PragerMetis

De La Salle Hall, Inc.
Financial Statements
August 31, 2022 and 2021

De La Salle Hall, Inc.
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August 31, 2022 and 2021

Prager Metis CPAs, LLC

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Independent Auditor's Report

To the Board of Directors of
De La Salle Hall, Inc.

Qualified Opinion

We have audited the accompanying financial statements of De La Salle Hall, Inc. (a nonprofit organization), which comprise the statements of financial position as of August 31, 2022 and 2021, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, except for the effects of a gift of real estate not recorded in the financial statements described in the Basis for Qualified Opinion section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of the De La Salle Hall, Inc. as of August 31, 2022 and 2021, 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 have not been determined.

Basis for Qualified Opinion

As more fully described in Note 2 to the financial statements, De La Sale Hall, Inc. has not recorded a gift of real estate in the financial statements. In our opinion, accounting principles generally accepted in the United States of the America require that gifts of real estate be recorded at fair value at the date of receipt. The effects on the accompanying financial statements of the failure to record real estate acquired by gift is to understate property and equipment, total assets and net assets.

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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of De La Salle Hall, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about De La Salle Hall, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 De La Salle Hall, 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 De La Salle Hall, Inc.'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.

Prager Metis CPAs, LLC

Prager Metis CPAs, LLC
Basking Ridge, New Jersey
June 21, 2023

	2022	2021
Assets		
Cash	**$ 224,613**	$ 635,827
Restricted cash, resident personal needs funds	**29,662**	69,702
Accounts receivable, net of allowance for doubtful accounts of $200,000 in 2022 and $176,616 in 2021	**456,368**	336,165
Investments, at net asset value	**2,197,335**	3,449,046
Prepaid expenses and other assets	**20,328**	20,422
Property and equipment, net	**1,192,986**	1,172,937
Total assets	**$ 4,121,292**	$ 5,684,099
Liabilities and net assets		
Liabilities		
Accounts payable and accrued expenses	**$ 179,371**	$ 309,273
Resident personal needs liability account	**29,662**	69,702
PPP loan	**-**	355,565
Total liabilities	**209,033**	734,540
Net assets		
Without donor restrictions	**3,912,259**	4,949,559
Total net assets	**3,912,259**	4,949,559
Total liabilities and net assets	**$ 4,121,292**	$ 5,684,099

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

De La Salle Hall, Inc.
Statements of Activities
Years Ended August 31, 2022 and 2021

	2022	2021
Operating revenue		
Medicaid/Medicare	**$ 2,458,721**	$ 2,624,440
Commercial payors and private pay residents	**39,811**	362,240
Contributions of residents' retirement benefits	**19,942**	17,665
Contributions of residents' social security benefits	**89,865**	55,481
Cares Act grant	**92,653**	37,425
PPP loans	**355,565**	374,617
Total operating revenue	**3,056,557**	3,471,868
Operating expenses		
Program services		
Salaries and benefits	**2,045,677**	1,964,661
Food and dietary supplies	**772,348**	666,040
Occupancy	**262,990**	246,018
Professional fees	**187,969**	188,838
Depreciation	**109,462**	146,831
Medical supplies and other patient care costs	**287,646**	339,524
New Jersey provider assessment fee	**123,196**	151,009
Insurance	**66,261**	62,132
Miscellaneous	**60,882**	56,931
Total program expenses	**3,916,431**	3,821,984
Administrative		
Salaries and benefits	**476,741**	512,956
Occupancy	**65,748**	61,505
Professional fees	**133,855**	122,209
Depreciation	**27,365**	36,708
Insurance	**16,565**	15,533
Bad debt	**57,302**	-
Miscellaneous	**15,220**	14,233
Total administrative expenses	**792,796**	763,144
Total operating expenses	**4,709,227**	4,585,128
Operating loss	**(1,652,670)**	(1,113,260)
Non-operating activity		
Contributions	**1,066,979**	1,081,768
Investment returns, net	**(451,609)**	426,466
Total non-operating activity	**615,370**	1,508,234
Change in net assets	**(1,037,300)**	394,974
Net assets, without donor restrictions, beginning of year	**4,949,559**	4,554,585
Net assets, without donor restrictions, end of year	**$ 3,912,259**	$ 4,949,559

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

De La Salle Hall, Inc.
Statements of Cash Flows
Years Ended August 31, 2022 and 2021

