PROJECT LAZARUS
AUDITED FINANCIAL STATEMENTS AND SCHEDULES

FOR THE YEARS ENDED
June 30, 2020 and 2019

PROJECT LAZARUS

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June 30, 2020 and 2019

KUSHNER
LAGRAIZE, LLC
CPAs & CONSULTANTS

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, 2020 and 2019, 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.

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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, 2020 and 2019, 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 21, 2020, 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 21, 2020

PROJECT LAZARUS

STATEMENTS OF FINANCIAL POSITION

June 30, 2020 and 2019

ASSETS

	2020	2019
CURRENT ASSETS		
Cash and cash equivalents	$ 2,025,919	$ 1,789,162
Grants receivable	207,209	221,001
Other	817	817
Total Current Assets	2,233,945	2,010,980
Property and equipment, net	415,283	465,833
Investments – securities at fair value	372,571	366,397
Art collection prints	4,000	4,000
Total Assets	$ 3,025,799	$ 2,847,210

See Notes to Financial Statements.

PROJECT LAZARUS

STATEMENTS OF FINANCIAL POSITION - CONTINUED

June 30, 2020 and 2019

LIABILITIES AND NET ASSETS

	2020	2019
CURRENT LIABILITIES		
Accounts payable	$ 6,940	$ 1,638
Accrued expenses	37,257	39,407
Due to residents	177	282
Total Current Liabilities	44,374	41,327
LONG-TERM LIABILITIES		
Paycheck Protection Program Loan – long term	136,380	-
Total Long-term Liabilities	136,380	-
Total Liabilities	180,754	41,327
NET ASSETS		
Net assets without donor restrictions	2,776,018	2,765,982
Net assets with donor restrictions	69,027	39,901
Total Net Assets	2,845,045	2,805,883
Total Liabilities and Net Assets	$ 3,025,799	$ 2,847,210

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

See Notes to Financial Statements.

PROJECT LAZARUS

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Grants and contracts	$ 856,956	$ 46,525	$ 903,481
Contributions	1,193,375	-	1,193,375
Fundraising	187,019	-	187,019
Program income	24,771	-	24,771
Other support and revenue	19,116	-	19,116
Dividends and interest	15,301	-	15,301
Realized and unrealized gain on investments, net	9,411	-	9,411
Net assets released from restrictions	53,541	(53,541)	-
Total revenues and other support	2,359,490	(7,016)	2,352,474
EXPENSES			
Program services	1,192,461	-	1,192,461
Management and general	345,249	-	345,249
Fundraising	51,959	-	51,959
Total expenses	1,589,669	-	1,589,669
CHANGE IN NET ASSETS	769,821	(7,016)	762,805
Net assets, beginning of year	1,996,161	46,917	2,043,078
Net assets, end of year	$ 2,765,982	$ 39,901	$ 2,805,883

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

See Notes to Financial Statements.

PROJECT LAZARUS

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2019

	Program Services	Management and General	Fundraising	Total
COMPENSATION AND RELATED EXPENSES				
Compensation	$ 540,497	$ 161,459	$ -	$ 701,956
Employee benefits	75,011	28,946	-	103,957
Payroll taxes	41,136	17,069	-	58,205
Total compensation and related expenses	656,644	207,474	-	864,118
OTHER EXPENSES				
Occupancy	210,794	70,264	-	281,058
Maintenance	32,836	5,804	-	38,640
Supplies (food)	52,501	-	-	52,501
Insurance	47,946	3,601	-	51,547
Depreciation	43,876	7,755	-	51,631
Utilities	47,609	8,415	-	56,024
Travel stipend	10,175	-	-	10,175
Substance abuse program	13,880	-	-	13,880
Furniture & equipment	4,127	607	-	4,734
Professional	-	29,451	-	29,451
Annual dinner	-	-	34,939	34,939
Miscellaneous expense	204	5,425	11,933	17,562
Supplies (office)	5,746	557	-	6,303
Supplies (janitorial)	8,777	-	-	8,777
Telephone and internet	7,201	352	-	7,553
Employee expenses	8,685	2,457	-	11,142
Wellness	6,700	-	-	6,700
Postage & printing	-	2,128	-	2,128
Building supplies	965	-	-	965
Advertising	-	25	-	25
Transportation	6,498	-	-	6,498
Security	900	-	-	900
Supplies (medical)	2,271	-	-	2,271
Pest control	4,910	-	-	4,910
Dues and subscriptions	-	571	-	571
Donated services	19,116	-	-	19,116
Gifts	100	126	-	226
Bank charges	-	237	-	237
Newsletter images	-	-	3,211	3,211
Appeal letter	-	-	1,876	1,876
Total expenses	$ 1,192,461	$ 345,249	$ 51,959	$ 1,589,669

