

THE GATEHOUSE CHILD ABUSE INVESTIGATION AND SUPPORT SITE
(operating as The Gatehouse)
Financial Statements
December 31, 2020

THE GATEHOUSE
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Year Ended December 31, 2020

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INDEPENDENT AUDITOR'S REPORT

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, 2020, 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, 2020, 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 to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Gatehouse. Therefore, we were not able to determine whether any adjustments might be necessary to revenues, excess of revenues over expenses, and cash flows from operations for the years ended December 31, 2020 and 2019, and current assets and net assets as at December 31, 2020 and 2019 and January 1, 2020 and 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 Gatehouse'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 Gatehouse or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Gatehouse'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.

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Independent Auditor's Report to the Members of The Gatehouse Child Abuse Investigation and Support Site
(operating as The Gatehouse) *(continued)*

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
April 13, 2021

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

THE GATEHOUSE
Statement of Financial Position
As at December 31, 2020

	2020	2019
ASSETS		
CURRENT		
Cash	\$ 169,630	\$ 158,061
Short-term investment (Note 3)	71,006	69,610
Accounts receivable (Note 1)	36,961	14,558
Prepaid expenses	1,672	4,181
	279,269	246,410
PROPERTY AND EQUIPMENT (Note 4)	41,708	54,772
	\$ 320,977	\$ 301,182
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 14,431	\$ 16,563
Current portion of capital lease	-	1,651
Deferred revenues (Note 5)	6,476	6,632
	20,907	24,846
DEFERRED PROPERTY AND EQUIPMENT GRANTS (Note 6)	28,852	34,992
	49,759	59,838
NET ASSETS		
UNDESIGNATED	200,212	171,734
INTERNALLY DESIGNATED (Note 7)	71,006	69,610
	271,218	241,344
	\$ 320,977	\$ 301,182

APPROVED ON BEHALF OF THE BOARD



Gigi D'Souza, Treasurer

Director

Sabra Desai, Chair

Sabra Desai, Chair

THE GATEHOUSE
Statement of Operations
Year Ended December 31, 2020

	2020	2019
REVENUES		
Donations and fundraising	\$ 119,709	\$ 220,546
Government assistance <i>(Note 1)</i>	74,378	-
Government and related agency grants <i>(Note 8)</i>	46,306	47,590
Training and workshop fees	15,005	22,125
Amortization of property and equipment grants	6,140	6,140
Other	5,959	6,349
	<u>267,497</u>	<u>302,750</u>
EXPENSES		
Support services <i>(Note 9)</i>	171,613	200,943
Office and general	42,939	47,144
Amortization of property and equipment	15,660	15,660
Conference	6,068	4,245
Special events	1,343	33,977
	<u>237,623</u>	<u>301,969</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 29,874</u>	<u>\$ 781</u>

See the accompanying notes to these financial statements

THE GATEHOUSE
Statement of Changes in Net Assets
Year Ended December 31, 2020

	Undesignated	Internally Designated	2020	2019
NET ASSETS - BEGINNING OF YEAR	\$ 171,734	\$ 69,610	\$ 241,344	\$ 240,563
Excess of revenues over expenses	28,478	1,396	29,874	781
NET ASSETS - END OF YEAR	\$ 200,212	\$ 71,006	\$ 271,218	\$ 241,344

See the accompanying notes to these financial statements

THE GATEHOUSE
Statement of Cash Flows
Year Ended December 31, 2020

	2020	2019
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 29,874	\$ 781
Items not affecting cash:		
Amortization of property and equipment	15,660	15,660
Amortization of property and equipment grants	<u>(6,140)</u>	<u>(6,140)</u>
	<u>39,394</u>	<u>10,301</u>
Changes in non-cash working capital:		
Accounts receivable	(22,403)	4,271
Prepaid expenses	2,509	(4,181)
Accounts payable and accrued liabilities	(2,132)	6,239
Deferred revenues	<u>(156)</u>	<u>(368)</u>
	<u>(22,182)</u>	<u>5,961</u>
Cash flows from operating activities	<u>17,212</u>	<u>16,262</u>
INVESTING ACTIVITIES		
Change in short-term investment (net)	(1,396)	(1,364)
Purchase of property and equipment	<u>(2,596)</u>	<u>-</u>
Cash flows used by investing activities	<u>(3,992)</u>	<u>(1,364)</u>
FINANCING ACTIVITY		
Payments for obligations under capital lease and cash flows used by financing activity	<u>(1,651)</u>	<u>(1,799)</u>
NET INCREASE IN CASH	11,569	13,099
CASH - BEGINNING OF YEAR	<u>158,061</u>	<u>144,962</u>
CASH - END OF YEAR	<u>\$ 169,630</u>	<u>\$ 158,061</u>

See the accompanying notes to these financial statements

THE GATEHOUSE
Notes to Financial Statements
Year Ended December 31, 2020

1. NATURE AND PURPOSE OF THE ORGANIZATION

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 Gatehouse 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.

