PROJECT LAZARUS
AUDITED FINANCIAL STATEMENTS AND SCHEDULES
FOR THE YEARS ENDED
June 30, 2021 and 2020

PROJECT LAZARUS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Project Lazarus

Report on the Financial Statements

We have audited the accompanying financial statements of Project Lazarus (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities and changes in net assets, functional expenses, and cash flows 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 opinions on these financial statements based on our audits. We conducted our audits 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. 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 auditor considers 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 opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Project Lazarus as of June 30, 2021 and 2020, 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.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of compensation, reimbursements, benefits, and other payments to agency head is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of compensation, reimbursements, benefits, and other payments to agency head is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2021, on our consideration of Project Lazarus's internal control 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Project Lazarus's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Project Lazarus's internal control over financial reporting and compliance.

Kushner LaGraize, L.L.C.

Metairie, Louisiana
December 20, 2021

PROJECT LAZARUS

STATEMENTS OF FINANCIAL POSITION

June 30, 2021 and 2020

ASSETS

	2021	2020
CURRENT ASSETS		
Cash and cash equivalents	$ 1,895,896	$ 2,025,919
Grants receivable	274,988	207,209
Other	904	817
Total Current Assets	2,171,788	2,233,945
Property and equipment, net	406,868	415,283
Investments – securities at fair value	465,969	372,571
Art collection prints	4,000	4,000
Total Assets	$ 3,048,625	$ 3,025,799

See Notes to Financial Statements.

PROJECT LAZARUS

STATEMENTS OF FINANCIAL POSITION - CONTINUED

June 30, 2021 and 2020

LIABILITIES AND NET ASSETS

	2021	2020
CURRENT LIABILITIES		
Accounts payable	$ 21,167	$ 6,940
Accrued expenses	37,928	37,257
Paycheck Protection Program Loan – current	66,428	-
Due to residents	-	177
Total Current Liabilities	125,523	44,374
LONG-TERM LIABILITIES		
Paycheck Protection Program Loan – long term	69,952	136,380
Total Long-term Liabilities	69,952	136,380
Total Liabilities	195,475	180,754
NET ASSETS		
Net assets without donor restrictions	2,788,874	2,776,018
Net assets with donor restrictions	64,276	69,027
Total Net Assets	2,853,150	2,845,045
Total Liabilities and Net Assets	$ 3,048,625	$ 3,025,799

PROJECT LAZARUS

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Grants and contracts	$ 588,387	$ 37,453	$ 625,840
Contributions	469,692	-	469,692
Fundraising	88,350	-	88,350
Program income	7,896	-	7,896
Other support and revenue	3,440	-	3,440
Dividends and interest	24,099	-	24,099
Realized and unrealized gain on investments, net	87,594	-	87,594
Net assets released from restrictions	42,204	(42,204)	-
Total revenues and other support	1,311,662	(4,751)	1,306,911
EXPENSES			
Program services	850,970	-	850,970
Management and general	424,618	-	424,618
Fundraising	23,218	-	23,218
Total expenses	1,298,806	-	1,298,806
CHANGE IN NET ASSETS	12,856	(4,751)	8,105
Net assets, beginning of year	2,776,018	69,027	2,845,045
Net assets, end of year	$ 2,788,874	$ 64,276	$ 2,853,150

PROJECT LAZARUS

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Grants and contracts	$ 482,684	$ 64,000	$ 546,684
Contributions	759,663	-	759,663
Fundraising	120,191	-	120,191
Program income	16,318	-	16,318
Other support and revenue	4,904	-	4,904
Dividends and interest	28,484	-	28,484
Realized and unrealized loss on investments, net	(1,192)	-	(1,192)
Net assets released from restrictions	34,874	(34,874)	-
Total revenues and other support	1,445,926	29,126	1,475,052
EXPENSES			
Program services	955,398	-	955,398
Management and general	466,895	-	466,895
Fundraising	13,597	-	13,597
Total expenses	1,435,890	-	1,435,890
CHANGE IN NET ASSETS	10,036	29,126	39,162
Net assets, beginning of year	2,765,982	39,901	2,805,883
Net assets, end of year	$ 2,776,018	$ 69,027	$ 2,845,045

