

L'ARCHE OTTAWA

FINANCIAL STATEMENTS

MARCH 31, 2024



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, 2024, 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, 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 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, 2024 and 2023, current assets as at March 31, 2024 and 2023, and net assets as at April 1 and March 31 for both the 2024 and 2023 years. Our audit opinion on the financial statements for the year ended March 31, 2023 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

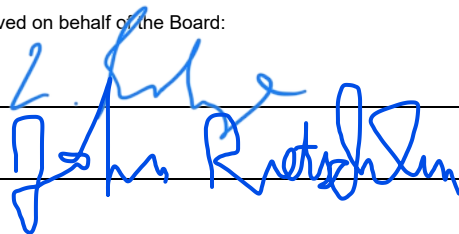
August 26, 2024

L'ARCHE OTTAWA

STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2024

	2024	2023
CURRENT ASSETS		
Cash	\$ 2,006,479	\$ 2,056,942
Short-term investment (note 2)	100,000	570,862
Accounts receivable	21,582	54,095
Prepaid expenses	-	-
	2,128,061	2,681,899
PROPERTY AND EQUIPMENT (note 3)	1,118,251	1,183,771
LONG-TERM INVESTMENTS (note 2)	415,700	-
	\$ 3,662,012	\$ 3,865,670
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	176,734	156,968
Current portion of long-term debt (note 4)	26,129	62,199
Deferred revenue (note 5)	-	9,500
	202,863	228,667
LONG-TERM LIABILITIES		
Deferred funding of capital assets (note 6)	34,168	47,074
Replacement reserve fund (note 7)	217,886	319,221
Long-term debt - non-current portion (note 4)	16,310	42,688
	268,364	408,983
NET ASSETS		
Unrestricted	2,501,408	2,460,676
Internally restricted - property and equipment	689,377	767,344
	3,190,785	3,228,020
	\$ 3,662,012	\$ 3,865,670

Approved on behalf of the Board:



John Rietzsch

L'ARCHE OTTAWA

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS FOR THE YEAR ENDED MARCH 31, 2024

	Operating Fund	Housing Fund	Board Administered Fund	Total 2024	Total 2023
Revenue					
Provincial and Federal subsidies (note 10)	\$ 2,835,947	\$ 94,705	\$ -	\$ 2,930,652	\$ 2,829,528
Accommodation					
Residents	217,281	30,946	67,515	315,742	321,850
Staff	48,063	81,713	53,007	182,783	135,749
Grants	-	-	10,760	10,760	4,347
Donations (note 8)	-	-	136,241	136,241	115,676
Bequest - Estate of F. McGrand (note 9)	-	-	-	-	4,907
Bequests (other)	-	-	6,124	6,124	-
Investment income	-	-	66,589	66,589	33,787
Community Centre - capital grant	-	-	-	-	1,925
Miscellaneous	12,600	-	-	12,600	12,512
Gain from Disposal of Asset	-	-	-	-	8,500
	3,113,891	207,364	340,236	3,661,491	3,468,781
Expenditure					
Salaries and benefits	2,595,199	29,397	62,157	2,686,753	2,413,200
Repairs and maintenance	9,795	22,025	-	31,820	26,152
Utilities and telephone	23,872	35,450	437	59,759	68,996
Insurance	5,924	11,848	2,830	20,602	17,074
Administration costs - staff related or other	293,433	10,034	-	303,467	238,663
Program activities	52,359	-	41,443	93,802	76,759
Staff travel	11,092	914	3,932	15,938	15,292
Staff training	24,258	-	6,873	31,131	13,737
Purchased services	11,079	-	47,766	58,845	29,217
Supplies, equipment, and general office	38,444	1,402	5,009	44,855	58,673
Property taxes	1,458	574	-	2,032	1,868
Rent (note 10)	24,000	-	-	24,000	21,000
Food and house supplies	137,142	-	559	137,701	136,154
Vehicle operation and maintenance	38,825	450	-	39,275	34,963
Personal needs	23,221	45	-	23,266	10,266
Mortgage interest	-	1,471	-	1,471	2,202
Amortization	-	59,071	49,666	108,737	119,507
Replacement reserve	-	6,946	-	6,946	6,946
Solidarity	-	-	7,390	7,390	16,000
Development	-	-	936	936	5,472
	3,290,101	179,627	228,998	3,698,726	3,312,141
Net revenue (expenditure) for the year	(176,210)	27,737	111,238	(37,235)	156,640
Net assets (deficit) at beginning of year	(1,124,141)	(177,843)	\$ 4,530,004	\$ 3,228,020	\$ 3,071,380
Net assets (deficit) at end of year	\$ (1,300,351)	\$ (150,106)	\$ 4,641,242	\$ 3,190,785	\$ 3,228,020

