



KOVAR Corporation

2022 ANNUAL REPORT



Introduction

KOVAR Corporation is a Virginia Knights of Columbus 501(c) (3) tax-exempt charity established in 1971 to provide financial assistance through grants and home loans to tax-exempt organizations providing training and opportunities to persons with intellectual disabilities. KOVAR has provided over \$18,000,000 in grants and \$6,000,000 in no-interest home loans to non-profit organizations who support persons with ID within the Commonwealth of Virginia.

Mission

KOVAR Corporation exists to improve the quality of life for Virginians with Intellectual Disabilities through the grant and home loan programs. These programs are facilitated by the efforts of Virginia Knights of Columbus Councils who raise money for KOVAR and individual donors.

Year in Review

Our Fiscal Year¹ (FY) 2022 was a complete success. We provided 24 grants to 23 non-profit organizations totaling \$346,000. Our home loan program has 13 loans with 7 non-profit organizations in force, totaling over \$1,300,000. Due to the extraordinary efforts of the 150+ Knights of Columbus (KofC) Councils throughout the Commonwealth of Virginia, together we raised over \$524,000 which was available in FY 2023 for the grant and home loan programs. The Board of Directors redoubled their efforts to improve stewardship and governance.

President's Message

KOVAR is your Virginia Knights of Columbus charity that provides service to Virginians with intellectual disabilities. The non-profit organizations who we work with provide support and services such as job and life skills training, employment, education, housing, athletics, and transportation to our friends with Intellectual Disabilities.

There continues to be a large demand for KOVAR funds and fortunately Virginia Knights, their families and friends generously donate and fundraise so the mission to improve the lives of Virginians with intellectual disabilities continues.

Without your efforts to support KOVAR we would not have been able over the years to support over 200 organizations that have benefited from KOVAR grants and home loans.

Sincerely,

John H. Cochran



¹ KOVAR operates on a 1 July to 30 June fiscal year, which coincides with the Knights of Columbus 'fraternal year.'

State Deputy's Message

It is wonderful to acknowledge the great work done by all Virginia Knights to support people with Intellectual Disabilities. Individual donations and councils' fundraising efforts combine to provide significant funding for the Grants and Home Loans programs; ensuring quality of life.

KOVAR's Board of Directors have redoubled their efforts to improve their stewardship; making sure expenses are minimized and the donations councils raise are maximized -- directly improve the quality of life for hundreds of Virginians with Intellectual Disabilities.

I am immensely proud of all of you who contribute your time and talents towards this wonderful charity.

Fraternally yours,

Patrick A. Rowland



Programs and Results

KOVAR operates two programs with non-profit organizations that specialize in supporting individuals with Intellectual Disabilities: Grants and Home Loans.

Grants

Since 1971, KOVAR has provided grants to qualifying 501 (c) (3) [non-profit] organizations to improve the quality of life to Virginians with ID.

Grant requests are reviewed by the KOVAR Board as received every two months. The maximum amount for a grant in FY22 was \$15,000 and the waiting period for a single non-profit organization between grants is 15-months.

Each grant recipient signs a contract with KOVAR before we provide funding. We require each grant recipient to provide documentation and receipts within six months to ensure they spent the money the way it was approved. The KOVAR Audit Committee reviews all submissions and once the organization passes the audit, they are eligible to apply for a subsequent grant once they satisfy the waiting period.

During the fiscal year 2022, KOVAR awarded 24 grants to 23 non-profit organizations totaling over \$346,000 reaching across the entirety of the Commonwealth of Virginia as shown below in figure 1 and listed in table 1.

