

THE GATEHOUSE CHILD ABUSE INVESTIGATION AND SUPPORT SITE
(Operating as The Gatehouse)
Financial Statements
December 31, 2021

THE GATEHOUSE CHILD ABUSE INVESTIGATION AND SUPPORT SITE
(Operating as The Gatehouse)
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Year Ended December 31, 2021

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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, 2021, and the statements of changes in net assets, operations 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, 2021, and the results of its operations and 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, 2021 and 2020, and current assets and net assets at December 31, 2021 and 2020 and January 1, 2021 and 2020.

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 related 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 Gatehouse'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 Gatehouse'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 Gatehouse 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
June 23, 2022

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

THE GATEHOUSE CHILD ABUSE INVESTIGATION AND SUPPORT SITE
(Operating as The Gatehouse)
Statement of Financial Position
As at December 31, 2021

| | 2021 | 2020 |
|---|-------------------|-------------------|
| ASSETS | | |
| CURRENT | | |
| Cash | \$ 341,164 | \$ 169,630 |
| Short-term investment <i>(Notes 4 and 8)</i> | 71,894 | 71,006 |
| Accounts receivable | 11,474 | 36,961 |
| Prepaid expenses | 2,329 | 1,672 |
| | 426,861 | 279,269 |
| PROPERTY AND EQUIPMENT <i>(Note 5)</i> | 27,318 | 41,708 |
| | \$ 454,179 | \$ 320,977 |
| LIABILITIES | | |
| CURRENT | | |
| Accounts payable and accrued liabilities | \$ 16,171 | \$ 14,431 |
| Deferred revenues <i>(Note 7)</i> | 43,687 | 6,476 |
| | 59,858 | 20,907 |
| DEFERRED PROPERTY AND EQUIPMENT GRANTS <i>(Note 6)</i> | 22,713 | 28,852 |
| | 82,571 | 49,759 |
| NET ASSETS | | |
| UNDESIGNATED | 299,714 | 200,212 |
| INTERNALLY DESIGNATED <i>(Note 8)</i> | 71,894 | 71,006 |
| | 371,608 | 271,218 |
| | \$ 454,179 | \$ 320,977 |

APPROVED ON BEHALF OF THE BOARD

_____ *Director*

_____ *Director*

THE GATEHOUSE CHILD ABUSE INVESTIGATION AND SUPPORT SITE
(Operating as The Gatehouse)
Statement of Changes in Net Assets
Year Ended December 31, 2021

| | Undesignated | Internally Designated | 2021 | 2020 |
|---------------------------------------|-------------------|--------------------------|-------------------|-------------------|
| NET ASSETS - BEGINNING OF YEAR | \$ 200,212 | \$ 71,006 | \$ 271,218 | \$ 241,344 |
| Excess of revenues over expenses | 99,502 | 888 | 100,390 | 29,874 |
| NET ASSETS - END OF YEAR | \$ 299,714 | \$ 71,894 | \$ 371,608 | \$ 271,218 |

See the accompanying notes to these financial statements

THE GATEHOUSE CHILD ABUSE INVESTIGATION AND SUPPORT SITE
(Operating as The Gatehouse)
Statement of Operations
Year Ended December 31, 2021

| | 2021 | 2020 |
|---|-------------------|------------------|
| REVENUES | | |
| Donations and fundraising | \$ 199,924 | \$ 119,709 |
| Government and related agency grants <i>(Note 9)</i> | 85,207 | 46,306 |
| Government assistance <i>(Note 11)</i> | 52,704 | 74,378 |
| Other | 10,262 | 5,959 |
| Amortization of property and equipment grants <i>(Note 6)</i> | 6,139 | 6,140 |
| Training and workshop fees | 5,796 | 15,005 |
| | <u>360,032</u> | <u>267,497</u> |
| EXPENSES | | |
| Support services <i>(Note 10)</i> | 203,243 | 171,613 |
| Office and general | 37,802 | 42,939 |
| Amortization of property and equipment | 14,390 | 15,660 |
| Conference | 3,702 | 6,068 |
| Special events | 505 | 1,343 |
| | <u>259,642</u> | <u>237,623</u> |
| EXCESS OF REVENUES OVER EXPENSES | <u>\$ 100,390</u> | <u>\$ 29,874</u> |