	2022	2021
Cash flows from operating activities		
Change in net assets	**$ (1,037,300)**	$ 394,974
Adjustments to reconcile change in net assets to net cash used in operating activities		
PPP loan forgiveness	**(355,565)**	(374,617)
Bad debt	**57,302**	-
Depreciation	**136,827**	183,539
Realized and unrealized (gain) loss on investments	**451,711**	(424,318)
(Increase) decrease in operating assets		
Accounts receivable	**(177,505)**	133,306
Prepaid expenses and other current assets	**94**	11,194
Increase (decrease) in operating liabilities		
Accounts payable and accrued expenses	**(129,902)**	10,246
Resident personal needs liability account	**(40,040)**	25,813
Net cash used in operating activities	**(1,094,378)**	(39,863)
Cash flows from investing activities		
Purchase of property and equipment	**(156,876)**	(95,211)
Investment sales	**800,000**	-
Investment purchases	**-**	(1,548,836)
Net cash provided by (used in) investing activities	**643,124**	(1,644,047)
Cash flows from financing activities		
Proceeds of PPP loan	**-**	355,565
Net cash provided by financing activities	**-**	355,565
Net decrease in cash	**(451,254)**	(1,328,345)
Cash, beginning of year	**705,529**	2,033,874
Cash, end of year	**$ 254,275**	$ 705,529
Cash, end of year consists of:		
Cash	**$ 224,613**	$ 635,827
Restricted cash, resident personal needs funds	**29,662**	69,702
	$ 254,275	$ 705,529

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

Note 1 The Organization

On April 12, 1994, a Certificate of Incorporation was filed with the Secretary of State of New Jersey to incorporate De La Salle Hall, Inc. (the "Organization"). The purpose of the Organization is to maintain a residence, extended care facility and nursing home for retired religious members of the Roman Catholic faith, including without limitation, retired members of the Institute of the Brothers of the Christian Schools. The facility is located in Lincroft, New Jersey.

Note 2 Summary of Significant Accounting Policies

Basis of Accounting
The financial statements of the Organization are prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP").

Financial Statement Presentation
The Organization is required to report its final position and activities according to two net assets classes as follows:

Net Assets Without Donor Restrictions – consist of net assets not subject to donor-imposed stipulation. Net assets without donor restrictions may be designated for specific purposes by actions of the Board of Directors.

Net Assets With Donor Restrictions – include net assets with donor-imposed stipulations, which are satisfied either by the passage of time or by actions of the Organization or net assets that must be maintained permanently.

Use of Estimates
The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, including estimated uncollectable accounts and allowances, and liabilities at the date of financial statements and the reported amounts of increases and decreases in net assets during the reporting period. Actual results could differ from those estimates.

Accounts Receivable
Accounts receivable are recorded at established rates net of contractual and other allowances and do not bear interest. The allowance for doubtful accounts is the Organization's best estimate of the amount of credit losses in the Organization's existing accounts receivable. The Organization reviews its allowance for doubtful accounts periodically. Past due balances are reviewed individually for collectability. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote.

Note 2 Summary of Significant Accounting Policies (continued)

Property and Equipment

Property and equipment acquired prior to December 31, 1997 are recorded at an estimated historical cost as determined by an independent appraisal prepared as of December 31, 1997. All assets purchased subsequent to that date are carried at cost, except for donated assets which are recorded at fair value at the date of donation. Depreciation expense is calculated on all depreciable assets, based on the straight-line method, utilizing estimated lives as determined by industry guidelines.

Major additions and improvements are capitalized while replacements, maintenance and repairs which do not improve or extend the lives of the respective assets are expended as incurred.

Investments

The Organization values its pooled investment funds using the net asset values provided by the underlying private investment companies as a practical expedient. Pooled investment funds measured using net asset value as a practical expedient are not categorized within the fair value hierarchy.

Donated Land

The land underlying the Organization's facility in Lincroft, New Jersey was donated by La Salle Lincroft, Inc. in 2002. The Organization has not obtained any appraisal of the value of the land. Accordingly, no value for land is included in the statements of financial position. The omission of any value for this donated land is a departure from GAAP.

Income Tax – Exempt Status

The Organization is a tax-exempt entity under Section 501(c) (3) of the Internal Revenue Code. Accordingly, no provision for federal or state taxes is required. Because the Organization is a church-related entity, it is not required to file income or information returns. Accordingly, the Organization has no uncertain tax positions at August 31, 2022 or 2021.

Volunteer Services

From time to time the Organization receives significant assistance in its operations from volunteers. Despite the importance of these services, they are not recognized in the financial statements because they do not meet the recognition criteria set forth under GAAP.

