

The Labouré Society, Inc.

FINANCIAL STATEMENTS

**For the Year Ended
December 31, 2020**



The Labouré Society, Inc.
Table of Contents
For the Year Ended December 31, 2020

INDEPENDENT AUDITORS' REPORT	1-2
STATEMENT OF FINANCIAL POSITION	3
STATEMENT OF ACTIVITIES	4
STATEMENT OF FUNCTIONAL EXPENSES	5
STATEMENT OF CASH FLOWS	6
NOTES TO THE FINANCIAL STATEMENTS.....	7-11



Boeckermann Grafstrom Mayer

Independent Auditors' Report

To the Board of Directors
The Labouré Society, Inc.
Eagan, Minnesota

Report on the Financial Statements

We have audited the accompanying statements of financial position of The Labouré Society, Inc. (a nonprofit corporation) as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year 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 audit. We conducted our audit 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 combined financial statements are free of 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Labouré Society, Inc. as of December 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited The Labouré Society, Inc.'s 2019 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated July 15, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Boeckermann Grafstrom + Mayer, LLC

BOECKERMANN GRAFSTROM & MAYER, LLC
Certified Public Accountants

Minneapolis, Minnesota
August 20, 2021

The Labouré Society, Inc.
Statements of Financial Position

December 31, 2020 (With Comparative Totals for 2019)

<u>ASSETS</u>	<u>2020</u>	<u>2019</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,386,492	\$ 609,928
Certificates of Deposit	1,949,500	2,856,125
Prepaid Expenses	<u>20,733</u>	<u>14,351</u>
Total Current Assets	<u>\$ 3,356,725</u>	<u>\$ 3,480,404</u>
PROPERTY AND EQUIPMENT		
Property and Equipment	\$ 121,290	\$ 142,447
Accumulated Depreciation	<u>(88,172)</u>	<u>(109,428)</u>
Net Property and Equipment	<u>\$ 33,118</u>	<u>\$ 33,019</u>
OTHER ASSETS		
Certificates of Deposit	<u>\$ 980,000</u>	<u>\$ 245,000</u>
TOTAL ASSETS	<u>\$ 4,369,843</u>	<u>\$ 3,758,423</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts Payable	\$ 10,380	\$ 16,072
Accrued Liabilities	11,399	32,745
PPP Loan	121,261	-
Aspirant Awards, Current Portion	<u>543,599</u>	<u>714,176</u>
Total Current Liabilities	<u>\$ 686,639</u>	<u>\$ 762,993</u>
LONG-TERM LIABILITIES		
Aspirant Awards, Net of Current Portion	<u>\$ 2,031,671</u>	<u>\$ 1,729,914</u>
NET ASSETS		
Without Donor Restrictions	<u>\$ 1,651,533</u>	<u>\$ 1,265,516</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,369,843</u>	<u>\$ 3,758,423</u>

See Independent Auditors' Report and Notes to the Financial Statements

The Labouré Society, Inc.

Statements of Activities

For the Year Ended December 31, 2020 (With Comparative Totals for 2019)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2020 Totals</u>	<u>2019 Totals</u>
SUPPORT AND REVENUE				
Support				
Contributions	\$ 2,578,375	\$ -	\$ 2,578,375	\$ 2,606,354
Net Assets Released from Restrictions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Support	<u>\$ 2,578,375</u>	<u>\$ -</u>	<u>\$ 2,578,375</u>	<u>\$ 2,606,354</u>
Revenue				
Interest Income	\$ 47,856	\$ -	\$ 47,856	\$ 73,446
Other Income	<u>267</u>	<u>-</u>	<u>267</u>	<u>134</u>
Total Revenue	<u>\$ 48,123</u>	<u>\$ -</u>	<u>\$ 48,123</u>	<u>\$ 73,580</u>
TOTAL SUPPORT AND REVENUE	<u>\$ 2,626,498</u>	<u>\$ -</u>	<u>\$ 2,626,498</u>	<u>\$ 2,679,934</u>
EXPENSES				
Program Services	\$ 1,852,843	\$ -	\$ 1,852,843	\$ 1,977,812
Management and General	73,277	-	73,277	64,114
Fundraising	<u>314,361</u>	<u>-</u>	<u>314,361</u>	<u>298,420</u>
TOTAL EXPENSES	<u>\$ 2,240,481</u>	<u>\$ -</u>	<u>\$ 2,240,481</u>	<u>\$ 2,340,346</u>
INCREASE (DECREASE) IN NET ASSETS	\$ 386,017	\$ -	\$ 386,017	\$ 339,588
NET ASSETS - Beginning of Year	<u>1,265,516</u>	<u>-</u>	<u>1,265,516</u>	<u>925,928</u>
NET ASSETS - End of Year	<u>\$ 1,651,533</u>	<u>\$ -</u>	<u>\$ 1,651,533</u>	<u>\$ 1,265,516</u>

See Independent Auditors' Report and Notes to the Financial Statements

The Labouré Society, Inc.

