

L'Arche Canada Foundation
Financial Statements
For the year ended March 31, 2024

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Financial Statements
For the year ended March 31, 2024**

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Independent Auditor's Report

To the Directors of
L'Arche Canada Foundation

Opinion

We have audited the financial statements of L'Arche Canada Foundation (the "Foundation"), which comprise the statement of financial position as at March 31, 2024, 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2024, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Foundation 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 opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Independent Auditor's Report

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 Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

Auditor's 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 auditor's 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.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment 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.

Independent Auditor's Report

- 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 Foundation'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 Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Foundation 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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BDO Canada s.r.l./S.E.N.C.R.L./LLP

Montréal, Québec
October 3, 2024

¹ CPA auditor, public accountancy permit No. A125417

L'Arche Canada Foundation Statement of Financial Position

March 31	Operating Fund	Externally Restricted Endowment Fund	2024 Total	2023 Total
Assets				
Current				
Cash	\$ 317,655	\$ -	\$ 317,655	\$ 437,386
Sales taxes recoverable	12,288	-	12,288	13,514
Prepaid expenses and other assets	14,814	-	14,814	15,330
	<u>344,757</u>	-	<u>344,757</u>	<u>466,230</u>
Investments (Note 2)	<u>1,378,059</u>	<u>1,916,675</u>	<u>3,294,734</u>	<u>3,417,708</u>
	\$ 1,722,816	\$ 1,916,675	\$ 3,639,491	\$ 3,883,938
Liabilities and Net Assets				
Current				
Accounts payable and accrued liabilities	\$ 15,495	\$ -	\$ 15,495	\$ 23,857
Accounts payable to L'Arche	16,000	-	16,000	28,027
Deferred restricted donations	193,799	-	193,799	212,977
	<u>225,294</u>	-	<u>225,294</u>	<u>264,861</u>
Net Assets				
Unrestricted Funds	697,522	-	697,522	291,591
Endowment Fund (Note 5)	800,000	-	800,000	1,400,000
Externally Restricted Endowment Fund	-	1,916,675	1,916,675	1,927,486
	<u>1,497,522</u>	<u>1,916,675</u>	<u>3,414,197</u>	<u>3,619,077</u>
	\$ 1,722,816	\$ 1,916,675	\$ 3,639,491	\$ 3,883,938

On behalf of the Board:

_____ Director

_____ Director

**L'Arche Canada Foundation
Statement of Changes in Net Assets**

For the year ended March 31	Unrestricted Funds	Endowment Fund	Externally Restricted Endowment Fund	2024 Total	2023 Total
Net assets, beginning of the year	\$ 291,591	\$ 1,400,000	\$ 1,927,486	\$ 3,619,077	\$ 4,157,288
Deficiency of revenue over expenditures for the year	(194,069)	-	(54,026)	(248,095)	(552,741)
Endowments received during the year	-	-	43,215	43,215	14,530
Transfer (Note 5)	600,000	(600,000)	-	-	-
Net assets, end of the year	\$ 697,522	\$ 800,000	\$ 1,916,675	\$ 3,414,197	\$ 3,619,077

The accompanying notes are an integral part of these financial statements.

L'Arche Canada Foundation Statement of Operations

For the year ended March 31	Operating Fund	Externally Restricted Endowment Fund	2024 Total	2023 Total
Revenue				
General donations	\$ 1,456,031	\$ -	\$ 1,456,031	\$ 1,718,839
Grants from foundations	145,773	-	145,773	297,996
Bequests	225,212	-	225,212	215,296
Sundry expenditures	-	-	-	(1,488)
Investment income (Note 4)	408,752	19,038	427,790	51,811
	<u>2,235,768</u>	<u>19,038</u>	<u>2,254,806</u>	<u>2,282,454</u>
Expenditures				
Professional fees (Note 3)	760,951	-	760,951	680,642
Fundraising costs	31,583	-	31,583	36,421
Office and administrative expenses and rent	59,331	-	59,331	14,972
Interest and bank charges	6,203	-	6,203	9,163
Amortization of other assets	516	-	516	645
Training and activities	3,239	-	3,239	206
	<u>861,823</u>	<u>-</u>	<u>861,823</u>	<u>742,049</u>
Excess of revenue over expenditures before grants	1,373,945	19,038	1,392,983	1,540,405
Grants to L'Arche (Note 3)	1,568,014	73,064	1,641,078	2,093,146
Deficiency of revenue over expenditures for the year	\$ (194,069)	\$ (54,026)	\$ (248,095)	\$ (552,741)

The accompanying notes are an integral part of these financial statements.

