

LOW ENTROPY FOUNDATION

FINANCIAL INFORMATION

MARCH 31, 2025

Compilation Engagement Report

Statement of Financial Position

Statement of Changes in Net Assets

Statement of Operations

Notes to Financial Information

Kustner & Associates

Chartered Professional Accountants

1160 Douglas Rd #202, Burnaby BC V5C 4Z6

T: 604.568-5221 F: 604.568.5283

david@kustnercpa.com

COMPILATION ENGAGEMENT REPORT

To Management,
Low Entropy Foundation,
Vancouver, BC

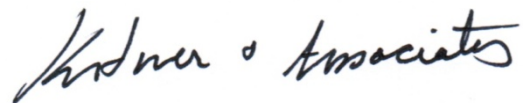
On the basis of information provided by management, we have compiled the statement of financial position of Low Entropy Foundation as at March 31, 2025 and the statements of operations and changes in net assets for the year then ended, and Note 1, which describes the basis of accounting applied in the preparation of the compiled financial information.

Management is responsible for the accompanying financial information, including the accuracy and completeness of the underlying information used to compile it and the selection of the basis of accounting.

We performed this engagement in accordance with Canadian Standard on Related Services (CSRS) 4200, *Compilation Engagements*, which requires us to comply with relevant ethical requirements. Our responsibility is to assist management in the preparation of the financial information.

We did not perform an audit engagement or a review engagement, nor were we required to perform procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an audit opinion or a review conclusion or provide any form of assurance on the financial information.

Readers are cautioned that the financial information may not be appropriate for their purposes.



Burnaby, BC
June 17, 2025

Chartered Professional Accountants

LOW ENTROPY FOUNDATIONS
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2025

\$

	<u>2025</u>	<u>2024</u>
ASSETS		
CURRENT ASSETS		
Cash	166,879	60,561
Accounts and funding receivable	12,427	64,966
GST refundable	1,101	1,805
Prepaid expenses and deposits	<u>11,598</u>	<u>38,202</u>
	192,005	165,534
EQUIPMENT (Note 4)	<u>10,028</u>	<u>21,665</u>
	<u>202,033</u>	<u>187,199</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts, payable and accrued	26,249	27,984
Government remittance payable	10,730	27,637
Deferred grant funds	63,048	63,737
Deferred contribution – Capital assets	2,865	7,438
Deferred restricted donations	<u>3,000</u>	<u>2,250</u>
	105,892	129,046
NET ASSETS		
NET ASSETS	<u>96,141</u>	<u>58,153</u>
	<u>202,033</u>	<u>187,199</u>

ON BEHALF OF THE BOARD

Ed Hall

BOARD CHAIR

Sherry

TREASURER

LOW ENTROPY FOUNDATION
STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2025

	\$	<u>2025</u>	<u>2024</u>
REVENUE			
Donations		55,007	100,199
Federal Grants		333,044	15,131
Provincial Grants		69,840	116,311
Thrift store income (Note 5)		118,978	197,794
Other grants and income		<u>197,531</u>	<u>295,823</u>
		<u>774,400</u>	<u>725,258</u>
EXPENDITURES			
Amortization		10,189	19,132
Bank charges		1,604	591
Contractor costs		55,138	106,708
Disposition of asset		2,206	426
Donations		-	30,033
Legal and accounting		44,607	39,783
Insurance		1,768	1,564
Membership and dues		1,188	2,969
Office expenses		37,060	23,249
Phone and internet		2,723	4,214
Program delivery costs		60,835	60,065
Program manager		860	47,550
Rent and occupancy costs		70,397	116,787
Training and education		1,344	3,358
Travel		7,475	2,764
Wages and benefits		<u>439,018</u>	<u>345,359</u>
		<u>736,412</u>	<u>815,096</u>
EXCESS OF REVENUE OVER EXPENDITURES		<u>37,988</u>	<u>(89,838)</u>

LOW ENTROPY FOUNDATION
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2025

\$

	<u>2025</u>	<u>2024</u>
NET ASSETS, BEGINNING	58,153	147,991
Excess of revenues over expenditures	<u>37,988</u>	<u>(89,838)</u>
NET ASSETS, ENDING	<u>96,141</u>	<u>58,153</u>

LOW ENTROPY FOUNDATION
NOTES TO FINANCIAL INFORMATION
MARCH 31, 2025

\$

DESCRIPTION OF ORGANIZATION

Low Entropy Foundation (LEF), a non-profit organization was incorporated on February 23, 2017, under BC Societies Act. LEF provides various programs for personal development to people.

