

**L'Arche Chicago**  
**An Illinois Not-For-Profit Corporation**  
**Audit Report**  
**June 30, 2022**

**Walter J. Newton & Co., CPAs**  
**Oak Park, IL**

**L'Arche Chicago  
Financial Statements  
June 30, 2022**

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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS**

Board of Directors  
L'Arche Chicago  
7313 Madison Street  
Forest Park, IL 60130

Dear Board of Directors:

We have audited the accompanying financial statements of L'Arche Chicago in accordance with Governmental auditing standards generally accepted in the United States. Which comprise the statements of financial position as of June 30, 2022 and the related statements of activities and changes in net assets and cash flows and statement of functional expenses for the years then ended, and the related notes to the financial statements.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of L'Arche Chicago as of June 30, 2022 and the changes in its net assets and its cash flows and statement of functional expenses for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Reporting Required by Government Auditing Standards***

In Accordance with Government Auditing Standards, we have also issued our report dated November 23, 2022 on our consideration of the company's internal controls over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal controls, and not to provide an opinion on the internal controls over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Authority's internal control over financial reporting and compliance.

Respectfully submitted,

A handwritten signature in cursive script that reads "Walter J. Newton & Co".

Walter J. Newton & Co.  
Certified Public Accountants  
Oak Park, Illinois  
November 23, 2022

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROLS OVER FINANCIAL REPORTING**

Board of Directors  
L'Arche Chicago  
7313 Madison Street  
Forest Park, IL 60130

Dear Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of L'Arche Chicago as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Entity's basic financial statements, and have issued our report thereon dated November 23, 2022.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Entity's internal control over financial reporting to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to express an opinion on the effectiveness of the Entity's internal control. Accordingly, we do not express any such opinion.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Entity's financial statements. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***Compliance and Other Matters***

As part of reasonably assuring whether the Entity's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under Government Auditing Standards.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not express an opinion on the effectiveness of the Entity's internal control or on compliance. This report is an integral part of an audit performed under Government Auditing Standards in considering the Entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

A handwritten signature in black ink that reads "Walter J. Newton & Co." in a cursive script.

Walter J. Newton & Co.  
Certified Public Accountants  
Oak Park, Illinois  
November 23, 2022

**L'Arche Chicago**  
**An Illinois Not-For-Profit Corporation**  
**Statement of Financial Position**  
**Year Ended June 30, 2022**

**Exhibit I**

**Assets**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Current Assets:</b>			
Cash In Bank and On Hand	\$ 1,721,720		\$ 1,721,720
Investments	1,228,579	450,000	1,678,579
Accounts Receivable	101,163	-	101,163
Prepaid Expenses	-		13,886
Security Deposit	1,800	-	1,800
Total current assets	3,053,262	450,000	3,503,262
Fixed assets, net of accumulated depreciation of (\$367,818) (See fixed asset footnote for further detail)	1,221,472	-	1,221,472
Total assets	\$ 4,274,734	\$ 450,000	\$ 4,724,734

**Liabilities and Net Assets**

<b>Current liabilities:</b>			
Accounts Payable & Accrued Expenses	\$ 62,498	\$ -	\$ 62,498
Motgage Payable Current Portion	22,000	-	22,000
Total current liabilities	84,498	-	84,498
<b>Long Term Liabilities:</b>			
Mortgage Payable	\$ 209,935		\$ 209,935
Total Long Term Liabilities	209,935		209,935
Total liabilities	294,433	-	294,433
Net assets	3,980,301	450,000	4,430,301
Total liabilities and net assets	\$ 4,274,734	\$ 450,000	\$ 4,724,734

The accompanying notes are an integral  
part of these financial statements.