Impact of COVID-19

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic, which resulted in a series of public health and emergency measures that were put in place to combat the spread of the virus. As a result, The Gatehouse closed its office for the remainder of fiscal 2020.

The Gatehouse received COVID-19 specific-support from the government. As part of the response to COVID-19, the federal government introduced the Canada Emergency Wage Subsidy ("CEWS") and 10% Temporary Wage Subsidy for employers ("TWS") to assist employers whose activities have been affected by COVID-19. For the period of March 15 to December 31, 2020, the Gatehouse applied for funding of \$74,378, of which \$18,810 was received subsequent to year-end. The Gatehouse intends to apply for the CEWS for all subsequent periods for which it is eligible.

The duration and impact of COVID-19 are unknown at this time. It is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of The Gatehouse in future periods. The Gatehouse continues to closely monitor and assess the impact on operations, including when it would be permitted to fully resume operations, and makes adjustments accordingly. It is the opinion of management that the Gatehouse will have sufficient resources to mitigate any potential negative impact that may occur in fiscal 2021 as a result of COVID-19.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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.

Financial instruments

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.

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THE GATEHOUSE
Notes to Financial Statements
Year Ended December 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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	8 years
Furniture and equipment	7 years
Capital lease - phone equipment	5 years

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

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.

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 at the date of the financial statements and the reported amounts of revenues and expenses during the year. Such estimates are periodically reviewed and adjustments are made to revenues and expenses as appropriate in the year they become known. Actual results may differ from these estimates.

3. SHORT-TERM INVESTMENT

Short-term investment consists of a one-year term deposit held at a major Canadian credit union, which earns interest at 1.25% (2019 - 2.0%), and matures in August 2021.

4. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Leasehold improvements	\$ 304,612	\$ 276,988	\$ 27,624	\$ 33,149
Furniture and equipment	57,121	44,996	12,125	18,615
Capital lease - phone equipment	5,250	3,291	1,959	3,008
	\$ 366,983	\$ 325,275	\$ 41,708	\$ 54,772

THE GATEHOUSE
Notes to Financial Statements
Year Ended December 31, 2020

5. DEFERRED REVENUES

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

	2020	2019
Ramp installation	\$ 5,000	\$ 5,000
Labyrinth	1,476	1,632
	\$ 6,476	\$ 6,632

The continuity of deferred revenues for the year is as follows:

Deferred revenues, beginning of year	\$ 6,632	\$ 7,000
Add: Contributions received during the year	44,856	47,590
Less: Contributions recognized as revenue during the year	(45,012)	(47,958)
Deferred revenues, end of year	\$ 6,476	\$ 6,632

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.

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

	2020	2019
Deferred property and equipment grants, beginning of year	\$ 34,992	\$ 41,132
Less: Amortization of property and equipment grants	(6,140)	(6,140)
Deferred property and equipment grants, end of year	\$ 28,852	\$ 34,992

7. INTERNALLY DESIGNATED NET ASSETS

The Board of Directors of The Gatehouse has designated net assets of \$71,006 (2019 - \$69,610) to provide for future unexpected financial requirements.

8. GOVERNMENT AND RELATED AGENCY GRANT REVENUE

	2020	2019
City of Toronto - Operating grant (CSP)	\$ 25,585	\$ 25,065
Employment and Social Development Canada	10,421	14,175
Department of Justice Canada	10,000	8,000
Partners program	300	350
	\$ 46,306	\$ 47,590

THE GATEHOUSE
Notes to Financial Statements
Year Ended December 31, 2020

9. ALLOCATION OF EXPENSES TO SUPPORT SERVICES

The Gatehouse allocates costs to programs as follows:

	Direct Expenses	Allocated Expenses	2020	2019
Adult Support Services	\$ 22,922	\$ 107,668	\$ 130,590	\$ 156,312
Child Abuse Investigations	5,367	16,199	21,566	29,291
Partners program	88	19,212	19,300	14,965
Healing Garden	157	-	157	375
	\$ 28,534	\$ 143,079	\$ 171,613	\$ 200,943

Expenses allocated among program areas include salaries and benefits of \$128,034 (2019 - \$141,875) and general and administrative expenses of \$15,045 (2019 - \$17,522). Expenses are allocated based on the estimated percentage of time spent and use of resources for each program area.

10. FINANCIAL RISKS

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