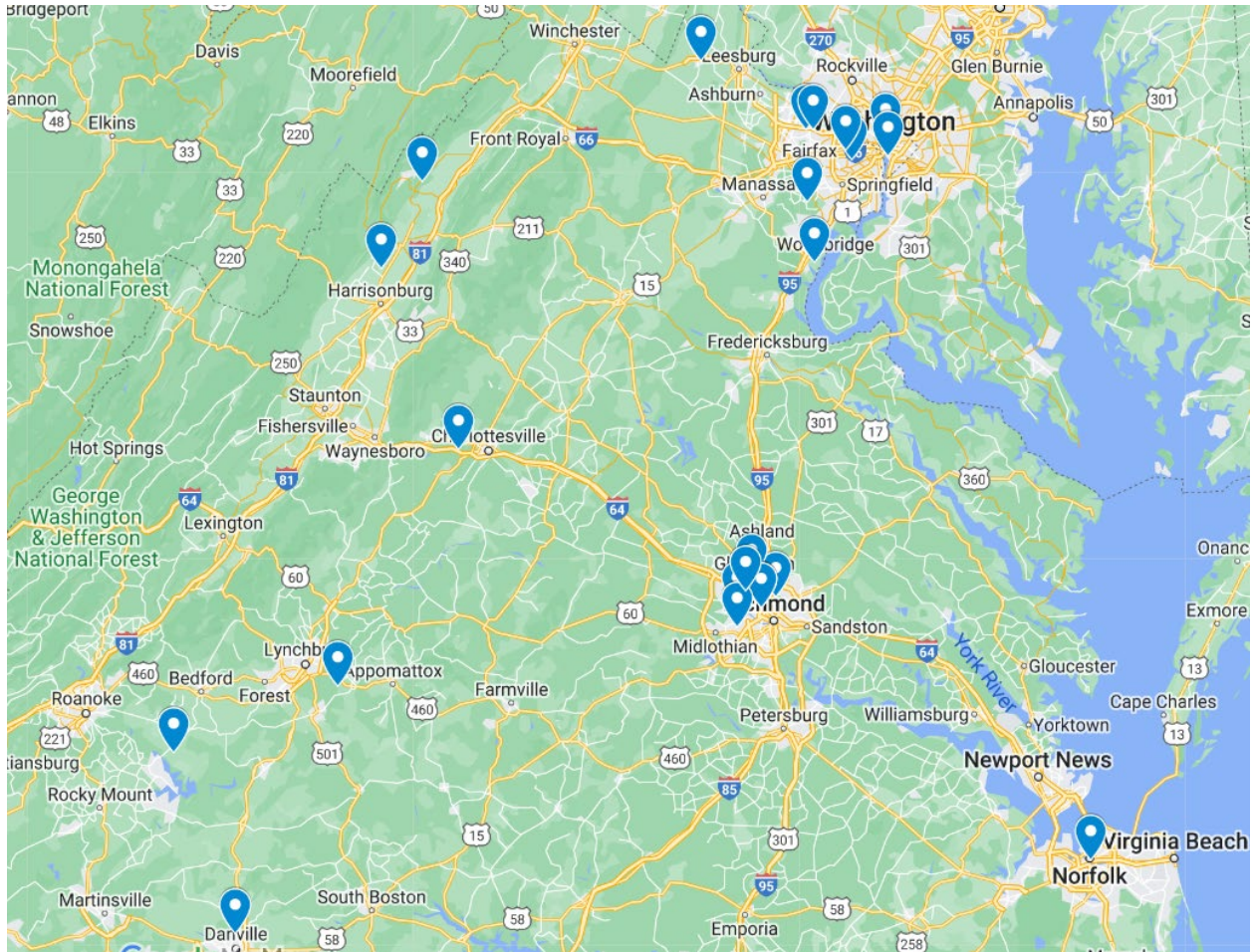


Figure 1 – Locations of Organizations receiving a Grant in FY22

Organization	Purpose
Arc of Central Virginia Lynchburg	Purchase a vehicle to provide transportation for community outings for persons with intellectual disabilities.
Best Buddies Falls Church	To provide opportunities for leadership development and social inclusion for students with and without intellectual and developmental disabilities in Virginia.
C.A.T.S. Norfolk	Purchase a van to pick up equipment donations and to deliver requested equipment to key partners such as hospitals and therapy providers.
Danville-Pittsylvania CSB Danville	Purchase of furniture for two group homes, replacing worn and damaged items.
DePaul Community Resources Roanoke	Purchase of indoor and outdoor furniture, games, gardening supplies, sensory items, a grocery skills center, and various furnishings to improve the participant experience at three OPTIONS day support centers
Down Syndrome Assoc of Greater Richmond Richmond	Provide 30 Community Engagement and Education Scholarships to individuals of all ages with Down syndrome across Virginia
ECHO, Inc. Leesburg	Upgrade the facility's lighting system to provide a safe and sensory-friendly environment
Faison Center Richmond	To provide speech-language evaluations and services to 20 early education learners diagnosed with ASD and other developmental disabilities at the most critical period in their development.

