

**LAZARUS HOUSE, INC. AND SUBSIDIARY**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**FOR THE YEARS ENDED MARCH 31, 2025 AND 2024**

**LAZARUS HOUSE, INC. AND SUBSIDIARY**  
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**MARCH 31, 2025 AND 2024**

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To the Board of Directors  
Lazarus House, Inc.  
Lawrence, Massachusetts 01842

**INDEPENDENT AUDITORS' REPORT**

***Opinion***

We have audited the accompanying consolidated financial statements of Lazarus House, Inc. (a nonprofit organization) and its subsidiary Lazarus Hope, LLC, which comprise the consolidated statements of financial position as of March 31, 2025 and 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Lazarus House, Inc. and its subsidiary as of March 31, 2025 and 2024, and the changes in their consolidated net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Lazarus House, Inc. and its subsidiary, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Responsibility of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise significant doubt about Lazarus House, Inc. and its subsidiary'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 consolidated 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 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or 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 consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Lazarus House, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Lazarus House, Inc. and its subsidiary'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.

*Naffah & Company, LLC*

October 9, 2025

**LAZARUS HOUSE, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**MARCH 31, 2025 AND 2024**

	2025	2024
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash (Note 3)	\$ 3,617,333	\$ 2,023,885
Investments (Note 4)	2,459,658	5,828,561
Accounts receivable, net	40,257	43,729
Payroll tax refund receivable (Note 21)	256,653	256,653
Prepaid expenses and other current assets	49,532	33,879
Total Current Assets	<u>6,423,433</u>	<u>8,186,707</u>
<b>PROPERTY AND EQUIPMENT</b>		
Net of accumulated depreciation of \$5,785,462 and \$5,455,560 in 2025 and 2024, respectively (Note 7)	<u>5,464,692</u>	<u>5,698,576</u>
<b>OTHER ASSETS</b>		
Construction in Progress	1,366,743	15,000
Other Intangible Asset, Net	3,662	3,955
Operating and Replacement Reserves	42,020	53,166
Total Other Assets	<u>1,412,425</u>	<u>72,121</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 13,300,550</u></u>	<u><u>\$ 13,957,404</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 46,894	\$ 38,288
Accrued expenses and other current liabilities	99,464	292,212
Unearned revenue (Note 14)	111,930	78,550
Total Current Liabilities	<u>258,288</u>	<u>409,050</u>
<b>LONG-TERM LIABILITIES</b>		
Notes payable (Note 5)	2,567,725	2,567,725
Accrued Loan Interest	2,242,880	2,072,112
Total Long-Term Liabilities	<u>4,810,605</u>	<u>4,639,837</u>
Total Liabilities	<u>5,068,893</u>	<u>5,048,887</u>
<b>NET ASSETS AND MEMBER'S EQUITY</b>		
Member's equity	(1,905,485)	(1,580,341)
Without donor restrictions (Note 9)	9,325,069	9,673,854
With donor restrictions (Note 8)	812,073	815,004
Total Net Assets and Member's Equity	<u>8,231,657</u>	<u>8,908,517</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 13,300,550</u></u>	<u><u>\$ 13,957,404</u></u>

The accompanying notes are an integral part of these financial statements.

**LAZARUS HOUSE, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF ACTIVITIES**  
**FOR THE YEAR ENDED MARCH 31, 2025**  
**(WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED MARCH 31, 2024)**

	Without Donor Restrictions	With Donor Restrictions	Total 2025	Total 2024
<b>SUPPORT AND REVENUES</b>				
Donations and grants	\$ 2,319,547	\$ 529,943	\$ 2,849,490	\$ 2,885,233
Special events (Note 19)	1,059,903	-	1,059,903	956,009
Thrift shop sales	319,718	-	319,718	324,154
In-kind contributions (Note 11)	4,236,541	-	4,236,541	3,281,661
Interest and dividend income	271,754	-	271,754	361,606
Gain (loss) on sale of securities	-	-	-	-
Rental Income	72,212	-	72,212	53,231
Other Income	418	-	418	50
Net assets released from restrictions (Note 8)	532,874	(532,874)	-	-
Total Support and Revenues	8,812,967	(2,931)	8,810,036	7,861,944
<b>EXPENSES</b>				
Lazarus Hope LLC expenses	611,858	-	611,858	587,502
Program services	6,936,746	-	6,936,746	5,774,857
Management and general	935,593	-	935,593	626,479
Fundraising	1,002,699	-	1,002,699	1,264,586
Total Expenses	9,486,896	-	9,486,896	8,253,424
<b>INCREASE (DECREASE) IN NET ASSETS</b>	(673,929)	(2,931)	(676,860)	(391,480)
<b>NET ASSETS AND MEMBER'S EQUITY - BEGINNING</b>	7,729,575	909,286	8,638,861	9,030,341
<b>NET ASSETS AND MEMBER'S EQUITY - ENDING</b>	\$ 7,055,646	\$ 906,355	\$ 7,962,001	\$ 8,638,861

The accompanying notes are an integral part of these financial statements.

**LAZARUS HOUSE, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF ACTIVITIES**  
**FOR THE YEAR ENDED MARCH 31, 2024**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUES</b>			
Donations and grants	\$ 2,270,558	\$ 614,675	\$ 2,885,233
Special events (Note 19)	956,009	-	956,009
Thrift shop sales	324,154	-	324,154
In-kind contributions (Note 11)	3,281,661	-	3,281,661
Interest and dividend income	361,606	-	361,606
Gain (loss) on sale of securities	-	-	-
Rental Income	53,231	-	53,231
Other Income	50	-	50
Net assets released from restrictions (Note 8)	458,626	(458,626)	-
	<u>7,705,895</u>	<u>156,049</u>	<u>7,861,944</u>
<b>EXPENSES</b>			
Lazarus Hope LLC expenses	587,502	-	587,502
Program services	5,774,857	-	5,774,857
Management and general	626,479	-	626,479
Fundraising	1,264,586	-	1,264,586
	<u>8,253,424</u>	<u>-</u>	<u>8,253,424</u>
<b>INCREASE (DECREASE) IN NET ASSETS BEFORE OTHER INCOME</b>	<u>(547,529)</u>	<u>156,049</u>	<u>(391,480)</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<u>(547,529)</u>	<u>156,049</u>	<u>(391,480)</u>
<b>NET ASSETS AND MEMBER'S EQUITY - BEGINNING</b>	<u>8,277,104</u>	<u>753,237</u>	<u>9,030,341</u>
<b>NET ASSETS AND MEMBER'S EQUITY - ENDING</b>	<u>\$ 7,729,575</u>	<u>\$ 909,286</u>	<u>\$ 8,638,861</u>

The accompanying notes are an integral part of these financial statements.

**LAZARUS HOUSE, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED MARCH 31, 2025**

	Program Services	Management and General	Fund Raising	Lazarus Hope LLC	Total
Salaries and wages	\$ 1,655,663	\$ 414,781	\$ 545,873	\$ 81,188	\$ 2,697,505
Insurance	153,340	40,853	63,699	40,578	298,470
Payroll taxes	150,238	36,460	46,665	7,448	240,811
Special events	-	-	200,501	-	200,501
Professional fees	10,120	95,179	1,964	13,050	120,313
Program expenses	163,519	8,518	18,565	-	190,602
Depreciation and amortization	-	146,381	-	183,521	329,902
Utilities	111,516	33,100	723	25,944	171,283
Postage and printing	180	3,420	53,303	-	56,903
Repairs and maintenance	77,810	21,591	14,959	57,978	172,338
IT and website support	7,178	57,682	38,580	-	103,440
Other expenses	5,813	58,579	13,016	1,268	78,676
Food	293,882	170	176	-	294,228
Temporary labor service	49,781	-	-	-	49,781
Vehicle expense	11,291	634	536	-	12,461
Office supplies	3,130	17,535	3,956	1,351	25,972
Grants	6,500	-	-	-	6,500
Telephone	244	710	183	2,363	3,500
Interest expense	-	-	-	171,061	171,061
Real estate taxes	-	-	-	11,915	11,915
Management fee	-	-	-	12,810	12,810
Administrative expenses	-	-	-	1,383	1,383
	<u>2,700,205</u>	<u>935,593</u>	<u>1,002,699</u>	<u>611,858</u>	<u>5,250,355</u>
In-kind expenses	<u>4,236,541</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,236,541</u>
Total	<u>\$ 6,936,746</u>	<u>\$ 935,593</u>	<u>\$ 1,002,699</u>	<u>\$ 611,858</u>	<u>\$ 9,486,896</u>

The accompanying notes are an integral part of these financial statements.

