

SHALOM COUNSELLING SERVICES INC.

FINANCIAL STATEMENTS

SEPTEMBER 30, 2023



INDEPENDENT AUDITOR'S REPORT

To the Directors of Shalom Counselling Services Inc.

Opinion

I have audited the financial statements of **Shalom Counselling Services Inc.**, which comprise the statement of financial position as at **September 30, 2023**, and the statement of operations and change in net assets, and the statement of cash flows, for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **Shalom Counselling Services Inc.** as at **September 30, 2023** and its results of operations, changes in net assets, and cash flows, for the year then ended, in accordance with Canadian Accounting Standards for Not-for-profit Organizations.

Basis of Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the entity in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 organization'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 organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objective is 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 my 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 Auditing Standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 organization'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 organization's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the organization 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.

I 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 I identify during my audit.

E.M. Simon CPA

December 13, 2023
Waterloo, ON

E.M. Simon^{CPA} Professional Corporation

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SHALOM COUNSELLING SERVICES INC.

STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2023

(with comparative figures as at September 30, 2022)

(the accompanying notes are an integral part of these financial statements)

	2023				2022			
	<u>General Fund</u>	<u>Working Operating Reserve Fund</u>	<u>Capital Fund</u>	<u>Total</u>	<u>General Fund</u>	<u>Working Operating Reserve Fund</u>	<u>Capital Fund</u>	<u>Total</u>
ASSETS								
Current								
Cash	195,262	-	6,882	202,144	237,731	3,176	7,109	248,016
Investments (note 2)	162,911	222,940	84,397	470,248	165,154	220,000	83,112	468,266
Client fees and grants receivable	7,442	-	-	7,442	28,363	-	-	28,363
HST recoverable	9,033	-	947	9,980	2,797	-	947	3,744
Accrued interest receivable	356	6,457	447	7,260	173	2,578	861	3,612
Prepaid expenses	14,329	-	-	14,329	6,887	-	-	6,887
	389,333	229,397	92,673	711,403	441,105	225,754	92,029	758,888
Office equipment and leaseholds (note 3)	-	-	183,925	183,925	-	-	272,014	272,014
	\$389,333	\$229,397	\$276,598	\$895,328	\$441,105	\$225,754	\$364,043	\$1,030,902
LIABILITIES								
Current								
Bank overdraft	-	3,185	-	3,185	-	-	-	-
Accounts payable	16,023	-	-	16,023	16,962	-	-	16,962
Deferred income (note 4)	129,260	-	-	129,260	150,592	-	-	150,592
	145,283	3,185	-	148,468	167,554	-	-	167,554
NET ASSETS:								
Unrestricted	244,050	-	183,925	427,975	273,551	-	272,014	545,565
Internally restricted	-	226,212	-	226,212	-	225,754	-	225,754
Externally restricted	-	-	92,673	92,673	-	-	92,029	92,029
	244,050	226,212	276,598	746,860	273,551	225,754	364,043	863,348
	\$389,333	\$229,397	\$276,598	\$895,328	\$441,105	\$225,754	\$364,043	\$1,030,902

SHALOM COUNSELLING SERVICES INC.

STATEMENT OF OPERATIONS AND CHANGE IN NET ASSETS FOR THE YEAR ENDED SEPTEMBER 30, 2023

(with comparative figures for the year ended September 30, 2022)

(the accompanying notes are an integral part of these financial statements)

	2023				2022			
	<u>General Fund</u>	<u>Working Operating Reserve Fund</u>	<u>Capital Fund</u>	<u>Total</u>	<u>General Fund</u>	<u>Working Operating Reserve Fund</u>	<u>Capital Fund</u>	<u>Total</u>
REVENUES								
Donations	230,823	-	-	230,823	253,780	-	-	253,780
Client fees	348,780	-	-	348,780	313,140	-	-	313,140
Grants:								
Ministry of Health / Lutherwood	98,866	-	-	98,866	92,449	-	-	92,449
Ministry of Health	70,321	-	-	70,321	59,809	-	-	59,809
Regional Municipality of Waterloo	23,145	-	-	23,145	23,145	-	-	23,145
United Way	4,000	-	-	4,000	13,000	-	-	13,000
Ministry of Children, Community and Social Services	6,782	-	-	6,782	6,782	-	-	6,782
Canada Emergency Wage Subsidy	-	-	-	-	2,460	-	-	2,460
Fundraising, interest and other income	79,204	6,939	2,027	88,170	50,345	2,983	1,020	54,348
Education programs	8,254	-	-	8,254	9,245	-	-	9,245
	870,175	6,939	2,027	879,141	824,155	2,983	1,020	828,158
EXPENSES								
Salaries and benefits	793,687	-	-	793,687	703,207	-	-	703,207
Counsellors' fees	1,789	-	-	1,789	2,145	-	-	2,145
Office and administration	37,445	-	-	37,445	37,811	-	1,838	39,649
Rent, utilities, maintenance	22,176	-	-	22,176	19,776	-	5,670	25,446
Insurance	16,838	-	-	16,838	17,088	-	-	17,088
Advertising, promotion and fundraising	7,024	-	-	7,024	4,978	-	-	4,978
Professional fees	18,331	-	-	18,331	15,379	-	-	15,379
Client data base, website redesign	10,250	-	-	10,250	10,421	-	-	10,421
Amortization of equipment and leaseholds	-	-	88,089	88,089	-	-	89,058	89,058
	907,540	-	88,089	995,629	810,805	-	96,566	907,371
SURPLUS (DEFICIT) FOR THE YEAR	(37,365)	6,939	(86,062)	(116,488)	13,350	2,983	(95,546)	(79,213)
NET ASSETS - Opening	273,551	225,754	364,043	863,348	260,201	222,771	459,589	942,561
Inter-fund transfers								
Interest received	7,864	(6,481)	(1,383)	0	-	-	-	-
NET ASSETS - Closing	\$244,050	\$226,212	\$276,598	\$746,860	\$273,551	\$225,754	\$364,043	\$863,348

