

IGNATIAN LAY VOLUNTEER CORPORATION

AUDITED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2013 and 2012

IGNATIAN LAY VOLUNTEER CORPORATION

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Independent Auditors' Report

Board of Directors
Ignatian Lay Volunteer Corporation

We have audited the accompanying financial statements of Ignatian Lay Volunteer Corporation (a nonprofit organization), which comprise the statements of financial position as of June 30, 2013 and 2012, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

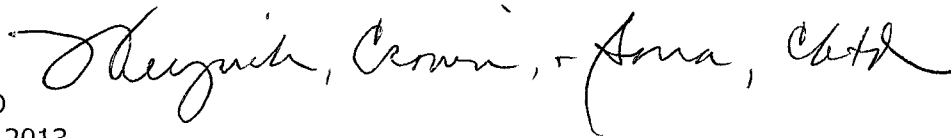
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Independent Auditors' Report (continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ignatian Lay Volunteer Corporation as of June 30, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script, appearing to read "Douglas A. Crown".

Lutherville, MD
November 21, 2013

IGNATIAN LAY VOLUNTEER CORPORATION

Statements of Financial Position
June 30, 2013 and 2012

ASSETS

	2013	2012
CURRENT ASSETS		
Cash	\$ 216,005	\$ 133,810
Accounts receivable	15,911	24,400
Prepaid expenses	12,460	9,539
TOTAL CURRENT ASSETS	244,376	167,749
OTHER ASSETS		
Property and equipment, net of depreciation	6,288	7,608
Trademark	3,612	3,612
TOTAL OTHER ASSETS	9,900	11,220
TOTAL ASSETS	\$ 254,276	\$ 178,969

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 58,552	\$ 20,348
Deferred revenue	30,400	27,200
TOTAL CURRENT LIABILITIES	88,952	47,548
LONG TERM LIABILITIES		
Benefactor loans payable	50,000	80,000
TOTAL LONG TERM LIABILITIES	50,000	80,000
TOTAL LIABILITIES	138,952	127,548
NET ASSETS		
Unrestricted	20,292	(5,836)
Temporarily restricted	95,032	57,257
	115,324	51,421
TOTAL LIABILITIES AND NET ASSETS	\$ 254,276	\$ 178,969

See accompanying notes to financial statements

IGNATIUS LAY VOLUNTEER CORPORATION

Statements of Activities and Changes in Net Assets
For the Years Ended June 30, 2013 and 2012

	2013		2012		Total
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted	
SUPPORT AND REVENUE					
PARTNERSHIP FEES	\$ 486,529	\$ - 0 -	\$ 486,529	\$ - 0 -	\$ 389,952
FUNDRAISING					
Jesuit Provinces	48,600	- 0 -	48,600	- 0 -	59,500
Foundations	52,243	95,032	147,275	57,257	209,100
Annual appeal	148,562	- 0 -	148,562	- 0 -	136,703
Major gifts	12,500	- 0 -	12,500	- 0 -	30,000
Events	158,536	- 0 -	158,536	- 0 -	134,257
Board gifts	6,200	- 0 -	6,200	- 0 -	21,600
Jesuit Communities	32,289	- 0 -	32,289	- 0 -	18,403
Magnify campaign	452,866	- 0 -	452,866	- 0 -	128,362
Released from restrictions	57,257	(57,257)	- 0 -	- 0 -	- 0 -
TOTAL FUNDRAISING	969,053	37,775	1,006,828	57,257	737,925
OTHER					
Investment income	517	- 0 -	517	- 0 -	872
TOTAL SUPPORT AND REVENUE	1,456,099	37,775	1,493,874	57,257	1,128,749
EXPENSES					
Program services	1,017,789	- 0 -	1,017,789	- 0 -	801,085
Management and general	304,851	- 0 -	304,851	- 0 -	157,375
Fundraising	107,331	- 0 -	107,331	- 0 -	141,246
TOTAL EXPENSES	1,429,971	- 0 -	1,429,971	- 0 -	1,099,706
CHANGE IN NET ASSETS	26,128	37,775	63,903	57,257	29,043
NET ASSETS AT BEGINNING OF YEAR	(5,836)	57,257	51,421	- 0 -	22,378
NET ASSETS AT END OF YEAR	\$ 20,292	\$ 95,032	\$ 115,324	\$ (5,836)	\$ 51,421