L'Arche Canada Foundation Statement of Cash Flows

For the year ended March 31	2024	2023
Cash flows from operating activities		
Deficiency of revenue over expenditures for the year	\$ (248,095)	\$ (552,741)
Items not affecting cash:		
Amortization of other assets	516	645
Unrealized (gain) loss on fair value of investments	(255,249)	91,748
Realized gain on disposal of investments	(80,609)	(65,567)
	(583,437)	(525,915)
Changes in non-cash working capital:		
Accounts receivable	-	99,827
Sales taxes recoverable	1,226	3,097
Prepaid expenses and other assets	-	378
Accounts payable and accrued liabilities	(8,362)	(21,345)
Accounts payable to L'Arche	(12,027)	(59,296)
Deferred donations	(19,178)	(250,068)
	(621,778)	(753,322)
Cash flows from investing activities		
Purchase of investments	(160,243)	(29,164)
Proceeds on disposal of investments	619,075	375,087
	458,832	345,923
Cash flows from financing activity		
Increase in Externally Restricted Endowment Fund	43,215	14,530
Net decrease in cash during the year	(119,731)	(392,869)
Cash, beginning of the year	437,386	830,255
Cash, end of the year	\$ 317,655	\$ 437,386

The accompanying notes are an integral part of these financial statements.

L'Arche Canada Foundation Notes to Financial Statements

March 31, 2024

1. Significant Accounting Policies

Nature and Purpose of Organization	<p>L'Arche Canada Foundation (the "Foundation") is an organization created by L'Arche Canada ("L'Arche") to provide new flows of financial capital in support of the mission and work of L'Arche Canada.</p> <p>The Foundation was incorporated under Canadian letters patent issued March 14, 2001 and was issued a Certificate of Continuance under the <i>Canada Not-for-profit Corporations Act</i> on July 11, 2013.</p>
Basis of Presentation	<p>The Foundation has prepared its financial statements in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").</p> <p>Unrestricted Funds represents unrestricted contributions received by the Foundation for day-to-day operating activities and may be disbursed at the discretion of the Board of Directors.</p> <p>Endowment Fund represents internally restricted accumulated contributions received that are to be preserved by the Foundation.</p> <p>Externally Restricted Endowment Fund represents amounts received by donors that are to be preserved by the Foundation.</p>
Revenue Recognition	<p>The Foundation follows the deferral method of accounting for donations. Restricted donations and grants are recognized as income in the year in which the related grants are made. Unrestricted contributions and grants are recognized as income when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases to net assets in the current year.</p> <p>Restricted net investment income is recognized as revenue in the year in which the related expenses are incurred. Restricted net investment income that must be added to the principal amount of resources held for endowment is recognized as a direct increase in net assets. Unrestricted net investment income is recognized as revenue when earned.</p>

L'Arche Canada Foundation

Notes to Financial Statements

March 31, 2024

1. Significant Accounting Policies (continued)

Financial Instruments (continued)	Financial assets are tested for impairment when indicators of impairment exist. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in net income.
Contributed Goods and Services	<p>Contributed goods and services are recorded when a fair value can be reasonably estimated and they would otherwise be purchased by the Foundation.</p> <p>Volunteers make contributions of their time to the Foundation's programs. The value of this contributed time is not reflected in these financial statements.</p>
Use of Estimates	The preparation of the financial statements in accordance with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Significant items subject to estimates and assumptions include, but are not limited to, accrued liabilities. Actual results could differ from management's best estimates as additional information becomes available in the future.
Income Tax Status	The Foundation is registered as a charitable organization for income tax purposes and qualifies for tax exempt status under Section 149(1)(f) of the <i>Income Tax Act</i> .
Government Assistance	<p>The Foundation made periodic request for financial assistance under government incentive programs.</p> <p>Government assistance received is included in the determination of net income for the year.</p>

