

SOJOURNER FAMILY PEACE CENTER, INC.

Milwaukee, Wisconsin

CONSOLIDATED FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended September 30, 2020

SOJOURNER FAMILY PEACE CENTER, INC.

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Sojourner Family Peace Center, Inc.
Milwaukee, Wisconsin

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Sojourner Family Peace Center, Inc. (the "Organization"), which comprise the consolidated statement of financial position as of September 30, 2020, and the related consolidated statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Organization as of September 30, 2020, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 3, 2021 on our consideration of the Organization'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 solely 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 effectiveness of the Organization's 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 the Organization's internal control over financial reporting and compliance.

Baker Tilly US, LLP

Milwaukee, Wisconsin
February 3, 2021

SOJOURNER FAMILY PEACE CENTER, INC.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION As of September 30, 2020

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 430,266
Investments	2,838,665
Grants receivable	660,981
United Way receivable	34,833
Contributions receivable	586,413
Prepaid expenses	141,025
NMTC CDE reserve fund, current portion*	<u>130,876</u>
Total Current Assets	<u>4,823,059</u>
PROPERTY AND EQUIPMENT, NET	<u>17,728,967</u>
NONCURRENT ASSETS	
Contributions receivable - long term, net of discount	603,422
Long-term investments	661,961
NMTC leverage loan	14,852,300
NMTC CDE reserve fund, net	<u>46,182</u>
Total Noncurrent Assets	<u>16,163,865</u>
TOTAL ASSETS	<u>\$ 38,715,891</u>
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts payable	\$ 145,070
Payroll deductions	208,094
Accrued vacation	98,556
Deferred revenue	10,248
Refundable advance	951,223
CW commitment to construction, current portion**	<u>190,000</u>
Total Current Liabilities	<u>1,603,191</u>
LONG-TERM LIABILITIES	
CW commitment to construction, net	2,660,000
NMTC notes payable, CDE's	<u>20,680,000</u>
Total Long-Term Liabilities	<u>23,340,000</u>
Total Liabilities	<u>24,943,191</u>
NET ASSETS	
Without donor restrictions:	
Undesignated	8,588,276
Designated	<u>2,700,000</u>
Total net assets without donor restrictions	11,288,276
With donor restrictions	<u>2,484,424</u>
Total Net Assets	<u>13,772,700</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 38,715,891</u>

* New Market Tax Credit ("NMTC") and Community Development Entity ("CDE")

** Children's Hospital and Health System, Inc. d/b/a Children's Wisconsin ("CW")

See accompanying notes to consolidated financial statements.

SOJOURNER FAMILY PEACE CENTER, INC.

CONSOLIDATED STATEMENT OF ACTIVITIES For the Year Ended September 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Federal and state grants	\$ 1,797,717	\$ -	\$ 1,797,717
Other grants	96,968	-	96,968
United Way	65,721	69,556	135,277
Contributions	1,929,559	1,311,697	3,241,256
In-kind contributions	650,661	-	650,661
Program fees	2,791	-	2,791
Investment return, net	311,013	37,413	348,426
Partner revenue	440,412	-	440,412
Miscellaneous revenue	28,610	-	28,610
Family Peace Center grants	190,000	-	190,000
Net assets released from restrictions	<u>1,208,894</u>	<u>(1,208,894)</u>	<u>-</u>
Total Revenues	<u>6,722,346</u>	<u>209,772</u>	<u>6,932,118</u>
EXPENSES			
Program:			
Shelter	1,664,653	-	1,664,653
Beyond abuse	225,511	-	225,511
Domestic Abuse Victim Advocacy ("DAVA")	188,036	-	188,036
Community education	41,134	-	41,134
Children's programming	318,265	-	318,265
Courthouse advocacy program	534,841	-	534,841
Family advocacy support services	1,168,645	-	1,168,645
Community Domestic Abuse Advocacy Program ("CDAAP")	724,691	-	724,691
Family Peace Center	1,402,942	-	1,402,942
Management and general Development	<u>1,562,042</u>	<u>-</u>	<u>1,562,042</u>
Total Expenses	<u>8,618,723</u>	<u>-</u>	<u>8,618,723</u>
CHANGE IN NET ASSETS	(1,896,377)	209,772	(1,686,605)
NET ASSETS - Beginning of Year	<u>13,184,653</u>	<u>2,274,652</u>	<u>15,459,305</u>
NET ASSETS - END OF YEAR	<u>\$ 11,288,276</u>	<u>\$ 2,484,424</u>	<u>\$ 13,772,700</u>

See accompanying notes to consolidated financial statements.

SOJOURNER FAMILY PEACE CENTER, INC.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended September 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (1,686,605)
Adjustments to reconcile change in net assets to net cash flows from operating activities	
Net realized and unrealized gain on investments	(218,317)
Depreciation	641,520
Forgiveness of CW bridge loan from Family Peace Center Grant	(190,000)
Changes in assets and liabilities:	
Receivables	75,530
Prepaid expenses	54,462
Accounts payable	(296,135)
Payroll deductions	(14,118)
Accrued vacation	(73,653)
Deferred revenue	6,523
Refundable advance	951,223
Net Cash Flows from Operating Activities	<u>(749,570)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from sale of investments	2,281,117
Purchase of investments	(1,353,509)
Purchase of property and equipment	<u>(296,359)</u>
Net Cash Flows from Investing Activities	<u>631,249</u>

Net Change in Cash, Restricted Cash and Cash Equivalents (118,321)

TOTAL CASH, RESTRICTED CASH AND CASH EQUIVALENTS - Beginning of Year 725,645

TOTAL CASH, RESTRICTED CASH AND CASH EQUIVALENTS - END OF YEAR \$ 607,324

Reconciliation of total cash, restricted cash and cash equivalents - end of year	
Cash and cash equivalents	\$ 430,266
NMTC CDE reserve fund, current portion	130,876
NMTC CDE reserve fund, net	<u>46,182</u>
Total cash, restricted cash and cash equivalents - end of year	<u>\$ 607,324</u>

SUPPLEMENTAL CASH FLOW DISCLOSURES

Cash paid for interest	<u>\$ 246,036</u>
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See accompanying notes to consolidated financial statements.