**LAZARUS HOUSE, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED MARCH 31, 2024**

	Program Services	Management and General	Fund Raising	Lazarus Hope LLC	Total
Salaries and wages	\$ 1,521,333	\$ 310,178	\$ 757,154	\$ 13,219	\$ 2,601,884
Insurance	55,814	86,177	59,398	28,148	229,537
Payroll taxes	137,990	35,137	68,920	2,915	244,962
Special events	-	-	247,714	-	247,714
Professional fees	9,759	79,722	22,378	14,294	126,153
Program expenses	124,928	12,703	20,564	-	158,195
Depreciation and amortization	143,429	-	-	180,992	324,421
Utilities	116,334	-	-	31,578	147,912
Postage and printing	-	-	31,538	-	31,538
Repairs and maintenance	69,389	-	-	119,343	188,732
IT and website support	6,164	60,021	47,329	-	113,514
Other expenses	4,607	22,713	495	-	27,815
Food	279,821	85	-	-	279,906
Temporary labor service	9,600	-	-	-	9,600
Vehicle expense	5,020	160	1,826	-	7,006
Office supplies	21,004	16,115	7,270	2,822	47,211
Grants	8,100	-	-	-	8,100
Telephone	8,118	3,468	-	2,320	13,906
Interest expense	-	-	-	164,471	164,471
Real estate taxes	-	-	-	13,689	13,689
Management fee	-	-	-	12,810	12,810
Administrative expenses	-	-	-	901	901
In-kind expenses	<u>3,253,447</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,253,447</u>
Total	<u>\$ 5,774,857</u>	<u>\$ 626,479</u>	<u>\$ 1,264,586</u>	<u>\$ 587,502</u>	<u>\$ 8,253,424</u>

The accompanying notes are an integral part of these financial statements.

**LAZARUS HOUSE, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED MARCH 31, 2025 AND 2024**

	2025	2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (676,860)	\$ (391,480)
Adjustments required to reconcile decrease in net assets to net cash provided by (used in) operating activities:		
Depreciation	329,902	324,421
Changes in operating assets and liabilities:		
Accounts receivable	3,472	(30,437)
Other assets	(1,351,743)	(15,000)
Payroll tax refund receivable	-	429,430
Prepaid expenses	(15,653)	15,217
Reserve	11,439	96,743
Accounts payable and accrued expenses	(13,374)	278,380
Unearned revenue	33,380	(39,608)
Total Adjustments	(1,002,577)	1,059,146
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<u>(1,679,437)</u>	<u>667,666</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Maturity of investments invested in cash, net of purchases	3,368,903	(1,358,592)
Expenditures for property and equipment	<u>(96,018)</u>	<u>(210,734)</u>
<b>NET CASH (USED IN) INVESTING ACTIVITIES</b>	<u>3,272,885</u>	<u>(1,569,326)</u>
<b>INCREASE (DECREASE) IN CASH AND EQUIVALENTS</b>	1,593,448	(901,660)
<b>CASH AND CASH EQUIVALENTS - BEGINNING</b>	<u>2,023,885</u>	<u>2,925,545</u>
<b>CASH AND CASH EQUIVALENTS - ENDING</b>	<u>\$ 3,617,333</u>	<u>\$ 2,023,885</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid during the year for interest	\$ <u>171,061</u>	\$ <u>-</u>
Cash paid during the year for taxes	\$ <u>11,915</u>	\$ <u>13,689</u>

The accompanying notes are an integral part of these financial statements.

**LAZARUS HOUSE, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2025 AND 2024**

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**1. NATURE OF THE ORGANIZATION**

These consolidated financial statements consist of Lazarus House Inc. and Lazarus Hope, LLC (the “Organization”).

Lazarus House, Inc., based in Lawrence, Massachusetts, was incorporated on May 12, 1982, as a private, charitable, not-for-profit organization. Lazarus House Inc.’s mission statement, “Opening Doors out of Poverty”, is accomplished by offering a continuum of care to individuals and families, our Guests, struggling with poverty and homelessness. Services include temporary and permanent shelters, transitional housing, food pantry, soup kitchen, thrift stores, and advocacy.

Funds are solicited from the general public, businesses, foundations, philanthropies and religious organizations.

Lazarus Hope LLC, a subsidiary of Lazarus House, Inc. was formed on August 8, 2006 to construct and operate twenty units of affordable transitional housing for qualifying very low income tenants located in Lawrence, Massachusetts, known as Capernaum Place (the Project). The Project also contains commercial space to be used for education and job training programs. The Project was completed and placed into service in October 2007.

Lazarus Hope, LLC’s managing member is Lazarus Hope Housing, Inc. This managing member holds a 0.01% interest in Lazarus Hope, LLC. Lazarus House Inc., as the investor member of Lazarus Hope, LLC, owns 99.99%. In addition, Lazarus House, Inc. owns a controlling interest of 79% in Lazarus Hope Housing, Inc.

**2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Method of Accounting**

The financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). Revenues are recognized when earned and expenses are recognized when incurred.

**Principles of Consolidation**

The assets, liabilities, net assets, revenues and expenses of Lazarus House, Inc. and its subsidiary Lazarus Hope, LLC have been consolidated as Lazarus House, Inc., and Subsidiary. All significant intercompany transactions and balances have been eliminated in consolidation.

**Change in Accounting Standard**

On April 1, 2024, the Organization adopted FASB ASU 2016-13, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, and all related subsequent amendments thereto. This ASU replaced the incurred loss method of measuring financial assets with an expected loss method, which is referred to as the current expected credit loss (CECL) method. CECL requires an estimate of credit losses over the life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts. For the Organization, the ASU applies to the measurement of its accounts receivable and contract assets.

LAZARUS HOUSE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2025 AND 2024

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2. **BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Change in Accounting Standard (continued)**

Accounts receivable and contract assets are now presented by using an allowance for credit losses to reduce the receivables and contract asset balances to the net amount expected to be collected over the lives of the receivables and contract assets. The Organization adopted the new standard using the modified retrospective approach. For the Organization, there was no transition adjustment related to the adoption of CECL.

**Basis of Financial Statement Presentation**

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

*Net Assets Without Donor Restriction*— These net assets generally result from revenues generated by receiving contributions that have no donor restrictions, providing services, and receiving interest from operating investments, less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

*Net Assets With Donor Restriction*—These net assets result from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, either temporarily or permanently, until the donor restriction expires, that is until the stipulated time restriction ends or the purpose of the restriction is accomplished, the net assets are restricted.

In adopting the new lease standard, the Companies elected to use a transition method under which existing leases were measured and capitalized as of the date of adoption.

**Cash**

For purpose of the statement of cash flows, the Organization considers all highly liquid investments to be cash. Cash includes checking and savings accounts, money market accounts, and certificates of deposit.

**Marketable Securities & Investments**

From time to time, Lazarus House Inc. receives donations of stock securities, which are transferred directly into an investment account, in Lazarus House Inc's name, maintained by a brokerage firm. The Board of Directors has determined that Lazarus House Inc's cash flow and cash position would be better served if donated securities are immediately sold by the brokerage firm, and the money held in a money market savings account by the brokerage. This account is included in cash on the statement of financial position. Accordingly, there were no marketable securities at March 31, 2025 and 2024.

**LAZARUS HOUSE, INC. AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**MARCH 31, 2025 AND 2024**

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**2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Marketable Securities & Investments (continued)**

Investments are carried at fair value. Fair value is determined based on the fair value policies described in this section.