PROJECT LAZARUS

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2021

	Program Services	Management and General	Fundraising	Total
COMPENSATION AND RELATED EXPENSES				
Compensation	$ 319,695	$ 197,251	$ -	$ 516,946
Employee benefits	44,989	16,948	-	61,937
Payroll taxes	27,058	19,418	-	46,476
Total compensation and related expenses	391,742	233,617	-	625,359
OTHER EXPENSES				
Occupancy	210,794	70,264	-	281,058
Maintenance	13,423	2,372	-	15,795
Supplies (food)	44,708	-	-	44,708
Insurance	42,868	26,729	-	69,597
Depreciation	40,947	7,237	-	48,184
Utilities	37,255	14,001	-	51,256
Travel stipend	220	-	-	220
Substance abuse program	4,238	-	-	4,238
Furniture & equipment	4,251	530	-	4,781
Professional	-	45,173	-	45,173
Annual dinner	-	-	589	589
Miscellaneous expense	25,215	11,750	21,236	58,201
Supplies (office)	2,452	2,898	-	5,350
Supplies (janitorial)	7,035	-	-	7,035
Telephone and internet	6,961	4,377	-	11,338
Employee expenses	2,756	2,577	-	5,333
Postage & printing	-	578	-	578
Building supplies	432	-	-	432
Transportation	3,388	-	-	3,388
Supplies (medical)	7,473	-	-	7,473
Pest control	2,478	-	-	2,478
Equipment rental	-	999	-	999
Gifts	261	591	-	852
Security	2,073	-	-	2,073
Bank charges	-	925	-	925
Appeal letter	-	-	1,393	1,393
Total expenses	$ 850,970	$ 424,618	$ 23,218	$ 1,298,806

See Notes to Financial Statements.

PROJECT LAZARUS

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2020

	Program Services	Management and General	Fundraising	Total
COMPENSATION AND RELATED EXPENSES				
Compensation	$ 364,150	$ 216,545	$ -	$ 580,695
Employee benefits	42,247	50,420	-	92,667
Payroll taxes	26,790	19,810	-	46,600
Total compensation and related expenses	433,187	286,775	-	719,962
OTHER EXPENSES				
Occupancy	210,794	70,264	-	281,058
Maintenance	32,801	5,798	-	38,599
Supplies (food)	60,153	-	-	60,153
Insurance	44,263	11,396	-	55,659
Depreciation	42,957	7,593	-	50,550
Utilities	45,080	8,603	-	53,683
Travel stipend	275	-	-	275
Substance abuse program	17,594	-	-	17,594
Furniture & equipment	3,754	7,493	-	11,247
Professional	-	44,640	-	44,640
Annual dinner	-	-	2,027	2,027
Miscellaneous expense	22,802	13,692	9,811	46,305
Supplies (office)	6,087	2,749	-	8,836
Supplies (janitorial)	7,842	-	-	7,842
Telephone and internet	6,422	2,923	-	9,345
Employee expenses	2,836	1,091	-	3,927
Wellness	4,600	-	-	4,600
Postage & printing	-	1,432	-	1,432
Building supplies	1,815	-	-	1,815
Advertising	-	930	-	930
Transportation	4,310	-	-	4,310
Supplies (medical)	456	-	-	456
Pest control	2,466	-	-	2,466
Equipment rental	-	1,022	-	1,022
Donated services	4,904	-	-	4,904
Gifts	-	53	-	53
Bank charges	-	441	-	441
Appeal letter	-	-	1,759	1,759
Total expenses	$ 955,398	$ 466,895	$ 13,597	$ 1,435,890