SHALOM COUNSELLING SERVICES INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

(with comparative figures for the year ended September 30, 2022)

(the accompanying notes are an integral part of these financial statements)

	<u>2023</u>				<u>2022</u>			
	<u>General Fund</u>	<u>Working Operating Reserve Fund</u>	<u>Capital Fund</u>	<u>Total</u>	<u>General Fund</u>	<u>Working Operating Reserve Fund</u>	<u>Capital Fund</u>	<u>Total</u>
Sources (uses) of funds:								
OPERATING ACTIVITIES								
Surplus (deficit) for the year	(37,365)	6,939	(86,062)	(116,488)	13,350	2,983	(95,546)	(79,213)
Items not requiring cash:								
Amortization of capital assets	-	-	88,089	88,089	-	-	89,058	89,058
Change in investments	2,243	(2,940)	(1,284)	(1,981)	(2,028)	(52,889)	3,752	(51,165)
Change in counselling fees receivable	20,920	-	-	20,920	2,074	-	-	2,074
Change in HST recoverable	(6,236)	-	-	(6,236)	704	-	(654)	50
Change in accrued interest receivable	(183)	(3,879)	413	(3,649)	1,231	(1,634)	731	328
Change in prepaid expenses	(7,442)	-	-	(7,442)	(2,889)	-	-	(2,889)
Change in accounts payable	(939)	-	-	(939)	(306)	-	-	(306)
Change in deferred client fees	(21,332)	-	-	(21,332)	(2,089)	-	-	(2,089)
	(50,334)	120	1,156	(49,057)	10,047	(51,540)	(2,659)	(44,152)
INVESTING ACTIVITIES	-	-	-	-	-	-	-	-
FINANCING ACTIVITIES								
Transfers from (to) other funds	7,864	(6,481)	(1,383)	0	-	-	-	-
CHANGE IN CASH	(42,470)	(6,361)	(227)	(49,057)	10,047	(51,540)	(2,659)	(44,152)
CASH - opening	237,731	3,176	7,109	248,016	227,684	54,716	9,768	292,168
CASH - closing	\$195,262	(\$3,185)	\$6,882	\$198,959	\$237,731	\$3,176	\$7,109	\$248,016
REPRESENTED BY:								
Cash	195,262	-	6,882	202,144	237,731	3,176	7,109	248,016
Bank overdraft	-	(3,185)	-	(3,185)	-	-	-	-
	\$195,262	(\$3,185)	\$6,882	\$198,959	\$237,731	\$3,176	\$7,109	\$248,016

SHALOM COUNSELLING SERVICES INC.

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

Shalom Counselling Services Inc. (Shalom) is incorporated without share capital under the Ontario Business Corporations Act, is a charity registered with Canada Revenue Agency, and as such is exempt from Income Tax. Shalom provides individual, couple and family counselling in a professional, caring and confidential environment. Shalom also provides group counselling, training programs, in-services and presentations on topics pertaining to mental health and well-being.

1. ACCOUNTING POLICIES

Basis of Accounting

These financial statements have been prepared using Canadian Accounting Standards for Not-for-profit Organizations.

Fund accounting

Shalom uses fund accounting to maintain its books and records. Fund accounting comprises the collective accounting procedures which result in a self-balancing set of accounts for each fund established by legal, contractual or voluntary actions.

The **General Fund** reflects the organization's program delivery, fundraising and administrative activities. This fund reports unrestricted resources and restricted operating grants and donations.

The **Working Operating Reserve Fund** was established by the Board to be a source of working capital for the general operating fund, and thereby accommodate fluctuations in day-to-day cash flows. The Board intends to allocate a portion of annual operating surpluses to the Working Operating Reserve Fund until a sufficient amount is accumulated to fund a reasonable portion of annual operating expenses.

The **Capital Fund** reflects the revenues externally restricted for capital purposes, expenses, assets and liabilities associated with the office equipment and leaseholds held by the organization.

