L'Arche Canada
Financial Statements
For the year ended March 31, 2026

L'Arche Canada
Financial Statements
For the year ended March 31, 2026

Contents

BDO

Tel: 514-931-0841
Fax: 514-931-9491

www.bdo.ca

BDO Canada s.r.l./S.E.N.C.R.L./LLP
1000 De La Gauchetière Street West
Suite 400
Montréal, Québec H3B 4W5

Independent Auditor's Report

To the Members of
L'Arche Canada

Opinion

We have audited the financial statements of L'Arche Canada (the "Organization"), which comprise the statement of financial position as at March 31, 2026, the statements of changes in fund balances, operations 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 Organization as at March 31, 2026, and the results of its 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 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 opinion.

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 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 management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Independent Auditor's Report

Those charged with governance are responsible for overseeing the Organization'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.

- 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 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 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.

BDO Canada s.r.l./S.E.N.C.R.L./LLP [1]

Montréal, Québec
July 21, 2026

[1] CPA auditor, public accountancy permit No. A125417

L'Arche Canada
Statement of Financial Position

March 31	Operating Fund	Externally Restricted Fund	2026 Total	Operating Fund	Externally Restricted Fund	2025 Total
Assets						
Current						
Cash	$ 546,684	$ -	$ 546,684	$ 220,750	$ -	$ 220,750
Marketable securities (Note 2)	-	30,105	30,105	-	37,885	37,885
Accounts receivable (Note 3)	340,614	-	340,614	511,033	-	511,033
Prepaid expenses	-	-	-	38,870	-	38,870
	887,298	30,105	917,403	770,653	37,885	808,538
Capital assets (Note 4)	24,367	-	24,367	35,153	-	35,153
Intangible asset (Note 5)	74,175	-	74,175	83,447	-	83,447
	$ 985,840	$ 30,105	$ 1,015,945	$ 889,253	$ 37,885	$ 927,138
Liabilities and Net Assets						
Current						
Accounts payable and accrued liabilities (Note 6)	$ 185,443	$ -	$ 185,443	$ 87,067	$ -	$ 87,067
Deferred revenue	292,500	-	292,500	398,400	-	398,400
	477,943	-	477,943	485,467	-	485,467
Net Assets						
Internally restricted (Note 7)	70,267	-	70,267	89,592	-	89,592
Externally restricted (Note 8)	-	30,105	30,105	-	37,885	37,885
Unrestricted	437,630	-	437,630	314,194	-	314,194
	507,897	30,105	538,002	403,786	37,885	441,671
	$ 985,840	$ 30,105	$ 1,015,945	$ 889,253	$ 37,885	$ 927,138

On behalf of the Board:

__________________ Director   __________________ Director

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

L'Arche Canada
Statement of Changes in Fund Balances

For the year ended March 31	Operating Fund	Externally Restricted Fund (Note 8)	Internally Restricted Fund (Note 7)	2026 Total	2025 Total
Fund balances, beginning of the year	$ 314,194	$ 37,885	$ 89,592	$ 441,671	$ 442,509
Excess (deficiency) of revenue over expenditures for the year	119,339	(23,008)	-	96,331	(838)
Transfers	4,097	15,228	(19,325)	-	-
Fund balances, end of the year	$ 437,630	$ 30,105	$ 70,267	$ 538,002	$ 441,671

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

L'Arche Canada
Statement of Operations

For the year ended March 31	Operating Fund	Externally Restricted Fund	2026 Total	Operating Fund	Externally Restricted Fund	2025 Total
Revenue						
Contributions from L'Arche Canada Foundation (Note 9)	**$ 1,000,008**	**$ 1,125,646**	**$ 2,125,654**	$ 1,000,008	$ 503,966	$ 1,503,974
Communities dues and events	**1,171,794**	**-**	**1,171,794**	1,123,225	-	1,123,225
Other contributions	**173,345**	**-**	**173,345**	155,910	209,523	365,433
Government grants	**437,000**	**-**	**437,000**	438,837	-	438,837
Management revenues from L'Arche Canada Foundation (Note 9)	**424,094**	**-**	**424,094**	364,944	-	364,944
Management revenue for payroll services	**143,717**	**-**	**143,717**	294,256	-	294,256
	3,349,958	**1,125,646**	**4,475,604**	3,377,180	713,489	4,090,669
Expenditures						
Support to communities (Schedule)	**1,396,540**	**769,563**	**2,166,103**	1,599,943	355,530	1,955,473
Mission and public engagement (Schedule)	**617,749**	**-**	**617,749**	665,829	-	665,829
International development (Schedule)	**407,934**	**379,091**	**787,025**	421,577	382,067	803,644
Governance and administration (Schedule)	**808,396**	**-**	**808,396**	666,561	-	666,561
	3,230,619	**1,148,654**	**4,379,273**	3,353,910	737,597	4,091,507
Excess (deficiency) of revenue over expenditures for the year	**$ 119,339**	**$ (23,008)**	**$ 96,331**	$ 23,270	$ (24,108)	$ (838)

