

SHALOM COUNSELLING SERVICES INC.

FINANCIAL STATEMENTS

SEPTEMBER 30, 2024



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, 2024**, 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, 2024** 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, 2024
Waterloo, ON

E.M. Simon^{CPA} Professional Corporation

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SHALOM COUNSELLING SERVICES INC.

STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2024

(with comparative figures as at September 30, 2023)

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

	2024				2023			
	<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	115,681	10,619	848	127,148	195,262	-	6,882	202,144
Investments (note 2)	84,246	272,133	88,056	444,435	162,911	222,940	84,397	470,248
Client fees and grants receivable	5,375	-	-	5,375	7,442	-	-	7,442
HST recoverable	9,009	-	1,423	10,432	9,033	-	947	9,980
Accrued interest receivable	-	8,317	642	8,959	356	6,457	447	7,260
Prepaid expenses	17,778	-	-	17,778	14,329	-	-	14,329
	232,089	291,069	90,969	614,127	389,333	229,397	92,673	711,403
Office equipment and leaseholds (note 3)	-	-	96,612	96,612	-	-	183,925	183,925
	\$232,089	\$291,069	\$187,581	\$710,739	\$389,333	\$229,397	\$276,598	\$895,328
LIABILITIES								
Current								
Bank overdraft	-	-	-	-	-	3,185	-	3,185
Accounts payable	11,013	-	-	11,013	16,023	-	-	16,023
Deferred income (note 4)	42,393	-	-	42,393	129,260	-	-	129,260
	53,406	-	-	53,406	145,283	3,185	-	148,468
NET ASSETS:								
Unrestricted	178,683	-	96,612	275,295	244,050	-	183,925	427,975
Internally restricted	-	291,069	-	291,069	-	226,212	-	226,212
Externally restricted	-	-	90,969	90,969	-	-	92,673	92,673
	178,683	291,069	187,581	657,333	244,050	226,212	276,598	746,860
	\$232,089	\$291,069	\$187,581	\$710,739	\$389,333	\$229,397	\$276,598	\$895,328

SHALOM COUNSELLING SERVICES INC.

STATEMENT OF OPERATIONS AND CHANGE IN NET ASSETS FOR THE YEAR ENDED SEPTEMBER 30, 2024

(with comparative figures for the year ended September 30, 2023)

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

	2024				2023			
	<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	313,663	-	-	313,663	230,823	-	-	230,823
Client fees	359,692	-	-	359,692	348,780	-	-	348,780
Grants:								
Ministry of Health / Lutherwood	92,449	-	-	92,449	98,866	-	-	98,866
Ministry of Health	44,728	-	-	44,728	70,321	-	-	70,321
Regional Municipality of Waterloo	23,145	-	-	23,145	23,145	-	-	23,145
United Way	5,000	-	-	5,000	4,000	-	-	4,000
Ministry of Children, Community and Social Services	6,942	-	-	6,942	6,782	-	-	6,782
Canadian Red Cross	39,550	-	-	39,550	-	-	-	-
Ontario Anti-Hate Security Measures	8,599	-	-	8,599	-	-	-	-
Fundraising, interest and other income	89,230	9,245	3,754	102,229	79,204	6,939	2,027	88,170
Education programs	1,300	-	-	1,300	8,254	-	-	8,254
	984,298	9,245	3,754	997,297	870,175	6,939	2,027	879,141
EXPENSES								
Salaries and benefits	838,891	-	-	838,891	793,687	-	-	793,687
Counsellors' fees	2,497	-	-	2,497	1,789	-	-	1,789
Office and administration	53,111	-	3,950	57,061	37,445	-	-	37,445
Rent, utilities, maintenance	21,273	-	1,507	22,780	22,176	-	-	22,176
Equity, Diversity, Inclusion Project	36,379	-	-	36,379	-	-	-	-
Insurance	17,502	-	-	17,502	16,838	-	-	16,838
Advertising, promotion and fundraising	6,509	-	-	6,509	7,024	-	-	7,024
Professional fees	6,406	-	-	6,406	18,331	-	-	18,331
Client data base, website redesign	11,485	-	-	11,485	10,250	-	-	10,250
Amortization of equipment and leaseholds	-	-	87,314	87,314	-	-	88,089	88,089
	994,053	-	92,771	1,086,824	907,540	-	88,089	995,629
SURPLUS (DEFICIT) FOR THE YEAR	(9,755)	9,245	(89,017)	(89,527)	(37,365)	6,939	(86,062)	(116,488)
NET ASSETS - Opening	244,050	226,212	276,598	746,860	273,551	225,754	364,043	863,348
Inter-fund transfers								
Bequest contribution	(55,612)	55,612	-	-	-	-	-	-
Interest received	-	-	-	-	7,864	(6,481)	(1,383)	-
NET ASSETS - Closing	\$178,683	\$291,069	\$187,581	\$657,333	\$244,050	\$226,212	\$276,598	\$746,860