PROJECT LAZARUS

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 8,105	$ 39,162
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	48,184	50,550
Changes in operating assets and liabilities:		
Grants receivable	(67,779)	13,792
Other assets	(87)	-
Accounts payable	14,227	5,302
Accrued expenses	671	(2,150)
Due to residents	(177)	(105)
NET CASH PROVIDED BY OPERATING ACTIVITIES	3,144	106,551
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of leasehold improvements	(39,769)	-
Realized and unrealized (gain) loss on investments	(87,594)	1,192
Purchases of investments, net of sales	(5,804)	(7,366)
NET CASH USED IN INVESTING ACTIVITIES	(133,167)	(6,174)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program Loan	-	136,380
NET CASH PROVIDED BY FINANCING ACTIVITIES	-	136,380
NET CHANGE IN CASH AND CASH EQUIVALENTS	(130,023)	236,757
BEGINNING CASH AND CASH EQUIVALENTS	2,025,919	1,789,162
ENDING CASH AND CASH EQUIVALENTS	$ 1,895,896	$ 2,025,919

SUPPLEMENTAL CASH FLOW INFORMATION

Cash paid for interest during the years ended June 30, 2021 and 2020 was $0.

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The mission of Project Lazarus is to help, heal, and empower people living with HIV/AIDS by focusing on wellness, providing housing and offering important support services. Project Lazarus was formed in 1985 by members of the clergy and lay people in response to the alarming number of young men who were dying of AIDS and had nowhere to live their last days. The Organization was incorporated on January 28, 1988 as a Louisiana corporation. While being a program of the Archdiocese of New Orleans, Project Lazarus maintains its own tax-exempt nonprofit status and has served over 1,000 people in its history. Project Lazarus is the oldest and largest residential facility that provides assisted living to people with HIV/AIDS in the New Orleans Metropolitan Area. The agency, through its history, has acquired significant experience in the provision of housing and supportive services that equip people living with HIV/AIDS with the skills necessary to live a high-quality life and take advantage of the medical treatments available to significantly extend their longevity.

While the Organization's focus for many years was to provide a place for people with HIV/AIDS to die with dignity, Project Lazarus has evolved to keep track of the advances in medical treatment. This evolution is reflected in the increased number of services used to teach individuals how to live "in the positive." To meet the changing needs of the community and to empower participants to live healthy and independent lives, the Project Lazarus clinical program provides transitional housing and supportive services which include case management, medical case management and medication adherence, outpatient substance abuse treatment, individual and group therapies, pastoral counseling, and wellness/life-skills education. Other services include, but are not limited to, 24-hour assistance, nutritious meals, employment readiness training, and referrals.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities. Grants are recognized as revenues when the conditions of the grant are considered to have been met. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation.

NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation

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

> ***Net assets without donor restrictions:*** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the Board of Directors. All donations and contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

> ***Net assets with donor restrictions:*** Net assets subject to stipulations imposed by donors and grantors. Donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. There are no perpetual donor restrictions.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the Statements of Activities and Changes in Net Assets in the reporting period in which the revenue is recognized.

In addition, the Organization is required to present a Statement of Cash Flows.

Donated Services

Donated services are reflected as "Other Support and Revenue" in the Statements of Activities and Changes in Net Assets at their estimated fair values at the date of receipt. Donated services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The Organization receives donated pastoral counseling and other services. The amounts reflected in the Statements of Activities and Changes in Net Assets are offset by like amounts included in program services expenses as "Donated services". The estimated value of these donated services and the corresponding expenses for the years ended June 30, 2021 and 2020 was $0 and $4,904, respectively. In addition, a number of volunteers have donated over 315 and 1,897 hours to Project Lazarus's program and support services for the years ended June 30, 2021 and 2020, respectively. These donations are not reflected in the financial statements since these services do not meet the criteria for recognition.

NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses

Expenses are charged to each program based on direct expenditures incurred. Any program expenditures not directly chargeable are allocated between program services, management and general, and fundraising expenses based on acceptable unit allocation techniques, such as relative cost proportionality and facility/space usage statistics. The expenses that are allocated include the following:

Expenses	Method of Allocation
Compensation, payroll taxes, employee benefits	Time and effort
Occupancy	Square footage
Insurance	Square footage
Telephone and internet	Square footage
Depreciation and maintenance	Square footage
Utilities	Square footage

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, Project Lazarus considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. Cash equivalents at June 30, 2021 and 2020 include funds on deposit in a pooled cash account at the Archdiocese of New Orleans in the amount of $1,418,801 and $1,400,511, respectively, which is not insured by the FDIC.

Grants Receivable

Grants receivable are comprised primarily of reimbursements from state and local governmental units. Due to reimbursements being due from state and local governmental units with minimal risks of nonpayment, all amounts due are generally considered collectible at June 30, 2021 and 2020. Bad debt expense for the years ended June 30, 2021 and 2020 was $0.

Property and Equipment

Property and equipment are recorded at cost. Project Lazarus capitalizes all expenditures for leasehold improvements and equipment in excess of $5,000; the fair value of donated assets is similarly capitalized.

Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis upon the following estimated useful lives: furniture and equipment – 5 years and vehicles – 5 years. Leasehold improvements are amortized over the shorter of the life of the improvement (20 years) or the remaining term of the related lease. The lease ends October 31, 2029. (See NOTE 8).

NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Organization operates as a non-profit corporation pursuant to Section 501(c)(3) of the Internal Revenue Code. As such, the Organization is subject to income tax only on unrelated business taxable income. Accounting standards provide detailed guidance for financial statement recognition, measurement, and disclosure of uncertain tax positions recognized in an entity's financial statements. It requires an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will not be sustained on examination. As of June 30, 2021, management of the Organization believes that it has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. Tax years ended June 30, 2018 and later remain subject to examination by the taxing authorities. The June 30, 2021 return has not been filed as of the date of the Independent Auditors' Report.

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 amount of 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. Project Lazarus's estimates include those regarding the fair value of donated materials and services.

Concentrations

Project Lazarus participates in a number of state and federal grant programs, which are governed by various rules and regulations. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that Project Lazarus has not complied with the rules and regulations governing the grants, refunds of any money received and the collectability of any related receivables as of June 30, 2021 and 2020 might be impaired. In management's opinion, there are no significant contingent liabilities relating to compliance with the rules and regulations governing state and federal grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies. Audits of prior years have not resulted in any significant disallowed costs for refunds. Any costs that would be disallowed would be recognized in the period agreed upon by the grantor agency and Project Lazarus.

Government grants represent approximately 44% and 32% of Project Lazarus's total revenue and other support for the years ended June 30, 2021 and 2020, respectively.

Project Lazarus maintains its cash in bank accounts, which at times may exceed federally insured limits. At June 30, 2021 and 2020 the total bank balances exceeding federal depository insurance limits were $1,655,345 and $1,779,840, respectively.

NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Investments in securities with readily determinable fair values are recorded at fair value with gains and losses included in the Statements of Activities and Changes in Net Assets.

Fair Value of Financial Instruments

Fair value estimates, methods and assumptions for the Organization's financial instruments are that the carrying amounts reported in the Statements of Financial Position are a reasonable estimate of fair value for the years ended June 30, 2021 and 2020.

Liquidity

Assets are presented in the accompanying Statements of Financial Position according to their nearness of conversion to cash and liabilities according to the nearness of their maturity and resulting use of cash.

Revenue Recognition – Contributions and Grants

A substantial amount of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Contributions are reported as increases in net assets with donor restrictions or net assets without donor restrictions depending on the existence and/or nature of any donor-imposed restrictions.

New Accounting Pronouncements

During the year ended June 30, 2020, the Organization adopted Accounting Standards Update (ASU) No. 2018-08 Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605). There was no impact to revenue or net assets related to the implementation of ASU 2018-08.

