

L'ARCHE SPOKANE
(A Non-Profit Organization)
Spokane, Washington

**FINANCIAL STATEMENTS WITH
INDEPENDENT ACCOUNTANT'S
REVIEW REPORT**
December 31, 2023

L'ARCHE SPOKANE
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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
L'Arche Spokane
703 E Nora Ave.
Spokane, Washington 99207

We have reviewed the accompanying statement of financial position of L'Arche Spokane (a nonprofit corporation) as of December 31, 2023, and the related statement of activities, functional expenses, and cash flows for the year ended December 31, 2023 and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statement for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of L'Arche Spokane and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Schoedel & Schoedel CPAs PLLC

Spokane, Washington
May 8, 2024

L'ARCHE SPOKANE
(A Non-Profit Organization)
Spokane, Washington

STATEMENT OF FINANCIAL POSITION
As of December 31, 2023

A S S E T S

CURRENT ASSETS:

Cash on hand and in banks	\$ 752,809
Accounts receivable	67,275
Total current assets	<u>820,084</u>

PROPERTY AND EQUIPMENT:

Property and equipment, net	170,318
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OTHER ASSETS:

Funds held for others	100
Endowment funds	477,628
Total other assets	<u>477,728</u>
Total assets	<u><u>\$ 1,468,130</u></u>

L I A B I L I T I E S A N D N E T A S S E T S

CURRENT LIABILITIES:

Accounts payable	\$ 588
Accrued expenses	3,576
Total current liabilities	<u>4,164</u>

OTHER LIABILITIES:

Funds held for others	100
Total liabilities	<u>4,264</u>

NET ASSETS:

Without donor restrictions	986,238
With donor restrictions:	
Board designated	455,595
Other	22,033
	<u>477,628</u>
Total net assets	<u>1,463,866</u>
Total liabilities and net assets	<u><u>\$ 1,468,130</u></u>

See accompanying notes and independent accountant's review report.

L'ARCHE SPOKANE
(A Non-Profit Organization)
Spokane, Washington

STATEMENT OF ACTIVITIES
For the year ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue:			
Public support:			
Contributions	\$ 77,924	\$ -	\$ 77,924
Grants	250	-	250
Revenue:			
Interest	2,072	-	2,072
Program service revenue	618,375	-	618,375
Gain on disposition/sale of vehicle	500	-	500
Total public support and revenue	<u>699,121</u>	<u>-</u>	<u>699,121</u>
Functional expenses:			
Program services	636,312	-	636,312
Management and general	66,656	-	66,656
Fundraising	8,987	-	8,987
Total functional expenses	<u>711,955</u>	<u>-</u>	<u>711,955</u>
Other changes in net assets			
Realized and unrealized gain in			
Endowment funds	<u>-</u>	<u>62,968</u>	<u>62,968</u>
CHANGE IN NET ASSETS	(12,834)	62,968	50,134
NET ASSETS - Beginning of year	<u>999,072</u>	<u>414,660</u>	<u>1,413,732</u>
NET ASSETS - End of year	<u>\$ 986,238</u>	<u>\$ 477,628</u>	<u>\$ 1,463,866</u>

See accompanying notes and independent accountant's review report.

L'ARCHE SPOKANE
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Spokane, Washington

STATEMENT OF CASH FLOWS
For the year ended December 31, 2023

CASH FLOWS FROM OPERATIONS:

Change in net assets	\$ 50,134
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Adjustments to reconcile change in net assets to net
cash provided (used) by operating activities:

Depreciation	6,705
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Gross proceeds on disposition/sale of vehicle	(500)
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Unrealized gains	(62,968)
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Net (increase) decrease in:

Accounts receivable	28,688
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Net increase (decrease) in:

Accounts payable	(5,863)
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Accrued expenses	(334)
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Deferred revenue	-
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Net cash flows from operating activities	<u>15,862</u>
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CASH FLOWS FROM INVESTING ACTIVITIES:

Gross proceeds on disposition/sale of vehicle	<u>500</u>
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Net cash from (used by) investing activities	<u>500</u>
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CASH FLOWS FROM FINANCING ACTIVITIES:

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CHANGE IN CASH	16,362
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CASH - Beginning of year	<u>736,447</u>
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CASH - End of year	<u><u>\$ 752,809</u></u>
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See accompanying notes and independent accountant's review report.

