

IGNATIAN LAY VOLUNTEER CORPORATION

AUDITED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

IGNATIAN LAY VOLUNTEER CORPORATION

CONTENTS

	<u>Page</u>
Independent Auditors' Report	1 - 2
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7 - 17

Independent Auditors' Report

Board of Directors
Ignatian Lay Volunteer Corporation
Baltimore, Maryland

Opinion

We have audited the accompanying financial statements of the Ignatian Lay Volunteer Corporation (a nonprofit organization), which comprise the statements of financial position as of September 30, 2023 and 2022, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ignatian Lay Volunteer Corporation as of September 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for 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 Ignatian Lay Volunteer Corporation and to meet our 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.

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 Ignatian Lay Volunteer Corporation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Independent Auditors' Report (continued)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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, including omissions, 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 risk 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 Ignatian Lay Volunteer Corporation'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 Ignatian Lay Volunteer Corporation'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.

Weylich, Cronin & Serra, LLC

Hunt Valley, Maryland
March 11, 2024

IGNATIAN LAY VOLUNTEER CORPORATION

Statements of Financial Position September 30, 2023 and 2022

ASSETS

	2023	2022
CURRENT ASSETS:		
Cash and cash equivalents	\$ 610,220	\$ 922,166
Accounts receivable - current	428,613	377,848
Pledges receivable - current, net of allowance	333,986	96,952
Prepaid expenses	29,111	13,888
Total Current Assets	1,401,930	1,410,854
PROPERTY AND EQUIPMENT:		
Computer equipment	58,450	21,196
Website development costs	24,800	24,800
	83,250	45,996
Less: accumulated depreciation	(47,131)	(45,996)
Total Property and Equipment	36,119	- 0 -
OTHER ASSETS:		
Trademark	3,612	3,612
Pledges receivable, net	166,075	4,410
Total Other Assets	169,687	8,022
TOTAL ASSETS	\$ 1,607,736	\$ 1,418,876
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 103,114	\$ 93,771
Current portion of loans payable	10,260	9,982
Current portion of finance leases payable	21,095	1,849
Deferred revenue	809,010	675,842
Total Current Liabilities	943,479	781,444
LONG TERM LIABILITIES		
Finance lease liabilities	16,795	- 0 -
Loans payable	374,620	384,718
Total Long Term Liabilities	391,415	384,718
TOTAL LIABILITIES	1,334,894	1,166,162
NET ASSETS		
Without donor restrictions	(190,696)	196,714
Without donor restrictions - board designated	49,505	50,000
With donor restrictions	414,033	6,000
Total Net Assets	272,842	252,714
TOTAL LIABILITIES AND NET ASSETS	\$ 1,607,736	\$ 1,418,876

