

**PROJECT LAZARUS**  
**AUDITED FINANCIAL STATEMENTS**  
**AND SCHEDULES**  
FOR THE YEARS ENDED  
*June 30, 2025 and 2024*

**PROJECT LAZARUS**  
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*June 30, 2025 and 2024*

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Project Lazarus

### Report on the Audit of the Financial Statements

#### **Opinions**

We have audited the accompanying financial statements of Project Lazarus (the Organization), which comprise the statements of financial position as of June 30, 2025 and 2024, 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.

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, 2025 and 2024, 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 Opinions**

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Project Lazarus 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 opinions.

#### **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 Project Lazarus's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### ***Auditors' 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 auditors' 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 and *Government 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 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 and *Government 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 Project Lazarus'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 Project Lazarus'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.

### ***Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the 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 audits 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 supplementary information 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 23, 2025 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 23, 2025

**PROJECT LAZARUS**  
**STATEMENTS OF FINANCIAL POSITION**  
*June 30, 2025 and 2024*

**ASSETS**

	2025	2024
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,380,696	\$ 1,621,076
Grants receivable	263,823	213,342
Related party receivable	75	-
Funds held by others	328,333	-
Other	10,602	8,916
Total Current Assets	1,983,529	1,843,334
Property and equipment, net	656,682	645,614
Investments – securities at fair value	546,462	490,600
Art collection prints	4,000	4,000
Total Assets	\$ 3,190,673	\$ 2,983,548

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 8,878	\$ 17,638
Related party payable	350,000	-
Accrued expenses	59,674	40,541
Total Current Liabilities	418,552	58,179
<b>NET ASSETS</b>		
Net assets without donor restrictions	2,759,890	2,922,353
Net assets with donor restrictions	12,231	3,016
Total Net Assets	2,772,121	2,925,369
Total Liabilities and Net Assets	\$ 3,190,673	\$ 2,983,548

**PROJECT LAZARUS**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
*Year Ended June 30, 2025*

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUES AND OTHER SUPPORT</b>			
Grants and contracts	\$ 1,017,425	\$ 76,800	\$ 1,094,225
Contributions of cash and other financial assets	64,965	-	64,965
Contributions of non-financial assets	281,058	-	281,058
Fundraising income	139,691	-	139,691
Program income	14,176	-	14,176
Dividends and interest	56,913	-	56,913
Realized and unrealized gain on investments, net	46,591	-	46,591
Net assets released from restrictions	<u>67,585</u>	<u>(67,585)</u>	<u>-</u>
 Total revenues and other support	 1,688,404	 9,215	 1,697,619
 <b>EXPENSES</b>			
Program services	1,033,361	-	1,033,361
Management and general	622,235	-	622,235
Fundraising	<u>195,271</u>	<u>-</u>	<u>195,271</u>
 Total expenses	 <u>1,850,867</u>	 <u>-</u>	 <u>1,850,867</u>
 <b>CHANGE IN NET ASSETS</b>	 (162,463)	 9,215	 (153,248)
 Net assets, beginning of year	 <u>2,922,353</u>	 <u>3,016</u>	 <u>2,925,369</u>
 Net assets, end of year	 <u>\$ 2,759,890</u>	 <u>\$ 12,231</u>	 <u>\$ 2,772,121</u>

**PROJECT LAZARUS**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
*Year Ended June 30, 2024*

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUES AND OTHER SUPPORT</b>			
Grants and contracts	\$ 642,769	\$ 27,000	\$ 669,769
Contributions of cash and other financial assets	90,490	-	90,490
Contributions of non-financial assets	281,058	-	281,058
Fundraising income	159,149	-	159,149
Program income	19,580	-	19,580
Dividends and interest	52,565	-	52,565
Realized and unrealized gain on investments, net	40,268	-	40,268
Net assets released from restrictions	<u>33,984</u>	<u>(33,984)</u>	<u>-</u>
 Total revenues and other support	 1,319,863	 (6,984)	 1,312,879
<b>EXPENSES</b>			
Program services	975,519	-	975,519
Management and general	239,314	-	239,314
Fundraising	<u>181,951</u>	<u>-</u>	<u>181,951</u>
 Total expenses	 <u>1,396,784</u>	 <u>-</u>	 <u>1,396,784</u>
 <b>CHANGE IN NET ASSETS</b>	 (76,921)	 (6,984)	 (83,905)
 Net assets, beginning of year	 <u>2,999,274</u>	 <u>10,000</u>	 <u>3,009,274</u>
 Net assets, end of year	 <u>\$ 2,922,353</u>	 <u>\$ 3,016</u>	 <u>\$ 2,925,369</u>