See accompanying notes to financial statements

IGNATIAN LAY VOLUNTEER CORPORATION

Statements of Functional Expenses
For the Years Ended June 30, 2013 and 2012

	2013			2012				
	Program Services	Management and General	Fund-raising	Total	Program Services	Management and General	Fund-raising	Total
Salaries	\$ 636,443	\$ 113,826	\$ 30,000	\$ 780,269	\$ 539,372	\$ 24,758	\$ 72,759	\$ 636,889
Employee benefits and taxes	117,430	21,352	5,485	144,267	93,881	4,309	12,664	110,854
	<u>753,873</u>	<u>135,178</u>	<u>35,485</u>	<u>924,536</u>	<u>633,253</u>	<u>29,067</u>	<u>85,423</u>	<u>747,743</u>
Meetings & retreats	85,141	14,305	2,328	101,774	66,099	15,910	805	82,814
Occupancy expenses	14,528	8,820	- 0 -	23,348	6,839	11,311	- 0 -	18,150
Office supplies, books, & equipment	24,022	11,332	- 0 -	35,354	18,992	2,347	- 0 -	21,339
Printing and promotion	13,201	7,239	6,018	26,458	6,069	- 0 -	6,788	12,857
Travel & transportation	22,876	6,802	- 0 -	29,678	19,883	6,628	- 0 -	26,511
Depreciation and amortization	- 0 -	1,320	- 0 -	1,320	1,442	- 0 -	- 0 -	1,442
Telephone & internet	8,367	8,031	- 0 -	16,398	13,085	2,322	1,177	16,584
Professional fees	91,048	89,241	63,500	243,789	25,291	87,728	45,049	158,068
Postage & shipping	3,747	4,485	- 0 -	8,232	4,990	- 0 -	1,663	6,653
Miscellaneous	986	4,715	- 0 -	5,701	2,624	557	341	3,522
Insurance	- 0 -	13,383	- 0 -	13,383	2,518	1,505	- 0 -	4,023
	<u>\$ 1,017,789</u>	<u>\$ 304,851</u>	<u>\$ 107,331</u>	<u>\$ 1,429,971</u>	<u>\$ 801,085</u>	<u>\$ 157,375</u>	<u>\$ 141,246</u>	<u>\$ 1,099,706</u>

See accompanying notes to the financial statements

IGNATIAN LAY VOLUNTEER CORPORATION

Statements of Cash Flows
For the Years Ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 63,903	\$ 29,043
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation expense	1,320	1,442
Non-cash donation, forgiveness of benefactor loan	(30,000)	(20,000)
Decrease (increase) in accounts receivable	8,489	(10,650)
Increase in prepaid expenses	(2,921)	(2,366)
Increase (decrease) in accounts payable and accrued expenses	38,204	(1,114)
Increase (decrease) in deferred revenue	<u>3,200</u>	<u>(6,368)</u>
Net cash provided by (used in) operating activities	<u>82,195</u>	<u>(10,013)</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Investment in property & equipment	<u>- 0 -</u>	<u>(8,927)</u>
Net cash used in investing activities	<u>- 0 -</u>	<u>(8,927)</u>
NET INCREASE (DECREASE) IN CASH	82,195	(18,940)
CASH AT BEGINNING OF YEAR	<u>133,810</u>	<u>152,750</u>
CASH AT END OF YEAR	<u>\$ 216,005</u>	<u>\$ 133,810</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Non-cash investing and financing transaction:		
Forgiveness of benefactor loan	\$ 30,000	\$ 20,000

See accompanying notes to financial statements

IGNATIAN LAY VOLUNTEER CORPORATION

Notes to Financial Statements
June 30, 2013 and 2012

1. Summary of Significant Accounting Policies

Organization and Nature of Activities - Ignatian Lay Volunteer Corporation (d/b/a Ignatian Volunteer Corps) is a religious nonprofit Maryland corporation whose purpose is to provide men and women age 50 and over the opportunity to serve the needs of people who are poor, to work for a more just society, and to grow deeper in Christian faith by reflecting and praying in the Ignatian tradition. The Organization was founded by Jesuits of the Maryland Province in response to General Congregation 34 of the Society of Jesus. It is firmly committed to maintaining its Ignatian character and its strong ties to the Society of Jesus.

