

Jesuit Refugee Service/ USA, Inc.

Financial Report
December 31, 2017

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Independent Auditor's Report

To the Board of Directors
Jesuit Refugee Service/USA, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Jesuit Refugee Service/USA, Inc. (JRS), which comprise the balance sheet as of December 31, 2017, 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.

Auditor's 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of JRS as of December 31, 2017, and the changes in its net assets 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 JRS's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 28, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 2, 2018, on our consideration of JRS's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering JRS's internal control over financial reporting and compliance.

RSM US LLP

Washington, D.C.
April 2, 2018

Jesuit Refugee Service/USA, Inc.

**Balance Sheet
December 31, 2017
(With Comparative Totals for 2016)**

	2017	2016
Assets		
Cash	\$ 3,723,317	\$ 5,346,320
Accounts receivable	103,506	89,825
Promises to give, net	344,911	350,522
Investments	4,927,546	4,152,277
Prepaid expenses	2,195	-
Leasehold improvements, net	30,947	-
	\$ 9,132,422	\$ 9,938,944
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 165,071	\$ 272,542
Deferred revenue	27,916	21,584
Due to Jesuit Conference	17,901	63,480
Total liabilities	210,888	357,606
Commitment and contingency (Notes 6 and 8)		
Net assets:		
Unrestricted	3,476,682	3,451,443
Temporarily restricted	5,444,852	6,129,895
	8,921,534	9,581,338
	\$ 9,132,422	\$ 9,938,944

See notes to financial statements.

Jesuit Refugee Service/USA, Inc.

Statement of Activities
Year Ended December 31, 2017
(With Comparative Totals for 2016)

	2017			2016
	Unrestricted	Temporarily Restricted	Total	
Support and revenue:				
Federal grants	\$ 3,426,100	\$ -	\$ 3,426,100	\$ 3,104,843
Contributions	2,150,118	2,071,516	4,221,634	6,053,729
Federal contract –				
Department of Homeland Security	1,050,786	-	1,050,786	1,014,914
Contributed services	1,109,245	-	1,109,245	1,105,863
Investment income, net	250,645	524,624	775,269	309,095
Province subsidies	287,498	-	287,498	275,000
Other	100	-	100	10
Released from restriction	3,281,183	(3,281,183)	-	-
Total support and revenue	11,555,675	(685,043)	10,870,632	11,863,454
Expenses:				
Program services:				
JRS International	5,538,439	-	5,538,439	3,451,984
Chaplaincy	983,260	-	983,260	1,101,419
Global Education Initiative	1,729,975	-	1,729,975	834,534
Policy	166,162	-	166,162	291,914
Communication	180,943	-	180,943	260,571
Outreach	113,850	-	113,850	46,731
Total program services	8,712,629	-	8,712,629	5,987,153
Support services:				
Fundraising	1,968,921	-	1,968,921	1,743,286
Management and general	848,886	-	848,886	533,534
Total support services	2,817,807	-	2,817,807	2,276,820
Total expenses	11,530,436	-	11,530,436	8,263,973
Change in net assets	25,239	(685,043)	(659,804)	3,599,481
Net assets:				
Beginning	3,451,443	6,129,895	9,581,338	5,981,857
Ending	\$ 3,476,682	\$ 5,444,852	\$ 8,921,534	\$ 9,581,338

See notes to financial statements.

Jesuit Refugee Service/USA, Inc.

