

**THE GATEHOUSE CHILD ABUSE INVESTIGATION AND SUPPORT SITE**  
**(operating as The Gatehouse)**  
**Financial Statements**  
**December 31, 2019**

**THE GATEHOUSE**  
**Index to Financial Statements**  
**Year Ended December 31, 2019**

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of The Gatehouse Child Abuse Investigation and Support Site (operating as The Gatehouse)

### *Qualified Opinion*

We have audited the financial statements of The Gatehouse Child Abuse Investigation and Support Site (operating as The Gatehouse), which comprise the statement of financial position as at December 31, 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* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of The Gatehouse as at December 31, 2019, and the results of its 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 charitable organizations, The Gatehouse derives revenues from donations and fundraising activities, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of The Gatehouse and we were not able to determine whether any adjustments might be necessary to revenues and excess of revenues over expenses for the year ended December 31, 2019, or current assets and net assets as at December 31, 2019.

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

### *Other Matter*

The financial statements of The Gatehouse for the year ended December 31, 2018 were audited by another auditor who expressed a modified opinion, for the matter noted above, on those financial statements on May 14, 2019.

### *Responsibilities of Management and Those Charged with Governance for 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 entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate The entity or to cease operations, or has no realistic alternative but to do so.

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Those charged with governance are responsible for overseeing The entity'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 for 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 entity'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 entity'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 entity 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.

*Hogg, Shain & Scheck PC*

Toronto, Ontario  
March 10, 2020

Authorized to practise public accounting by the  
Chartered Professional Accountants of Ontario

**THE GATEHOUSE**  
**Statement of Financial Position**  
**As at December 31, 2019**

	2019	2018
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 158,061	\$ 144,962
Short-term investment <i>(Note 3)</i>	69,610	68,246
Accounts receivable	14,558	18,829
Prepaid expenses	4,181	-
	246,410	232,037
<b>PROPERTY AND EQUIPMENT</b> <i>(Note 4)</i>	54,772	70,433
	\$ 301,182	\$ 302,470
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 16,563	\$ 10,325
Current portion of capital lease	1,651	1,799
Deferred revenues <i>(Note 5)</i>	6,632	7,000
	24,846	19,124
<b>LONG TERM PORTION OF CAPITAL LEASE</b>	-	1,651
<b>DEFERRED PROPERTY AND EQUIPMENT GRANTS</b> <i>(Note 6)</i>	34,992	41,132
	59,838	61,907
<b>NET ASSETS</b>		
<b>UNDESIGNATED</b>	171,734	175,563
<b>INTERNALLY DESIGNATED</b> <i>(Note 7)</i>	69,610	65,000
	241,344	240,563
	\$ 301,182	\$ 302,470

**APPROVED ON BEHALF OF THE BOARD**

\_\_\_\_\_ *Director*

\_\_\_\_\_ *Director*

*See the accompanying notes to these financial statements*

**THE GATEHOUSE**  
**Statement of Operations**  
**Year Ended December 31, 2019**

	2019	2018
<b>REVENUES</b>		
Donations and fundraising	\$ 220,546	\$ 238,761
Government and related agency grants <i>(Note 8)</i>	47,590	31,530
Training and workshop fees	22,125	16,756
Amortization of property and equipment grants	6,140	6,140
Other	6,349	6,563
	<u>302,750</u>	<u>299,750</u>
<b>EXPENSES</b>		
Support services <i>(Note 9)</i>	200,943	193,036
Office and general	47,144	62,013
Special events	33,977	42,295
Amortization of property and equipment	15,660	15,662
Conference	4,245	4,468
	<u>301,969</u>	<u>317,474</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	<u>\$ 781</u>	<u>\$ (17,724)</u>