Statements of Functional Expenses

For the Year Ended December 31, 2020 (With Comparative Totals for 2019)

	Program Services	Management and General	Fundraising	2020 Totals	2019 Totals
Salaries, Taxes, and Benefits	\$ 488,105	\$ 51,324	\$ 215,475	\$ 754,904	\$ 735,948
Advertising and Promotion	111,934	-	35,249	147,183	209,547
Consulting Expense	226,855	-	4,630	231,485	281,550
Depreciation	12,574	-	-	12,574	25,559
Dues and Subscriptions	22,581	3,226	6,452	32,259	5,591
Facility Rental	30,311	2,891	13,430	46,632	17,852
Aspirant Awards	778,510	-	-	778,510	685,723
Insurance	21,722	5,431	-	27,153	9,818
Office Expense	64,104	4,689	28,137	96,930	65,741
Professional Services	13,520	1,290	5,990	20,800	40,810
Telecommunications	31,271	3,909	3,909	39,089	5,063
Board of Directors	-	128	-	128	576
Travel	13,906	389	1,089	15,384	65,270
Website Expense	-	-	-	-	106,785
Aspirant Training	37,450	-	-	37,450	84,513
Total Expenses	\$ 1,852,843	\$ 73,277	\$ 314,361	\$ 2,240,481	\$ 2,340,346

See Independent Auditors' Report and Notes to the Financial Statements

The Labouré Society, Inc.
Statements of Cash Flows

For the Year Ended December 31, 2020 (With Comparative Totals for 2019)

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets	\$ 386,017	\$ 339,588
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided (Used) by Operating Activities		
Depreciation	12,574	25,559
(Increase) Decrease in Cash Surrender Value of Aspirant Awards	810,321	982,334
Aspirant Forfeitures	-	(272,069)
(Increase) Decrease in Operating Assets		
Accounts Receivable	-	1,857
Prepaid Expenses	(6,382)	1,659
Increase (Decrease) in Operating Assets and Liabilities		
Accounts Payable	(5,692)	(11,269)
Accrued Wages	(21,345)	7,713
	<u>\$ 1,175,493</u>	<u>\$ 1,075,372</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	\$ (12,673)	\$ (31,617)
(Purchase) Proceeds Certificates of Deposit	<u>171,625</u>	<u>(881,113)</u>
	<u>\$ 158,952</u>	<u>\$ (912,730)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Plan	\$ 121,261	\$ -
Payments on Aspirant Awards	<u>(679,141)</u>	<u>(529,932)</u>
	<u>\$ (557,880)</u>	<u>\$ (529,932)</u>
INCREASE (DECREASE) IN CASH	\$ 776,565	\$ (367,290)
CASH - Beginning of Year	<u>609,928</u>	<u>977,218</u>
CASH - End of Year	<u>\$ 1,386,493</u>	<u>\$ 609,928</u>

See Independent Auditors' Report and Notes to the Financial Statements

NOTE 1: NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Labouré Society, Inc. (the Organization) exists to provide financial assistance and spiritual support to men and women, who must resolve student loans in order to pursue their vocation to priesthood and/or religious life in the Catholic Church.

Tax Status

The Organization is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code (the Code) and comparable state law, and contributions to it are tax deductible within the limitations prescribed by the Code. During the year ended December 31, 2020, the Organization had no unrelated business income.

The Financial Accounting Standards Board (FASB) issued guidance on accounting for uncertainty in income taxes. Management evaluated the Organization's tax positions and concluded that the Organization had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. The Organization is no longer subject to income tax examinations by the U.S. federal, state, or local tax authorities for the years before 2017. Interest and penalties are classified as expense as incurred.

Revenue Recognition

As of January 1, 2019, the Organization adopted FASB Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (ASC Topic 606)*. The Organization recognizes revenue in accordance with ASC Topic 606, which provides a five-step model for recognizing revenue from contracts with customers as follows:

- Identify the contract with the customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when or as performance obligations are satisfied

The Organization is using the modified retrospective method of adoption. The cumulative net impact of adopting ASC Topic 606 has been determined to be immaterial.