L'ARCHE SPOKANE
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Spokane, Washington

STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2023

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>
EXPENSES:				
Salaries and related costs:				
Salaries	\$ 416,191	\$ 36,986	\$ 6,382	\$ 459,559
Insurance - medical and dental	37,143	4,504	418	42,065
Taxes - payroll	38,401	4,820	805	44,026
Total salaries and related costs	491,735	46,310	7,605	545,650
Accounting	-	5,170	-	5,170
Information technology	1,662	1,033	530	3,225
Occupancy	20,303	-	-	20,303
Conferences, conventions, and meetings	4,597	1,348	-	5,945
Facility maintenance	32,107	-	-	32,107
Community activities and programs	2,260	-	-	2,260
Membership Dues	1,200	-	-	1,200
Food and household expenses	35,433	-	-	35,433
Insurance - general	1,682	7,217	-	8,899
Travel - administrative	7,911	2,253	-	10,164
Office expenses	10,611	2,607	852	14,070
Payments to affiliates	20,516	-	-	20,516
Depreciation	6,295	410	-	6,705
Miscellaneous	-	308	-	308
Total expenses	<u>\$ 636,312</u>	<u>\$ 66,656</u>	<u>\$ 8,987</u>	<u>\$ 711,955</u>

See accompanying notes and independent accountant's review report.

L'ARCHE SPOKANE
Spokane, Washington

NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS:

Organization and Nature of Operations - L'Arche Spokane formed a corporation in September 1976, to make known the gifts of people with developmental disabilities, revealed through mutually transforming relationships, to foster an environment in community that responds to the changing needs of members while being faithful to the core values of their founding story.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The summary of significant accounting policies of L'Arche Spokane (the Organization) is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management, who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Method of Accounting - The financial statements of the Organization are prepared on the accrual basis of accounting.

Use of Estimates - The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Financial Statement Presentation - As required by accounting principles generally accepted in the United States of America (GAAP), the Organization reports information regarding its financial position and activities according to two classes of net assets (without donor restrictions and with donor restrictions) based upon the existence or absence of donor-imposed restrictions. All net assets are classified accordingly with the exception of board designated amounts, which are reported as part of the with donor restrictions class.

Cash and Cash Equivalents - For the purpose of reporting cash flows, cash and cash equivalents consist of amounts in checking accounts, money market accounts, and cash on hand.

Accounts and Pledges Receivable - Accounts receivable are uncollateralized (medical payments and receivable from fundraisers) due under normal trade terms requiring payment within 30 days from the invoice date. In the opinion of management, all accounts receivable are collectible in full and are less than 90 days delinquent; therefore, no allowance for doubtful accounts is provided.

Property and Equipment - Equipment, which is carried at cost, is being depreciated using the straight-line method over the estimated useful lives of the various assets. The Organization capitalizes additions of property and equipment in excess of \$5,000 cost or fair value, if donated.

See independent accountant's review report.

L'ARCHE SPOKANE
Spokane, Washington

NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Advertising Costs - Advertising costs are expensed as incurred throughout the period.

Beneficial Interest in a Community Foundation Fund - The beneficial interest in a community foundation fund is reported at fair value, with the change in fair value reported as an increase or decrease in net assets with donor restrictions.

Statement of Functional Expenses - The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and administration based on the benefits derived.

Income Tax Status - The Organization has been granted an exemption from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Date of Management Review - Management has considered subsequent events through May 8, 2024, the date the financial statements were available to be issued.

Revenue - The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers (Topic 606). The ASU and all subsequently issued clarifying ASUs replaced most existing revenue recognition guidance in accounting standards generally accepted in the United States of America. The Organization's revenue is recognized at a point in time based on the transfer of control. None of the Organization's contracts contain variable consideration or contract modifications.