SOJOURNER FAMILY PEACE CENTER, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES For the Year Ended September 30, 2020

	Program										Management and general	Development	Total
	Shelter	Beyond abuse	DAVA	Community education	Children's programming	Courthouse advocacy program	Family advocacy support services	CDAAP	Family Peace Center	Total			
Salaries, payroll taxes and fringe benefits	\$ 973,037	\$ 183,787	\$ 157,194	\$ 31,805	\$ 238,301	\$ 420,995	\$ 759,378	\$ 651,728	\$ 328,391	\$ 3,744,616	\$ 784,970	\$ 529,545	\$ 5,059,131
Staff expenses	19,284	4,786	3,080	963	3,342	5,828	13,969	16,444	8,842	76,538	35,766	12,763	125,067
Supplies	42,173	3,678	1,508	557	7,751	3,843	11,612	1,700	8,280	81,102	15,214	3,249	99,565
Telephone	7,916	2,218	1,142	56	977	7,670	5,700	7,037	13,267	45,983	4,384	1,639	52,006
Professional services	153,592	16,319	3,672	1,733	19,377	7,234	20,899	11,749	159,718	394,293	54,599	93,588	542,480
Printing	1,321	134	1,745	42	259	1,936	1,163	735	639	7,974	1,444	40,935	50,353
Client assistance	19,984	590	2,008	-	923	739	13,778	12,645	2,170	52,837	-	-	52,837
Occupancy	158,126	4,814	7,955	2,782	19,006	12,285	39,658	13,549	349,133	607,308	64,670	42,626	714,604
Furniture	1,382	1,457	-	-	162	-	3,695	-	1,237	7,933	1,063	-	8,996
Insurance	11,366	1,267	1,530	424	2,693	2,923	7,171	4,923	13,507	45,804	10,463	3,815	60,082
Depreciation	154,102	5,065	5,689	1,934	19,050	1,006	29,384	3,065	354,438	573,733	51,521	16,266	641,520
In-kind contributions	56,205	-	-	-	-	70,382	-	-	-	126,587	522,034	2,040	650,661
Fundraising	-	-	-	-	-	-	-	-	-	-	-	32,842	32,842
Sub recipient expense	-	-	-	-	-	-	249,395	-	-	249,395	-	-	249,395
NMTC interest and audit fees	66,165	1,396	2,513	838	6,424	-	12,843	1,116	163,320	254,615	15,914	8,655	279,184
Total Expenses	<u>\$ 1,664,653</u>	<u>\$ 225,511</u>	<u>\$ 188,036</u>	<u>\$ 41,134</u>	<u>\$ 318,265</u>	<u>\$ 534,841</u>	<u>\$ 1,168,645</u>	<u>\$ 724,691</u>	<u>\$ 1,402,942</u>	<u>\$ 6,268,718</u>	<u>\$ 1,562,042</u>	<u>\$ 787,963</u>	<u>\$ 8,618,723</u>

See accompanying notes to consolidated financial statements.

SOJOURNER FAMILY PEACE CENTER, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS As of and for the Year Ended September 30, 2020

NOTE 1 - Summary of Significant Accounting Policies

Nature of Activities

The mission of Sojourner Family Peace Center, Inc. ("SFPC") is to transform lives impacted by domestic violence. SFPC's goal is to ensure the safety of victims of family violence and provide a pathway out of violence for victims and abusers through opportunities to make positive and lasting changes for themselves and their children. SFPC's programs address domestic violence on five fronts: services for adult victims, child victims, and abusers; a domestic violence hotline; courthouse/legal services; shelter services; and community education. This holistic approach reaches the victims, abusers, the community and the systems established to address domestic violence in our community.

Sojourner Foundation, Inc. (the "Foundation") was created in April 2014 to provide philanthropic support for SFPC through the solicitation, receipt, administration and disbursement of charitable contributions for the promotion of peaceful communities, domestic respect and a life free from violence. In addition, the Foundation worked with SFPC to obtain financing, including the New Market Tax Credits ("NMTC") (see Note 4). SFPC constructed the Family Peace Center (the "Project") with financing (see Note 6). The business affairs of the Foundation are managed by its Board of Directors subject to and in compliance with the Articles of Incorporation, Bylaws and the Wisconsin Nonstock Corporation Law. The sole member of the Foundation is SFPC.

Principles of Presentation

The accompanying consolidated financial statements include the accounts of SFPC and the Foundation (collectively, the "Organization") and have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under these principles, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Net assets with donor restrictions are created by donor-imposed restrictions on their use. The Board has designated a portion of its net assets without donor restrictions (Note 8). All significant intercompany accounts and transactions have been eliminated in consolidation. In addition, the Organization is required to present a consolidated statement of cash flows.

Cash and Cash Equivalents

The Organization defines cash and cash equivalents as highly liquid, short-term investments with a maturity at the date of acquisition of three months or less.

