

**IGNATIAN LAY VOLUNTEER CORPORATION**

AUDITED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

# 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 - 15

Independent Auditors' Report

Board of Directors  
Ignatian Lay Volunteer Corporation  
Baltimore, Maryland

We have audited the accompanying financial statements of Ignatian Lay Volunteer Corporation (a nonprofit organization), which comprise the statements of financial position as of September 30, 2019 and 2018, 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 September 30, 2019 and 2018, 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.

*Weyrich, Cronin & Sorra, LLC*

Hunt Valley, Maryland  
February 6, 2020

## IGNATIAN LAY VOLUNTEER CORPORATION

Statements of Financial Position  
September 30, 2019 and 2018

### ASSETS

	2019	2018
<b>CURRENT ASSETS</b>		
Cash	\$ 63,850	\$ 19,317
Accounts receivable - current	393,838	328,259
Pledges receivable - current, net of allowance	310,581	184,312
Prepaid expenses	16,411	7,095
<b>TOTAL CURRENT ASSETS</b>	<b>784,680</b>	<b>538,983</b>
<b>PROPERTY AND EQUIPMENT</b>		
Computer equipment	43,747	43,747
Website development costs	24,800	24,800
	68,547	68,547
Less: accumulated depreciation	(67,539)	(61,489)
<b>TOTAL PROPERTY AND EQUIPMENT</b>	<b>1,008</b>	<b>7,058</b>
<b>OTHER ASSETS</b>		
Trademark	3,612	3,612
Pledges receivable, net	162,245	159,688
<b>TOTAL OTHER ASSETS</b>	<b>165,857</b>	<b>163,300</b>
<b>TOTAL ASSETS</b>	<b>\$ 951,545</b>	<b>\$ 709,341</b>

### LIABILITIES AND NET ASSETS

<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 57,037	\$ 29,480
Line of credit	25,000	25,000
Current portion of loan payable	30,348	32,679
Current portion of lease payable	789	7,931
Deferred revenue	626,364	572,065
Benefactor loans payable	56,000	65,000
<b>TOTAL CURRENT LIABILITIES</b>	<b>795,538</b>	<b>732,155</b>
<b>LONG TERM LIABILITIES</b>		
Lease payable	- 0 -	790
Loan payable	40,878	67,321
<b>TOTAL LONG TERM LIABILITIES</b>	<b>40,878</b>	<b>68,111</b>
<b>TOTAL LIABILITIES</b>	<b>836,416</b>	<b>800,266</b>
<b>NET ASSETS</b>		
Without donor restrictions	65,129	(90,925)
With donor restrictions	50,000	- 0 -
<b>TOTAL NET ASSETS</b>	<b>115,129</b>	<b>(90,925)</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 951,545</b>	<b>\$ 709,341</b>

See accompanying notes to financial statements

## IGNATIAN LAY VOLUNTEER CORPORATION

Statements of Activities and Changes in Net Assets  
For the Years Ended September 30, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
PARTNERSHIP FEES	\$ 702,348	\$ - 0 -	\$ 702,348	\$ 636,979	\$ - 0 -	\$ 636,979
FUNDRAISING						
Jesuit Provinces	207	- 0 -	207	10,000	- 0 -	10,000
Foundations	96,114	50,000	146,114	94,696	- 0 -	94,696
Annual appeal	215,632	- 0 -	215,632	233,034	- 0 -	233,034
Major gifts	62,220	- 0 -	62,220	22,000	- 0 -	22,000
Events, net	62,053	- 0 -	62,053	160,402	- 0 -	160,402
Board gifts	11,850	- 0 -	11,850	28,400	- 0 -	28,400
Ignite! Campaign - Board gifts	75,468	- 0 -	75,468	34,703	- 0 -	34,703
Ignite! Campaign	655,883	- 0 -	655,883	254,423	- 0 -	254,423
Jesuit Communities	18,200	- 0 -	18,200	21,420	- 0 -	21,420
Released from restrictions	- 0 -	- 0 -	- 0 -	75,000	(75,000)	- 0 -
TOTAL FUNDRAISING	1,197,627	50,000	1,247,627	934,078	(75,000)	859,078
TOTAL SUPPORT AND REVENUE	1,899,975	50,000	1,949,975	1,571,057	(75,000)	1,496,057
EXPENSES						
Program services	1,161,046	- 0 -	1,161,046	1,070,700	- 0 -	1,070,700
Management and general	408,476	- 0 -	408,476	410,972	- 0 -	410,972
Fundraising	174,399	- 0 -	174,399	159,937	- 0 -	159,937
TOTAL EXPENSES	1,743,921	- 0 -	1,743,921	1,641,609	- 0 -	1,641,609
CHANGE IN NET ASSETS	156,054	50,000	206,054	(70,552)	(75,000)	(145,552)
NET ASSETS AT BEGINNING OF YEAR	(90,925)	- 0 -	(90,925)	(20,373)	75,000	54,627
NET ASSETS AT END OF YEAR	\$ 65,129	\$ 50,000	\$ 115,129	\$ (90,925)	\$ - 0 -	\$ (90,925)

