

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

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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, 2024, the statements of operations, changes in fund balances 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, 2024, 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.

Independent Auditor's Report

- 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.

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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
Statement of Financial Position

March 31	Operating Fund	Externally Restricted Fund	2024 Total	Operating Fund	Externally Restricted Fund	2023 Total
Assets						
Current						
Cash	\$ 47,573	\$ -	\$ 47,573	\$ 195,985	\$ 23,641	\$ 219,626
Marketable securities (Note 2)	-	45,665	45,665	-	53,445	53,445
Accounts receivable (Note 3)	337,920	-	337,920	247,832	-	247,832
Prepaid expenses	86,042	-	86,042	131,660	-	131,660
	471,535	45,665	517,200	575,477	77,086	652,563
Capital assets (Note 4)	41,794	-	41,794	71,232	-	71,232
Intangible assets (Note 5)	59,682	-	59,682	-	-	-
	\$ 573,011	\$ 45,665	\$ 618,676	\$ 646,709	\$ 77,086	\$ 723,795
Liabilities and Net Assets						
Current						
Accounts payable and accrued liabilities (Note 6)	\$ 176,167	\$ -	\$ 176,167	\$ 198,374	\$ -	\$ 198,374
Net Assets						
Internally restricted (Note 7)	96,092	-	96,092	96,894	-	96,894
Externally restricted (Note 8)	-	45,665	45,665	-	77,086	77,086
Unrestricted	300,752	-	300,752	351,441	-	351,441
	396,844	45,665	442,509	448,335	77,086	525,421
	\$ 573,011	\$ 45,665	\$ 618,676	\$ 646,709	\$ 77,086	\$ 723,795

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)	2024 Total	2023 Total
Fund balances, beginning of the year	\$ 351,441	\$ 77,086	\$ 96,894	\$ 525,421	\$ 763,280
Excess (deficiency) of revenue over expenditures for the year	18,553	(101,465)	-	(82,912)	(237,859)
Transfers	(69,242)	70,044	(802)	-	-
Fund balances, end of the year	\$ 300,752	\$ 45,665	\$ 96,092	\$ 442,509	\$ 525,421

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	2024 Total	Operating Fund	Externally Restricted Fund	2023 Total
Revenue						
Contributions from L'Arche Canada Foundation (Note 9)	\$ 1,200,000	\$ 384,154	\$ 1,584,154	\$ 1,300,000	\$ 734,976	\$ 2,034,976
Communities dues and events	1,145,652	-	1,145,652	969,346	-	969,346
Other contributions (Note 9)	21,093	232,299	253,392	14,023	207,377	221,400
Government grants	226,838	-	226,838	377,797	-	377,797
Management revenues from L'Arche Canada Foundation (Note 9)	624,000	-	624,000	625,052	-	625,052
Management revenue for payroll services	279,991	-	279,991	160,284	-	160,284
	3,497,574	616,453	4,114,027	3,446,502	942,353	4,388,855
Expenditures						
Support to communities (Schedule)	1,612,862	199,218	1,812,080	1,700,274	258,764	1,959,038
Mission and public engagement (Schedule)	746,472	-	746,472	912,701	-	912,701
International development (Schedule)	363,383	518,700	882,083	321,815	707,124	1,028,939
Governance and administration (Schedule)	756,304	-	756,304	726,036	-	726,036
	3,479,021	717,918	4,196,939	3,660,826	965,888	4,626,714
Excess (deficiency) of revenue over expenditures for the year	\$ 18,553	\$ (101,465)	\$ (82,912)	\$ (214,324)	\$ (23,535)	\$ (237,859)