*See the accompanying notes to these financial statements*

**THE GATEHOUSE**  
**Statement of Changes in Net Assets**  
**Year Ended December 31, 2019**

	Undesignated	Designated	<b>2019</b>	2018
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 175,563	\$ 65,000	<b>\$ 240,563</b>	\$ 258,287
Excess (deficiency) of revenues over expenses	(3,829)	4,610	<b>781</b>	(17,724)
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 171,734</b>	<b>\$ 69,610</b>	<b>\$ 241,344</b>	<b>\$ 240,563</b>

*See the accompanying notes to these financial statements*

**THE GATEHOUSE**  
**Statement of Cash Flows**  
**Year Ended December 31, 2019**

	2019	2018
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenues over expenses	\$ 781	\$ (17,724)
Items not affecting cash:		
Amortization of property and equipment	15,660	15,662
Amortization of property and equipment grants	<u>(6,140)</u>	<u>(6,140)</u>
	<u>10,301</u>	<u>(8,202)</u>
Changes in non-cash working capital:		
Accounts receivable	4,271	(1,459)
Prepaid expenses	(4,181)	2,290
Accounts payable and accrued liabilities	6,239	3,710
Deferred revenues	<u>(368)</u>	<u>-</u>
	<u>5,961</u>	<u>4,541</u>
Cash flows from (used by) operating activities	<u>16,262</u>	<u>(3,661)</u>
<b>INVESTING ACTIVITY</b>		
Net changes in short-term investment and cash flows used by investing activity	<u>(1,364)</u>	<u>(776)</u>
<b>FINANCING ACTIVITY</b>		
Payments for obligations under capital lease and cash flows used by financing activity	<u>(1,799)</u>	<u>(1,623)</u>
<b>NET INCREASE (DECREASE) IN CASH FLOWS</b>	<b>13,099</b>	<b>(6,060)</b>
<b>CASH - BEGINNING OF YEAR</b>	<u>144,962</u>	<u>151,022</u>
<b>CASH - END OF YEAR</b>	<u><b>\$ 158,061</b></u>	<u><b>\$ 144,962</b></u>

*See the accompanying notes to these financial statements*



**THE GATEHOUSE**  
**Notes to Financial Statements**  
**Year Ended December 31, 2019**

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**1. PURPOSE OF THE GATEHOUSE**

The Gatehouse Child Abuse Investigation and Support Site (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 Gatehouse 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.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of presentation

These financial statements are the representation of management and have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") in Part III of the CPA Canada Handbook and include the following significant accounting policies.

Revenue recognition

The Gatehouse follows the deferral method of accounting for restricted contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Restricted contributions related to the purchase of property and equipment are recognized as revenue on the same basis as the related assets are amortized. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Training and workshop fees are recognized when received or receivable, upon substantial completion of the related event, provided that the amount to be received can be reasonably estimated and collection is reasonably assured.

Donated goods and services

Donated goods are recognized when a fair value can be reasonably estimated and when they would be used in the normal course of operations, and would otherwise have been purchased. The fair value of donated services cannot be reasonably determined and, therefore, are not reflected in these financial statements.

Financial instruments

The Gatehouse's financial instruments consist of cash, short-term investment, accounts receivable, and accounts payable. All financial instruments are initially measured at fair value, and subsequently, at amortized cost.

Property and equipment

Property and equipment is recorded at cost less accumulated amortization. Property and equipment is amortized over its estimated useful life on a straight-line basis at the following rates:

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

The Gatehouse regularly reviews its property and equipment to eliminate obsolete items.

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**THE GATEHOUSE**  
**Notes to Financial Statements**  
**Year Ended December 31, 2019**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Measurement uncertainty

The preparation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the reported amounts of revenues and expenses during the year. Such estimates are periodically reviewed and any adjustments necessary are reported in the year in which they become known. Actual results could differ from these estimates.

**3. SHORT-TERM INVESTMENT**

Short-term investment consists of a Guaranteed Investment Certificate (GIC) held at a major Canadian credit union, which earns interest at 2.0% (2018 - 1.2%), and matures in August 2020.