See accompanying notes to financial statements

IGNATIAN LAY VOLUNTEER CORPORATION

Statements of Activities and Changes in Net Assets For the Years Ended September 30, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
PARTNERSHIP FEES	\$ 874,501	\$ - 0 -	\$ 874,501	\$ 811,847	\$ - 0 -	\$ 811,847
FUNDRAISING:						
Contributions and Jesuit support	541,399	55,000	596,399	344,921	- 0 -	344,921
Foundation grants	138,300	- 0 -	138,300	171,180	- 0 -	171,180
Special events, net	202,548	- 0 -	202,548	270,668	- 0 -	270,668
Ignite! Campaign	287,134	357,033	644,167	102,754	6,000	108,754
Invisible Words	- 0 -	- 0 -	- 0 -	219,220	- 0 -	219,220
Released from restrictions	4,000	(4,000)	- 0 -	- 0 -	- 0 -	- 0 -
Total Fundraising	<u>1,173,381</u>	<u>408,033</u>	<u>1,581,414</u>	<u>1,108,743</u>	<u>6,000</u>	<u>1,114,743</u>
Total Support and Revenue	<u>2,047,882</u>	<u>408,033</u>	<u>2,455,915</u>	<u>1,920,590</u>	<u>6,000</u>	<u>1,926,590</u>
EXPENSES:						
Program services	1,732,414	- 0 -	1,732,414	1,544,664	- 0 -	1,544,664
Management and general	505,622	- 0 -	505,622	444,838	- 0 -	444,838
Fundraising	224,376	- 0 -	224,376	221,313	- 0 -	221,313
Total Expenses	<u>2,462,412</u>	<u>- 0 -</u>	<u>2,462,412</u>	<u>2,210,815</u>	<u>- 0 -</u>	<u>2,210,815</u>
CHANGE IN NET ASSETS BEFORE OTHER INCOME	<u>(414,530)</u>	<u>408,033</u>	<u>(6,497)</u>	<u>(290,225)</u>	<u>6,000</u>	<u>(284,225)</u>
OTHER INCOME:						
Employee Retention Credit	- 0 -	- 0 -	- 0 -	344,475	- 0 -	344,475
Rental income	5,500	- 0 -	5,500	6,000	- 0 -	6,000
Interest income	21,125	- 0 -	21,125	1,121	- 0 -	1,121
Total Other Income	<u>26,625</u>	<u>- 0 -</u>	<u>26,625</u>	<u>351,596</u>	<u>- 0 -</u>	<u>351,596</u>
CHANGE IN NET ASSETS	<u>(387,905)</u>	<u>408,033</u>	<u>20,128</u>	<u>61,371</u>	<u>6,000</u>	<u>67,371</u>
NET ASSETS AT BEGINNING OF YEAR	<u>246,714</u>	<u>6,000</u>	<u>252,714</u>	<u>185,343</u>	<u>- 0 -</u>	<u>185,343</u>
NET ASSETS AT END OF YEAR	<u>\$ (141,191)</u>	<u>414,033</u>	<u>\$ 272,842</u>	<u>\$ 246,714</u>	<u>\$ 6,000</u>	<u>\$ 252,714</u>

See accompanying notes to financial statements

IGNATIAN LAY VOLUNTEER CORPORATION

Statements of Functional Expenses For the Years Ended September 30, 2023 and 2022

	2023				2022			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries	\$ 1,107,976	\$ 201,659	\$ 124,694	\$ 1,434,329	\$ 990,933	\$ 172,956	\$ 115,969	\$ 1,279,858
Employee benefits and taxes	134,316	19,196	18,732	172,244	129,807	17,808	18,658	166,273
	1,242,292	220,855	143,426	1,606,573	1,120,740	190,764	134,627	1,446,131
Bad debts	- 0 -	7,463	- 0 -	7,463	- 0 -	18,825	- 0 -	18,825
Insurance	- 0 -	26,860	- 0 -	26,860	- 0 -	29,858	- 0 -	29,858
Meetings and retreats	124,284	21,087	- 0 -	145,371	83,756	7,771	- 0 -	91,527
Miscellaneous	8,295	11,866	- 0 -	20,161	6,553	3,327	- 0 -	9,880
Occupancy expenses	300	9,840	2,460	12,600	4,800	9,600	2,400	16,800
Office supplies, books and equipment	97,790	12,632	- 0 -	110,422	91,827	15,975	- 0 -	107,802
Postage and shipping	3,737	1,491	1,491	6,719	5,028	1,135	1,134	7,297
Printing and promotion	27,748	38,975	9,744	76,467	18,991	18,623	4,656	42,270
Professional fees	169,870	111,049	55,130	336,049	153,054	111,094	64,060	328,208
Special projects	6,788	19,240	- 0 -	26,028	30,986	15,000	- 0 -	45,986
Telephone and internet	4,698	2,015	504	7,217	4,794	4,669	1,167	10,630
Travel and transportation	21,813	11,621	11,621	45,055	12,637	13,269	13,269	39,175
	1,707,615	494,994	224,376	2,426,985	1,533,166	439,910	221,313	2,194,389
Depreciation and amortization	15,632	6,699	- 0 -	22,331	4,945	2,119	- 0 -	7,064
Interest expense	9,167	3,929	- 0 -	13,096	6,553	2,809	- 0 -	9,362
Total Expenses	\$ 1,732,414	\$ 505,622	\$ 224,376	\$ 2,462,412	\$ 1,544,664	\$ 444,838	\$ 221,313	\$ 2,210,815