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

L'Arche Canada 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	\$ (82,912)	\$ (237,859)
Item not affecting cash:		
Amortization of capital assets	29,438	46,985
	(53,474)	(190,874)
Changes in non-cash working capital:		
Accounts receivable	(90,088)	270,189
Prepaid expenses	45,618	(81,028)
Accounts payable and accrued liabilities	(22,207)	45,714
	(120,151)	44,001
Cash flows from investing activities		
Proceeds from disposal of marketable securities	7,780	10,015
Acquisition of capital assets	-	(40,341)
Acquisition of intangible assets	(59,682)	-
	(51,902)	(30,326)
Net (decrease) increase in cash during the year	(172,053)	13,675
Cash, beginning of the year	219,626	205,951
Cash, end of the year	\$ 47,573	\$ 219,626

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

L'Arche Canada Notes to Financial Statements

March 31, 2024

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 to:

- 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 for the Organization's administrative activities.

The Externally Restricted Fund reports only restricted resources.

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

L'Arche Canada Notes to Financial Statements

March 31, 2024

1. Significant Accounting Policies (continued)

Revenue Recognition	<p>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.</p> <p>Revenues from events are recognized when the events are held.</p> <p>Restricted and unrestricted investment income is recognized as revenue of the related fund when earned.</p>				
Capital Assets	<p>Capital assets are stated at cost less accumulated amortization. Amortization based on the estimated useful life of the asset is calculated as follows:</p> <table><tr><td>Office equipment</td><td>30% declining balance</td></tr><tr><td>Computer and media</td><td>3 years straight-line</td></tr></table>	Office equipment	30% declining balance	Computer and media	3 years straight-line
Office equipment	30% declining balance				
Computer and media	3 years straight-line				
Intangible Assets	<p>Intangible assets are stated at cost less accumulated amortization. Amortization is based on the estimated useful life of the asset.</p> <p>Website in development is not amortized until the item is substantially complete and ready for use.</p>				
Allocation of Expenses	<p>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.</p>				
Financial Instruments	<p>Arm's length financial instruments are recorded at fair value at initial recognition.</p> <p>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.</p> <p>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.</p>				

L'Arche Canada 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.

Government Assistance

The Organization 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 Notes to Financial Statements

March 31, 2024

2. Marketable Securities

Marketable securities are measured at fair value and comprised investments in mutual funds having a total cost of \$44,473 (2023 - \$49,780).

3. Accounts Receivable

	2024	2023
Communities	\$ 88,941	\$ 152,538
Sales taxes receivable	106,877	61,005
International Federation of L'Arche Communities	126,102	6,262
L'Arche Canada Foundation	16,000	28,027
	<u>\$ 337,920</u>	<u>\$ 247,832</u>

4. Capital Assets

	2024		2023	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Office equipment	\$ 37,710	\$ 16,088	\$ 37,710	\$ 6,822
Computer and media	154,653	134,481	154,653	114,309
	<u>192,363</u>	<u>150,569</u>	<u>192,363</u>	<u>121,131</u>
	<u>\$ 41,794</u>		<u>\$ 71,232</u>	

The amortization expense of capital assets for the year amounted to \$29,438 (2023 - \$46,985) and is included in governance and administration in the statement of operations.

5. Intangible Assets

	2024	2023
Website in development	<u>\$ 59,682</u>	<u>\$ -</u>

L'Arche Canada Notes to Financial Statements

March 31, 2024

6. Accounts Payable and Accrued Liabilities

	2024	2023
Trade accounts payable and accrued liabilities	\$ 139,076	\$ 145,448
Wages payable	37,091	52,926
	<u>\$ 176,167</u>	<u>\$ 198,374</u>

7. Internally Restricted Fund

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

	2024	2023
Western region reserve	\$ 58,213	\$ 59,015
Financial support to communities	31,298	31,298
Retirement fund - Retired long-term assistants	6,581	6,581
	<u>\$ 96,092</u>	<u>\$ 96,894</u>

During the year, the Board of Directors approved the transfer of \$802 from Internally Restricted Fund to Externally Restricted Fund (2023 - \$5,397 from Internally Restricted Fund to Operating Fund).

