



KOVAR Corporation

2023 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 (ID). KOVAR has provided over \$18 million in grants and \$6 million in no-interest home loans to non-profit organizations who support persons with ID within the Commonwealth of Virginia. We are the largest non-governmental provider in the Commonwealth of Virginia.

Why KOVAR?

The Virginia Department of Behavioral Health and Developmental Services estimates there are some 78,000 persons in Virginia with ID. The services provided to these persons covers a wide spectrum from group homes for community living accommodations to day care, education, sports, and job training. The more serious the ID condition of the person the more care is needed.

Mission

KOVAR Corporation exists to improve the quality of life for Virginians with Intellectual Disabilities. This is done through the grant and home loan programs and is 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) 2023 was very successful. We approved 32 grants to 501(c)(3) non-profit organizations for over \$522,000. Our home loan program has 14 loans outstanding, totaling over \$1,300,000. Due to the extraordinary efforts of the 155 Knights of Columbus (KofC) Councils throughout the Commonwealth of Virginia, together we raised over \$590,000 for the grant and home loan programs. The Board of Directors continued their efforts to improve stewardship and governance.

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

Front Cover Photo: *Steve and Matt Lomaka, members of Msgr. Charles A. Kelly, Jr. Council 14129 and St. Mary's Parish in Richmond, fundraising for KOVAR at a parish event. Courtesy of Edward S. Whitlock, III.*

President's Message

Fraternal Year 2022-23 was my fourth and final year as President of KOVAR Corporation. I was humbled and honored to be able to lead this great organization and will continue to serve as a Board Member for as long as Virginia Knights want me on the Board.

KOVAR is your Virginia Knights of Columbus charity that works to improve the quality of life for Virginians with intellectual disabilities (ID). The non-profit organizations we work with provide support and services such as job and life skills training, employment, education, housing, athletics, and transportation to our friends with ID.

Last year was the first since 2020 where the COVID pandemic didn't significantly impact Councils' ability to publicly fundraise. And wow, fundraise you did, realizing almost \$600,000. We were able to add another \$100,000 to our Home Loan Fund and start the year with over \$500,000 available for grants -- well done! Several councils and their members donated higher than typical amounts, and two councils raised over \$40,000: John C. Webb Council #12134 in Fincastle and George Brent Council #5332 in Manassas.

We approved over \$522,000 in grants last year and the demand for Group Home financing continues to grow, so your efforts are greatly appreciated by the over 200 organizations in Virginia that we've helped since 1971. Thank you for your continued financial support. And for the organizations we support, thank you for all you do to improve the lives of our friends with ID.

Sincerely,

John H. Cochran



State Deputy's Message

My Brother Knights, please accept my hearty thanks and congratulations for your amazing efforts over the past year to collect funds to improve the quality of life for Virginians with Intellectual Disabilities through KOVAR. Council fundraising is the life-blood of KOVAR's donations and I continue to marvel at the breadth of fundraising activities you conduct in support of this noble cause.

Your KOVAR Board of Directors continue to enhance the efficiency and effectiveness of your donations through active management and oversight. I applaud their stewardship excellence as recognized by external non-profit ombudsmen. You can be assured that donations are applied to KOVAR grants and home loans to the fullest extent.

I am extremely thankful for everyone who has devoted their time, talent, and treasure towards this wonderful charity over the past year.

Fraternally yours,

Patrick A. Rowland



Programs and Results

KOVAR operates two programs with 501(c)(3) non-profit organizations that specialize in supporting individuals with Intellectual Disabilities.

Grants

Since 1971, KOVAR has provided grants to qualifying 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 FY23 was \$20,000 and the waiting period for a single non-profit organization between grants is 18-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 that funds were spent as approved. The Audit Committee reviews all submissions and once the organization passes the audit, they are eligible to apply for a subsequent grant when the waiting period has been satisfied.

During FY23, KOVAR awarded (paid out) 31 grants to non-profit organizations totaling over \$464,000 reaching across the entirety of the Commonwealth of Virginia as shown in figure 1 and listed in table 1.