As of September 30, 2020, cash and equivalents consisted of the following:

Petty cash	\$	1,000
Checking accounts		318,908
Money market funds		<u>110,358</u>
Total Cash and Cash Equivalents	\$	<u>430,266</u>

SOJOURNER FAMILY PEACE CENTER, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS As of and for the Year Ended September 30, 2020

NOTE 1 - Summary of Significant Accounting Policies (continued)

Investments

The Organization carries investments in the consolidated statement of financial position at fair value. Realized and unrealized gains and losses, net of fees, are included in the change in net assets in the accompanying consolidated statement of activities as investment return, net. Donated assets are recorded at fair value at the date of donation, or, if sold immediately after receipt, at the amount of sales proceeds received (which are considered a fair measure of the value at the date of donation). The Organization records the change of ownership of bonds and stocks on the day a trade is made.

Grants Receivable

Grants receivable represents the outstanding balance of public grants due to the Organization based upon allowable costs incurred. Management determines the need for an allowance for doubtful accounts based on historical collection experience and a review of current receivable balances. No allowance for doubtful accounts is considered necessary as of September 30, 2020. No accounts were written off during the year ended September 30, 2020.

Promises to Give, United Way Receivable and Contributions Receivable

Unconditional promises to give made to the Organization are recorded in the year the pledge is made. Current contributions receivable are expected to be collected during the next year and are recorded at net realizable value. An allowance for uncollectible promises to give is determined based on experience. No allowance was deemed necessary as of September 30, 2020. The discount on long-term contributions receivable is computed using the estimated rate of borrowing applicable to the years in which the promises are received. Amortization of the discount is included in contribution revenue. The discount is included in the noncurrent portion of the contribution receivable on the consolidated statement of financial position. The rate used to discount contributions receivable as of September 30, 2020 was 3.25%.

Net contributions receivable are summarized as follows at September 30, 2020:

Total contributions receivable	\$ 1,219,413
Less: unamortized discount	<u>(29,578)</u>
Net contributions receivable	<u>\$ 1,189,835</u>

Gross contributions receivable at September 30, 2020 are estimated to be collected as follows:

Less than one year	\$ 586,413
Within one to five years	<u>633,000</u>
Total	<u>\$ 1,219,413</u>

NMTC CDE Reserve Fund

The Organization entered into financing agreements in 2014 to assist with the construction of the Project. The financing agreements require the Organization to maintain cash received restricted for the construction of the Project in separate accounts. These accounts are pledged and subject to control of the lenders at September 30, 2020 (see Note 4).

SOJOURNER FAMILY PEACE CENTER, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS As of and for the Year Ended September 30, 2020

NOTE 1 - Summary of Significant Accounting Policies (continued)

Property and Equipment

All property and equipment are stated at cost, or, if donated, at the approximate fair value at the date of the donation. All acquisitions of property and equipment in excess of \$1,500 and an expected useful life greater than one year and all expenditures for improvements and betterments that materially prolong the useful lives of assets are capitalized.

Donated property and equipment are recorded as increases in net assets without donor restrictions at their estimated fair value as of the date received, unless restricted by donor. Contributions of cash that must be used to acquire or construct property and equipment are reported as contributions with donor restrictions and released from restriction to net assets without donor restrictions when the long-lived asset is placed into service unless otherwise required by the donor.

Depreciation is computed using the straight line method based on estimated useful lives. The categories of property and equipment can be summarized as of September 30, 2020:

Land	\$	809,226
Buildings		18,657,114
Furnishings and equipment		1,043,823
Vehicles		22,501
Software development in progress		<u>259,495</u>
Total Property and Equipment		20,792,159
Less: Accumulated depreciation		<u>(3,063,192)</u>
Net Property and Equipment	\$	<u>17,728,967</u>

Impairment of Long-Lived Assets

The Organization regularly evaluates its long-lived assets for indicators of possible impairment. Should impairment exist, the impairment loss would be measured based on the excess carrying value of the asset over the asset's fair value. No impairment losses were recognized during the year ended September 30, 2020.

NMTC Leverage Loan

The NMTC leverage loan is collateralized by the membership interests related to the New Markets Tax Credit transaction (see Note 4) and is stated at the principal amount. Payments on the NMTC leverage loan are allocated first to accrued and unpaid interest with the remainder to the outstanding principal balance. The Organization has one class of financing receivables from a highly credible institution. Management assesses the credit quality of the NMTC leverage loan based on indicators such as collateralization, collection experience, and management's internal metrics. The NMTC leverage loan is periodically assessed for impairment based on relevant facts and circumstances. Management reviews the collectability of the NMTC leverage loan on an ongoing basis. Management has determined that no allowance is necessary and no impairment has occurred as of September 30, 2020.

SOJOURNER FAMILY PEACE CENTER, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS As of and for the Year Ended September 30, 2020

NOTE 1 - Summary of Significant Accounting Policies (continued)

Deferred Revenue

Deferred revenue consists primarily of prepaid partner rent. Partner rent revenue is recognized ratably over the lease period.

Refundable Advance

The Organization participated in and received funds on April 23, 2020 under the Paycheck Protection Program ("PPP") through the Coronavirus Aid, Relief, and Economic Security ("CARES") Act of 2020 in the amount of \$951,223. Loans under the PPP are guaranteed by the Small Business Administration ("SBA") and are designed to provide a direct financial incentive for qualifying non-profit organizations to keep their workforce employed during the Coronavirus crisis. The current terms with BMO Harris Bank call for the PPP loan to be repaid in seventeen monthly installments. Payments are deferred until the Organization applies for forgiveness and the application is reviewed by the SBA. There is no prepayment penalty. PPP loans can be forgiven to the extent that the Organization is determined to be eligible for forgiveness, employee levels are maintained and the loan principal is used for eligible expenses. Any portion of the loan balance that is not forgiven will carry interest at 1% and will have a maturity of two years. The Organization may request the balance to be paid over five years. The Organization has elected to record the PPP proceeds as a conditional contribution as allowed by current accounting guidance. As of September 30, 2020, the Organization recorded the \$951,223 of PPP proceeds as a refundable advance on the consolidated statement of financial position. The Organization will record a contribution for any forgiveness of the PPP loan when the Organization has met the barriers of the program.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization are classified and reported as follows:

Without donor restrictions - Net assets that are not subject to donor-imposed stipulations. The Board has designated a portion of its net assets without donor restrictions (Note 8).

