

**L'Arche Canada Foundation  
Financial Statements  
For the year ended March 31, 2023**

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Financial Statements  
For the year ended March 31, 2023**

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## Independent Auditor's Report

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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, 2023, the statements of revenue and expenditures, 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, 2023, 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.

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## Independent Auditor's Report

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### **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.

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## Independent Auditor's Report

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- 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.

*BDO Canada s.r.l./S.E.N.C.R.L./LLP*

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Montréal, Québec  
October 23, 2023

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<sup>1</sup> CPA auditor, public accountancy permit No. A125417

## L'Arche Canada Foundation Statement of Financial Position

March 31	Operating Fund	Externally Restricted Endowment Fund	2023 Total	2022 Total
<b>Assets</b>				
<b>Current</b>				
Cash	\$ 437,386	\$ -	\$ 437,386	\$ 830,255
Accounts receivable	-	-	-	99,827
Sales taxes recoverable	13,514	-	13,514	16,611
Prepaid expenses and other assets	15,330	-	15,330	16,353
	<u>466,230</u>	-	<u>466,230</u>	<u>963,046</u>
Investments (Note 2)	1,490,222	1,927,486	3,417,708	3,789,812
	<u>\$ 1,956,452</u>	<u>\$ 1,927,486</u>	<u>\$ 3,883,938</u>	<u>\$ 4,752,858</u>
<b>Liabilities and Net Assets</b>				
<b>Current</b>				
Accounts payable and accrued liabilities	\$ 23,857	\$ -	\$ 23,857	\$ 45,202
Accounts payable to L'Arche	28,027	-	28,027	87,323
Deferred donations (Note 4)	212,977	-	212,977	463,045
	<u>264,861</u>	-	<u>264,861</u>	<u>595,570</u>
<b>Net Assets</b>				
Unrestricted Funds	291,591	-	291,591	789,839
Endowment Fund	1,400,000	-	1,400,000	1,400,000
Externally Restricted Endowment Fund	-	1,927,486	1,927,486	1,967,449
	<u>1,691,591</u>	<u>1,927,486</u>	<u>3,619,077</u>	<u>4,157,288</u>
	<u>\$ 1,956,452</u>	<u>\$ 1,927,486</u>	<u>\$ 3,883,938</u>	<u>\$ 4,752,858</u>

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

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

<b>For the year ended March 31</b>	<b>Unrestricted Funds</b>	<b>Endowment Fund</b>	<b>Externally Restricted Endowment Fund</b>	<b>2023 Total</b>	<b>2022 Total</b>
Net assets, beginning of the year	\$ 789,839	\$ 1,400,000	\$ 1,967,449	\$ 4,157,288	\$ 3,870,918
Deficiency of revenue over expenditures for the year	(498,248)	-	(54,493)	(552,741)	(324,641)
Endowments received during the year	-	-	14,530	14,530	611,011
<b>Net assets, end of the year</b>	<b>\$ 291,591</b>	<b>\$ 1,400,000</b>	<b>\$ 1,927,486</b>	<b>\$ 3,619,077</b>	<b>\$ 4,157,288</b>

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

## L'Arche Canada Foundation Statement of Revenue and Expenditures

For the year ended March 31	Operating Fund	Externally Restricted Endowment Fund	2023 Total	2022 Total
<b>Revenue</b>				
General donations	\$ 1,218,839	\$ -	\$ 1,218,839	\$ 1,913,794
Grants from foundations	797,996	-	797,996	716,334
Bequests	215,296	-	215,296	299,666
Sundry expenditures	(1,488)	-	(1,488)	(1,993)
Investment income (Note 5)	32,800	19,011	51,811	128,235
Endowment grant income	-	-	-	63,347
	<u>2,263,443</u>	<u>19,011</u>	<u>2,282,454</u>	<u>3,119,383</u>
<b>Expenditures</b>				
Professional fees (Note 3)	680,642	-	680,642	520,702
Fundraising costs	36,421	-	36,421	71,910
Office and administrative expenses and rent	14,972	-	14,972	71,700
Salaries and benefits	-	-	-	(123)
Interest and bank charges	9,163	-	9,163	11,792
Amortization of other assets	645	-	645	2,571
Training and activities	206	-	206	427
	<u>742,049</u>	<u>-</u>	<u>742,049</u>	<u>678,979</u>
<b>Excess of revenue over expenditures before grants</b>	<b>1,521,394</b>	<b>19,011</b>	<b>1,540,405</b>	<b>2,440,404</b>
<b>Grants to L'Arche (Note 3)</b>	<b>2,019,642</b>	<b>73,504</b>	<b>2,093,146</b>	<b>2,765,045</b>
<b>Deficiency of revenue over expenditures for the year</b>	<b>\$ (498,248)</b>	<b>\$ (54,493)</b>	<b>\$ (552,741)</b>	<b>\$ (324,641)</b>

