

***SHALOM COUNSELLING SERVICES INC.***

FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025



## 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, 2025**, 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, 2025** 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 15, 2025  
Waterloo, ON

**E.M. Simon<sup>CPA</sup> Professional Corporation**

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# SHALOM COUNSELLING SERVICES INC.

## STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2025

(with comparative figures as at September 30, 2024)

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

	2025				2024			
	<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>
<b>ASSETS</b>								
<b>Current</b>								
Cash	57,810	7,848	331	65,989	115,681	10,619	848	127,148
Investments (note 2)	85,746	159,252	43,812	288,810	84,246	272,133	64,586	420,965
Client fees and grants receivable	11,567	-	-	11,567	5,375	-	-	5,375
HST recoverable	5,319	-	5,341	10,660	9,009	-	1,423	10,432
Accrued interest receivable	-	2,331	1,131	3,462	-	8,317	642	8,959
Prepaid expenses	17,691	-	-	17,691	17,778	-	-	17,778
	178,133	169,431	50,615	398,179	232,089	291,069	67,499	590,657
<b>Long-term</b>								
Investments (note 2)	-	68,000	24,529	92,529	-	-	23,470	23,470
Office equipment and leaseholds (note 3)	-	-	9,918	9,918	-	-	96,612	96,612
	-	68,000	34,447	102,447	-	-	120,082	120,082
	\$178,133	\$237,431	\$85,062	\$500,626	\$232,089	\$291,069	\$187,581	\$710,739
<b>LIABILITIES</b>								
<b>Current</b>								
Accounts payable	10,078	-	-	10,078	11,013	-	-	11,013
Deferred income (note 4)	19,845	-	-	19,845	42,393	-	-	42,393
	29,923	-	-	29,923	53,406	-	-	53,406
<b>NET ASSETS:</b>								
<b>Unrestricted</b>	148,210	-	9,918	158,128	178,683	-	96,612	275,295
<b>Internally restricted</b>	-	237,431	-	237,431	-	291,069	-	291,069
<b>Externally restricted</b>	-	-	75,144	75,144	-	-	90,969	90,969
	148,210	237,431	85,062	470,703	178,683	291,069	187,581	657,333
	\$178,133	\$237,431	\$85,062	\$500,626	\$232,089	\$291,069	\$187,581	\$710,739

# SHALOM COUNSELLING SERVICES INC.

## STATEMENT OF OPERATIONS AND CHANGE IN NET ASSETS FOR THE YEAR ENDED SEPTEMBER 30, 2025

(with comparative figures for the year ended September 30, 2024)

