

IGNATIAN LAY VOLUNTEER CORPORATION

AUDITED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

IGNATIAN LAY VOLUNTEER CORPORATION

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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, 2020 and 2019, 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, 2020 and 2019, 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 & Serra, LLC

Hunt Valley, Maryland
February 19, 2021

IGNATIAN LAY VOLUNTEER CORPORATION

Statements of Financial Position
September 30, 2020 and 2019

ASSETS

	2020	2019
CURRENT ASSETS		
Cash	\$ 268,071	\$ 63,850
Accounts receivable - current	337,646	393,838
Pledges receivable - current, net of allowance	284,695	310,581
Prepaid expenses	15,164	16,411
TOTAL CURRENT ASSETS	905,576	784,680
PROPERTY AND EQUIPMENT		
Computer equipment	21,196	43,747
Website development costs	24,800	24,800
	45,996	68,547
Less: accumulated depreciation	(31,867)	(67,539)
TOTAL PROPERTY AND EQUIPMENT	14,129	1,008
OTHER ASSETS		
Trademark	3,612	3,612
Pledges receivable, net	82,191	162,245
TOTAL OTHER ASSETS	85,803	165,857
TOTAL ASSETS	\$ 1,005,508	\$ 951,545
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 69,800	\$ 57,037
Line of credit	- 0 -	25,000
Current portion of loans payable	37,966	30,348
Current portion of lease payable	6,990	789
Deferred revenue	547,047	626,364
Benefactor loans payable	37,000	56,000
TOTAL CURRENT LIABILITIES	698,803	795,538
LONG TERM LIABILITIES		
Lease payable	9,104	- 0 -
Loans payable	160,120	40,878
TOTAL LONG TERM LIABILITIES	169,224	40,878
TOTAL LIABILITIES	868,027	836,416
NET ASSETS		
Without donor restrictions	137,481	65,129
With donor restrictions	- 0 -	50,000
TOTAL NET ASSETS	137,481	115,129
TOTAL LIABILITIES AND NET ASSETS	\$ 1,005,508	\$ 951,545

See accompanying notes to financial statements

IGNATIAN LAY VOLUNTEER CORPORATION

Statements of Activities and Changes in Net Assets
For the Years Ended September 30, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
PARTNERSHIP FEES	\$ 745,008	\$ - 0 -	\$ 745,008	\$ 702,348	\$ - 0 -	\$ 702,348
FUNDRAISING						
Contributions and Jesuit support	314,882	- 0 -	314,882	308,109	- 0 -	308,109
Foundations	160,073	- 0 -	160,073	96,114	50,000	146,114
Events, net	108,458	- 0 -	108,458	62,053	- 0 -	62,053
Ignite! Campaign	407,500	- 0 -	407,500	731,351	- 0 -	731,351
Released from restrictions	50,000	(50,000)	- 0 -	- 0 -	- 0 -	- 0 -
TOTAL FUNDRAISING	1,040,913	(50,000)	990,913	1,197,627	50,000	1,247,627
TOTAL SUPPORT AND REVENUE	1,785,921	(50,000)	1,735,921	1,899,975	50,000	1,949,975
EXPENSES:						
Program services	1,297,250	- 0 -	1,297,250	1,161,046	- 0 -	1,161,046
Management and general	463,336	- 0 -	463,336	408,476	- 0 -	408,476
Fundraising	180,383	- 0 -	180,383	174,399	- 0 -	174,399
TOTAL EXPENSES	1,940,969	- 0 -	1,940,969	1,743,921	- 0 -	1,743,921
NET INCOME (LOSS) FROM OPERATIONS	(155,048)	(50,000)	(205,048)	156,054	50,000	206,054
OTHER INCOME:						
Forgivable PPP loan proceeds	217,400	- 0 -	217,400	- 0 -	- 0 -	- 0 -
EIDL emergency grant	10,000	- 0 -	10,000	- 0 -	- 0 -	- 0 -
TOTAL OTHER INCOME	227,400	- 0 -	227,400	- 0 -	- 0 -	- 0 -
CHANGE IN NET ASSETS	72,352	(50,000)	22,352	156,054	50,000	206,054
NET ASSETS AT BEGINNING OF YEAR	65,129	50,000	115,129	(90,925)	- 0 -	(90,925)
NET ASSETS AT END OF YEAR	\$ 137,481	\$ - 0 -	\$ 137,481	\$ 65,129	\$ 50,000	\$ 115,129

