

L'ARCHE JACKSONVILLE, INC.

FINANCIAL STATEMENTS

Years Ended June 30, 2022 and 2021

L'ARCHE JACKSONVILLE, INC.

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5150 Belfort Road, Bldg. 300, Jacksonville, FL 32256
Phone: (904) 725-5832 Fax: (904) 727-6835
Email: office@fordefirm.com

Linda R. Forde, C.P.A.*
Megan McAtee, C.P.A., M.Acc.*
David R. Forde, Ph.D.
Alex Lawlor, M.B.A.
Mohamed Camara, M.B.A.
McArthur Banks, Jr., B.F.A.
Patrick Smith
Jessica Marshall
Jo Ann Bianco-Jones
Linsey Gloeckner
Robert Forde

* MEMBER OF
AMERICAN AND FLORIDA
INSTITUTES OF
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Board of Directors
L'Arche Jacksonville, Inc.
Jacksonville, Florida

Opinion

We have audited the accompanying financial statements of L'Arche Jacksonville, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows 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 Jacksonville, Inc. as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows 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 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 Jacksonville, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 Jacksonville, 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 Jacksonville, Inc.'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 Jacksonville, 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.



The Forde Firm, LLC
Jacksonville, Florida
October 20, 2022

L'ARCHE JACKSONVILLE, INC.
STATEMENTS OF FINANCIAL POSITION

June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
Cash and cash equivalents (Note 2)	\$ 518,545	\$ 226,225
Investments (Note 6)	<u>288,996</u>	<u>220,276</u>
Total Current Assets	<u>807,541</u>	<u>446,501</u>
Fixed assets, at cost less accumulated depreciation of \$1,248,979 and \$1,187,780 in 2022 and 2021, respectively (Note 2)	1,280,565	1,253,116
Other assets	<u>1,270</u>	<u>1,270</u>
Total Assets	<u><u>\$ 2,089,376</u></u>	<u><u>\$ 1,700,887</u></u>

LIABILITIES AND NET ASSETS

Liabilities:

Accounts payable and accrued expenses	\$ 78,372	\$ 68,217
Deferred revenue	<u>514,169</u>	<u>-</u>
Total Current Liabilities	<u>592,541</u>	<u>68,217</u>
Total Liabilities	<u>592,541</u>	<u>68,217</u>

Net Assets:

Without Donor Restrictions - Board Designated (Note 3)	216,254	160,823
Without Donor Restrictions - Property	1,007,596	980,147
With Donor Restrictions (Note 4)	<u>272,985</u>	<u>491,700</u>
Total Net Assets	<u>1,496,835</u>	<u>1,632,670</u>
Total Liabilities and Net Assets	<u><u>\$ 2,089,376</u></u>	<u><u>\$ 1,700,887</u></u>

See Notes to Financial Statements.