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	2023	2022
<b>Cash flows from operating activities</b>		
Deficiency of revenue over expenditures for the year	\$ (552,741)	\$ (324,641)
Items not affecting cash:		
Amortization of other assets	645	2,571
Unrealized loss on fair value of investments	91,748	201,336
Realized gain on disposal of investments	(65,567)	(117,705)
	<u>(525,915)</u>	<u>(238,439)</u>
Changes in non-cash working capital:		
Accounts receivable	99,827	(32,367)
Sales taxes recoverable	3,097	7,711
Prepaid expenses and other assets	378	(905)
Accounts payable and accrued liabilities	(21,345)	9,047
Accounts payable to L'Arche	(59,296)	71,366
Deferred donations	(250,068)	(543,561)
	<u>(753,322)</u>	<u>(727,148)</u>
<b>Cash flows from investing activities</b>		
Purchase of investments	(29,164)	(1,101,177)
Proceeds on disposal of investments	375,087	934,865
	<u>345,923</u>	<u>(166,312)</u>
<b>Cash flows from financing activity</b>		
Increase in Externally Restricted Endowment Fund	14,530	611,011
<b>Net decrease in cash during the year</b>	<b>(392,869)</b>	<b>(282,449)</b>
<b>Cash, beginning of the year</b>	<b>830,255</b>	<b>1,112,704</b>
<b>Cash, end of the year</b>	<b>\$ 437,386</b>	<b>\$ 830,255</b>

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

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# L'Arche Canada Foundation

## Notes to Financial Statements

March 31, 2023

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### 1. Significant Accounting Policies

#### Nature and Purpose of Organization

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.

The Foundation was incorporated under Canadian letters patent issued March 14, 2001 and was issued a Certificate of Continuance under the *Canada Not-for-profit Corporations Act* on July 11, 2013.

#### Basis of Presentation

The Foundation has prepared its financial statements in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

Unrestricted Funds represent unrestricted contributions received by the Foundation for day-to-day operating activities and may be disbursed at the discretion of the Board of Directors.

Endowment Fund represents internally restricted accumulated contributions received that are to be preserved by the Foundation.

Externally Restricted Endowment Fund represents amounts received by donors that are to be preserved by the Foundation.

#### Revenue Recognition

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.

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.

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# L'Arche Canada Foundation

## Notes to Financial Statements

March 31, 2023

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### 1. Significant Accounting Policies (continued)

#### Investments

Investments are primarily in pooled funds and are stated at fair value in a trade date basis. The change in the difference between the fair value and cost of investments at the beginning and end of each year is reflected in the statement of revenue and expenditures as investment income.

Pooled fund investments are valued at the unit values supplied by the pooled fund administrator, which represent the Foundation's proportionate share of underlying assets at fair values determined using closing market prices.

Interest income is recognized on a time proportionate basis. The purchase and sale of securities are recorded on a settlement date basis. Realized gains and losses from security transactions are based on the average cost of the security. Dividends and interest are reinvested within the pooled funds.

#### Capital Assets

Included in other assets are capital assets stated at cost less accumulated amortization. Amortization is based on the estimated useful life of the asset, calculated as follows:

Office equipment	3-5 years straight-line basis
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#### Financial Instruments

##### *Measurement of Financial Instruments*

The Foundation initially measures its financial assets and liabilities at fair value. The Foundation subsequently measures all its financial assets and liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statement of revenue and expenditures.

Related party financial instruments quoted in an active market or those with observable inputs significant to the determination of fair value or derivative contracts are recorded at fair value at initial recognition. All other related party financial instruments are recorded at cost at initial recognition.

Financial assets measured at amortized cost include cash.

