

L'ARCHE OTTAWA

FINANCIAL STATEMENTS

MARCH 31, 2023

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
L'Arche Ottawa:

Qualified opinion

We have audited the financial statements of L'Arche Ottawa ("the Entity"), which comprise the statement of financial position as at March 31, 2023, and 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, except for the possible effects of the matter described in the basis for qualified opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2023, 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 qualified opinion

In common with many not-for-profit organizations, the Entity derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of this revenue was limited to the amounts recorded in the records of the Entity. Therefore, we were not able to determine whether any adjustments might be necessary to donation and fundraising revenue, net revenue for the year, and cash flows from operations for the years ended March 31, 2023 and 2022, current assets as at March 31, 2023 and 2022, and net assets as at April 1 and March 31 for both the 2023 and 2022 years. Our audit opinion on the financial statements for the year ended March 31, 2022 was modified accordingly because of the possible effects of this limitation in scope.

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 Entity 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 qualified audit opinion.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of these 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 Entity'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 Entity, or to cease operations, or has no realistic alternative but to do so.

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



OUSELEY HANVEY CLIPSHAM DEEP LLP

Licensed Public Accountants

Ottawa, Ontario

June 8, 2023

L'ARCHE OTTAWA

STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2023

	2023	2022
CURRENT ASSETS		
Cash	\$ 2,056,942	\$ 1,827,507
Investments	570,862	558,043
Accounts receivable	54,095	249,111
Prepaid expenses	-	191
	2,681,899	2,634,852
PROPERTY AND EQUIPMENT (note 2)	1,183,771	1,321,278
	\$ 3,865,670	\$ 3,956,130
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	156,968	299,040
Current portion of long-term debt (note 3)	62,199	60,637
Deferred revenue (note 4)	9,500	41,989
	228,667	401,666
LONG - TERM LIABILITIES		
Deferred funding of capital assets (note 5)	47,074	65,073
Replacement reserve fund (note 6)	319,221	312,275
Long-term debt - non-current portion (note 3)	42,688	105,736
	408,983	483,084
NET ASSETS (NET DEFICIT)		
Unrestricted	2,460,676	2,171,040
Internally restricted - property and equipment	767,344	900,340
	3,228,020	3,071,380
	\$ 3,865,670	\$ 3,956,130

Approved on behalf of the Board:

L'ARCHE OTTAWA

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS FOR THE YEAR ENDED MARCH 31, 2023

	Operating Fund	Housing Fund	Board Administered Fund	Total 2023	Total 2022
Revenue					
Provincial and Federal subsidies (note 10)	\$ 2,748,778	\$ 80,750	\$ -	\$ 2,829,528	\$ 2,692,407
Accommodation					
Residents	174,608	30,412	116,830	321,850	318,475
Staff	-	44,640	91,109	135,749	130,040
Grants	-	-	4,347	4,347	4,504
Donations (note 7)	-	-	115,676	115,676	105,250
Bequest - Estate of F. McGrand (note 8)	-	-	4,907	4,907	3,962
Bequests (other)	-	-	-	-	20,000
Investment income	-	-	33,787	33,787	5,943
Community Centre - capital grant	-	-	1,925	1,925	3,850
Rent (note 9)	-	-	-	-	26,535
Miscellaneous	12,512	-	-	12,512	-
Gain from Disposal of Asset	-	-	8,500	8,500	-
	2,935,898	155,802	377,081	3,468,781	3,310,966
Expenditure					
Salaries and benefits	2,319,715	26,672	66,813	2,413,200	2,244,237
Repairs and maintenance	7,825	18,327	-	26,152	24,368
Utilities and telephone	27,361	40,931	704	68,996	73,366
Insurance	4,878	9,757	2,439	17,074	18,667
Administration costs - staff related or other	238,663	-	-	238,663	272,402
Program activities	65,788	-	10,971	76,759	75,119
Staff travel	12,383	311	2,598	15,292	8,633
Staff training	9,098	-	4,639	13,737	2,375
Purchased services	15,944	-	13,273	29,217	25,461
Supplies, equipment, and general office	48,879	5,207	4,587	58,673	34,655
Property taxes	1,396	472	-	1,868	672
Rent (note 9)	21,000	-	-	21,000	19,901
Food and house supplies	136,054	-	100	136,154	138,075
Vehicle operation and maintenance	34,923	-	40	34,963	61,031
Personal needs	10,266	-	-	10,266	479
Mortgage interest	-	2,202	-	2,202	159
Amortization	-	61,503	58,004	119,507	126,390
Replacement reserve	-	6,946	-	6,946	6,946
Solidarity	-	-	16,000	16,000	16,000
Development	-	-	5,472	5,472	2,062
	2,954,173	172,328	185,640	3,312,141	3,150,998
Net revenue (expenditure) for the year	(18,275)	(16,526)	191,441	156,640	159,968
Net assets (deficit) at beginning of year	(1,105,866)	(161,317)	\$ 4,338,563	\$ 3,071,380	2,911,412
Net assets (deficit) at end of year	\$ (1,124,141)	\$ (177,843)	\$ 4,530,004	\$ 3,228,020	\$ 3,071,380

