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**PORCHLIGHT COUNSELLING AND  
ADDICTION SERVICES**

**FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2023**

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MARCH 31, 2023  
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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, 2023, 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, 2023, 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.

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**JUNE 8, 2023 11:03 AM**

Cambridge, Ontario

\*\*\*TO BE DETERMINED\*\*\*

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

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**STATEMENT OF OPERATIONS  
YEAR ENDED MARCH 31, 2023**

	2023 \$	2022 \$
<b>Revenue</b>		
Government and related services (note 7)	714,751	668,070
Grants	1,074,951	327,088
Donations and fundraising	52,819	95,354
Client fees	118,517	91,729
Housing rental income and related activities	117,695	119,019
Government agency funding		113,986
Amortization of deferred contributions		3,555
	<b>2,078,733</b>	<b>1,418,801</b>
<b>Operating expenses</b>		
Advertising and promotion	20,771	6,088
Insurance	12,823	11,577
Memberships and subscriptions	32,915	15,757
Office supplies, postage, telephone and general	106,587	56,570
Interest and bank charges	3,695	3,293
Computer and office equipment	10,173	15,766
Professional fees	26,482	23,762
Rent, utilities and property taxes	75,718	73,238
Repairs and maintenance	15,118	25,014
Salaries and benefits	1,343,295	1,155,147
Subcontract	68,194	68,607
Professional development	34,161	6,185
Transportation	5,622	2,940
Honorarium	1,000	
Allowance for doubtful accounts	( 971)	50
Amortization	6,871	13,942
	<b>1,762,454</b>	<b>1,477,936</b>
<b>Income (loss) before undernoted items</b>	<b>316,279</b>	<b>( 59,135)</b>
<b>Other income</b>		
Gain on sale of capital assets	891,997	
Interest	20,091	47
Wage subsidy		61,706
	<b>912,088</b>	<b>61,753</b>
<b>Excess of revenue over expenses for year</b>	<b>1,228,367</b>	<b>2,618</b>



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

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STATEMENT OF CHANGES IN NET ASSETS  
YEAR ENDED MARCH 31, 2023

	2023 \$	2022 \$
Balance, beginning of year	323,052	320,434
Excess of revenue over expenses for year	1,228,367	2,618
<b>Balance, end of year</b>	<b>1,551,419</b>	<b>323,052</b>



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

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**FINANCIAL POSITION  
MARCH 31, 2023**

	2023 \$	2022 \$
<b>ASSETS</b>		
Cash	857,197	386,447
Short-term investments (note 3)	919,941	
Accounts receivable	24,639	33,283
Prepaid expenses	33,296	33,351
<b>Current assets</b>	<b>1,835,073</b>	<b>453,081</b>
Capital assets (note 4)	10,683	243,400
	<b>1,845,756</b>	<b>696,481</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (note 5)	73,620	88,046
Deferred revenue (note 8)	160,717	68,315
Long-term debt (note 6)	60,000	18,422
<b>Current liabilities</b>	<b>294,337</b>	<b>174,783</b>
Deferred contributions related to capital assets (note 12)		138,646
Long-term debt (note 6)		60,000
	<b>294,337</b>	<b>373,429</b>
<b>NET ASSETS</b>		
Net assets	<b>1,551,419</b>	<b>323,052</b>
	<b>1,845,756</b>	<b>696,481</b>



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

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**STATEMENT OF CASH FLOWS**  
**YEAR ENDED MARCH 31, 2023**

	2023 \$	2022 \$
<b>Cash flows from operating activities:</b>		
Excess of revenue over expenses for year	1,228,367	2,618
Items not involving cash:		
Amortization of deferred contributions		( 3,555)
Amortization	6,871	13,942
Gain on sale of capital assets	( 891,997)	
	343,241	13,005
Net change in non-cash working capital balances relating to operations:		
Accounts receivable	8,644	2,278
Prepaid expenses	55	( 13,600)
Deferred revenue	92,402	( 89,447)
Accounts payable and accrued liabilities	( 14,426)	10,607
	429,916	( 77,157)
<b>Cash flows from investment activities:</b>		
Proceeds on disposal of capital assets	983,220	
Net additions to capital assets	( 4,023)	( 7,910)
<b>Cash flows from financing activities:</b>		
Net repayment of long-term debt	( 18,422)	( 14,752)
<b>Net increase (decrease) in cash</b>	<b>1,390,691</b>	<b>( 99,819)</b>
Cash, beginning of year	386,447	486,266
<b>Cash, end of year</b>	<b>1,777,138</b>	<b>386,447</b>
Cash position includes:		
Cash	857,197	386,447
Short-term investments (note 3)	919,941	
	1,777,138	386,447



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



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EXPLANATORY FINANCIAL NOTES  
YEAR ENDED MARCH 31, 2023

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**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:

Building	2.5%
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, 2023**

**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 two \$450,000 GICs both maturing on July 11, 2023. One is cashable and bears interest at 2.25%. The other is non-cashable and bears interest at 3.9%. These investments are shown at their cost, plus accrued interest.

