
L'Arche Chicago, Inc.

Financial Statements

Year Ended June 30, 2024

(Together with Independent Auditor's Report)



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Independent Auditor's Report

The Board of Directors
L'Arche Chicago Inc.
Forest Park, Illinois

Opinion

We have audited the accompanying financial statements of L'Arche Chicago, Inc. which comprise the statement of financial position as of June 30, 2024, and the related statement of activities, functional expenses, and cash flows for the year 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 statement of financial position of L'Arche Chicago Inc. as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of L'Arche Chicago, Inc. and to meet 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 The L'Arche Chicago, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain 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 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 L'Arche Chicago, Inc.'s internal controls. 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 L'Arche Chicago, Inc.'s ability to continue as a going concern for a reasonable period of time.

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 certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In Accordance with standards applicable to financial audits contained in government auditing standards, we have also issued our report dated January 31, 2025 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 standards applicable to financial audits contained in government auditing standards in considering the Authority's internal control over financial reporting and compliance.

Odoni Partners, LLC

Chicago, Illinois

January 31, 2025

L'Arche Chicago Inc
Statement of Financial Position
As of June 30, 2024

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 1,146,345
Investments	2,212,804
Account Receivables	480,679
Prepaid Expenses	10,863
Security Deposit	1,800
Total Current Assets	<u>3,852,491</u>

Property and Equipment

Fixed Assets, net	<u>2,751,307</u>
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Total Assets	<u><u>\$ 6,603,798</u></u>
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LIABILITIES AND NET ASSETS

Current Liabilities

Accounts Payable & Accrued Liabilities	\$ 137,408
Deferred Revenue	13,191
Mortgage Payable Current Portion	7,067
Total Current Liabilities	<u>157,666</u>

Long-Term Liabilities

Mortgage Payable, net of current portion	<u>210,527</u>
Total long Term Liabilities	210,527

Total Liabilities	<u>368,193</u>
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Net Assets

Without Donor Restrictions	5,804,505
With Donor Restrictions	431,100
Total Net Assets	<u>6,235,605</u>

Total Liabilities and Net Assets	<u><u>\$ 6,603,798</u></u>
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L'Arche Chicago Inc
Statement of Activities
For the year ended June 30, 2024

	Without donor restrictions	With donor restrictions	Total
REVENUE AND PUBLIC SUPPORT			
Contributions	\$ 260,768	\$ -	\$ 260,768
Waiver Award Based Funding	1,922,096	-	1,922,096
Grant Income	-	356,100	356,100
Food stamp Revenue	31,744	-	31,744
Dividend/ Interest Income	84,984	-	84,984
Unrealized/Realized Gain (Loss)	158,326	-	158,326
Other Revenue	13,113	-	13,113
In Kind Donations	38,296	-	38,296
Net assets released from restrictions	265,031	(265,031)	-
Total	<u>2,774,358</u>	<u>91,069</u>	<u>2,865,427</u>
Special events			
Gross Proceeds	275,636	-	275,636
Less direct expenses	61,247	-	61,247
Net special event	<u>214,389</u>	<u>-</u>	<u>214,389</u>
Total revenue	<u>2,988,747</u>	<u>91,069</u>	<u>3,079,816</u>
EXPENSES			
Program Services	1,785,279	-	1,785,279
Management and General	275,560	-	275,560
Fundraising	188,575	-	188,575
Total Expenses	<u>2,249,414</u>	<u>-</u>	<u>2,249,414</u>
Change in Net Assets	739,333	91,069	830,402
Net Assets - Beginning of Year	<u>5,065,172</u>	<u>340,031</u>	<u>5,405,203</u>
Net Assets - End of Year	<u>\$ 5,804,505</u>	<u>\$ 431,100</u>	<u>\$ 6,235,605</u>

L'Arche Chicago Inc
Statement of Cashflows
For the year ended June 30, 2024

Cash flows from operating activities

Change in net assets	\$	830,402
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation		82,809
(Gain) Loss from investing activities		(158,326)
(Increase) decrease in Accounts Receivable		(76,019)
(Increase) decrease in Prepaid Expenses		7,522
Increase (decrease) in Accounts Payable and Accrued Liabilities		43,186
Increase (decrease) in Deferred Revenue		13,191
Net cash provided (used) by operating activities		742,765