Net investment return (loss) is reported in the statements of activities and consists of interest, dividends, realized and unrealized gains and losses net of external direct investment expenses

**Accounts Receivable**

The Organization has established an allowance for credit losses based on management's calculations of expected receipts using historical loss rates adjusted for current economic conditions. The allowance at March 31, 2025 and 2024 is \$ 0. .

**Property and Equipment**

Property and equipment are carried at cost and are being depreciated using the straight-line method over the estimated useful lives of the assets, which vary from 3 years to 40 years. Any property or equipment donated to Lazarus House Inc. is carried at the fair-market value of property at the date the donation is received and depreciated using the same methods and lives as purchased property and equipment.

**Construction in Progress**

Construction in Progress represents in progress renovations to Casa Bethesda (formally known as Isha House). The property is a transitional housing facility in Lawrence, Massachusetts. Construction remains in progress as of March 31, 2025 and therefore all construction costs are presented on the Statement of Financial Position. Construction in progress as of March 31, 2025 was \$1,366,743. The Casa Bethesda renovation was completed in May 2025.

**Income Tax Status**

Lazarus House Inc. is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC"). This IRC section enables Lazarus House Inc. to accept donations which qualify as charitable contributions to the donor. Therefore, no provision is made for federal income taxes in the accompanying financial statements. The Commonwealth of Massachusetts follows Internal Revenue guidance for exemption from income taxes.

Lazarus Hope, LLC is subject to federal and state income taxes, and files returns in the U.S. federal and State of Massachusetts jurisdictions. Lazarus Hope, LLC reports its taxable income and expenses as a Partnership, under form 1065. Accordingly, no provision is made for federal or state income taxes in the accompanying financial statements. Any income or loss in a given year is reported via form K-1 to its partners. Effective December 31, 2021 Lazarus House Inc. became a 99.99% owner of Lazarus Hope Housing, Inc. Lazarus Hope, LLC files its tax returns on a calendar year basis.

**LAZARUS HOUSE, INC. AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**MARCH 31, 2025 AND 2024**

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**2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Uncertain Tax Positions**

Management has determined that the Organization does not have any uncertain tax positions and associated unrecognized benefits that materially impact the financial statements or related disclosures. Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Organization's tax returns will not be challenged by the taxing authorities and that the Organization will not be subject to additional tax, penalties, and interest as a result of such challenge. Generally, the Organization's tax returns remain open for three years for tax examination.

**Functional Expense Allocation**

The expenses associated with providing various programs, management and general, and fundraising, have been summarized in the statement of functional expenses. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of Lazarus House Inc.. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses for Lazarus Hope, LLC are detailed separately in the consolidating statement of functional expenses.

**Revenue and Revenue Recognition**

Lazarus House, Inc. revenue is recognized when earned. Donations and grants are recognized when cash, or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction. Revenue from thrift shop sales is recognized at the point of sale.

Lazarus Hope, LLC receives rental income from units which are reserved for people with very low income. Rental revenue is recognized at gross potential rent of the unit, based on the current rent and any related vacancy is recorded separately.

All leases between Lazarus Hope, LLC and its tenants are operating leases. Advance receipts of rental income are deferred and classified as liabilities until earned. Expenses are recorded when goods or services are received or incurred. Lazarus Hope, LLC derives substantially all of its revenues from its rental activity in Lawrence, Massachusetts.

**Leases**

ASU 2016-02 requires that leases with a lease term of more than 12 months be classified as either finance or operating leases. Leases are classified as finance leases when the Organization expects to consume a major part of the economic benefit of the leased asset over the remaining lease term. Conversely, the Organization is not expected to consume a major part of the economic benefits of assets classified as operating leases. The lease classification affects both the pattern and presentation of expense recognized in the income statement and the categorization of assets and liabilities on the balance sheet, and the classification of cash flows in the statement of cash flows.

## LAZARUS HOUSE, INC. AND SUBSIDIARY

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2025 AND 2024

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#### 2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Organization has made a policy election not to capitalize certain short-term leases with a lease term of 12 months or less.

For finance leases the total lease cost is recorded on an accelerated basis and consists of two components, amortization expense related to the write-off of right-of-use assets, and interest expense from lease obligations. Interest expense is recorded using the effective interest method and right-of-use assets are amortized on a straight-line bases over the remaining lease term. For operating leases, total lease cost is measured and recorded on a straight-line basis over the lease term.

Non-lease components, such as common area maintenance charges, are separated from lease components based on the terms of the related lease. Variable lease components consist of real estate taxes and insurance charges related to the real estate lease, are recorded as lease expense as incurred.

Lease obligations are measured and recorded at the present value of future lease payments using a discount rate. Because an Entity generally does not have access to the rate implicit in each lease, lease obligations are measured using the incremental borrowing rate as the discount rate. The incremental borrowing rate is the rate that would be paid to borrow on a collateralized basis over a similar term and amount equal to the lease payments in a similar economic environment.

Right-of-use assets are generally measured and recorded at the sum of the lease obligation, any initial direct costs to consummate the lease, and any lease payments made on or before the commencement date.

Management has reviewed its leases as of March 31, 2025. The lease agreement between Lazarus House, Inc. and Lazarus Hope, LLC has not been accounted for under the new lease standard as it is a lease between parent and subsidiary and would be eliminated in consolidation. The Organization did not have any other leases in place that would be material to the financial statements. Accordingly, no leases have been accounted for under the new lease standard.

#### **Financial Instruments**

FASB guidance on fair value measurements defines fair value, establishes a framework for measuring fair value and expands disclosure of fair value measurements. The guidance applies to all assets and liabilities that are measured and reported on a fair value basis. The carrying amounts of financial instruments, including cash, accounts receivable, and accounts payable and accrued liabilities, approximate fair value due to the short maturity of these instruments.

#### **Use of Estimates**

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent 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.

LAZARUS HOUSE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
MARCH 31, 2025 AND 2024

**Below Market Loans**

The Low-Income Housing Tax Credit (LIHTC) was created to foster a legislated public policy directive of the United States to create affordable low-income housing. Lazarus Hope, LLC was formed in order to create low-income housing in order to generate LIHTC. Other governmental entities having a similar policy have lent money to Lazarus Hope, LLC at advantageous terms. The Organization has not discounted these below market interest rate loans as they were made at arm's length, and to preserve the integrity of costs eligible for the LIHTC.

**Fair Value Measurements**

Accounting principles generally accepted in the United States establishes a fair value measurement hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels:

Level 1 – Fair value input consists of unadjusted quoted prices in active markets for identical assets, which have the highest priority.

Level 2 – Fair value input consists of observable inputs other than quoted prices for identical assets.

Level 3 – Fair value input consists of unobservable inputs and have the lowest priority.

The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value.

**3. CASH**

Cash includes amounts on deposit in checking accounts, and savings and certificates of deposit, as follows:

	<u>2025</u>	<u>2024</u>
Cash and checking	\$ 742,386	\$ 273,142
Money Market	2,097,596	-
Savings and certificates of deposit	<u>777,351</u>	<u>1,750,743</u>
Total	<u>\$ 3,617,333</u>	<u>2,023,885</u>

**LAZARUS HOUSE, INC. AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**MARCH 31, 2025 AND 2024**

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**4. INVESTMENTS**

Investments are presented in the accompanying consolidated financial statements at fair value. The following table presents the fair value of the Organization's investments as of March 31, 2025 and 2024, all of which are valued using Level 1 inputs:

	<u><b>2025</b></u>	<u><b>2024</b></u>
Cash and Cash Equivalents	\$ -	\$ 7,919
Endowment (Note 10)	295,079	283,067
Common Stock Equities	-	7,149
U.S. Treasury Bills, Notes	<u>2,164,579</u>	<u>5,530,426</u>
	<u>\$ 2,459,658</u>	<u>\$ 5,828,561</u>

The above endowment is invested in funds containing equities and fixed income.

