**THE GATHERING PLACE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

THE GATHERING PLACE

JUNE 30, 2024

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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, 2024**, the statements of operations, changes in net assets (deficit) 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, 2024, 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, 2024 and 2023, current assets as at June 30, 2024 and 2023, and net assets as at July 1 and June 30 for both the 2024 and 2023 years. Our audit opinion on the financial statements for the year ended June 30, 2023 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 15 to the financial statements, which indicates that there have been significant losses for the past four fiscal years, and, as of June 30, 2024, the organization's current liabilities exceeded its total current assets by \$673,389. These conditions, along with other matters set forth in Note 15, 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
February 18, 2025

*Hendall, Sinclair, Cowper,
Deagle & Houlden LLP*

Chartered Professional Accountants
Licensed Public Accountants

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2024

(With comparative figures as at June 30, 2023)

	<u>2024</u>	<u>2023</u>
<u>ASSETS</u>		
Current		
Cash (Note 2)	\$ 1,830	\$ 27,979
Accounts receivable (Note 3)	18,904	63,196
Prepaid expenses	3,241	
	<u>23,975</u>	<u>91,175</u>
Capital assets (Note 4)	<u>488,364</u>	<u>543,475</u>
	<u>\$ 512,339</u>	<u>\$ 634,650</u>
<u>LIABILITIES</u>		
Current		
Bank indebtedness (Note 5)	\$ 49,333	
Accounts payable and accrued liabilities (Note 6)	121,079	\$ 82,236
Government remittances payable (Note 7)	464,946	145,932
Deferred revenue (Note 8)	49,506	58,568
Current portion of long term debt	12,500	31,600
	<u>697,364</u>	<u>318,336</u>
Long term debt (Note 9)	389,301	401,524
Deferred capital contributions (Note 10)	98,423	116,064
	<u>1,185,088</u>	<u>835,924</u>
<u>NET ASSETS (DEFICIT)</u>		
Unrestricted (deficit)	<u>(672,749)</u>	<u>(201,274)</u>
	<u>\$ 512,339</u>	<u>\$ 634,650</u>

(See accompanying notes to financial statements)

STATEMENT OF CHANGES IN NET ASSETS (DEFICIT)

FOR THE YEAR ENDED JUNE 30, 2024

(With comparative figures for 2023)

	<u>2024</u>	<u>2023</u>
	<u>UNRESTRICTED (DEFICIT)</u>	
Balance beginning of year	\$ (201,274)	\$ (44,031)
Excess (deficiency) of revenue over expenses for the year	<u>(471,475)</u>	<u>(157,243)</u>
Balance end of year	<u>\$ (672,749)</u>	<u>\$ (201,274)</u>

(See accompanying notes to financial statements)

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED JUNE 30, 2024

(With comparative figures for 2023)

	<u>2024</u>	<u>2023</u>
Revenue		
Fundraising and donations	\$ 389,766	\$ 434,937
DNSSAB	256,835	296,449
Wage subsidies	58,441	89,760
Ontario Trillium Foundation	42,200	16,300
Grants (Note 11)	21,841	
Other	7,073	7,075
Amortization of deferred capital contributions	17,641	23,641
	<u>793,797</u>	<u>868,162</u>
Add: Prior year deferred revenue	58,568	26,000
Less: Current year deferred revenue (Note 8)	(49,506)	(58,568)
	<u>802,859</u>	<u>835,594</u>
Expenses		
Wages and benefits	748,568	605,363
Professional fees	45,339	34,012
Food and kitchen supplies	40,728	64,880
Office	30,772	27,034
Repairs and maintenance	27,982	20,577
Interest on long term debt	26,571	28,262
Property taxes	17,763	17,391
Utilities	17,010	19,003
Advertising and promotion	13,894	6,378
Interest and bank charges	7,310	1,570
Insurance	7,018	5,537
Vehicle	4,974	12,930
Program costs	1,141	171
Garden supplies	1,008	776
Security	806	85,165
Amortization	55,111	74,444
	<u>1,045,995</u>	<u>1,003,493</u>
Excess (deficiency) of revenue over expenses before the following	<u>(243,136)</u>	<u>(167,899)</u>
Gain on disposal of capital assets		6,048
Write down of deferred capital contributions		24,000
Government interest and penalties	(228,339)	(19,392)
	<u>(228,339)</u>	<u>10,656</u>
Excess (deficiency) of revenue over expenses for the year	<u>\$ (471,475)</u>	<u>\$ (157,243)</u>

(See accompanying notes to financial statements)

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2024

(With comparative figures for 2023)

