Financial statements

L'Arche Avalon Inc.

Unaudited

March 31, 2023

L'Arche Avalon Inc.

STATEMENT OF FINANCIAL POSITION

As at March 31 Unaudited

	2023	2022
	$	$
ASSETS		
Current assets		
Cash	**84,862**	47,098
Marketable securities *[note 2]*	**10,558**	10,475
Harmonized sales tax recoverable	**12,879**	8,498
Prepaid expenses	**1,329**	9,028
Total current assets	**109,628**	75,099
Tangible capital assets, net *[note 3]*	**168,657**	98,247
Total assets	**278,285**	173,346
LIABILITIES AND NET DEFICIT		
Current liabilities		
Accounts payable and accrued liabilities	**23,020**	—
Deferred contributions *[note 4]*	**10,036**	10,036
Total current liabilities	**33,056**	10,036
Net assets		
Unrestricted net assets	**245,229**	163,310
Total net deficit	**245,229**	163,310
	278,285	173,346

See accompanying notes

Approved on behalf of the Board:

______________________ Director

L'Arche Avalon Inc.

STATEMENT OF OPERATIONS

Year ended March 31 Unaudited

	2023	2022
	$	$
REVENUE		
Donations	**22,234**	33,362
Deferred contributions recognized as revenue	**-**	53,567
Government grants	**77,253**	6,222
Fundraisers	**23,756**	19,630
Membership fees	**440**	1,170
Interest income	**84**	32
	123,767	113,983
EXPENSES		
Fundraisers - Capital campaign	**29,589**	28,798
Salaries & wages	**2,800**	9,901
Insurance	**2,073**	1,071
L'Arche annual membership fee	**2,000**	2,000
Gatherings	**1,782**	3,751
Donations	**1,050**	-
Office supplies	**949**	506
Amortization	**572**	208
Meetings / workshops	**301**	326
Website expenses	**264**	418
Canada Helps fees	**230**	185
Honorariums	**100**	-
Bank fees	**71**	119
Promotions	**67**	-
Fundraisers - General	**-**	26
	41,848	47,309
Excess (deficiency) of revenue over expenses	**81,919**	66,674

See accompanying notes

L'Arche Avalon Inc.

STATEMENT OF CHANGES IN NET ASSETS

Year ended March 31 | Unaudited

	2023		2022
	Unrestricted net assets	**Total**	**Total**
	$	$	$
Balance, beginning of year	**163,310**	**163,310**	96,636
Excess (deficiency) of revenue over expenses	**81,919**	**81,919**	66,674
Balance, end of year	**245,229**	**245,229**	163,310

See accompanying notes

L'Arche Avalon Inc.

STATEMENT OF CASH FLOWS

Year ended March 31 Unaudited

	2023	2022
	$	$
OPERATING ACTIVITIES		
Excess of revenue over expenses	**81,919**	66,674
Add item not affecting cash		
Amortization of capital assets	**572**	208
	82,491	66,882
Changes in non-cash working capital balances		
Harmonized sales tax recoverable	**(4,381)**	(5,708)
Prepaid expenses	**7,699**	(3,090)
Accounts payable and accrued liabilities	**23,020**	—
Deferred contributions	**—**	(53,567)
Cash provided by operating activities	**108,829**	4,517
INVESTING ACTIVITIES		
Purchase of tangible capital assets	**(70,982)**	(97,417)
Purchase of marketable securities	**(83)**	(32)
Cash used in investing activities	**(71,065)**	(97,449)
Net change in cash, during the year	**37,764**	(92,932)
Cash, beginning of year	**47,098**	140,030
Cash, end of year	**84,862**	47,098

See accompanying notes

Notes to financial statements

March 31, 2023 Unaudited

1. Summary of significant accounting policies

These financial statements are prepared in accordance with Part III of the *CPA Canada Handbook – Accounting,* “Accounting Standards for Not-for-Profit Organizations”, which sets out generally accepted accounting principles for not-for-profit organizations in Canada and includes the significant accounting policies set out below.

Nature and purpose of organization

The organization is a charitable organization incorporated without share capital under the laws of the province of Newfoundland and Labrador. The organization establishes homes for individuals with intellectual disabilities and their live-in assistants in St. John’s, Newfoundland and Labrador. As a charitable organization, the organization is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

Tangible capital assets

Tangible capital assets are recorded at cost. Contributed tangible capital assets are recorded at their estimated fair value at the date of contribution. The amortization methods applied to write off the cost of tangible capital assets over their estimated useful lives are as follows:

Computer equipment	55%	declining balance method
Computer software	100%	declining balance method
Musical instruments	20%	declining balance method

Pre-construction costs are not amortized until the project is substantially complete and available for use, at which time the projects are transferred to the appropriate class of assets and amortized accordingly. When a tangible capital asset no longer has any long-term service potential, the excess of its net carrying amount over any residual value should be recognized as an expense in the statement of operations.

Revenue recognition

The organization follows the deferral method of accounting for contributions whereby externally restricted contributions are recognized as revenue in the year which the related expenditure is incurred. Unrestricted contributions are recognized as revenue when received if the amount to be received can be reasonably measured and collection is reasonably assured.

Membership fee revenue is recognized over the term of the membership contract and any unearned portion is included in deferred revenue at year end.

Donations are recognized as revenue when received.

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period which they become known. Actual results could differ from these estimates. Estimates include the determination of the useful lives of capital assets and their amortization rates.

Financial instruments

Financial instruments are recorded at their fair value when acquired or issued. All guaranteed investment certificates have been designated to be in the fair value category, with gains and losses reported in operations. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value at each balance sheet date and charged to the financial instrument for those measured at amortized cost.

2. Marketable securities

	2023	**2022**
	$	$
CIBC Guaranteed Investment Certificate bearing interest at 2.50% (2022 – 0.80%), maturing March 13, 2024 (2021 – March 14, 2023)	**10,558**	10,475

3. Tangible capital assets

	2023			**2022**
	Cost	**Accumulated amortization**	**Net book value**	**Net book value**
	$	$	$	$
Land	**50,497**	**—**	**50,497**	50,497
Pre-construction costs	**116,598**	**—**	**116,598**	46,920
Musical instruments	**2,231**	**1,567**	**664**	830
Computer equipment	**958**	**245**	**713**	—
Computer software	**346**	**161**	**185**	—
	170,630	**1,973**	**168,657**	98,247

Notes to financial statements

March 31, 2023 Unaudited

4. Deferred contributions

Deferred contributions represent unspent resources externally restricted for program expenses in future years. Changes in the deferred contributions balance are as follows:

	2023	2022
	$	$
Balance, beginning of year	**10,036**	63,603
Amounts received during the year	**—**	—
Amounts recognized as revenue during the year	**—**	(53,567)
Balance, end of year	**10,036**	10,036

5. Financial instruments

The organization is exposed to the following financial risks through its operations:

Interest rate risk

Interest rate risk is the risk that the value of the financial instrument might be adversely affected by a change in interest rates. In seeking to minimize the risks from interest rate fluctuations, the organization manages exposure through its normal operating and financing activities. The company is exposed to interest rate risk primarily through its Guaranteed Investment Certificate’s fixed interest rate.