L'ARCHE JACKSONVILLE, INC.
STATEMENTS OF ACTIVITIES
For The Years Ended June 30, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT, REVENUE AND OTHER SUPPORT						
Grants and Public Support:						
Grants	\$ 85,925	\$ -	\$ 85,925	\$ 324,988	\$ -	\$ 324,988
Contributions	254,200	72,935	327,135	211,298	331,522	542,820
In-kind contributions, (Note 7)	15,747	-	15,747	13,367	-	13,367
Total Grants and Public Support	<u>355,872</u>	<u>72,935</u>	<u>428,807</u>	<u>549,653</u>	<u>331,522</u>	<u>881,175</u>
Revenue:						
Special events (net of direct costs of \$22,681 and \$37,562 in 2022 and 2021, respectively)	73,946	-	73,946	54,129	-	54,129
Program service fees	957,840	-	957,840	1,003,467	-	1,003,467
Investment income	4,643	-	4,643	3,967	-	3,967
Gain (loss) on sale of capital assets	-	-	-	(18,544)	-	(18,544)
Other	25,043	-	25,043	7,345	-	7,345
Total Revenue	<u>1,061,472</u>	<u>-</u>	<u>1,061,472</u>	<u>1,050,364</u>	<u>-</u>	<u>1,050,364</u>
Total Public Support, Revenue and Other Support	<u>1,417,344</u>	<u>72,935</u>	<u>1,490,279</u>	<u>1,600,017</u>	<u>331,522</u>	<u>1,931,539</u>
Net Assets Released from Restrictions:						
Restrictions satisfied by payments	291,650	(291,650)	-	26,565	(26,565)	-
Total Public Support, Revenue and Other Support and Net Assets Released from Restrictions	<u>1,708,994</u>	<u>(218,715)</u>	<u>1,490,279</u>	<u>1,626,582</u>	<u>304,957</u>	<u>1,931,539</u>
Expenses:						
Program services	1,398,913	-	1,398,913	1,458,434	-	1,458,434
Supporting service expenses:						
Management and general	96,241	-	96,241	75,509	-	75,509
Fundraising	98,533	-	98,533	124,671	-	124,671
Total Expenses	<u>1,593,687</u>	<u>-</u>	<u>1,593,687</u>	<u>1,658,614</u>	<u>-</u>	<u>1,658,614</u>
CHANGE IN NET ASSETS BEFORE INVESTMENT GAINS (LOSSES)	115,307	(218,715)	(103,408)	(32,032)	304,957	272,925
NET APPRECIATION IN INVESTMENTS						
Unrealized gain (loss)	(32,427)	-	(32,427)	12,379	-	12,379
INCREASE (DECREASE) IN NET ASSETS	82,880	(218,715)	(135,835)	(19,653)	304,957	285,304
Net Assets, Beginning of Year	<u>1,140,970</u>	<u>491,700</u>	<u>1,632,670</u>	<u>1,160,623</u>	<u>186,743</u>	<u>1,347,366</u>
Net Assets, End of Year	<u>\$ 1,223,850</u>	<u>\$ 272,985</u>	<u>\$ 1,496,835</u>	<u>\$ 1,140,970</u>	<u>\$ 491,700</u>	<u>\$ 1,632,670</u>

See Notes to Financial Statements.

L'ARCHE JACKSONVILLE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For The Years Ended June 30, 2022 and 2021

	2022				2021				
	Program Services	Supporting Services Management and General		Fundraising	Total	Program Services	Supporting Services Management and General		Fundraising
Salaries	\$ 735,950	\$ 29,640	\$ 60,153	\$ 825,743	\$ 745,444	\$ 21,652	\$ 68,763	\$ 835,859	
Employee benefits	122,098	15,885	12,354	150,337	158,275	19,426	15,908	193,609	
Payroll taxes	56,208	2,219	4,156	62,583	56,378	1,790	4,604	62,772	
Automobile and travel	12,773	-	-	12,773	13,132	-	-	13,132	
Direct services	57,371	-	-	57,371	71,040	-	-	71,040	
Dues and licenses	31,698	1,118	-	32,816	32,258	2,174	-	34,432	
Insurance	68,365	3,262	-	71,627	45,326	2,719	-	48,045	
Food	47,654	-	-	47,654	44,045	-	-	44,045	
In-Kind Donations	15,747	-	-	15,747	13,367	-	-	13,367	
Legal and professional	4,249	37,624	4,785	46,658	4,849	18,996	23,941	47,786	
Maintenance and repairs	34,668	-	-	34,668	47,610	-	-	47,610	
Conferences and retreats	5,726	-	-	5,726	6,294	-	-	6,294	
Training and continuing education	3,275	-	-	3,275	5,380	-	-	5,380	
Miscellaneous	29,734	987	11,715	42,436	51,359	1,683	5,913	58,955	
Supplies	21,590	2,446	113	24,149	17,602	4,206	660	22,468	
Recreation	5,348	-	-	5,348	5,595	-	-	5,595	
Postage, printing and promotional	8,396	-	5,257	13,653	4,656	-	4,882	9,538	
Telephone	8,137	-	-	8,137	9,378	-	-	9,378	
Utilities	71,787	-	-	71,787	72,056	-	-	72,056	
Total before depreciation	1,340,774	93,181	98,533	1,532,488	1,404,044	72,646	124,671	1,601,361	
Depreciation	58,139	3,060	-	61,199	54,390	2,863	-	57,253	
Total	\$ 1,398,913	\$ 96,241	\$ 98,533	\$ 1,593,687	\$ 1,458,434	\$ 75,509	\$ 124,671	\$ 1,658,614	

See Notes to Financial Statements.