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# L'Arche Canada Foundation

## Notes to Financial Statements

March 31, 2023

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### 1. Significant Accounting Policies (continued)

#### Financial Instruments (continued)

Financial assets measured at fair value include investments.

Financial liabilities measured at amortized cost include accounts payable and accounts payable to L'Arche.

#### *Impairment*

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in the statement of revenue and expenditures. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is not greater than the amount that would have been reported at the date of reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of revenue and expenditures.

#### *Transaction Costs*

The Foundation recognizes its transaction costs for financial instruments at fair value in the statement of revenue and expenditures 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.

#### Contributed Goods and Services

Contributed goods and services are recorded when a fair value can be reasonably estimated and they would otherwise be purchased by the Foundation.

Volunteers make contributions of their time to the Foundation's programs. The value of this contributed time is not reflected in these financial statements.

#### 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.

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## L'Arche Canada Foundation Notes to Financial Statements

March 31, 2023

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### 1. Significant Accounting Policies (continued)

**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 *Income Tax Act*.

**Government Assistance**    The Foundation made periodic request for financial assistance under government incentive programs.

Government assistance received during the year for current expenses is included in the determination of net income for the year.

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## L'Arche Canada Foundation Notes to Financial Statements

March 31, 2023

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### 2. Investments

The carrying amounts of investments are comprised of the following:

	2023		2022	
	Cost	Market Value	Cost	Market Value
Guaranteed investment certificates	\$ -	\$ -	\$ 301,795	\$ 301,795
Burgundy balanced Foundation Fund	3,032,600	3,417,708	2,910,489	3,387,344
Demand deposit	-	-	100,673	100,673
	<b>\$ 3,032,600</b>	<b>\$ 3,417,708</b>	<b>\$ 3,312,957</b>	<b>\$ 3,789,812</b>

For the year ended March 31, 2022, the guaranteed investment certificates beared annual interest at 0.45% and matured in March 2023.

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### 3. Related Party Transactions

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

	2023	2022
Support of L'Arche programs	\$ 2,093,146	\$ 2,765,045
Fundraising management services and advertising expenses with L'Arche	\$ 624,000	\$ 416,086

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 (2022 - \$20,000) a month until the agreement is terminated. During the year ended March 31, 2022, the employees of the Foundation were transferred to L'Arche; therefore, the amount of management services paid by the Foundation was increased to include salaries which are now paid by L'Arche.

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.

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## L'Arche Canada Foundation Notes to Financial Statements

March 31, 2023

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#### 4. Deferred Donations

	2023	2022
Received from L'Arche <sup>(1)</sup>	\$ -	\$ 49,993
Other restricted donations	212,977	413,052
Balance, end of year	\$ 212,977	\$ 463,045

<sup>(1)</sup> Deferred donations received from L'Arche in 2017 which was designated for the L'Arche Haiti (Carrefour and Chantal) relocation projects.

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#### 5. Investment Income (Loss)

	2023	2022
Interest	\$ 27,299	\$ 1,922
Pooled fund distributions	26,279	209,944
Unrealized loss on fair value of investments	(91,748)	(201,336)
Realized gain on disposal of investments	65,567	117,705
Foreign income	24,414	-
	\$ 51,811	\$ 128,235

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#### 6. Commitment

The Foundation entered into a lease agreement for its headquarters which expires in July 2024 for a total amount of \$51,377.

The minimum annual lease payments for the next two years are as follows:

2024	\$ 38,533
2025	12,844
	\$ 51,377

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# L'Arche Canada Foundation

## Notes to Financial Statements

March 31, 2023

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### 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 has been change to the Foundation's exposure to credit risk since previous year due to its 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.

The Foundation continues to focus on maintaining adequate liquidity to meet operating working capital requirements. There has been change to the Foundation's exposure to liquidity risk since previous year due to its decrease in accounts payable and accounts payable to L'Arche.

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## L'Arche Canada Foundation Notes to Financial Statements

March 31, 2023

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### 7. 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: 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 within the pooled funds are subject to currency risk.

The market value of securities denominated in foreign currencies within the pooled funds at March 31, 2023 was \$1,482,602 (2022 - \$1,510,417).

#### 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 price risk from its investments. The Foundation moderates this risk through the selection and diversification of securities held.

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