THE GATEHOUSE
(Incorporated as the Gatehouse Child Abuse Advocacy Centre)

FINANCIAL STATEMENTS

DECEMBER 31, 2018

INDEPENDENT AUDITOR'S REPORT

To the Members,
The Gatehouse

Qualified Opinion
We have audited the financial statements of The Gatehouse which comprise the statement of financial position as at December 31, 2018, and the statements of operations and 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 of 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, 2018 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.

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. Donation and fundraising revenue is therefore limited to the amounts recorded in the records of the organization, and we were not able to determine whether any adjustments to these amounts were necessary for the years ended December 31, 2018 and 2017, current assets as at December 31, 2018 and 2017, and and net assets as at January 1, 2018 and 2017 and December 31, 2018 and 2017.

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

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. 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.

INDEPENDENT AUDITOR'S REPORT (continued)

Auditor's Responsibilities
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 your 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable related safeguards.

Cowperthwaite Mehta

Chartered Professional Accountants
Licensed Public Accountants

May 14, 2019
Toronto, Ontario

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THE GATEHOUSE

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2018

	2018	2017
ASSETS		
Current assets		
Cash	$ 144,962	$ 151,022
Short-term investment	68,246	67,470
Accounts receivable	7,652	2,763
Sales taxes recoverable	11,177	14,607
Prepaid expenses		2,290
	232,037	238,152
Property and equipment (note 4)	70,433	86,095
	$ 302,470	$ 324,247
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	$ 10,325	$ 6,615
Current portion of capital lease	1,799	1,711
Deferred revenue (note 6)	7,000	7,000
	19,124	15,326
Long term portion of capital lease	1,651	3,362
Deferred property and equipment grants (note 7)	41,132	47,272
	61,907	65,960
Net assets		
Designated (note 8)	65,000	65,000
Undesignated	175,563	193,287
	240,563	258,287
	$ 302,470	$ 324,247

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, 2018

	2018	2017
REVENUE		
Donations and fundraising	$ 238,761	$ 163,002
Government and related agency grants (note 9)	31,530	81,525
Training and workshop fees	16,756	7,070
Amortization of property and equipment grants	6,140	5,253
Other	6,563	7,237
	299,750	264,087
EXPENSES		
Support services (note 10)	193,036	187,391
Office and general	62,013	68,027
Special events	42,295	16,091
Conference	4,468	3,459
Amortization	15,662	10,337
	317,474	285,305
DEFICIENCY OF REVENUE OVER EXPENSES FOR THE YEAR	(17,724)	(21,218)
Net assets, beginning of year	258,287	279,505
NET ASSETS, END OF YEAR	$ 240,563	$ 258,287

see accompanying notes

THE GATEHOUSE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2018

	2018	2017
OPERATING ACTIVITIES		
Deficiency of revenue over expenses for the year	$ (17,724)	$ (21,218)
Add back non-cash items:		
Amortization of property and equipment grant (note 7)	(6,140)	(5,253)
Amortization expense	15,662	10,337
Net change in non-cash working capital items:		
(Increase) decrease in accounts receivable	(4,889)	7,392
(Increase) decrease in sales taxes recoverable	3,430	1,520
Decrease in prepaid expenses	2,290	5,186
Increase in accounts payable and accrued liabilities	3,710	2,343
Cash generated from (used in) operations	(3,661)	307
FINANCING ACTIVITIES		
Increase (decrease) in capital lease payable	(1,623)	5,250
INVESTING ACTIVITIES		
Purchase of property and equipment		(5,250)
Purchase of short-term investment	(776)	(899)
Cash used in investing activities	(776)	(6,149)
NET DECREASE IN CASH FOR THE YEAR	(6,060)	(592)
Cash, beginning of year	151,022	151,614
CASH, END OF YEAR	$ 144,962	$ 151,022

see accompanying notes

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.

2. SHORT-TERM INVESTMENT

The short-term investment of $68,246 is a guaranteed investment certificate (GIC) held at a major Canadian credit union and earns interest of 1.20% (2017 - $1.15%). 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	2018 Net	2017 Net
Leasehold improvements	$ 304,612	$ (265,938)	$ 38,674	$ 44,199
Furniture and equipment	54,526	(26,825)	27,701	36,823
Capital lease - phone equipment	5,250	(1,192)	4,058	5,073
	$ 364,388	$ (293,955)	$ 70,433	$ 86,095

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, 2018. As collateral for the bank loan the organization has pledged a general assignment of accounts receivable and equipment.

6. DEFERRED REVENUE

Deferred revenue is composed of the following:

	2018	2017
Ramp installation	$ 5,000	$ 5,000
Labyrinth	2,000	2,000
Deferred revenue, end of year	$ 7,000	$ 7,000

Continuity of deferred revenue for the year is as follows:

	2018	2017
Deferred revenue, beginning of year	$ 7,000	$ 7,000
Add cash received from grants in year	31,530	81,525
Less grant funding recognized in year (note 9)	(31,530)	(81,525)
Deferred revenue, end of year	$ 7,000	$ 7,000

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:

	2018	2017
Deferred property and equipment contributions, beginning of year	$ 47,272	$ 52,525
Less amortization recognized in revenue	(6,140)	(5,253)
Deferred property and equipment contributions, end of year	$ 41,132	$ 47,272

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:

	2018	2017
City of Toronto		
Operating grant (CSP)	$ 24,530	$ 24,025
Police Services		50,000
Department of Justice	7,000	7,500
	$ 31,530	$ 81,525

10. ALLOCATION OF EXPENSES TO SUPPORT SERVICES

The organization allocated costs to programs as follows:

	Direct Expenses	Allocated Expenses	2018 Total	2017 Total
Adult Support Services	$ 38,082	$ 115,051	$ 153,133	$ 146,852
Child Abuse Investigations	8,845	19,789	28,634	29,570
Partners program	302	10,641	10,943	10,938
Healing Garden	326		326	31
	$ 47,555	$ 145,481	$ 193,036	$ 187,391

Expenses allocated among program areas include salaries and benefits of $130,149 ($126,719 in 2017) and general and administrative expenses of $15,333 ($17,454 in 2017). Expenses are allocated based on the estimated percentage of time spent and use of resources for each program area.