	<u>2024</u>	<u>2023</u>
Cash was provided by (used for):		
Operating activities		
Excess (deficiency) of revenue over expenses for the year	\$ (471,475)	\$ (157,243)
Items not affecting cash		
Amortization (net)	37,470	26,803
Gain on disposal of capital assets		(6,048)
	<u>(434,005)</u>	<u>(136,488)</u>
Changes in non-cash working capital		
(Increase) decrease in:		
Accounts receivable	44,292	(38,421)
Prepaid expenses	(3,241)	1,275
Increase (decrease) in:		
Accounts payable and accrued liabilities	38,843	52,030
Government remittances payable	319,014	121,077
Deferred revenue	(9,062)	32,568
	<u>(44,159)</u>	<u>32,041</u>
Financing activities		
Deferred capital contributions received		27,000
Long term debt repayments	(31,323)	(49,631)
	<u>(31,323)</u>	<u>(22,631)</u>
Investing activities		
Purchase of capital assets		(53,407)
Proceeds on disposal of capital assets		30,000
		<u>(23,407)</u>
Increase (decrease) in cash	(75,482)	(13,997)
Cash beginning of year	<u>27,979</u>	<u>41,976</u>
Cash (bank indebtedness) end of year	<u>\$ (47,503)</u>	<u>\$ 27,979</u>
Cash (bank indebtedness) consists of:		
Cash	\$ 1,830	\$ 27,979
Bank indebtedness	<u>(49,333)</u>	
	<u>\$ (47,503)</u>	<u>\$ 27,979</u>

(See accompanying notes to financial statements)

THE GATHERING PLACE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

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, 2024

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>2024</u>	<u>2023</u>
Cash in bank	\$ 928	\$ 26,829
Gift certificates	902	1,150
	<u>\$ 1,830</u>	<u>\$ 27,979</u>

3. **Accounts Receivable**

	<u>2024</u>	<u>2023</u>
HST rebate	\$ 12,190	\$ 30,080
Canada Summer Jobs	4,014	22,554
Ontario Trillium Foundation	2,700	2,700
Northern Ontario Heritage Fund Corporation		7,000
Other		862
	<u>\$ 18,904</u>	<u>\$ 63,196</u>

THE GATHERING PLACE
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

4. Capital Assets

	<u>2024</u>			<u>2023</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>	<u>Net</u>
Land	\$ 40,000		\$ 40,000	\$ 40,000
Building	610,000	\$ 183,000	427,000	457,500
Garden infrastructure	34,460	34,460		
Vehicles	29,255	29,255		2,924
Furniture and equipment	225,741	204,377	21,364	43,051
	<u>\$ 939,456</u>	<u>\$ 451,092</u>	<u>\$ 488,364</u>	<u>\$ 543,475</u>

5. Bank Indebtedness

The organization has an operating line of credit available to a maximum of \$75,000 (2023 - \$75,000), secured by general security agreement, bearing interest at prime + 2.25%. The balance at June 30, 2024 is \$49,333 (2023 - \$Nil).

6. Accounts Payable And Accrued Liabilities

	<u>2024</u>	<u>2023</u>
Trade	\$ 53,262	\$ 29,913
Wages and vacation	27,817	22,323
Audit	25,000	30,000
Bookkeeping	15,000	
	<u>\$ 121,079</u>	<u>\$ 82,236</u>

7. Government Remittances Payable

	<u>2024</u>	<u>2023</u>
Payroll source deductions		\$ 20,667
Arrears - government interest and penalties	\$ 249,568	
- payroll source deductions	215,378	122,547
- WSIB		1,594
WSIB		1,124
	<u>\$ 464,946</u>	<u>\$ 145,932</u>

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NOTES TO FINANCIAL STATEMENTS

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8. 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>2024</u>	<u>2023</u>
Balance beginning of year	\$ 58,568	\$ 26,000
Add: Contributions received during the year		
- DNSSAB	256,835	296,449
- North Bay Indigenous Friendship Centre	31,851	30,744
- Ontario Trillium Foundation	42,200	16,300
- United Way	8,000	13,648
	<u>338,886</u>	<u>357,141</u>
Less: Amounts recognized during the period		
- DNSSAB	280,744	283,449
- North Bay Indigenous Friendship Centre	30,471	16,476
- United Way	8,000	13,648
- Ontario Trillium Foundation	28,733	11,000
	<u>347,948</u>	<u>324,573</u>
Balance end of year	<u>\$ 49,506</u>	<u>\$ 58,568</u>
Comprised of:		
- DNSSAB - Healthy Communities	\$ 15,091	\$ 39,000
- North Bay Indigenous Friendship Centre	15,648	14,268
- Ontario Trillium Foundation	18,767	5,300
	<u>\$ 49,506</u>	<u>\$ 58,568</u>