See the accompanying notes to these financial statements

THE GATEHOUSE CHILD ABUSE INVESTIGATION AND SUPPORT SITE
(Operating as The Gatehouse)
Statement of Cash Flows
Year Ended December 31, 2021

| | 2021 | 2020 |
|--|-------------------|-------------------|
| OPERATING ACTIVITIES | | |
| Excess of revenues over expenses | \$ 100,390 | \$ 29,874 |
| Items not affecting cash: | | |
| Amortization of property and equipment | 14,390 | 15,660 |
| Amortization of property and equipment grants | <u>(6,139)</u> | <u>(6,140)</u> |
| | 108,641 | 39,394 |
| Changes in non-cash working capital: | | |
| Accounts receivable | 25,487 | (22,403) |
| Prepaid expenses | (657) | 2,509 |
| Accounts payable and accrued liabilities | 1,740 | (2,132) |
| Deferred revenues | <u>37,211</u> | <u>(156)</u> |
| | 63,781 | (22,182) |
| Cash flows from operating activities | <u>172,422</u> | <u>17,212</u> |
| INVESTING ACTIVITIES | | |
| Change in short-term investment (net) | (888) | (1,396) |
| Purchase of property and equipment | <u>-</u> | <u>(2,596)</u> |
| Cash flows used by investing activities | (888) | (3,992) |
| FINANCING ACTIVITY | | |
| Payments for obligations under capital lease and cash flows used by financing activity | <u>-</u> | <u>(1,651)</u> |
| INCREASE IN CASH | 171,534 | 11,569 |
| CASH - BEGINNING OF YEAR | <u>169,630</u> | <u>158,061</u> |
| CASH - END OF YEAR | \$ 341,164 | \$ 169,630 |

See the accompanying notes to these financial statements

THE GATEHOUSE CHILD ABUSE INVESTIGATION AND SUPPORT SITE
(Operating as The Gatehouse)
Notes to Financial Statements
Year Ended December 31, 2021

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.

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 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 revenues in the year in which the related expenses are incurred. Restricted contributions related to the purchase of property and equipment are recognized as revenues on the same basis as the related assets are amortized. Unrestricted contributions are recognized as revenues 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.

Government assistance revenues in response to COVID-19 (*Note 11*), are recognized on an accrual basis in the year the related eligible expenses are incurred, and eligibility criteria is met.

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, with the exception of short-term investment, which is measured at cost plus earned interest.

Impairment of financial instruments

Financial assets, measured at cost or amortized cost, are tested for impairment if there are indications of possible impairment. A previously recognized impairment loss may be reversed to the extent of the improvement, either directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal, had the impairment loss not been recognized previously. The amount of any write down or reversal is recognized in excess of revenues over expenses.

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THE GATEHOUSE CHILD ABUSE INVESTIGATION AND SUPPORT SITE
(Operating as The Gatehouse)
Notes to Financial Statements
Year Ended December 31, 2021

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.

Impairment of long-lived assets

Long-lived assets, comprising of property and equipment subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment is assessed by comparing the carrying amount of an asset to be held and used with the total of the undiscounted cash flows expected from its use and disposition. If the asset is impaired, the impairment loss to be recognized is measured as the amount by which the carrying amount of the asset exceeds its fair value, generally determined on a discounted cash flow basis. Any impairment results in a write-down of the asset and a charge to excess of revenues over expenses during the year. An impairment loss is not reversed if the fair value of the related long-lived asset subsequently increases.

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.

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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. Such estimates include the collectability of accounts receivable, determining the useful life of property and equipment for amortization purposes, and year end accrued liabilities. Actual results may differ from these estimates.

3. FINANCIAL INSTRUMENTS

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

Cash comprises cash on hand and on deposit with a Canadian financial institution. Cash balances are sufficient to cover accounts payable as they come due.

Accounts receivable are regularly monitored to minimize and mitigate the credit risk of uncollected amounts.

The Gatehouse is exposed to credit and interest rate risks arising from its financial instruments, which are consistent with the prior year.

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THE GATEHOUSE CHILD ABUSE INVESTIGATION AND SUPPORT SITE
(Operating as The Gatehouse)
Notes to Financial Statements
Year Ended December 31, 2021

3. FINANCIAL INSTRUMENTS (continued)

Credit risk

The Gatehouse is exposed to credit risk arising from its accounts receivable, which is the risk that a counter-party will fail to perform its obligations. The Gatehouse's losses from credit have been minimal.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in market interest rates. The Gatehouse is exposed to interest rate risk on its short-term investment. Fluctuations in market interest rates are not expected to significantly affect The Gatehouse's cash flows.

4. SHORT-TERM INVESTMENT

Short-term investment consists of a one-year term deposit held at a major Canadian credit union, which earns interest at 0.55% (2020 - 1.25%), and matures in August 2022 (2020 - August 2021).