Revenue recognition

Shalom uses the restricted fund method to recognize revenue, whereby restricted contributions are recognized as revenue in the appropriate restricted fund when such a fund exists, and reflected as restricted net assets on the statement of financial position and only recognized as revenue when spent as designated by the donor. Restricted contributions related to general operations are reflected as deferred income in the General Fund on the statement of financial position, and only recognized as revenue when the funds are spent as designated. In prior years, Shalom raised funds which were designated to assist clients who needed counselling care but did not have the ability to pay the full fee. These funds were originally recorded as deferred income, and each year counselling sessions are tracked, and if the program is operating in a deficit program, a calculation is done to utilize these deferred counselling care funds, based on the fee that would have been charged in the circumstances had the client had the ability to pay the full counselling fee. (See Counselling Care in Deferred Income note below). All revenues are only recognized as received or receivable when amounts can be reasonably estimated and collection is reasonably assured.

Cash

Cash includes bank accounts held at financial institutions.

Office equipment and leaseholds

Office equipment and leaseholds are reflected at cost, which is amortized at the following rates:

Office equipment	- 20% per annum on the declining balance
Leasehold improvements	- 10% per annum on a straight-line basis

SHALOM COUNSELLING SERVICES INC.

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2023

1. ACCOUNTING POLICIES (continued)

Measurement uncertainty

The amortization of office equipment and leasehold improvements is based on management estimates as to their useful lives. These estimates, by their very nature, involve judgement and measurement uncertainty. Such amounts are not expected to change materially in the near term.

Financial Instruments

A financial instrument is a contract that creates a financial asset for one entity and a financial liability or equity instrument of another. Shalom initially measures its financial assets and liabilities at fair value. Subsequently, all financial assets and financial liabilities are measured at amortized cost, except for investments in equity instruments with quoted fair values in an active market, if any, which are measured at fair value. Changes in fair value are recognized in net income. Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of any write-down is recognized on the statement of operations and changes in net assets. Any previously recognized impairment losses may be reversed and reflected in income to the extent of improvement, provided they are no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. Shalom recognizes its transaction costs in net income in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

2. FINANCIAL INSTRUMENTS AND RISK

	2023				2022
	<u>Operating Fund</u>	<u>Working Capital Fund</u>	<u>Capital Fund</u>	<u>Total</u>	<u>Total</u>
Investments reflected at fair value:					
Abundance Canada:					
Canada Income Pool *	82,911	-	-	82,911	81,901
Investments reflected at amortized cost:					
Guaranteed investment certificates:					
rate		maturity			
4.95%	40,000	August 28, 2024	-	40,000	83,253
4.90%	40,000	August 28, 2025	-	40,000	-
1.75%	-	November 4, 2024	81,400	81,400	80,000
4.10%	-	November 4, 2023	141,540	141,540	140,000
4.95%	-	August 28, 2024	40,000	40,000	40,000
3.25%	-	February 21, 2024	22,731	22,731	22,016
2.70%	-	September 21, 2024	21,666	21,666	21,096
	80,000	222,940	84,397	387,337	386,365
Total investments	\$162,911	\$222,940	\$84,397	\$470,248	\$468,266
Financial assets reflected at amortized cost:					
Investments	80,000	222,940	84,397	387,337	386,365
Cash and accounts receivable	202,704	-	6,882	209,586	276,379
	\$282,704	\$222,940	\$91,279	\$596,923	\$662,744

There are no financial assets measured at amortized cost less a reduction for impairment.

* The Abundance Canada Income Pool consists of bonds and other fixed income investments (approximately 79%), plus church and institutional loans (approximately 21%).

As in the prior year, management believes Shalom does face some market risk with respect to its investments, in that fluctuations in investment markets could impact the fair value of the investments. As in the prior year, management believes Shalom does not face any significant credit, currency, interest rate or liquidity risks with respect to any of its remaining financial instruments.

SHALOM COUNSELLING SERVICES INC.

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

3. OFFICE EQUIPMENT AND LEASEHOLDS

	<u>2023</u>			<u>2022</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Office equipment	90,289	74,793	15,496	19,370
Leasehold improvements	842,146	673,717	168,429	252,644
	<u>\$932,435</u>	<u>\$748,510</u>	<u>\$183,925</u>	<u>\$272,014</u>

4. DEFERRED INCOME

(see Revenue Recognition policy)

	<u>Opening</u>	<u>Received</u>	<u>Recognized</u>	<u>Closing</u>
Client fees	1,050	-	-	1,050
Counselling Care	138,375	1,882	44,237	96,020
Restricted donations and grants	11,167	27,440	6,417	32,190
	<u>\$150,592</u>	<u>\$29,322</u>	<u>\$50,654</u>	<u>\$129,260</u>

5. CONTRACTUAL OBLIGATIONS AND COMMITMENTS

Lease commitment:

Shalom is committed to a lease with respect to its premises which matures in August 2025. The lease requires an annual base rent of \$15,396, which includes a prorata share of common costs, paid in monthly instalments.