**5. LAZARUS HOPE, LLC AND CAPERNAUM PLACE**

Lazarus Hope, LLC constructed Capernaum Place for the purpose of receiving an allocation of low-income housing tax credits (LIHTC) under Section 42 of the Internal Revenue Code. The Project's building qualified and was allocated LIHTC pursuant to Internal Revenue Code Section 42, which regulates the use of the Project as to occupant eligibility and unit gross rent, among other requirements. The Project met the provisions of these regulations during each of fifteen consecutive years in order to continue to qualify to receive the LIHTC.

Failure to comply with occupant eligibility and/or unit gross rent or to correct noncompliance within a specified time period could result in recapture of previously taken LIHTC plus interest. Such potential noncompliance may require an adjustment to the capital contributed by the investing partners.

Lazarus Hope, LLC has received a reservation of LIHTC under Section 42 of the Internal Revenue Code in the amount of \$288,000. The credits commenced in 2007 and were prorated in the first year based on qualified occupancy. The credits ended in 2017.

*Lazarus House Inc. Investment in Lazarus Hope, LLC*

Lazarus House Inc. investment in Capernaum Place consists of amounts disbursed to Lazarus Hope, LLC in 2006 and 2007, in the form of two notes receivable. The funds were used for the construction of a transitional housing project, Capernaum Place, in Lawrence, Massachusetts. The notes receivable have a due date of November 10, 2036.

One note, in the amount of \$187,000, requires annual interest at a rate of 5.15%, the applicable federal rate in effect during the time of the loan disbursements. Interest is to be calculated on the unpaid balance, including any accrued interest. The funds were originally provided by the U.S. Department of Housing and Urban Development (HUD) with the intention that the Organization lend these funds to Lazarus Hope, LLC, for the construction.

**LAZARUS HOUSE, INC. AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**MARCH 31, 2025 AND 2024**

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**5. LAZARUS HOPE, LLC AND CAPERNAUM PLACE (CONTINUED)**

The second note, in the amount of \$539,666, consists of amounts disbursed by the Organization during 2006 and 2007 for certain construction expenses. The note requires annual interest at a rate of 5.00%, to be paid on the unpaid balance, including accrued interest. This note is collateralized by property located at 30 Myrtle Street, in Lawrence, Massachusetts.

Lazarus House Inc. management has reviewed the notes receivable and accrued interest thereon of \$961,935 and \$880,918 at March 31, 2025 and 2024, respectively, and determined that an allowance for provision for loan losses be established. While Management does not doubt that the principal will be repaid on both notes, they are uncertain that all of the interest will be collected. Accordingly, the investment is shown net of the provision. The provision for loan losses was \$919,660 and \$838,642 at March 31, 2025 and 2024, respectively.

The notes and accrued interest between Lazarus House, Inc. and Lazarus Hope, LLC has been eliminated in consolidation.

*Operating Reserve*

In accordance with the LLC operating agreement, the managing member established an operating reserve to be used to fund operating deficits. An initial deposit of \$110,000 was made from the proceeds of the second installment from the original investor member. The Operating Reserve Minimum shall equal 50% of project expenses paid or payable during the prior fiscal year. In any month in which the balance of funds in the operating reserve is less than the Operating Reserve Minimum, a deposit from net cash flow shall be made to the operating reserve to bring the balance to the Operating Reserve Minimum.

*Replacement Reserve*

In accordance with the operating agreement, the managing member, Lazarus Hope Housing, Inc. established and maintained a replacement reserve by making installment deposits. The replacement reserve is held by Bank of America. The replacement reserve shall be used by the managing member only to replace capital items as they come to the end of their useful lives.

*Lazarus Hope, LLC Members' Capital Contributions*

In accordance with the operating agreement the original investor member agreed to and made capital contributions totaling \$2,850,915. Additionally, in accordance with the operating agreement, the managing member agreed to and made a capital contribution of \$100. During 2008, the managing member made an additional capital contribution of \$19,900 to fund development cost overruns and therefore provided a total of \$20,000 in capital contributions.

In accordance with the operating agreement, the managing member has agreed to make additional capital contributions to fund operating deficits in excess of the funds in the operating reserve, as defined in the agreement.

**LAZARUS HOUSE, INC. AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**MARCH 31, 2025 AND 2024**

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**5. LAZARUS HOPE, LLC AND CAPERNAUM PLACE (CONTINUED)**

*Lazarus Hope, LLC Company Profits, Losses and Distributions*

All profits and losses are allocated 0.01% to the managing member (Lazarus Hope Housing Inc.), and 99.99% to Lazarus House, Inc.

Net cash flow is defined as the sum of gross revenues plus amounts properly withdrawn from the operating reserve and expended during such period, less the sum of project expenses and debt service.

The managing member shall apply net cash flow to the following expenses in the following order of priority:

- First, to make required deposits to the operating reserve;
- Second, to pay any unpaid amount of the development fee;
- Third, to pay any incentive management fee;
- Fourth, to repay the loan from the Sponsor in the original principal amount of \$539,666; and
- Fifth, to repay the loan from the Sponsor in the original principal amount of \$187,000.

Distributable cash flow is defined in the operating agreement as the net cash flow less required contributions to the operating reserve and less payments of all loans and fee obligations of Lazarus Hope, LLC that are payable from net cash flow, to the extent permitted by Lazarus Hope, LLC documents to be distributed to the members of the Lazarus Hope, LLC.

Distributable cash flow is payable annually within 120 days after the close of each year as follows:

- First, if the managing member has made operating deficit capital contributions, to the managing member in an amount up to the aggregate amount of such operating deficit capital contributions not theretofore repaid to the managing member; and
- Second, the balance, if any, is paid 99.99% to the investor member and 0.01% to the managing member.

Cash, if any, from a sale or refinancing (other than in connection with a liquidation of the Company or any member's interest in the Company) will be distributed within 30 days of its receipt by the Company as follows:

- First, to the investor member in an amount that, when combined with all items of income, gain, deduction and loss to be allocated to the investor member and all other amounts to be distributed to the investor member under the operating agreement, would achieve the internal rate of return set forth in the operating agreement;
- Second, to the managing member an amount up to the aggregate amount of any operating deficit capital contributions not theretofore repaid to the managing member; and
- Third, the balance, 50% to the investor member and 50% to the managing member.

**LAZARUS HOUSE, INC. AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**MARCH 31, 2025 AND 2024**

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**5. LAZARUS HOPE, LLC AND CAPERNAUM PLACE (CONTINUED)**

Loss, if any, from a sale or refinancing or upon liquidation of the Company shall be allocated as follows:

- a) First, to any members having positive capital account balances, in proportion to and to the extent of such positive balances; and
- b) The balance 99.99% to the investor member and 0.01% to the managing member.

*Mortgage Notes Payable*

*City of Lawrence – HOME Investment Partnership Program Note*

The City of Lawrence Community Development Department provided financing to Lazarus Hope, LLC under the HOME Investment Partnership Program in the amount of \$560,000. The loan is secured by the Project and bears 5.5% simple interest. All principal and other payments due under the note shall be payable on November 10, 2036, the maturity date. Accrued interest on this note was \$566,000 at March 31, 2002.

*DHCD – Affordable Housing Trust Fund Note*

The Massachusetts Department of Housing and Community Development (DHCD) provided financing to Lazarus Hope, LLC under the Affordable Housing Trust Fund (AHTF) in the amount of \$750,000. The loan is administered by MassHousing, secured by the Project and bears no interest. All principal and other payments due under the note shall be payable on November 10, 2036, the maturity date.

*CEDAC – Housing Innovations Fund Note*

The Community Economic Development Assistance Corporation (CEDAC) provided financing to Lazarus Hope, LLC in the form of a Housing Innovations Fund (HIF) loan in the amount of \$750,000. The loan is secured by the Project and bears no interest. Annual payments are due to the lender in an amount equal to the amount by which gross cash receipts for the fiscal year just ended exceeds 105% of gross cash expenditures for the same period, as defined in the promissory note. All outstanding principal due under the note shall be payable on November 10, 2036, the maturity date. The lender may extend the maturity date for one or more additional periods of up to ten years each, provided that the Project continues to comply with all provisions relating to affordability set forth in the Master Affordable Housing Restriction.