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

L'Arche Canada
Statement of Cash Flows

For the year ended March 31	2026	2025
Cash flows from operating activities		
Excess (deficiency) of revenue over expenditures for the year	**$ 96,331**	$ (838)
Items not affecting cash:		
Amortization of capital assets	**21,912**	26,504
Amortization of intangible asset	**9,272**	9,272
	127,515	34,938
Changes in non-cash working capital:		
Accounts receivable	**170,419**	(173,113)
Prepaid expenses	**38,870**	47,172
Accounts payable and accrued liabilities	**98,376**	(89,100)
Deferred revenue	**(105,900)**	398,400
	329,280	218,297
Cash flows from investing activities		
Proceeds from disposal of marketable securities	**7,780**	7,780
Acquisition of capital assets	**(11,126)**	(19,863)
Acquisition of intangible asset	**-**	(33,037)
	(3,346)	(45,120)
Net increase in cash during the year	**325,934**	173,177
Cash, beginning of the year	**220,750**	47,573
Cash, end of the year	**$ 546,684**	$ 220,750

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

March 31, 2026

1. Significant Accounting Policies

Nature and Purpose of Organization

The Organization was constituted according to Part II of the *Canada Corporations Act* on January 22, 1992, was issued a Certificate of Continuance under the *Canada Not-for-profit Corporations Act* effective October 10, 2012 and is a charitable organization under the *Income Tax Act*.

The mission of the Organization is as follows:

- make known the gifts of people with intellectual disabilities revealed through mutually transforming relationships;
- foster an environment in community that responds to the changing needs of our members, whilst being faithful to the core values of our founding story;
- engage in our diverse cultures, working together toward a more human society.

Basis of Accounting

The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations ("ASNPO").

Use of Estimates

The preparation of financial statements in accordance with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements as well as the reported amounts of revenues and expenses during the reporting period. Significant items subject to estimates and assumptions include, but are not limited to, estimated useful life of assets and accruals. Actual results could differ from management's best estimates as additional information becomes available in the future.

Fund Accounting

The Organization follows the restricted fund method.

The Operating Fund includes the Organization's administrative activities.

The Internally Restricted Fund reports resources which the Board of Directors have allocated to specific usage.

The Externally Restricted Fund reports only restricted resources.

1. Significant Accounting Policies (continued)

Revenue Recognition

Revenues from communities dues and contributions are recognized in the year they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenues from events are recognized when the events are held.

Restricted and unrestricted investment income is recognized as revenue of the related fund when earned.

Capital Assets

Capital assets are stated at cost less accumulated amortization. Amortization based on the estimated useful life of the asset is calculated as follows:

Office equipment	30% declining balance
Computer and media	3 years straight-line

Intangible Asset

Intangible asset is stated at cost less accumulated amortization. Amortization based on the estimated useful life of the asset is calculated as follows:

Website	30% declining balance

Allocation of Expenditures

The Organization engages in various programs related to its purpose as set out above. The cost of each program includes the costs of personnel that are directly related to providing these programs. The allocation is based on the time devoted to each program.

Financial Instruments

Arm's length financial instruments are recorded at fair value at initial recognition.

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.

In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any change in fair value reported in income. All other financial instruments are reported at cost or amortized cost less impairment. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost.

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 the statement of operations. 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 the statement of operations.

Government Assistance

The Organization made periodic request for financial assistance under government incentive programs.

Government assistance received is included in the determination of excess of revenue over expenditures for the year.

2. Marketable Securities

Marketable securities are measured at fair value and comprised investments in mutual funds having a total cost of $32,114 (2025 - $38,091).