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

	2025				2024			
	<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>
<b>REVENUES</b>								
Donations - General	297,635	-	-	297,635	248,223	-	-	248,223
Donations - Bridging the Gap	52,948	-	-	52,948	57,927	-	-	57,927
Client fees	269,837	-	-	269,837	301,765	-	-	301,765
Government:								
Ministry of Health / Starling	94,229	-	-	94,229	92,449	-	-	92,449
Ministry of Health / Counselling Collaborative	32,280	-	-	32,280	44,728	-	-	44,728
Regional Municipality of Waterloo	23,145	-	-	23,145	23,145	-	-	23,145
Ministry of Children, Community and Social Services	6,864	-	-	6,864	6,942	-	-	6,942
Grants:								
United Way	-	-	-	-	5,000	-	-	5,000
Canadian Red Cross	-	-	-	-	39,550	-	-	39,550
Ontario Anti-Hate Security Measures	-	-	-	-	8,599	-	-	8,599
Other grants	33,787	-	-	33,787	65,440	-	-	65,440
Fundraising, interest and other income	94,638	7,441	3,457	105,536	89,230	9,245	3,754	102,229
Education programs	1,175	-	-	1,175	1,300	-	-	1,300
	<u>906,538</u>	<u>7,441</u>	<u>3,457</u>	<u>917,436</u>	<u>984,298</u>	<u>9,245</u>	<u>3,754</u>	<u>997,297</u>
<b>EXPENSES</b>								
Salaries and benefits	871,281	-	-	871,281	838,891	-	-	838,891
Counsellors' fees	6,710	-	-	6,710	2,497	-	-	2,497
Office and administration	48,324	-	22,449	70,773	53,111	-	3,950	57,061
Rent, utilities, maintenance	21,920	-	1,855	23,775	21,273	-	1,507	22,780
Equity, Diversity, Inclusion Project	-	-	-	-	36,379	-	-	36,379
Insurance	18,394	-	-	18,394	17,502	-	-	17,502
Advertising, promotion and fundraising	10,218	-	-	10,218	6,509	-	-	6,509
Professional fees	3,825	-	-	3,825	6,406	-	-	6,406
Client data base, website redesign	12,396	-	-	12,396	11,485	-	-	11,485
Amortization of equipment and leaseholds	-	-	86,694	86,694	-	-	87,314	87,314
	<u>993,068</u>	<u>-</u>	<u>110,998</u>	<u>1,104,066</u>	<u>994,053</u>	<u>-</u>	<u>92,771</u>	<u>1,086,824</u>
<b>SURPLUS (DEFICIT) FOR THE YEAR</b>	<u>(86,530)</u>	<u>7,441</u>	<u>(107,541)</u>	<u>(186,630)</u>	<u>(9,755)</u>	<u>9,245</u>	<u>(89,017)</u>	<u>(89,527)</u>
<b>NET ASSETS - Opening</b>	<u>178,683</u>	<u>291,069</u>	<u>187,581</u>	<u>657,333</u>	<u>244,050</u>	<u>226,212</u>	<u>276,598</u>	<u>746,860</u>
Inter-fund transfers								
Budgeted transfers	(5,022)	-	5,022	-	-	-	-	-
Bequest contribution	-	-	-	-	(55,612)	55,612	-	-
Transfer of investments	61,079	(61,079)	-	-	-	-	-	-
<b>NET ASSETS - Closing</b>	<u>\$148,210</u>	<u>\$237,431</u>	<u>\$85,062</u>	<u>\$470,703</u>	<u>\$178,683</u>	<u>\$291,069</u>	<u>\$187,581</u>	<u>\$657,333</u>

# **SHALOM COUNSELLING SERVICES INC.**

## **STATEMENT OF CASH FLOWS FOR THE YEAR ENDED SEPTEMBER 30, 2025**

(with comparative figures for the year ended September 30, 2024)

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

	<u>2025</u>				<u>2024</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:								
<b>OPERATING ACTIVITIES</b>								
Surplus (deficit) for the year	(86,530)	7,441	(107,541)	(186,630)	(9,755)	9,245	(89,017)	(89,527)
Items not requiring cash:								
Amortization of capital assets	-	-	86,694	86,694	-	-	87,314	87,314
Change in:								
Investments (note 2)	(1,500)	112,881	20,774	132,156	78,665	(49,193)	(3,660)	25,812
Client fees and grants receivable	(6,192)	-	-	(6,192)	2,067	-	-	2,067
HST recoverable	3,690	-	(3,918)	(228)	24	-	(476)	(452)
Accrued interest receivable	-	5,986	(489)	5,497	356	(1,860)	(195)	(1,699)
Prepaid expenses	87	-	-	87	(3,449)	-	-	(3,449)
Accounts payable	(935)	-	-	(935)	(5,010)	-	-	(5,010)
Deferred income (note 4)	(22,548)	-	-	(22,548)	(86,867)	-	-	(86,867)
	(113,928)	126,308	(4,480)	7,900	(23,969)	(41,808)	(6,034)	(71,811)
<b>INVESTING ACTIVITIES</b>								
Long-term investments liquidated (purchased)	-	(68,000)	(1,059)	(69,059)	-	-	-	-
<b>FINANCING ACTIVITIES</b>								
Transfers from (to) other Funds	56,057	(61,079)	5,022	-	(55,612)	55,612	-	-
<b>CHANGE IN CASH</b>	(57,871)	(2,771)	(517)	(61,159)	(79,581)	13,804	(6,034)	(71,811)
<b>CASH - opening</b>	115,681	10,619	848	127,148	195,262	(3,185)	6,882	198,959
<b>CASH - closing</b>	\$57,810	\$7,848	\$331	\$65,989	\$115,681	\$10,619	\$848	\$127,148
<b>REPRESENTED BY:</b>								
Cash	\$57,810	\$7,848	\$331	\$65,989	\$115,681	\$10,619	\$848	\$127,148

