

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

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Financial Statements
For the year ended March 31, 2026

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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, 2026, the statements of changes in net assets, 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 Foundation as at March 31, 2026, 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
July 21, 2026

¹ CPA auditor, public accountancy permit No. A125417

L'Arche Canada Foundation Statement of Financial Position

March 31	Operating Fund	Externally Restricted Endowment Fund	2026 Total	2025 Total
Assets				
Current				
Cash	\$ 431,516	\$ -	\$ 431,516	\$ 127,255
Accounts receivable	2,075	-	2,075	1,344
Sales taxes recoverable	84,667	-	84,667	36,762
Prepaid expenses	17,249	-	17,249	-
	535,507	-	535,507	165,361
Investments (Note 2)	386,210	2,501,239	2,887,449	3,610,509
	\$ 921,717	\$ 2,501,239	\$ 3,422,956	\$ 3,775,870
Liabilities and Net Assets				
Current				
Accounts payable and accrued liabilities	\$ 17,794	\$ -	\$ 17,794	\$ 28,656
Accounts payable to L'Arche	13,137	-	13,137	101,239
Deferred restricted donations	317,212	-	317,212	209,826
	348,143	-	348,143	339,721
Net Assets				
Unrestricted Funds	573,574	-	573,574	440,084
Endowment Fund (Note 5)	-	-	-	800,000
Externally Restricted Endowment Fund	-	2,501,239	2,501,239	2,196,065
	573,574	2,501,239	3,074,813	3,436,149
	\$ 921,717	\$ 2,501,239	\$ 3,422,956	\$ 3,775,870

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	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 paid during the year	-	-	(12,465)	(12,465)	(50,892)
Endowments received during the year	-	-	239,247	239,247	26,400
Transfers (Note 5)	740,813	(800,000)	59,187	-	-
Net assets, end of the year	\$ 573,574	\$ -	\$ 2,501,239	\$ 3,074,813	\$ 3,436,149

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	2026 Total	2025 Total
Revenue				
General donations	\$ 2,514,686	\$ -	\$ 2,514,686	\$ 2,043,892
Investment income (loss) (Note 4)	57,135	109,914	167,049	363,085
	<u>2,571,821</u>	<u>109,914</u>	<u>2,681,735</u>	<u>2,406,977</u>
Expenditures				
Professional fees (Note 3)	794,240	-	794,240	512,020
Fundraising costs	232,721	-	232,721	171,021
Office and administrative expenses and rent	70,338	-	70,338	97,776
Interest and bank charges	13,034	-	13,034	11,736
Amortization of other assets	-	-	-	2,064
Training and activities	28,930	-	28,930	17,978
	<u>1,139,263</u>	<u>-</u>	<u>1,139,263</u>	<u>812,595</u>
Excess of revenue over expenditures before grants	1,432,558	109,914	1,542,472	1,594,382
Grants to L'Arche (Note 3)	2,039,881	90,709	2,130,590	1,547,938
(Deficiency) excess of revenue over expenditures for the year	\$ (607,323)	\$ 19,205	\$ (588,118)	\$ 46,444

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	2026	2025
Cash flows from operating activities		
(Deficiency) excess of revenue over expenditures for the year	\$ (588,118)	\$ 46,444
Items not affecting cash:		
Amortization of other assets	-	2,064
Unrealized loss (gain) on fair value of investments	339,052	(210,238)
Realized gain on disposal of investments	(421,278)	(76,037)
	<u>(670,344)</u>	<u>(237,767)</u>
Changes in non-cash working capital:		
Accounts receivable	(731)	(1,344)
Sales taxes recoverable	(47,906)	(24,474)
Prepaid expenses	(17,249)	12,750
Accounts payable and accrued liabilities	(10,862)	13,161
Accounts payable to L'Arche	(88,102)	85,239
Deferred donations	107,386	16,027
	<u>(727,808)</u>	<u>(136,408)</u>
Cash flows from investing activities		
Purchase of investments	(874,570)	(76,809)
Proceeds on disposal of investments	1,679,857	47,309
	<u>805,287</u>	<u>(29,500)</u>
Cash flows from financing activity		
Increase (decrease) in Externally Restricted Endowment Fund	226,782	(24,492)
Net increase (decrease) in cash during the year	304,261	(190,400)
Cash, beginning of the year	127,255	317,655
Cash, end of the year	\$ 431,516	\$ 127,255

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

L'Arche Canada Foundation Notes to Financial Statements

March 31, 2026

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 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.

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.

L'Arche Canada Foundation Notes to Financial Statements

March 31, 2026

1. Significant Accounting Policies (continued)

Investments

Investments 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 operations as investment income.

Pooled fund investments and marketable securities 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

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.

L'Arche Canada Foundation Notes to Financial Statements

March 31, 2026

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 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 statement of operations.
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.
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	The Foundation made periodic request for financial assistance under government incentive programs. Government assistance received is included in the determination of net income for the year.

L'Arche Canada Foundation Notes to Financial Statements

March 31, 2026

2. Investments

The carrying amounts of investments are comprised of the following:

	2026		2025	
	Cost	Market Value	Cost	Market Value
Burgundy balanced Foundation Fund	\$ 2,395,360	\$ 2,887,449	\$ 2,780,467	\$ 3,610,509

3. Related Party Transactions

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

	2026	2025
Support of L'Arche programs	\$ 2,130,590	\$ 1,547,938
Fundraising management services and advertising expenses with L'Arche	\$ 424,094	\$ 364,944

The Foundation signed a management agreement with L'Arche for assistance in relation to their fundraising activities. This agreement commits the Foundation to approximately \$35,342 (2025 - \$30,412) 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

	2026	2025
Interest	\$ 36,278	\$ 24,174
Pooled fund distributions	13,657	15,536
Unrealized (loss) gain on fair value of investments	(339,052)	210,238
Realized gain on disposal of investments	421,278	76,037
Foreign income	34,888	37,100
	<u>\$ 167,049</u>	<u>\$ 363,085</u>

L'Arche Canada Foundation Notes to Financial Statements

March 31, 2026

5. Endowment Fund

During the year, the Board of Directors approved the transfer of \$800,000 from Endowment Fund to Operating Fund (2025 - \$Nil).

6. 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.

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 increase in cash and decrease in 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 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.

L'Arche Canada Foundation Notes to Financial Statements

March 31, 2026

6. 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.

There have been changes to the Foundation's exposure to interest rate risk since the previous year due to the decrease in investments.

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, 2026 was \$1,267,590 (2025 - \$1,783,592).

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.
