

IGNATIAN LAY VOLUNTEER CORPORATION

AUDITED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015

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 September 30, 2016 and 2015, 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, 2016 and 2015, 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, Cronen + Sarra, Ltd.

Lutherville, MD
June 16, 2017

IGNATIAN LAY VOLUNTEER CORPORATION

Statements of Financial Position
September 30, 2016 and 2015

ASSETS

	<u>2016</u>	<u>2015</u>
CURRENT ASSETS		
Cash	\$ 160,866	\$ 79,707
Accounts receivable	345,230	382,075
Prepaid expenses	6,781	9,800
TOTAL CURRENT ASSETS	<u>512,877</u>	<u>471,582</u>
PROPERTY AND EQUIPMENT		
Computer equipment	25,598	25,598
Website development costs	24,800	24,800
	<u>50,398</u>	<u>50,398</u>
Less: accumulated depreciation	(50,398)	(50,398)
TOTAL PROPERTY AND EQUIPMENT	<u>- 0 -</u>	<u>- 0 -</u>
OTHER ASSETS		
Trademark	3,612	3,612
TOTAL OTHER ASSETS	<u>3,612</u>	<u>3,612</u>
TOTAL ASSETS	<u>\$ 516,489</u>	<u>\$ 475,194</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 70,298	\$ 46,162
Benefactor loans payable	50,000	108,000
Deferred revenue	529,671	517,333
TOTAL CURRENT LIABILITIES	<u>649,969</u>	<u>671,495</u>
LONG TERM LIABILITIES		
Benefactor loan payable	- 0 -	50,000
TOTAL LONG TERM LIABILITIES	<u>- 0 -</u>	<u>50,000</u>
TOTAL LIABILITIES	<u>649,969</u>	<u>721,495</u>
NET ASSETS		
Unrestricted	(158,480)	(258,801)
Temporarily restricted	25,000	12,500
	<u>(133,480)</u>	<u>(246,301)</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 516,489</u>	<u>\$ 475,194</u>

See accompanying notes to financial statements

IGNATIAN LAY VOLUNTEER CORPORATION

Statements of Activities and Changes in Net Assets
For the Years Ended September 30, 2016 and 2015

	2016		2015	
	Unrestricted	Temporarily Restricted	Total	Total
SUPPORT AND REVENUE				
PARTNERSHIP FEES	\$ 580,540	\$ - 0 -	\$ 580,540	\$ 591,218
FUNDRAISING				
Jesuit Provinces Foundations	34,040	- 0 -	34,040	30,000
Annual appeal	289,649	- 0 -	289,649	219,455
Major gifts	214,534	- 0 -	214,534	216,832
Events	239,990	25,000	264,990	195,595
Board gifts	158,706	- 0 -	158,706	145,269
Jesuit Communities	20,844	- 0 -	20,844	142,570
Magnify campaign	48,650	- 0 -	48,650	23,395
Released from restrictions	1,300	- 0 -	1,300	28,592
	12,500	(12,500)	- 0 -	- 0 -
TOTAL FUNDRAISING	1,020,213	12,500	1,032,713	1,001,708
OTHER				
Investment income	21	- 0 -	21	39
TOTAL SUPPORT AND REVENUE	1,600,774	12,500	1,613,274	1,592,965
EXPENSES				
Program services	1,064,085	- 0 -	1,064,085	961,256
Management and general Fundraising	315,943	- 0 -	315,943	381,806
	120,425	- 0 -	120,425	119,335
TOTAL EXPENSES	1,500,453	- 0 -	1,500,453	1,462,397
CHANGE IN NET ASSETS	100,321	12,500	112,821	130,568
NET ASSETS AT BEGINNING OF YEAR	(258,801)	12,500	(246,301)	(389,369)
NET ASSETS AT END OF YEAR	\$ (158,480)	\$ 25,000	\$ (133,480)	\$ (258,801)
				\$ 12,500
				\$ (246,301)

See accompanying notes to financial statements

IGNATIUS LAY VOLUNTEER CORPORATION

Statements of Functional Expenses
For the Years Ended September 30, 2016 and 2015