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OPERATING FUND STATEMENT OF GENERAL OPERATIONS (note 10) FOR THE YEAR ENDED MARCH 31, 2023

	Supportive Independent Living	Residence	BPS - Development	Passport Funding	COVID 19	Community Participation Services	Total 2023	Total 2022
Revenue								
Provincial and Federal subsidies	\$ 19,343	\$ 2,307,432	\$ 183	\$ 29,661	\$ 351,722	\$ 40,437	\$ 2,748,778	\$ 2,611,040
Accommodation	-	174,608	-	-	-	-	174,608	167,452
Miscellaneous	-	12,512	-	-	-	-	12,512	-
	19,343	2,494,552	183	29,661	351,722	40,437	2,935,898	2,778,492
Expenditure								
Salaries and benefits	10,316	1,957,013	183	2,692	335,337	14,174	2,319,715	2,132,369
Repairs and maintenance	-	7,825	-	-	-	-	7,825	11,223
Utilities and telephone	-	20,651	-	134	6,576	-	27,361	29,402
Insurance	-	4,878	-	-	-	-	4,878	5,487
Administration costs - staff related and other	2,200	232,263	-	-	-	4,200	238,663	272,402
Program activities	-	42,614	-	23,174	-	-	65,788	68,918
Staff travel	77	11,858	-	-	118	330	12,383	8,376
Staff training	-	9,098	-	-	-	-	9,098	1,855
Purchased services	1,100	6,550	-	-	8,294	-	15,944	10,602
Supplies, equipment, and general office	-	45,665	-	3,214	-	-	48,879	25,776
Property taxes	-	1,396	-	-	-	-	1,396	224
Rent - premises	-	21,000	-	-	-	-	21,000	19,901
Food and house supplies	-	134,645	-	-	1,409	-	136,054	137,653
Vehicle operation and maintenance	3,117	28,385	-	-	-	3,421	34,923	61,031
Personal needs	-	287	-	519	-	9,460	10,266	479
	16,810	2,524,129	183	29,733	351,734	31,585	2,954,173	2,785,698
Net revenue (expenditure) for the year	2,533	(29,577)	-	(72)	(12)	8,852	(18,275)	(7,206)
Net deficit at beginning of year							(1,105,866)	(1,098,660)
Net deficit at end of year							\$ (1,124,141)	\$ (1,105,866)

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STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2023

