
L'Arche Chicago

Financial Statements

June 30, 2025

(Together with Independent Auditor's Report)



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Independent Auditor's Report

To the Board of Directors
L'Arche Chicago
Forest Park, Illinois

Opinion

We have audited the accompanying financial statements of L'Arche Chicago (a nonprofit organization) which comprise the statement of financial position as June 30, 2025, and the related statements 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 as June 30, 2025, 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 the L'Arche Chicago 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 L'Arche Chicago'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 the 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 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 15, 2026, on our consideration L'Arche Chicago'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 Organization's internal control over financial reporting and compliance.

Odoni Partners, LLC

Chicago, Illinois

January 15, 2026

L'Arche Chicago
Statement of Financial Position
As of June 30, 2025

Assets

Current Assets

Cash and cash equivalents	\$ 1,290,302
Investments	2,315,838
Accounts receivable	210,573
Prepaid expenses	3,621

Total Current Assets 3,820,334

Property & Equipment

Land	406,903
Buildings	3,416,950
Building improvements	484,792
Vehicles	179,669
Office equipment	31,583
Furniture & fixtures	20,697
Construction in progress	55,000
Less: accumulated depreciation	(696,713)

Total Property & Equipment 3,898,881

Other Assets

Right-of-use asset for operating lease, net	160,251
Security deposit	2,901

Total Other Assets 163,152

Total Assets \$ 7,882,367

Liabilities & Net Assets

Current Liabilities

Accounts payable	\$ 27,780
Accrued payroll and related liabilities	100,276
Lease liability for operating lease, current	25,376
Mortgage payable, current	17,997

Total Current Liabilities 171,429

Long-Term Liabilities

Lease liability for operating lease	134,875
Mortgage payable	415,727

Total Long-Term Liabilities 550,602

Total Liabilities 722,031

Net assets

Without donor restriction	7,134,086
With donor restriction	26,250

Total Net Assets 7,160,336

Total Liabilities & Net Assets \$ 7,882,367

L'Arche Chicago
Statement of Activities
Year Ended June 30, 2025

	Without Donor Restriction	With Donor Restriction	Total
Revenue & Support			
Contributions	\$ 381,553	\$ 5,000	\$ 386,553
Contributed nonfinancial assets	58,882	6,329	65,211
Medicaid waiver reimbursements	2,404,706	-	2,404,706
SNAP income	29,895	-	29,895
Grant income	41,000	305,500	346,500
Dividend & interest income	69,053	-	69,053
Unrealized gain on investments	159,274	-	159,274
Other income	75,911	-	75,911
Net assets released from restrictions	721,679	(721,679)	-
Special Events			
Gross proceeds	219,837	-	219,837
Direct expenses	(71,240)	-	(71,240)
Special Events, Net	148,597	-	148,597
Total Revenue & Support	4,090,550	(404,850)	3,685,700
Expenses			
Program services			
Community integrated living support	2,123,957	-	2,123,957
Management & general	392,997	-	392,997
Fundraising	244,015	-	244,015
Total Expenses	2,760,969	-	2,760,969
Change in Net Assets	1,329,581	(404,850)	924,731
Net Assets, Beginning of Year	5,804,505	431,100	6,235,605
Net Assets, End of Year	\$ 7,134,086	\$ 26,250	\$ 7,160,336

L'Arche Chicago
Statement of Cash Flows
June 30, 2025

Cash Flows From Operating Activities

Change in net assets	\$	924,731
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation		171,322
Unrealized gain on investments		(159,274)
(Increase) decrease in operating assets:		
Accounts receivable		270,105
Prepaid expenses		7,242
Security deposit		(1,101)
Increase (decrease) in operating liabilities		
Accounts payable		(109,628)
Accrued payroll and related liabilities		100,276
Deferred revenue		(13,191)
		<u>1,190,482</u>
Net Cash From Operating Activities		<u>1,190,482</u>

Cash Flows From Investing Activities

Sale of investments		56,240
Purchase of fixed assets		(1,318,895)
		<u>(1,262,655)</u>
Net Cash From Investing Activities		<u>(1,262,655)</u>