L'ARCHE OTTAWA

OPERATING FUND STATEMENT OF GENERAL OPERATIONS (note 10) FOR THE YEAR ENDED MARCH 31, 2024

	Supportive Independent Living	Residence	BPS - Development	Passport Funding	Community Participation Services	Total 2024	Total 2023
Revenue							
Provincial and Federal subsidies	\$ 19,343	\$ 2,704,337	\$ 183	\$ 71,648	\$ 40,437	\$ 2,835,948	\$ 2,748,778
Accommodation	-	265,343	-	-	-	265,343	174,608
Miscellaneous	-	12,600	-	-	-	12,600	12,512
	19,343	2,982,280	183	71,648	40,437	3,113,891	2,935,898
Expenditure							
Salaries and benefits	16,382	2,564,483	183	-	14,151	2,595,199	2,319,715
Repairs and maintenance	-	9,795	-	-	-	9,795	7,825
Utilities and telephone	-	23,708	-	164	-	23,872	27,361
Insurance	-	5,924	-	-	-	5,924	4,878
Administration costs - staff related and other	1,300	283,313	-	1,170	7,650	293,433	238,663
Program activities	-	-	-	52,359	-	52,359	65,788
Staff travel	-	10,951	-	-	141	11,092	12,383
Staff training	91	24,167	-	-	-	24,258	9,098
Purchased services	-	11,079	-	-	-	11,079	15,944
Supplies, equipment, and general office	-	38,015	-	429	-	38,444	48,879
Property taxes	-	1,458	-	-	-	1,458	1,396
Rent - premises	-	24,000	-	-	-	24,000	21,000
Food and house supplies	-	137,142	-	-	-	137,142	136,054
Vehicle operation and maintenance	3,268	34,608	-	-	949	38,825	34,923
Personal needs	-	45	-	10,955	12,221	23,221	10,266
	21,041	3,168,688	183	65,077	35,112	3,290,101	2,954,174
Net revenue (expenditure) for the year	(1,698)	(186,408)	-	6,571	5,325	(176,210)	(18,275)
Net deficit at beginning of year						(1,124,141)	(1,105,866)
Net deficit at end of year						\$ (1,300,351)	\$ (1,124,141)

L'ARCHE OTTAWA

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2024

	2024	2023
CASH PROVIDED BY (USED FOR)		
OPERATING ACTIVITIES		
Net revenue (expenditure) for the year	\$ (37,235)	\$ 156,640
Non-cash items		
- amortization	99,529	119,507
- amortization of deferred funding for capital assets	(12,906)	(18,000)
-other non cash item	-	18,001
Changes in non-cash working capital items:		
Accounts receivable	32,513	195,016
Prepaid expenses	-	191
Accounts payable and accrued liabilities	19,766	(142,072)
Deferred Revenue	(9,500)	(32,489)
	92,167	296,794
INVESTING ACTIVITIES		
Change in investments	55,162	(12,819)
Purchase of property and equipment	(34,009)	-
	21,153	(12,819)
FINANCING ACTIVITIES		
Increase (decrease) of long-term debt	(62,448)	(61,486)
Increase (decrease) of replacement reserve fund	(101,335)	6,946
	(163,783)	(54,540)
Change in cash	(50,463)	229,435
Cash beginning of year	2,056,942	1,827,507
CASH END OF YEAR	\$ 2,006,479	\$ 2,056,942