# **SHALOM COUNSELLING SERVICES INC.**

## **NOTES TO THE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2025**

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. Shalom raises funds designated for Bridging the Gap, which is a program designed to assist clients who need counselling care but do not have the ability to pay the full fee. These donations are recorded initially as deferred income. Annually, a portion of the difference between the full counselling fee and the amount paid by clients who are unable to pay the full fee is transferred from deferred income and recognized as income (see Note 4 Deferred Income). 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, 2025

### 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

	2025				2024
	<u>Operating Fund</u>	<u>Working Capital Fund</u>	<u>Capital Fund</u>	<u>Total</u>	<u>Total</u>
Current investments reflected at fair value:					
Abundance Canada:					
Canada Income Pool *	85,746	-	-	85,746	84,246
Current investments reflected at amortized cost:					
Guaranteed investment certificates:					
<u>rate</u> <u>maturity</u>					
1.75%      November 4, 2024	-	-	-	-	82,825
4.90%      August 28, 2025	-	-	-	-	41,965
3.20%      May 4, 2026	-	159,252	-	159,252	147,343
2.10%      October 27, 2025	-	-	10,953	10,953	-
2.30%      December 26, 2025	-	-	10,953	10,953	41,985
2.50%      February 24, 2026	-	-	10,953	10,953	22,601
2.50%      April 25, 2026	-	-	10,953	10,953	-
	-	159,252	43,812	203,064	336,719
	85,746	159,252	43,812	288,810	420,965
Long-term investments:					
4.30%      May 4, 2027	-	68,000	-	68,000	-
4.50%      September 21, 2027	-	-	24,529	24,529	23,470
	-	68,000	24,529	92,529	23,470
<b>Total investments</b>	<b>\$85,746</b>	<b>\$227,252</b>	<b>\$68,341</b>	<b>\$381,339</b>	<b>\$444,435</b>
Financial assets reflected at amortized cost:					
Investments	-	227,252	68,341	295,593	360,189
Cash and accounts receivable	69,377	7,848	331	77,556	132,523
	<b>\$69,377</b>	<b>\$235,100</b>	<b>\$68,672</b>	<b>\$373,149</b>	<b>\$492,712</b>

# **SHALOM COUNSELLING SERVICES INC.**

## **NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2025**

### **2. FINANCIAL INSTRUMENTS AND RISK (continued)**

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.

### **3. OFFICE EQUIPMENT AND LEASEHOLDS**

	<u>2025</u>			<u>2024</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Office equipment	90,289	80,371	9,918	12,397
Leasehold improvements	842,146	842,146	-	84,215
	<u>\$932,435</u>	<u>\$922,517</u>	<u>\$9,918</u>	<u>\$96,612</u>

### **4. DEFERRED INCOME**

(see Revenue Recognition policy)

	<u>Opening</u>	<u>Donations Received</u>	<u>Recognized</u>	<u>Closing</u>
Client fees	1,050	-	1,050	-
Bridging the Gap	41,343	31,450	52,948	19,845
	<u>\$42,393</u>	<u>\$31,450</u>	<u>\$53,998</u>	<u>\$19,845</u>

### **5. CONTRACTUAL OBLIGATIONS AND COMMITMENTS**

#### **Lease commitment:**

Shalom is committed to a lease with respect to its premises for the period September 1, 2025 to August 31, 2030. The lease requires an annual base rent of \$20,076 for the first two years and \$24,756 for the final three years, plus a prorata share of annual common costs throughout the term.

### **6. SUBSEQUENT EVENT / CONTINGENT LIABILITY**

Subsequent to the fiscal year-end, management discovered, due to an oversight, that its abuse liability coverage was not renewed as of April 2023. This oversight creates an uninsured potential liability should a claim be made, however, because the likelihood and amount of any possible claims is not reasonably determinable, no accrual for any such potential liability has been included in these financial statements. Efforts are underway to have the policy re-instated .