Cash Flows From Financing Activities

Payments on mortgage payable	\$	(10,083)
Proceeds from mortgage		226,213
		<u>216,130</u>
Net Cash From Financing Activities		<u>216,130</u>

Change in Cash and Cash Equivalents

143,957

Cash and Cash Equivalents, Beginning of Year

1,146,345

Cash and Cash Equivalents, End of Year

\$ 1,290,302

Supplemental Disclosure of Cash Flow Information

Cash paid during the year for interest	\$	<u>20,487</u>
Lease liability arising from ROU Asset	\$	<u>160,251</u>

L'Arche Chicago
Statement of Functional Expenses
June 30, 2025

	<u>Program services</u>			<u>Total</u>
	<u>Community integrated living support</u>	<u>Management & general</u>	<u>Fundraising</u>	
Expenses				
Salaries & wages	\$ 1,160,131	\$ 145,016	\$ 145,017	\$ 1,450,164
Payroll taxes	75,191	9,398	9,399	93,988
Employee benefits	163,855	20,481	20,482	204,818
Retirement plan fees	-	1,400	-	1,400
Professional fees	-	70,968	-	70,968
Marketing & communications	-	41,914	-	41,914
Office building rent	15,322	-	-	15,322
Mortgage interest expense	20,487	-	-	20,487
Office expenses	-	22,825	-	22,825
Program supplies	7,359	-	-	7,359
Utilities	36,492	9,122	-	45,614
Business insurance	-	45,145	-	45,145
Transportation	36,839	-	-	36,839
Maintenance & repairs	71,079	-	-	71,079
Donations to L'Arche USA	10,538	-	-	10,538
L'Arche membership fees	29,658	-	-	29,658
Conference & retreats	46,309	-	-	46,309
Groceries & household items	145,056	-	-	145,056
Medical & core member expenses	79,373	-	-	79,373
Cloud based subscriptions	17,708	-	-	17,708
Depreciation	171,322	-	-	171,322
Investment advisory fees	-	15,996	-	15,996
Fundraising subscriptions & development	-	-	32,208	32,208
Donation processing fees	-	-	4,698	4,698
Professional development	-	6,493	-	6,493
Miscellaneous	4,239	4,239	-	8,478
Contributed nonfinancial assets	33,000	-	32,211	65,211
Total Expenses	\$ 2,123,957	\$ 392,997	\$ 244,015	\$ 2,760,969

Note 1 – Nature of Business and Significant Accounting Policies

Nature of Business – L'Arche Chicago (the Organization) is an Illinois not-for-profit corporation whose mission is to create and sustain communities in which people with and without intellectual and developmental disabilities share life together. The Organization provides residential and community-based programs and services designed to promote inclusion, relationship-building, and opportunities for meaningful participation in community life for individuals with intellectual and developmental disabilities in the Chicago area. The Organization's activities are supported primarily through contributions and grants from individuals and Organizations and program-related revenue.

Basis of Presentation - The financial statements are prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles.

Net Assets - L'Arche Chicago reports information regarding its assets and net assets and revenues, expenses and changes in net assets according to the following classifications:

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

Net Assets with Donor Restriction: 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 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 and Cash Equivalents - L'Arche Chicago's cash and cash equivalents consists of all cash and highly liquid financial instruments with original maturities of three months or less including money-market funds, which are neither held for nor restricted by donors for long-term purposes.

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 thirty-nine years. L'Arche Chicago'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's management periodically evaluates whether events or circumstances have occurred, indicating that the carrying amount of long-lived assets may not be recovered.

Depreciation expense was \$171,322 for the year ended June 30, 2025.

Note 1 – Nature of Business and Significant Accounting Policies (Continued)

Accounts Receivable and Allowance for Credit Losses– The Organization states its accounts receivable at an amount management expects to collect from outstanding balances. Credit is extended based on prior experience with the customer and evaluation of customers' financial condition. Accounts receivable are primarily due within 30 days. The Organization does not accrue interest on past due accounts receivable.

Receivables are written off when management determines they are no longer collectible, based on individual credit evaluation and the specific circumstances of the customer. The allowance for expected credit losses represents management's estimate of amounts expected to be uncollectible and is determined based on the Organization's historical collection experience, adverse situations that may affect the customer's ability to pay, and current economic conditions. As of June 30, 2025 there was no allowance for credit losses required.