PROJECT LAZARUS

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 39,162	$ 762,805
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	50,550	51,631
Changes in operating assets and liabilities:		
Grants receivable	13,792	158,496
Other assets	-	(817)
Accounts payable	5,302	(4,546)
Accrued expenses	(2,150)	580
Due to residents	(105)	190
NET CASH PROVIDED BY OPERATING ACTIVITIES	106,551	968,339
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of leasehold improvements	-	(9,500)
Realized and unrealized (gain) loss on investments	1,192	(9,411)
Purchases of investments, net of sales	(7,366)	(3,382)
NET CASH USED IN INVESTING ACTIVITIES	(6,174)	(22,293)
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	236,757	946,046
BEGINNING CASH AND CASH EQUIVALENTS	1,789,162	843,116
ENDING CASH AND CASH EQUIVALENTS	$ 2,025,919	$ 1,789,162

SUPPLEMENTAL CASH FLOW INFORMATION

Cash paid for interest during the years ended June 30, 2020 and 2019 was $0.

PROJECT LAZARUS

NOTES TO FINANCIAL STATEMENTS

June 30, 2020 and 2019

NOTE 1 - 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.

Project Lazarus provides respite and hospice care as needed, transitional housing and supportive services which include case management, outpatient alcohol and drug abuse treatment, pastoral counseling and wellness education. Personal care attendants provide 24-hour assistance, cook nutritious meals for the residents and monitor medication adherence. A licensed practical nurse provides supervision in order for the agency to admit individuals who require medical attention. While the focus for many years was to provide a place for people with HIV/AIDS to die, the Organization 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 with HIV/AIDS.

The newest program, the Wellness University, is a comprehensive, incentive-based, educational program for people living with HIV/AIDS. The goals are to increase skills necessary to maintain a healthy life with HIV/AIDS while increasing personal empowerment. The majority of the instructors are volunteers secured from the community.

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 - 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 Statement 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 Statement 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 resident counseling and finance 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, 2020 and 2019 was $4,904 and $19,116, respectively. In addition, a number of volunteers have donated over 1,897 and 4,308 hours to Project Lazarus's program and support services for the years ended June 30, 2020 and 2019, respectively. These donations are not reflected in the financial statements since these services do not meet the criteria for recognition.

NOTE 1 - 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
Salaries, payroll taxes, 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, 2020 and 2019 include funds on deposit in a pooled cash account at the Archdiocese of New Orleans in the amount of $1,400,511 and $1,382,407, respectively, which is not insured by the FDIC.

Grants Receivable

Grants receivable are comprised primarily of reimbursements from state and local governmental units. Project Lazarus uses the allowance method to account for uncollectible reimbursements. Reimbursements are charged against the allowance when deemed to be uncollectible. The allowance is based on Management's estimate of possible uncollectible reimbursements. Due to reimbursements being due from state and local governmental units with minimal risks of nonpayment, all amounts due are generally considered collectible and therefore no allowance is reflected in these accompanying financial statements at June 30, 2020 and 2019. Bad debt expense for the years ended June 30, 2020 and 2019 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 - 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, 2020, 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, 2017 and later remain subject to examination by the taxing authorities. The June 30, 2020 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, 2020 and 2019 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 32% and 37% of Project Lazarus's total revenue and other support for the years ended June 30, 2020 and 2019, respectively.

Project Lazarus maintains its cash in bank accounts, which at times may exceed federally insured limits. At June 30, 2020 and 2019 the total bank balances exceeding federal depository insurance limits were $1,779,840 and $1,539,907, respectively.

NOTE 1 - 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 Statement 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, 2020 and 2019.

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.

New Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board, or FASB, issued Accounting Standards Update 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, including revenue recognition policies to identify performance obligations to customers and significant judgments in measurement and recognition. 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.

The original effective date of the guidance would have required the Organization to adopt at July 1, 2018; however, the FASB approved a deferral of the effective date which allowed the Organization to defer implementation until the year beginning July 1, 2020. The Organization is in the process of evaluating the overall impact this guidance will have on the financial statements beginning July 1, 2020.