During the year ended June 30, 2021, the Organization adopted Accounting Standards Update (ASU) No. 2014-09. Revenue from Contracts with Customers (Topic 606), or ASU 606. ASU 606 provides guidance outlining a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers that supersedes most current revenue recognition guidance. This guidance requires the Organization to recognize revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Additionally, the new guidance requires enhanced disclosures. The new guidance may be applied retrospectively to each prior period presented or retrospectively with the cumulative effect recognized as of the date of adoption. There was no impact to revenue or net assets related to the implementation of ASU 2014-09.

NOTE 2 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2021 and 2020:

	2021	2020
Leasehold improvements	$ 2,081,131	$ 2,041,362
Furniture and equipment	183,267	183,267
Vehicles	58,584	58,584
	2,322,982	2,283,213
Less accumulated depreciation	(1,916,114)	(1,867,930)
	$ 406,868	$ 415,283

NOTE 3 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were $64,276 and $69,027 at June 30, 2021 and 2020, respectively. The funds are restricted for program services, facility improvements, and the Organization's Wellness University. There were no permanent restrictions on net assets at June 30, 2021 or 2020. Net assets released from restrictions during the years ended June 30, 2021 and 2020 amounted to $42,204 and $34,874, respectively.

NOTE 4 – INVESTMENTS

Investments totaling $465,969 and $372,571 at June 30, 2021 and 2020, respectively, are stated at fair value. Ownership units with a fair value of $246,873 and $197,320 at June 30, 2021 and 2020, respectively, are held by the Greater New Orleans Foundation for the benefit of the Organization. Ownership units with a fair value of $219,096 and $175,251 at June 30, 2021 and 2020, respectively, are held in the Archdiocesan investment pool at the Catholic Foundation for the benefit of the Organization. Realized and unrealized gains (losses) on investments are reported net of related investment expenses in the Statements of Activities and Changes in Net Assets. Realized and unrealized gain (loss), net consisted of the following at June 30, 2021 and 2020:

	2021	2020
Realized and unrealized gain on investments	$ 91,091	$ 1,822
Investment expenses	(3,497)	(3,014)
Realized and unrealized gain (loss) on investments, net	$ 87,594	$ (1,192)

NOTE 5 – FAIR VALUE MEASUREMENTS

Under Financial Accounting Standards Board regulations, investments in marketable securities with readily determinable fair values and all investments in debt securities are stated at fair value in the Statements of Financial Position. Unrealized gains and losses are included in the change in net assets in the Statements of Activities and Changes in Net Assets. Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

NOTE 5 – FAIR VALUE MEASUREMENTS (Continued)

Financial Accounting Standards Board regulations establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

> _Level 1_ – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.
>
> _Level 2_ – Inputs to the valuation methodology include:
> - Quoted prices for similar assets or liabilities in active markets;
> - Quoted prices for identical or similar assets or liabilities in inactive markets;
> - Inputs other than quoted prices that are observable for the assets or liabilities;
> - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
>
> If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.
>
> _Level 3_ – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The Organization's investments were measured using Level 2 inputs, on a recurring basis, at June 30, 2021 and 2020.

NOTE 6 – FUNDRAISING EXPENSE

Total fundraising expenses for the years ended June 30, 2021 and 2020 were $23,218 and $13,597, respectively, which represented 26% and 11% of annual fundraising revenue for those years, respectively. The ratio of expenses to amounts raised is computed using actual expenses and related contributions on an accrual basis.

NOTE 7 – EMPLOYEE RETIREMENT PLANS

The Organization offers a 401(k) retirement plan to its employees. Employees electing to participate in the plan are required to contribute a minimum of 3% of their salaries, and may elect to contribute up to a 75% maximum. The plan requires the Organization to contribute 3.5% of the participants' salaries. The retirement plan expense also includes an additional 2% contribution by the Organization to the Employee Benefit Plan to cover administrative costs and employee benefit costs including life insurance, disability insurance and other benefits. Any remaining funds from the additional 2% contribution may be used as a discretionary employer contribution to the plan. The plan administrator is the Archdiocese of New Orleans. The plan trustee is Voya. The Organization contributed $22,998 (retirement $14,515, benefits $8,483) and $26,046 (retirement $16,592, benefits $9,454) for the years ended June 30, 2021 and 2020, respectively.