See accompanying notes to financial statements

IGNATIAN LAY VOLUNTEER CORPORATION

Statements of Functional Expenses
For the Years Ended September 30, 2020 and 2019

	2020				2019			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries	\$ 958,125	\$ 179,284	\$ 111,449	\$ 1,248,858	\$ 781,609	\$ 161,720	\$ 69,796	\$ 1,013,125
Employee benefits and taxes	115,357	37,322	18,520	171,199	93,545	34,191	9,636	137,372
	<u>1,073,482</u>	<u>216,606</u>	<u>129,969</u>	<u>1,420,057</u>	<u>875,154</u>	<u>195,911</u>	<u>79,432</u>	<u>1,150,497</u>
Meetings & retreats	50,911	34,389	- 0 -	85,300	71,437	30,173	1,560	103,170
Occupancy expenses	5,000	9,600	2,400	17,000	12,442	9,600	2,400	24,442
Office supplies, books & equipment	12,440	56,882	- 0 -	69,322	18,249	42,810	- 0 -	61,059
Printing and promotion	17,220	13,604	3,401	34,225	26,234	8,814	2,203	37,251
Travel & transportation	11,708	5,223	5,222	22,153	16,175	7,051	7,051	30,277
Depreciation and amortization	5,652	2,422	- 0 -	8,074	4,356	1,694	- 0 -	6,050
Telephone & internet	5,914	2,822	705	9,441	7,098	3,910	978	11,986
Professional fees	103,932	91,832	37,014	232,778	118,164	83,412	79,351	280,927
Postage & shipping	4,690	1,672	1,672	8,034	4,606	1,424	1,424	7,454
Miscellaneous	2,739	3,418	- 0 -	6,157	1,308	1,952	- 0 -	3,260
Insurance	- 0 -	23,339	- 0 -	23,339	- 0 -	19,230	- 0 -	19,230
Interest expense	3,562	1,527	- 0 -	5,089	5,823	2,495	- 0 -	8,318
	<u>\$ 1,297,250</u>	<u>\$ 463,336</u>	<u>\$ 180,383</u>	<u>\$ 1,940,969</u>	<u>\$ 1,161,046</u>	<u>\$ 408,476</u>	<u>\$ 174,399</u>	<u>\$ 1,743,921</u>

See accompanying notes to the financial statements

IGNATIAN LAY VOLUNTEER CORPORATION

Statements of Cash Flows
For the Years Ended September 30, 2020 and 2019

	2020	2019
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 22,352	\$ 206,054
Proceeds from forgivable PPP loan	(217,400)	- 0 -
Proceeds from EIDL emergency grant	(10,000)	- 0 -
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization expense	8,074	6,050
(Increase) decrease in accounts receivable	56,192	(65,579)
(Increase) decrease in pledges receivable, net	105,940	(128,826)
(Increase) decrease in prepaid expenses	1,247	(9,316)
Increase in accounts payable and accrued expenses	12,763	27,557
Increase (decrease) in deferred revenue	(79,317)	54,299
	<u>(100,149)</u>	<u>90,239</u>
CASH FLOW FROM FINANCING ACTIVITIES:		
Principal payments on benefactor loans	(19,000)	(9,000)
Principal payments on capital lease	(5,890)	(7,932)
Payments on line of credit	(175,000)	(70,000)
Proceeds from line of credit	150,000	70,000
Proceeds from PPP loan	227,400	- 0 -
Proceeds from EIDL loan	150,000	- 0 -
Proceeds from EIDL emergency grant	10,000	- 0 -
Principal payments on term loan	(33,140)	(28,774)
	<u>304,370</u>	<u>(45,706)</u>
NET INCREASE IN CASH	204,221	44,533
CASH AT BEGINNING OF YEAR	63,850	19,317
CASH AT END OF YEAR	\$ 268,071	\$ 63,850
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Interest paid	\$ 5,089	\$ 8,318
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING TRANSACTIONS:		
Equipment acquisitions financed through capital lease obligations	\$ 21,196	\$ - 0 -
Refinancing of term loan	\$ - 0 -	\$ 100,000
Refinancing of line of credit	\$ - 0 -	\$ 25,000