3. Accounts Receivable

	2026	2025
Communities	$ **91,324**	$ 119,415
Sales taxes receivable	**120,911**	162,330
International Federation of L'Arche Communities	**115,242**	106,587
L'Arche Canada Foundation	**13,137**	122,701
	$ **340,614**	$ 511,033

4. Capital Assets

	2026		2025	
	Cost	**Accumulated Amortization**	Cost	Accumulated Amortization
Office equipment	$ **37,710**	$ **27,116**	$ 37,710	$ 22,575
Computer and media	**185,167**	**171,394**	174,516	154,498
	222,877	**198,510**	212,226	177,073
		$ **24,367**		$ 35,153

The amortization expense of capital assets for the year amounted to $21,912 (2025 - $26,504) and is included in governance and administration in the statement of operations.

5. Intangible Asset

	2026		2025	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Website	$ 92,719	$ 18,544	$ 92,719	$ 9,272
		$ 74,175		$ 83,447

The amortization expense of intangible asset for the year amounted to $9,272 (2025 - $9,272) and is included in governance and administration in the statement of operations.

6. Accounts Payable and Accrued Liabilities

	2026	2025
Trade accounts payable and accrued liabilities	$ 45,398	$ 41,480
Wages payable	140,045	45,587
	$ 185,443	$ 87,067

7. Internally Restricted Fund

The Organization's internally restricted net assets are as follows:

	2026	2025
Western region reserve	$ 32,388	$ 51,713
Financial support to communities	31,298	31,298
Retirement fund - Retired long-term assistants	6,581	6,581
	$ 70,267	$ 89,592

During the year, the Board of Directors approved the transfer of $19,325 from Internally Restricted Fund to Externally Restricted Fund (2025 - $6,500 from Internally Restricted Fund to Externally Restricted Fund).

8. Externally Restricted Fund

The Organization's externally restricted net assets are as follows:

	2026	2025
Retirement fund - Investment	**$ 30,105**	$ 37,885

During the year, there was a total of $15,228 transferred from Operating Fund and Internally Restricted Fund to Externally Restricted Fund (2025 - $16,328 transferred from Operating Fund and Internally Restricted Fund to Externally Restricted Fund).

9. Related Party Transactions

Certain transactions were concluded between the Organization and L'Arche Canada Foundation (Note 10) and details are as follows:

	2026	2025
Contributions from L'Arche Canada Foundation	**$ 1,000,008**	$ 1,000,008
Donations to local and international communities received from L'Arche Canada Foundation	**$ 1,130,582**	$ 503,966
Management revenues from L'Arche Canada Foundation	**$ 424,094**	$ 364,944

L'Arche Canada is part of the Federation of L'Arche Communities known as L'Arche International ("International"). During the year, L'Arche Canada paid $213,747 (2025 - $184,916) in membership fees to International. In addition, L'Arche Canada paid salaries and benefits of $626,454 (2025 - $510,317) on behalf of International which are not included in the statement of operations but included in the amount receivable from International.

These transactions were concluded in the normal course of business and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

10. Information Related to a Controlled Organization

The Board of Directors of the Organization has the ability to appoint all the Directors of L'Arche Canada Foundation (the "Foundation") and therefore effectively controls the Foundation. The Organization has elected to disclose all relevant information related to the Foundation in its notes to the financial statements and does not consolidate the Foundation's accounts in its financial statements.

The Foundation is an organization created by L'Arche Canada to provide new flows of financial capital in support of the mission and work of L'Arche in 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.

Significant Accounting Policy that Differs from the Organization's Policy

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.

Extracts of the Foundation's financial statements are as follows:

Statement of Financial Position

	2026	2025
Total assets	**$ 3,442,956**	$ 3,775,870
Total liabilities	**348,143**	339,721
Net assets	**$ 3,094,813**	$ 3,436,149

Statement of Operations

	2026	2025
Revenue	**$ 2,681,735**	$ 2,406,977
Expenditures	**1,139,263**	812,595
Grants to L'Arche	**2,130,590**	1,547,938
(Deficiency) excess of revenue over expenditures for the year	**$ (588,118)**	$ 46,444

10. Information Related to a Controlled Organization (continued)

Statement of Cash Flows

	2026	2025
Cash flow from operating activities	$ (727,808)	$ (136,408)
Cash flow from investing activities	$ 805,288	$ (29,500)
Cash flow from financing activity	$ 226,782	$ (24,492)