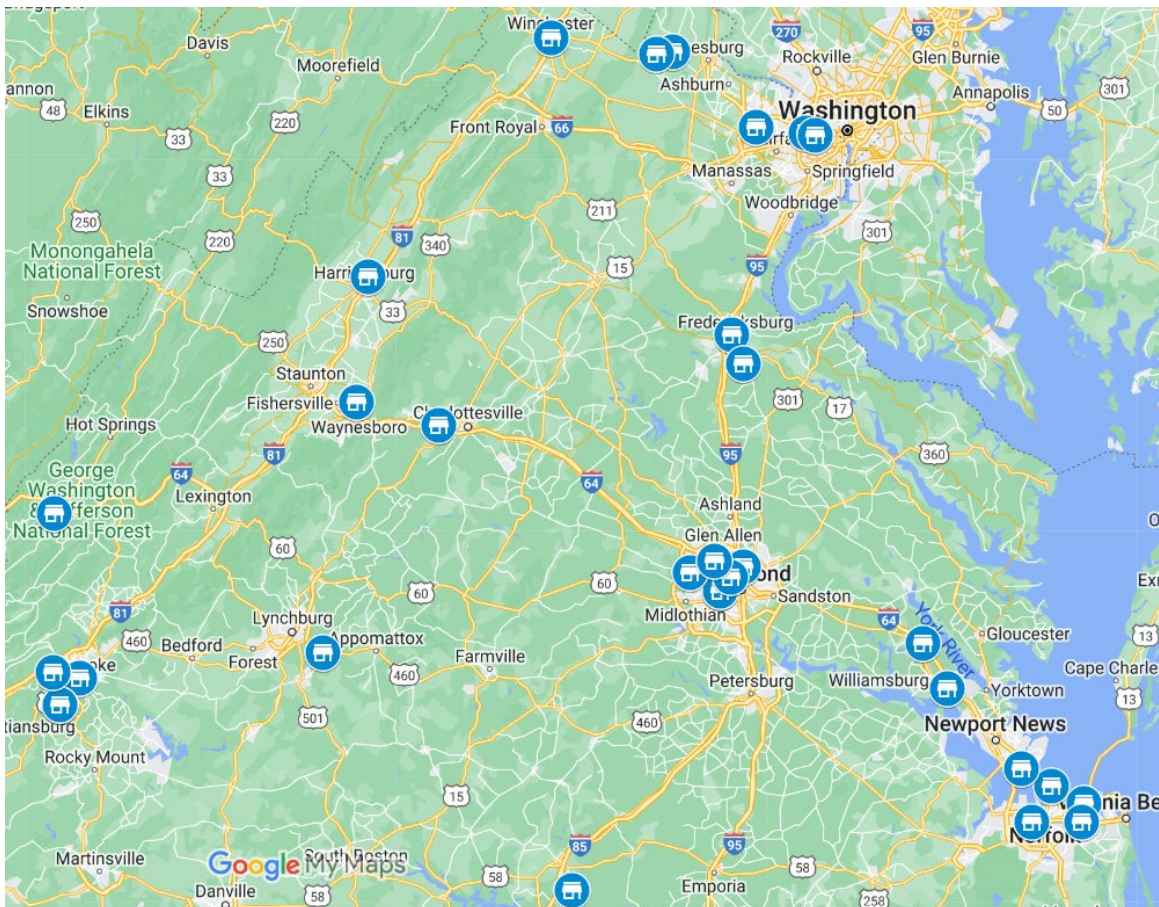


Figure 1 – Locations of Organizations receiving a Grant in FY23

| Organization Name | Purpose |
|--|---|
| Children's Hospital - King's Daughters Norfolk | Purchase sensory room equipment for a new inpatient mental health unit designed for children and adolescents with ASD and ID |
| Reclaimed Hope Initiative Charlottesville | Fund scholarships solely for clients with ID to attend the Camp Hope program. |
| Northstar Academy, Inc. Richmond | Fund scholarships for students with Intellectual Disabilities |
| DePaul Community Services Roanoke | Purchase 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. |
| ECHO Inc. Leesburg | Upgrade our lighting system for our most medically fragile participants to dimmable LED lights. |
| Jill's House Inc. Vienna | For expansion of the Jill's House Game Room, motivating children with ID to explore new skills, while developing their social skills as they interact with one another. |
| Gabriel Homes, Inc. Herdon | Materials and labor to renovate bathrooms in two residential group homes. |
| Special Olympics Virginia Richmond | Fund scholarships for Special Olympics Virginia to send athletes to the 2022 Fall Championships |
| NW Works, Inc. Winchester | Purchase and install repair parts for HVAC system. |
| Virginia Baptist Children's Home & Family dba HopeTree Family Services Salem | Materials and labor to renovate bathrooms in four residential group homes. |
| Rappahannock Adult Activities Fredricksburg | Purchase indoor and outdoor furniture for the Kings Highway Day Support Center. |
| St. Vincent's Home dba Blue Ridge Autism Ctr Roanoke | Facilitate independent learning opportunities |
| A Farm Less Ordinary Purcellville | To purchase farming tools and equipment to support the work of our "Growers" with intellectual and developmental disabilities for the 2023 growing season. |
| Colonial Behavioral Health Williamsburg | 20% DRPT local match for one wheelchair accessible minivan |
| SOAR365 Richmond | Purchase and install security cameras in four facilities |
| Holiday House of Portsmouth Portsmouth | Purchase and install an additional electronic badge system to one of our doors as well as replacing an atrium |
| The Arc of Northern Virginia Falls Church | To build a website that is more accessible and effective resources for families |
| Vector Industries Waynesboro | Materials to construct a lean-to to provide cover from the elements |
