

**PORCHLIGHT COUNSELLING AND
ADDICTION SERVICES**

**FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2024**



MARCH 31, 2024
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INDEPENDENT AUDITORS' REPORT

To the Directors of
Porchlight Counselling and Addiction Services

Qualified Opinion

We have audited the accompanying financial statements of **Porchlight Counselling and Addiction Services** (the Organization), which comprise the statement of financial position as at March 31, 2024, and the statements of operations, 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 effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2024, and its financial performance 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 similar organizations, the Organization derives revenue from donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of revenue from these sources 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 excess of revenue over expenses, assets and net assets.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' 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 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.

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 the Board of Directors 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.

Auditors' 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 auditors' 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 AUDITORS' REPORT (CONTINUED)

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement 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 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 we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' 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.

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.

Carolan Mathew Professional Corporation

Cambridge, Ontario
August 7, 2024

Chartered Professional Accountants, authorized to practise public
accounting by the Chartered Professional Accountants of Ontario



**STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2024**

| | 2024 \$ | 2023 \$ |
|---|------------------|------------------|
| Revenue | | |
| Government and related services (note 7) | 885,111 | 712,598 |
| Grants | 1,212,350 | 1,074,951 |
| Donations and fundraising | 108,815 | 53,738 |
| Client fees | 75,434 | 118,517 |
| Housing rental income and related activities | 121,455 | 117,695 |
| Loan forgiveness (note 6) | 20,000 | |
| | 2,423,165 | 2,077,499 |
| Operating expenses | | |
| Salaries and benefits | 1,674,898 | 1,343,295 |
| Rent, utilities and property taxes | 93,304 | 75,718 |
| Repairs and maintenance | 17,977 | 15,118 |
| Insurance | 11,575 | 12,823 |
| Memberships and subscriptions | 26,811 | 32,915 |
| Office supplies, postage, telephone and general | 142,728 | 106,587 |
| Computer and office equipment | 8,507 | 10,173 |
| Advertising and promotion | 8,901 | 20,771 |
| Interest and bank charges | 3,536 | 3,695 |
| Professional fees | 26,890 | 26,482 |
| Subcontract | 47,295 | 66,960 |
| Professional development | 13,976 | 34,161 |
| Transportation | 8,516 | 5,622 |
| Honorarium | 6,600 | 1,000 |
| Allowance for doubtful accounts (recovery) | | (971) |
| Amortization | 7,792 | 6,871 |
| | 2,099,306 | 1,761,220 |
| Income before undernoted items | 323,859 | 316,279 |
| Other income | | |
| Interest | 45,731 | 20,091 |
| Gain on sale of capital assets | | 891,997 |
| | 45,731 | 912,088 |
| Excess of revenue over expenses for year | 369,590 | 1,228,367 |



The explanatory financial notes form an integral part of these financial statements.



**STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2024**

| | 2024 \$ | 2023 \$ |
|--|------------------|------------------|
| Balance, beginning of year | 1,551,419 | 323,052 |
| Excess of revenue over expenses for year | 369,590 | 1,228,367 |
| Balance, end of year | 1,921,009 | 1,551,419 |



The explanatory financial notes form an integral part of these financial statements.



**FINANCIAL POSITION
MARCH 31, 2024**

| | 2024 \$ | 2023 \$ |
|---|------------------|------------------|
| ASSETS | | |
| Cash | 974,756 | 857,197 |
| Short-term investments (note 3) | 965,072 | 919,941 |
| Accounts receivable | 76,807 | 24,639 |
| Prepaid expenses | 29,184 | 33,296 |
| Current assets | 2,045,819 | 1,835,073 |
| Capital assets (note 4) | 20,745 | 10,683 |
| | 2,066,564 | 1,845,756 |
| LIABILITIES | | |
| Accounts payable and accrued liabilities (note 5) | 65,555 | 73,620 |
| Deferred revenue (note 8) | 80,000 | 160,717 |
| Long-term debt (note 6) | | 60,000 |
| | 145,555 | 294,337 |
| NET ASSETS | | |
| Net assets | 1,921,009 | 1,551,419 |
| | 2,066,564 | 1,845,756 |

APPROVED BY THE BOARD:

_____ Director

_____ Director



The explanatory financial notes form an integral part of these financial statements.



STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2024

| | 2024 | 2023 |
|---|------------------|------------------|
| | \$ | \$ |
| Cash flows from operating activities: | | |
| Excess of revenue over expenses for year | 369,590 | 1,228,367 |
| Items not involving cash: | | |
| Amortization | 7,792 | 6,871 |
| Loan forgiveness | (20,000) | |
| Gain on sale of capital assets | | (891,997) |
| | 357,382 | 343,241 |
| Net change in non-cash working capital balances relating to operations: | | |
| Accounts receivable | (52,168) | 8,644 |
| Prepaid expenses | 4,112 | 55 |
| Deferred revenue | (80,717) | 92,402 |
| Accounts payable and accrued liabilities | (8,065) | (14,426) |
| | 220,544 | 429,916 |
| Cash flows from investment activities: | | |
| Net additions to capital assets | (17,854) | (4,023) |
| Proceeds on disposal of capital assets | | 983,220 |
| Cash flows from financing activities: | | |
| Net repayment of long-term debt | (40,000) | (18,422) |
| Net increase in cash | 162,690 | 1,390,691 |
| Cash, beginning of year | 1,777,138 | 386,447 |
| Cash, end of year | 1,939,828 | 1,777,138 |
| Cash position includes: | | |
| Cash | 974,756 | 857,197 |
| Short-term investments (note 3) | 965,072 | 919,941 |
| | 1,939,828 | 1,777,138 |



The explanatory financial notes form an integral part of these financial statements.