With donor restrictions - Net assets subject to donor-imposed stipulations that either expire by passage of time, can be fulfilled and removed by actions of the Organization pursuant to those stipulations, or are required to be held in perpetuity.

SOJOURNER FAMILY PEACE CENTER, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS As of and for the Year Ended September 30, 2020

NOTE 1 - Summary of Significant Accounting Policies (continued)

Revenues

Federal, State, and Other Grants

The Organization receives grants from public government entities in which the Organization is requested to perform services specific to those clients impacted by domestic violence. Revenue is recognized in the accounting period when the allowable expenses for the grant are incurred. Revenue from grants are reported as without donor restrictions when the barriers are overcome and revenue is earned. The Organization submits the request for reimbursement to the funder as all public government contracts are compensated on a reimbursable basis. As of September 30, 2020, there were conditional grants (excluding the PPP proceeds) of approximately \$434,000 which are expected to be recognized in future years when the conditions are met. As of September 30, 2020, there were approximately \$13,000 of conditional grants passed through to sub-recipients for which expenditures were yet to be incurred and are expected to be paid in future years when the conditions are met.

United Way and Contributions

The Organization recognizes all unconditional contributions received, including those received from United Way, as income in the period the unconditional contributions are received. Contributions are considered unconditional when the Organization meets any barriers or conditions communicated in the agreement. Conditional contributions and grants, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been met. Contributed support is reported as without donor restrictions or as with donor restrictions depending on the existence of donor stipulations that limit the use of the support. When a donor 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 reported in the consolidated statement of activities as net assets released from restrictions. As of September 30, 2020, there were conditional contributions of approximately \$176,000 which are expected to be recognized in future years when the conditions are met. Contributions of \$128,135 were received and reflected in the consolidated financial statements from related parties for the year ended September 30, 2020.

In-Kind Contributions

Contributions of non-cash assets, supplies and services are recorded at their fair value in the period received. The Organization received the following in-kind contributions during the year ended September 30, 2020:

Legal services	\$ 185,117
Program supplies	63,705
Public relations and awareness	372,864
Imputed interest	<u>28,975</u>
Totals	<u>\$ 650,661</u>

Included above are donated services of \$70,382 were received and reflected in the consolidated financial statements from related parties for the year ended September 30, 2020.

SOJOURNER FAMILY PEACE CENTER, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS As of and for the Year Ended September 30, 2020

NOTE 1 - Summary of Significant Accounting Policies (continued)

Partner Revenue

Several partners utilizing the Project have entered into rental agreements. The rental revenue is recorded as revenue ratably over the lease term. Rent revenue earned in the year ended September 30, 2020 was \$70,232 and is included in partner revenue on the consolidated statement of activities.

In addition, several partners pay the Organization for operating costs. These costs include administrative services, maintenance, janitorial duties, and other miscellaneous services. Performance obligations for the Organization include providing partners these services. The net transaction price is determined as set forth in the contract. The transaction price is allocated to the performance obligation based upon estimated annual operating costs which were determined at the time of the signing of the contract with an assumed annual increase for inflation. Partners pay the Organization monthly or annually. Revenue is recorded as the Organization meets the performance obligations. There are no contract assets or liabilities associated with partner revenue. There is no accounts receivable and deferred revenue was \$9,487 at September 30, 2020 related to these contracts. No revenue was recorded in the year ended September 30, 2020 for performance obligations met in prior periods. Revenue related to these contracts was \$370,180 for the year ended September 30, 2020.

Special Events

Revenues and expenses for future events are deferred until the event takes place. Upon the event taking place, the revenues and expenses are recognized. Due to the global pandemic, the special events during the year ended September 30, 2020 were cancelled.

Program Fees and Miscellaneous Revenue

Program fees from client services and miscellaneous revenue are recorded as revenue in the period that the service is performed.

Functional Expense Allocation

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies and full time equivalents. Occupancy costs are based upon number of employees in a department. NMTC interest and audit fees are allocated based on square footage of the applicable programs and occupants. General and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Estimates

The preparation of the consolidated 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 and disclosures. Accordingly, actual results could differ from those estimates.

SOJOURNER FAMILY PEACE CENTER, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS As of and for the Year Ended September 30, 2020

NOTE 1 - Summary of Significant Accounting Policies (continued)

Public Relations and Awareness

The Organization promotes its special events and general operations. Costs are expensed as incurred. Public relations and awareness expense was \$372,864 for the year ended September 30, 2020 and it was all received as an in-kind contribution in 2020.

Concentrations

The Organization received approximately 26% of its annual revenue from federal and state grants for the year ended September 30, 2020.

Two donors made up approximately 85% of the outstanding balance of contributions receivable at September 30, 2020.

The Organization maintains cash balances in two institutions which exceed the federally insured limit of \$250,000. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Income Taxes

SFPC and the Foundation are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code as charitable organizations whereby only unrelated business income, as defined by Section 509(a)(1) of the Code, is subject to federal income tax. The Organization currently has no unrelated business net income or uncertain tax positions. Accordingly, no provision for income taxes has been recorded.

On January 1, 2019, the Board of Directors elected and amended its governance documents to change the fiscal year year end of SFPC and the Foundation to September 30 from a calendar year end. SFPC and the Foundation are no longer subject to U.S. federal income tax examinations for years ending before December 31, 2017. SFPC and the Foundation are no longer subject to Wisconsin income tax examinations for years ending on or before December 31, 2016.