**L'Arche Chicago**  
**An Illinois Not-For-Profit Corporation**  
**Statement of Activities and Changes in Net Assets**  
**Year Ended June 30, 2022**

**Exhibit II**

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue			
Contributions	\$ 596,083	\$ 536,245	\$ 1,132,328
In Kind Donations	52,526	-	52,526
Waiver Award Based Funding	1,092,639	-	1,092,639
Job Coaching	1,895	-	1,895
At Home Day Support	163,224	-	163,224
Staff Training	56,745	-	56,745
Foodstamp Revenue	36,421	-	36,421
Dividend/Interest Income	33,960	-	33,960
Unrealized Gain (Loss)	(234,684)	-	(234,684)
Realized Gain (Loss)	(16)	-	(16)
CARES Funding	503,232	-	503,232
Proceeds from Asset Disposal	-	-	-
Other Revenue	20,453	-	20,453
Special events			
Gross proceeds	140,887	-	140,887
Less direct expenses	59,740	-	59,740
Net special event	81,147	-	81,147
 Total revenue	 \$ 2,403,625	 \$ 536,245	 \$ 2,939,870
Expenses			
Program Service	\$ 1,230,473	\$ 86,245	\$ 1,316,718
Management and general	324,534	-	324,534
Fundraising	102,949	-	102,949
 Total expenses	 1,657,956	 86,245	 1,744,201
 Change in net assets	 745,669	 450,000	 1,195,669
Net assets:			
Beginning of year	3,234,633	-	3,234,633
 End of year	 \$ 3,980,302	 \$ 450,000	 \$ 4,430,302

The accompanying notes are an integral  
part of these financial statements.



**L'Arche Chicago**  
**An Illinois Not-For-Profit Corporation**  
**Statement of Cash Flows**  
**Year Ended June 30, 2022**

**Exhibit III**

Cash flow from operating activities:

Change in net assets	\$ 1,195,669
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities	
Depreciation	74,106
(Increase) Decrease in accounts receivable	(101,163)
(Increase) Decrease in prepaid expenses	13,886
Increase (Decrease) in accounts payable and accrued liabilities	(9,529)
Increase (Decrease) in deferred revenue	-
	<hr/>
Net cash provided (used) by operating activities	<u>\$ 1,172,969</u>
Cash flows from investing activities	(275,146)
Cash flows from financing activities	
Increase (Decrease) in Notes Payable	(6,533)
Net increase (decrease) in cash	\$ 891,290
Cash at beginning of year	<hr/> 2,509,009
Cash at end of year	<u>\$ 3,400,299</u>

The accompanying notes are an integral  
part of these financial statements.

**L'Arche Chicago**  
**An Illinois Not-For-Profit Corporation**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2022**

**Exhibit IV**

	Program	Administrative	Fundraising	Total
Personnel Costs	\$ 815,291	\$ 91,219	\$ 85,652	\$ 992,162
Employee Benefits	114,105	12,771	11,938	138,814
Bank Interest & Fees	-	15,566	-	15,566
Professional Fees	-	150,584	-	150,584
Marketing	-	-	5,359	5,359
Office Rent	-	22,794	-	22,794
House Mortgage Interest	11,342	-	-	11,342
Supplies & Office Expenses	3,669	5,386	-	9,055
Utilities	33,737	5,074	-	38,811
Insurance	-	19,270	-	19,270
Transportation	16,330	-	-	16,330
Maintenance & Repairs	42,295	-	-	42,295
Donation	14,595	-	-	14,595
Memberships	24,930	-	-	24,930
Conferences & Retreats	10,087	-	-	10,087
Groceries & Household Items	99,056	-	-	99,056
Medical & Personal Expenses	52,275	-	-	52,275
Software Subscriptions	4,900	-	-	4,900
Depreciation	74,106	-	-	74,106
Professional Development	-	1,870	-	1,870
<b>Total</b>	<b>\$ 1,316,718</b>	<b>\$ 324,534</b>	<b>\$ 102,949</b>	<b>\$ 1,744,201</b>

The accompanying notes are an integral  
part of these financial statements.