See accompanying notes to financial statements

IGNATIAN LAY VOLUNTEER CORPORATION

Notes to Financial Statements
September 30, 2020 and 2019

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 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 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, 2020 and 2019

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, 2020 and 2019 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. Management has established an allowance of \$10,000 and \$10,000 for the years ended September 30, 2020 and 2019.

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, 2020 and 2019

1. Summary of Significant Accounting Policies (continued)

Revenue Recognition - Contributions and 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 statement of activities and changes in net assets as net assets released from restrictions.

Contributions and 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 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, 2020 and 2019 represents partnership fees billed during 2020 and 2019 for which service will be completed during the next fiscal year. The contract liabilities are satisfied when revenue is recognized.

The Organization benefits from several different revenue streams. The disaggregation of revenue for the years ended September 30, 2020 and 2019 is included in the chart below:

Revenue Type	Timing of Revenue Recognition	2020	2019
Partnership fees	Service period	\$ 745,008	\$ 702,348
Contributions and Jesuit support	Upon receipt	314,882	308,109
Foundations	Upon receipt	160,073	146,114
Events, net	Date of event	108,458	62,053
Ignite! Campaign	Upon unconditional promise	407,500	731,351
Other Income	Point in time	227,400	- 0 -
		<u>\$ 1,963,321</u>	<u>\$ 1,949,975</u>

IGNATIAN LAY VOLUNTEER CORPORATION

Notes to Financial Statements
September 30, 2020 and 2019

1. Summary of Significant Accounting Policies (continued)

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, 2017.

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 \$11,190 and \$16,958 for the years ended September 30, 2020 and 2019.

Reclassifications – Certain items in the prior period financial statements have been reclassified for comparative purposes to conform to the current period presentation.

Change in Accounting Principle – In June 2018, the Financial Accounting Standards Board (FASB) issued ASU 2018-08, *Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU clarifies and improves guidance for contributions received and contributions made, and provides guidance to organizations on how to account for certain exchange transactions. This change is preferable in that it clarifies whether to account for transactions as contributions or as exchange transactions. In addition, it clarifies whether a contribution is conditional. As a result, it enhances the comparability of financial information among not-for-profit entities. The change in accounting principle was adopted retrospectively in 2019. For the year ended September 30, 2019, no reclassifications or other adjustments were necessary in adopting this new standard. As a result, there was no cumulative-effect adjustment to opening net assets with or without donor restrictions as of October 1, 2019.

IGNATIAN LAY VOLUNTEER CORPORATION

Notes to Financial Statements
September 30, 2020 and 2019

1. Summary of Significant Accounting Policies (continued)

The Financial Accounting Standards Board (FASB) issued new guidance that created Topic 606, *Revenue from Contracts with Customers*, in the Accounting Standards Codification (ASC). Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The new guidance also added Subtopic 340-40, *Other Assets and Deferred Costs – Contracts with Customers*, to the ASC to require the deferral of incremental costs of obtaining a contract with a new customer. Collectively, we refer to the new Topic 606 and Subtopic 340-40 as the “new guidance.” This update requires entities to make new judgement and estimates, and provide expanded disclosures about revenue.