See accompanying notes to the financial statements

IGNATIAN LAY VOLUNTEER CORPORATION

Statements of Cash Flows For the Years Ended September 30, 2023 and 2022

	2023	2022
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 20,128	\$ 67,371
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization expense	22,331	7,064
(Increase) decrease in assets:		
Accounts receivable	(50,765)	(130,964)
Pledges receivable, net	(398,699)	97,647
Prepaid expenses	(15,223)	23,765
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	9,343	(7,097)
Deferred revenue	133,168	171,076
	(279,717)	228,862
CASH FLOW FROM FINANCING ACTIVITIES:		
Principal payments on finance leases	(22,409)	(7,242)
Payments on line of credit	- 0 -	(105,075)
Proceeds from line of credit	- 0 -	105,075
Proceeds from EIDL loan	- 0 -	250,000
Principal payments on term loan	(9,820)	(5,300)
	(32,229)	237,458
NET INCREASE (DECREASE) IN CASH	(311,946)	466,320
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	922,166	455,846
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 610,220	\$ 922,166
SUPPLEMENTAL DISCLOSURE OF OPERATING ACTIVITIES		
Interest paid	\$ 13,096	\$ 9,362
SUPPLEMENTAL DISCLOSURES OF NON-CASH INVESTING AND FINANCING ACTIVITIES		
Acquisition of equipment through finance leases	\$ 58,450	\$ - 0 -

See accompanying notes to financial statements

IGNATIAN LAY VOLUNTEER CORPORATION

Notes to Financial Statements
September 30, 2023 and 2022

1. Summary of Significant Accounting Policies

Nature of Operations - Ignatian Lay Volunteer Corporation (d/b/a Ignatian Volunteer Corps) (the Organization) 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. The Organization is independent and lay led, and 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 disclosure of contingent assets and liabilities 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 assets and liabilities. As such, revenues are recognized when earned and expenditures when incurred.

Financial Statement Presentation - The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions represent the portion of net assets that is not subject to donor-imposed restrictions. Such net assets are available for use at the discretion of management and/or the Board of Directors for general operating purposes. The Board of Directors may designate a portion of these net assets for specific purposes, which makes them unavailable for use at management's discretion.

Net assets without donor restrictions – board designated represents \$49,505 and \$50,000 as of September 30, 2023 and 2022, respectively, which has been designated for creation of a San Francisco region.

Net assets with donor restrictions represent the portion of net assets that is subject to donor-imposed restrictions. Such restrictions may specify a purpose for which, or time in which, resources can be used. Some net assets with donor restrictions include stipulations that assets provided be maintained permanently (perpetual in nature) while permitting the Organization to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a Board-approved spending policy.

IGNATIAN LAY VOLUNTEER CORPORATION

Notes to Financial Statements
September 30, 2023 and 2022

1. Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents – For purposes of the statements of cash flows, the Organization considers all highly liquid financial instruments purchased with a maturity of three months or less to be cash equivalents.

Accounts Receivable - Accounts receivable consists of uncollected partnership fees which are stated at unpaid balances, less an allowance for doubtful accounts. The Organization provides an allowance for accounts receivable, as needed, for amounts deemed uncollectible. The allowance is based on experience and other circumstances which may affect a Partner's ability to meet its obligation. It is the Organization's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. No allowance for uncollectible accounts is provided for the accounts receivable for the years ended September 30, 2023 and 2022 because management does not deem it necessary based on historical collection experience. Partnership fees are expected to be collected within one year.

Pledges Receivable - Unconditional promises to give, net of a discount if the pledge is due in one year or more, are recorded as contributions revenue and receivables in the year made. The Organization provides an allowance for doubtful accounts, as needed, for amounts deemed uncollectible. The allowance is based on historical experience and management's analysis of specific pledges receivable. It is the Organization's policy to charge off uncollectible pledges when management determines the pledge will not be collected. Management has established an allowance of \$5,000 and \$16,100 for the years ended September 30, 2023 and 2022.