The Organization has 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.

NOTE 2 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2020 and 2019:

	2020	2019
Leasehold improvements	$ 2,041,362	$ 2,041,362
Furniture and equipment	183,267	183,267
Vehicles	58,584	58,584
	2,283,213	2,283,213
Less accumulated depreciation	(1,867,930)	(1,817,380)
	$ 415,283	$ 465,833

NOTE 3 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were $69,027 and $39,901 at June 30, 2020 and 2019, 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, 2020 or 2019. Net assets released from restrictions during the years ended June 30, 2020 and 2019 amounted to $34,874 and $53,541, respectively.

NOTE 4 – INVESTMENTS

Investments totaling $372,571 and $366,397 at June 30, 2020 and 2019, respectively, are stated at fair value. Ownership units with a fair value of $197,320 and $194,648 at June 30, 2020 and 2019, respectively, are held by the Greater New Orleans Foundation for the benefit of the Organization. Ownership units with a fair value of $175,251 and $171,749 at June 30, 2020 and 2019, 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, 2020 and 2019:

	2020	2019
Realized and unrealized gain on investments	$ 1,822	$ 12,418
Investment expenses	(3,014)	(3,007)
Realized and unrealized loss on investments, net	$ (1,192)	$ 9,411

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 Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the Statement 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, 2020 and 2019.

NOTE 6 – FUNDRAISING EXPENSE

Total fundraising expenses for the years ended June 30, 2020 and 2019 were $13,597 and $51,959, respectively, which represented 11% and 28% 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 $26,046 (retirement $16,592, benefits $9,454) and $28,873 (retirement $18,342, benefits $10,531) for the years ended June 30, 2020 and 2019, 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. In the normal course of operations, the Archdiocese will make available to Project Lazarus specific assistance in the form of internet services. Project Lazarus is assessed separately for this assistance.

The Organization paid the Archdiocese $60,703 and $57,704 for general liability, property coverage, workman's compensation, and vehicle insurances for the years ended June 30, 2020 and 2019, respectively. The Organization does not pay the Archdiocese of New Orleans for internet services secured on its behalf.

The Archdiocese of New Orleans provided support to Project Lazarus to further its mission in the amount of $0 and $50,000 for the years ended June 30, 2020 and 2019, respectively.

NOTE 9 – 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 10 – LIQUIDITY AND AVAILABILITY OF RESOURCES

As of June 30, 2020 and 2019, the Organization had a working capital surplus of $2,189,571 and $1,969,653, respectively.

Financial assets available for general expenditures within one year as of June 30, 2020 and 2019, consist of the following:

	2020	2019
Cash and cash equivalents	$ 2,025,919	$ 1,789,162
Grants receivable	207,209	221,001
Other	817	817
Investments – securities at fair value	372,571	366,397
Total Financial Assets	2,606,516	2,377,377

NOTE 10 – LIQUIDITY AND AVAILABILITY OF RESOURCES – Continued

	2020	2019
Less amounts not available to be used within one year:		
Other	817	817
Net assets with donor restrictions	69,027	39,901
Financial assets not available to be used within one year	69,844	40,718
Financial assets available to meet cash needs For general expenditures within one year	$ 2,536,672	$ 2,336,659

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 11 – 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 business. 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 12 – 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. 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.

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. The Organization intends to use the proceeds for purposes consistent with the PPP.

NOTE 12 – PAYCHECK PROTECTION PROGRAM LOAN - Continued

While the Organization currently believes that its use of the loan proceeds will meet 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.

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%.

NOTE 13 – FUTURE PRINCIPAL PAYMENT OBLIGATIONS

Future principal payment obligations for the Paycheck Protection Program loan, if not forgiven, for the years subsequent to June 30, 2020 are as follows:

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

NOTE 14 – 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, the Board has discussed strategic restructuring of programmatic work to evolve into a clinical model in order to facilitate obtaining new funding. No other material subsequent events have occurred since June 30, 2020, 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, 2020, 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 21, 2020.

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) to determine the 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 determination of financial statement amounts. 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 21, 2020

PROJECT LAZARUS

SCHEDULE OF FINDINGS

Year Ended June 30, 2020

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, 2020

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, 2020

Agency Head: Steve Rivera, Executive Director

Total	$ 0