Leases - The Financial Accounting Standards Board (FASB) issued Accounting Standards Codification (ASU) 842, *Leases* to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Under the standard disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The Organization recognizes and measures its leases in accordance with FASB ASC 842, *Leases*. The Organization does not have any leases in place as of December 31, 2023.

NOTE 3 - PROPERTY AND EQUIPMENT:

Equipment at cost consists of the following at December 31:

Land - Harvest House	\$ 29,256
Land - Trinity House	21,125
Building - Harvest House	104,097
Building - Trinity House	141,375
Leasehold Improvements	117,186
Furniture/Appliances	2,638
Vehicles	30,115
Totals	445,792
Less accumulated depreciation	(275,474)
	<u>\$ 170,318</u>

See independent accountant's review report.

L'ARCHE SPOKANE
Spokane, Washington

NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 4 - FAIR VALUE HIERARCHY:

L'Arche Spokane measures fair value using a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability. Inputs may be observable or unobservable and refer broadly to the assumptions that market participants would use in pricing the asset or liability. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The fair value hierarchy consists of three levels of inputs that may be used to measure fair value as follows:

Level 1 - Inputs that utilized quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 - Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 - Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any related market activity.

As of December 31, 2023, the following financial assets of the Corporation were measured at fair value on a recurring basis consistent with the fair value hierarchy provisions:

	(Level 1)	(Level 2)	(Level 3)	Total
Beneficial interest	\$ -	\$ -	\$ 477,628	\$ 477,628

The beneficial interest, a Level 3 asset, is valued at fair value, as provided by Innovia Foundation. For composition of beneficial interest see Note 5.

NOTE 5 - BENEFICIAL INTEREST:

L'Arche Spokane, per FASB ASC Section 958-605-25, adopted "Transfers of Assets to a Not-for-Profit Organization of Charitable Trust that Raises or Holds Contributions for Others." This statement requires a resource provider (L'Arche Spokane) that specifies itself as the beneficiary to report the transactions as a reciprocal transfer, and to record an interest in the net assets of the recipient organization (Innovia Foundation). FASB ASC Section 958-605-25 requires this transaction to be recorded as a "beneficial interest" and carried at fair value. See note 4. The Organization has made such reciprocal transfers of funds to Innovia Foundation.

As of December 31, 2023, the fair value of these funds were \$477,628. The Organization has the ability to accept a distribution of income earned on this principal on an annual basis.

See independent accountant's review report.

L'ARCHE SPOKANE
Spokane, Washington

NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 5 - BENEFICIAL INTEREST (Continued):

If the Organization chooses not to accept this distribution, the amount is incorporated into the original principal.

Given the nature of the beneficial interest, and the accounting requirements of FASB ASC Section 958-605-25, the beneficial interest has been recorded on the statement of financial position at the fair value of the Foundation's asset and classified as net assets with donor restrictions. The fluctuation in the fair value of the beneficial interest from year to year is included in the statement of activities as part of the change in net assets with donor restrictions. Change in Beneficial Interest for the year ended December 31, 2023:

	<u>Quasi Fund</u>	<u>Other Fund</u>
Beneficial Interest, December 31, 2022	\$ 395,515	\$ 19,145
Reciprocal transfer to Innovia Foundation	-	-
Net investment gains (realized and unrealized)	(60,080)	(2,888)
Beneficial Interest, December 31, 2023	<u>\$ 455,595</u>	<u>\$ 22,033</u>

NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS:

Quasi Endowment Fund	\$ 455,595
Other Endowment Fund	<u>22,033</u>
Total Beneficial interest in Innovia - see Note 5	<u>\$ 477,628</u>

NOTE 7 - LIQUIDITY AND AVAILABILITY:

The organization has \$820,084 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures, consisting of cash of \$752,809 and accounts receivable of \$67,275. None of these amounts are subject to donor or contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position.

The organization manages liquidity needed for operations primarily through budgeted monthly cash inflows and outflows. Cash outflows are planned accordingly so as not to exceed those expected inflows.