L'ARCHE JACKSONVILLE, INC.
 STATEMENTS OF CASH FLOWS
For The Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (135,835)	\$ 285,304
Adjustments to reconcile change in net assets to net cash provided in operating activities:		
Depreciation	61,199	57,253
Increase (decrease) in accounts payable	<u>10,155</u>	<u>(26,134)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(64,481)	316,423
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to fixed assets	(107,222)	(272,969)
Disposals of fixed assets	18,574	18,574
Decrease (Increase) in investments	<u>(68,720)</u>	<u>(19,587)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(157,368)	(273,982)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Funding (forgiveness) of Payroll Protection Loan	<u>514,169</u>	<u>(238,863)</u>
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	514,169	(238,863)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	292,320	(196,422)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>226,225</u>	<u>422,647</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 518,545</u></u>	<u><u>\$ 226,225</u></u>
Supplementary Disclosure of Cash Flow Information:		
Interest expense paid	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Income taxes paid	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See Notes to Financial Statements.

L'ARCHE JACKSONVILLE, INC.

NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

1. NATURE OF ORGANIZATION:

L'Arche Jacksonville, Inc. was incorporated on November 30, 1992 to operate as "L'Arche Harbor House". In 2015, the name was changed to L'Arche Jacksonville, Inc. to reflect its alignment with the national L'Arche community. L'Arche Jacksonville, Inc. is engaged in providing housing and services for disabled persons. Its major sources of revenue are program service fees and contributions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting:

The financial statements have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Presentation:

In accordance with FASB ASC 958, the Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions – Net assets representing resources generated from operations that are not subject to donor-imposed stipulations and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with 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 the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements.

Expense Allocation:

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

L'ARCHE JACKSONVILLE, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

-continued-

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Income Taxes:

L'Arche Jacksonville is exempt from federal taxation under Internal Revenue Code Section 501(c)(3). The Organization is not a private foundation. Management evaluated the Organization's tax positions and concluded that the Organization had maintained its exempt status and had taken no uncertain tax positions that require adjustment to the financial statements. Therefore, no provision or liability for income taxes has been included in the financial statements. The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, are subject to examination by the IRS, generally for 3 years after they were filed.

Cash and Cash Equivalents:

Cash and cash equivalents include funds on hand, checking accounts, savings accounts, and money market funds, if not otherwise held for long-term purposes.

Revenue and Support With and Without Donor Restrictions:

Contributions received are recorded as net assets with or without donor restrictions depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

Use of Estimates:

Preparation of the Organization's financial statements in conformity with generally accepted accounting principles requires the use of management's estimates, primarily related to the collectability of receivables, market value of investments, and depreciable lives of fixed assets. The nature of those estimates however, is such that variances in actual results are generally immaterial.

Fair Values of Financial Instruments

Generally accepted accounting principles require certain financial instruments to be recorded at fair value. Changes in methods of estimation could affect the fair value estimates; however, such changes are not expected to have a material impact on the organization's financial position, activities or cash flows. Cost approximates fair value for certain other investments, short term debt, and cash equivalents.

L'ARCHE JACKSONVILLE, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

-continued-

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Fixed Assets and Depreciation:

Fixed assets are depreciated using the straight-line method over the estimated useful lives (ranging from 5 to 40 years) of the assets. Fixed asset additions of \$500 and greater are capitalized.

Fixed assets consist of the following:

	<u>2022</u>	<u>2021</u>
Land	\$ -0-	\$ -0-
Buildings	1,568,969	1,568,969
Construction in progress	-0-	-0-
Leasehold improvements	737,428	668,124
Furniture and equipment	89,645	89,645
Therapy Pool	-0-	-0-
Transportation equipment	<u>133,502</u>	<u>114,158</u>
	2,529,544	2,440,896
Less: Accumulated depreciation	<u>1,248,979</u>	<u>1,187,780</u>
	<u>\$ 1,280,565</u>	<u>\$1,253,116</u>

Leasehold improvements consist of buildings and improvements located on property owned by the Catholic Diocese of St. Augustine. The land is rent free from the Diocese through 2025.