Contributions are recorded when received and recognized as support in the period received, in accordance with FASB Accounting Standards Codification (ASC) 958-605, *Not-for-Profit Revenue Recognition - Contributions*. If donor-imposed restrictions accompany the contribution, the amount is recorded as donations with restrictions until the donor-imposed restrictions expire or are fulfilled, unless the restrictions expire or are fulfilled in the same calendar year the contribution is received, in which case the contribution is recorded as donations without restrictions. Net assets with donor restrictions are reclassified to net assets without donor restrictions in the period donor-imposed restrictions expire or are fulfilled.

NOTE 1: NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributed Services

Contributed services have been reflected in the accompanying financial statements as consulting services provided for \$225,525 for the year ended December 31, 2020.

Contributions

Contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor restrictions.

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. However, donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

Property and Equipment

Expenditures for property and equipment are capitalized at cost. Donated assets to be used in the Organization are capitalized at their fair market value on the date of the donation.

Depreciation of property and equipment is computed using the straight-line method over the estimated useful lives of the assets which have been determined to be three to seven years.

Financial Statement Presentation

In accordance with U.S. generally accepted accounting principles, the Organization reports 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. In addition, the Organization is required to present a statement of cash flows.

Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2019, from which the summarized information was derived.

Statement of Cash Flows

For the statement of cash flows, the Organization considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents. At times, cash and equivalents may be in excess of FDIC insurance limits. No taxes or interest were paid for the year ended December 31, 2020.

NOTE 1: NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expense

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based upon time and effort studies.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Advertising Costs

The Organization expenses all advertising costs as incurred.

New Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. Management is currently evaluating the impact of the pending adoption of the new standard on the financial statements.

Reclassifications

Certain reclassifications have been made in the 2019 financial statements to conform to the classifications used in 2020.

Subsequent Events

The Organization has evaluated subsequent events through August 20, 2021, the date the financial statements were available to be issued.

The Labouré Society, Inc.
Notes to the Financial Statements
December 31, 2020

NOTE 2: LIQUIDITY

The Organization has \$3,335,992 of financial assets available within one year of the date of the statement of financial position to meet cash needs for general expenditure, consisting of cash of \$1,386,492, and certificates of deposit of \$1,949,500. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization regularly monitors liquidity required to meet its operational needs.

NOTE 3: LONG-TERM DEBT

Long-term debt at December 31, 2020 consisted of the following:

Aspirant Awards – Awarded to aspirants who have completed program requirements. Payments are remitted in monthly installments over a period of thirty-six months of active formation. The balance of the aspirants' awards are remitted on a thirty-seven month period or cancelled/paused immediately when the aspirant leaves formation. The term will not exceed thirty-seven months with 0% interest. Under normal policy the aspirants are allowed a twenty-four month grace period from the completion of their last class to their entrance into formation. The policy for exception circumstances allows for one twelve-month leave of absence (following entrance into formation and if required) to ensure canonical freedom of discernment resolution of family issues or the treatment of health concerns.	\$ 2,575,270
Less Current Portion	<u>543,599</u>
Long-Term Debt, Less Current Portion	<u>\$ 2,031,671</u>

Maturities of long-term debt at December 31, 2020 were as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2021	\$ 543,599
2022	727,357
2023	777,277
2024	<u>477,037</u>
Total	<u>\$ 2,525,270</u>

NOTE 4: LEASE AGREEMENT

The Organization entered into a facilities lease agreement in November 2019 for a period of three years. The rental rate ranges from \$1,383 to \$1,959 per month, plus operating costs.

The following is a listing of future minimum lease payments:

<u>Year Ending December 31,</u>	<u>Amount</u>
2021	\$ 20,630
2022	<u>19,593</u>
Total	<u>\$ 40,223</u>

Rent expense was \$46,632 for the year ended December 31, 2020.

NOTE 5: ADVERTISING

The Organization used advertising to promote its mission among the audiences it serves. The costs of advertising are expensed as incurred. For the year ended December 31, 2020, advertising expense totaled \$147,183.

NOTE 6: CONTINGENCIES

Substantially all support is received in the form of contributions from various individuals, corporations, and foundations; therefore, the continuation of the programs of the Organization is dependent upon future funding.

NOTE 7: PPP LOAN - SUBSEQUENT EVENT

The Organization obtained a Paycheck Protection Program (PPP) loan in the amount of \$121,261 on April 23, 2020 to help cover the cost of payroll. Monthly payments begin on October 23, 2020 with an interest rate at 1.00%. The loans mature on September 23, 2022. The loan has a forgiveness clause that was approved on February 18, 2021.