*DHCD – HOME Investment Partnership Program Note*

DHCD provided financing to Lazarus Hope, LLC in the form of a HOME Investment Partnership Program loan in the amount of \$550,000. The loan is secured by the Project and bears interest at the rate of 4.90% per annum. All principal, interest and other payments due under the note shall be payable on November 10, 2036, the maturity date. During the one-year period prior to the maturity date, the borrower may request that the lender extend the maturity date for a period of up to the original term of the note. Accrued interest on this loan was \$730,000 and \$614,000 at March 31, 2025 and 2024, respectively.

**LAZARUS HOUSE, INC. AND SUBSIDIARY****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**MARCH 31, 2025 AND 2024****6. REVOLVING CREDIT LOAN**

Lazarus House Inc. has a line-of-credit allowing a maximum borrowing up to \$50,000. The agreement requires monthly payments of interest at the bank's prime rate plus one percent (1%). The rate at March 31, 2025 was 8.5%. The line-of-credit is secured by substantially all the Lazarus House Inc. assets. There was no outstanding balance on this line-of-credit at March 31, 2025 and 2024.

**7. PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following:

	<u>2025</u>	<u>2024</u>
Land and Buildings	\$ 8,032,651	\$ 8,032,651
Building improvements	1,563,511	1,499,028
Equipment	946,858	946,858
Furniture and fixtures	615,885	584,350
Motor Vehicles	91,249	91,249
Accumulated depreciation	<u>(5,785,462)</u>	<u>(5,455,560)</u>
Property and Equipment, net	\$ <u>5,464,692</u>	\$ <u>5,698,576</u>

Depreciation expense was \$329,902 and \$324,421 in fiscal years 2025 and 2024, respectively.

**8. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions at March 31 consists of the following:

	<u>2025</u>	<u>2024</u>
Endowment	\$ 295,079	\$ 283,067
Restricted by private grants for the life skills programs, and certain program costs	<u>516,994</u>	<u>531,937</u>
Total Net Assets With Donor Restrictions	\$ <u>812,073</u>	\$ <u>815,004</u>

During the years ended March 31, 2025 and 2024, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors for program services and supplies, and for purchase of certain fixed assets additions. The total amount released from restrictions during 2025 and 2024 was \$532,874 and \$458,626, respectively.

**LAZARUS HOUSE, INC. AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**MARCH 31, 2025 AND 2024**

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**9. NET ASSETS WITHOUT DONOR RESTRICTIONS – BOARD DESIGNATED**

Board designated net assets consist of cash balances set aside as directed by the Board of Directors, for certain current and future activities, including expenses related to work preparation or other internal education programs, outside programs to provide clients with education opportunities, food and other supplies needed for operation of Lazarus House programs, and maintenance of the Organization's facilities. Funds collected through the Campaign for Dignity have been designated by the board to be included in this category. As of March 31, 2025 there were no board designated net assets. As of March 31, 2024, board designated net assets were \$1,997,143.

**10. ENDOWMENT**

In February 2022 Lazarus House Inc. received a \$250,000 donation from an individual who requested the funds be designated as an endowment and used to perpetually sustain Lazarus House Inc. and its mission. The donor-imposed restrictions on the endowment funds set a maximum annual withdrawal of 5% endowment assets which can be used for general operating expenses.

Lazarus House Inc. is subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and, thus, classifies amounts in its donor restricted endowment fund as net assets with donor restrictions because those net assets are perpetual in nature or time.

Additionally, in accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate appreciation on donor restricted endowment investments:

- (1) The duration and preservation of the funds
- (2) The purposes of the Organization and the donor restricted endowment funds
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Organization
- (7) The Organization's investment policy

Endowment net assets consist of the following as of March 31:

	<u><b>2025</b></u>	<u><b>2024</b></u>
Donor-restricted endowment funds	\$295,079	\$ 283,067

**LAZARUS HOUSE, INC. AND SUBSIDIARY****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**MARCH 31, 2025 AND 2024**

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**10. ENDOWMENT (CONTINUED)**

Changes in endowment net assets for the years ended March 31 as are follows:

	<u><b>2025</b></u>	<u><b>2024</b></u>
Beginning endowment net assets	\$ 283,067	\$ 247,895
Administrative fee	(2,202)	(1,942)
Investment earnings	<u>14,214</u>	<u>37,114</u>
Ending endowment net assets	\$ <u>295,079</u>	\$ <u>283,067</u>

**11. IN-KIND CONTRIBUTIONS**

Lazarus House, Inc. receives contributions of an in-kind nature, which represent the estimated fair market value of donated supplies and services. The value of these contributions, which is included in the statements of activities, is as follows for the years ended March 31:

	<u><b>2025</b></u>	<u><b>2024</b></u>
Food	\$ 3,780,754	\$ 2,701,356
Professional services	183,350	226,875
Clothes and household items	272,437	325,216
Other goods and services	<u>-</u>	<u>28,214</u>
Total	\$ <u>4,236,541</u>	\$ <u>3,281,661</u>

**12. DONATED SERVICES**

Professional services included in In-Kind Contributions (note 11) consist of volunteer hours provided by skilled craftsmen and professionals, who would otherwise be paid for their services.

In addition, Lazarus House Inc. received services of a non-professional nature, totaling greater than 18,571 and 4,932 hours in fiscal years 2025 and 2024, respectively, which have not been reflected in these financial statements. The volunteers provided household services, assistance in the food pantry, and thrift stores, and fundraising and other special events services. If a value were assigned to these volunteer hours and services, In-Kind Contributions would be increased by approximately \$649,985 and \$83,844 for fiscal years 2025 and 2024, respectively.

**LAZARUS HOUSE, INC. AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**MARCH 31, 2025 AND 2024**

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**13. CASH FLOWS**

Occasionally, Lazarus House Inc. receives donations of marketable securities, which are sent to a brokerage account in the name of Lazarus House Inc. and immediately placed for sale. When the securities are sold, the funds are transferred to a Money Market savings account on deposit with the brokerage. Donations of marketable securities received during fiscal years 2025 and 2024, were valued at \$40,583 and \$7,149, respectively, and are included in support and revenue on the statements of activities.

Lazarus House Inc. received no donations of services in fiscal year 2025. Donations of services received during fiscal year 2024 was \$28,214, which is reported as in-kind revenues. (See note 10)

**14. UNEARNED REVENUE**

At March 31, 2025 and 2024 unearned revenue includes donations and fees, received in advance of events held in each subsequent year, of \$111,930 and \$78,550, respectively.

**15. CONCENTRATION OF CREDIT RISK**

The Organization places its cash deposits in banks, credit unions, and other accounts at credit-worthy financial institutions. The Organization has not experienced any losses on its cash. At times, bank deposit account balances may exceed the Federal Deposit Insurance Corporation (FDIC) limits. The Organization believes it is not exposed to any significant credit risk on cash and cash equivalents.

The Lazarus Hope, LLC notes payable are secured by real estate owned by the LLC at 30 Myrtle Court, Lawrence Massachusetts. All notes mature on November 10, 2036.

**16. COMMITMENTS AND CONTINGENCIES**

Lazarus House Inc. is party to a lease agreement with Lazarus Hope, LLC, for utilization of common areas at Capernaum Place, and for utilization of a conference room and certain office space. The term of the lease is nineteen years, expiring on December 31, 2026, and includes "Base Rent", "Additional Rent", and "Supplemental Rent". Included in the Additional Rent is the requirement that Lazarus House, Inc. pay a proportionate share of insurance, utilities, and repairs. Additionally, the Lazarus House, Inc. is responsible for all real estate taxes of Capernaum Place. For purpose of these financial statements, portions of the additional rent are included in their specified expenses. Rent paid between Lazarus House Inc. and Lazarus Hope, LLC in fiscal year 2025 and 2024 was \$213,859 and \$193,843, respectively. Both amounts of intercompany rent have been eliminated in the combining statement of financial activities as of March 31, 2025.