Related Party Transactions

Members of the Organization's Board of Directors and senior management may, from time to time, be associated either directly or indirectly, with entities doing business with the Organization. These transactions are conducted in the normal course of business and in accordance with the Organization's policies and procedures governing potential conflicts of interest.

SOJOURNER FAMILY PEACE CENTER, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS As of and for the Year Ended September 30, 2020

NOTE 1 - Summary of Significant Accounting Policies (continued)

New Accounting Pronouncements

In September 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2020-07, *Not-for-Profit Entities (Topic 958) Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* ("ASU No. 2020-07"). ASU No. 2020-07 improves financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets, including additional disclosure requirements for recognized contributed services. The standard will be required to be applied retrospectively for annual periods beginning after June 15, 2021 (2022). Early adoption is permitted. Management is currently assessing the effect that ASU No. 2020-07 will have on its consolidated financial statements.

In February 2016, FASB issued ASU No. 2016-02, *Leases (Topic 842)* ("ASU No. 2016-02") that amends the treatment for leases. The new accounting model for leases capitalizes all leases greater than twelve months, both capital and operating, as assets and liabilities on the statement of financial position. For not-for-profit entities that have issued, or are a conduit bond obligor for, securities that are traded, listed or quoted on an exchange or an over-the counter market, ASU No. 2016-02 (as amended) is effective for annual periods beginning after December 15, 2019 (2021). All other entities will be required to apply the standard for annual periods beginning after December 15, 2021 (2023). Early adoption is permitted. Management is currently assessing the effect that ASU No. 2016-02 will have on its consolidated financial statements.

Subsequent Events

In December 2020, the PPP program was renewed as part of the "Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act". Businesses are eligible for a "PPP second draw" up to 2.5 times the average monthly payroll costs in the one year prior to the loan or the calendar year, up to \$2 million. There are also certain requirements to be eligible for a "PPP second draw". Subsequent to year end, the Organization has applied and received \$947,188 for the "PPP second draw" and the forgiveness and repayment terms are similar to the initial PPP.

Management has evaluated all subsequent events for possible recognition or disclosure through February 3, 2021, the date the consolidated financial statements were approved and available to be issued.

NOTE 2 - Investments

As defined in current authoritative guidance, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Organization uses various valuation methods including the market, income and cost approaches. The assumptions used in the application of these valuation methods are developed from the perspective of market participants pricing the asset or liability. Inputs used in the valuation methods can be either readily observable, market corroborated, or generally unobservable inputs. Whenever possible, the Organization attempts to utilize valuation methods that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation methods the Organization is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values.

SOJOURNER FAMILY PEACE CENTER, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS As of and for the Year Ended September 30, 2020

NOTE 2 - Investments (continued)

Assets and liabilities measured, reported and/or disclosed at fair value will be classified and 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 that are corroborated by market data.

Level 3 - Unobservable inputs that are not corroborated by market data.

The tables below presents the balances of investments measured at fair value on a recurring basis as of September 30, 2020 by level within the hierarchy.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Fixed income funds	\$ 1,461,469	\$ -	\$ -	\$ 1,461,469
Domestic equities	1,235,796	-	-	1,235,796
Domestic bonds	-	149,446	-	149,446
Domestic real estate funds	203,049	-	-	203,049
International equities	<u>450,866</u>	<u>-</u>	<u>-</u>	<u>450,866</u>
Total Investments	<u>\$ 3,351,180</u>	<u>\$ 149,446</u>	<u>\$ -</u>	<u>\$ 3,500,626</u>

Fixed income funds, domestic equities, domestic real estate funds, and international equities are measured at fair value using quoted market prices. They are classified as Level 1 as they are traded in an active market for which closing prices are readily available.

Domestic bonds are measured at fair value using multiple sources of information that are corroborated by market data and are considered Level 2 items. The fair value is based upon quoted prices for similar, but not identical, assets in active markets, and other inputs that are observable for the asset, either directly or indirectly, for substantially the full term of the financial instrument.

Investments as of September 30, 2020 are shown as follows on the statement of financial position:

Investments	\$ 2,838,665
Long-term investments	<u>661,961</u>
Total Investments	<u>\$ 3,500,626</u>

SOJOURNER FAMILY PEACE CENTER, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS As of and for the Year Ended September 30, 2020

NOTE 3 - NMTC Leverage Loan

NMTC leverage loan consists of the following at September 30, 2020:

The Foundation:

Note receivable due from Sojourner Investment Fund, LLC (an unrelated entity), with quarterly interest payments of 1% per annum until September 2021; at which point interest and principal payments of \$180,916 will be due quarterly beginning October 2021 and continue until maturity on September 2044; collateralized by a security interest in the membership interests of the Community Development Entities (IFF Capital VI LLC, Community Benefits Sub-CDE 1, LLC and Consortium America LIII, LLC); loan and regulatory agreement restricts the use of the funds to SFPC, who is a qualified active low-income community business for the term of the note. Loan can be prepaid without penalty or premium.

\$ 14,852,300

NOTE 4 - New Market Tax Credit Program and Project

The NMTC program was designed to stimulate investment and economic growth in low income communities by offering taxpayers a tax credit against federal income taxes over a seven year period for Qualified Equity Investment ("QEIs") in designated Community Development Entities ("CDEs"). CDEs receive NMTC allocations pursuant to Section 45D of the Internal Revenue Code. These designated CDEs must use substantially all (83%) of the proceeds to make Qualified Low Income Community Investments ("QLICIs"). To earn the tax credit, the QEI must remain invested in the CDE for a seven year period. Also, the entity receiving the loans needs to be treated as a Qualified Active Low Income Community Business ("QALICB") for the duration of the seven year period. The QALICB requirements are outlined in Treasury Regulation Section 1.45D-1(d)(4)(i).