The Organization adopted the new guidance effective October 1, 2019, using the modified retrospective approach. The Organization also elected the following transition practical expedients (i) to reflect the aggregate of all contract modifications that occurred prior to the date of initial application when identifying satisfied and unsatisfied performance obligations, determining the transaction price, and allocating the transaction price; and (ii) to apply the guidance only to contracts that are not completed at the initial date of application. Because contract modifications are minimal, there is not a significant impact as a result of electing these practical expedients.

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, all 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:

	2020	2019
Collectible in 1 year or less	\$ 294,695	\$ 320,581
Collectible in 1 - 5 years	90,275	174,344
	384,970	494,925
Less: allowance for uncollectible pledges	(10,000)	(10,000)
Less: 2% discount to net present value	(8,084)	(12,099)
	\$ 366,886	\$ 472,826

IGNATIAN LAY VOLUNTEER CORPORATION

Notes to Financial Statements
September 30, 2020 and 2019

3. Benefactor Loan

Benefactor loan payable at September 30, 2020 and 2019 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 bank 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, 2020 and 2019 was \$37,000 and \$56,000, respectively.

4. Line of Credit

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

In March 2020, the Organization obtained a \$250,000 line of credit with Orrstown Bank to replace the existing line. The current line of credit calls for interest at a variable rate, currently at 4.75%. As of September 30, 2020, the line had no balance.

5. Loans Payable

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. 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. Total balance outstanding as of September 30, 2020 and 2019 was \$38,086 and \$71,226, respectively.

In May 2020, the Organization entered into an agreement with the Small Business Administration for a 30 year term loan for \$150,000, also referred to as the Economic Injury and Disaster Loans (EIDL). This loan is secured by the assets of the Organization. Monthly payments of \$641 consisting of principal and interest at 2.75% begin June 2021. 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. The balance of principal and interest will be payable May 2050. Total balance outstanding as of September 30, 2020 was \$150,000.

IGNATIAN LAY VOLUNTEER CORPORATION

Notes to Financial Statements
September 30, 2020 and 2019

5. Loans Payable (continued)

In April 2020, the Organization applied for and received a \$227,400 loan under the Paycheck Protection Program (PPP). The PPP loan is for a term of two years and bears interest at a fixed rate of 1% per annum. This loan qualifies for forgiveness after 24 weeks, if all criteria are met. Payments on this loan are deferred until the date the SBA remits the borrower's loan forgiveness amount to the lender, or until 10 months after the 24 week eligibility period if the borrower never requests forgiveness. As of September 30, 2020, the Organization had incurred \$227,400 of eligible expenses and has satisfied the criteria for recognition of the income with a corresponding reduction of the loan payable balance (see Note 16). However, only \$217,400 was eligible for forgiveness as the Organization received an EIDL emergency grant totaling \$10,000. The total income of \$217,400 has been included in other income on the statement of activities.

Total balance outstanding as of September 30, 2020 was \$10,000, which is subject to the repayment terms noted above. Monthly payments of principal and interest are \$593 beginning in December 2020 through April 2022.

Maturities of long term debts are as follows:

Years ending September 30, 2021	\$	37,966
2022		10,779
2023		3,631
2024		3,732
2025		3,836
Thereafter		<u>138,142</u>
	\$	<u>198,086</u>

6. Deferred Revenue

Deferred revenue as of September 30, 2020 and 2019 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, 2020 and 2019 totaled \$547,047 and \$626,364, respectively.

7. Fundraising Events

Fundraising events are recorded net of their related expenses. For the year ended September 30, 2020, gross receipts for events were \$173,146 and related expenses for the year were \$64,688. For the year ended September 30, 2019, gross receipts for events were \$129,927 and related expenses for the year were \$67,874.