**LAZARUS HOUSE, INC. AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**MARCH 31, 2025 AND 2024**

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**16. COMMITMENTS AND CONTINGENCIES (CONTINUED)**

Total rent paid in 2025 and 2024, including rent to Lazarus Hope, LLC was \$213,859 and \$193,843, respectively.

Minimum base rent expense for the next five fiscal years is:

2026	242,394
2027	188,532

*Obligations of the Managing Member*

The managing member shall make additional capital contributions to Lazarus Hope, LLC to fund operating deficits in excess of funds in the operating reserve. The managing member shall not be required to make operating deficit capital contributions to pay principal on any indebtedness of the Lazarus Hope, LLC, or interest in excess of 20% of the interest accruing and payable under such indebtedness.

*Affordable Housing Agreement*

In November 2006, the Lazarus Hope, LLC entered into a Master Affordable Housing Agreement with DHCD and its administrator the Massachusetts Housing Finance Agency, CEDAC and the City of Lawrence, Massachusetts, to operate the Project as affordable housing, as noted in the agreement, for a period of thirty years from the date of the agreement. Additionally, DHCD upon the expiration of the agreement, shall have the right to purchase the Lazarus Hope, LLC interest in the Project at a price noted in the agreement.

**17. HEALTH INSURANCE**

In October 2018, Lazarus House Inc. entered into a partially self-funded health insurance plan. All full-time employees of the Lazarus House Inc. have an option to participate in the health insurance plan. The cost of medical insurance is paid out of employee and employer contributions. Lazarus House Inc. has contracted with a third party to administer the plan. The current health plan is set to expire in September 2025. Accrued expenses for unpaid medical insurance benefits as of March 31, 2025 and 2024 were \$0 and \$30,000, respectively.

**LAZARUS HOUSE, INC. AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**MARCH 31, 2025 AND 2024**

**18. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

Lazarus House Inc. manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial stability, maintaining adequate liquidity to fund near-term operations, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

The following reflects Lazarus House Inc.'s financial assets on the balance sheet date, reduced by amounts not available for general use within one year of the balance sheet date because of contractual or donor-imposed restrictions.

	<u><b>2025</b></u>	<u><b>2024</b></u>
Cash	\$3,617,333	\$ 2,023,885
Investments	2,459,658	5,828,561
Accounts receivable, net, collected in less than one year	40,257	43,729
Payroll tax refund receivable	<u>256,653</u>	<u>256,653</u>
 Total financial assets, excluding noncurrent receivables and non-liquid investments	 6,373,901	 8,152,828
 Contractual or donor-imposed restrictions:		
Endowment	(295,079)	(283,067)
Donor imposed restrictions – private grants reserved for life skills programs and certain program costs	<u>(516,994)</u>	<u>(531,937)</u>
 Financial assets available to meet cash need for expenditures within one year	 <u><u>\$5,561,828</u></u>	 <u><u>\$7,337,824</u></u>

As disclosed in Note 9 to the financial statements, the Lazarus House Inc. governing board has placed internal restrictions on certain amounts collected through previous fundraising campaigns. As of March 31, 2025 there was no designated amount. As of March 31, 2024, the designated amount was \$1,997,143 and is included above in the financial assets available to meet cash needs within one year as these reserves could be drawn upon if the board approved that action. Further, as disclosed in Note 6, the Lazarus House Inc. has available a \$50,000 revolving credit loan.

In addition to financial assets available to meet expenditures within the year, Lazarus House Inc. and subsidiary anticipates covering its general expenditures by collecting donations and grants in its normal revenue cycle and from planned fundraising campaigns and events.

**19. FUNDRAISING SPECIAL EVENTS**

Revenue reported on the consolidated statement of activities, and expenses reported on the statement of functional expenses, as special events, consist of major annual fundraising events, including the Hike for Hope, Lazarus House Golf Tournament, Annual Dinner, and other events held during the year.

Net revenue generated from special events during fiscal years ended March 31, 2025 and 2024 was \$859,401 and \$708,295, respectively.

**LAZARUS HOUSE, INC. AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**MARCH 31, 2025 AND 2024**

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**20. SUBSTANTIAL CONTRIBUTIONS**

In fiscal year 2025, the Organization received one substantial contribution totaling \$250,000. In fiscal year 2024, the Organization received one substantial contribution totaling \$333,334. For purposes of these financial statements, substantial contributions are considered donations received by one donor of \$100,000 or greater, whether in a lump sum or in the aggregate.

**21. EMPLOYEE RETENTION CREDIT RECEIVABLE**

In March 2020 the Employee Retention Credit was enacted as a provision in the CARES Act. The refundable payroll tax credit was designed to encourage eligible employers to keep employees on their payroll, despite experiencing economic hardship related to Covid-19. The Consolidated Appropriations Act of 2020 further extended and expanded the credit. In November 2022, Lazarus House Inc. amended two of its Federal Forms 941 payroll tax returns to claim the refundable Employee Retention Credit (ERC) of \$429,430. In May of 2023, Lazarus House, Inc. received the \$429,430 payroll tax refund. In September 2023, Lazarus House amended three of its Federal Forms 941 payroll tax returns to claim the refundable ERC of \$256,653. The income from the ERC is included in Other Income on the Statement of Activities for the fiscal year ended March 31, 2023. In May 2025, Lazarus House, Inc. received \$146,158 of the 2020 ERC funds.

**22. SUBSEQUENT EVENTS**

In fiscal year 2026, Lazarus House Inc. issued a \$96,000 loan to Lazarus Hope, LLC for the pre-development expenses related to improvements to Capernaum Place.

Management has evaluated subsequent events through October 9, 2025, the date which the financial statements were available for issue and has determined that there are no additional adjustments and/or disclosures required.

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**NAFFAH & COMPANY<sup>LLC</sup>**  
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**INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTAL INFORMATION**

To the Board of Directors  
Lazarus House, Inc.  
Lawrence, Massachusetts 01842

We have audited the consolidated financial statements of Lazarus House, Inc. (a nonprofit organization) and its subsidiary, Lazarus Hope, LLC, as of and for the year ended March 31, 2025, and our report dated October 9, 2025, which expressed an unmodified opinion on those consolidated financial statement begins on page 1. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information in supplemental schedules 1 through 4 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, changes in the net assets and cash flows of the individual organizations and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental consolidating information in schedules 1 through 4 is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

We have also previously audited, in accordance with auditing standards generally accepted in the United States of America, the statement of financial position of Lazarus House, Inc. (unconsolidated) as of March 31, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and in our report dated October 9, 2025, we expressed an unmodified opinion on the financial statements (unconsolidated) of solely Lazarus House, Inc. That audit was conducted for purposes of forming an opinion on the financial statements of solely Lazarus House, Inc. The information presented in schedules 5 through 8 is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements, however the information is intended to present comparative information of Lazarus House Inc. (unconsolidated) for the years ended March 31, 2025 and 2024, and is not intended to include the financial position, changes in net assets, and cash flows of the subsidiary Lazarus Hope, LLC.