NOTE 8 – RELATED PARTY TRANSACTIONS

Project Lazarus occupies five buildings owned by the Archdiocese of New Orleans. The building lease agreement was made in consideration of the activities being conducted on the leased premises, their benefit to the general public and persons afflicted with AIDS. The estimated fair market value of the lease is $281,058 annually. This benefit to Project Lazarus is recorded as "Occupancy" expense and corresponding "Contributions" revenue in the Statements of Activities and Changes in Net Assets. The current building lease agreement exists through October 31, 2029.

The Archdiocese of New Orleans, through the operations of its Administrative Offices, serves as a conduit in providing insurance coverage to Project Lazarus. The Administrative Office assesses premiums to Project Lazarus based on relevant factors for each type of coverage. The Organization paid the Archdiocese $76,257 and $60,703 for general liability, property coverage, workman's compensation, and vehicle insurances for the years ended June 30, 2021 and 2020, respectively.

In the normal course of operations, the Archdiocese will make available to Project Lazarus specific assistance in the form of internet services The Organization does not pay the Archdiocese of New Orleans for internet services secured on its behalf.

NOTE 9 – ARCHDIOCESE OF NEW ORLEANS - REORGANIZATION

On May 1, 2020 the Archdiocese filed for reorganization under Chapter 11 of the Bankruptcy Code. The filing was precipitated by recurring historical operating losses and pressured operating cash flows for several years further compounded by financial challenges arising from COVID-19 restrictions, which began in March 2020 and efforts to bring to an equitable resolution to litigation stemming from alleged decades-old incidents of clergy abuse. Project Lazarus is a separately incorporated 501(c)(3) and not a part of the debtor entity, as defined by the United States Bankruptcy Court pursuant to the Chapter 11 filing. Management is not able to estimate the impact, if any, that the Chapter 11 filing will have on its financial statements. However, management does not believe that Project Lazarus will experience any restrictions on encumbrances of its deposits with the Archdiocese or investments which have been pooled with the Archdiocese for centralized management in a fiduciary capacity.

NOTE 10 – ECONOMIC DEPENDENCY

Project Lazarus receives a significant amount of its revenue from government grants that are passed through the City of New Orleans. The grant amounts are appropriated each year by the federal and state governments. If significant budget cuts are made at the federal and/or state level, the amount of funds Project Lazarus receives could be reduced significantly, and that would have an adverse impact on its operations.

NOTE 11 – LIQUIDITY AND AVAILABILITY OF RESOURCES

As of June 30, 2021 and 2020, the Organization had a working capital surplus of $2,046,265 and $2,189,571, respectively.

Financial assets available for general expenditures within one year as of June 30, 2021 and 2020, consist of the following:

	2021	2020
Cash and cash equivalents	$ 1,895,896	$ 2,025,919
Grants receivable	274,988	207,209
Other	904	817
Investments – securities at fair value	465,969	372,571
Total Financial Assets	2,637,757	2,606,516
Less amounts not available to be used within one year:		
Other	904	817
Net assets with donor restrictions	64,276	69,027
Financial assets not available to be used within one year	65,180	69,844
Financial assets available to meet cash needs for general expenditures within one year	$ 2,572,577	$ 2,536,672

Other assets have been deemed to not likely be converted into cash within one year, and therefore, are not available to be used to satisfy general expenditures in the following year. Should the Organization have excess cash, the Organization would invest such cash into short-term investments.