See accompanying notes to financial statements

**IGNATIAN LAY VOLUNTEER CORPORATION**

Statements of Functional Expenses  
For the Years Ended September 30, 2019 and 2018

	2019				2018			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries	\$ 781,609	\$ 161,720	\$ 69,796	\$ 1,013,125	\$ 723,461	\$ 150,176	\$ 60,845	\$ 934,482
Employee benefits and taxes	93,545	34,191	9,636	137,372	106,553	22,577	7,141	136,271
	<u>875,154</u>	<u>195,911</u>	<u>79,432</u>	<u>1,150,497</u>	<u>830,014</u>	<u>172,753</u>	<u>67,986</u>	<u>1,070,753</u>
Meetings & retreats	71,437	30,173	1,560	103,170	108,095	19,971	1,924	129,990
Occupancy expenses	12,442	9,600	2,400	24,442	11,839	12,000	- 0 -	23,839
Office supplies, books & equipment	18,249	42,810	- 0 -	61,059	14,719	40,640	- 0 -	55,359
Printing and promotion	26,234	8,814	2,203	37,251	17,150	16,870	- 0 -	34,020
Travel & transportation	16,175	7,051	7,051	30,277	8,879	5,188	5,188	19,255
Depreciation and amortization	4,356	1,694	- 0 -	6,050	4,356	1,694	- 0 -	6,050
Telephone & internet	7,098	3,910	978	11,986	6,422	2,977	- 0 -	9,399
Professional fees	118,164	83,412	79,351	280,927	49,490	113,051	84,235	246,776
Postage & shipping	4,606	1,424	1,424	7,454	4,403	604	604	5,611
Miscellaneous	1,308	1,952	- 0 -	3,260	7,062	3,270	- 0 -	10,332
Insurance	- 0 -	19,230	- 0 -	19,230	- 0 -	18,516	- 0 -	18,516
Interest expense	5,823	2,495	- 0 -	8,318	8,271	3,438	- 0 -	11,709
	<u>\$ 1,161,046</u>	<u>\$ 408,476</u>	<u>\$ 174,399</u>	<u>\$ 1,743,921</u>	<u>\$ 1,070,700</u>	<u>\$ 410,972</u>	<u>\$ 159,937</u>	<u>\$ 1,641,609</u>