Organization	Purpose
Hope House Foundation Norfolk	Restoration of two kitchens in our Beachcomber group home to better allow people with mobility devices and challenges to more safely maneuver their apartments
Jill's House, Inc. Vienna	Purchase equipment to expand indoor Game Room for use when weather is not conducive for outdoor play.
Langley Residential Support Services Vienna	Purchase and installation of an air conditioning unit at a group home to ensure residents with developmental disabilities are safe, comfortable, and protected.
L'Arche Greater Washington, D.C. Arlington	Renovation of the downstairs bathroom at a group home, in order to make it accessible to individuals with intellectual and physical disabilities.
Medical Home Plus, Inc. Richmond	Provide free resource coordination, referrals, and information for families with children with special needs. Provide Individual Education Plan (IEP) advisory service to ensure children with disabilities receive appropriate educational support. IEP, a required legal document, plans special education goals.
Northstar Academy Inc. Richmond	Provide scholarships for students with intellectual disabilities in 18 Central Virginia school districts
Reclaimed Hope Initiative Charlottesville	Fund 35 scholarships solely for clients with ID to attend the Camp Hope program cost-free.
Richmond Residential Services Richmond	Purchase of furniture for two group homes, replacing worn and damaged items
Shenandoah Cty SEARCH Mount Jackson	Purchase and installation of vinyl plank flooring in the organization's thrift store to enhance appearance and provide a safer environment over painted concrete.
Shenandoah Valley Community Residences, Inc. Winchester	Purchase of vehicle to ensure clients have transportation to access the community and enjoy activities of choice, leading to more productive and meaningful lives.
Special Olympics Virginia Commonwealth of Virginia	To provide scholarships for Special Olympics Virginia to send athletes to the 2021 Fall Championships and 2022 Summer Games.
Specially Adapted Resource Clubs Reston	Purchase of specialized audio-visual devices to improve interaction and communications among the club members during their on-site meetings and activities.
St John Paul the Great Catholic HS Dumfries	Purchase technology, curriculum and vocational/kitchen supplies for the Options Program
St. John's Community Services Arlington and Fairfax	Purchase of furniture in a group home, replacing worn and damaged items
Still Meadows Enrichment Center and Camp Linville	Purchase of a zero-turn lawn mower to provide a safe environment for outdoors activities

Table 1 – List of Organizations receiving a Grant in FY22

Home Loans

Since 1994, KOVAR has been and continues to be the sole provider within the Commonwealth of Virginia for interest-free loans to non-profit organizations in the purchase of group homes. Although these loans are interest-free, they are subject to the same lending requirements imposed by banks and commercial lenders. In the 25-plus year history of home loans, KOVAR has never experienced a default. Monthly payments are returned to the Home Loan Fund for future loans.

Group homes provide persons with ID safe, comfortable, and dignified places to live. These homes typically house 4 or 5 persons with ID and provide various levels of care.

Loan amounts cannot exceed 75% of appraised value with a maximum of up to \$150,000 for 10-year loans and \$150,000 - \$250,000 for 15-year loans.

The 13 loans are with 7 different organizations and are located in figure 2:

- Franciscan Brethren of St. Phillip, Inc., Williamsburg
- Housing Options, Inc., Richmond (2)
- Lutheran Family Services of Virginia, Inc. (dba enCircle), Roanoke (2)
- Marian Homes, Fairfax Station (3)
- Pleasant Valley, Inc., Broadway
- Shen-Paco Industries, Inc., Quicksburg
- Shenandoah Community Residences, Winchester (3)