**PROJECT LAZARUS**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year Ended June 30, 2025

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
<b>COMPENSATION AND RELATED EXPENSES</b>				
Compensation	\$ 420,686	\$ 89,845	\$ 57,452	\$ 567,983
Employee benefits	39,150	26,944	7,998	74,092
Payroll taxes	<u>34,517</u>	<u>5,536</u>	<u>4,809</u>	<u>44,862</u>
 Total compensation and related expenses	 494,353	 122,325	 70,259	 686,937
<b>OTHER EXPENSES</b>				
Accounting, auditing, payroll fees	7,858	39,591	655	48,104
Cleaning and waste removal	8,639	1,527	-	10,166
Consulting services	14,203	13,874	10,481	38,558
Contract services - program	12,343	-	-	12,343
Copier expense	1,521	1,521	-	3,042
Depreciation	40,520	7,162	-	47,682
Dues, memberships, online subscriptions	39	3,680	39	3,758
Fire alarm and monitoring	4,987	881	-	5,868
Fundraising expenses	-	-	113,548	113,548
Insurance	52,149	9,217	-	61,366
Legal expense	-	350,000	-	350,000
Miscellaneous expense	679	7,510	289	8,478
Occupancy	238,843	42,215	-	281,058
Pest control	2,846	503	-	3,349
Professional development, travel, meetings	2,427	2,749	-	5,176
Repairs and maintenance	31,451	5,559	-	37,010
Resident expenses	56,332	-	-	56,332
Small equipment and repairs	7,327	1,295	-	8,622
Supplies	617	2,689	-	3,306
Telephone and internet	10,439	1,845	-	12,284
Utilities	45,044	7,961	-	53,005
Website hosting and maintenance	<u>744</u>	<u>131</u>	<u>-</u>	<u>875</u>
 Total expenses	 <u>\$ 1,033,361</u>	 <u>\$ 622,235</u>	 <u>\$ 195,271</u>	 <u>\$ 1,850,867</u>

**PROJECT LAZARUS**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year Ended June 30, 2024

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
<b>COMPENSATION AND RELATED EXPENSES</b>				
Compensation	\$ 392,994	\$ 74,205	\$ 71,652	\$ 538,851
Employee benefits	41,130	11,016	11,245	63,391
Payroll taxes	<u>33,365</u>	<u>6,641</u>	<u>6,083</u>	<u>46,089</u>
 Total compensation and related expenses	 467,489	 91,862	 88,980	 648,331
<b>OTHER EXPENSES</b>				
Accounting, auditing, payroll fees	6,221	38,435	452	45,108
Cleaning and waste removal	7,844	1,386	-	9,230
Consulting services	14,526	6,692	4,842	26,060
Contract services - program	9,551	-	-	9,551
Copier expense	1,538	1,538	-	3,076
Depreciation	38,488	6,803	-	45,291
Dues, memberships, online subscriptions	152	11,109	152	11,413
Fire alarm and monitoring	1,674	296	-	1,970
Fundraising expenses	-	-	86,776	86,776
Insurance	51,437	9,091	-	60,528
Miscellaneous expense	660	7,995	749	9,404
Occupancy	238,843	42,215	-	281,058
Pest control	2,846	503	-	3,349
Professional development, travel, meetings	1,124	1,129	-	2,253
Repairs and maintenance	31,036	5,486	-	36,522
Resident expenses	36,922	-	-	36,922
Small equipment and repairs	3,622	640	-	4,262
Supplies	2,660	3,729	-	6,389
Telephone and internet	9,901	1,750	-	11,651
Utilities	47,676	8,424	-	56,100
Website hosting and maintenance	<u>1,309</u>	<u>231</u>	<u>-</u>	<u>1,540</u>
 Total expenses	 <u>\$ 975,519</u>	 <u>\$ 239,314</u>	 <u>\$ 181,951</u>	 <u>\$ 1,396,784</u>