Revenue Recognition and Classification of Support

A summary of the Organization's payment arrangements with major third-party payors is as follows:

Medicare – Residential and patient services rendered to Medicare program beneficiaries are paid at predetermined rates based on the individual resident's clinical assessment. Revenue is billed monthly and recognized ratably over the month because the benefits are consistent throughout the period. The prospectively determined rates are subject to retroactive audit and adjustment.

Note 2 Summary of Significant Accounting Policies (continued)

Medicaid – Residential and patient services rendered to Medicaid program beneficiaries are reimbursed at daily rates determined by the New Jersey Department of Health. These fixed daily rates are billed monthly and recognized based on the daily rate. The Medicaid program requires that residents enrolled in Medicaid contribute any available income, primarily social security benefits and pensions, toward payment of their monthly room and board charges with Medicaid paying the balance.

Contributions are recognized as non-operating revenue when they are received or unconditionally pledged. The Organization reports gifts of cash and other assets as with donor restrictions if they are received with donor stipulations that limit their use. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statements of activities as net assets released from restriction.

However, the receipt of restricted contributions whose restrictions expire or are otherwise satisfied within the period of receipt are reported as revenue without donor restrictions in the statements of activities.

Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as with donor restriction. Absent explicit donor stipulations regarding how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Non-Operating Activity
The Organization's operating loss excludes contributions from parties other than residents and investment return.

Resident Personal Needs Funds
The Organization acts as a fiduciary for certain personal funds of its residents. These funds are kept in a separate cash account and are expended at the direction of the residents.

Impairment of Long-Lived Assets
Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. No impairment was identified at August 31, 2022 or 2021.

Note 3 Accounts Receivable

Accounts receivable reported on the accompanying statements of financial position include amounts due from the Medicare and Medicaid programs as well as from private insurance companies or other sources. Receivables related to the Medicare and Medicaid programs were recorded based on services rendered to beneficiaries of these programs at the applicable prospective payment rates. Accounts receivable at August 31, 2020 were $469,471.

Note 4 Investments

Cost, net asset values and unrealized gain (loss) of investments at August 31, 2022 and 2021 were as follows:

	August 31, 2022		
	Cost or Basis	**Net Asset Value**	**Net Unrealized Loss**
Pooled investment funds	**$ 2,571,442**	**$ 2,197,335**	**$ (374,107)**
	August 31, 2021		
	Cost or Basis	Net Asset Value	Net Unrealized Gain
Pooled investment funds	$ 3,024,728	$ 3,449,046	$ 424,318

Investment returns, net consisted of the following for the year ended August 31:

	2022	2021
Realized loss	**$ (77,604)**	$ -
Unrealized gain (loss)	**(374,107)**	424,318
Interest income	**102**	2,148
	$ (451,609)	$ 426,466

Note 5 Property and Equipment

Property and equipment consist of the following as of August 31, 2022 and 2021:

	Depreciable Life	2022	2021
Land improvements	5-20 Years	**$ 247,096**	$ 175,096
Buildings	5-40 Years	**1,016,519**	1,016,519
Building improvements	5-20 Years	**2,017,994**	1,970,375
Furniture, equipment and vehicles	4-20 Years	**951,298**	916,318
		4,232,907	4,078,308
Less: accumulated depreciation		**(3,039,921)**	(2,905,371)
Total property and equipment, net		**$ 1,192,986**	$ 1,172,937

Depreciation expense related to these assets for the years ended August 31, 2022 and 2021 was $136,827 and $183,539, respectively.

Note 6 Paycheck Protection Program Loans

The Coronavirus Aid, Relief and Economic Security Act, Section 7(a)(36) of the Small Business Act (the "CARES Act"), which was signed into law in March 2020, established the Paycheck Protection Program (the "PPP"). The PPP authorized up to $349 billion in forgivable loans to small businesses. Loan amounts are forgiven to the extent proceeds are used to cover documented payroll, mortgage interest, rent and utility costs over a 24-week measurement period following loan funding.

During the fiscal year ended August 31, 2021, the Organization entered into a PPP Loan Agreement with RSL Bank and executed a U.S. Small Business Administration Note pursuant to which the Organization borrowed $355,565 (the "Loan") from RSI Bank. Subsequent to August 31, 2021, this Loan was forgiven and is reflected as revenue in the statement of activities for the year ended August 31, 2022.

During the year ended August 31, 2020, the Organization entered into a PPP loan agreement with RSL Bank in the amount of $374,617. Subsequent to August 31, 2020, this loan was forgiven and is reflected as revenue in the statement of activities for the year ended August 31, 2021.