See accompanying notes to the financial statements

**IGNATIAN LAY VOLUNTEER CORPORATION**

Statements of Cash Flows  
For the Years Ended September 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 206,054	\$ (145,552)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization expense	6,050	6,050
(Increase) decrease in accounts receivable	(65,579)	101,681
Increase in pledges receivable, net	(128,826)	(4,522)
Increase in prepaid expenses	(9,316)	(714)
Increase (decrease) in accounts payable and accrued expenses	27,557	(29,222)
Increase in deferred revenue	54,299	34,124
	<u>90,239</u>	<u>(38,155)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Principal payments on benefactor loans	(9,000)	- 0 -
Principal payments on capital lease	(7,932)	(5,667)
Payments on line of credit	(70,000)	- 0 -
Proceeds from line of credit	70,000	- 0 -
Principal payments on term loan	(28,774)	- 0 -
	<u>(45,706)</u>	<u>(5,667)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	44,533	(43,822)
<b>CASH AT BEGINNING OF YEAR</b>	<u>19,317</u>	<u>63,139</u>
<b>CASH AT END OF YEAR</b>	<u>\$ 63,850</u>	<u>\$ 19,317</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Interest paid	\$ 8,318	\$ 11,709
<b>SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING TRANSACTIONS:</b>		
Refinancing of term loan	\$ 100,000	\$ - 0 -
Refinancing of line of credit	\$ 25,000	\$ - 0 -

See accompanying notes to financial statements



# IGNATIAN LAY VOLUNTEER CORPORATION

Notes to Financial Statements  
September 30, 2019 and 2018

## 1. Summary of Significant Accounting Policies

Organization and Nature of Activities - 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 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 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 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, 2019 and 2018

## 1. Summary of Significant Accounting Policies (continued)

Functional Allocation of Expenses - Expenses are presented by both function and natural classification in the statement 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.

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, 2019 and 2018 because management does not deem it necessary based on historical collection experience.

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. The allowance is based on historical experience and management's analysis of individual pledges receivable. Management has established an allowance of \$10,000 and \$-0- for the years ended September 30, 2019 and 2018.

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.

It is the Organization's policy to capitalize additions 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. 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 statements of activities and changes in net assets for the period. 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.

# IGNATIAN LAY VOLUNTEER CORPORATION

Notes to Financial Statements  
September 30, 2019 and 2018

## 1. Summary of Significant Accounting Policies (continued)

Revenue Recognition - Contributions received or pledged are recognized as revenues in the period received or promised. Contributions are recorded as revenue with or without donor restrictions, depending on the existence and/or nature of any donor restrictions. All donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires (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 statement of activities and changes in net assets as net assets released from restrictions. Contributions and support that are restricted by donors are recorded as revenue without donor restrictions if the restriction is satisfied in the same year the contribution is received. Revenue under contributions is recognized when unconditional promises to give are made by donors or when conditions are substantially met.

Revenues derived from partnership fees are considered to be available for unrestricted use and are recorded as revenue during the period earned. Partnership fees are paid by partner entities for placement of volunteers. The Organization requires payment of the partnership fees at or just before the beginning of the period of service. Deferred revenue as of September 30, 2019 and 2018 represents partnership fees billed during 2019 and 2018 for which service will be completed during the next fiscal year. These fees are deferred and recognized as revenue during the period earned.

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 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.

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, 2016.

Advertising Costs – The Organization expenses advertising costs as they are incurred. Advertising expense, reported as part of printing and promotion expense on the statement of functional expenses, was \$16,958 and \$11,355 for the years ended September 30, 2019 and 2018.

# IGNATIAN LAY VOLUNTEER CORPORATION

Notes to Financial Statements  
September 30, 2019 and 2018

## 1. Summary of Significant Accounting Policies (continued)

New Accounting Pronouncement – In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2016-14 (ASU 2016-14), *Not-for-Profit Entities (Topic 958), Presentation of Financial Statements of Not-for Profit Entities*. The Organization has adjusted the presentation of its financial statements accordingly, applying the changes retrospectively to the comparative period presented. The new standards change the following aspects of the Organization's financial statements:

- The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions. The Organization had no temporarily or permanently restricted net assets as of September 30, 2018.
- The unrestricted net asset class has been renamed net assets without donor restrictions.
- The financial statements include a new disclosure about liquidity and availability of resources (Note 9).

