

**PORCHLIGHT COUNSELLING AND
ADDICTION SERVICES**

**FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2026**



MARCH 31, 2026
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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, 2026, 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, 2026, 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 (deficiency) 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.



Cambridge, Ontario
August 6, 2026

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



STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2026

	2026	2025
	\$	\$
Revenue		
Government and related services (note 5)	1,960,948	1,263,934
Grants	932,166	893,737
Donations and fundraising	58,826	119,410
Client fees	49,732	67,049
Housing rental income and related activities	169,714	141,866
YWCA	82,135	27,378
	3,253,521	2,513,374
Operating expenses		
Salaries and benefits	2,438,829	1,934,465
Rent, utilities and property taxes	340,399	182,406
Repairs and maintenance	37,971	38,293
Insurance	10,834	11,403
Memberships and subscriptions	74,286	34,483
Program expenses	282,307	220,104
Office and office equipment	10,857	16,125
Advertising and promotion	9,892	9,594
Interest and bank charges	4,745	4,576
Professional fees	118,186	40,310
Subcontract	521	13,638
Professional development	21,928	15,361
Transportation	30,538	11,763
Honorarium		3,150
Allowance for doubtful accounts	9,245	
Amortization	32,080	31,578
	3,422,618	2,567,249
Deficiency of revenue over expenses before other income	(169,097)	(53,875)
Other income		
Interest	21,174	34,085
Deficiency of revenue over expenses for year	(147,923)	(19,790)



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



STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2026

	2026	2025
	\$	\$
Balance, beginning of year	1,968,611	1,988,401
Deficiency of revenue over expenses for year	(147,923)	(19,790)
Balance, end of year	1,820,688	1,968,611



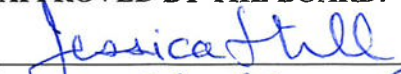
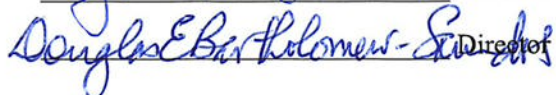
The explanatory financial notes form an integral part of these financial statements.



FINANCIAL POSITION
MARCH 31, 2026

	2026 \$	2025 \$
ASSETS		
Cash	1,628,940	1,888,618
Accounts receivable	260,026	145,050
Prepaid expenses	29,481	54,349
Current assets	1,918,447	2,088,017
Capital assets (note 3)	86,571	113,795
	2,005,018	2,201,812
LIABILITIES		
Accounts payable and accrued liabilities (note 4)	146,923	136,496
Deferred revenue (note 6)	37,407	96,705
	184,330	233,201
NET ASSETS		
Net assets	1,820,688	1,968,611
	2,005,018	2,201,812

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, 2026

	2026	2025
	\$	\$
Cash flows from operating activities:		
Deficiency of revenue over expenses for year	(147,923)	(19,790)
Item not involving cash:		
Amortization	32,080	31,578
	(115,843)	11,788
Net change in non-cash working capital		
balances relating to operations:		
Accounts receivable	(114,976)	(851)
Prepaid expenses	24,868	(25,165)
Deferred revenue	(59,298)	16,705
Accounts payable and accrued liabilities	10,427	70,941
	(254,822)	73,418
Cash flows from investment activities:		
Net additions to capital assets	(4,856)	(124,628)
Net decrease in cash	(259,678)	(51,210)
Cash, beginning of year	1,888,618	1,939,828
Cash, end of year	1,628,940	1,888,618



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



EXPLANATORY FINANCIAL NOTES YEAR ENDED MARCH 31, 2026

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 mental health, addictions, and housing supports. The vision of the Organization is a community where emotional and mental health and well-being are prioritized and destigmatized. The purpose/mission of the Organization is to provide a safe space where counselling and addictions services support the emotional well-being of people in Cambridge and North Dumfries.

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 following methods and annual rates which will amortize the assets over their estimated useful lives:

Computer equipment	55%	Declining-balance
Computer software	55%	Declining-balance
Furniture and fixtures	20%	Declining-balance
Leasehold improvements	5 years	Straight-line

(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.





EXPLANATORY FINANCIAL NOTES
YEAR ENDED MARCH 31, 2026

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.

	2026 \$	2025 \$
3. Capital Assets		
Cost		
Computer equipment	71,264	66,408
Computer software	4,937	4,937
Furniture and fixtures	129,745	129,745
Leasehold improvements	100,000	100,000
	305,946	301,090
Accumulated amortization		
Computer equipment	63,554	57,099
Computer software	4,001	2,857
Furniture and fixtures	111,820	107,339
Leasehold improvements	40,000	20,000
	219,375	187,295
Net Book Value	86,571	113,795





EXPLANATORY FINANCIAL NOTES
YEAR ENDED MARCH 31, 2026

4. Accounts Payable and Accrued Liabilities

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

	2026 \$	2025 \$
5. Government and Related Services Revenue		
City of Cambridge	15,000	12,000
Township of North Dumfries	4,000	4,000
Ontario Ministry of the Attorney General (note 7)	158,900	159,378
Lutherwood	208,423	200,886
Ontario Ministry of Community and Social Services (note 8)	224,178	299,178
Ontario Ministry of Children and Youth Services (note 8)	5,110	5,110
Ministry for Seniors and Accessibility	23,856	25,000
Region of Waterloo	1,321,481	558,382
	1,960,948	1,263,934

6. 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, 2026

7. 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.

	2026	2025
	\$	\$
Revenue		
Funding from Ontario Ministry of the Attorney General (MAG)	158,900	159,378
Client fees	16,000	16,326
	174,900	175,704
Expenses		
Insurance	2,000	2,000
Office supplies	3,200	3,200
Professional fees (audit, bookkeeping and legal)	2,000	2,000
Rent/lease and utilities	3,500	3,500
Salaries and benefits	159,678	159,586
Staff training	500	500
Telecommunications	3,000	3,000
Office expenses	1,440	1,500
	175,318	175,286
(Deficiency) excess of revenue over expenses	(418)	418

8. 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	5,110	224,178
Expenses		
Office administration	511	22,406
Salaries and benefits	3,850	155,657
Staff training	500	15,000
Supplies and equipment		7,500
Building and accommodation	249	18,288
Travel and communications		5,327
	5,110	224,178
Excess of revenue over expenses	NIL	NIL





EXPLANATORY FINANCIAL NOTES
YEAR ENDED MARCH 31, 2026

9. Commitments

The Organization has entered into a lease commitment for copy equipment with estimated minimum annual payments of approximately \$5,300. Furthermore, the Organization rents several buildings in Cambridge and area. The future minimum annual lease payments over the next four years is as follows:

	\$
2027	115,741
2028	105,656
2029	104,215
2030	17,369
	342,981

10. 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, 2026

10. 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.