NOTE 12 – COVID-19

During March 2020, the World Health Organization declared the novel coronavirus (COVID-19) outbreak a public health emergency. There have been mandates from international, federal, state, and local authorities requiring forced closures of various schools, businesses, and other facilities and organizations. This situation could negatively impact the Organization's operations. While the closures and limitations of movement, domestically and internationally, are expected to be temporary, the duration of the disruption, and related financial impact, cannot be estimated at this time. Should the closures continue for an extended period of time or should the effects of COVID-19 continue to spread, the impact could have a material adverse effect on the Organization's financial position, results of operations, or cash flows.

NOTE 13 – PAYCHECK PROTECTION PROGRAM LOAN

On May 4, 2020, the Organization received loan proceeds in the amount of $136,380 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business.

NOTE 13 – PAYCHECK PROTECTION PROGRAM LOAN - Continued

The loans and accrued interest are forgivable after eight weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels.

On June 4, 2020, the Paycheck Program Flexibility Act of 2020 was passed which among other things: extended the forgiveness period from eight weeks to the earlier of twenty-four weeks from the earlier of the origination date of the loan or December 31, 2020 and requires only 60% of forgivable expenses to be used towards payroll costs, as opposed to 75%.

The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the eight-week period. The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, payable monthly commencing on October 6, 2021.

Due to unexpected circumstances, the Organization failed to file for forgiveness within the specified timeframe. Management is continuing to work with PPP personnel to file for forgiveness. While the Organization currently believes that its use of the loan proceeds has met the conditions for forgiveness of the loan, it cannot be assured that the Organization will be eligible for forgiveness of the loan, in whole or in part; therefore, the loan is presented as debt in the Statements of Financial Position. Additionally, subsequent to year end, the Organization began making payments on the loan.

NOTE 14 – FUTURE PRINCIPAL PAYMENT OBLIGATIONS

Future principal payment obligations for the Paycheck Protection Program loan, if not forgiven, for the years subsequent to June 30, 2021 are as follows:

Year Ending June 30,	
2022	$ 66,428
2023	69,952
	$ 136,380

NOTE 15 – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through the date the financial statements were available to be issued, which corresponds with the date of the independent auditors' report. Subsequent to year end, Hurricane Ida made landfall, causing damage to several buildings used by the Organization and disrupted operations for several weeks. No other material subsequent events have occurred since June 30, 2021, that require recognition or disclosure in the financial statements.

SUPPLEMENTAL INFORMATION

KUSHNER
LAGRAIZE, LLC
CPAs & CONSULTANTS

INDEPENDENT AUDITORS' 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*

The Board of Directors of Project Lazarus
New Orleans, Louisiana

We have audited, in accordance with the 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 Project Lazarus (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities and changes in net assets, 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 December 20, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Project Lazarus's internal control over financial reporting (internal control) as a basis for designing audit 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 Project Lazarus's internal control. Accordingly, we do not express an opinion on the effectiveness of Project Lazarus'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 the 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Project Lazarus'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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kushner LaGraize, L.L.C.

Metairie, Louisiana
December 20, 2021

PROJECT LAZARUS

SCHEDULE OF FINDINGS

Year Ended June 30, 2021

1. SUMMARY OF AUDITORS' RESULTS

   a. The type of report issued on the financial statements: Unmodified opinion.

   b. Significant deficiencies in internal controls were disclosed by the audit of the financial statements: None reported. Material weaknesses: None.

   c. Noncompliance which is material to the financial statements: None.

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS:

   None.

PROJECT LAZARUS
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

SECTION I – FINDINGS RELATED TO THE FINANCIAL STATEMENTS

None.

SECTION II – FINDINGS RELATED TO THE FEDERAL AWARDS

None.

PROJECT LAZARUS

SCHEDULE OF COMPENSATION, REIMBURSEMENTS,
BENEFITS AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED JUNE 30, 2021

Agency Heads: Steve Rivera, Executive Director (through January 2021)
Red Chu, Interim Executive Director (January through May 2021)
Susanne B. Dietzel, Ph.D., Executive Director (May 17, 2021 – present)

Total	$ 0