SHALOM COUNSELLING SERVICES INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

(with comparative figures for the year ended September 30, 2023)

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

	2024				2023			
	<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	(9,755)	9,245	(89,017)	(89,527)	(37,365)	6,939	(86,062)	(116,488)
Items not requiring cash:								
Amortization of capital assets	-	-	87,314	87,314	-	-	88,089	88,089
Change in:								
Investments (note 2)	78,665	(49,193)	(3,660)	25,813	2,243	(2,940)	(1,284)	(1,981)
Client fees and grants receivable	2,067	-	-	2,067	20,920	-	-	20,920
HST recoverable	24	-	(476)	(452)	(6,236)	-	-	(6,236)
Accrued interest receivable	356	(1,860)	(195)	(1,699)	(183)	(3,879)	413	(3,649)
Prepaid expenses	(3,449)	-	-	(3,449)	(7,442)	-	-	(7,442)
Accounts payable	(5,010)	-	-	(5,010)	(939)	-	-	(939)
Deferred income (note 4)	(86,867)	-	-	(86,867)	(21,332)	-	-	(21,332)
	(23,969)	(41,808)	(6,034)	(71,810)	(50,334)	120	1,156	(49,058)
INVESTING ACTIVITIES	-	-	-	-	-	-	-	-
FINANCING ACTIVITIES								
Transfers from (to) other Funds	(55,612)	55,612	-	-	7,864	(6,481)	(1,383)	-
CHANGE IN CASH	(79,581)	13,804	(6,034)	(71,810)	(42,470)	(6,361)	(227)	(49,058)
CASH - opening	195,262	(3,185)	6,882	198,958	237,731	3,176	7,109	248,016
CASH - closing	\$115,681	\$10,619	\$848	\$127,148	\$195,262	(\$3,185)	\$6,882	\$198,958
REPRESENTED BY:								
Cash	115,681	10,619	848	127,148	195,262	-	6,882	202,144
Bank overdraft	-	-	-	-	-	(3,185)	-	(3,185)
	\$115,681	\$10,619	\$848	\$127,148	\$195,262	(\$3,185)	\$6,882	\$198,958

SHALOM COUNSELLING SERVICES INC.

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

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 until 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, 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, 2024

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

	2024				2023
	<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 *	84,246	-	-	84,246	82,911
Investments reflected at amortized cost:					
Guaranteed investment certificates:					
rate					
maturity					
1.75% November 4, 2024	-	82,825	-	82,825	81,400
4.90% August 28, 2025	-	41,965	-	41,965	40,000
5.30% May 5, 2025	-	147,343	-	147,343	141,540
4.95% August 28, 2025	-	-	41,985	41,985	40,000
4.50% February 21, 2027	-	-	23,470	23,470	22,731
4.20% September 21, 2025	-	-	22,601	22,601	21,666
4.95% August 28, 2024	-	-	-	-	40,000
	-	272,133	88,056	360,189	387,337
Total investments	\$84,246	\$272,133	\$88,056	\$444,435	\$470,248
Financial assets reflected at amortized cost:					
Investments	-	272,133	88,056	360,189	387,337
Cash and accounts receivable	121,056	10,619	848	132,523	209,586
	\$121,056	\$282,752	\$88,904	\$492,712	\$596,923

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, 2024

3. OFFICE EQUIPMENT AND LEASEHOLDS

	<u>2024</u>			<u>2023</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Office equipment	90,289	77,892	12,397	15,496
Leasehold improvements	842,146	757,931	84,215	168,429
	<u>\$932,435</u>	<u>\$835,823</u>	<u>\$96,612</u>	<u>\$183,925</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	96,020	3,250	57,927	41,343
Restricted donations and grants	32,190	8,599	40,789	-
	<u>\$129,260</u>	<u>\$11,849</u>	<u>\$98,716</u>	<u>\$42,393</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.