**Statement of Functional Expenses
Year Ended December 31, 2017
(With Comparative Totals for 2016)**

	2017											2016
	Program Services						Total Program	Support Services		Total Support	Total	
	JRS International	Chaplaincy	Global Education Initiative	Policy	Outreach	Communication		Management and General	Fundraising			
Staff expenses:												
Salaries	\$ 91,787	\$ 388,413	\$ -	\$ 96,863	\$ 43,478	\$ 85,622	\$ 706,163	\$ 295,794	\$ 302,789	\$ 598,583	\$ 1,304,746	\$ 1,288,299
Health insurance	19,521	311,686	-	10,983	16,139	6,264	364,593	14,705	82,412	97,117	461,710	471,608
Chaplaincy professional services	-	168,178	-	-	-	-	168,178	-	-	-	168,178	173,113
Payroll taxes	8,047	30,903	-	8,427	3,726	7,454	58,557	30,854	30,568	61,422	119,979	111,001
Retirement	5,360	15,263	-	8,405	1,070	873	30,971	6,506	11,901	18,407	49,378	37,554
Staff development	500	5,906	-	-	-	650	7,056	1,532	1,250	2,782	9,838	1,319
Total staff expenses	125,215	920,349	-	124,678	64,413	100,863	1,335,518	349,391	428,920	778,311	2,113,829	2,082,894
Travel	31,924	37,071	-	7,457	4,186	9,932	90,570	19,334	141,139	160,473	251,043	201,089
Office:												
Rent	31,315	-	-	22,368	12,303	33,553	99,539	58,151	90,592	148,743	248,282	133,627
Depreciation	-	-	-	-	-	-	-	3,868	-	3,868	3,868	-
Printing and copying/newsletter	-	2,025	-	-	616	9,430	12,071	-	60,281	60,281	72,352	56,746
Insurance	-	-	-	-	-	-	-	24,141	6,715	30,856	30,856	34,751
Telephone and communications	105	1,724	-	210	433	420	2,892	12,354	1,271	13,625	16,517	29,664
Subscriptions and books	288	6	-	-	-	3,542	3,836	454	10,136	10,590	14,426	22,634
Equipment, repair and maintenance	1,397	-	-	-	-	3,224	4,621	8,018	15,548	23,566	28,187	22,491
Office supplies	823	-	-	34	46	1,581	2,484	8,704	4,397	13,101	15,585	19,579
Postage and mailing services	-	66	-	36	616	86	804	973	17,179	18,152	18,956	18,006
Computing software	-	-	-	-	-	2,047	2,047	1,540	3,301	4,841	6,888	7,837
Total office	33,928	3,821	-	22,648	14,014	53,883	128,294	118,203	209,420	327,623	455,917	345,335
General:												
Professional fees	410	13,910	-	683	28,296	16,136	59,435	126,557	1,108,299	1,234,856	1,294,291	1,389,172
Accounting and audit fees	53,025	-	-	-	-	-	53,025	206,178	884	207,062	260,087	175,446
Meetings	-	4,604	-	2,702	2,447	10	9,763	1,428	45,661	47,089	56,852	42,359
Management board development	-	-	-	-	-	-	-	4,469	-	4,469	4,469	16,512
Memberships	-	-	-	2,678	-	-	2,678	3,500	95	3,595	6,273	3,265
Total general	53,435	18,514	-	6,063	30,743	16,146	124,901	342,132	1,154,939	1,497,071	1,621,972	1,626,754
Other:												
Grants for projects	5,290,940	-	1,729,975	-	-	-	7,020,915	-	-	-	7,020,915	3,978,052
Bank charges	-	-	-	-	-	-	-	9,533	26,155	35,688	35,688	15,078
Other	2,997	3,505	-	5,316	494	119	12,431	10,293	8,348	18,641	31,072	8,981
Project supplies – religious	-	-	-	-	-	-	-	-	-	-	-	5,790
Total other	5,293,937	3,505	1,729,975	5,316	494	119	7,033,346	19,826	34,503	54,329	7,087,675	4,007,901
Total expenses	\$ 5,538,439	\$ 983,260	\$ 1,729,975	\$ 166,162	\$ 113,850	\$ 180,943	\$ 8,712,629	\$ 848,886	\$ 1,968,921	\$ 2,817,807	\$ 11,530,436	\$ 8,263,933

See notes to financial statements.

Jesuit Refugee Service/USA, Inc.