Prepaid Expenses – Expenses paid in the current year, which relates to events or activities that will occur in a subsequent fiscal year, are recorded as prepaid expenses. These prepaid expenses are recognized as expense in the year in which the related event or activity occurs.

Investments - The Organization carries investments at fair market value in the statement of financial position. Interest and dividend income, along with realized and unrealized gains and losses are included in the change in net assets in the accompanying statement of activities. The Organization follows the requirements of Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures, which defines fair value, establishes a framework for measuring fair value in U.S. GAAP and expands disclosures about fair value measurements. See Note 3 for a discussion of fair value measurements and composition of net investment income.

Use of Estimates – The preparation of financial statements, in conformity with U.S. generally accepted accounting principles, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Contributed Non-financial Assets – Contributed nonfinancial assets include donated professional services, donated equipment, and other in-kind contributions which are recorded at the respective fair values of the goods or services received. The Organization does not sell donated gifts-in-kind. In addition to contributed nonfinancial assets, volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the consolidated financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. The Organization recognized in-kind donations of \$65,211 during the year ended June 30, 2025.

Note 1 – Nature of Business and Significant Accounting Policies (Continued)

Revenue Recognition – Contributions are recognized as revenue when promised. Donor-restricted gifts of cash or other assets are recorded as restricted support. When donor restrictions are satisfied—either by the passage of time or by fulfillment of the specified purpose—such amounts are reclassified to without donor restriction and reported as net assets released from restriction.

Gifts of land, buildings, and equipment are recorded as unrestricted support unless the donor specifies their use. If restrictions apply to long-lived assets or to cash intended for their purchase, such support remains restricted until the assets are placed in service, unless otherwise specified by the donor.

Special events revenue is comprised of an exchange element based upon the direct benefits donors receive and a contribution element for the difference. The Organization recognizes special events revenue equal to the fair value of direct benefits to donors when the special event takes place. The Organization recognizes the contribution element of special event revenue immediately, unless there is a right of return if the special event does not take place.

Grants and contributions are recognized when the unconditional promise to give is received. Conditional grants and contributions are recognized as revenue when conditions are substantially met or explicitly waived.

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 services and supporting services benefited. Such allocations are determined by management on a reasonable basis that is concomitantly applied.

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 and household items	Direct usage
Medical and core member expenses	Time and effort
Depreciation	Square footage
Special event expenses	Time and effort

Note 1 – Nature of Business and Significant Accounting Policies (Continued)

Income Taxes – The Organization qualifies as a tax-exempt not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no federal or state tax provision is required.

The Organization follows the standard on accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained upon examination by taxing authorities, based on the technical merits of the position. Examples of tax positions include the Organization's tax-exempt status and positions related to potential sources of unrelated business taxable income. The tax benefits recognized in the financial statements from such positions are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for the reporting periods presented. The Organization files Form 990 in the U.S. federal jurisdiction and applicable state jurisdictions.

Leases - The Organization leases its current office space. The Organization determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, current maturities of operating leases, and long-term lease liabilities on the statement of financial position. The Organization does not have any finance leases as of June 30, 2025.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most leases do not provide an implicit rate, the Organization uses its incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives.

The lease terms may include options to extend or terminate the lease when it is reasonably certain that such options will be exercised. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The Organization has lease agreements with lease and non-lease components, which are generally accounted for separately. For certain leases, such as real estate, the Organization accounts for the lease and non-lease components as a single lease component. For arrangements accounted for as a single lease component, there may be variability in future lease payments as the amount of the non-lease components is typically revised from one

Note 1 – Nature of Business and Significant Accounting Policies (Continued)

period to the next. These variable lease payments, which are primarily comprised of common area maintenance, utilities, and real estate taxes that are passed on from the lessor in proportion to the space leased, are recognized in operating expenses in the period in which the obligation for those payments was incurred.