	2016			2015				
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries	\$ 709,125	\$ 133,532	\$ 25,500	\$ 868,157	\$ 646,032	\$ 165,168	\$ 46,827	\$ 858,027
Employee benefits and taxes	112,852	22,253	1,951	137,056	108,151	36,659	3,582	148,392
	821,977	155,785	27,451	1,005,213	754,183	201,827	50,409	1,006,419
Meetings & retreats	118,394	11,686	10,498	140,578	90,309	12,334	10,970	113,613
Occupancy expenses	21,058	10,320	- 0 -	31,378	17,038	10,320	- 0 -	27,358
Office supplies, books & equipment	19,045	4,904	1,577	25,526	20,822	6,475	1,403	28,700
Printing and promotion	12,350	442	7,930	20,722	13,593	11,576	4,036	29,205
Travel & transportation	14,361	7,559	5,039	26,959	10,626	1,541	- 0 -	12,167
Telephone & internet	8,116	5,118	- 0 -	13,234	9,161	5,071	- 0 -	14,232
Professional fees	42,934	94,418	65,673	203,025	41,971	104,231	50,786	196,988
Postage & shipping	3,046	1,802	1,802	6,650	2,363	1,731	1,731	5,825
Miscellaneous	2,804	6,840	455	10,099	1,190	6,400	- 0 -	7,590
Insurance	- 0 -	17,069	- 0 -	17,069	- 0 -	20,300	- 0 -	20,300
	\$ 1,064,085	\$ 315,943	\$ 120,425	\$ 1,500,453	\$ 961,256	\$ 381,806	\$ 119,335	\$ 1,462,397

See accompanying notes to the financial statements

IGNATIAN LAY VOLUNTEER CORPORATIONStatements of Cash Flows
For the Years Ended September 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 112,821	\$ 143,068
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Non-cash donation, forgiveness of benefactor loan	(100,000)	- 0 -
(Increase) decrease in accounts receivable, net of allowance for doubtful accounts	36,845	(106,375)
Decrease in prepaid expenses	3,019	5,678
Increase (decrease) in accounts payable and accrued expenses	24,136	(54,392)
Increase in deferred revenue	<u>12,338</u>	<u>58,413</u>
Net cash provided by operating activities	<u>89,159</u>	<u>46,392</u>
CASH FLOW FROM FINANCING ACTIVITIES:		
Principal payments on benefactor loans	<u>(8,000)</u>	<u>(42,000)</u>
Net cash used in financing activities	<u>(8,000)</u>	<u>(42,000)</u>
NET INCREASE IN CASH	81,159	4,392
CASH AT BEGINNING OF YEAR	<u>79,707</u>	<u>75,315</u>
CASH AT END OF YEAR	<u>\$ 160,866</u>	<u>\$ 79,707</u>

See accompanying notes to financial statements

IGNATIAN LAY VOLUNTEER CORPORATION

Notes to Financial Statements
September 30, 2016 and 2015

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 September 30, 2016 and 2015.

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
September 30, 2016 and 2015

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. The allowance is based on experience and other circumstances which may affect a Partner's ability to meet its obligation. No allowance for uncollectible accounts is provided for the accounts receivable for the years ended September 30, 2016 and 2015 because management does not deem it necessary based on historical collection experience.

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.

Revenues derived from partnership fees are considered to be available for unrestricted use and are recorded as income during the period earned. The Organization requires payment of the partnership fees at the beginning of the period of service. Deferred revenue as of September 30, 2016 and 2015 represents partnership fees billed during 2016 and 2015 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 statement of activities and changes in net assets as contributions because the criteria for recognition have 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
September 30, 2016 and 2015

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, 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 June 30, 2013.

2. Benefactor Loans Payable

Benefactor loans payable at September 30, 2016 and 2015 consisted of the following:

On August 31, 2010, Ignatian Lay Volunteer Corporation entered into a \$50,000 note payable with an individual benefactor of the Organization. This note is not secured. The term of the note included a balloon payment due on September 30, 2014. The note may be repaid at any time without penalty. The stated interest rate on the note is 4% per annum. The Organization has made payments on this loan as cash flow permits. The balance of this note is \$0 and \$8,000 as of September 30, 2016 and 2015.

On March 31, 2014, Ignatian Lay Volunteer Corporation entered into an interest free note payable, for \$100,000 with an individual benefactor of the Organization. The note is not secured. The term of the note included a balloon payment due on September 30, 2014. The Organization received full forgiveness of this loan as of December 31, 2015.

On March 31, 2014, Ignatian Lay Volunteer Corporation entered into an interest free note payable for \$50,000, with a benefactor who was a current Board Member of Ignatian Lay Volunteer Corporation at the time the loan was initiated. The note is not secured. The term of the note included a balloon payment due on September 30, 2014. The note was modified to change the balloon payment to December 31, 2016. The loan may be repaid at any time without penalty. Subsequent to year end, the note was paid in full (see Note 11).