Cash flows from investing activities

Purchase of fixed assets		(58,854)
Construction in progress		(1,253,287)
Change in investing activities		785,018
Net cash provided (used) by operating activities		(527,123)

Cash flows from financing activities

Increase (decrease) in Notes Payable		(7,390)
Net cash provided (used) by operating activities		(7,390)

Net increase (decrease) in cash and cash equivalents		208,252
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Cash and Cash Equivalents - Beginning of year		938,093
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Cash and Cash Equivalents - End of year	\$	1,146,345
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L'Arche Chicago Inc
Statement of Functional Expenses
For the year ended June 30, 2024

	Program Services			
	Program	Management and General	Fundraising	Total
Personnel Costs	\$ 1,130,230	\$ 138,409	\$ 149,396	1,418,034
Employee Benefits	186,723	21,007	25,673	233,403
Bank Interest & Fees	-	14,525	-	14,525
Professional Fees	-	44,254	-	44,254
Marketing	-	11,070	-	11,070
Office Rent	24,185	-	-	24,185
House Mortgage Interest	10,676	-	-	10,676
Office Expenses	-	6,371	-	6,371
Program Supplies	14,421	-	-	14,421
Utilities	32,075	7,668	-	39,743
Insurance	-	15,837	-	15,837
Transportation	25,206	-	-	25,206
Maintenance & Repairs	38,188	-	-	38,188
Donation	6,677	-	-	6,677
Membership	28,242	-	-	28,242
Conference & Retreats	26,036	-	-	26,036
Groceries & Household Items	101,409	-	-	101,409
Medical & Core Member Expenses	64,498	-	-	64,498
Software Subscriptions	13,904	-	-	13,904
Depreciation	82,809	-	-	82,809
Investment Advisory Fees	-	14,190	-	14,190
Membership Development	-	-	7,013	7,013
Donation Processing Fees	-	-	6,493	6,493
Professional Development	-	2,230	-	2,230
	\$ 1,785,279	\$ 275,560	\$ 188,575	\$ 2,249,414
Total Expenses	\$ 1,785,279	\$ 275,560	\$ 188,575	\$ 2,249,414

See accompanying Notes to Financial Statements.

NOTE 1 – DESCRIPTION OF THE ORGANIZATION

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of L'Arche Chicago Inc., have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require L'Arche Chicago Inc., to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of L'Arche Chicago Inc. These net assets may be used at the discretion of L'Arche Chicago Inc.'s management and the board of directors.

Net assets with donor restrictions: Contributions with donor restrictions are reclassified as net assets without donor restrictions in the fiscal year in which all of the restrictions are met. Contributions with donor restrictions whose restrictions are met in the same reporting period are shown as contributions without donor restrictions.

Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of L'Arche Chicago Inc., or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Cash

Cash consists of cash on hand and cash in banks. Cash equivalents, if any, consist of highly liquid investments, which are readily convertible into cash within 90 days of purchase. Short-term investments consist primarily of deposits and savings accounts, which are convertible to a known amount of cash and carry an insignificant risk of change in value. The Organization's cash and cash equivalents in bank deposit accounts are at highly rated financial institutions, the balances of which at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts.

Concentrations of Credit Risk

Financial instruments that potentially subject L'Arche Chicago Inc. to concentrations of credit risk consist principally of cash and investments. L'Arche Chicago Inc. maintains its cash in various bank accounts that, at times, may exceed federally insured limits. L'Arche Chicago Inc.'s cash may also be placed with high credit quality financial institutions. L'Arche Chicago Inc. has not experienced, nor does it anticipate, any losses with respect to such accounts.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments are reported at cost plus accrued interest, if purchased, or at fair value, if donated. Changes in fair value are recorded as unrealized gains or losses. Gains and losses on investments are reported as increases or decreases in net assets without donor restrictions in the statement of activities unless their use is restricted by explicit donor stipulation or by law.

Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on average cost and are recorded in the statements of activities in the period in which the securities are sold. Interest is recorded when earned. Dividends are accrued as of the ex-dividend date.