| Nest Academy RVA Richmond | Scholarships to support Adaptive Adventures, a series of adaptive field trips to enable students to engage in the community |
| Franciscan Brethren of St. Philip/ Little Sisters of St. Francis Williamsburg | To purchase and install repair parts for HVAC system at Seton House |
| Rappahannock Area Community Services Board Fredricksburg | To provide replacement furnishings in 4 group homes |
| The Arc of Harrisonburg and Rockingham Harrisonburg | 20% DRPT local match for one wheelchair- accessible minivan |
| Alleghany Highlands Community Services Covington | Materials and installaion of a new roof at Friendship Residence to provide individuals with a safe home. |
| Bishop O'Connell Expanded Services Arlington | To purchase updated audio visual equipment in the Expanded Services classroom suite in order to have clear projection and interactive capabilities. |
| Versability Resources Hampton | Renovation of a ramp and entrance way at a group home. Purchase of vital signs machines used by our staff for the developmental disabled adults with chronic health conditions which require monitoring. |
| Ability Center of Virginia Virginia Beach | Purchase of updated office technology and more accessible seating for program participants. |
| Ocean View Little League Baseball Norfolk | Purchase adaptive baseball equipment for disabled ball players and registration and insurance costs for two teams of special needs players. |
| Heart Havens, Inc. Richmond | Materials and labor to renovate a bedroom and bathroom in a residential group home. |
| The Arc of the Piedmont Charlottesville | Funding to complete the building's basement renovation and art studio expansion project for art making and community engagement. |
| St Coletta of Greater Washington Alexandria | Purchase various art supplies for artisans program in Alexandria, VA. |
| enCircle Roanoke | Purchase indoor and outdoor furnishings for its group home and day support communities. |

Table 1 – List of Organizations receiving a Grant in FY23

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.

In FY23, we were pleased to issue two new home loans to Heart Havens, Inc. for residences in Glen Allen and Virginia Beach (pictured). Heart Havens, Inc. has previously received home loans from KOVAR; we are delighted to continue our partnership with them.



There are 14 home loans in effect with 7 different organizations across the Commonwealth of Virginia:

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



[Photos courtesy of Heart Havens, Inc.]