**PROJECT LAZARUS**  
**STATEMENTS OF CASH FLOWS**  
*Years Ended June 30, 2025 and 2024*

	2025	2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (153,248)	\$ (83,905)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	47,681	45,291
Realized and unrealized (gain) loss on investments	(49,868)	(41,514)
Changes in operating assets and liabilities:		
Grants receivable	(50,481)	94,634
Other assets	(1,686)	179
Related party receivable	(75)	-
Funds held by others	(328,333)	-
Accounts payable	(8,760)	(67,272)
Related party payable	350,000	-
Accrued expenses	19,133	(27,889)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	(175,637)	(80,476)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(58,749)	(118,293)
Sales (purchases) of investments, net	(5,994)	(4,427)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	(64,743)	(122,720)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(240,380)	(203,196)
<b>BEGINNING CASH AND CASH EQUIVALENTS</b>	1,621,076	1,824,272
<b>ENDING CASH AND CASH EQUIVALENTS</b>	\$ 1,380,696	\$ 1,621,076

**SUPPLEMENTAL CASH FLOW INFORMATION**

Cash paid for interest during the years ended June 30, 2025 and 2024 was \$0.

**PROJECT LAZARUS**  
**NOTES TO FINANCIAL STATEMENTS**  
*June 30, 2025 and 2024*

**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 (See NOTE 8).

**PROJECT LAZARUS**  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
*June 30, 2025 and 2024*

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***

If received, donated services are reflected as “Contributions of non-financial assets” 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 estimated value of these donated services and the corresponding expenses for the years ended June 30, 2025 and 2024 was \$0. In addition, a number of volunteers have donated 356 and 543 hours to Project Lazarus’s program and support services for the years ended June 30, 2025 and 2024, respectively. These donations are not reflected in the financial statements since these services do not require special expertise. The Organization did not monetize any contributed nonfinancial assets and contributed nonfinancial assets did not have donor restrictions.

**PROJECT LAZARUS**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
*June 30, 2025 and 2024*

**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 major 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, 2025 and 2024 include funds on deposit in a pooled cash account at the Archdiocese of New Orleans in the amount of \$1,146,501 and \$1,112,705, 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, 2025. Bad debt expense for the years ended June 30, 2025 and 2024 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).

**PROJECT LAZARUS**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
*June 30, 2025 and 2024*

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, 2025, 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, 2022 and later remain subject to examination by the taxing authorities. The June 30, 2025 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, 2025 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. See NOTE 10 for additional contingency disclosures. 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 51% and 47% of Project Lazarus's total revenue and other support for the years ended June 30, 2025 and 2024, respectively.

Project Lazarus maintains its cash in bank accounts, as well as deposits held by the Archdiocese of New Orleans, which at times may exceed federally insured limits. At June 30, 2025 and 2024 the total bank balances exceeding federal depository insurance limits were \$1,160,908 and \$1,063,448, respectively.

**PROJECT LAZARUS**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
*June 30, 2025 and 2024*

**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, losses, and investment expenses included in the Statements of Activities and Changes in Net Assets.

***Funds Held by Others***

Funds held by others consist of Employee Retention Credits in the Organization's name that are held in trust by the Organization's attorney. See NOTES 9 and 10 for more information.

***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, 2025 and 2024.

***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. See NOTE 9 regarding revenue recognition of Employee Retention Credits.

***New Accounting Pronouncements***

In June 2016, the Financial Accounting Standards Board (the "FASB") issued ASU 2016-13, Financial Instruments – Credit Losses (Topic 326). Under this accounting standard, the incurred loss impairment methodology in current GAAP is replaced with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The Organization adopted this new accounting standard on July 1, 2023. Adoption of this standard did not have a significant impact on the financial statements.

**PROJECT LAZARUS**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
*June 30, 2025 and 2024*

**NOTE 2 – PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Leasehold improvements	\$ 2,464,005	\$ 2,427,654
Furniture and equipment	165,970	167,751
Vehicles	<u>58,584</u>	<u>58,584</u>
	2,688,559	2,653,989
Less accumulated depreciation	<u>(2,031,877)</u>	<u>(2,008,375)</u>
Property and equipment, net	<u>\$ 656,682</u>	<u>\$ 645,614</u>

As of June 30, 2025, the Organization identified violations at certain properties requiring remediation in accordance with requirements of the New Orleans Historic District Landmarks Commission. Based on management’s current estimates, approximately \$80,869 of future repairs will be necessary to bring the affected units into compliance. These costs relate to future repairs and improvements and do not represent a present obligation as of June 30, 2025. Accordingly, no liability has been recorded in the accompanying financial statements. Management expects the repairs to be completed as funding becomes available and in accordance with applicable regulatory requirements.