October 9, 2025

**LAZARUS HOUSE, INC. AND SUBSIDIARY**  
**CONSOLIDATING STATEMENTS OF FINANCIAL POSITION**  
**MARCH 31, 2025**

Supplemental Schedule 1

	Lazarus House Inc.	Lazarus Hope LLC	Eliminations	Consolidated Total
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash (Note 3)	\$ 3,597,664	\$ 19,669	\$ -	\$ 3,617,333
Investments (Note 4)	2,459,658	-	-	2,459,658
Accounts receivable, net	39,973	284	-	40,257
Payroll tax refund receivable (Note 21)	256,653	-	-	256,653
Prepaid expenses and other current assets	29,747	19,785	-	49,532
Total Current Assets	6,383,695	39,738	-	6,423,433
<b>PROPERTY AND EQUIPMENT</b>				
Net of accumulated depreciation of \$5,785,462 in 2025 (Note 7)	1,825,037	3,639,655	-	5,464,692
<b>OTHER ASSETS</b>				
Other Intangible Asset, Net	-	3,662	-	3,662
Lazarus Hope LLC Reserves	-	42,020	-	42,020
Construction in Progress	1,366,743	-	-	1,366,743
Investment in Capernaum Place, net (Note 5)	768,941	-	(768,941)	-
Total Other Assets	2,135,684	45,682	(768,941)	1,412,425
<b>TOTAL ASSETS</b>	<b>\$ 10,344,416</b>	<b>\$ 3,725,075</b>	<b>\$ (768,941)</b>	<b>\$ 13,300,550</b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$ 21,905	\$ 24,989	\$ -	\$ 46,894
Accrued expenses and other current liabilities	73,439	26,025	-	99,464
Unearned revenue (Note 14)	111,930	-	-	111,930
Total Current Liabilities	207,274	51,014	-	258,288
<b>LONG-TERM LIABILITIES</b>				
Notes payable	-	3,336,666	(768,941)	2,567,725
Accrued Loan Interest	-	2,242,880	-	2,242,880
Total Long-term Liabilities	-	5,579,546	(768,941)	4,810,605
Total Liabilities	207,274	5,630,560	(768,941)	5,068,893
<b>NET ASSETS AND MEMBER'S EQUITY</b>				
Member's equity	-	(1,905,485)	-	(1,905,485)
Without donor restrictions (Note 9)	9,325,069	-	-	9,325,069
With donor restrictions (Note 8)	812,073	-	-	812,073
Total Net Assets and Member's equity	10,137,142	(1,905,485)	-	8,231,657
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 10,344,416</b>	<b>\$ 3,725,075</b>	<b>\$ (768,941)</b>	<b>\$ 13,300,550</b>

See auditors' reports and accompanying notes.

**LAZARUS HOUSE, INC. AND SUBSIDIARY**  
**CONSOLIDATING STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED MARCH 31, 2025**

**Supplemental Schedule 2**

	Lazarus House Inc.					
	Without Donor Restrictions	With Donor Restrictions	Total 2025	Lazarus Hope LLC	Eliminations	Consolidated Total
<b>SUPPORT AND REVENUES</b>						
Donations and grants	\$ 2,319,547	\$ 529,943	\$ 2,849,490	\$ -	\$ -	\$ 2,849,490
Special events (Note 19)	1,059,903	-	1,059,903	-	-	1,059,903
Thrift shop sales	319,718	-	319,718	-	-	319,718
In-kind contributions (Note 11)	4,236,541	-	4,236,541	-	-	4,236,541
Interest and dividend income	271,529	-	271,529	225	-	271,754
Gain (loss) on sale of securities	-	-	-	-	-	-
Rental Income	-	-	-	286,071	(213,859)	72,212
Other Income	-	-	-	418	-	418
Net assets released from restrictions (Note 8)	532,874	(532,874)	-	-	-	-
Total Support and Revenues	8,740,112	(2,931)	8,737,181	286,714	(213,859)	8,810,036
<b>EXPENSES</b>						
Lazarus Hope LLC expenses	-	-	-	611,858	-	611,858
Program services	7,150,605	-	7,150,605	-	(213,859)	6,936,746
Management and general	935,593	-	935,593	-	-	935,593
Fundraising	1,002,699	-	1,002,699	-	-	1,002,699
Total Expenses	9,088,897	-	9,088,897	611,858	(213,859)	9,486,896
<b>INCREASE (DECREASE) IN NET ASSETS</b>	(348,785)	(2,931)	(351,716)	(325,144)	-	(676,860)
<b>NET ASSETS AND MEMBER'S EQUITY - BEGINNING</b>	9,673,854	815,004	10,488,858	(1,580,341)	-	8,908,517
<b>NET ASSETS AND MEMBER'S EQUITY - ENDING</b>	<u>\$ 9,325,069</u>	<u>\$ 812,073</u>	<u>\$ 10,137,142</u>	<u>\$ (1,905,485)</u>	<u>\$ -</u>	<u>\$ 8,231,657</u>

See auditors' reports and accompanying notes.

**LAZARUS HOUSE, INC. AND SUBSIDIARY**  
**CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED MARCH 31, 2025**

**Supplemental Schedule 3**

Supplemental Schedule C

	Lazarus House Inc							
	Program Services	Management and General	Fund Raising	Total	Lazarus Hope LLC	Eliminations	Consolidated Total	
Salaries and wages	\$ 1,655,663	\$ 414,781	\$ 545,873	\$ 2,616,317	\$ 81,188	\$ -	\$ 2,697,505	
Insurance	153,340	40,853	63,699	257,892	40,578	-	298,470	
Payroll taxes	150,238	36,460	46,665	233,363	7,448	-	240,811	
Special events	-	-	200,501	200,501	-	-	200,501	
Professional fees	10,120	95,179	1,964	107,263	13,050	-	120,313	
Rent expense	213,859	-	-	213,859	-	(213,859)	-	
Program expenses	163,519	8,518	18,565	190,602	-	-	190,602	
Depreciation and amortization	-	146,381	-	146,381	183,521	-	329,902	
Utilities	111,516	33,100	723	145,339	25,944	-	171,283	
Postage and printing	180	3,420	53,303	56,903	-	-	56,903	
Repairs and maintenance	77,810	21,591	14,959	114,360	57,978	-	172,338	
IT and website support	7,178	57,682	38,580	103,440	-	-	103,440	
Other expenses	5,813	58,579	13,016	77,408	1,268	-	78,676	
Food	293,882	170	176	294,228	-	-	294,228	
Temporary labor service	49,781	-	-	49,781	-	-	49,781	
Vehicle expense	11,291	634	536	12,461	-	-	12,461	
Office supplies	3,130	17,535	3,956	24,621	1,351	-	25,972	
Grants	6,500	-	-	6,500	-	-	6,500	
Telephone	244	710	183	1,137	2,363	-	3,500	
Interest expense	-	-	-	-	171,061	-	171,061	
Real estate taxes	-	-	-	-	11,915	-	11,915	
Management fee	-	-	-	-	12,810	-	12,810	
Administrative expenses	-	-	-	-	1,383	-	1,383	
	2,914,064	935,593	1,002,699	4,852,356	611,858	(213,859)	5,250,355	
In-kind expenses	4,236,541	-	-	4,236,541	-	-	4,236,541	
Total	\$ 7,150,605	\$ 935,593	\$ 1,002,699	\$ 9,088,897	\$ 611,858	\$ (213,859)	\$ 9,486,896	

See auditors' reports and accompanying notes.

**LAZARUS HOUSE, INC. AND SUBSIDIARY**  
**CONSOLIDATING STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED MARCH 31, 2025**

**Supplemental Schedule 4**

	<b>Lazarus House Inc.</b>	<b>Lazarus Hope LLC</b>	<b>Consolidated Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Change in net assets	\$ (351,716)	\$ (325,144)	\$ (676,860)
Adjustments required to reconcile decrease in net assets to net cash provided by (used in) operating activities:			
Depreciation	146,381	183,521	329,902
Changes in operating assets and liabilities:			
Accounts receivable	2,104	1,368	3,472
Other assets	(1,351,743)	-	(1,351,743)
Prepaid expenses	(14,190)	(1,463)	(15,653)
Reserve	-	11,439	11,439
Accounts payable and accrued expenses	(178,222)	164,848	(13,374)
Unearned revenue	33,380	-	33,380
Total Adjustments	(1,362,290)	359,713	(1,002,577)
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	(1,714,006)	34,569	(1,679,437)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Maturity of investments invested in cash, net of purchases	3,368,903	-	3,368,903
Expenditures for property and equipment	(64,485)	(31,533)	(96,018)
<b>NET CASH (USED IN) INVESTING ACTIVITIES</b>	3,304,418	(31,533)	3,272,885
<b>INCREASE IN CASH AND EQUIVALENTS</b>	1,590,412	3,036	1,593,448
<b>CASH AND CASH EQUIVALENTS - BEGINNING</b>	2,007,252	16,633	2,023,885
<b>CASH AND CASH EQUIVALENTS - ENDING</b>	\$ 3,597,664	\$ 19,669	\$ 3,617,333

**SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION**

Cash paid during the year for interest	\$ -	\$ 171,061	\$ 171,061
Cash paid during the year for taxes	\$ -	\$ 11,915	\$ 11,915

See auditors' reports and accompanying notes.