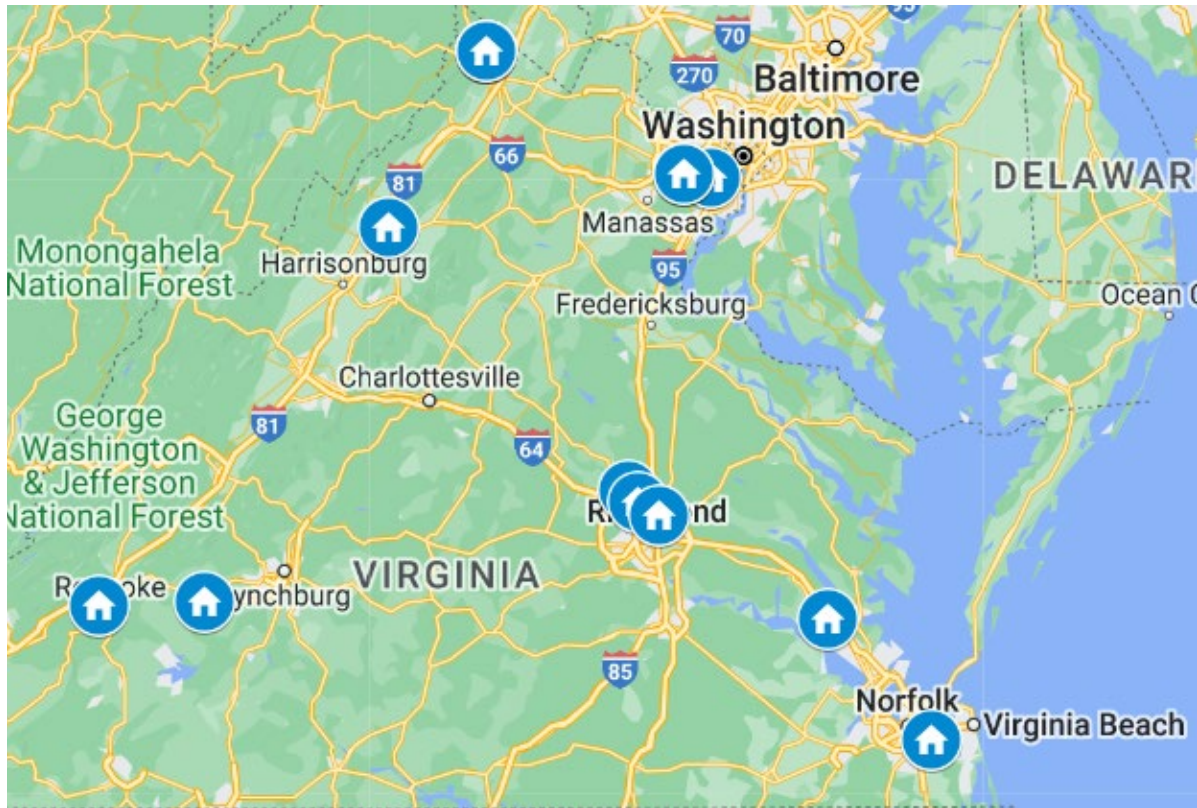


Figure 2 – Locations of Organizations with a KOVAR Home Loan in FY23

Fundraising

Since 1971 KOVAR, through the efforts of 150-plus Knights of Columbus (KofC) councils across the Commonwealth of Virginia, has raised over \$18 million. In fiscal year 2023, over \$590,000 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 Virginia KofC members. Individual donations are also received through workplace payroll deductions, and other online organizations such as GiveDirect, Combined Federal Campaign, and the United Way.

Recognition

Individual donors. KOVAR receives over 900 individual donations throughout the year. We are blessed by the generosity shown by our donors. We thank everyone who donated, as every amount provides more assistance to the quality of life for Virginians with ID. We would like to highlight several donors who made extraordinary gifts this year:

ZYN Cares (Community Foundation for a Greater Richmond)

Gregory Bain

The Neall Family Charitable Foundation

St Mark Catholic Church Tithing Escrow

Sal Cirillo

Virginia State Council - KofC

Mary Noel Page

Mike Bellanca

Holland Family Charitable Gift Fund

Jean Cochran

Ann Peltier

Gregory Mueller

Daniel Neckel

Dan Hurley

Herbert Zimmerman

The Catholic Woman's Club

Mark Jozwicki

Casey 4522 Foundation

Nancy & Michael Baudhuin Foundation

Gerald Stockli

John Schichl

Michael O'Brien

Rosson & Troilo Properties

Philip Cooper

Patrica Abraham

KofC Councils. Council fundraising is the life-blood of KOVAR's donations, representing over 80% of our annual collections. We would like to highlight the following Councils:

Largest Donation

John C. Webb Council 12134, Fincastle

Highest Per Capita Donation

John J. Cempre Council 6328, Culpeper

Special Achievement

St. Edward's Council 6546, Richmond and Our Lady of the Rosary Council 12982, Bristow