The changes have had the following effect on net assets at September 30, 2018:

	<u>As Originally Presented</u>	<u>After Adoption of ASU 2016-14</u>
Unrestricted net assets	\$ (90,925)	\$ - 0 -
Net assets without donor restrictions	<u>- 0 -</u>	<u>(90,925)</u>
	<u>\$ (90,925)</u>	<u>\$ (90,925)</u>

In addition, certain amounts in the prior period financial statements have been reclassified for comparative purposes to conform to the current period presentation.

## 2. Pledges Receivable

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

## IGNATIAN LAY VOLUNTEER CORPORATION

Notes to Financial Statements  
September 30, 2019 and 2018

### 2. Pledges Receivable (continued)

The pledges are expected to be realized as follows:

	<u>2019</u>	<u>2018</u>
Collectible in 1 year or less	\$ 320,581	\$ 184,312
Collectible in 1 - 5 years	<u>174,344</u>	<u>170,305</u>
	494,925	354,617
Less: allowance for uncollectible pledges	(10,000)	- 0 -
Less: 2% discount to net present value	<u>(12,099)</u>	<u>(10,617)</u>
	<u>\$ 472,826</u>	<u>\$ 344,000</u>

### 3. Benefactor Loan

Benefactor loan payable at September 30, 2019 and 2018 consisted of the following:

On July 27, 2017, Ignatian Lay Volunteer Corporation entered into an interest free note payable for \$65,000 with a benefactor who is a current Board Member of Ignatian Lay Volunteer Corporation and was also a Board Member when the loan was initiated. The note is unsecured. The note was to mature on September 30, 2018, however the terms of this loan were changed to "due on demand" subsequent to the initial maturity date. The benefactor has agreed to subordinate this loan to the existing line of credit (Note 4) and loan payable (Note 5). Although required by generally accepted accounting principles on non-interest bearing loans, interest has not been imputed on this loan as management believes it is immaterial to the financial statements. Total balance due as of September 30, 2019 and 2018 was \$56,000 and \$65,000, respectively.

### 4. Line of Credit

During 2016, the Organization obtained a \$25,000 revolving line of credit with M&T Bank. The line of credit called for interest at a variable rate starting at 7%. As of September 30, 2018, the line had a balance of \$25,000.

In October 2018, the Organization obtained a \$100,000 line of credit with Hamilton Bank (which was subsequently acquired by Orrstown Bank) to replace the existing line. The current line of credit calls for interest at a variable rate, currently at 6.25%. As of September 30, 2019, the line had a balance of \$25,000.

### 5. Loan Payable

In June 2017, the Organization signed a \$100,000 Multiple Disbursement Term Loan with M&T Bank. Interest on the note was fixed at 5.99%, payable monthly during the duration of the note, with principal payments commencing after the initial 18 months of the loan. As of September 30, 2018, the outstanding balance on this loan was \$100,000.

**IGNATIAN LAY VOLUNTEER CORPORATION**

Notes to Financial Statements  
September 30, 2019 and 2018

5. Loan Payable (continued)

In October 2018 the Organization entered into an agreement with Hamilton Bank (which was subsequently acquired by Orrstown Bank) for a 36 month term loan for \$100,000 to replace the previous term loan with M&T Bank. The loan is secured by the assets of the Organization. Monthly payments of \$3,029 consisting of principal and interest at 5.63% began on December 1, 2018.

Maturities of long term debt are as follows:

Years ending September 30, 2020	\$	30,348
2021		34,938
2022		5,940
	\$	<u>71,226</u>

6. Deferred Revenue

Deferred revenue as of September 30, 2019 and 2018 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, 2019 and 2018 totaled \$626,364 and \$572,065, respectively.

7. Fundraising Events

Fundraising events are recorded net of their related expenses. For the year ended September 30, 2019, gross receipts for events were \$129,927 and related expenses for the year were \$67,874. For the year ended September 30, 2018, gross receipts for events were \$248,526 and related expenses for the year were \$88,124.