**NOTE 3 – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions were \$12,231 and \$3,016 at June 30, 2025 and 2024, respectively. The funds are restricted for program services, facility improvements, and professional development. There were no permanent restrictions on net assets at June 30, 2025 and 2024. Net assets released from restrictions during the years ended June 30, 2025 and 2024 amounted to \$67,585 and \$33,984, respectively.

**NOTE 4 – INVESTMENTS**

Investments totaling \$546,462 and \$490,600 at June 30, 2025 and 2024, respectively, are stated at fair value. Ownership units with a fair value of \$302,956 and \$269,312 at June 30, 2025 and 2024, respectively, are held by the Greater New Orleans Foundation for the benefit of the Organization. Ownership units with a fair value of \$243,506 and \$221,288 at June 30, 2025 and 2024, 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, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Realized and unrealized gain (loss) on investments	\$ 49,868	\$ 41,514
Investment expenses	<u>(3,277)</u>	<u>(1,246)</u>
Realized and unrealized gain (loss) on investments, net	<u>\$ 46,591</u>	<u>\$ 40,268</u>

**PROJECT LAZARUS**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
*June 30, 2025 and 2024*

**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. 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, 2025 and 2024.

**NOTE 6 – FUNDRAISING EXPENSES**

Total fundraising expenses for the years ended June 30, 2025 and 2024 were \$195,271 and \$181,951 which represented 140% and 114% of annual fundraising revenue for the year, respectively. The ratio of expenses to amounts raised is computed using actual expenses and related contributions on an accrual basis.

**PROJECT LAZARUS**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
*June 30, 2025 and 2024*

**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 \$18,155 and \$19,811 (retirement: \$11,556 and \$12,910, benefits: \$6,599 and \$6,901) for the years ended June 30, 2025 and 2024, 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 of non-financial assets," without donor restrictions, 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 \$72,140 and \$80,648 for general liability, property coverage, workman's compensation, and vehicle insurances for the years ended June 30, 2025 and 2024, 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. See NOTE 10 for additional related party transactions related to the Reorganization of the Archdiocese of New Orleans.

**NOTE 9 – EMPLOYEE RETENTION CREDITS**

Project Lazarus qualified for the Employee Retention Credit (ERC) under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, as amended by the Consolidated Appropriations Act, 2021, and the American Rescue Plan Act of 2021. The ERC is a refundable payroll tax credit for eligible employers that continued to pay employees while operations were fully or partially suspended due to a government order, or that experienced a significant decline in gross receipts during the eligible periods.

**PROJECT LAZARUS**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
*June 30, 2025 and 2024*

**NOTE 9 – EMPLOYEE RETENTION CREDITS (Continued)**

Project Lazarus has accounted for the ERC as a conditional contribution in accordance with ASC 958-605, Not-for-Profit Entities, Revenue Recognition. Revenue is recognized when the conditions for eligibility have been substantially met and the amounts are deemed estimable and probable of collection. For the year ended June 30, 2025, Project Lazarus recognized \$328,333 in government grant revenue related to the ERC, which is included in the Grants and contracts line item on the Statements of Activities and Changes in Net Assets and recorded a corresponding Funds held by others asset for this amount. In May 2025, Project Lazarus received payments relating to the ERC claim, including interest, totaling \$328,333, which were held in trust by the Organization's attorney at June 30, 2025.

**NOTE 10 – 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 of 2020 and efforts to bring an equitable resolution to litigation stemming from alleged decades-old incidents of abuse by clergy and lay employees or volunteers. Project Lazarus is a separately incorporated 501(c)(3) and was not a part of the debtor entity, as defined by the United States Bankruptcy Court pursuant to the Chapter 11 filing.

On November 13, 2025, Project Lazarus filed for a limited reorganization under Chapter 11 of the Bankruptcy Code under a prepackaged agreement in connection with the Archdiocese of New Orleans bankruptcy settlement. On December 16, 2025, the confirmed joint bankruptcy plan became effective, and Project Lazarus's bankruptcy is now concluded. The bankruptcy proceedings had no impact on the Organization's ongoing operations, outstanding liabilities, employees, contracts or grants and did not impact the Organization's ability to continue as a going concern. All amounts due on the date of the filing have been or will be fully repaid and the terms of all contracts have been or will be fulfilled.