Councils exceeding their fundraising goal

Diamond (>200% of goal)

St. Kateri Tekakwitha Council 17189, Yorktown
 Corpus Christi Council 13468, South Riding
 John C. Webb Council 12134, Fincastle
 St. Bede Council 6828, Williamsburg
 St. Benedict's Council 9056, Virginia Beach
 John Carrell Jenkins Council 7771, Front Royal
 Monsignor Francis Byrne Council 5476, Richmond

Family of Man Council 7566, Reston
 Our Lady of the Rosary Council 12982, Bristow
 Saint Luke Council 11122, McLean
 Fr. Val von Meysenbug Council 9507, Powhatan
 St. Edward's Council 6546, Richmond
 Kempsville Council 10515, Virginia Beach

Platinum (150-199% of goal)

Norfolk Council 367
 Fitzgerald Council 459, Alexandria
 Deacon Edward L. Christianson Council 3572,
 Winchester
 Father Edward L. Richardson, SMA Council 11984,
 Chesapeake
 Saint Clare of Assisi Council 12963, Clifton

Bishop John J. Russell Council 6143, Danville
 Saint Louis Martin Council 15256, Ashburn
 Fr. Vincent S. Sikora Council 7992, Burke
 Christ the Redeemer Council 16234, Sterling
 Fr. Herman J. Veger Council 5561, Warrenton
 Santa Maria Council 4654, Vienna
 Roanoke Council 562

Gold (100 -149% of goal)

John J. Cempre Council 6328, Culpeper
 St. Rose of Lima Council 11264, Hampton
 Fr. Jakubowski Council 8116, West Point
 St. Bridget of Ireland Council 16938, Berryville
 John Cardinal Newman Council 11323, Virginia Tech
 Father Julius J. Cilinski Council 10947, Clifton
 Arlington Council 2473
 Fr. Edwin F. Kelley Council 5750, Woodbridge
 Salem Council 10015
 George Brent Council 5332, Manassas

Msgr. Charles A. Kelly, Jr. Council 14129, Richmond
 Fr. Edward W. Johnston Council 9488, Harrisonburg
 Spanish Jesuit Martyrs of Virginia Council 14034,
 Quinton
 St. Francis Council 11136, Purcellville
 Good Samaritan Council 6175, Herdon
 Fr. Cyril Karlowicz Council 9002, Woodstock
 Father Jon O'Brien Council 16793, Haymarket
 Blessed Sacrament Council, in Alexandria
 Saint Veronica Council 12579, Chantilly

Hearty congratulations and our thanks to all for these noteworthy efforts throughout the year.

Way Ahead

Affordable housing for Virginians with ID is a focus area for the Board. Home prices, especially in urban areas across the Commonwealth, have risen to unprecedented levels; beyond the point where a \$250,000 no-interest loan from KOVAR will only cover approximately 50% of the purchase price.

Several years ago, KOVAR set a goal to increase the Home Loan Fund to \$5 million but had not developed a plan to achieve growing the fund by more than \$3M.

There is an urgent need to increase this fund because there are more than 12,000 Virginians with ID on waiting lists to obtain housing. This list continues to grow because those who care for persons with ID are usually their aging parents. KOVAR wants and needs to play a greater role in helping persons with ID obtain safe and comfortable housing.

The KOVAR Board of Directors embarked on developing a strategic plan for the Corporation. One of the key components will be to significantly increase the Home Loan fund from its present \$2 million to \$5 million in order to provide more housing for Virginians with ID.

KOVAR applied for and was awarded a \$20,000 grant from the Virginia Housing Development Authority to hire a consultant to guide us with creating this strategic plan. Efforts began in February 2023, a draft plan was completed in June, and will be presented to the full Board in July 2023 for approval and implementation in FY24.

Stewardship and Financial Statements

Overview

During FY23, KOVAR's Board of Directors continued 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 is available by request at <https://kovarva.org/contact-us-2/> or info@kovarva.org. In addition, our most recent IRS Form 990s are posted on our website www.kovarva.org

Governance

In a continuing effort to improve the overall fiscal health of the Corporation, the Board reviewed, updated existing policies, strengthening control, oversight, and stewardship. Specially, the Board updated its By-Laws and three policies:

- Grants
- Investment
- Financial Operations

The Board will continue to review its policies to ensure they remain current and support active, prudent management of the Corporation.