Property and Equipment - Property and equipment are recorded at cost, if purchased, or at fair value at the date of the gift, if donated. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Expenditures for maintenance and repairs are charged to operations as expended. Renewals and betterments that materially extend the life of assets are capitalized. The Organization's policy to capitalize all property expenditures and renewals and betterments greater than \$1,000 with a useful life of a year or more. Included in property and equipment is the cost to develop the Organization's website. The cost or fair value of property and equipment is depreciated or amortized over the estimated useful lives of the related assets using the straight-line method. The following represents the estimated useful lives:

<u>Category</u>	<u>Years</u>
Computer equipment	3 - 5
Website	3

IGNATIAN LAY VOLUNTEER CORPORATION

Notes to Financial Statements
September 30, 2023 and 2022

1. Summary of Significant Accounting Policies (continued)

Employee Retention Credit – The Organization followed Financial Accounting Standards Board Topic 958-605, Revenue Recognition for Not-for-Profit Entities in accounting for its Employee Retention Credit (ERC) refund. The ERC was accounted for as a conditional grant, which, due to a measurable performance or other barrier and a right of return, was not recognized until the conditions on which it depends had been substantially met (see Note 7).

Revenue Recognition - Contributions, including Jesuit Support, Invisible Words support and Ignite! Campaign support, and foundation grants are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. These amounts are recorded at fair value at the date of the contribution. All contributions are considered available for the Organization's general programs unless specifically restricted by donors. Amounts received that are restricted for future periods or specific purposes by donors are reported as restricted support and increase net assets with donor restrictions. When a 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 are reported in the statements of activities and changes in net assets as net assets released from restrictions. Contributions and foundation grants received with donor-imposed restrictions that are met within the same reporting period are presented as support without donor restrictions and increase net assets without donor restrictions.

Contributions that are expected to be collected in future years are recorded at the present value of estimated future cash flows. Amortization of the discount is included in contribution revenue.

The Organization receives grants awarded by various foundations to provide funding for services to the general public. These grants are considered conditional promises to give. Revenue is recognized as conditions are met. Funds received in advance are recorded as refundable advances. As of September 30, 2023 and 2022, the balance of refundable advances was \$0-.

The Organization recognizes revenues from partnership fees (a fixed-price contract) for placement of service corps members. Services provided to the agency include assistance in job/position description development, recruitment and service assignment placement and support, as well as the structured ongoing spiritual support and reflection program for each service corps member during their period of service, which is a major element of the service. Partnership fees are paid by the agency. Revenues derived from partnership fees are considered to be available for unrestricted use and are recognized upon delivery of the specified service period (September – June). The Organization requires payment of the partnership fees at or just before the beginning of the period of service. Accounts receivable (contract assets) are amounts that have been billed and not collected. Deferred revenue (contract liabilities) as of September 30, 2023 and 2022 represents partnership fees billed during 2023 and 2022 for which service will be completed during the next fiscal year. The contract liabilities are satisfied when revenue is recognized.

IGNATIAN LAY VOLUNTEER CORPORATION

Notes to Financial Statements
September 30, 2023 and 2022

1. Summary of Significant Accounting Policies (continued)

Special Events – The Organization operates several special events. Revenue related to these events is generally received in the same period the event takes place. Therefore, revenue is recognized in the period it is received. The performance obligation is satisfied on the date of the event.

The Organization benefits from several different revenue streams. The disaggregation of revenue for the years ended September 30, 2023 and 2022 is included in the chart below:

Revenue Type	Timing of Revenue Recognition	2023	2022
Partnership fees	Service period	\$ 874,501	\$ 811,847
Contributions and Jesuit support	Upon receipt	596,399	344,921
Foundation grants	Upon receipt	138,300	171,180
Special events, net	Date of event	202,548	270,668
Ignite! Campaign	Upon unconditional promise	644,167	108,754
Invisible Words	Upon unconditional promise	- 0 -	219,220
Rental Income	Period of lease	5,500	6,000
Employee Retention Credit	After condition is satisfied	- 0 -	344,475
Interest income	Period income is earned	21,125	1,121
		<u>\$ 2,482,540</u>	<u>\$ 2,278,186</u>

Donated Services 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 have not been satisfied.

