

L'Arche Chicago
An Illinois Not-For-Profit Corporation
Audit Report
June 30, 2017

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

**L'Arche Chicago
Financial Statements
June 30, 2017**

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INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

Board of Directors
L'Arche Chicago
1011 Lake Street Ste 403
Oak Park, IL 60301

Dear Board of Directors:

We have audited the accompanying financial statements of L'Arche Chicago, which comprise the statements of financial position as of June 30, 2017 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. 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, 2017 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.

Respectfully submitted,



Walter J. Newton & Co.
Certified Public Accountants
Oak Park, Illinois
November 10, 2017

L'Arche Chicago
An Illinois Not-For-Profit Corporation
Statement of Financial Position
For the Year Ended June 30, 2017

Exhibit I

ASSETS

CURRENT ASSETS:

Cash In Bank and On Hand-Unrestricted	\$	377,582.61
Security Deposit		1,507.00
Real Estate Tax Refund Receivable		2,179.53
Prepaid Expenses		<u>2,899.44</u>
Total Current Assets		<u><u>384,168.58</u></u>

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
FIXED ASSETS:			
Land	\$ 175,436.93		175,436.93
Buildings	797,503.39	115,513.14	681,990.25
Building Improvements	143,374.93	30,955.45	112,419.48
Furniture & Fixtures	15,254.99	8,700.88	6,554.11
Vehicles	47,745.92	9,549.38	38,196.54
Office Equipment	<u>5,543.08</u>	<u>5,543.08</u>	<u>0.00</u>
Total Fixed Assets	1,184,859.24	170,261.93	1,014,597.31
 TOTAL ASSETS			 <u><u>\$ 1,398,765.89</u></u>

TOTAL LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts Payable & Accrued Expenses	\$	55,503.62
Mortgage Payable		<u>16,000.00</u>
Total Current Liabilities		\$ 71,503.62

LONG TERM LIABILITIES:

Mortgage Payable	<u>587,624.85</u>	
Total Long Term Liabilities		587,624.85

NET ASSETS:

Net Assets (Deficit) - Unrestricted	<u>739,637.42</u>	
Total Net Assets		<u>739,637.42</u>

TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,398,765.89</u></u>
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The accompanying notes are an integral part of these financial statements.

**L'Arche Chicago
An Illinois Not-For-Profit Corporation
Statement of Financial Position
For the Year Ended June 30, 2017**

Exhibit I

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

L'Arche Chicago
An Illinois Not-For-Profit Corporation
Statement of Activities
For the Year Ended June 30, 2017

Exhibit II

Revenue:

Special Events:		
Special Events - Revenue	\$ 69,928.12	
Special Events - Costs	<u>(41,245.53)</u>	
Net Special Events	28,682.59	
Contributions	175,781.66	
Contributions - Restricted	52,000.00	
In Kind Donations	16,296.04	
Waiver Award Based Funding	617,501.55	
Job Coaching	42,999.00	
At Home Day Support	11,429.00	
Staff Training	22,010.10	
Foodstamp Revenue	20,446.15	
Other Revenue	<u>4,400.70</u>	
Total Revenue		\$ 991,546.79

Expenses :

Program Services	586,322.21	
Management & General	112,726.13	
Fundraising	<u>71,754.57</u>	
Total Expenses		<u>770,622.91</u>

Revenue Less Expenses 220,923.88

Other Changes to Net Restricted Assets

Net Increase <Decrease> to Net Unrestricted Assets \$ 220,923.88

Net Unrestricted Assets (Deficit) June 30, 2016 518,713.54

Net Unrestricted Assets (Deficit) June 30, 2017 \$ 739,637.42

Total Net Assets June 30, 2017 \$ 739,637.42

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

L'Arche Chicago
An Illinois Not-For-Profit Corporation
Statement of Cash Flows
For the Year Ended June 30, 2017

Exhibit III

2017

Cash Flows From Operating Activities:

Net Income (Loss) \$ 220,923.88

Adjustments to reconcile Net Income (loss)
to cash provided by operating activities:

Depreciation and Amortization	45,032.20
Decrease (Increase) in Accounts Receivable	6,373.24
Decrease(Increase) in Prepaid Expenses	(2,899.44)
Increase (Decrease) in Accounts Payable and accruals	<u>(5,082.72)</u>

Net Cash Provided by Operations 264,347.16

Cash Flows From Investing Activities:

(Aquisitions) of Fixed Assets (34,132.00)

Cash Flows From Financing Activities:

Increase (Decrease) in Notes Payable (12,428.78)

Increase in Cash and Equivalents 217,786.38

Cash and Cash Equivalents at June 30, 2016 159,796.23

Cash and Cash Equivalents June 30, 2017 \$ 377,582.61

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

L'Arche Chicago
Statement of Functional Expenses
For the Year Ended June 30, 2017

Exhibit IV

	<u>Program Services</u>	<u>Administrative Services</u>	<u>Fundraising Services</u>	<u>Total</u>
Personnel Costs	\$ 317,511.52	\$ 69,796.95	\$ 60,702.07	\$ 448,010.54
Bank Interest & Fees	0.00	3,054.75	0.00	3,054.75
Professional Fees	0.00	15,510.00	0.00	15,510.00
Marketing	0.00	0.00	8,151.01	8,151.01
Rent	0.00	10,698.00	0.00	10,698.00
House Mortgage Interest	34,041.10	0.00	0.00	34,041.10
Supplies & Office Expenses	6,112.00	6,973.61	0.00	13,085.61
Utilities	20,387.63	2,924.51	0.00	23,312.14
Insurance	0.00	501.75	0.00	501.75
Transportation	14,192.91	0.00	0.00	14,192.91
Maintenance & Repairs	26,333.65	0.00	0.00	26,333.65
Other Housing Expenses	3,320.70	0.00	0.00	3,320.70
Donation	4,600.00	0.00	0.00	4,600.00
Memberships	14,220.00	0.00	2,721.49	16,941.49
Conferences & Retreats	21,976.67	0.00	0.00	21,976.67
Groceries & Household items	55,742.19	0.00	0.00	55,742.19
Medical & Personal Expenses	22,851.64	0.00	0.00	22,851.64
Depreciation	45,032.20	0.00	0.00	45,032.20
Professional Development	0.00	3,266.56	0.00	3,266.56
	<hr/>	<hr/>	<hr/>	<hr/>
Total Functional Expenses	<u>\$ 586,322.21</u>	<u>\$ 112,726.13</u>	<u>\$ 71,574.57</u>	<u>\$ 770,622.91</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, 2017

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 purchase 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. Depreciation expense for the year ended June 30, 2017 amounts to 45,032.20.

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 - LINE OF CREDIT AND MORTGAGES

The Organization has a secured Line of Credit with Lake Forest Bank & Trust Company. Interest at prime plus 1.00% is payable monthly, with all outstanding principal and unpaid interest due when the note matures. The note matures in January, 2018 and is renewable. The balance on the line of credit as of June 30, 2017 is \$-0.00.

The Organization owns real estate encumbered by the following 2 mortgages with Lake Forest Bank & Trust Company. 1) Established October 17, 2014 for \$360,450 at a 5.5% fixed interest rate amortized over 30 years with a 5th year balloon payment of \$324,080 due October 17, 2019. The present balance as of June 30, 2017 is \$341,958. 2) Established February 29, 2016 for \$268,000 at a 5.5% fixed interest rate amortized over 30 years with a 5th year balloon payment of \$240,197 due March 1, 2021. The present balance as of June 30, 2017 is \$261,667.

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 expenditures. The amount paid during the fiscal year ended June 30, 2017 was \$14,220.00.

NOTE 4 - LEASE COMMITMENTS

In September, 2013, the organization entered a lease for office space in Oak Park, IL. The lease payments began November 2013 through October, 2016 with annual rental increases set. In September 2016 a lease extension was entered for three years effective November 1, 2016 through October 31, 2019 combining base monthly rent and electricity usage with annual increases set for both. The combined annual rent and electricity is set as follows: Year 1) \$10,800, Year 2) \$11,232, Year 3) \$11,688.

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, 2017, this revenue amounted to \$617,501.55. The level of services available in the future could be impacted if the Organization were to lose support from this source.

End of Notes