Measure of Operations

The statements of activities report all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to L'Arche Chicago Inc.'s support for adults with intellectual and developmental disabilities and interest and dividends earned on investments, if any. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

Prepaid Expenses

Prepaid expenses consist of insurance premiums paid in advance for the upcoming year. For the year ended June 30, 2024, prepaid expenses were \$10,863.

Advertising and Marketing

Advertising and marketing costs are expensed when incurred. For the year ended June 30, 2024, advertising and marketing expenses were \$11,070.

Contributions

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions. When a restriction expires, purpose and time restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Property and Equipment

Property and equipment are stated at cost at the date of purchase or, for donated assets, at fair value at the date of donation, less accumulated depreciation. Depreciation is calculated using the straight-line method over the lesser of the estimated useful lives of the assets or the lease term. The useful lives range from three to forty years. L'Arche Chicago Inc.'s policy is to capitalize property and equipment acquired for greater than \$1,500 and expense normal repairs and maintenance as incurred. L'Arche Chicago Inc.'s management periodically evaluates whether events or circumstances have occurred indicating that the carrying amount of long-lived assets may not be recovered.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-Lived Asset Impairment

L'Arche Chicago Inc. evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

No asset impairment was recognized during the year ended June 30, 2024.

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Personnel Costs	Time and effort
Employee Benefits	Time and effort
Professional fees	Full Time Equivalent
Groceries & Household Items	Full Time Equivalent
Medical & Personal Expenses	Full Time Equivalent
Depreciation	Square Footage

Income Taxes

L'Arche Chicago Inc. is exempt from income tax under IRC section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. L'Arche Chicago Inc. has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. L'Arche Chicago Inc. has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. There was no unrelated business income for the years ended June 30, 2024.

L'Arche Chicago Inc.'s Forms 990, Return of Organization Exempt from Income Tax, for the years ending 2021, 2022, 2023, and 2024 are subject to examination by the IRS.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

NOTE 3 – PROPERTY AND EQUIPMENT

The following is a summary of property and equipment, less accumulated depreciation, as of June 30, 2024:

Land	\$ 406,903
Building	797,504
Vehicles	131,893
Furniture/Fixture	18,882
Office equipment	29,313
Building Improvements	265,882
Construction in Progress	<u>1,624,492</u>
	3,274,869
Less: Accumulated depreciation	<u>(523,562)</u>
	<u>\$2,751,307</u>

Depreciation expense was \$82,809 for the fiscal year ended June 30, 2024.

NOTE 4 – LIQUIDITY AND AVAILABILITY OF RESOURCES

L'Arche Chicago Inc.'s financial assets available for general expenditure within one year of the statement of financial position date of June 30, 2024, are as follows:

Cash and cash equivalents	\$ 1,146,345
Investments	2,212,804
Accounts Receivable	<u>480,679</u>
	<u>\$ 3,839,828</u>

NOTE 5 – COMMITMENTS AND CONTINGENCIES

Support funded by government grants is recognized as L'Arche Chicago Inc. expends the funds in accordance with the grant agreements. Grant expenditures are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this time. The Organization received \$25,000 for the year ended June 30, 2024.

NOTE 6 – NOTES PAYABLE

On February 29, 2016, L'Arche Chicago Inc. entered into a promissory note with Lake Forest Bank & Trust Company. On December 4, 2017 the promissory note was refinanced. This refinanced note bears interest at the rate of 4.75%, for the amount of \$259,000 which matures on December 4, 2027, and is secured by substantially all of the assets of L'Arche Chicago Inc.. The schedule below reports the principal maturities per the original amortization schedule:

Year ended June 30,	
2025	7,067
2026	7,832
Thereafter	<u>202,695</u>
	<u>\$ 217,594</u>

NOTE 7 – NET ASSETS

Net assets with donor restrictions were as follows for the year ended June 30, 2024:

Financial assistance - restricted	\$ 431,100
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Net assets without donor restrictions were as follows for the year ended June 30, 2024:

Undesignated	\$ 5,804,505
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NOTE 8 – SUBSEQUENT EVENTS

L'Arche Chicago Inc. has evaluated subsequent events through January 31, 2025, which is the date the financial statements were available to be issued. L'Arche Chicago Inc. is not aware of any material subsequent events.