5. PROPERTY AND EQUIPMENT

| | Cost | Accumulated amortization | 2021 Net book value | 2020 Net book value |
|---------------------------------|-------------------|-----------------------------|---------------------------|---------------------------|
| Leasehold improvements | \$ 304,612 | \$ 282,513 | \$ 22,099 | \$ 27,624 |
| Furniture and equipment | 57,121 | 52,810 | 4,311 | 12,125 |
| Capital lease - phone equipment | 5,250 | 4,342 | 908 | 1,959 |
| | \$ 366,983 | \$ 339,665 | \$ 27,318 | \$ 41,708 |

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 is as follows:

| | 2021 | 2020 |
|--|------------------|------------------|
| Deferred property and equipment grants - beginning of year | \$ 28,852 | \$ 34,992 |
| Less: Amortization of property and equipment grants | (6,139) | (6,140) |
| Deferred property and equipment grants - end of year | \$ 22,713 | \$ 28,852 |

THE GATEHOUSE CHILD ABUSE INVESTIGATION AND SUPPORT SITE
(Operating as The Gatehouse)
Notes to Financial Statements
Year Ended December 31, 2021

7. DEFERRED REVENUES

Deferred revenues are comprised of funds received in the current year to be spent in future years. Deferred revenues at December 31 consist of the following:

| | 2021 | 2020 |
|---|-----------|----------|
| Donations and fundraising | \$ 31,476 | \$ 6,476 |
| Government and related agency grant - Community Foundations of Canada | 12,211 | - |
| | \$ 43,687 | \$ 6,476 |

The continuity of deferred revenues is as follows:

| | 2021 | 2020 |
|--|-----------|----------|
| Deferred revenues - beginning of year | \$ 6,476 | \$ 6,632 |
| Add: Contributions received during the year | 322,342 | 44,856 |
| Less: Contributions recognized as revenues in the year | (285,131) | (45,012) |
| Deferred revenues - end of year | \$ 43,687 | \$ 6,476 |

8. INTERNALLY DESIGNATED NET ASSETS

The Board of Directors of The Gatehouse has designated net assets of \$71,894 (2020 - \$71,006) to provide for future unexpected financial requirements, which are supported by the short-term investment.

9. GOVERNMENT AND RELATED AGENCY GRANT REVENUE

| | 2021 | 2020 |
|--|-----------|-----------|
| Employment and Social Development Canada | \$ 13,573 | \$ 10,421 |
| Department of Justice Canada | 10,000 | 10,000 |
| City of Toronto - Operating grant (CSP) | 25,845 | 25,585 |
| Community Foundations of Canada | 35,789 | - |
| Partners program | - | 300 |
| | \$ 85,207 | \$ 46,306 |

THE GATEHOUSE CHILD ABUSE INVESTIGATION AND SUPPORT SITE
(Operating as The Gatehouse)
Notes to Financial Statements
Year Ended December 31, 2021

10. ALLOCATION OF EXPENSES TO SUPPORT SERVICES

The Gatehouse allocates costs to programs as follows:

| | Direct Expenses | Allocated Expenses | 2021 | 2020 |
|----------------------------|--------------------|-----------------------|-------------------|-------------------|
| Adult Support Services | \$ 19,747 | \$ 151,870 | \$ 171,617 | \$ 130,590 |
| Child Abuse Investigations | 5,643 | 16,755 | 22,398 | 21,566 |
| Partners program | - | 9,228 | 9,228 | 19,300 |
| Healing Garden | - | - | - | 157 |
| | \$ 25,390 | \$ 177,853 | \$ 203,243 | \$ 171,613 |

Expenses allocated among program areas include salaries and benefits of \$157,037 (2020 - \$128,034) and general and administrative expenses of \$20,816 (2020 - \$15,045). Direct expenses allocated include general operating expenses such as occupancy and utilities. Expenses are allocated based on the estimated percentage of time spent and use of resources for each program area.

11. GOVERNMENT ASSISTANCE

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. The Gatehouse was required to revise normally planned events and shift all activities online when possible, in response to local health and safety measures. 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 years. The Gatehouse continues to closely monitor and assess the impact on operations. It is the opinion of management that The Gatehouse will have sufficient resources to mitigate any potential negative impact that may occur in fiscal 2022 as a result of COVID-19.

As part of the response to COVID-19, the federal government introduced the Canada Emergency Wage Subsidy ("CEWS") to assist employers whose activities have been affected by COVID-19. For the period of January 1 to December 31, 2021, The Gatehouse applied for and received, funding of \$52,704 (2020 - \$74,378).