**LAZARUS HOUSE, INC.**  
**STATEMENTS OF FINANCIAL POSITION (UNCONSOLIDATED)**  
**MARCH 31, 2025 AND 2024**

**Supplemental Schedule 5**

	<b>2025</b>	<b>2024</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 3,597,664	\$ 2,007,252
Investments	2,459,658	5,828,561
Accounts receivable, net	39,973	42,077
Payroll tax refund receivable	256,653	256,653
Prepaid expenses and other current assets	<u>29,747</u>	<u>15,557</u>
Total Current Assets	<u>6,383,695</u>	<u>8,150,100</u>
<b>PROPERTY AND EQUIPMENT</b>		
Net of accumulated depreciation of \$2,990,750 and \$2,844,369 in 2025 and 2024, respectively	<u>1,825,037</u>	<u>1,906,933</u>
<b>OTHER ASSETS</b>		
Construction in Progress	1,366,743	15,000
Investment in Capernaum Place, net	<u>768,941</u>	<u>768,941</u>
Total Other Assets	<u>2,135,684</u>	<u>783,941</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 10,344,416</u></u>	<u><u>\$ 10,840,974</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 21,905	\$ 7,298
Accrued expenses and other current liabilities	73,439	266,268
Unearned revenue	<u>111,930</u>	<u>78,550</u>
Total Current Liabilities	<u>207,274</u>	<u>352,116</u>
Total Liabilities	<u>207,274</u>	<u>352,116</u>
<b>NET ASSETS</b>		
Without donor restrictions	9,325,069	9,673,854
With donor restrictions	<u>812,073</u>	<u>815,004</u>
Total Net Assets	<u>10,137,142</u>	<u>10,488,858</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 10,344,416</u></u>	<u><u>\$ 10,840,974</u></u>

See auditors' report on supplemental information.

**LAZARUS HOUSE, INC.**  
**STATEMENTS OF ACTIVITIES (UNCONSOLIDATED)**  
**FOR THE YEAR ENDED MARCH 31, 2025**  
**(WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED MARCH 31, 2024)**

**Supplemental Schedule 6**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total 2025</b>	<b>Total 2024</b>
<b>SUPPORT AND REVENUES</b>				
Donations and grants	\$ 2,319,547	\$ 529,943	\$ 2,849,490	\$ 2,885,233
Special events	1,059,903	-	1,059,903	956,009
Thrift shop sales	319,718	-	319,718	324,154
In-kind contributions	4,236,541	-	4,236,541	3,281,661
Interest and dividend income	271,529	-	271,529	360,873
Gain (loss) on sale of securities	-	-	-	-
Net assets released from restrictions	<u>532,874</u>	<u>(532,874)</u>	<u>-</u>	<u>-</u>
 Total Support and Revenues	 <u>8,740,112</u>	 <u>(2,931)</u>	 <u>8,737,181</u>	 <u>7,807,930</u>
<b>EXPENSES</b>				
Program services	7,150,605	-	7,150,605	5,968,700
Management and general	935,593	-	935,593	626,479
Fundraising	<u>1,002,699</u>	<u>-</u>	<u>1,002,699</u>	<u>1,264,586</u>
 Total Expenses	 <u>9,088,897</u>	 <u>-</u>	 <u>9,088,897</u>	 <u>7,859,765</u>
 <b>INCREASE (DECREASE) IN NET ASSETS</b>	 <u>(348,785)</u>	 <u>(2,931)</u>	 <u>(351,716)</u>	 <u>(51,835)</u>
 <b>NET ASSETS - BEGINNING</b>	 <u>9,673,854</u>	 <u>815,004</u>	 <u>10,488,858</u>	 <u>10,540,693</u>
 <b>NET ASSETS - ENDING</b>	 <u><u>\$ 9,325,069</u></u>	 <u><u>\$ 812,073</u></u>	 <u><u>\$ 10,137,142</u></u>	 <u><u>\$ 10,488,858</u></u>

See auditors' report on supplemental information.

**LAZARUS HOUSE, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES (UNCONSOLIDATED)**  
**FOR THE YEAR ENDED MARCH 31, 2025**  
**(WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED MARCH 31, 2024)**

**Supplemental Schedule 7**

	<b>Program Services</b>	<b>Management and General</b>	<b>Fund Raising</b>	<b>Total 2025</b>	<b>Total 2024</b>
Salaries and wages	\$ 1,655,663	\$ 414,781	\$ 545,873	\$ 2,616,317	\$ 2,588,665
Insurance	153,340	40,853	63,699	257,892	201,389
Payroll taxes	150,238	36,460	46,665	233,363	242,047
Special events	-	-	200,501	200,501	247,714
Professional fees	10,120	95,179	1,964	107,263	111,859
Rent expense	213,859	-	-	213,859	193,843
Program expenses	163,519	8,518	18,565	190,602	158,195
Depreciation	-	146,381	-	146,381	143,429
Utilities	111,516	33,100	723	145,339	116,334
Postage and printing	180	3,420	53,303	56,903	31,538
Repairs and maintenance	77,810	21,591	14,959	114,360	69,389
IT and website support	7,178	57,682	38,580	103,440	113,514
Other expenses	5,813	58,579	13,016	77,408	27,815
Food	293,882	170	176	294,228	279,906
Temporary labor service	49,781	-	-	49,781	9,600
Vehicle expense	11,291	634	536	12,461	7,006
Office supplies	3,130	17,535	3,956	24,621	44,389
Grants	6,500	-	-	6,500	8,100
Telephone	244	710	183	1,137	11,586
	<u>2,914,064</u>	<u>935,593</u>	<u>1,002,699</u>	<u>4,852,356</u>	<u>4,606,318</u>
In-kind expenses	<u>4,236,541</u>	<u>-</u>	<u>-</u>	<u>4,236,541</u>	<u>3,253,447</u>
Total	<u>\$ 7,150,605</u>	<u>\$ 935,593</u>	<u>\$ 1,002,699</u>	<u>\$ 9,088,897</u>	<u>\$ 7,859,765</u>

See auditors' report on supplemental information.

**LAZARUS HOUSE, INC.**  
**STATEMENTS OF CASH FLOWS (UNCONSOLIDATED)**  
**FOR THE YEARS ENDED MARCH 31, 2025 AND 2024**

**Supplemental Schedule 8**

	<b>2025</b>	<b>2024</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (351,716)	\$ (51,835)
Adjustments required to reconcile decrease in net assets to net cash provided by (used in) operating activities:		
Depreciation	146,381	143,429
Changes in operating assets and liabilities:		
Accounts receivable	2,104	(32,077)
Other assets	(1,351,743)	(15,000)
Payroll tax refund receivable	-	429,430
Prepaid expenses	(14,190)	16,759
Accounts payable and accrued expenses	(178,222)	133,369
Unearned revenue	33,380	(39,608)
Total Adjustments	(1,362,290)	636,302
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	(1,714,006)	584,467
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Maturity of investments invested in cash, net of purchases	3,368,903	(1,358,592)
Expenditures for property and equipment	(64,485)	(119,415)
<b>NET CASH USED IN (PROVIDED BY) INVESTING ACTIVITIES</b>	3,304,418	(1,478,007)
<b>INCREASE (DECREASE) IN CASH AND EQUIVALENTS</b>	1,590,412	(893,540)
<b>CASH AND CASH EQUIVALENTS - BEGINNING</b>	2,007,252	2,900,792
<b>CASH AND CASH EQUIVALENTS - ENDING</b>	\$ 3,597,664	\$ 2,007,252
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid during the year for interest	\$ -	\$ -
Cash paid during the year for taxes	\$ -	\$ -

See auditors' report on supplemental information.