**EXPLANATORY FINANCIAL NOTES
YEAR ENDED MARCH 31, 2024**

1. Organization

The Organization was incorporated in 1940 under the laws of the province of Ontario as a charitable organization without share capital under the name The Family Service Bureau of South Waterloo. Subsequently, the Organization changed its name to the Family Counselling Centre of Cambridge and North Dumfries. In October 2022 the Organization changed its operating name to Porchlight Counselling and Addiction Services.

The principal activity of the Organization is to provide various forms of counselling to the local community. The purpose of the Organization is to create and maintain wholesome family and community life, and to encourage and work for the welfare of the individual in all matters affecting family and community life.

As Porchlight Counselling and Addiction Services is a registered charity under the Income Tax Act, its income is not taxable and it is eligible to issue official income tax receipts for charitable donations.

2. Summary of Significant Accounting Policies

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

(a) Amortization of capital assets

The Organization amortizes capital assets using the declining-balance method at annual rates which will amortize the assets over their estimated useful lives:

| | |
|------------------------|-----|
| Computer equipment | 55% |
| Computer software | 55% |
| Furniture and fixtures | 20% |

(b) Financial instruments

All financial assets and liabilities are recorded at amortized cost less any discovered impairment.

(c) Revenue recognition

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Government wage subsidy is recorded in the period in which the related expenditures are incurred.





**EXPLANATORY FINANCIAL NOTES
YEAR ENDED MARCH 31, 2024**

2. Summary of Significant Accounting Policies (Continued)

(d) Contributed services and materials

Volunteers contribute many hours per year to assist the Organization in carrying out its service delivery activities. Due to the difficulty in determining their fair value, contributed services are not recognized in the financial statements. Contributed materials are not recognized in the financial statements unless they would normally be purchased by the Organization and their fair market value can be determined.

(e) Use of estimates

The preparation of these financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the current period. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

3. Short-term Investments

The Organization has a cashable GIC with RBC for \$450,000 maturing on October 14, 2024 and another for \$493,708 maturing on October 18, 2024. These GIC's both bear interest at prime less 2.25%. These investments are shown at their cost, plus accrued interest.

| | 2024 | 2023 |
|---------------------------------|---------|---------|
| | \$ | \$ |
| 4. Capital Assets | | |
| Cost | | |
| Computer equipment | 59,267 | 50,852 |
| Computer software | 2,068 | 2,068 |
| Furniture and fixtures | 115,127 | 105,688 |
| | 176,462 | 158,608 |
| Accumulated amortization | | |
| Computer equipment | 50,084 | 44,003 |
| Computer software | 2,068 | 2,068 |
| Furniture and fixtures | 103,565 | 101,854 |
| | 155,717 | 147,925 |
| Net Book Value | 20,745 | 10,683 |





**EXPLANATORY FINANCIAL NOTES
YEAR ENDED MARCH 31, 2024**

5. Accounts Payable and Accrued Liabilities

There were no amounts payable with respect to government remittances as of the year end date.

| | 2024 | 2023 |
|--|------|------|
| | \$ | \$ |

6. Long-Term Debt

| | | |
|--|------------|------------|
| Canada Emergency Business Account Loan, interest free until January 2024. This loan was repaid during the year and \$20,000 forgiven | | 60,000 |
| Current portion due within one year | | 60,000 |
| | NIL | NIL |

7. Government and Related Services Revenue

| | | |
|---|----------------|----------------|
| City of Cambridge | 15,000 | 10,000 |
| Township of North Dumfries | 4,000 | 4,000 |
| Ontario Ministry of the Attorney General | 159,377 | 151,450 |
| Lutherwood | 200,886 | 200,886 |
| Ontario Ministry of Community and Social Services | 223,098 | 212,988 |
| Ontario Ministry of Children and Youth Services | 5,000 | 5,000 |
| Ontario Autism Program | 129,476 | |
| Ministry for Seniors and Accessibility | 20,000 | |
| Region of Waterloo | 128,274 | 128,274 |
| | 885,111 | 712,598 |

8. Deferred Revenue

Deferred revenue consists of contributions that are designated for various future expenses. Once the related expenses are incurred, these contributions will be recognized as revenue.