**Statement of Cash Flows
Year Ended December 31, 2017
(With Comparative Totals for 2016)**

	2017	2016
Cash flows from operating activities:		
Change in net assets	\$ (659,804)	\$ 3,599,481
Adjustment to reconcile change in net assets to net cash (used in) provided by operating activities:		
Unrealized and realized gains on investments	(712,133)	(249,710)
Change in present value discount of promises to give	(5,148)	9,917
Depreciation	3,868	-
Changes in assets and liabilities:		
Decrease (increase) in:		
Accounts receivable	(13,681)	10,239
Promises to give	10,759	(200,462)
Prepaid expenses and other	(2,195)	12,667
Increase (decrease) in:		
Accounts payable and accrued expenses	(107,471)	183,949
Deferred revenue	6,332	21,584
Due to/from Jesuit Conference	(45,579)	60,149
Net cash (used in) provided by operating activities	(1,525,052)	3,447,814
Cash flows from investing activities:		
Purchase of leasehold improvements	(34,815)	-
Purchase of investments	(9,939,295)	(3,213,443)
Proceeds from sale of investments	9,876,159	3,154,058
Net cash used in investing activities	(97,951)	(59,385)
Net (decrease) increase in cash	(1,623,003)	3,388,429
Cash:		
Beginning	5,346,320	1,957,891
Ending	\$ 3,723,317	\$ 5,346,320

See notes to financial statements.

Jesuit Refugee Service/USA, Inc.

Notes to Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies

Nature of activities: Jesuit Refugee Service/USA, Inc. (JRS) is a nonprofit corporation located in the District of Columbia and formed in September 1984. JRS was established to accompany, serve and defend the rights of refugees and forcibly displaced people.

A summary of JRS's significant programs are as follows:

Department of Homeland Security: JRS was awarded a contract from Department of Homeland Security in which JRS is an implementing partner to provide chaplaincy services in the United States detention centers. JRS is currently working to improve the standards of care for those detained in federally operated, contract and local detention centers, and to ensure that detained individuals of all faiths have access to religious services and freedom of religious expression. Revenue related to this program is included in the federal contract total on the statement of activities, and expenses are included in the Chaplaincy total on the statement of functional expenses.

Department of State and U.S. Agency for International Development: JRS received several cooperative agreements for the education, training and community development in five JRS International regions – Southern Africa, Eastern Africa, West Africa, Middle East and Asia Pacific. Revenue related to this program is included in the federal grants total on the statement of activities, and expenses are included in the JRS International total on the statement of functional expenses.

A summary of JRS's significant accounting policies follows:

Basis of accounting: The accompanying financial statements are presented in accordance with the accrual basis of accounting, whereby unconditional support is recognized when notification of the contribution is received, revenue is recognized when earned, and expenses are recognized when incurred.

Basis of presentation: The accompanying financial statement presentation follows the recommendations under the Not-for-Profit Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). Under the ASC, JRS is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. There were no permanently restricted net assets at December 31, 2017.

Financial risk: JRS maintains its cash in bank deposit accounts which, at times, may exceed federally-insured limits. JRS has not experienced any losses in such accounts and believes it is not exposed to any significant financial risk on cash.

JRS invests in a portfolio that contains mutual funds, which are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with such investments, and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near-term could materially affect investment balances and the amounts reported in the financial statements.

Notes to Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Accounts receivable: Contracts and grants receivables are carried at original invoice amounts, less an estimate made for doubtful receivables based on a review of all outstanding amounts on an annual basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. Management has determined that all receivables are collectible; thus, there was no provision for doubtful accounts at December 31, 2017.

Promise to give receivables: Contributions are recognized when the donor makes a promise to give to JRS that is, in substance, unconditional. Promises to give to be received in a future period are discounted to their net present value at the time the revenue is recorded using a rate of 2%. The provision for doubtful promises to give is based on management's evaluation of the status of existing promises to give and historical results. There was no provision at December 31, 2017.

Investments: All investments in equity securities with readily determinable fair values are reflected at fair market value. To adjust the carrying value of these investments, the change in fair market value is charged or credited to current operations.

Leasehold improvements: Leasehold improvements are stated at cost, less accumulated depreciation. Depreciation is computed using the straight-line method over the lesser of the remaining life of the lease or the estimated useful life of the improvements. Leasehold improvements totaled \$34,815, with accumulated depreciation of \$3,868. Depreciation expense for the year ended December 31, 2017, was \$3,868. JRS's capitalization policy is \$5,000 and useful life greater than one year.

Valuation of long-lived assets: Leasehold improvements are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds the estimated fair value of the asset. Assets to be disposed of are reported at the lower of the carrying amount or fair value, less costs to sell.