Space for some 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.

Contributions of Nonfinancial Assets – Occasionally, the Organization receives donations of nonfinancial assets. The Organization’s policy is to use the assets in carrying out the Organization’s programs.

Functional Allocation of Expenses - Expenses are presented by both function and natural classification in the statements of functional expenses. Expenses that are directly identifiable with a particular function are charged to the program or supporting service benefited. Other expenses may benefit more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Expenses that are allocated include compensation and benefits, which are allocated on the basis of estimates of time and effort, as well as depreciation and occupancy, which are allocated on a square footage basis.

IGNATIAN LAY VOLUNTEER CORPORATION

Notes to Financial Statements
September 30, 2023 and 2022

1. Summary of Significant Accounting Policies (continued)

Changes in Accounting Principles - In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which supersedes existing guidance from accounting for leases under Topic 840, Leases. The most significant change in the new leasing guidance is the requirement to recognize right-of-use (ROU) assets and lease liabilities for operating leases on the statements of financial position. The Organization elected to adopt this ASU effective October 1, 2022 and utilized all the available practical expedients to transition using a modified retrospective method. The adoption did not have a material impact on the statements of financial position nor the statements of activities and changes in net assets. The Organization has analyzed the provisions of the new guidance and has concluded that no changes are necessary to conform with the new standards since the Organization has no leases that required recognition of operating lease liabilities. The accounting for finance leases remained substantially unchanged.

In September 2020, the FASB issued ASU 2020-07, Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. The new guidance requires nonprofit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. The standard also increases the disclosure requirements around contributed nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets a nonprofit entity has received. Adoption of this standard did not have a significant impact on the financial statements.

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, under a group ruling for all organizations connected with the Roman Catholic Church in the United States of America. Accordingly, no provision for income taxes is included in these financial statements. Ignatian Lay Volunteer Corporation is no longer subject to U.S. federal or state income tax examinations by tax authorities for fiscal years before September 30, 2020.

Advertising Costs – The Organization expenses advertising costs as they are incurred. Advertising expense, reported as part of printing and promotion expense on the statements of functional expenses, was \$49,158 and \$11,207 for the years ended September 30, 2023 and 2022.

IGNATIAN LAY VOLUNTEER CORPORATION

Notes to Financial Statements
September 30, 2023 and 2022

2. Pledges Receivable

Unconditional promises to give to the Ignite! Campaign are recorded in the financial statements as pledges receivable and revenue when the unconditional promise is received. The Ignite! Campaign overall (from its commencement) seeks to provide \$3 million dollars in additional funding to expand operational capacity. As such, the majority of pledges are recorded without donor restrictions. Pledges are recorded after being discounted to the anticipated net present value of future cash flows.

The pledges are expected to be realized as follows:

	<u>2023</u>	<u>2022</u>
Collectible in 1 year or less	\$ 338,986	\$ 113,052
Collectible in 1 - 5 years	<u>176,267</u>	<u>4,500</u>
	515,253	117,552
Less: allowance for uncollectible pledges	(5,000)	(16,100)
Less: 5% discount to net present value	<u>(10,192)</u>	<u>(90)</u>
	<u>\$ 500,061</u>	<u>\$ 101,362</u>

The pledges are reported on the statements of financial position as of September 30, 2023 and 2022 as follows:

	<u>2023</u>	<u>2022</u>
Pledges receivable - current, net of allowance	\$ 333,986	\$ 96,952
Pledges receivable, net	<u>166,075</u>	<u>4,410</u>
	<u>\$ 500,061</u>	<u>\$ 101,362</u>

3. Line of Credit

In March 2020, the Organization obtained a \$250,000 line of credit with Orrstown Bank. The current line of credit calls for interest at a variable rate. As September 30, 2023 and 2022 the interest rate was 9.75% and 6.75%, respectively. As of September 30, 2023 and 2022, the line had no balance.