8. Externally Restricted Fund

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

	2024	2023
Financial support to communities	\$ -	\$ 23,641
Retirement fund - Investment	45,665	53,445
	<u>\$ 45,665</u>	<u>\$ 77,086</u>

During the year, there was a total of \$70,044 transferred from Operating Fund and Internally Restricted Fund to Externally Restricted Fund (2023 - \$36,774 from Externally Restricted Fund to Operating Fund).

L'Arche Canada Notes to Financial Statements

March 31, 2024

9. Related Party Transactions

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

	2024	2023
Contributions from L'Arche Canada Foundation	\$ 1,200,000	\$ 1,300,000
Donations to local and international communities received from L'Arche Canada Foundation	\$ 441,078	\$ 734,976
Other contributions	\$ -	\$ 56,983
Management revenues from L'Arche Canada Foundation	\$ 624,000	\$ 625,052

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 \$175,148 (2023 - \$149,819) in membership fees to International. In addition, L'Arche Canada paid salaries and benefits of \$583,064 (2023 - \$586,939) 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.

L'Arche Canada Notes to Financial Statements

March 31, 2024

10. Information Related to a Controlled Organization (continued)

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

Statement of Financial Position

	2024	2023
Total assets	\$ 3,639,491	\$ 3,883,938
Total liabilities	225,294	264,861
Net assets	<u>\$ 3,414,197</u>	<u>\$ 3,619,077</u>

Statement of Operations

	2024	2023
Revenues	\$ 2,254,806	\$ 2,282,454
Expenditures	861,823	742,049
Grants to L'Arche	1,641,078	2,093,146
Deficiency of revenue over expenditures for the year	<u>\$ (248,095)</u>	<u>\$ (552,741)</u>

Statement of Cash Flows

	2024	2023
Cash flow from operating activities	\$ (621,778)	\$ (753,322)
Cash flow from investing activities	\$ 458,832	\$ 345,923
Cash flow from financing activity	\$ 43,215	\$ 14,530

Statement of Changes in Net Assets

	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	600,000	(600,000)	-	-	-
Net assets, end of the year	<u>\$ 697,522</u>	<u>\$ 800,000</u>	<u>\$ 1,916,675</u>	<u>\$ 3,414,197</u>	<u>\$ 3,619,077</u>

L'Arche Canada Notes to Financial Statements

March 31, 2024

10. Information Related to a Controlled Organization (continued)

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. There have been no important changes to the Organization'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 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 increase in accounts receivable.

L'Arche Canada Notes to Financial Statements

March 31, 2024

11. Financial Instruments (continued)

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 decrease in accounts payable.

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.

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, 2024	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	\$ 1,135,210	\$ 38,351	\$ 248,062	\$ 124,118	\$ 67,121	\$ 1,612,862	\$ 199,218	\$ 1,812,080
Mission and public engagement	602,357	794	64,251	61,045	18,025	746,472	-	746,472
International development	185,340	-	175,148	-	2,895	363,383	518,700	882,083
Governance and administration	393,849	59,422	212,278	67,787	22,968	756,304	-	756,304
	\$ 2,316,756	\$ 98,567	\$ 699,739	\$ 252,950	\$ 111,009	\$ 3,479,021	\$ 717,918	\$ 4,196,939

For the year ended March 31, 2023	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	\$ 1,200,782	\$ 43,920	\$ 291,190	\$ 92,864	\$ 71,518	\$ 1,700,274	\$ 258,764	\$ 1,959,038
Mission and public engagement	516,872	2,512	194,583	158,321	40,413	912,701	-	912,701
International development	146,070	-	170,791	-	4,954	321,815	707,124	1,028,939
Governance and administration	389,411	81,208	226,209	15,555	13,653	726,036	-	726,036
	\$ 2,253,135	\$ 127,640	\$ 882,773	\$ 266,740	\$ 130,538	\$ 3,660,826	\$ 965,888	\$ 4,626,714