L'ARCHE FREDERICTON INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2025

(UNAUDITED)

Shannon & Buffett, LLP
Chartered Professional Accountants

L'ARCHE FREDERICTON INC.

TABLE OF CONTENTS

DECEMBER 31, 2025

(UNAUDITED)

PAGE

Independent practitioner's review engagement report.....1

Financial statements:

Statement of financial position.....2

Statement of operations.....3

Statement of changes in net assets.....4

Statement of cash flows.....5

Notes to financial statements.....6 - 8

Shannon & Buffett, LLP

Chartered Professional Accountants

GARRY L. ARMSTRONG, CPA, CA RON W. SAUNTRY, CPA, CA

INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Board of Directors of L'Arche Fredericton Inc.:

We have reviewed the accompanying financial statements of L'Arche Fredericton Inc. (the "Charity") which comprise the statement of financial position as at December 31, 2025, and the statements of changes in net assets, operations, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Basis for Qualified Conclusion

In common with many not-for-profit organizations, the Charity derives revenue from fundraising activities, the completeness of which is not susceptible to us obtaining evidence we considered necessary for the purpose of the review. Accordingly, the evidence obtained of these revenues was limited to the amounts recorded in the records of the Charity. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising and donation revenue, excess of revenue over expenditures, or cash flows from operations for the year ended December 31, 2025, current assets as at December 31, 2025, and net assets as at December 31, 2025. Our conclusion on the financial statements as at and for the year ended 2025 was modified accordingly because of the possible effects of this limitation in scope.

Conclusion

Based on our review, except for the possible effects of the matter described in the *Basis for Qualified Conclusion* section of our report, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of L'Arche Fredericton Inc. as at December 31, 2025, 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.

Shannon & Buffett LLP

Chartered Professional Accountants
Fredericton, New Brunswick
May 27, 2026

535 BEAVERBROOK CT., SUITE #110 FREDERICTON, N.B. E3B 1X6
PHONE: (506) 458-9300 FAX: (506) 458-9317

L'ARCHE FREDERICTON INC.

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2025

(UNAUDITED)

	2025	2024
ASSETS		
Current:		
Cash	$ 67,271	$ 47,750
Guaranteed Investment Certificate 4.5% matured July 26, 2025	-	30,584
Accounts receivable	10,785	12,604
	$ 78,056	$ 90,938
LIABILITIES		
Current:		
Accounts payable and accrued liabilities (note 3)	$ 14,059	$ 8,688
NET ASSETS		
Unrestricted net assets	63,997	82,250
	$ 78,056	$ 90,938

See accompanying notes to financial statements.

Approved by the Board:

Director _____

Director _____

L'ARCHE FREDERICTON INC.

STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2025

(UNAUDITED)

	2025	2024
Revenues:		
Grants, other organizations	$ 25,314	$ 41,030
Donations	16,381	16,862
Fundraising	4,180	6,153
Sales	395	2,043
Interest	766	584
	47,036	66,672
Expenses:		
Wages and employee benefits	33,780	26,767
Travel	-	105
Accounting fees	3,312	3,400
Insurance	1,574	1,518
Memberships	4,589	2,173
Office	705	115
Special project (note 4)	17,250	-
Bank charges	132	120
Program expenses	3,947	24,938
	65,289	59,136
Excess (deficiency) of revenues over expenses for the year	$ (18,253)	$ 7,536

See accompanying notes to financial statements.

L'ARCHE FREDERICTON INC.

STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2025

(UNAUDITED)

	2025	2024
Balance, beginning of the year	$ 82,250	$ 74,714
Excess (deficiency) of revenues over xpenses for the year	(18,253)	7,536
Balance, end of the year	$ 63,997	$ 82,250

See accompanying notes to financial statements.

L'ARCHE FREDERICTON INC.