In September 2014, the Organization entered into multiple agreements, assisted by the NMTC program, to facilitate the construction of a new 72,000 square foot Project. The Organization partnered with Children's Hospital and Health System, Inc. (d/b/a Children's Wisconsin - "CW"), the Milwaukee Police Department, the Milwaukee County District Attorney's Office and others to develop a coordinated, centralized, co-located model of service that will change how these agencies work with women, children and men impacted by family violence. The Project is a proven, comprehensive and collaborative model that combines complimentary service providers in one accessible location. The Organization's model features a center that includes a 53 bed shelter, child advocacy center, education center and partner space. Construction was completed in 2016.

The Organization obtained an advance from CW, made possible by a grant from the State of Wisconsin Building Commission ("WSBC"), and other private contributions to assist in funding the Project. As part of the WSBC agreement between the State of Wisconsin, CW and the Organization, the Organization agreed to operate the Project for twenty years. If the Organization violates the agreement, the State gets an ownership interest in the Project in the amount of the grant. SFPC also obtained three separate leverage loans from Community Benefits Sub-CDE 1, LLC ("FCI"), Consortium America LIII, LLC ("CA"), and IFF Capital VI LLC ("IFF") (See Note 6).

SOJOURNER FAMILY PEACE CENTER, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS As of and for the Year Ended September 30, 2020

NOTE 4 - New Market Tax Credit Program and Project (continued)

On September 16, 2014, the Foundation entered into loans with CW in the amount of \$14,425,000. This included \$10,625,000 attributable to the WSBC Grant, which was paid in full in 2016. This loan had an interest rate of 0.5% per annum and increased to 2.5% per annum six months after completion of the Project. The non-interest bearing note of \$3.8 million represents CW's commitment to the Project and will be forgiven evenly over a 20 year period beginning on the last day of the calendar year when the Project is substantially completed. In fiscal year 2020, \$190,000 was forgiven and included within the Family Peace Center grants on the consolidated statement of activities.

The Foundation used the loans and cash on hand to make a loan to a NMTC investment fund (see Note 3), Sojourner Investment Fund, LLC, which is owned 100% by PNC New Markets Investment Partners, LLC ("PNC NMIP"). The loan was made for \$14,852,300. The loan bears interest at 1%. Interest only payments are received quarterly through September 2021. Principal and interest are due quarterly beginning October 2021 and continue thereafter until maturity, September 2044. The loan is secured by an interest in the borrower's ownership in community development entities. Total interest earned in the year ended September 30, 2020 was \$148,523 and there was no accrued interest at September 30, 2020.

The proceeds from the loan to the NMTC investment fund, combined with equity contributions from other private investors, were passed through to three CDEs (FCI, CA and IFF). The CDEs used the equity contributions from the Sojourner Investment Fund, LLC to make loans to SFPC as the QALICB, totaling \$20,680,000 ("QLICI Loans") to finance the construction of the building. Each CDE made two notes to SFPC. The notes are interest only through September 2021, with principal and interest payable annually commencing October 2021 through September 2044. The details of these notes payable are disclosed in Note 6. As a condition of the agreements, the CDE's require that the Foundation guarantee the payment of the notes and certain performance requirements. The guarantee is in effect until maturity of the loans.

The transaction is subject to a put/call option. PNC NMIP has a put option whereby upon exercise of the option after the last day of the tax credit investment period, the Foundation is obligated to purchase PNC NMIP's 100% membership interest in the Sojourner Investment Fund, LLC for \$1,000. At the end of the seven year tax credit investment period, the Foundation has a call option whereby if exercised, they have the right to purchase PNC NMIP's 100% membership interest in the Sojourner Investment Fund, LLC at fair value.

The tax credits associated with the transaction are contingent on the Organization maintaining compliance with applicable portions of Section 42 of the Internal Revenue Code. Failure to maintain compliance or to correct noncompliance within a specified time period could result in recapture of previously taken tax credits plus penalties and interest. As of September 30, 2020, no such events have occurred.

SOJOURNER FAMILY PEACE CENTER, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS As of and for the Year Ended September 30, 2020

NOTE 5 - Lessor Agreements

CW, the Milwaukee Police Department and Milwaukee County District Attorney have entered into lease agreements with SFPC to pay monthly rent starting in 2016 for 20 years, 10 years and 10 years respectively. The Organization also has lease agreements with Legal Action of Wisconsin and Wraparound Milwaukee starting in 2019 for 5 years each. Future annual rental income/payments as of September 30 will be as follows:

2021	\$ 70,983
2022	72,209
2023	73,930
2024	72,688
2025	69,259
Thereafter	<u>158,188</u>
Total	<u>\$ 517,257</u>

The cost and accumulated depreciation of leased property as of September 30, 2020 is as follows:

Building and building improvements	\$ 5,311,687
Less: accumulated depreciation	<u>(721,791)</u>
Property, net	<u>\$ 4,589,896</u>

NOTE 6 - Long Term Debt

Long term debt consists of the following at September 30, 2020:

SFPC

IFF Loan A1: Bearing interest at 1.18974% per annum; interest only payments due quarterly until September 30, 2021; at which point interest and principal payments of \$87,868 will be due quarterly beginning October 2021 and continue until maturity on September 30, 2044.	\$ 7,063,000
FCI Loan A2: Bearing interest at 1.18974% per annum; interest only payments due quarterly until September 30, 2021; at which point interest and principal payments of \$42,690 will be due quarterly beginning October 2021 and continue until maturity on September 30, 2044.	3,431,500
CA Loan A3: Bearing interest at 1.18974% per annum; interest only payments due quarterly until September 30, 2021; at which point interest and principal payments of \$54,214 will be due quarterly beginning October 2021 and continue until maturity on September 30, 2044.	4,357,800
IFF Loan B1: Bearing interest at 1.18974% per annum; interest only payments due quarterly until September 30, 2021 at which point interest and principal payments of \$35,294 will be due quarterly beginning October 2021 and continue until maturity on September 30, 2044.	2,837,000