Support and revenue: Unconditional contributions are recognized as support when received. JRS reports contributions as temporarily restricted support if they are received with donor or grantor 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, temporarily restricted net assets are reclassified to unrestricted net assets and reported on the statement of activities as net assets released from restrictions. Conditional contributions are recognized when the conditions on which they depend are substantially met.

JRS receives grants from federal agencies for various purposes. Federal grants are recognized as revenue as qualifying expenditures are incurred. Grant receivables are recorded to the extent unreimbursed expenditures have been incurred for the purposes specified by an approved grant. JRS defers grant payments received under approved awards from grantors to the extent the payments exceed grant expenditures incurred for the purposes specified under the grant.

JRS has a fixed price contract with a federal agency which is billed monthly in accordance with the contract. Revenue is recognized when billed, which coincides with when services are performed.

JRS receives funding from subsidies granted by participating provinces of the Society of Jesus.

Notes to Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Contributed services: A substantial number of vendors have made significant contributions to JRS for its global education initiative program which are measured objectively at fair value for the services provided. The value of this contributed time for the year ended December 31, 2017, \$1,109,245 is reflected in these statements since it is susceptible to objective measurement and valuation. The expenses are included in fundraising expenses on the statement of activities.

Functional expenses: The costs of providing the various programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited. General and administrative expenses include those expenses that are not directly identifiable with any other specific function, but that provide for the overall support and direction of JRS and are unallocated on the statement of activities.

Use of estimates: The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Income taxes: JRS is generally exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. In addition, JRS qualifies for charitable contribution deductions and has been classified as an organization that is not a private foundation. Income from certain activities not directly related to JRS's exempt purpose, less applicable deductions, is subject to taxation as unrelated business income. For the year ended December 31, 2017, JRS had no net unrelated business income.

Management evaluated JRS's tax positions and concluded that JRS had taken no uncertain tax positions that require adjustment to the financial statements. Generally, JRS is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years before 2014.

Prior year information: The financial statements include certain prior year summarized comparative information in total but not by net asset class or function; specifically, the lack of 2016 footnote information, a breakout of temporarily restricted activities in the statement of activities for 2016 and a 2016 statement of functional expenses by program. Such information presented does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with JRS's financial statements for the year ended December 31, 2016, from which the summarized information was derived.

Reclassifications: Certain items in the December 31, 2016, summarized comparative information have been reclassified to conform to the December 31, 2017, financial statement presentation. The reclassifications had no effect on the previously reported change in net assets or net assets.

Recent accounting pronouncements: In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in generally accepted accounting principles in the United States of America (U.S. GAAP) when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU 2015-14, which defers the effective date of ASU 2014-09 one year making it effective for annual reporting periods beginning after December 15, 2018. JRS has not yet selected a transition method and is currently evaluating the effect that the standard will have on the financial statements.

Jesuit Refugee Service/USA, Inc.

Notes to Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

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, 2019, 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. JRS is currently evaluating the impact of the pending adoption of the new standard on the financial statements.

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which simplifies and improves how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance and cash flows. Among other changes, the ASU replaces the three current classes of net assets with two new classes, net assets with donor restrictions and net assets without donor restrictions, and expands disclosures about the nature and amount of any donor restrictions. ASU 2016-14 is effective for annual periods beginning after December 15, 2017, with early adoption permitted. JRS is currently evaluating the impact the adoption of this guidance will have on its financial statements.

Subsequent events: JRS evaluated subsequent events through April 2, 2018, which is the date the financial statements were available to be issued.

Note 2. Promises to Give

Promises to give at December 31, 2017, consist of the following:

Promises to give due in less than one year	\$ 184,780
Promises to give due in one to five years	164,900
Total promises to give	<u>349,680</u>
Less discount to net present value	4,769
	<u><u>\$ 344,911</u></u>

Note 3. Investments

Investments consist of the following at December 31, 2017:

Mutual funds	\$ 4,927,546
	<u><u>\$ 4,927,546</u></u>

Investment income, net for the year ended December 31, 2017, is as follows:

Unrealized and realized gains, net	\$ 712,133
Interest and dividends	79,409
Investment fees	(16,273)
	<u><u>\$ 775,269</u></u>

Jesuit Refugee Service/USA, Inc.

