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KRISTUS DARZS LATVIAN FOUNDATION

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

DECEMBER 31, 2023

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KRISTUS DARZS LATVIAN FOUNDATION
Financial Statements
December 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Directors of Kristus Darzs Latvian Foundation

Qualified Opinion
We have audited the financial statements of Kristus Darzs Latvian Foundation, which comprise the statement of financial position as at December 31, 2023, and the statements of operations and changes in net assets 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 Foundation as at December 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 Foundation derives revenue from donations and fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Foundation and we were not able to determine whether any adjustments might be necessary to donations and fundraising revenue, excess of revenues over expenditures, and cash flows from operations for the year ended December 31, 2023, current assets and net assets as at December 31, 2023.

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. matter independent of the Foundation 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 opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements
Management is responsible for the preparation and fair presentation of the 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 Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

5255 Yonge Street, Suite 700, Toronto, Ontario, M2N 6P4 Tel: (416) 221-7000 Fax: (416) 221-7005 Website: www.abfl.ca

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INDEPENDENT AUDITOR'S REPORT, continued

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 Foundation'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 Foundation'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 Foundation 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.

Akler Browning LLP

Chartered Professional Accountants
Licensed Public Accountants
Toronto, Canada
July 2, 2024

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KRISTUS DARZS LATVIAN FOUNDATION

Statement of Financial Position
December 31, 2023

	2023	2022
Assets		
Current		
Cash	$ 528,712	$ 804,562
Guaranteed investment certificates (note 2)	1,738,539	1,353,463
Marketable securities (note 3)	396,690	429,817
Sundry receivable	2,238	3,197
HST rebate receivable	7,045	6,014
Total Assets	$ 2,673,224	$ 2,597,053
Liabilities		
Current		
Accounts payable and accrued liabilities	$ 5,593	$ 2,599
Fund Balance		
Net assets	2,667,631	2,594,454
Total Liabilities and Fund Balance	$ 2,673,224	$ 2,597,053

Approved on behalf of the Board:

Member Member

July 2, 2024
Date

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KRISTUS DARZS LATVIAN FOUNDATION

Statement of Operations and Changes in Net Assets
Year ended December 31, 2023

	2023	2022
Revenues		
Donations	$ 113,506	$ 289,684
Investment	46,235	3,123
Fundraising	-	86,207
Total revenues	159,741	379,014
Expenditures		
Donations (note 4)	70,491	18,140
Professional fees	11,306	1,750
Office and general	4,292	1,186
Interest and bank charges	270	4,208
Printing Cost	165	2,355
Postage and delivery	40	274
Fundraising costs	-	32,247
Advertising	-	800
Total expenditures	86,564	60,960
Excess of revenues over expenditures for the year	73,177	318,054
Net assets, beginning of year	2,594,454	2,276,400
Net assets, end of year	$ 2,667,631	$ 2,594,454

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KRISTUS DARZS LATVIAN FOUNDATION

Statement of Cash Flows
Year ended December 31, 2023

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenues over expenditures for the year	$ 73,177	$ 318,054
Net change in non-cash working capital items		
Sundry receivable	959	(1,137)
Prepaids	-	5,000
HST rebate receivable	(1,031)	(4,874)
Accounts payable and accrued liabilities	2,994	(5,791)
	2,922	(6,802)
Cash Provided by Operating Activities	76,099	311,252
CASH FLOWS FROM INVESTING ACTIVITIES		
Guaranteed investment certificates	(385,076)	355,695
Marketable securities	33,127	(13,686)
Cash (Used in) Provided by Investing Activities	(351,949)	342,009
Net (decrease) increase in cash	(275,850)	653,261
Cash, beginning of year	804,562	151,301
Cash, end of year	$ 528,712	$ 804,562

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NATURE OF OPERATIONS

Kristus Darzs Latvian Foundation (the "Foundation") was incorporated pursuant to the Canada Corporations Act as a non-share capital corporation on September 26, 2008. The Foundation is a registered charity within the meaning of the Income Tax Act and is registered as such. As a registered charity, the Foundation is exempt from income tax.

The goal of the Foundation is to receive and maintain a fund or funds and to apply all or part of the principal and income generated to the charitable activities and charitable purposes of Kristus Darzs Latvian Home.

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are detailed as follows:

(a) Revenue recognition

The Foundation follows the deferral method of accounting for contributions. Restricted contributions are deferred and recognized as revenue in the year in which the related expenditures are incurred. Unrestricted contributions are recognized as revenue when received or receivable when the amount to be received can be reasonably estimated and collection is reasonably assured. Investment income is accrued as it is earned.

(b) Contributed goods and services

The Foundation would not be able to carry out its activities without the services of the many volunteers who donate a considerable number of hours. Due to the difficulty of compiling these hours, contributed services are not recognized in the financial statements. The fair market value of donated goods is recognized as donation revenue in the year the goods are donated only if the fair market value can be reasonably estimated otherwise the value is not reflected in the accompanying financial statements.

(c) Financial instruments

Measurement of financial instruments

The Foundation initially measures its financial assets and liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate.

The Foundation subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in excess of revenues over expenditures in the period incurred.

Financial assets measured at amortized cost include cash, guaranteed investment certificates, sundry receivable and HST rebate receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

The Foundation has designed its marketable securities to be measured at fair value.

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1. SIGNIFICANT ACCOUNTING POLICIES, continued

(c) Financial instruments, continued

Impairment

For financial assets measured at amortized cost, the Foundation determines whether there are indications of possible impairment. When there is an indication of impairment, and the Foundation determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in excess of revenues over expenditures. A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in excess of revenues over expenditures.

(d) Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the reported amounts of revenues and expenditures for the period covered. The main estimate relates to the impairment of financial assets.

2. GUARANTEED INVESTMENT CERTIFICATES

The amount consists of guaranteed investment certificates bearing interest at rates between .75% and 9.0% maturing within the next 12 months.

3. MARKETABLE SECURITIES

	2023	2022
Bond fund	$ 396,690	$ 429,817

4. GIFTS TO QUALIFIED DONEE

During the year, the Foundation made a donation of $70,491 (2022 - $20,495) to Kristus Darzs Latvian Home.

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5. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

(a) Credit risk

Credit risk is the risk that one party to a financial transaction will cause a financial loss for the other party by failing to discharge an obligation. The Foundation's main credit risk is related to its sundry receivable and HST rebate receivable.

(b) Liquidity risk

Liquidity risk is the risk that the Foundation will encounter difficulty in meeting obligations associated with financial liabilities. The Foundation is exposed to this risk mainly in respect to its trade accounts payable. The Foundation expects to meet their obligations as they become due by generating sufficient cash flow from donations and fundraising.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Foundation is mainly exposed to interest rate risk and other price risk.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Foundation is exposed to interest rate risk on its fixed interest rate financial instruments. Fixed rate instruments subject the Foundation to risk of changes in fair value. The exposure to this risk also fluctuates as the quantity of fixed rate instruments held changes from year to year.

(ii) Other price risk

Other price risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Foundation is exposed to other price risk through its investments in marketable securities for which the value fluctuates with the quoted market price.

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6. COMPARATIVE FIGURES

The financial statements for the year ended December 31, 2022 were reported on by another firm of Chartered Professional Accountants who issued a qualified opinion in their Independent Auditor's Report dated May 21, 2023. The qualification which is common with many not-for-profits was related to the completeness of donation revenue.

Certain comparative amounts have been reclassified to conform to the current year's financial statement presentation.