L'ARCHE OTTAWA

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024

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. Accommodation revenue is recognized when received or receivable if the amount to be received can be reasonably estimated and its collection is reasonably assured. Investment income is recognized in the year to which it pertains.

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

L'ARCHE OTTAWA

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024

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. INVESTMENTS

Short-term investment consists of a guaranteed investment certificate with interest rate of 5.0%, maturing May 31, 2024. Long-term investments consist of guaranteed investment certificates with interest rates from 4.57% to 4.85%, maturing from June 2, 2025 to May 31, 2028.

3. PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	Cost	Accumulated amortization	NBV 2024	NBV 2023
Board Administered Fund				
Land and buildings:				
Hinton St.	\$ 300,000	300,000	-	-
Whitehaven Cres.	539,000	120,467	418,533	434,162
Other:				
Automobiles	76,768	76,768	-	-
La Source - rebuild	34,009	-	34,009	-
Whitehaven Cres. - renovations	810,464	262,375	548,089	582,130
Renovations	378,501	378,501	-	-
Community Center - renovations	321,759	321,759	-	-
	2,460,501	1,459,870	1,000,631	1,016,292
 Land and buildings:				
Hare Ave.	253,934	250,808	3,126	15,846
Bel-Air Dr.	264,883	264,883	-	11,743
Mountainview Ave.	326,627	309,698	16,929	33,537
Iroquois Rd.	378,963	338,484	40,479	58,479
Other:				
Automobiles	75,224	35,235	39,989	24,380
Computers	29,024	21,664	7,360	10,519
Furniture and fixtures	41,617	31,880	9,737	12,975
	1,370,272	1,252,652	117,620	167,479
	3,830,773	2,712,522	1,118,251	1,183,771

L'ARCHE OTTAWA

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024

4. 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.

	2024 \$	2023 \$
Canada Mortgage and Housing Corporation :		
Hare Ave - 0.68%, due March 2024, payable in blended monthly installments of \$1,078	-	12,939
Bel - Air Drive - 0.68%, due April 2024, payable in blended monthly installments of \$1,129	1,129	14,671
Mountainview Avenue - 1.69%, due July 1, 2024, payable in blended monthly installments of \$1,452	5,787	22,957
Peoples Trust Iroquois Road -2.15%, due January 2026, payable in blended monthly installments of \$1,648	35,523	54,320
	42,439	104,887
Less: Current Portion	26,129	62,199
	16,310	42,688

5. 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 \$
Ottawa Community Foundation - Senior Arts Project	9,500	-	9,500	-
	9,500	-	9,500	-

L'ARCHE OTTAWA

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024

6. 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 is being amortized to revenue over the same period as the amortization expense. \$12,905 was amortized in 2024 (2023 - \$18,000).

7. 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:

	2024 \$	2023 \$
Balance at beginning of year	319,221	312,275
Current year addition (spending)	(101,335)	6,946
Balance at end of year	217,886	319,221

8. DONATIONS

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

Balance from prior years	\$	20,725
Donations raised		<u>142,364</u>
Total available donations		163,089
Funds spent during the year:		
Fundraising and activity costs	\$	4,569
Solidarity		7,390
Employee appreciation		2,958
Community life costs		35,112
Meetings and seminars		1,822
Operating & housing fund deficit		<u>111,238</u>
		163,089
Balance to be spent (raised) in future years.	\$	<u><u>-</u></u>

L'ARCHE OTTAWA

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024

9. 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.

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 2024 (2023 - 80%).