Notes to Financial Statements

Note 4. Fair Value Measurements

The ASC Topic on Fair Value Measurement requires disclosures in periods subsequent to initial recognition, whether the measurements are made on a recurring basis or a non-recurring basis, establishes a framework for measuring fair value in accordance with U.S. GAAP and expands disclosure about fair market value measurement. This enables the reader of the financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking quality and reliability of the information used to determine fair value.

The provision applies to all assets and liabilities that are being measured and reported on a fair value basis, and are disclosed in one of the following three categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities

Level 2: Observable market-based inputs or unobservable inputs corroborated by market data

Level 3: Unobservable inputs that are not corroborated by market data

In determining the appropriate levels, JRS performs a detailed analysis of the assets and liabilities that are subject to the fair value measurement. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3. There were no Level 3 inputs for any assets held by JRS at December 31, 2017. There were no liabilities subject to fair value measurement at December 31, 2017.

The table below presents the balances of assets at December 31, 2017, measured at fair value on a recurring basis by level within the hierarchy:

	Total	Level 1	Level 2	Level 3
Mutual funds:				
Foreign large blend	\$ 497,422	\$ 497,422	\$ -	\$ -
Money market	483,806	483,806	-	-
Domestic large blend	2,745,732	2,745,732	-	-
Short-term bond	1,200,586	1,200,586	-	-
	<u>\$ 4,927,546</u>	<u>\$ 4,927,546</u>	<u>\$ -</u>	<u>\$ -</u>

JRS's mutual funds are publicly traded on an active exchange and are considered Level 1 items.

Jesuit Refugee Service/USA, Inc.

Notes to Financial Statements

Note 5. Temporarily Restricted Net Assets

Changes in temporarily restricted net assets during the year ended December 31, 2017, consist of the following:

	Balance December 31, 2016	Additions	Transferred	Released	Balance December 31, 2017
Time restricted:					
Global Education Initiative	\$ 350,522	\$ 5,148	\$ (112,029)	\$ -	\$ 243,641
Humanitarian Innovation Fund	-	196,270	(95,000)	-	101,270
Purpose restricted:					
Fund for the future – Jesuit Missions	2,809,842	524,624	-	(166,723)	3,167,743
Global Education Initiative	1,743,027	1,202,485	112,029	(1,729,975)	1,327,566
JRS International	1,051,266	667,613	-	(1,114,247)	604,632
Earthquake relief	167,540	-	-	(167,540)	-
Humanitarian Innovation Fund	-	-	95,000	(95,000)	-
Outreach	5,550	-	-	(5,550)	-
Retreats	2,148	-	-	(2,148)	-
	<u>\$ 6,129,895</u>	<u>\$ 2,596,140</u>	<u>\$ -</u>	<u>\$(3,281,183)</u>	<u>\$ 5,444,852</u>

Note 6. Related Party Commitment

JRS has an agreement (Memorandum of Understanding) with an affiliated entity, the Jesuit Conference (JC), whereby JC agrees to provide office space, furniture and equipment, including telephone and communication equipment to JRS through December 31, 2019. Rent and related expenses for the year ended December 31, 2017, were \$337,642.

Future minimum payments for all services consist of the following:

Years ending December 31:	
2018	\$ 337,442
2019	337,442
	<u>\$ 674,884</u>

Note 7. Retirement Plan

JRS has a 401(k) retirement plan (the Plan). Full-time employees who have completed at least two continuous years of service with JRS, and all part-time employees, 21 years or older, who have acquired at least 2,000 hours of service within a 24-month period, are eligible to receive employer profit sharing contributions. JRS makes a discretionary profit sharing contribution to the Plan each year. For the year ended December 31, 2017, JRS contributed amounts equal to 8% of employees' base salaries, which totaled \$49,378.

Note 8. Contingency

JRS participates in federally-assisted grant programs, which are subject to financial and compliance audits by the federal agency or their representatives. As such, there exists a contingent liability for potential questioned costs that may result from such audits. Management does not anticipate any significant adjustments as a result of such audits.