
THE GATEHOUSE

(Incorporated as the Gatehouse Child Abuse Advocacy Centre)

FINANCIAL STATEMENTS

DECEMBER 31, 2016

INDEPENDENT AUDITOR'S REPORT

To the Members,
The Gatehouse

We have audited the accompanying financial statements of The Gatehouse which comprise the statement of financial position as at December 31, 2016, and the statements of operations and changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the organization derives revenue from donations and fundraising revenue, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, verification of this revenue was limited to the amounts recorded in the records of the organization, and we were not able to determine whether any adjustments might be necessary to donations and fundraising revenue, excess of revenue over expenses for the year, assets and net assets.

Qualified Opinion

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 Gatehouse as at December 31, 2016, and the results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Cowperthwaite Mehta

Chartered Accountants
Licensed Public Accountants

February 18, 2017
Toronto, Ontario

THE GATEHOUSE

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2016

	2016	2015
ASSETS		
Current assets		
Cash	\$ 151,614	\$ 188,173
Short-term investment	66,571	65,910
Accounts receivable	10,156	4,162
Sales taxes recoverable	16,126	7,708
Prepaid expenses	<u>7,476</u>	<u> </u>
	251,943	265,953
Property and equipment (note 4)	<u>91,359</u>	<u>99,094</u>
	<u>\$ 343,302</u>	<u>\$ 365,047</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	\$ 4,272	\$ 6,942
Deferred revenue (note 6)	<u>7,000</u>	<u>52,523</u>
	11,272	59,465
Deferred property and equipment grants (note 7)	<u>52,525</u>	<u>58,361</u>
	<u>63,797</u>	<u>117,826</u>
Net assets		
Designated (note 8)	65,000	65,000
Undesignated	<u>214,505</u>	<u>182,221</u>
	<u>279,505</u>	<u>247,221</u>
	<u>\$ 343,302</u>	<u>\$ 365,047</u>

Approved on behalf of the Board:

_____, Director

_____, Director

see accompanying notes

THE GATEHOUSE

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2016

	2016	2015
REVENUE		
Government and related agency grants (note 9)	\$ 138,022	\$ 201,381
Donations and fundraising	156,864	108,077
Amortization of property and equipment grants	5,836	6,485
Other	<u>13,570</u>	<u>7,920</u>
	<u>314,292</u>	<u>323,863</u>
EXPENSES		
Support services (note 10)	217,052	280,726
Office and general	50,886	61,261
Conference	3,729	8,023
Amortization	<u>10,341</u>	<u>10,622</u>
	<u>282,008</u>	<u>360,632</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR	32,284	(36,769)
Net assets, beginning of year	<u>247,221</u>	<u>283,990</u>
NET ASSETS, END OF YEAR	<u>\$ 279,505</u>	<u>\$ 247,221</u>

see accompanying notes

THE GATEHOUSE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2016

	2016	2015
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses for the year	\$ 32,284	\$ (36,769)
Add back non-cash items:		
Amortization of property and equipment grant (note 7)	(5,836)	(6,485)
Amortization expense	10,341	10,622
Net change in non-cash working capital items:		
(Increase) decrease in accounts receivable	(5,994)	(832)
(Increase) decrease in sales taxes recoverable	(8,418)	(3,577)
(Increase) decrease in prepaid expenses	(7,476)	
Increase (decrease) in accounts payable and accrued liabilities	(2,670)	3,166
Increase (decrease) in deferred revenue	<u>(45,523)</u>	<u>23,888</u>
Cash generated from (used in) operations	<u>(33,292)</u>	<u>(9,987)</u>
INVESTING ACTIVITIES		
Purchase of property and equipment	(2,606)	(7,822)
Purchase of short-term investment	<u>(661)</u>	<u>(317)</u>
Cash used in investing activities	<u>(3,267)</u>	<u>(8,139)</u>
NET DECREASE IN CASH FOR THE YEAR	(36,559)	(18,126)
Cash, beginning of year	<u>188,173</u>	<u>206,299</u>
CASH, END OF YEAR	<u>\$ 151,614</u>	<u>\$ 188,173</u>

see accompanying notes

THE GATEHOUSE

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2016

The Gatehouse Child Abuse Advocacy Centre, operating as The Gatehouse, is incorporated as a not-for-profit organization without share capital in the Province of Ontario. The organization is exempt from income tax in Canada as a registered charitable organization under the Income Tax Act (Canada).

The organization provides children, youth, their families and adult survivors who have experienced abuse, with a community response that is centred on their needs, both immediate and long term. This response includes crisis support, linkages to appropriate community services and on-going assistance throughout their healing.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Management is responsible for the preparation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations. Outlined below are those policies considered particularly significant:

Financial instruments

Financial instruments include cash, short-term investments, accounts receivable and accounts payable and accrued liabilities. Cash is measured at fair value. Term deposits are measured at fair value calculated at original purchase price plus accrued interest. All other financial instruments are recorded at cost.