In evaluating contracts to determine if they qualify as a lease, the Organization considers factors such as if it has obtained substantially all of the rights to the underlying asset through exclusivity, if it can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

In determining the discount rate used to measure the right-of-use asset and lease liability, the Organization uses rates implicit in the lease, or if not readily available, the incremental borrowing rate, which is based on an estimated secured rate comprised of a risk-free rate plus a credit spread as secured by Organization assets. Determining a credit spread as secured by Organization assets may require significant judgment.

Concentrations of Credit Risk - The Organization maintains cash deposits in bank accounts primarily at a local financial institution that may, at times, exceed the amount insured by the Federal Deposit Insurance Corporation (FDIC) of \$250,000. At June 30, 2025, there were \$505,900 of uninsured balances.

Subsequent Events - The Organization has evaluated its June 30, 2025, financial statements for subsequent events through January 15, 2026, the date the financial statements were available to be issued. Subsequent to June 30, 2025, the Organization repaid the promissory note dated April 21, 2025, with Hinsdale Bank & Trust Company, N.A. in October 2025. The Organization is not aware of any other subsequent events that would require recognition or disclosure in the financial statements.

Note 2 – Commitments and Contingencies

Support funded by government grants is recognized as the Organization 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. Management does not anticipate any adjustments for the revenue for the year ended June 30, 2025.

Note 3 – Fair Value Measurements and Investments

The Organization follows FASB guidance on fair value measurements for financial instruments that are measured and reported at fair value on a recurring basis. This guidance establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets

Note 3 – Fair Value Measurements and Investments (Continued)

for identical assets (Level 1) and the lowest priority to measurements involving significant unobservable inputs (Level 3).

The three levels of the fair value hierarchy are as follows:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Significant observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; or other inputs observable or corroborated by observable market data.
- Level 3 - Significant unobservable inputs that reflect the Organization's own assumptions about the assumptions market participants would use in pricing an asset or liability.

Investments: Investments are valued based on quoted market prices. Where quoted prices are available in an active market, investments are classified within Level 1 of the fair value hierarchy. Level 1 investments include mutual funds and exchange-traded funds.

If quoted market prices are not available, fair values are estimated using quoted prices of securities with similar characteristics, pricing models, or other observable inputs, and are classified as Level 2.

There have been no changes in valuation techniques used for any assets or liabilities measured at fair value during the year ended June 30, 2025.

The following table summarizes significant assets measured at fair value on a recurring basis as of June 30, 2025.

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual funds	\$ 2,315,838	\$ -	\$ -	\$ -
Total	<u>\$ 2,315,838</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

There were no transfers of assets between Levels 1, 2, and 3 of the fair value hierarchy during the year ended June 30, 2025.

The investments of the Organization are exposed to various risks such as interest rate, market, and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the amounts reported in the financial statements.

Note 4 – Concentrations

Approximately 58% of L'Arche Chicago's revenue for the year ended June 30, 2025 was derived from State of Illinois DHS reimbursement programs; accordingly, a significant portion of the organization's operations is dependent on continued funding from this source, and changes in reimbursement rates, program eligibility, or funding levels could impact future operations.

Note 5 – Retirement Plan

The Organization sponsors a defined contribution retirement plan covering substantially all employees. The plan allows eligible employees to make voluntary contributions, and the Organization makes matching contributions up to a specified percentage of employee compensation. The plan's assets are held in custodial accounts and invested in mutual funds at the direction of participants.

The Organization recognized \$46,289 in expense for employer contributions to the plan for the year ended June 30, 2025. There were no significant changes during the period affecting comparability, such as a change in the rate of employer contributions, a business combination, or a divestiture.

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes in net assets. Actual results could differ from those estimates.

No significant concentrations of credit risk or other risks and uncertainties were identified as of June 30, 2025.

Note 6 – Net Assets

Net assets with donor restrictions were as follows for the year ended June 30, 2025:

Community Mental Health Board:	<u>\$ 26,250</u>
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Net assets without donor restrictions were as follows for the year ended June 30, 2025:

Unrestricted:	<u>\$ 7,134,086</u>
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Note 7 – Mortgage Payable

On May 31, 2023, L'Arche Chicago entered into a Construction Loan and Security Agreement with Hinsdale Bank & Trust Company, N.A. (the Bank), which provided for a revolving line of credit. On April 21, 2025, L'Arche Chicago executed a Second Amendment to the Construction Loan and Security Agreement, which, effective March 31, 2025 (the conversion date), converted the revolving line of credit into a non-revolving term loan. As a result of the amendment, additional borrowings are no longer permitted.