Stewardship

Donors can be assured that KOVAR is appropriately led and managed. KOVAR has been recognized with their highest ratings by two leading non-profit ‘watchdogs:’ America’s Best Charities and Charity Navigator in recognition for active and responsible stewardship. In FY23, over 91% of donations received were used in our two programs.



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.

See the statements on the following page.

KOVAR Corporation
Statements of Activities
Years Ended June 30, 2023 and 2022

| | 2023 | 2022 |
|--|-----------------|----------------|
| Revenue and Support | | |
| Contributions | \$ 588,813 | \$ 524,824 |
| Grant income | 14,000 | - |
| Interest and dividend income from investments | 28,646 | 5,249 |
| Interest income on notes receivable | 27,526 | 60,856 |
| Net realized and unrealized loss on investments and cash equivalents | (1,722) | (7,954) |
| Increase in life insurance policy values | 1,669 | 2,957 |
| Total revenue and support | 658,932 | 585,932 |
| Expenses | | |
| Program services | 633,325 | 347,744 |
| Management and general | 29,787 | 21,516 |
| Fund raising | 31,955 | 25,904 |
| Total expenses | 695,067 | 395,164 |
| Change in net assets without donor restrictions | (36,135) | 190,768 |
| Net assets without donor restrictions, beginning of year | 2,746,705 | 2,555,937 |

KOVAR Corporation
Statements of Financial Position
June 30, 2023 and 2022

| Assets | 2023 | 2022 |
|---|---------------------|---------------------|
| Cash and cash equivalents | \$ 1,443,845 | \$ 1,522,443 |
| Pledges receivable, net of allowance | 9,543 | 11,232 |
| Grants receivable | 14,000 | - |
| Accrued investment income receivable | 3,506 | - |
| Prepaid expenses | 6,257 | 2,170 |
| Cash surrender value of life insurance | 24,564 | 22,895 |
| Notes receivable, net | 1,218,007 | 975,272 |
| Investments: | | |
| Mutual funds | - | 156,174 |
| Pooled investment fund | 120,000 | 120,000 |
| Total Investments | 120,000 | 276,174 |
| Total Assets | \$ 2,839,722 | \$ 2,810,186 |
| Liabilities and Net Assets | | |
| Liabilities | | |
| Accounts payable | \$ 7,643 | \$ - |
| Grants payable | 121,509 | 63,481 |
| Total liabilities | 129,152 | 63,481 |
| Net Assets | | |
| Net assets without donor restrictions | 2,710,570 | 2,746,705 |
| Net assets with donor restrictions | - | - |
| Total net assets | 2,710,570 | 2,746,705 |
| Total Liabilities and Net Assets | \$ 2,839,722 | \$ 2,810,186 |

Leadership

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 | G. Michael Carducci | Northwest |
| Member | Daniel T. Doyle, DD, PGK | Tidewater |
| Member | Kevin P. Parry, FDD, PGK | Southwest |
| Member | Brian Ripple, PSD, FDD, PGK | Southwest |
| Member | Timothy G. Shea | Northern |
| Member | Vance F. Stewart III, PGK | Northwest |
| Member | Michael J. Szablak, FDD, PGK | Central |
| Member | Rick Witty, FDD, PGK | Central |

A special note of recognition to one of our outgoing directors. In October 2022, the Board presented the Ray Walter Award to Dan Hurley for his history of improving lives of persons with ID and his exceptional service and support to KOVAR. Ray Walter was a former KOVAR Director and this award was established in 2012 and named in his memory recognizing his dedication and service to the needs of Virginians with ID and his commitment to KOVAR and its mission.

Dan served on the board for 21 years and was President from 2016 – 2019. We thank Dan for his exemplary efforts and inspirational leadership guiding KOVAR towards more meaningful support to persons with ID across the entire Commonwealth of Virginia.

Thank you Dan!



[Pictured from left to right: Director Rick Witty, President John Cochran, Past President Dan Hurley, and Director Mike Szablak.]