Property and equipment

Property and equipment is recorded at cost. Amortization is provided annually at rates calculated to write-off the assets over their estimated useful lives on a declining balance basis as follows:

Furniture and equipment	- 10% diminishing balance
Leasehold improvements	- 10% diminishing balance

Revenue recognition

The principal sources of revenue and recognition of these revenues for financial statement purposes are as follows:

- i) The organization follows the deferral method of revenue recognition. Government grants related to current expenditures are reflected in the accounts as a revenue item in the current year. Grants received in the year for expenses to be incurred in the following fiscal year are recorded as deferred revenue. Grants related to the purchase of property and equipment are recorded as revenue in the same period the related property and equipment are charged to operations.
- ii) Fundraising and donation revenue is recorded when funds are received. Donated materials and services which are normally purchased by the organization are not recorded in the accounts.
- iii) Interest income is recognized in the period earned.

Use of Estimates

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses. Specifically, significant assumptions have been made in arriving at the amortization rates to be applied to property and equipment and related property and equipment grants and the percentages used to allocate salaries and benefits and overhead expenses to programs. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in the period in which they become known.

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NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2016

2. SHORT-TERM INVESTMENT

Short-term investment of \$66,571 is a guaranteed investment certificate (GIC) held at a major Canadian credit union and earns interest of 1.35%. The GIC matures in August 2017.

3. FINANCIAL RISKS

Financial instruments expose the organization to risks which may affect the cash flows of the organization. The following are those financial instruments considered particularly significant and their related financial risks:

Interest rate risk results from fluctuations in market interest rates. The organization holds fixed rate term deposits and fluctuations in market interest rates do not affect future cash flows.

Liquidity risk is the risk that the organization will not be able to meet its obligations associated with financial liabilities. The organization expects to meet its financial obligations for accounts payable and accrued liabilities through cash flows from operations.

4. PROPERTY AND EQUIPMENT

Property and equipment is as follows:

	Cost	Accumulated Amortization	2016 Net	2015 Net
Leasehold improvements	\$ 304,612	\$ (255,022)	\$ 49,590	\$ 55,580
Furniture and equipment	<u>118,577</u>	<u>(76,808)</u>	<u>41,769</u>	<u>43,514</u>
	<u>\$ 423,189</u>	<u>\$ (331,830)</u>	<u>\$ 91,359</u>	<u>\$ 99,094</u>

5. BANK LOAN

The organization has a \$15,000 business loan available at a major Canadian credit union at prime plus 4.50%. No amount was drawn on the loan at December 31, 2016. As collateral for the bank loan the organization has pledged a general assignment of accounts receivable and equipment.

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NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2016

6. DEFERRED REVENUE

Deferred revenue is composed of the following:

	2016	2015
Ramp installation	\$ 5,000	\$
Labyrinth	2,000	10,000
The Ontario Trillium Foundation		29,398
Federal Department of Justice		<u>13,125</u>
Deferred revenue, end of year	<u>\$ 7,000</u>	<u>\$ 52,523</u>

Continuity of deferred revenue for the year is as follows:

Deferred revenue, beginning of year	\$ 52,523	\$ 28,635
Add cash received from grants in year	92,499	225,269
Less grant funding recognized in year (note 9)	<u>(138,022)</u>	<u>(201,381)</u>
Deferred revenue, end of year	<u>\$ 7,000</u>	<u>\$ 52,523</u>

7. DEFERRED PROPERTY AND EQUIPMENT GRANTS

Contributions received from donors to purchase property and equipment are deferred and amortized over the life of the asset. The continuity of deferred property and equipment grants for the year is as follows:

	2016	2015
Deferred property and equipment contributions, beginning of year	\$ 58,361	\$ 64,846
Less amortization recognized in revenue	<u>(5,836)</u>	<u>(6,485)</u>
Deferred property and equipment contributions, end of year	<u>\$ 52,525</u>	<u>\$ 58,361</u>

8. DESIGNATED NET ASSETS

The Board of Directors of the organization has designated net assets of \$65,000 as at December 31, 2016 to provide for future unexpected financial requirements (\$65,000 at December 31, 2015).

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9. GOVERNMENT AND RELATED AGENCY GRANT REVENUE

Grant revenue recognized in the year was as follows:

	2016	2015
City of Toronto		
Operating grant (CSP)	\$ 23,550	\$ 25,542
Investing in Neighbourhoods	9,157	14,152
Police Services	55,000	50,000
Department of Justice	20,917	60,575
The Ontario Trillium Foundation	<u>29,398</u>	<u>51,112</u>
	<u>\$ 138,022</u>	<u>\$ 201,381</u>

10. ALLOCATION OF EXPENSES TO SUPPORT SERVICES

The organization allocated costs to programs as follows:

	Direct Expenses	Allocated Expenses	2016 Total	2015 Total
Adult Support Services	\$ 28,951	\$ 104,883	\$ 133,834	\$ 183,696
Child Abuse Investigations	16,632	25,058	41,690	38,582
Partners program	6,280	25,420	31,700	51,113
Healing Garden	<u>9,828</u>	<u> </u>	<u>9,828</u>	<u>7,335</u>
	<u>\$ 61,691</u>	<u>\$ 155,361</u>	<u>\$ 217,052</u>	<u>\$ 280,726</u>

Expenses allocated among program areas include salaries and benefits of \$134,975 (\$189,546 in 2015) and general and administrative expenses of \$20,387 (\$16,854 in 2015). Expenses are allocated based on the estimated percentage of time spent and use of resources for each program area.