IGNATIAN LAY VOLUNTEER CORPORATION

Notes to Financial Statements
September 30, 2020 and 2019

8. Net Assets with Donor Restrictions

Net assets with donor restrictions as of September 30, 2020 and 2019 are restricted for the following purposes:

	<u>2020</u>	<u>2019</u>
To support Scranton, PA region	<u>\$ - 0 -</u>	<u>\$ 50,000</u>
Total net assets with donor restrictions	<u><u>\$ - 0 -</u></u>	<u><u>\$ 50,000</u></u>

The Organization satisfied the following purpose restrictions related to its net assets with donor restrictions during the years ended September 30, 2020 and 2019 as follows:

	<u>2020</u>	<u>2019</u>
To support Scranton, PA region	<u>\$ 50,000</u>	<u>\$ - 0 -</u>
Total net assets released from restrictions	<u><u>\$ 50,000</u></u>	<u><u>\$ - 0 -</u></u>

9. Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of September 30, 2020 and 2019, 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>2020</u>	<u>2019</u>
Financial assets at year end	\$ 890,412	\$ 768,269
Less those unavailable for general expenditures within one year, due to:		
Restricted by donors with purpose or time restrictions	<u>- 0 -</u>	<u>(50,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 890,412</u></u>	<u><u>\$ 718,269</u></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 2021.

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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. The Northern Virginia regional office has continued to occupy the space on a month to month basis since July 31, 2020.

Total amounts charged to rent expense for the years ended September 30, 2020 and 2019 was \$17,000 and \$24,442, respectively.

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.

In December 2019 the Organization entered into a new 36 month managed IT service agreement effective December 2019, with monthly service fees of \$3,379. Of those fees, \$2,759 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 the equipment is \$620.

For the years ended September 30, 2020 and 2019, costs associated with these agreements were \$33,668 and \$39,140 and reported as part of office supplies, books and equipment on the statement of functional expenses.

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11. Service Agreement and Equipment Lease (continued)

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

		<u>IT Services</u>	<u>Equipment Lease</u>
Years ending September 30,	2021	\$ 33,108	\$ 7,436
	2022	33,108	7,436
	2023	8,277	1,859
Total Payments		<u>\$ 74,493</u>	<u>16,731</u>
Less: interest			<u>(637)</u>
Total Principal Payments			<u>\$ 16,094</u>
Current portion of principal			<u>\$ 6,990</u>

The cost of equipment capitalized under these leases for the years ended September 30, 2020 and 2019 is \$21,196 and \$18,149, respectively. September 30, 2020 and 2019, depreciation expense was \$8,074 and \$6,050 respectively and accumulated depreciation was \$7,067 and \$17,149 respectively.

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. 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, 2020 and 2019 was \$37,000 and \$56,000, 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.

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15. Contingency

In March 2020, significant mitigation efforts began taking effect in the United States in an attempt to curtail the spread of the coronavirus (COVID-19) pandemic. Such efforts have included travel restrictions, business disruptions, and event cancellations. Capital markets have seen significant volatility in the wake of the pandemic and significant economic disruptions are likely to occur. In response, the Organization has altered its operation and interactions with program participants and donors. Management cannot reasonably estimate the related financial impact and duration of the situation at this time. However, management believes it has sufficient cash reserves to sustain operations in the event of continued disruption. Management intends to monitor the situation on an ongoing basis and to continue efforts to reduce its impact on the Organization's operation and financial resources.

16. Subsequent Events

In November 2020, the SBA forgave \$217,400 of the PPP loan and determined that the remaining \$10,000 was to be considered a loan, as the Organization had received an Economic Injury Disaster Loan (EIDL) grant in that amount. In December 2020, Congress passed and the President signed the Consolidated Appropriations Act which will require the SBA to forgive the remaining \$10,000 of the PPP loan.

In preparing these financial statements, the Organization has evaluated subsequent events through February 19, 2021, the date which the financial statements were available to be issued.