The above notes also include provisions permitting the benefactors, at their discretion, to forgive all or a portion of the notes on the anniversary date of each year, including interest. The Organization has received forgiveness of all interest to date.

Total benefactor loans payable as of September 30, 2016 totaled \$50,000 reported as current liabilities. Total benefactor loans payable as of September 30, 2015 totaled \$158,000, reported as current liabilities of \$108,000 and \$50,000 as a long term liability.

3. Fundraising Events

Fundraising events are recorded net of their related expenses. For the year ending September 30, 2016, gross receipts for events were \$221,211 and related expenses for the year were \$62,505. For the year ending September 30, 2015, gross receipts for events were \$210,778 and related expenses for the year were \$65,509.

IGNATIAN LAY VOLUNTEER CORPORATION

Notes to Financial Statements
September 30, 2016 and 2015

4. Deferred Revenue

Deferred revenue as of September 30, 2016 and 2015 consisted of partnership fees billed during the current year that are for services performed in the subsequent fiscal year. Deferred revenue as of September 30, 2016 and 2015 totaled \$529,671 and \$517,333.

5. Temporarily Restricted Net Assets

Temporarily restricted net assets as of September 30, 2016 are to be used for the following purposes:

Milwaukee seed funding	\$ <u>25,000</u>
Total temporarily restricted net assets	\$ <u>25,000</u>

Temporarily restricted net assets as of September 30, 2015 are to be used for the following purposes:

General contribution to the Organization to be made available in 2016	\$ <u>12,500</u>
Total temporarily restricted net assets	\$ <u>12,500</u>

Temporarily restricted net assets of \$12,500 and \$- 0 - were released from restriction during the years ended September 30, 2016 and 2015, by satisfying the time restrictions imposed by donors.

6. Occupancy Expense

The Organization leases office space for its National headquarters and Baltimore regional office under a non-cancelable lease which expired June 30, 2016. The Organization continues to lease the space on a month to month basis. The lease calls for a base monthly rental of \$860.

The Organization leases office space for its Chicago regional office under a non-cancelable lease through April 30, 2017. The lease calls for a base monthly rental of \$159, increasing annually. The future minimum lease payments under this lease at September 30, 2016 are as follows:

2017	\$ 1,183
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The Organization leases office space for its Northern Virginia regional office under a lease which expired June 30, 2016. The Organization continues to lease the space on a month to month basis. The lease calls for a base monthly rental of \$1,000.

IGNATIAN LAY VOLUNTEER CORPORATION

Notes to Financial Statements
September 30, 2016 and 2015

6. Occupancy Expense (continued)

The Organization leases office space for its San Diego regional office under a month to month arrangement. The lease calls for payments of \$500 a month.

Total amounts charged to rent expense for the years ended September 30, 2016 and 2015 was \$31,378 and \$27,358.

7. Retirement Plan

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

8. Related Party Transactions

As reported in Note 2, one of the current Board Members of Ignatian Lay Volunteer Corporation entered into a note payable with the Organization. Total amount of the original and unpaid principal balance of the Note was \$50,000 as of September 30, 2016.

9. Line of Credit

During 2016, the Organization obtained a \$25,000 revolving line of credit with M&T Bank. The line of credit calls for interest at 7%. As of September 30, 2016, the line has not been drawn on by the Organization. Subsequent to year end, the entire amount of the line of credit was been drawn by the Organization.

10. 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.

11. Subsequent Events

Subsequent to September 30, 2016, the Organization paid in full a benefactor loan totaling \$50,000 as of December 31, 2016.

Subsequent to September 30, 2016, the Organization's Board established the "Ignite Campaign" as an opportunity for donors to make pledges over a three year period. The campaign's goal is to reach total pledge of \$1.5 million. As of June 16, 2017, over \$250,000 of pledges have been received.

IGNATIAN LAY VOLUNTEER CORPORATION

Notes to Financial Statements
September 30, 2016 and 2015

11. Subsequent Events (continued)

On June 8, 2017, the Organization signed a \$100,000 Multiple Disbursement Term Loan with M&T Bank. The Bank may advance funds at the Organization's request up to the amount of the Note for the first 18 months of the loan. Interest is fixed at 5.99% and is payable each month for the duration of the Note. Principal and interest payments will commence after the initial 18 months of the loan. On June 15, 2017, the Organization requested and received its first advance of \$65,000 on the note.

In preparing their financial statement, the Organization has evaluated subsequent events through June 16, 2017, the date which the financial statements were available to be issued.