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

FINANCIAL STATEMENTS

DECEMBER 31, 2012

INDEPENDENT AUDITOR'S REPORT

To the Members,
The Gatehouse

Report on the Financial Statements

We have audited the accompanying financial statements of The Gatehouse which comprise the statement of financial position as at December 31, 2012 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 donation 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, excess of revenue over expenses for the year, assets and net assets.

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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, 2012, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Cowperthwaite Mehta

Chartered Accountants
Licensed Public Accountants

April 16, 2013
Toronto, Ontario

THE GATEHOUSE

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2012

	2012	2011
ASSETS		
Current assets		
Cash	$ 83,401	$ 126,188
Term deposits	80,000	80,000
Accounts receivable	4,705	1,797
Sales taxes recoverable	3,425	2,947
Prepaid expenses	2,892	1,615
	174,423	212,547
Property and equipment (note 5)	110,431	116,926
	$ 284,854	$ 329,473
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	$ 9,312	$ 7,606
Deferred property and equipment grants (note 7)	80,057	88,952
	89,369	96,558
Net assets		
Designated (note 8)	65,000	65,000
Undesignated	130,485	167,915
	195,485	232,915
	$ 284,854	$ 329,473

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, 2012

	2012	2011
REVENUE		
Donations	$ 83,542	$ 86,671
Government and related agency grants (note 9)	34,138	170,623
Other program grants	10,000	15,000
Amortization of property and equipment grants	8,895	11,671
Other	4,595	6,896
	141,170	290,861
EXPENSES		
Support services (note 10)	127,607	141,727
Office and general	38,757	46,803
Amortization	12,236	12,992
	178,600	201,522
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR	(37,430)	89,339
Net assets, beginning of year	232,915	143,576
NET ASSETS, END OF YEAR	$ 195,485	$ 232,915

see accompanying notes

THE GATEHOUSE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2012

	2012	2011
OPERATING ACTIVITIES		
Excess of expenses over revenue for the year	$ (37,430)	$ 89,339
Add back non-cash items:		
Amortization of property and equipment grants	(8,895)	(11,671)
Amortization of property and equipment	12,236	12,992
Net change in non-cash working capital items:		
(Increase) decrease in accounts receivable	(2,908)	11,194
Increase in sales taxes recoverable	(478)	(1,816)
Increase in prepaid expenses	(1,277)	
Decrease in accounts payable and accrued liabilities	1,706	1,265
Decrease in deferred revenue		(130,000)
Cash used in operations	(37,046)	(28,697)
INVESTING ACTIVITIES		
Purchase of property and equipment	(5,741)	
Purchase of term deposits		(64,730)
Cash used in investing activities	(5,741)	(64,730)
NET DECREASE IN CASH FOR THE YEAR	(42,787)	(93,427)
Cash, beginning of year	126,188	219,615
CASH, END OF YEAR	$ 83,401	$ 126,188

see accompanying notes

1. THE ORGANIZATION

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.

2. 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 on a basis consistent with prior years. Outlined below are those policies considered particularly significant:

Financial instruments
Financial instruments include cash, interest bearing term deposits, 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 (which approximates their amortized cost using the effective interest rate method).

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:

Furniture and equipment	- 10% diminishing balance
Leasehold improvements	- 10% diminishing balance

Revenue recognition
The organization follows the deferral method of revenue recognition. Its principal sources of revenue and recognition of these revenues for financial statement purposes are as follows:

i) 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 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.

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 capital assets and capital grants. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in the period in which they become known.

3. TERM DEPOSITS

The term deposits of $80,000 consist of guaranteed investment certificates (GICs) held at a major Canadian credit union and earn interest of 1.25%. The GICs mature in May, 2013.

4. FINANCIAL RISKS

Certain financial instruments expose the organization to risks which may affect the cash flows of the organization. Specifically:

Interest rate risk is the risk that fluctuations in interest rates will reduce the organization's cash flow from investments. The organization's investments include fixed rate instruments with maturities that are generally reinvested as they mature. The organization has exposure to interest rate movements that occur beyond the term of maturity of the fixed rate investments.

Liquidity risk is the risk that the organization will not be able to meet its obligations associated with financial liabilities. Cash flow from operations provides a substantial portion of the organization's cash requirements. Additional cash requirements are met with the use of existing cash balances and externally using the available line of credit, which provides flexibility in the short term to meet operational needs.

It is management's opinion that the organization is not exposed to significant interest rate, credit or liquidity risks.

5. PROPERTY AND EQUIPMENT

Property and equipment is as follows:

	Cost	Accumulated Amortization	2012 Net	**2011 Net**
Leasehold improvements	$ 300,290	$ (229,383)	$ 70,907	$ 78,786
Furniture and equipment	100,001	(60,477)	39,524	38,140
	$ 400,291	$ (289,860)	$ 110,431	$ 116,926

6. 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, 2012. As collateral for the bank loan the organization has pledged a general assignment of accounts receivable and equipment.

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

	2012	2011
Deferred capital contributions, beginning of year	$ 88,952	$ 100,623
Less amortization to revenue of deferred capital contributions	(8,895)	(11,671)
Deferred capital contributions, end of year	$ 80,057	$ 88,952

8. DESIGNATED NET ASSETS

The Board of Directors of the organization has designated net assets of $65,000 as at December 31, 2012 to provide for future unexpected financial requirements ($65,000 at December 31, 2011).

9. GOVERNMENT AND RELATED AGENCY GRANT REVENUE

Grant revenue recognized in the year was as follows:

	2012	2011
City of Toronto		
Operating grant (CSP)	$ 21,230	$ 21,230
Investing in neighbourhoods	2,908	9,393
Ministry of the Attorney General	10,000	10,000
Federal New Horizons grant		10,000
Toronto Police Services Board		120,000
	$ 34,138	$ 170,623

10. ALLOCATION OF EXPENSES TO PROGRAM COSTS

The organization allocated costs to programs as follows:

	Direct Expenses	Allocated Expenses	2012 Total	2011 Total
Adult Support Services	$ 21,330	$ 40,943	$ 62,273	$ 81,879
Child Abuse Investigations	52,935	12,399	65,334	59,849
	$ 74,265	$ 53,342	$ 127,607	$ 141,728

Expenses allocated among program areas include salaries and benefits of $28,202 ($11,844 in 2011) and general and administrative expenses of $25,140 ($19,364 in 2011). Expenses are allocated based on the estimated percentage of time spent and use of resources for each program area.