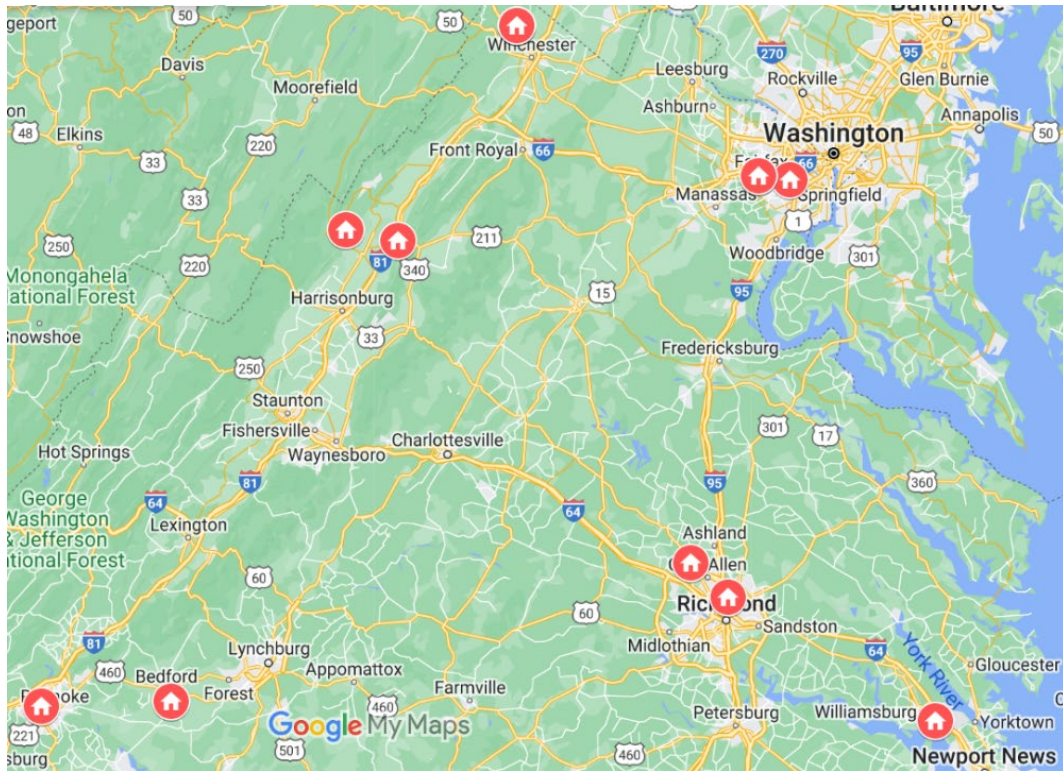


Figure 2 – Locations of Organizations with a KOVAR Home Loan in FY22

Fundraising

Since 1971, through the efforts of 150-plus Knights of Columbus (KofC) councils across the Commonwealth of Virginia, KOVAR has raised over \$18 million. In fiscal year 2022, over \$524,000 was raised. Individual councils conduct a variety of fundraising activities at their parish and local community level.

KOVAR also conducts an annual, direct mail campaign to the over 28,000 KofC members in the Commonwealth of Virginia. Individual donations are received through direct mailing, workplace payroll deductions, and other online organizations such as GiveDirect, Combined Federal Campaign, and the United Way.

Financial Statements

Overview

During FY22, KOVAR's Board of Directors redoubled their efforts to improve the quality and timeliness of financial transactions and data. As provided below, KOVAR received an unqualified opinion from our external auditors. The full report, as well as our most current IRS Form 990, is available on request at <https://kovarva.org/contact-us-2/> or info@kovarva.org

Governance

To improve the overall fiscal health of the Corporation, the Board reviewed, updated existing policies, strengthening control, oversight, and stewardship. In addition, it established three new policies:

- Conflict of Interest
- Document Retention and Destruction
- Whistleblower

The cumulative effect these policies have will result in a more effective and efficient organization with full transparencies to all stakeholders. Another positive aspect is we expect to increase our 'score' on Charity Navigator <https://www.charitynavigator.org/ein/237337216> from 91 to 100% (maximum) which will instill confidence in prospective donors and other stakeholders that KOVAR is appropriately led and managed.

The Board continues to review all its policies to ensure they remain current and support active management of the Corporation.