	2023	2022
CASH PROVIDED BY (USED FOR)		
OPERATING ACTIVITIES		
Net revenue (expenditure) for the year	\$ 156,640	\$ 159,968
Non-cash items		
- amortization	119,507	136,634
- amortization of deferred funding for capital assets	(18,000)	(25,171)
-other non cash item	18,001	14,926
Changes in non-cash working capital items:		
Accounts receivable	195,016	(84,084)
Prepaid expenses	191	1,505
Accounts payable and accrued liabilities	(142,072)	(41,527)
Deferred Revenue	(32,489)	16,595
	296,794	178,846
INVESTING ACTIVITIES		
Change in investments	(12,819)	(104,489)
Purchase of property and equipment	-	(803)
	(12,819)	(105,292)
FINANCING ACTIVITIES		
Increase (decrease) long-term debt	(61,486)	(171,718)
Increase in replacement reserve fund	6,946	6,946
	(54,540)	(164,772)
Change in cash	229,435	(91,218)
Cash beginning of year	1,827,507	1,918,725
CASH END OF YEAR	\$ 2,056,942	\$ 1,827,507

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NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023

Organization

L'Arche Ottawa is a non-profit charitable organization incorporated in the province of Ontario in 1972 to provide residential and day program services to Anglophone and Francophone adults with intellectual disabilities. L'Arche Ottawa is a member of the International Federation of L'Arche, whose mission is "to make known the gifts of people with intellectual disabilities, revealed through mutually transforming relationships; to 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; to engage in our diverse cultures, working together towards a more human society".

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Financial Instruments

Investments are initially recognized at fair value and subsequently measured at fair value. Other financial instruments are initially recognized at fair value and subsequently recognized at amortized cost. Financial assets measured at amortized cost include cash and accounts receivable. Financial assets measured at fair value include investments. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and long-term debt.

Fund Accounting

Revenues and expenditures related to program services to residential and supportive independent living clients of L'Arche Ottawa are reported in the Operating Fund. These program services are primarily funded by the Ministry of Children, Community and Social Services.

Revenues and expenditures related to costs of the mortgaged homes owned and operated by L'Arche Ottawa with funding from Ministry of Children, Community and Social Services - Housing are reported in the Housing Fund.

The Board Administered Fund report on revenues and expenditures related to the assets of L'Arche Ottawa and separate contractual undertakings with the Ministry of Children, Community and Social Services.

Internally restricted funds consist of amounts received as donations. Any use of these funds requires the approval of the Board.

Revenue recognition

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Contributions for the purchase of capital assets are deferred and recognized as revenue on the same basis as the depreciation expense related to the acquired capital assets. Unrestricted contributions are recognized as revenue when they are received or receivable if the amount receivable can be reasonably estimated and its collection is reasonably assured.

Property and equipment and amortization

Property and equipment are recorded at cost. Amortization is provided as follows:

Whitehaven Cres	- Straight line over 25 years
Furniture's and fixtures	- 20% declining balance
Automobiles, computers	- 30% declining balance
Renovations	- Straight line over 10 years
Community Center - renovations	- Straight line over 20 years, over length of lease
Hinton St., Hare Ave., Bel Air Dr., Mountainview Ave., Iroquois Rd.,	- Sinking fund equivalent to principal drawdown on related mortgage

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NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of estimates

The preparation of these financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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 and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. These estimates are reviewed annually and as adjustments become necessary, they are recorded in the financial statements in the period in which they become known.

Contributed services

A large number of volunteers contribute a significant number of hours per year to assist L'Arche Ottawa in carrying out its service delivery activities. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

2. PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	Cost	Accumulated amortization	NBV 2023	NBV 2022
Board Administered Fund				
Land and buildings:				
Hinton St.	\$ 300,000	300,000	-	-
Whitehaven Cres.	539,000	104,838	434,162	449,790
Other:				
Automobiles	76,768	76,768	-	-
Whitehaven Cres. - renovations	810,464	228,334	582,130	616,167
Renovations	378,501	378,501	-	-
Community Center - renovations	321,759	321,759	-	8,338
	2,426,492	1,410,200	1,016,292	1,074,295
Land and buildings:				
Hare Ave.	253,934	238,088	15,846	28,665
Bel-Air Dr.	264,883	253,140	11,743	25,143
Mountainview Ave.	326,627	293,090	33,537	50,421
Iroquois Rd.	378,963	320,484	58,479	76,879
Other:				
Automobiles	49,754	25,374	24,380	34,828
Computers	29,024	18,505	10,519	15,028
Furniture and fixtures	41,617	28,642	12,975	16,019
	1,344,802	1,177,323	167,479	246,983
	3,771,294	2,587,523	1,183,771	1,321,278

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NOTES TO FINANCIAL STATEMENTS
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3. LONG - TERM DEBT

HOUSING FUND

Repayment of this long term debt will be fully subsidized by the Ontario Ministry of Children, Community and Social Services - Housing.