As a result of the confirmed joint plan and the Organization's bankruptcy, any potential liability for abuse claims or other unknown or unfiled claims that occurred prior to November 13, 2025, will be channeled to the Settlement Trust established by the joint plan, and Project Lazarus will have no obligation related to any of those potential liabilities. To participate in the settlement, Project Lazarus will contribute \$350,000 to the settlement to pay for professional, administrative and legal costs related to the bankruptcy proceedings. This amount is recorded as Related party payable in the accompanying Statements of Financial Position as of June 30, 2025 and as Legal expense in the 2025 Statements of Activities and Changes in Net Assets, and was paid in December 2025.

As discussed in NOTE 1, Project Lazarus participates in the Archdiocese investment pool and maintains cash on deposit in the Deposit and Loan Fund at the Archdiocese. Management does not anticipate that the Agency will experience any restrictions on its interest in the pooled investments or encumbrances of its deposits that are held with the Archdiocese.

**PROJECT LAZARUS**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
*June 30, 2025 and 2024*

NOTE 10 – ARCHDIOCESE OF NEW ORLEANS – REORGANIZATION (Continued)

The joint bankruptcy settlement includes a \$70 million payment to a Settlement Trust from the proceeds of the sale of the Affordable Housing Facilities (a/k/a, the Christopher Homes portfolio), with the expected sale closing by March 2026. The \$70 million payment will be secured by irrevocable letters of credit issued by a financial institution. In the event the Christopher Homes sale does not occur or the letters of credits are not paid, the \$70 million payment to the Settlement Trust will be funded by \$70 million in non-interest-bearing promissory notes that were issued by the Archdiocese of New Orleans (\$50 million due March 31, 2026 and \$20 million due July 15, 2026), of which Project Lazarus, along with 156 affiliated entities, is a co-guarantor. Project Lazarus assessed the likelihood of payment under the guaranty of these notes as extremely remote and therefore has not recognized a liability.

NOTE 11 – 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 12 – LIQUIDITY AND AVAILABILITY OF RESOURCES

As of June 30, 2025 and 2024, the Organization had a working capital surplus of \$1,564,977 and \$1,785,155, respectively. Financial assets available for general expenditures within one year as of June 30, 2025 and 2024, consist of the following:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 1,380,696	\$ 1,621,076
Grants receivable	263,823	213,342
Related party receivable	75	-
Other	10,602	8,916
Investments – securities at fair value	<u>546,462</u>	<u>490,600</u>
Total Financial Assets	2,201,658	2,333,934
Less amounts not available to be used within one year:		
Other	10,602	8,916
Net assets with donor restrictions	<u>12,231</u>	<u>3,016</u>
Financial assets not available to be used within one year	<u>22,833</u>	<u>11,932</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,178,825</u>	<u>\$ 2,322,002</u>

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 Project Lazarus have excess cash, the Organization would invest such cash into short-term investments.

**PROJECT LAZARUS**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
*June 30, 2025 and 2024*

**NOTE 13 – 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. No material subsequent events have occurred since June 30, 2025, that require recognition or disclosure in the financial statements, other than those disclosed in NOTE 10.

***SUPPLEMENTAL INFORMATION***

**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, 2025, 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 23, 2025.

**Report on 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 or significant deficiencies may exist that were not identified.

### **Report on 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 23, 2025

**PROJECT LAZARUS**  
**SCHEDULE OF FINDINGS**  
*Year Ended June 30, 2025*

I. 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  
FOR THE YEAR ENDED JUNE 30, 2025

SECTION I – FINDINGS RELATED TO THE FINANCIAL STATEMENTS

None.

**PROJECT LAZARUS**  
*SCHEDULE OF COMPENSATION, REIMBURSEMENTS,  
BENEFITS AND OTHER PAYMENTS TO AGENCY HEAD  
FOR THE YEAR ENDED JUNE 30, 2025*

Agency Head: Michael Hickerson, Interim Executive Director (July 1, 2024 through July 8, 2024)

Contract labor	\$ 2,160
Total	<u>\$ 2,160</u>

Agency Head: Twilbeck Consulting, L.L.C., Interim Executive Director services (July 9, 2024 through December 25, 2024)

Contract labor	\$ 25,996
Insurance	861
Total	<u>\$ 26,857</u>

Agency Head: Ian Bicko, Executive Director (December 26, 2024 through June 30, 2025)

Salary	\$ 56,952
401(k)	2,360
Total	<u>\$ 59,312</u>