Note 7 Pension and Benefit Plans of Lay Employees

Lay employees of De La Salle Hall, Inc. participate in the Christian Brothers Employee Retirement Plan ("The Plan"). The Plan is a noncontributory defined benefit pension plan sponsored by the Christian Brothers Major Superiors which runs on a calendar year. Participants are entitled to annual pension benefits beginning at the normal retirement age (65) based upon a formula which takes into account the Participant's years of service and compensation. The Plan permits early retirement at ages 55 – 64. As a condition of participation, the Organization has elected the option to contribute 3 1/2% of eligible gross salary to the Plan. The Organization has increased the contribution amount to 4.2% of eligible gross salary starting on July 1, 2021.

The risks of participating in multi-employer pension plans are different from a single-employer plan in the following aspects:

- Assets contributed to a multi-employer plan by one employer may be used to provide benefits to employees of other participating employers.
- If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be assumed by the remaining participating employers.
- If the Organization chooses to stop participating in a multi-employer plan, the Organization may be required to pay the plan an amount based on the unfunded status of the plan, referred to as a withdrawal liability.

According to the latest available information, as of June 30, 2022, the Plan was in good status under the Pension Protection Act of 2006. A plan is in good status ("Green Zone") if it has a current funded percentage greater than 80%.

The Organization also offers a defined contribution retirement plan which covers all eligible fulltime lay employees.

Eligible employees may elect to make income tax deferred contributions to the "Christian Brothers Retirement Savings Plan," a separate tax-sheltered annuity plan qualifying under Section 403(b) of the Internal Revenue Code of 1986. This Plan is also sponsored by the Christian Brothers Major Superiors.

The policy of De La Salle Hall, Inc. is to fund accrued pension costs monthly. Benefit contributions made for the years ended August 31, 2022 and 2021 were $71,467 and $55,082, respectively. Pension expense is included in salaries and benefits expense in the statements of activities.

Note 7 Pension and Benefit Plans of Lay Employees (continued)

In addition, lay employees of De La Salle Hall, Inc. also participate in the "Christian Brothers Employee Benefit Plan." The Plan is a health and welfare benefit plan sponsored by the Christian Brothers Major Superiors. The Plan provides self-insured hospital, surgical, major medical, dental, vision, long-term disability, group life and accidental death and dismemberment coverage to eligible active and retired employees of qualified participating employers. The Plan document provides that the participating employers will make contributions to the Plan to provide benefits for employees. The contribution rate is determined annually by the Plan trustees. The employers, at their discretion, may require the employees to pay a portion of the contributions. The Organization's contributions for the years ended August 31, 2022 and 2021 were $220,832 and $224,477, respectively. These amounts are also included as a component of salaries and benefits expenses on the statements of activities.

De La Salle, Inc. is billed each month by Christian Brothers Services for its portion of the expense for the aforementioned Plans.

Note 8 Related Party Transactions

De La Salle Hall, Inc. made payments totaling $76,364 and $76,100 for the years ended August 31, 2022 and 2021, to FSC DENA, Inc. (District of Eastern North America of the Brothers of Christian Schools), an entity related through common control. These payments represent the value of the services provided to the Organization by certain Brothers. These payments are classified within salaries and benefits expenses on the statements of activities.

De La Salle Hall, Inc. received contributions from FSC DENA, Inc. totaling $903,045 and $962,977 for the years ended August 31, 2022 and 2021, respectively. These contributions are classified as a component of non-operating activity on the accompanying statements of activities and represent 85% and 89% of total contributions in fiscal 2022 and 2021, respectively.

Note 9 Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash balances in financial institutions and accounts receivable. With respect to cash in financial institutions, which periodically exceeds federally insured limits, the Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on the balances maintained with financial institutions.

Note 9 Concentrations of Credit Risk (continued)

With respect to accounts receivable, the Organization extends credit to its residents without collateral. The percentage of accounts receivable due from third-party payors and residents as of August 31, 2022 and 2021 were as follows:

	2022	2021
Medicare and Medicaid	**89%**	73%
Other third-party payors and residents	**11%**	27%
	100%	100%

Note 10 Concentration of Business

During the years ended August 31, 2022 and 2021, approximately 79% and 76%, respectively, of the Organization's total revenue reflected on the accompanying statements of activities was obtained from the Medicaid and Medicare programs.

Note 11 Liquidity and Availability of Financial Assets

The Organization’s financial assets as of August 31, 2022 and 2021, available for general expenditure within one year consist of cash, accounts receivable, and investments totaling $2,878,316 and $4,421,038, respectively.

Note 12 Subsequent Events

The Organization has evaluated all events through June 21, 2023, which is the date the financial statements were available to be issued.