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2025

(UNAUDITED)

	2025	2024
Cash generated from (used in):		
Operating activities:		
Excess (deficiency) of revenues over expenses for the year	$ (18,253)	$ 7,536
Net change in current assets and liabilities other than cash:		
- (Increase) decrease in accounts receivable	1,819	(4,202)
- (Increase) decrease in inventory	-	197
- (Increase) decrease in prepaid expenses	-	173
- Increase (decrease) in accounts payable and accrued liabilities	5,371	3,204
	(11,063)	6,908
Investing activities:		
(Increase) decrease of Guaranteed Investment Certificate	30,584	(30,584)
Increase (decrease) in cash, in the year	19,521	(23,676)
Cash, beginning of year	47,750	71,426
Cash, end of year	$ 67,271	$ 47,750

See accompanying notes to financial statements.

1. Purpose of the organization:

L'Arche Fredericton Inc. ("the Charity") is a registered charity for the purposes of Canadian taxation and as such is not subject to income tax under the Canadian Income Tax Act.

L'Arche Fredericton Inc. encourages community in the spirit of L'Arche with adults of diverse intellectual abilities who share life, celebrate and grow with another.

2. 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:

(a) Cash and cash equivalents -

Cash and cash equivalents consist of cash on hand and bank balances.

(b) Capital assets -

Capital assets, if any, are recorded at cost. Provision for amortization is made utilizing the following methods and annual rates:

Furniture and equipment	-	Declining balance	-	20%
Computer equipment	-	Declining balance	-	30%

Minor equipment expected to have a useful life of less than one year is expensed at the time acquired.

(c) Contributed services -

Contributed goods and services are recorded when a fair value can be reasonably estimated and they would otherwise be purchased by the Charity. Volunteers make contributions of their time to the Charity's programs. The value of this contributed time is not reflected in these financial statements.

(d) Revenue recognition -

The Charity follows the deferral method of accounting for contributions revenue which includes donations and government assistance for operating purposes. All other grants are recognized when the related expenses are incurred or in the period in which they pertain. Market sales, interest and miscellaneous revenue are recognized when received or receivable, if the amount can be reasonably estimated and collection is reasonably assured.

2. Significant accounting policies (continued):

(d) Revenue recognition (continued) -

Restricted contributions related to capital assets, if any, are deferred when received and amortized to revenue on a basis consistent with the amortization expense of the corresponding capital asset.

(e) 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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

(f) Financial instruments -

(i) Measurement of financial instruments

The Charity initially measures its financial assets and financial liabilities at fair value adjusted by the amount of transaction costs.

The Charity subsequently measures all of its financial assets and financial liabilities at amortized cost.

(ii) Impairment

At the end of each reporting period, the Charity assesses whether there are any indications that the financial asset measured at amortized cost may be impaired.

When there is an indication of impairment, the Charity determines whether a significant adverse change has occurred during the period in the expected timing or amount of future in cash flows from the financial asset. Where there is a significant adverse change, the carrying amount of the asset is reduced and the impairment loss is recognized in the statement of operations.

3. Accounts payable and accrued liabilities:

	2025	2024
Trade payables and accruals	$ 14,025	$ 7,855
Government remittances payable	34	833
	$ 14,059	$ 8,688

4. Special project:

MITACS is a federally funded program that connects businesses with innovation talent, research partnerships and funding support to accelerate R & D. L'Arche Fredericton Inc. applied for a Fundraising Advisor ($15,000) and Community Leader ($45,000). L'Arche Fredericton Inc. pays 50% plus HST for each program and the funds are deposited directly into each student's university account.

5. Financial instruments:

The Charity is exposed to the following various risks though its financial instruments:

Credit risk -

The Charity is exposed to credit risk in relation to its cash and accounts receivable. Management mitigates credit risk on cash by holding cash at Canadian chartered banks. Accounts receivable consist primarily of funding from a major not-for-profit organization and credit risk is considered low.

Liquidity risk -

Liquidity risk is the risk that the Charity will not be able to meet a demand for cash or fund its obligations as they come due. The Charity receives a significant amount of its funding from other not-for-profit organizations and from public donations. These sources of funding will vary from year to year and the variations may be significant. The Charity attempts to mitigate this risk through monitoring and maintaining reserves of liquid assets, and continuing to fundraise and seek out other sources of funding.

Market risk -

The Charity is not exposed to significant market risks.

There have been no significant changes in exposure to risk in relation to the Charity's financial instruments.

6. Prior years comparative figures:

Prior years comparative figures have been restated to agree with the presentation adopted for the current year.