**L'Arche Chicago**  
**An Illinois Not-For-Profit Corporation**  
**Notes to the Financial Statements**  
**June 30, 2022**

**NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A) Organization and Nature of Activities

L'Arche Chicago (the Organization) is an Illinois not-for-profit corporation that operates homes for adults with developmental disabilities in Chicago and Forest Park, Illinois.

B) Method of Accounting

The Organization's accounts are maintained on the accrual basis of accounting. Grants and other contributions are reported as temporarily restricted support if they are received with stipulations that limit the use of the funding. When the restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Expenses are recorded when incurred.

The Organization has adopted Statement of Financial Accounting Standards Nos. 116 and 117, "Accounting for Contributions Received and Contributions Made" (SFAS 116) and "Financial Statements of Not-for-Profit Organizations" (SFAS 117). Under SFAS 116, contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence or nature of any donor restrictions. Under SFAS 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As permitted by the statement, the Organization does not use fund accounting.

C) Accounting Policies

Cash and Cash Equivalents - For purposes of reporting cash flows, cash is defined as cash on hand, amounts held at financial institutions and short-term highly liquid investments that are readily convertible to known amounts of cash. Investments with an original maturity of three months or less are considered short-term for these purposes.

Fixed Assets - Fixed asset purchases are recorded at cost, while donated fixed assets are recorded at fair value on the date of donation. Expenditures for repairs and maintenance are charged to expense as incurred, whereas renewals and betterments that extend the lives of property are capitalized.

Depreciation is computed on the straight-line method over various useful lives. As of June 30, 2022 the total costs of all fixed assets is \$1,589,290 with accumulated depreciation of \$367,818 resulting in net book value of all fixed assets of \$1,221,472. Depreciation expense for the year ended June 30, 2022 is \$74,106.

Leasehold improvements - Leasehold improvements are stated at cost. Depreciation is computed using the straight-line method over a 39 year life. Depreciation expense for Leasehold Improvements is included with the above stated depreciation.

Functional Allocation of expenses - The costs of providing the various programs and supporting services have been summarized on a functional basis in the statements of functional expenses. Functional expenses which are not directly attributable to a function are allocated between program services, management and general, and fundraising based on a time study prepared by management. The time study allocates services based on the number of personnel involved, the amount of time spent, the percentage of their salary associated with that time and on estimates made by the organization executive director.

Income Taxes - The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as other than a private foundation.

Use of estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## **NOTE 2 - MORTGAGES**

The Organization owns real estate encumbered by the following mortgage with Hinsdale Bank & Trust Co. Established December 4, 2017 for \$259,000. at a 4.75% fixed interest rate amortized over 30 years with a 10th year ballon payment of \$191,796 due December 4, 2027. The present balance as of June 30, 2022 is \$231,935.

## **NOTE 3 - RELATED PARTY TRANSACTIONS**

The Organization makes monthly membership payments to L'Arche USA. The required payments are determined by L'Arche USA and are based on a percentage of the Organization's total revenue. The amount paid during the fiscal year ended June 30, 2022 was \$24,930.

## **NOTE 4 - LEASE COMMITMENTS**

In July, 2019, the organization entered a lease for office space in Forest Park, IL. The lease payments began August 2019 through August 2024 with annual rental increases set. The annual rent is set as follows Year 1) \$21,593, Year 2) \$22,241, Year 3) \$22,908 Year 4) \$23,924 Year 5) \$24,777 Year 6) \$25,768. Utilities are not included.

## **NOTE 5 - CONCENTRATIONS**

The organization receives a major portion of its revenues from a Medicaid Waiver Program through the State of Illinois. For the year ended June 30, 2022, this revenue amounted to \$1,092,639. The level of services available in the future could be impacted if the Organization were to lose support from this source.

## **NOTE 6 - LIQUIDITY**

In regards to liquidity the organization has \$1,721,720 of cash in the bank none of which is restricted to any specific use. All of these assets are available for basic operations within the next 12 Months.

## **Note 7 - Investments**

The organization also has two investment accounts that are recorded on the balance sheet at fair market value

End of Notes