SOJOURNER FAMILY PEACE CENTER, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
As of and for the Year Ended September 30, 2020

NOTE 6 - Long Term Debt (continued)

FCI Loan B2: Bearing interest at 1.18974% per annum interest only payments due quarterly until September 30, 2021: at which point interest and principal payments of \$18,269 will be due quarterly beginning October 2021 and continue until maturity on September 30, 2044. \$ 1,468,500

CA Loan B3: Bearing interest at 1.18974% per annum interest only payments due quarterly until September 30, 2021 at which point interest and principal payments of \$18,937 will be due quarterly beginning October 2021 and continue until maturity on September 30, 2044. 1,522,200

SFPC Total \$ 20,680,000

All of the loans payable above are collateralized by a Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing and a loan and a regulatory agreement that restricts the use of the property to those allowed as a qualified active low income community business for the term of the note. The loans cannot be prepaid until October 2021.

Foundation

CW, Children's Commitment to Project Costs: Non-interest Bearing. Organization imputed interest of 1.09%. Principal will be forgiven evenly over a 20 year period beginning on the last day of the calendar year when the Project is substantially completed; collateralized by the Assignment of Interest in Leverage Loan and security interest in the Leverage Loan documents; loan agreement restricts the use of the funds to make the Leverage Loan to the Sojourner Investment Fund, LLC. Loan can be prepaid without penalty or premium. \$ 2,850,000

Foundation Total \$ 2,850,000

The Organization's total debt is summarized below at September 30, 2020:

SFPC Total	\$ 20,680,000
Foundation Total	<u>2,850,000</u>
Organization Total	23,530,000
Less: Current Portion	<u>(190,000)</u>
Long-Term Portion	<u>\$ 23,340,000</u>

Principal payments on the debt for the years ending after September 30, 2020 are as follows:

2021	\$ 190,000
2022	977,429
2023	985,961
2024	995,473
2025	1,005,099
Thereafter	<u>19,376,038</u>
Total	<u>\$ 23,530,000</u>

SOJOURNER FAMILY PEACE CENTER, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS As of and for the Year Ended September 30, 2020

NOTE 6 - Long Term Debt (continued)

Total interest expense, including imputed interest, on all debt was \$275,011 for the year ended September 30, 2020. Interest expense on debt is included within the NMTC interest and audit fees and in-kind contributions under management and general on the consolidated statement of functional expenses.

The Organization is subject to certain requirements and covenants related to their debt. As of September 30, 2020, the Organization has represented that it is in compliance with all established covenants.

NOTE 7 - Letter of Credit

The Organization has an outstanding letter of credit which is available to reimburse the State of Wisconsin-Division of Unemployment for claims if necessary. The amount of available credit totaled \$51,110 as of September 30, 2020. The letter of credit expires December 31, 2024.

NOTE 8 - Designation of Net Assets Without Donor Restrictions

It is the policy of the Board of Directors to review its plans for future organizational needs at a Board meeting each year and to designate or release appropriate sums of net assets without donor restrictions to assure adequate financing of such activities. The Board designates net assets, along with accumulated earnings, for future capital improvements associated with the Family Peace Center facility, and it is included in the Board designated endowment fund. The total Board designated endowment fund at September 30, 2020 was \$2,700,000.

NOTE 9 - Net Assets With Donor Restrictions

Net assets with donor restrictions consist of contributions restricted by the donor for various reasons. These contributions can be summarized as follows at September 30, 2020:

Restricted by time	\$	1,224,668
Restricted by use		597,795
Restricted by use - Kathie Stolpman Endowment Fund		438,948
Endowment Fund - principal to be invested in perpetuity		<u>223,013</u>
Totals	\$	<u>2,484,424</u>

SOJOURNER FAMILY PEACE CENTER, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS As of and for the Year Ended September 30, 2020

NOTE 10 - Endowment

There are two types of funds that make up the Organization's endowment fund established for the benefit of the Organization. These funds are general and donor endowment funds. General endowment funds are designated by the Board of Directors (quasi-endowment) for a specific purpose. Donor endowment funds have been received from a donor for endowment purposes and may or may not be designated for a specific purpose.

The Board of Directors understands that the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") is the applicable state law governing their endowment funds. UPMIFA laws have been interpreted by the Board of Directors as allowing the appropriation for expenditure for the purposes for which an endowment is established as the net appreciation, realized and unrealized, in the fair value of an endowment fund over the historic dollar value of the fund as is prudent under ordinary business care considering the facts and circumstances prevailing at the time the action is taken.

Investment and spending policies have been established by the Organization for endowment assets that attempt to provide a predictable stream of funding to the programs supported by its endowment while seeking to preserve the purchasing power of the endowment assets. The purpose of the Organization's investment policy, as approved by the Board of Directors, is to provide guidelines for investment, and performance of investments, of endowment funds that protect principal, grow the aggregate portfolio value in excess of the inflation rate and reach an effective annual rate of return that is equal to or greater than the designated benchmarks for the various types of investment vehicles, and to ensure that any risk assumed is in line with the given investment vehicle and the Organization's objectives.

To achieve its investment goals, the Organization seeks an asset allocation that exercises risk control while achieving a balanced return of current income and long-term growth. The Organization's asset allocations are a blend of equity, fixed income, and cash equivalents.