4. Loans Payable

In May 2020, the Organization entered into an agreement with the Small Business Administration (SBA) for a 30 year term loan for \$150,000, also referred to as the Economic Injury and Disaster Loans (EIDL). Monthly payments of \$641 consisting of principal and interest at 2.75% began June 2021. This loan is secured by the assets of the Organization. Each payment will be applied first to interest accrued to the date of receipt of each payment, and the balance, if any, will be applied to principal.

IGNATIAN LAY VOLUNTEER CORPORATION

Notes to Financial Statements
September 30, 2023 and 2022

4. Loans Payable (continued)

In February 2022, the loan was modified to increase the loan amount by \$250,000 to a total of \$400,00 and increased the monthly payment to \$1,725. All other terms and conditions remained unchanged. Total balance outstanding was \$384,880 and \$394,700 as of September 30, 2023 and 2022, respectively.

Maturities of long-term debts are as follows:

Years ending September 30,	2024	\$	10,260
	2025		10,546
	2026		10,839
	2027		11,141
	2028		11,451
	Thereafter		<u>330,643</u>
		\$	<u>384,880</u>

5. Leasing Activities

On January 1, 2017, the Organization entered into a lease agreement for space for its National headquarters and Baltimore regional office location through December 31, 2018. The national headquarters/Baltimore regional office have continued to occupy the space on a month-to-month basis since December 31, 2018. Accordingly, the Organization has utilized the short-term exception in accounting for this lease. The monthly rate of \$1,000 was increased to \$1,075 in July 2023.

The Organization leased office space for its Northern Virginia regional office under a lease which began August 2019 which was to expire July 31, 2020 for monthly rent of \$500. The Northern Virginia regional office continued to occupy the space on a month-to-month basis after July 31, 2020. The Organization and the lessor agreed to abate rent as a result of the pandemic from January through June 2021. Lease payments resumed in July 2021 and continued through June 2022 when the lease was terminated.

Total amounts charged to rent expense for the above mentioned leases was \$12,600 and \$16,800 for the years ended September 30, 2023 and 2022, respectively.

In July 2021, the Organization entered into a memorandum of understanding with the Sisters of Notre Dame de Namur Base Communities to share space in the regional office location mentioned in the previous paragraph at a rate of \$500 a month. Rental income received for the year ended September 30, 2023 and 2022 was \$5,500 and \$6,000, respectively and is reported separately on the statements of activities and changes in net assets in rental income.

Additionally, the Organization leases various office equipment under non-cancelable finance leases with terms that vary from 36 to 60 months. Lease termination dates range from March 2024 to March 2028. Payments under these leases vary from \$82 to \$1,046 a month. Included within the monthly contract fee is managed IT services, accordingly consideration in the contract is allocated to the lease (equipment) and nonlease (maintenance) components in accordance with FASB issued ASU Topic 842.

IGNATIAN LAY VOLUNTEER CORPORATION

Notes to Financial Statements
September 30, 2023 and 2022

5. Leasing Activities (continued)

The following summarizes the line items in the statements of financial position which include amounts for finance leases as of September 30:

	2023	2022
Finance lease assets	\$ 58,450	\$ 21,196
Less: accumulated depreciation	22,331	21,196
Total finance lease assets	\$ 36,119	\$ - 0 -
Current finance lease obligations	\$ 21,095	\$ - 0 -
Long-term finance lease obligations	16,795	- 0 -
Total finance lease obligations	\$ 37,890	\$ - 0 -

The following summarizes the weighted average remaining lease term and discount rate as of September 30:

	2023	2022
Weighted Average Remaining Lease Term	2.04 years	Not applicable
Weighted Average Discount Rate	5.00%	Not applicable

Maturities of lease liabilities as of September 30, 2023 were as follows:

Years ending September 30:	
2024	\$ 22,390
2025	12,543
2026	2,728
2027	1,017
2028	1,274
Total minimum lease payments	\$ 39,952
Less: amount representing interest	(2,062)
Present value of net minimum lease payments	\$ 37,890

