
THE GATEHOUSE

(Incorporated as the Gatehouse Child Abuse Advocacy Centre)

FINANCIAL STATEMENTS

DECEMBER 31, 2017

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, 2017, 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 donation and fundraising revenue and excess of revenue over expenses for the year for the years ended December 31, 2017 and 2016, current assets as at December 31, 2017 and 2016, and net assets as at January 1, 2016 and 2015 and December 31, 2017 and 2016.

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, 2017, 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 Professional Accountants
Licensed Public Accountants

May 28, 2018
Toronto, Ontario

THE GATEHOUSE

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2017

	2017	2016
ASSETS		
Current assets		
Cash	\$ 151,022	\$ 151,614
Short-term investment	67,470	66,571
Accounts receivable	2,763	10,156
Sales taxes recoverable	14,607	16,126
Prepaid expenses	<u>2,290</u>	<u>7,476</u>
	238,152	251,943
Property and equipment (note 4)	<u>86,095</u>	<u>91,359</u>
	<u>\$ 324,247</u>	<u>\$ 343,302</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	\$ 6,615	\$ 4,272
Current portion of capital lease payments	1,711	
Deferred revenue (note 6)	<u>7,000</u>	<u>7,000</u>
	15,326	11,272
Long term portion of capital lease	3,362	
Deferred property and equipment grants (note 7)	<u>47,272</u>	<u>52,525</u>
	<u>65,960</u>	<u>63,797</u>
Net assets		
Designated (note 8)	65,000	65,000
Undesignated	<u>193,287</u>	<u>214,505</u>
	<u>258,287</u>	<u>279,505</u>
	<u>\$ 324,247</u>	<u>\$ 343,302</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, 2017

	2017	2016
REVENUE		
Donations and fundraising	\$ 163,002	\$ 156,864
Government and related agency grants (note 9)	81,525	138,022
Amortization of property and equipment grants	5,253	5,836
Other	<u>14,307</u>	<u>13,570</u>
	<u>264,087</u>	<u>314,292</u>
EXPENSES		
Support services (note 10)	187,391	209,820
Office and general	68,027	50,886
Special events	16,091	7,232
Conference	3,459	3,729
Amortization	<u>10,337</u>	<u>10,341</u>
	<u>285,305</u>	<u>282,008</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR	(21,218)	32,284
Net assets, beginning of year	<u>279,505</u>	<u>247,221</u>
NET ASSETS, END OF YEAR	<u>\$ 258,287</u>	<u>\$ 279,505</u>

see accompanying notes

THE GATEHOUSE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2017

	2017	2016
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses for the year	\$ (21,218)	\$ 32,284
Add back non-cash items:		
Amortization of property and equipment grant (note 7)	(5,253)	(5,836)
Amortization expense	10,337	10,341
Net change in non-cash working capital items:		
(Increase) decrease in accounts receivable	7,393	(5,994)
(Increase) decrease in sales taxes recoverable	1,519	(8,418)
(Increase) decrease in prepaid expenses	5,186	(7,476)
Increase (decrease) in accounts payable and accrued liabilities	2,343	(2,670)
Increase (decrease) in deferred revenue	<u> </u>	<u>(45,523)</u>
Cash generated from (used in) operations	<u>307</u>	<u>(33,292)</u>
INVESTING ACTIVITIES		
Purchase of property and equipment		(2,606)
Purchase of short-term investment	<u>(899)</u>	<u>(661)</u>
Cash used in investing activities	<u>(899)</u>	<u>(3,267)</u>
NET DECREASE IN CASH FOR THE YEAR	(592)	(36,559)
Cash, beginning of year	<u>151,614</u>	<u>188,173</u>
CASH, END OF YEAR	<u>\$ 151,022</u>	<u>\$ 151,614</u>

see accompanying notes

THE GATEHOUSE

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017

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:

Leasehold improvements	- 25 years straight-line
Furniture and equipment	- 7 years straight-line
Capital lease - equipment	- 5 years straight-line

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 as 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, 2017

2. SHORT-TERM INVESTMENT

The short-term investment of \$67,470 is a guaranteed investment certificate (GIC) held at a major Canadian credit union and earns interest of 1.15% (2016 - \$1.35%). The GIC matures next August .

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	2017 Net	2016 Net
Leasehold improvements	\$ 304,612	\$ (260,413)	\$ 44,199	\$ 49,590
Furniture and equipment	54,526	(17,703)	36,823	41,769
Capital lease - phone equipment	<u>7,573</u>	<u>(2,500)</u>	<u>5,073</u>	<u>nil</u>
	<u>\$ 366,711</u>	<u>\$ (280,616)</u>	<u>\$ 86,095</u>	<u>\$ 91,359</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, 2017. 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, 2017

6. DEFERRED REVENUE

Deferred revenue is composed of the following:

	2017	2016
Ramp installation	\$ 5,000	\$ 5,000
Labyrinth	<u>2,000</u>	<u>2,000</u>
Deferred revenue, end of year	<u>\$ 7,000</u>	<u>\$ 7,000</u>

Continuity of deferred revenue for the year is as follows:

Deferred revenue, beginning of year	\$ 7,000	\$ 52,523
Add cash received from grants in year	81,525	92,499
Less grant funding recognized in year (note 9)	<u>(81,525)</u>	<u>(138,022)</u>
Deferred revenue, end of year	<u>\$ 7,000</u>	<u>\$ 7,000</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:

	2017	2016
Deferred property and equipment contributions, beginning of year	\$ 52,525	\$ 58,361
Less amortization recognized in revenue	<u>(5,253)</u>	<u>(5,836)</u>
Deferred property and equipment contributions, end of year	<u>\$ 47,272</u>	<u>\$ 52,525</u>

8. DESIGNATED NET ASSETS

The Board of Directors of the organization has designated net assets of \$65,000 to provide for future unexpected financial requirements.

9. GOVERNMENT AND RELATED AGENCY GRANT REVENUE

Grant revenue recognized in the year was as follows:

	2017	2016
City of Toronto		
Operating grant (CSP)	\$ 24,025	\$ 23,550
Police Services	50,000	55,000
Investing in Neighbourhoods		9,157
Department of Justice	7,500	20,917
The Ontario Trillium Foundation	<u> </u>	<u>29,398</u>
	<u>\$ 81,525</u>	<u>\$ 138,022</u>

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DECEMBER 31, 2017

10. ALLOCATION OF EXPENSES TO SUPPORT SERVICES

The organization allocated costs to programs as follows:

	Direct Expenses	Allocated Expenses	2017 Total	2016 Total
Adult Support Services	\$ 33,221	\$ 113,631	\$ 146,852	\$ 130,218
Child Abuse Investigations	9,966	19,604	29,570	38,074
Partners program		10,938	10,938	31,700
Healing Garden	<u>31</u>	<u></u>	<u>31</u>	<u>9,828</u>
	<u>\$ 43,218</u>	<u>\$ 144,173</u>	<u>\$ 187,391</u>	<u>\$ 209,820</u>

Expenses allocated among program areas include salaries and benefits of \$126,719 (\$134,975 in 2016) and general and administrative expenses of \$17,454 (\$16,771 in 2016). Expenses are allocated based on the estimated percentage of time spent and use of resources for each program area.