Pursuant to the Second Amendment, the revolving line of credit was replaced with a Second Replacement Non-Revolving Note with a maximum principal amount of \$226,213. The note bears interest at a fixed rate of 6.71% and requires monthly payments of \$2,073. The loan is repayable in 169 equal monthly installments of principal and interest, commencing thirty days after the end of the draw period, with a final payment of all unpaid principal and interest due at maturity. The non-revolving term loan matures on April 30, 2039.

The following table presents the future principal maturities of the non-revolving term loan as of June 30, 2025, based on the original amortization schedule:

<u>Year Ended June 30:</u>	<u>Amount</u>
2026	\$ 10,165
2027	10,868
2028	11,620
2029	12,425
2030	13,289
Thereafter	<u>165,491</u>
Total	<u>\$ 223,858</u>

On December 4, 2017, L'Arche Chicago entered into a promissory note with Hinsdale Bank & Trust Company, N.A. (the Bank) with an original principal amount of \$258,999. The note bears interest at a rate of 4.75% and matures on December 4, 2027. L'Arche Chicago is required to make monthly payments of \$1,506. The note is secured by substantially all of the assets of L'Arche Chicago.

The following table presents the future principal maturities of the note as of June 30, 2025, based on the original amortization schedule:

<u>Year Ended June 30:</u>	<u>Amount</u>
2026	\$ 7,832
2027	8,943
Thereafter	<u>193,091</u>
Total	<u>\$ 209,866</u>

Note 8 – Available Resources and Liquidity

The Organization monitors the liquidity required to meet its operating needs. For the purpose of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing mission-related activities as well as the conduct of services undertaken to support those activities to be general expenditures.

The following reflects the Organization's financial assets as of the Statement of Financial Position date; reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

Cash and cash equivalents	\$ 1,290,302
Accounts receivable	210,573
Investments	<u>2,315,838</u>
 Total financial assets	 <u>\$ 3,816,713</u>
 Less: Net assets with donor restrictions	 <u>26,250</u>
 Financial assets available to meet general expenditures over the next twelve months	 <u><u>\$ 3,790,463</u></u>

Note 9 – Operating Lease

The Organization leases office space located at 7507 Madison Street, Forest Park, Illinois, under a noncancelable operating lease agreement with Vala Ventures LLC. The lease commenced on April 1, 2025, and expires on March 31, 2030. The lease does not include any renewal, termination, or purchase options that the Organization is reasonably certain to exercise.

The lease provides for a rent commencement period, including rent abatement during the initial months of the lease and reduced rent during subsequent months, followed by fixed monthly base rent that increases annually. In addition, the lease includes a tenant improvement rent credit applied against base rent. Variable lease payments, including common area maintenance charges, real estate taxes, and insurance, are excluded from lease payments and are expensed as incurred.

At June 30, 2025, the Organization recognized a right-of-use asset and a corresponding operating lease liability based on the present value of future fixed lease payments, discounted using the Organization's incremental borrowing rate. Lease expense is recognized on a straight-line basis over the lease term.

Note 9 – Operating Lease (Continued)

Future minimum lease payments under the noncancelable operating lease as of June 30, 2025, are payable as follows:

Year ending:	Amount
2026	\$ 25,376
2027	29,442
2028	32,214
2029	35,176
2030	38,043
Total Future Payments	\$ 160,251

Categorized as follows:

Short term	25,376
Long term	134,875
Total	\$ 160,251

Report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with Government Auditing Standards

To the Board of Directors
L'Arche Chicago
Forest Park, Illinois

We have audited 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, the financial statements of L'Arche Chicago, which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated January 15, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered L'Arche Chicago's internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of L'Arche Chicago's internal control. Accordingly, we do not express an opinion on the effectiveness of L'Arche Chicago's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether L'Arche Chicago's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, the communication is not suitable for any other purpose.

Odoni Partners, LLC

Chicago, Illinois

January 15, 2026