3. NET ASSETS WITHOUT DONOR RESTRICTIONS – BOARD DESIGNATED:

The Board of Directors of L'Arche Jacksonville has designated that up to three years of expenses be reserved for future operations as funds permit. The amount available at June 30, 2022, represents less than one year.

4. NET ASSETS WITH DONOR RESTRICTIONS:

As of June 30, 2022 and 2021, there were net assts with donor restrictions as follows:

	<u>2022</u>	<u>2021</u>
Capital campaign/facilities	\$ 16	\$ 216,743
Stimulus funds for core members	-0-	1,988
Dexter/Live Oak property	<u>272,969</u>	<u>272,969</u>
Total	<u>\$ 272,985</u>	<u>\$ 186,743</u>

L'ARCHE JACKSONVILLE, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

-continued-

5. RETIREMENT PLAN:

The Organization sponsors a defined contribution pension plan that covers all employees with over three years' employment. Contributions to the plan are based on 5% of each eligible employee's salary. The amount of pension expense was \$21,543 and \$39,925 for 2021 and 2020, respectively.

6. INVESTMENTS:

The Organization has categorized its financial instruments based on a three-level fair value hierarchy as follows:

Level 1 – Values are based on quoted prices for identical assets in an active market.

Level 2 – Values are based on quoted prices for similar assets in active or inactive markets.

Level 3 – Values are based on unobservable inputs to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

The fair value measurement objective is to determine an exit price from the perspective of a market participant that holds the asset or owes the liability. Therefore, unobservable inputs reflect the Organization's judgment about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances, which might include the Organization's own data.

Following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis as of June 30, 2022 and 2021.

Registered investment companies (Mutual Funds): Valued at the net asset value (NAV) of shares held by the Organization at year-end.

Fair values of assets measured on a recurring basis at June 30, 2022, are as follows:

	<u>Fair Value</u>	<u>Level 1 Inputs</u>
Equity Securities	\$ 27,457	\$ 27,457
Mutual Funds	<u>261,539</u>	<u>261,539</u>
Total	<u>\$ 288,996</u>	<u>\$ 288,996</u>

L'ARCHE JACKSONVILLE, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

-continued-

6. INVESTMENTS:(continued):

Fair values of assets measured on a recurring basis at June 30, 2021, are as follows:

	<u>Fair Value</u>	<u>Level 1 Inputs</u>
Equity Securities	\$ 46,566	\$ 46,566
Mutual Funds	<u>173,710</u>	<u>173,710</u>
Total	<u>\$ 220,276</u>	<u>\$ 220,276</u>

The Organization held no assets valued at Level 2 or Level 3 inputs at June 30, 2022 or 2021.

Investments in marketable securities are stated at market value. Realized and unrealized gains and losses are recognized in the Statement of Activities.

Investments are reported at market value at June 30, 2021 and 2020 and are comprised of the following:

For the Year Ending June 30, 2022:

	<u>Cost</u>	<u>Market</u>	<u>Unrealized Appreciation (Depreciation)</u>
Equity Securities	\$ 21,712	\$ 27,457	\$ 5,745
Mutual Funds	<u>282,157</u>	<u>261,539</u>	<u>(20,618)</u>
	<u>\$ 303,869</u>	<u>\$ 288,996</u>	<u>\$ (14,873)</u>

For the Year Ending June 30, 2021:

	<u>Cost</u>	<u>Market</u>	<u>Unrealized Appreciation (Depreciation)</u>
Equity Securities	\$ 31,739	\$ 46,566	\$ 14,827
Mutual Funds	<u>170,978</u>	<u>173,710</u>	<u>2,732</u>
	<u>\$ 202,717</u>	<u>\$ 220,276</u>	<u>\$ 17,559</u>

L'ARCHE JACKSONVILLE, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

-continued-

6. INVESTMENTS:(continued):

Investment income is summarized as follows:

	<u>2022</u>	<u>2021</u>
Dividend income	\$ 5,297	\$ 4,297
Interest income	96	330
Realized gains (losses)	1,920	2,143
Investment management fees	<u>(2,670)</u>	<u>(2,803)</u>
Net Investment Income	<u>\$ 4,643</u>	<u>\$ 3,967</u>

7. CONTRIBUTIONS IN-KIND:

During the current fiscal year L'Arche Jacksonville received in-kind donations of goods and services from many individuals and organizations. The total value of these items was \$15,747.