	2023	2022
	\$	\$
<b>4. Capital Assets</b>		
<b>Cost</b>		
Land		65,000
Building		198,464
Computer equipment	50,852	46,828
Computer software	2,068	2,068
Furniture and fixtures	105,688	105,688
	<b>158,608</b>	418,048
<b>Accumulated amortization</b>		
Building		33,594
Computer equipment	44,003	38,091
Computer software	2,068	2,068
Furniture and fixtures	101,854	100,895
	<b>147,925</b>	174,648
<b>Net Book Value</b>	<b>10,683</b>	243,400

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**EXPLANATORY FINANCIAL NOTES  
YEAR ENDED MARCH 31, 2023**

**5. Accounts Payable and Accrued Liabilities**

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

	2023	2022
	\$	\$

**6. Long-Term Debt**

Canada Emergency Business Account Loan, interest free until January 2024. \$20,000 forgivable if repaid by December 2023. Interest at 5% beginning January 2024 and balance due in full by December 2025	60,000	60,000
The Libro Financial Group was repayable in blended monthly payments of \$1,328, at an interest rate of 4.48% and was discharged during the year from proceeds of sale		18,422
	<b>60,000</b>	78,422
<b>Current portion due within one year</b>	<b>60,000</b>	18,422
	<b>NIL</b>	60,000

**7. Government and Related Services Revenue**

City of Cambridge	10,000	10,600
Township of North Dumfries	4,000	6,500
Ontario Ministry of the Attorney General	153,603	131,002
Lutherwood	200,886	173,706
Ontario Ministry of Community and Social Services	212,988	212,988
Ontario Ministry of Children and Youth Services	5,000	5,000
Region of Waterloo	128,274	128,274
	<b>714,751</b>	668,070

**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.



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**EXPLANATORY FINANCIAL NOTES  
YEAR ENDED MARCH 31, 2023**

**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.

	2023 \$	2022 \$
<b>Revenue</b>		
Funding from Ontario Ministry of the Attorney General (MAG)	153,603	131,002
Client fees	15,472	15,303
	<b>169,075</b>	<b>146,305</b>
<b>Expenses</b>		
Client		90
Insurance	1,000	1,000
Office supplies	700	300
Professional fees (audit, bookkeeping and legal)	928	928
Rent/lease and utilities	1,000	1,000
Salaries and benefits	159,920	144,137
Staff training	500	500
Telecommunications	2,900	750
Office expenses	500	900
	<b>167,448</b>	<b>149,605</b>
<b>Deficiency of revenue over expenses</b>	<b>1,627</b>	<b>( 3,300)</b>



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**EXPLANATORY FINANCIAL NOTES  
YEAR ENDED MARCH 31, 2023**

**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 \$
<b>Revenue</b>		
Provincial subsidy	5,000	212,988
<b>Expenses</b>		
Office administration	237	21,294
Salaries and benefits	4,000	164,857
Staff training	289	10,000
Supplies and equipment	368	7,300
Building and accommodation	106	6,197
Communications		3,340
	5,000	212,988
<b>Deficiency of revenue over expenses</b>	<b>NIL</b>	<b>NIL</b>

**11. Commitments**

The Organization has entered into a lease commitment for copy equipment with estimated minimum annual payments in 2023 of approximately \$4,735. Furthermore, the Organization rents three buildings in Cambridge on a month to month basis. The monthly rent for the three buildings amounts to approximately \$4,225. It also rents its current premises for \$2 per annum, plus all related expenditures. This lease expires in June 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.



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EXPLANATORY FINANCIAL NOTES  
YEAR ENDED MARCH 31, 2023

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**12. Related Party Transaction and Deferred Contributions (Continued)**

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.

**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 and long-term debt which subject the entity to a fair value risk.