8. Net Assets with Donor Restrictions

Net assets with donor restrictions as of September 30, 2019 and 2018 are restricted for the following purposes:

	<u>2019</u>	<u>2018</u>
To support Scranton, PA region	<u>\$ 50,000</u>	<u>\$ - 0 -</u>
Total net assets with donor restrictions	<u>\$ 50,000</u>	<u>\$ - 0 -</u>

The Organization satisfied the following purpose restrictions related to its net assets with donor restrictions during the years ended September 30, 2019 and 2018 as follows:

	<u>2019</u>	<u>2018</u>
To launch new region in Scranton, PA	\$ - 0 -	\$ 50,000
To support Buffalo, NY region	- 0 -	15,000
Milwaukee seed funding	- 0 -	10,000
	<u>\$ - 0 -</u>	<u>\$ 75,000</u>

## IGNATIAN LAY VOLUNTEER CORPORATION

Notes to Financial Statements  
September 30, 2019 and 2018

### 9. Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of September 30, 2019 and 2018, 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>2019</u>	<u>2018</u>
Financial assets at year end	\$ 768,269	\$ 531,888
Less those unavailable for general expenditures within one year, due to:		
Restricted by donors with purpose or time restrictions	<u>(50,000)</u>	<u>- 0 -</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 718,269</u>	<u>\$ 531,888</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 \$100,000, which it could draw upon in 2020.

### 10. Occupancy Expense

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 lease calls for payments of \$860 a month through June 30, 2017, then payments of \$1,000 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.

The Organization leased office space for its Northern Virginia regional office under a lease beginning on August 1, 2017 through July 30, 2018. The lease calls for payments of \$800 a month. The lease provides the option to renew for two additional one-year terms, with a rent increase of 3.5% annually. The lease was renewed for one additional year effective August 1, 2018 and ending July 31, 2019. In August 2019, the Organization moved to a new location and entered into a one year lease ending July 31, 2020 for monthly rent of \$500.

Total amounts charged to rent expense for the years ended September 30, 2019 and 2018 was \$24,442 and \$23,839, respectively.

**IGNATIAN LAY VOLUNTEER CORPORATION**

Notes to Financial Statements  
September 30, 2019 and 2018

11. Service Agreement and Equipment Lease

The Organization entered into a 36-month managed IT service agreement effective November 22, 2016 with monthly service fees of \$3,262. Of those fees, \$2,450 a month is attributable to the services provided. Also, included in this agreement is computer equipment treated as a capital lease arrangement. Monthly cost of equipment is \$812. For the years ended September 30, 2019 and 2018, costs associated with this agreement were \$39,140 and \$39,145 and reported as part of office supplies, books and equipment on the statement of functional expenses.

Future minimum payments under the terms of the lease are as follows:

	<u>IT Services</u>	<u>Equipment Lease</u>
Years ending September 30, 2020	<u>\$ 2,450</u>	<u>\$ 812</u>
Total Payments	<u>\$ 2,450</u>	812
Less: interest		<u>(23)</u>
Total Principal Payments		<u>\$ 789</u>
Current portion of principal		<u>\$ 789</u>

The cost of equipment capitalized under this lease is \$18,149. September 30, 2019 and 2018, depreciation expense was \$6,050 and accumulated depreciation was \$17,141 and \$11,091 respectively. Subsequent to year end, a similar agreement was signed for IT and equipment upgrades.

12. Retirement Plan

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

13. Related Party Transactions

As reported in Note 3, one of the current Board Members of Ignatian Lay Volunteer Corporation entered into a note payable with the Organization. Total amount of the unpaid principal balance of the Note as of September 30, 2019 and 2018 was \$56,000 and \$65,000, respectively.

14. Concentrations of Credit Risk

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



## **IGNATIAN LAY VOLUNTEER CORPORATION**

Notes to Financial Statements  
September 30, 2019 and 2018

### 15. Subsequent Events

In December 2019, the Organization entered into a twelve month IT Services agreement and 36 month equipment lease agreement to replace the IT and equipment lease described in Note 11. Monthly IT Services are \$2,759 through December 2020, and equipment will be leased at \$620 per month through December 2022.

In preparing their financial statement, the Organization has evaluated subsequent events through February 6, 2020, the date which the financial statements were available to be issued.