9. Long Term Debt

	<u>2024</u>	<u>2023</u>
6.40% mortgage payable, secured by land and building (net book value \$467,000), repayable in blended monthly payments of \$4,408, refinanced July, 2024 for \$556,365 at 8.43% which is due and renewable July, 2029	\$ 401,801	\$ 428,124
Canada Emergency Business Account (CEBA) loan, interest free, unsecured	401,801	5,000
	<u>401,801</u>	<u>433,124</u>
Less: current portion	12,500	31,600
	<u>\$ 389,301</u>	<u>\$ 401,524</u>

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

9. Long Term Debt (continued)

Principal repayments on the long term debt for the next five years and thereafter, using the debt terms renegotiated July, 2024, are as follows:

2025	\$ 12,500
2026	12,100
2027	13,200
2028	14,300
2029	15,600
Thereafter	<u>488,665</u>
	<u>\$ 556,365</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>2024</u>	<u>2023</u>
Balance beginning of year		
Add: contributions received	\$ 116,064	\$ 136,705
Less: amounts amortized to revenue		27,000
recognition of unamortized portion of deferred capital	(17,641)	(23,641)
contributions related to disposed capital assets		<u>(24,000)</u>
Balance end of year	<u>\$ 98,423</u>	<u>\$ 116,064</u>

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

11. Grants

	<u>2024</u>	<u>2023</u>
North Bay and Area Community Foundation	\$ 17,521	\$
Maple Rock Foundation	4,320	
	<u>\$ 21,841</u>	<u>\$</u>

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JUNE 30, 2024

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, 2024.

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 potential changes in interest rates will adversely affect the future cash flows of the organization associated with current liabilities. The organization is exposed to this risk mainly in respect of its bank indebtedness and government remittances payable.

The change in risk exposures from 2023 is due to increased amounts owing to the receiver general and due to the organization's need to reorganize its external financing.

THE GATHERING PLACE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

14. Subsequent Events

On July 29, 2024, The Gathering Place completed a refinancing of its long-term debt. The refinancing resulted in the issuance of new debt totaling \$556,365, which replaced the existing debt that was due for renewal on October 23, 2024. The new debt carries an interest rate of 8.43% and has a renewal date of July 30, 2029. As part of the refinancing, The Gathering Place incurred financing costs of \$1,125, which will be expensed when incurred.

The refinancing has been considered on the statement of financial position as of June 30, 2024, as it relates to the reclassification of long-term debt to current liabilities in Note 9 to these financial statements. Management has assessed the refinancing and determined that no further adjustments to the financial statements as of June 30, 2024 were required.

As of January 14, 2025, the organization was no longer responsible for the Community Garden. The land upon which it was located was, and is owned, by The City of North Bay. However, the organization had capitalized certain elements of the garden infrastructure that has a cost of \$34,460 and net book value of \$NIL on the statement of financial position as of June 30, 2024. The organization does not anticipate any proceeds will be received from The City of North Bay when the 2025 gardening season begins.

15. 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 significant doubt about the appropriateness of the use of going concern assumption because the organization has sustained significant losses over the past four fiscal years and is unlikely to payoff existing and known current liabilities with existing cash flows. There has also been a noticeable negative trend in the fundraising and donations revenue's inability to cover operating expenses not funded by grants and subsidies. The application of the going concern basis is dependent on the organization's ability to raise sufficient funds to adequately reduce their short term debt and cover operating expenses.

Despite this uncertainty, management and those charged with governance have assessed the situation and believe the organization will be able to continue as a going concern. The most significant financial change they have implemented is the restructuring of long term debt, drawing an additional \$154,600 from the existing mortgage that was used to reduce current liabilities related to government remittances. The organization has also negotiated a payment plan with the Canada Revenue Agency (CRA) for the significant government remittances payable, which have accrued during the year. Management has begun the process, through the assistance of a lawyer, to have the CRA reverse the interest and penalties assessed on the balance owing that accrued both during and after year end. It should be noted that the result of this process is not known and cannot be estimated. If the CRA provides interest relief to the organization, the amount of relief provided will be recognized on the statement of operations in the year it occurs. The Executive Director responsible of the operations for the last several years has been relieved of his duties and the organization has replaced several members of the Board of Directors with individuals that have stronger financial and business knowledge. The organization has also taken steps to reduce operating expenses by reducing the number of meals provided, utilizing more volunteers, and finding new suppliers.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

15. Going Concern (continued)

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 and the classification of liabilities on the statement of financial position.

16. Comparative Figures

Certain comparative figures for 2023 have been reclassified to conform to the method of financial statement presentation adopted for 2024.