In-kind donations are measured at their fair value. The Financial Accounting Standards Board (FASB) in its Accounting Standards Codification 820 provides a single definition of fair value and established a three-tier hierarchy which is described below.

Level 1 – In-kind donations for which there are readily available prices in active markets for identical items.

Level 2 – In-kind donations for which there is publicly available information about similar items in inactive markets, such as auction websites.

Level 3 – In-kind donations for which little publicly available information is available, and unobservable inputs may be used to measure fair value.

The in-kind contributions valued above are considered Level 2.

L'ARCHE JACKSONVILLE, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

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8. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Financial assets available for general expenditure without donor restrictions limiting their use within one year of the statement of financial position date consist of the following:

	<u>2022</u>	<u>2021</u>
Cash	\$ 518,545	\$ 226,225
Liquid Investments	<u>288,996</u>	<u>220,276</u>
	807,541	446,501
Less Funds Held with Donor Restrictions	<u>(272,985)</u>	<u>(491,700)</u>
Funds available for use within one year	<u>\$ 534,556</u>	<u>\$ (45,199)</u>

As part of L'Arche's liquidity management, it invests cash in excess of daily requirements in highly liquid short-term investments.

9. PAYCHECK PROTECTION PROGRAM

Established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), the PPP provides for loans to qualifying businesses in amounts up to 2.5 times the business's average monthly payroll expenses. PPP loans and accrued interest are forgivable after a "covered period" (eight or 24 weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities. The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries during the covered period. Any unforgiven portion of a PPP loan is payable over two or five years at an interest rate of 1%, with a deferral of payments for 10 months after then end of the covered period. The organization used their PPP loan proceeds for purposes consistent with the PPP.

The organization was granted a \$238,863 first round loan in the fiscal year 2020 round of loans under the Paycheck Protection Program "PPP" administered by a Small Business Administration (SBA) approved partner. The first-round 2020 loan had \$19,983 repaid and the balance was fully forgiven in 2021.

L'ARCHE JACKSONVILLE, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

-continued-

10. LIFE ESTATE:

Funds were donated in the fiscal year for the purchase of a property by L'Arche Jacksonville, Inc. This property is to be occupied by a specified individual with a below market lease, \$1 per year, for the remainder of his life. Due to the nature of the lease, the care team's workload, and other factors, the lease has not been executed as of the date of these financial statements. The tenant's life expectancy is short; however, there is no specific determination. The property is listed in the fixed assets of the Organization and is set aside as a net asset with donor restrictions. The insurance on the property is maintained L'Arche Jacksonville, Inc., with renters' coverage maintained by the occupants. The property is valued at \$272,969 based on the funds transferred at closing to cover needed improvements and the improvements invoice. We are not able to determine a net present value of the property based on the above factors as is required for life estates.

11. CONTINGENCY:

As with all L'Arche related properties, the Organization completed a mandate and discernment process in the prior year. This process typically happens every 4-5 years and had been delayed, in part, due to the pandemic. The committee for the mandate reviewed the effectiveness of the executive director by interviewing core members, staff and board members. If the mandate requires skills the current director does not possess, the Organization will begin the process of a national search for the executive director with the correct skill set. To minimize organizational and fundraising disruption, the board is reached out to donors about this process and reintroduced the interim leader who became the executive director. The executive director is experienced with this property as the grant writer and as a former executive director.

12. SUBSEQUENT EVENTS:

In preparing these financial statements, L'Arche Jacksonville, Inc. evaluated events and transactions for potential recognition or disclosure through October 20, 2022, the date the financial statements were available to be issued. Material subsequent events that have occurred since June 30, 2022 that would require recognition or disclosure in the financial statements are noted above.