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets, liabilities and disclosures at the date of the financial statements and certain reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Basis of Accounting - The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect receivables, payables, and other liabilities. As such, revenues are recognized when earned and expenditures when incurred.

Basis of Presentation - The Organization follows the presentation requirements that all contributions received or made are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. The Organization is required to report information regarding its financial position and activities according to three classes of net assets: (a) unrestricted net assets, (b) temporarily restricted net assets, and (c) permanently restricted net assets.

Unrestricted: accounts for net assets without donor imposed restrictions that are available for the support of the Organization.

Temporarily restricted: accounts for net assets that have donor imposed restrictions that permit the Organization to expend the donated assets as specified, and is satisfied either by the passage of time or by actions of the Organization. When the donor restriction expires, the temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets as "net assets released from restrictions."

Permanently restricted: accounts for net assets, which are permanently restricted by the donor. The Organization had no permanently restricted net assets as of June 30, 2013 and 2012.

Functional Allocation of Expenses - The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and Changes in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

IGNATIAN LAY VOLUNTEER CORPORATION

Notes to Financial Statements
June 30, 2013 and 2012

1. Summary of Significant Accounting Policies (continued)

Accounts Receivable - Accounts receivable consists of uncollected Partnership Fees. The organization provides for losses on accounts receivable using the allowance method. It is the Organization's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. As of June 30, 2013 and 2012, all receivables were deemed fully collectible by management, and as such, no allowance for doubtful accounts is reflected in these financial statements.

Property and Equipment - Property and equipment are recorded at cost less accumulated depreciation. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in the Statement of Activities and Changes in Net Assets for the period. It is the Organization's policy to capitalize expenditures for these items in excess of \$1,000. The cost of maintenance and repairs is charged to current operations as incurred, whereas significant renewals and betterments are capitalized. Included in property and equipment is the cost to develop the Organization's website. Depreciation and amortization is provided by the straight-line method over estimated lives of 3 to 5 years.

Revenue Recognition - Contributions received or pledged are recognized as revenues in the period received or promised. Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as unrestricted. When grants or contributions are specifically related to a subsequent year, the revenue is deferred in the year received, and recorded as revenue in the subsequent year.

Donated Services, Materials and Facilities - The Organization receives a significant amount of donated services from unpaid volunteers who assist in the Organization's operations. Donated professional services are recognized if the services (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. No amounts have been recognized in the Statements of Activities and Changes in Net Assets as contributions because the criteria for recognition has not been satisfied.

Additional space for regional offices throughout the United States is provided without cost. The value of the donated facilities has not been determined, as there is no quantifiable method to determine the value of these facilities, and therefore is not reported in these financial statements.

IGNATIAN LAY VOLUNTEER CORPORATION

Notes to Financial Statements
June 30, 2013 and 2012

1. Summary of Significant Accounting Policies (continued)

Tax Status - The Organization is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) as an organization, other than a private foundation, as described in Section 509(a). Ignatian Lay Volunteer Corporation is no longer subject to U.S. federal or state income tax examinations by tax authorities for fiscal years before June 30, 2010. The Organization did not have any unrecognized tax benefits as of June 30, 2013 and 2012 and does not expect this to change significantly over the next twelve months.

Reclassifications - Certain items in 2012 have been reclassified to conform with the 2013 financial statement presentation.