**4. PROPERTY AND EQUIPMENT**

	Cost	Accumulated amortization	<b>2019 Net book value</b>	2018 Net book value
Leasehold improvements	\$ 304,612	\$ 271,463	\$ <b>33,149</b>	\$ 38,674
Furniture and equipment	54,525	35,910	<b>18,615</b>	27,701
Capital lease - phone equipment	5,250	2,242	<b>3,008</b>	4,058
	<u>\$ 364,387</u>	<u>\$ 309,615</u>	<u>\$ <b>54,772</b></u>	<u>\$ 70,433</u>

**5. DEFERRED REVENUES**

Deferred revenues are comprised of funds received for the following specific purposes, to be spent in future years:

	<b>2019</b>	2018
Ramp installation	\$ <b>5,000</b>	\$ 5,000
Labyrinth	<b>1,632</b>	2,000
	<u>\$ <b>6,632</b></u>	<u>\$ 7,000</u>

Continuity of deferred revenue for the year is as follows:

Deferred revenues, beginning of year	\$ <b>7,000</b>	\$ 7,000
Add: Contributions received during the year	<b>47,590</b>	31,530
Less: Contributions recognized as revenue during the year	<u>(47,958)</u>	<u>(31,530)</u>
Deferred revenues, end of year	<u>\$ <b>6,632</b></u>	<u>\$ 7,000</u>

**THE GATEHOUSE**  
**Notes to Financial Statements**  
**Year Ended December 31, 2019**

**6. DEFERRED PROPERTY AND EQUIPMENT GRANTS**

Deferred property and equipment grants are funds received specifically for property improvements at 3101 Lake Shore Blvd. West, Toronto and for equipment.

Continuity of deferred property and equipment grants for the year is as follows:

	2019	2018
Deferred property and equipment grants, beginning of year	\$ 41,132	\$ 47,272
Less: Amortization of property and equipment grants	(6,140)	(6,140)
Deferred property and equipment grants, end of year	\$ 34,992	\$ 41,132

**7. INTERNALLY DESIGNATED NET ASSETS**

The Board of Directors of The Gatehouse has designated net assets of \$69,610 (2018 - \$65,000) to provide for future unexpected financial requirements.

**8. GOVERNMENT AND RELATED AGENCY GRANT REVENUE**

	2019	2018
City of Toronto - Operating grant (CSP)	\$ 25,065	\$ 24,530
Canada Summer Jobs	14,175	-
Department of Justice	8,000	7,000
Partners program	350	-
	\$ 47,590	\$ 31,530

**9. ALLOCATION OF EXPENSES TO SUPPORT SERVICES**

The Gatehouse allocated costs to programs as follows:

	Direct Expenses	Allocated Expenses	2019	2018
Adult Support Services	\$ 31,973	\$ 124,339	\$ 156,312	\$ 153,132
Child Abuse Investigations	8,709	20,582	29,291	28,634
Partners program	951	14,014	14,965	10,943
Healing Garden	375	-	375	326
	\$ 42,008	\$ 158,935	\$ 200,943	\$ 193,035

Expenses allocated among program areas include salaries and benefits of \$141,875 (2018 - \$130,149) and general and administrative expenses of \$17,522 (2018 - \$15,333). Expenses are allocated based on the estimated percentage of time spent and use of resources for each program area.

**10. BANK LOAN**

The Gatehouse has access to 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, 2019 or 2018. As collateral for the bank loan, the Organization has pledged a general assignment of accounts receivable and equipment.

**THE GATEHOUSE**  
**Notes to Financial Statements**  
**Year Ended December 31, 2019**

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**11. FINANCIAL INSTRUMENTS**

It is management's opinion that The Gatehouse is not exposed to significant credit, liquidity, or market risks arising from its financial instruments.

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**12. COMPARATIVE FIGURES**

Some of the comparative figures have been reclassified to conform to the current year's presentation.

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