	2023 \$	2022 \$
Canada Mortgage and Housing Corporation :		
Hare Ave - 0.68%, due March 2024, payable in blended monthly installments of \$1,078	12,939	25,706
Bel - Air Drive - 0.68%, due April 2024, payable in blended monthly installments of \$1,129	14,671	28,034
Mountainview Avenue - 1.69%, due July 1, 2024, payable in blended monthly installments of \$1,452	22,957	39,898
Peoples Trust		
Iroquois Road -2.15%, due January 2026, payable in blended monthly installments of \$1,648	54,320	72,919
	104,887	166,557
Less: Current Portion	62,199	60,637
	42,688	105,920

4. DEFERRED REVENUE

Deferred revenue consists of operating funding received for which related expenses have not yet been incurred, and funding for the purchase of property and equipment which is amortized to revenue at the same rate as the related assets are amortized. The balance consists of the following:

	Beginning balance \$	Addition \$	Revenue recognized \$	Ending balance \$
MCCSS COVID (Temporary Wage Enhancement)	30,564	-	30,564	-
Community Center - Capital Grant	1,925	-	1,925	-
Ottawa Community Foundation - Senior Arts Project	9,500	-	-	9,500
	41,989	-	32,489	9,500

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NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023

5. DEFERRED FUNDING OF CAPITAL ASSETS

In 2021, L'Arche Ottawa received \$90,244 of funding from the Ontario Ministry of Children, Community and Social Services that was used to purchase capital assets additions. This funding will be amortized to revenue over the same period as the amortization expense. \$18,000 was amortized in 2023 (2022 - \$25,171) was amortized to revenue in fiscal 2023.

6. REPLACEMENT RESERVE FUND

An amount specified by an agreement with the Ontario Ministry of Children, Community and Social Services - Housing is set aside for the replacement of capital items

Activity during the year was as follows:

	2023 \$	2022 \$
Balance at beginning of year	312,275	305,329
Current year addition	6,946	6,946
Balance at end of year	319,221	312,275

7. DONATIONS

The results from L'Arche Ottawa's fundraising activities for the current year are:

Balance from prior years	\$	64,957
Donations raised		<u>115,676</u>
Total available donations		180,633
Funds spent during the year:		
Fundraising and activity costs	\$	8,345
Solidarity		16,000
Employee appreciation		4,461
Core member activities		2,513
Meetings, retreats		2,554
Community life costs		64,486
L'Arche anniversary & other		10,539
Unfunded operating expenses		16,209
Operating & housing fund deficit		<u>34,801</u>
Balance to be spent (raised) in future years.	\$	<u><u>20,725</u></u>

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NOTES TO FINANCIAL STATEMENTS
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8. BEQUEST

L'Arche Ottawa received a bequest which is to be held in trust. L'Arche Ottawa cannot access the original contribution but does receive the earnings made on the invested amount quarterly.

9. RENT

The Board Administered Fund charged an amount of \$nil (2022 - \$26,535) for rental of premises to the Operating Fund. Starting in 2023, this is now expensed in the operating fund and consists of a lease with Julian of Norwich at a cost of \$2,000 month, effective from May 15, 2022 to May 15, 2024.

10. MINISTRY CONTRACTS/ECONOMIC DEPENDENCE

L'Arche Ottawa has service contracts for the Supportive Independent Living, Adults Accommodation, and Community Participation Services with the Ministry of Children, Community and Social Services (MCCSS). One requirement of these contracts is the production by Management of Annual Program Expenditure Reports which show a summary by service of all revenues and expenditures and any resulting excess or deficit that relates to the contract.

These service contracts accounts for 80% of revenue in 2023 (2022 - 80%).