L'Arche Canada Foundation Notes to Financial Statements

March 31, 2024

2. Investments

The carrying amounts of investments are comprised of the following:

	2024		2023	
	Cost	Market Value	Cost	Market Value
Burgundy balanced Foundation Fund	\$ 2,585,453	\$ 3,264,103	\$ 3,032,600	\$ 3,417,708
Marketable securities	30,631	30,631	-	-
	\$ 2,616,084	\$ 3,294,734	\$ 3,032,600	\$ 3,417,708

3. Related Party Transactions

The Foundation is controlled by L'Arche that has the ability to appoint all of the Directors of the Foundation.

	2024	2023
Support of L'Arche programs	\$ 1,641,078	\$ 2,093,146
Fundraising management services and advertising expenses with L'Arche	\$ 624,000	\$ 624,000

The Foundation signed a management agreement with L'Arche for assistance in relation to their fundraising activities. This agreement commits the Foundation to approximately \$52,000 (2023 - \$52,000) a month until the agreement is terminated.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related party.

4. Investment Income

	2024	2023
Interest	\$ 40,799	\$ 27,299
Pooled fund distributions	17,151	26,279
Unrealized gain (loss) on fair value of investments	255,249	(91,748)
Realized gain on disposal of investments	80,609	65,567
Foreign income	33,982	24,414
	\$ 427,790	\$ 51,811

L'Arche Canada Foundation

Notes to Financial Statements

March 31, 2024

5. Endowment Fund

During the year, the Board of Directors approved the transfer of \$600,000 from Endowment Fund to Operating Fund (2023 - \$Nil).

6. Commitment

The Foundation entered into a lease agreement for its headquarters which expires in July 2024 for a total amount of \$12,844.

7. Financial Instruments

Risk management

The Foundation is exposed to credit risk, liquidity risk, interest rate risk, currency risk and other price risk with regards to its financial assets and liabilities. In general, the Foundation management has the responsibility to establish and approve the Foundation's policies in risk management. Ongoing risk assessments are being performed by management in order to ensure that all important inherent risks to the Foundation and its operations have been examined and evaluated in a manner to account for market conditions and the Foundation's operations. There have been no important changes to the Foundation's risk management policies during the year.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Foundation's financial instruments that are exposed to concentrations of credit risk are accounts receivable. The Foundation manages this risk through regular monitoring of balances and continuous communication with debtors.

The Foundation's cash and marketable securities are also subject to credit risk. The Foundation limits its exposure to this risk by maintaining cash and investments with major financial institutions.

There have been changes to the Foundation's exposure to credit risk since the previous year due to the decrease in cash, accounts receivable and investments.

Liquidity risk

Liquidity risk is the risk that the Foundation encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Foundation will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value which is less than what they are worth; or may be unable to settle or recover a financial asset. Liquidity risk arises from accounts payable and accounts payable to L'Arche.

L'Arche Canada Foundation Notes to Financial Statements

March 31, 2024

7. Financial Instruments (continued)

The Foundation continues to focus on maintaining adequate liquidity to meet operating working capital requirements.

There have been changes to the Foundation's exposure to liquidity risk since the previous year due to the decrease in accounts payable and accounts payable to L'Arche.

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: interest rate risk, currency risk and other price risk. Each of these risks is discussed hereunder.

Interest rate risk

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates. The Foundation is exposed to this risk through investments in interest bearing financial instruments. The Foundation does not currently use any derivative instruments to mitigate this risk.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Foundation's investments are subject to currency risk.

The market value of securities denominated in foreign currencies at March 31, 2024 was \$1,469,348 (2023 - \$1,482,602).

Other price risk

Other price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Foundation is exposed to other price risk from its investments. The Foundation moderates this risk through the selection and diversification of securities held.