IGNATIAN LAY VOLUNTEER CORPORATION

Notes to Financial Statements
September 30, 2023 and 2022

5. Leasing Activities (continued)

The following summarizes the line items in the statements of activities which include components of lease expense for the years ended September 30:

	<u>2023</u>	<u>2022</u>
Finance lease costs:		
Depreciation of lease assets included in program services expenses	\$ 15,632	\$ 4,945
Depreciation of lease assets included in management and general expenses	6,699	2,119
Interest on lease liabilities included in management and general expenses	<u>2,099</u>	<u>194</u>
Total finance lease costs	<u>\$ 24,430</u>	<u>\$ 7,258</u>

The following summarizes cash flow information related to leases for the year ended September 30:

	<u>2023</u>	<u>2022</u>
Cash paid for amounts included in the measurement of lease liabilities	\$ 22,409	\$ 7,242
Lease assets obtained in exchange for lease obligations	58,450	- 0 -

6. Deferred Revenue

Deferred revenue as of September 30, 2023 and 2022 consisted of partnership fees billed during the current year that are for services to be performed in the subsequent fiscal year. Deferred revenue as of September 30, 2023 and 2022 totaled \$809,010 and \$675,842, respectively.

7. Employee Retention Credit

The Coronavirus Aid, Relief, and Economic Security (CARES) Act established the Employee Retention Credit (ERC), a credit against certain payroll taxes allowed to an eligible employer for qualifying wages, to provide economic relief to companies affected by COVID-19. The ERC is a fully refundable credit against the employer portion of Social Security taxes based on the amount of qualified wages that an eligible employer has incurred before October 1, 2021. The maximum credit is based on a qualified-wages ceiling for each employee. The Organization qualified for the ERC during the year ended September 30, 2022 in the amount of \$344,475. This amount has been recognized as a separate line on the statement of activities and changes in net assets for the year ended September 30, 2022.

IGNATIAN LAY VOLUNTEER CORPORATION

Notes to Financial Statements
September 30, 2023 and 2022

8. Special Events - Net

Special events are recorded net of their related expenses. For the year ended September 30, 2023, gross receipts for events were \$326,190 and related expenses for the year were \$123,642. For the year ended September 30, 2022, gross receipts for events were \$355,090 and related expenses for the year were \$84,422.

9. Net Assets with Donor Restrictions

Net assets with donor restrictions as of September 30, 2023 and 2022 represent the following:

	2023	2022
Purpose restrictions, available for spending:		
Denver region	\$ 5,000	\$ - 0 -
Omaha region	2,000	6,000
Time restricted to future years	407,033	- 0 -
	\$ 414,033	\$ 6,000

Net assets with donor restrictions were released during the years ended September 30, 2023 and 2022 as follows:

	2023	2022
Purpose restrictions:		
Omaha region	\$ 4,000	\$ - 0 -
	\$ 4,000	\$ - 0 -

10. Conditional Promises to Give

During 2021 the Organization received foundation grants that contain provisions conditioning the funding upon meeting certain objectives. Since these grants represent conditional promises to give, they are not recorded as foundation contribution revenue until donor conditions are met. The amount of conditional promises to give as of September 30, 2023 and 2022 totaled \$75,000 and \$100,000, respectively.

IGNATIAN LAY VOLUNTEER CORPORATION

Notes to Financial Statements
September 30, 2023 and 2022

11. Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of September 30, 2023 and 2022, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date:

	<u>2023</u>	<u>2022</u>
Financial assets at year end	\$ 1,538,894	\$ 1,401,376
Less those unavailable for general expenditures within one year, due to:		
Pledge payments not due within on year	(166,075)	(4,410)
Restricted by donors with purpose or time restrictions	<u>(247,958)</u>	<u>(6,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,124,861</u>	<u>\$ 1,390,966</u>

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help management meet unanticipated liquidity needs, the Organization has a committed line of credit of \$250,000, which it could draw upon in 2024.

12. Retirement Plan

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

13. Concentrations of Credit Risk

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

14. Subsequent Events

Management has evaluated subsequent events through March 11, 2024, the date which the financial statements were available to be issued.