

L'Arche Chicago
An Illinois Not-For-Profit Corporation
Audit Report
June 30, 2023

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

**L'Arche Chicago
Financial Statements
June 30, 2023**

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Walter J. Newton & Co., CPAs
PO Box 4349
Oak Park, IL 60304
Telephone: 708-771-4000
Fax: 708-771-6000
www.newtoncpa.com

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

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

Dear Board of Directors:

Opinion

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, 2023 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.

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, 2023 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.

Basis for Opinion

We conducted our audits in accordance with Government auditing standards generally accepted in the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities section of our report. We are independent of L'Arche Chicago, and have fulfilled our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about L'Arche Chicago's ability to continue as a going concern for the year following period end June 30, 2023.

Auditors' Responsibility

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 a auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. 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.

Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements. In performing an audit in accordance with Government auditing standards we:

-Use professional judgment and exercise professional skepticism throughout the audit.

-Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

-Obtain an understanding of internal controls 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 L'Arche Chicago's internal control. Accordingly, no such opinion is expressed.

-Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. as well as evaluate the overall presentation of the financial statements.

-Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about L'Arche Chicago's ability to continue as a going concern within one year after the date issued on the financial statements are issued.

-We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and internal control related matters identified during the audit.

Other Reporting Required by Government Auditing Standards

In Accordance with Government Auditing Standards, we have also issued our report dated November 16, 2023 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,



Walter J. Newton & Co.
Certified Public Accountants
Oak Park, Illinois
November 16, 2023

Walter J. Newton & Co., CPAs
PO Box 4349
Oak Park, IL 60304
Telephone: 708-771-4000
Fax: 708-771-6000
www.newtoncpa.com

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 L'Arche Chicago. Which comprise of the statements of financial position, related statement of activities, changes in net assets and cash flows, statement of functional expense for the year ended June 30, 2023, and the related notes to the financial statements. We have issued our report thereon dated November 16, 2023.

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 cursive script that reads "Walter J. Newton & Co".

Walter J. Newton & Co.
Certified Public Accountants
Oak Park, Illinois
November 16, 2023

L'Arche Chicago
An Illinois Not-For-Profit Corporation
Statement of Financial Position
Year Ended June 30, 2023

Exhibit I

Assets

	Without Donor Restrictions	With Donor Restrictions	Total
Current Assets:			
Cash In Bank and On Hand	\$ 938,093		\$ 938,093
Investments	2,499,465	340,031	2,839,496
Accounts Receivable	404,660	-	404,660
Prepaid Expenses	18,385		18,385
Security Deposit	1,800	-	1,800
Total current assets	3,862,403	340,031	4,202,434
Fixed assets, net of accumulated depreciation of (\$445,294) (See fixed asset footnote for further detail)	1,521,975	-	1,521,975
Total assets	\$ 5,384,378	\$ 340,031	\$ 5,724,409

Liabilities and Net Assets

Current liabilities:			
Accounts Payable & Accrued Expenses	\$ 94,222	\$ -	\$ 94,222
Motgage Payable Current Portion	22,000	-	22,000
Total current liabilities	116,222	-	116,222
Long Term Liabilities:			
Mortgage Payable	\$ 202,984		\$ 202,984
Total Long Term Liabilities	202,984		202,984
Total liabilities	319,206	-	319,206
Net assets	5,065,172	340,031	5,405,203
Total liabilities and net assets	\$ 5,384,378	\$ 340,031	\$ 5,724,409

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, 2023

Exhibit II

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue			
Contributions	578,770	410,500	989,270
Net assets released from restrictions	368,383	(368,383)	-
In Kind Donations	51,146	-	51,146
Waiver Award Based Funding	1,384,598	-	1,384,598
At Home Day Support	173,116	-	173,116
Staff Training	62,489	-	62,489
Foodstamp Revenue	42,373	-	42,373
Dividend/Interest Income	47,613	-	47,613
Unrealized Gain (Loss)	133,400	-	133,400
Realized Gain (Loss)	(678)	-	(678)
CARES Funding	13,025	-	13,025
Other Revenue	13,373	-	13,373
Special events			
Gross proceeds	136,640	-	136,640
Less direct expenses	59,087	-	59,087
Net special event	77,553	-	77,553
 Total revenue	 \$ 2,945,161	 \$ 42,117	 \$ 2,987,278
 Expenses			
Program Service	1,450,112	91,000	1,541,112
Management and general	283,468	-	283,468
Fundraising	126,710	61,086	187,796
 Total expenses	 1,860,290	 \$152,086	 2,012,376
 Change in net assets	 1,084,871	 (109,969)	 974,902
 Net assets:			
Beginning of year	3,980,301	450,000	4,430,301
End of year	\$ 5,065,172	\$ 340,031	\$ 5,405,203

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, 2023

Exhibit IV

	<u>Program</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Personnel Costs	\$ 924,575	\$ 113,224	\$ 122,212	\$ 1,160,011
Employee Benefits	137,643	15,485	18,925	172,053
Bank Interest & Fees	-	1,597	-	1,597
Professional Fees	-	55,950	-	55,950
Marketing	-	41,986	-	41,986
Office Rent	23,481	-	-	23,481
House Mortgage Interest	-	11,020	-	11,020
Office Expenses	-	4,825	-	4,825
Program Supplies	12,847	-	-	12,847
Utilities	33,348	7,972	-	41,320
Insurance	-	17,190	-	17,190
Transportation	17,920	-	-	17,920
Maintenance & Repairs	68,125	-	-	68,125
Donation	15,373	-	-	15,373
Memberships	26,898	-	-	26,898
Conferences & Retreats	22,301	-	-	22,301
Groceries & Household Items	115,352	-	-	115,352
Medical & Personal Expenses	57,455	-	-	57,455
Software Subscriptions	8,319	-	-	8,319
Depreciation	77,475	-	-	77,475
Investment Advisory Fees	-	12,766	-	12,766
Membership Development	-	-	41,983	41,983
Donation Processing Fees	-	-	4,676	4,676
Professional Development	-	1,453	-	1,453
Total	<u>\$ 1,541,112</u>	<u>\$ 283,468</u>	<u>\$ 187,796</u>	<u>\$ 2,012,376</u>

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, 2023

Exhibit III

Cash flow from operating activities:

Change in net assets	\$ 974,902
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities	
Depreciation	77,475
(Increase) Decrease in accounts receivable	(303,497)
(Increase) Decrease in prepaid expenses	(18,385)
Increase (Decrease) in accounts payable and accrued liabilities	31,724
Increase (Decrease) in deferred revenue	-
	<hr/>
Net cash provided (used) by operating activities	<u>\$ 762,219</u>
Cash flows from investing activities	(1,538,895)
Cash flows from financing activities	
Increase (Decrease) in Notes Payable	(6,951)
Net increase (decrease) in cash	\$ (783,627)
Cash at beginning of year	<hr/> 1,721,720
Cash at end of year	<u>\$ 938,093</u>

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, 2023

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, 2023 the total costs of all fixed assets is \$1,967,269 with accumulated depreciation of \$445,294 resulting in net book value of all fixed assets of \$1,521,975. Depreciation expense for the year ended June 30, 2023 is \$77,475.

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 balloon payment of \$191,796 due December 4, 2027. The present balance as of June 30, 2023 is \$224,984.

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, 2023 was \$26,898.

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 2023 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. 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, 2023, this revenue amounted to \$1,384,598. 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 \$938,093 of cash in the bank none of which is restricted to a 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