1. BASIS OF ACCOUNTING

Items recognized in financial information are accounted for in accordance with the accrual basis of accounting. The accrual basis of accounting recognizes the effect of transactions and events in the period in which the transactions and events occur, regardless of whether there has been a receipt or payment of cash or its equivalent.

i. Equipment

Equipment is recorded at cost less accumulated amortization. When equipment no longer has any long-term service potential for the Society, it is written down to its residual value, if any. Amortization is provided over the assets' estimated useful life using the straight-line method at the following rates:

Furniture	- 20.0%
Computer equipment	- 33.3%
Equipment	- 33.3%

ii. Revenue recognition

The Society follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Grants are recognized as revenue for the fiscal period to which they apply.

Donations and thrift store receipts are recognized as income in the period in which they are earned.

LOW ENTROPY FOUNDATION
NOTES TO FINANCIAL INFORMATION
MARCH 31, 2025

\$

1. ACCOUNTING POLICIES *(continued)*

iii. Contributed services

Volunteers contribute a significant number of hours per year to assist the Foundation in carrying out its service delivery activities. Contributed services are not reflected in the financial statements.

iv. Expense Allocation

Common costs are allocated among the Society's program based on Management's determination of the time spent working on each program by the staff.

2. OPERATIONS AND INCOME TAXES

The Society is registered pursuant to the Societies Act of British Columbia as a non-profit organization and is a registered charity under the Income Tax Act. The Society is exempt from income taxes.

3. PURPOSE OF THE SOCIETY

The purpose of Low Entropy Foundation is to make personal development accessible to all. In doing so, providing people with tools to change themselves and the world. The Foundation envisions a kinder, gentler, and more compassionate world – a loving humanity that supports and cares for one another.

4. EQUIPMENT

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	
			<u>2025</u>	<u>2024</u>
Computer equipment	3,683	3,670	13	1,046
Office equipment	14,489	8,015	6,474	9,357
Furniture and fixtures	8,351	4,810	3,541	5,211
Leasehold improvements	<u>16,750</u>	<u>16,750</u>	<u>-</u>	<u>2,646</u>
	<u>43,273</u>	<u>33,245</u>	<u>10,028</u>	<u>21,665</u>

Amortization in the amount of \$ 10,189 (2024 - \$19,132) has been recorded in the accounts for the year as described in Note 1.

LOW ENTROPY FOUNDATION
NOTES TO FINANCIAL INFORMATION
MARCH 31, 2025

\$

5. THRIFT STORE OPERATIONS

LEF operates thrift store(s) in BC selling donated goods. Income generated from the thrift store is deemed as unrestricted revenue to LEF and has been a supplementary revenue source to support other under-funded programs. The thrift store is a branch of LEF, a registered charity and therefore not taxable. The income generated is used to support LEF's mission, mandate, projects and programs. The donors of thrift store are aware they are donating items to LEF.

The income and expenses for the thrift store are as follows:

	<u>2025</u>	<u>2024</u>
REVENUE		
Donations	-	4,800
Thrift store sales	481,133	288,554
UBC Program fee	-	19,200
Grants and other income	18,260	83,386
Wage subsidy	<u>78,082</u>	<u>-</u>
	<u>577,475</u>	<u>395,940</u>
EXPENDITURES		
Bank charges	5,927	3,036
Contractor costs	16,368	10,530
Marketing and social media management	24,025	-
Phone and internet	2,383	448
Program delivery costs	28,662	18,893
Rent and occupancy costs	125,248	7,891
Travel	-	192
Wages and benefits	<u>255,884</u>	<u>157,156</u>
	<u>458,497</u>	<u>198,146</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u>118,978</u>	<u>197,794</u>