2. Property and Equipment

Property and equipment at June 30, 2013 and 2012 consist of the following:

	<u>2013</u>	<u>2012</u>
Computer equipment	\$ 25,598	\$ 25,598
Website development costs	<u>24,800</u>	<u>24,800</u>
	50,398	50,398
Accumulated depreciation and amortization	<u>(44,110)</u>	<u>(42,790)</u>
Net Property and Equipment	<u>\$ 6,288</u>	<u>\$ 7,608</u>

3. Benefactor Loans Payable

Long-term debt at June 30, 2013 and 2012 consisted of the following:

On August 31, 2010, Ignatian Lay Volunteer Corporation entered into two, \$50,000 notes payable with individual benefactors of the Organization, one of which is a current Board Member of Ignatian Lay Volunteer Corporation. These notes are not secured. The terms of each of the loans include a balloon payment due on September 1, 2014. The loans may be repaid at any time without penalty. The stated interest rate on the notes is 4% per annum.

These notes also include provisions permitting the benefactors, at their discretion, to forgive a portion of the loans on the anniversary date of each year, including interest. As of June 30, 2013 and 2012, the Organization received annual loan forgiveness totaling \$30,000 and \$20,000 in principal respectively. The Organization also received forgiveness of all interest to date.

Total benefactor notes payable as of June 30, 2013 and 2012 totaled \$50,000 and \$80,000 respectively.

IGNATIAN LAY VOLUNTEER CORPORATION

Notes to Financial Statements
June 30, 2013 and 2012

4. Fundraising Events

Fundraising events are recorded net of their related expenses. For the years ending June 30, 2013 and 2012, gross receipts for Events were \$224,394 and \$190,242 respectively. Related expenses for each of the years were \$65,858 and \$55,985, respectively.

5. Deferred Revenue

Deferred revenue as of June 30, 2013 consisted of contributions earmarked by the donor for operations during the subsequent fiscal year. Deferred revenue as of June 30, 2013 totaled \$30,400.

Deferred revenue as of June 30, 2012 represented donations received in anticipation of two additional regional offices which joined Ignatian Lay Volunteer Corporation during the year ended June 30, 2013. Consequently, deferred revenue of \$27,200 was recognized, and is included in total revenue for the year ended June 30, 2013.

6. Temporarily Restricted Net Assets

Temporarily restricted net assets as of June 30, 2013 and 2012 are to be used for the following purposes:

	2013	2012
Regional Director position & support	\$ 50,000	\$ 29,671
Marketing plan to increase the number of volunteers in all regions	45,032	27,586
Total temporarily restricted net assets	\$ 95,032	\$ 57,257

7. Occupancy Expense

The Organization leases office space for its National headquarters and Baltimore regional office under a non-cancelable lease which automatically renewed for an additional year ending June 30, 2014. The lease calls for a base monthly rental of \$735. The future minimum lease payments under this lease at June 30, 2013 are as follows:

2014	\$8,820
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The Organization leases office space for three regional offices under a month-to-month arrangement. The Chicago, San Diego and Virginia office spaces are leased for \$150, \$500 and \$700 a month respectively. Total amounts charged to rent expense for the years ended June 30, 2013 and 2012 were \$23,348 and \$18,150 respectively.

8. Retirement Plan

The Organization provides the opportunity for employees to participate in a 403(b) thrift pension plan. It does not match employees' contributions.

IGNATIAN LAY VOLUNTEER CORPORATION

Notes to Financial Statements
June 30, 2013 and 2012

9. Related Party Transactions

As reported in Footnote 3, one of the current Board Members of Ignatian Lay Volunteer Corporation entered into a note payable with the Organization as of August 31, 2010. Total amount of the unpaid principal balance of the Note was \$50,000 as of June 30, 2013 and 2012.

10. Concentrations of Credit Risk

In the ordinary course of business, Organization's cash and cash equivalents balances and investment balances may exceed FDIC and SIPC insurance limits. The Organization continually reviews credit concentrations as part of its asset and liability management.

11. Subsequent Events

In preparing their financial statement, the Organization has evaluated subsequent events through November 21, 2013 the date which the financial statements were available to be issued.