Statement of Changes in Net Assets

	Unrestricted Funds	Endowment Fund	Externally Restricted Endowment Fund	2026 Total	2025 Total
Net assets, beginning of the year	$ 440,084	$ 800,000	$ 2,196,065	$ 3,436,149	$ 3,414,197
(Deficiency) excess of revenue over expenditures for the year	(607,323)	-	19,205	(588,118)	46,444
Endowments received during the year	-	-	239,247	239,247	26,400
Endowments paid during the year	-	-	(12,465)	(12,465)	(50,892)
Transfer	740,813	(800,000)	59,187	-	-
Net assets, end of the year	$ 573,574	$ -	$ 2,501,239	$ 3,074,813	$ 3,436,149

Unrestricted Funds

The Unrestricted Funds' net assets are available for use by the Foundation for day-to-day operating transactions and for transfers to other internally restricted funds.

Endowment Fund

This Fund represents accumulated contributions received that are to be preserved by the Foundation.

Externally Restricted Endowment Fund

This Fund represents amounts received that are disbursed in accordance with the restrictions stipulated by donors.

11. Financial Instruments

Risk management

The Organization is exposed to credit risk, liquidity risk, interest rate risk and other price risk with regards to its financial assets and liabilities. In general, the Organization management has the responsibility to establish and approve the Organization's policies in risk management. Ongoing risk assessments are being performed by management in order to ensure that all important inherent risks to the Organization and its operations have been examined and evaluated in a manner to account for market conditions and the Organization's operations.

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 Organization's financial instruments that are exposed to credit risk are accounts receivable. The Organization manages this risk through regular monitoring of balances and continuous communication with debtors.

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

There have been changes to the Organization's exposure to credit risk since the previous year due to the decrease in marketable securities and accounts receivable and the increase in cash.

Liquidity risk

Liquidity risk is the risk that the Organization encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Organization 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.

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

There have been changes to the Organization's exposure to liquidity risk since the previous year due to the increase in accounts payable.

11. Financial Instruments (continued)

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 Organization is exposed to this risk through marketable securities in interest bearing financial instruments. The Organization does not currently use any derivative instruments to mitigate this risk.

There have been changes to the Organization's exposure to interest rate risk since the previous year due to the decrease in marketable securities.

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 Organization is exposed to price risk from its marketable securities. The Organization moderates this risk through the selection and diversification of securities held.

L'Arche Canada
Schedule

For the year ended March 31, 2026	Salaries and Benefits	Office Expenses, Rent, Interest and Banking Charges	Administrative, Professional Fees and Membership Fees	Training and Activities	Traveling Expenses	Total Operating Fund Expenditures	Financial Support	Total
Support to communities	**$ 1,078,267**	**$ -**	**$ 191,721**	**$ 104,249**	**$ 22,303**	**$ 1,396,540**	**$ 769,563**	**$ 2,166,103**
Mission and public engagement	**572,142**	**-**	**18,696**	**15,023**	**11,888**	**617,749**	**-**	**617,749**
International development	**176,043**	**-**	**231,891**	**-**	**-**	**407,934**	**379,091**	**787,025**
Governance and administration	**396,696**	**68,699**	**243,857**	**66,148**	**20,496**	**795,896**	**12,500**	**808,396**
	$ 2,223,148	**$ 68,699**	**$ 686,165**	**$ 185,420**	**$ 54,687**	**$ 3,218,119**	**$ 1,161,154**	**$ 4,379,273**

For the year ended March 31, 2025	Salaries and Benefits	Office Expenses, Rent, Interest and Banking Charges	Administrative, Professional Fees and Membership Fees	Training and Activities	Traveling Expenses	Total Operating Fund Expenditures	Financial Support	Total
Support to communities	$ 1,065,215	$ 48,669	$ 368,142	$ 83,915	$ 34,002	$ 1,599,943	$ 355,530	$ 1,955,473
Mission and public engagement	565,218	962	58,937	14,283	25,464	664,864	965	665,829
International development	173,913	-	243,559	4,105	-	421,577	382,067	803,644
Governance and administration	369,567	37,263	149,108	84,145	9,278	649,361	17,200	666,561
	$ 2,173,913	$ 86,894	$ 819,746	$ 186,448	$ 68,744	$ 3,335,745	$ 755,762	$ 4,091,507