

Financial statements

L'Arche Avalon Inc.

Unaudited

March 31, 2024

L'Arche Avalon Inc.

STATEMENT OF FINANCIAL POSITION

As at March 31

Unaudited

	2024	2023
	\$	\$
ASSETS		
Current assets		
Cash	131,421	84,862
Marketable securities <i>[note 2]</i>	10,822	10,558
Harmonized sales tax recoverable	16,590	12,879
Prepaid expenses	864	1,329
Total current assets	159,697	109,628
Tangible capital assets, net <i>[note 3]</i>	190,696	168,657
Total assets	350,393	278,285
LIABILITIES AND NET DEFICIT		
Current liabilities		
Accounts payable and accrued liabilities	—	23,020
Deferred contributions <i>[note 4]</i>	10,036	10,036
Total current liabilities	10,036	33,056
Net assets		
Unrestricted net assets	340,357	245,229
Total net surplus	340,357	245,229
	350,393	278,285

See accompanying notes

Approved on behalf of the Board:

_____ Director

L'Arche Avalon Inc.**STATEMENT OF OPERATIONS**

Year ended March 31

Unaudited

	2024	2023
	\$	\$
REVENUE		
Fundraisers	65,072	23,756
Government grants	31,907	77,253
Donations	13,914	22,234
Membership fees	300	440
Interest income	264	84
Deferred contributions recognized as revenue	-	-
	111,457	123,767
EXPENSES		
Fundraisers - Capital campaign	5,079	29,589
Fundraisers - General	2,813	-
Insurance	2,177	2,073
L'Arche annual membership fee	2,000	2,000
Gatherings	1,646	1,782
Amortization	649	572
Canada Helps fees	473	230
Office supplies	447	949
Honorariums/gifts	291	100
Repairs and maintenance	258	-
Promotions	224	67
Website expenses	139	264
Bank fees	83	71
Donations	50	1,050
Salaries & wages	-	2,800
Meetings / workshops	-	301
	16,329	41,848
Excess of revenue over expenses	95,128	81,919

See accompanying notes

L'Arche Avalon Inc.

STATEMENT OF CHANGES IN NET ASSETS

Year ended March 31

Unaudited

	<u>2024</u>		<u>2023</u>
	Unrestricted net assets	Total	Total
	\$	\$	\$
Balance, beginning of year	245,229	245,229	163,310
Excess (deficiency) of revenue over expenses	95,128	95,128	81,919
Balance, end of year	340,357	340,357	245,229

See accompanying notes

L'Arche Avalon Inc.**STATEMENT OF CASH FLOWS**

Year ended March 31

Unaudited

	2024	2023
	\$	\$
OPERATING ACTIVITIES		
Excess of revenue over expenses	95,128	81,919
Add item not affecting cash		
Amortization of capital assets	649	572
	95,777	82,491
Changes in non-cash working capital balances		
Harmonized sales tax recoverable	(3,711)	(4,381)
Prepaid expenses	465	7,699
Accounts payable and accrued liabilities	(23,020)	23,020
Deferred contributions	—	—
Cash provided by operating activities	69,511	108,829
INVESTING ACTIVITIES		
Purchase of tangible capital assets	(22,688)	(70,982)
Purchase of marketable securities	(264)	(83)
Cash used in investing activities	(22,952)	(71,065)
Net change in cash, during the year	46,559	37,764
Cash, beginning of year	84,862	47,098
Cash, end of year	131,421	84,862

See accompanying notes

Notes to financial statements

March 31, 2024

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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

Notes to financial statements

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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

	2024	2023
	\$	\$
CIBC Guaranteed Investment Certificate bearing interest at 4.25% (2023 – 2.50%), maturing March 13, 2025 (2023 – March 13, 2024)	10,822	10,558

3. Tangible capital assets

	2024		2023	
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Land	63,464	—	63,464	50,497
Pre-construction costs	126,319	—	126,319	116,598
Musical instruments	2,231	1,700	531	664
Computer equipment	958	600	358	713
Computer software	346	322	24	185
	193,318	2,622	190,696	98,247

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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:

	2024	2023
	\$	\$
Balance, beginning of year	10,036	10,036
Amounts received during the year	—	—
Amounts recognized as revenue during the year	—	—
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.