EXPLANATORY FINANCIAL NOTES
YEAR ENDED MARCH 31, 2024

9. Ontario Ministry of the Attorney General

As requested by the Ontario Ministry of the Attorney General under the terms of their funding contract, the Organization shall submit an outline of the revenue and expenses related to the program as outlined in the funding submission.

| | 2024 | 2023 |
|---|---------|---------|
| | \$ | \$ |
| Revenue | | |
| Funding from Ontario Ministry of the Attorney General (MAG) | 159,378 | 151,450 |
| Client fees | 16,957 | 15,472 |
| | 176,335 | 166,922 |
| Expenses | | |
| Insurance | 2,000 | 1,000 |
| Office supplies | 3,200 | 700 |
| Professional fees (audit, bookkeeping and legal) | 2,000 | 928 |
| Rent/lease and utilities | 3,500 | 1,000 |
| Salaries and benefits | 159,678 | 159,920 |
| Staff training | 500 | 500 |
| Telecommunications | 3,500 | 2,900 |
| Office expenses | 1,000 | 500 |
| | 175,378 | 167,448 |
| Excess (deficiency) of revenue over expenses | 957 | (526) |





**EXPLANATORY FINANCIAL NOTES
YEAR ENDED MARCH 31, 2024**

10. Ontario Ministry of the Community and Social Services/Children and Youth Services

Revenue and expenses related to Ontario Ministry of Community and Social Services (MCCSS) and Ontario Ministry of Children and Youth Services (MCYS) funding are as follows:

| | MCYS \$ | MCCSS \$ |
|--|------------|-------------|
| Revenue | | |
| Provincial subsidy | 5,000 | 223,098 |
| Expenses | | |
| Office administration | 500 | 14,817 |
| Salaries and benefits | 3,350 | 148,446 |
| Staff training | 500 | 44,000 |
| Supplies and equipment | 450 | 6,500 |
| Building and accommodation | 200 | 5,995 |
| Communications | | 3,340 |
| | 5,000 | 223,098 |
| Excess of revenue over expenses | NIL | NIL |

11. Commitments

The Organization has entered into a lease commitment for copy equipment with estimated minimum annual payments in 2024 of approximately \$4,700. Furthermore, the Organization rents four buildings in Cambridge and area on a month to month basis. The monthly rent for the four buildings amounts to approximately \$8,725. It also rented its premises at Walnut Street for \$2 per annum, plus all related expenditures. That lease expired in June 2024. On June 1, 2024, the Organization entered into a lease agreement for its office spaces. The lease is for five years with an additional five year option. The anticipated rent will be approximately \$91,200, per annum, plus HST.

| | \$ |
|------|---------|
| 2025 | 161,305 |
| 2026 | 133,997 |
| 2027 | 103,247 |
| 2028 | 103,056 |
| 2029 | 103,056 |
| | 604,661 |





**EXPLANATORY FINANCIAL NOTES
YEAR ENDED MARCH 31, 2024**

12. Related Party Transaction and Deferred Contributions

During the 2015 fiscal year, the building and land at 18 Walnut Street, Cambridge, Ontario was acquired from Fam-Care Services of Cambridge (Fam-Care). The Organization is related to Fam-Care as a result of sharing a common Board of Directors. The equity in the property was gifted to the Organization by Fam-Care as a result of the transfer. The value of the gift was estimated to be \$168,244 and was calculated as the difference between the estimated value of the property (\$259,000) and the amount of the mortgage assumed by the Organization (\$90,756) at the time of the transfer. Although Fam-Care has not been dissolved, it is not active and all board members have resigned.

The property was recorded by the Organization at the fair market value of \$259,000, and a deferred contribution of \$168,244 was recorded. The deferred contribution was being amortized into income on the same basis as the building was amortized. However, as the building was sold in June 2022, the remaining deferral was written off as part of the gain on the disposition of the land and building.

13. Financial Instruments

The entity is exposed to various risks through its financial instruments. The following analysis provides a measure of the entity's risk exposure and concentrations at the year end date.

Liquidity risk

The operations of the Organization necessitates the management of liquidity risk. Liquidity risk is the risk of being unable to meet anticipated daily financial obligations and fund future operational requirements. The Organization's objective is to ensure that it faces limited risk exposure in this area through requirements placed on the types and amounts of liquid assets that are required to be maintained in order to meet its current and future obligations. The Organization achieves this objective through the preparation and monitoring of annual operational budgets to assess current and future funding requirements. As well, the Organization holds its funds with a reputable financial institution. There has been no change in this risk exposure or the above objective, and policies and procedures used to manage this exposure during the year.

Credit risk

The operations of the Organization necessitates the management of credit risk. Credit risk is the potential for loss due to the failure to collect revenue due to the Organization. The maximum exposure to this risk is encompassed in the accounts receivable balance on the statement of financial position.





EXPLANATORY FINANCIAL NOTES
YEAR ENDED MARCH 31, 2024

13. Financial Instruments (Continued)

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The entity is mainly exposed to interest rate risk.

Interest rate risk

The entity is exposed to interest rate risk on its fixed rate investments which subject the entity to a fair value risk.