Management's Responsibility for Financial Reporting

The Board is responsible for the integrity and objectivity of the financial information presented in this annual report. The financial statements that appear in this document have been selected from the audited consolidated financial statements to give summary financial information about KOVAR. The selected financial information was prepared by KOVAR in accordance with generally accepted accounting principles ("GAAP"). The KOVAR Board of Directors believe the financial information contained in the audited consolidated financial statements fairly represents KOVAR's financial position, results of operations and cash flows. A copy of the complete audited consolidated financial statements of KOVAR, including Anderson & Reed LLP unqualified independent auditor's report thereon, is available upon request.

KOVAR's internal controls are designed to reasonably ensure that its assets are safeguarded from unauthorized use or disposition and that transactions are authorized, executed and recorded properly.

*KOVAR Corporation**Statements of Activities**Years Ended June 30, 2022 and 2021*

	<u>2022</u>	<u>2021</u>
Revenue and Support		
Contributions	\$ 524,824	\$ 467,176
Interest and dividend income from investments	5,249	9,738
Interest income on notes receivable	60,856	31,843
Net unrealized loss on investments	(7,954)	(1,753)
Increase in life insurance policy values	2,957	2,828
Total revenue and support	<u>585,932</u>	<u>509,832</u>
Expenses		
Program services	347,744	361,335
Management and general	21,516	17,031
Fund raising	25,904	17,016
Total expenses	<u>395,164</u>	<u>395,382</u>
Change in net assets without donor restrictions	190,768	114,450
Net assets without donor restrictions, beginning of year	<u>2,555,937</u>	<u>2,441,487</u>
Net assets without donor restrictions, end of year	<u>\$ 2,746,705</u>	<u>\$ 2,555,937</u>

*KOVAR Corporation**Statements of Financial Position**June 30, 2022 and 2021*

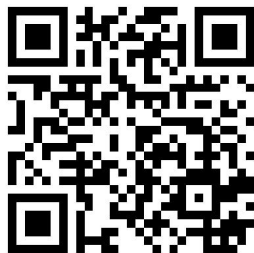
<u>Assets</u>	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 1,522,443	\$ 836,586
Pledges receivable, net of allowance	11,232	14,633
Prepaid expenses	2,170	4,340
Cash surrender value of life insurance	22,895	19,938
Notes receivable, net	975,272	1,488,347
Investments:		
Mutual funds	156,174	162,472
Pooled investment fund	120,000	120,000
Total Investments	<u>276,174</u>	<u>282,472</u>
Total Assets	\$ 2,810,186	\$ 2,646,316
Liabilities and Net Assets		
Liabilities		
Grants payable	\$ 63,481	\$ 90,379
Total liabilities	<u>63,481</u>	<u>90,379</u>
Net Assets		
Net assets without donor restrictions	2,746,705	2,555,937
Net assets with donor restrictions	-	-
Total net assets	<u>2,746,705</u>	<u>2,555,937</u>
Total Liabilities and Net Assets	\$ 2,810,186	\$ 2,646,316

Leadership and Stewardship

The Board of Directors is comprised of 15 volunteer members, representing various geographic regions of the Commonwealth of Virginia. Directors are elected and serve a three-year term on a staggered basis – five directors elected each year. Directors must be a Virginia Knights of Columbus member in good standing and do not receive any compensation for their volunteer service. The Board meets a minimum of six times a year on the second Saturday of even-numbered months.

President	John H. Cochran, FDD, PGK	Tidewater
Vice President – Audit	J. Charles Curran, FDD, PGK	Northern
Vice President – Fundraising	Francis B. Holland, FDD, PGK	Tidewater
Vice President – Grants	Matthew C. Wheeler	Southwest
Vice President – Home Loans	Edward S. Whitlock III, FDD, PGK	Central
Vice President – IT	Jay H. Hoffmeier, PGK	Northern
Treasurer	Douglas E. Blair, PGK	Northern
Secretary	Dan Hurley, PGK	Central
Member	G. Michael Carducci	West
Member	Daniel T. Doyle, DD, PGK	Tidewater
Member	Kevin P. Parry, FDD, PGK	Southwest
Member	Dave Pillis	Southwest
Member	Timothy G. Shea	Northern
Member	Vance F. Stewart III, PGK	West
Member	Michael J. Szablak, FDD, PGK	Central

To donate to KOVAR, please visit <https://kovarva.org/donate/> or scan this QR code:



Thank you for your continued support!