Interest, dividends and net appreciation in fair value of board-designated endowment funds are reflected as net assets without donor restrictions. Interest, dividends and net appreciation in fair value of donor restricted endowment funds are reflected as net assets with donor restrictions until appropriated by the Board of Directors. Earnings with donor restrictions on the donor restricted endowment whose restrictions are met in the same period are reflected as earnings without donor restrictions.

Quasi-Endowment

Certain net assets have been set aside for endowment purposes by the Board of Directors. As these amounts are not donor restricted but are designated by Board policy, the amounts have been classified as net assets without donor restrictions. From time to time, the Board may designate additional funds to be added to the quasi-endowment. The Board recognizes that a strategic or emergency need may arise that would require the use of these funds. The Board may access these funds by resolution presented and approved by three-quarters of the Board members. In 2020, the Board approved management utilizing board designated endowment funds to assist operations.

SOJOURNER FAMILY PEACE CENTER, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS As of and for the Year Ended September 30, 2020

NOTE 10 - Endowment (continued)

Donor Restricted Endowment

The Organization has received gifts in which the donors have restricted the gift for investment and to be maintained in perpetuity to generate annual income for the Organization's general operating purposes. The Board may access these earnings by resolution presented and approved by three-quarters of the Board members. At no time shall donor endowment funds be removed from the Endowment fund.

Kathie Stolpman Endowment Fund

The Kathie Stolpman Endowment Fund was initially funded with the net proceeds of The Kathie Stolpman Tribute Event and with any future donor restricted contributions.

Each year, The Kathie Stolpman Endowment Fund may distribute up to five (5) percent of the average of the fair value for the 12 (twelve) trailing quarters, or the number of quarters then available if less than 12 (twelve), of The Kathie Stolpman Endowment Fund to support the Shelter and related programs. An unlimited amount of The Kathie Stolpman Endowment Fund, including principal, may be used for any real estate acquisition or major improvement associated with the Shelter. Therefore it is reflected as board-designated funds with donor restrictions. Earnings on the Kathie Stolpman Endowment Fund are restricted until released for expenditure.

Endowment net asset composition by type of fund as of September 30, 2020 is as follows:

	With Donor Restrictions			Total With Donor Restrictions	Total Net Endowment Assets
	Without Donor Restrictions	Time and Purpose	Perpetuity		
Donor-restricted	\$ -	\$ -	\$ 223,013	\$ 223,013	\$ 223,013
Board-designated	<u>2,700,000</u>	<u>438,948</u>	<u>-</u>	<u>438,948</u>	<u>3,138,948</u>
Total Funds	<u>\$ 2,700,000</u>	<u>\$ 438,948</u>	<u>\$ 223,013</u>	<u>\$ 661,961</u>	<u>\$ 3,361,961</u>

Changes in endowment net assets for the year ended September 30, 2020 are as follows:

	With Donor Restrictions			Total With Donor Restrictions	Total Net Endowment Assets
	Without Donor Restrictions	Time and Purpose	Perpetuity		
Endowment Net Assets, Beginning of Year	\$ 3,445,454	\$ 434,643	\$ 223,013	\$ 657,656	\$ 4,103,110
Investment return - net of fees	141,232	37,413	-	37,413	178,645
Appropriations	<u>(886,686)</u>	<u>(33,108)</u>	<u>-</u>	<u>(33,108)</u>	<u>(919,794)</u>
Endowment Net Assets, End of Year	<u>\$ 2,700,000</u>	<u>\$ 438,948</u>	<u>\$ 223,013</u>	<u>\$ 661,961</u>	<u>\$ 3,361,961</u>

SOJOURNER FAMILY PEACE CENTER, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS As of and for the Year Ended September 30, 2020

NOTE 11 - Lease Commitments

The Organization leases copiers for support of its programming staff.

Future minimum lease payments under operating leases for years ending September 30 are:

2021	\$	20,930
2022		20,174
2023		16,937
2024		16,937
2025		<u>16,937</u>
Totals	\$	<u>91,915</u>

Rent expense on the operating leases was \$18,183 for the year ending September 30, 2020.

NOTE 12 - Employee Retirement Plan

The Organization sponsors a 403(b) retirement plan for all eligible employees. All employees become eligible after working at the Organization 90 days and are 100% vested at that time. The Organization provides a matching contribution of one dollar for every dollar that the employee contributes, up to 3% of the employee's annual salary.

Employer contributions made to the plan for the year ended September 30, 2020 totaled \$109,231.

NOTE 13 - Grants and Contracts

Financial awards from federal, state, and local governments in the form of grants are subject to special audit. Such audits could result in claims against the Organization for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this time.

NOTE 14 - Availability of Financial Assets

The following reflects the Organization's financial assets as of September 30, 2020, reduced by amounts not available within one year for general use because of contractual or donor-imposed restrictions. Amounts already appropriated from either the donor-restricted endowment or quasi-endowment for general expenditure, donor restrictions for operations which will be met within one year, or assets only restricted for time that will be received in 2021 have not been subtracted as unavailable. As the Board of Directors can undesignate the Board Designated Endowment Fund, the amounts are initially reduced but then included in the calculation. Assets not available include amounts set aside for long-term investing in the quasi-endowment that could be drawn upon if the governing board approves that action.

SOJOURNER FAMILY PEACE CENTER, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS As of and for the Year Ended September 30, 2020

NOTE 14 - Availability of Financial Assets (continued)

Total Assets	\$ 38,715,891
Donor Purpose Restricted Net Assets and Board Designated Net Assets	
Investments	(223,013)
Stolpman fund	(438,948)
Board Designated	(2,700,000)
Assets Not Available to be Liquidated in One Year	
Property and equipment	(17,728,967)
NMTC leverage loan	(14,852,300)
NMTC CDE reserve fund	(177,058)
Prepaid expenses	(141,025)
Contribution receivable - long term	<u>(603,422)</u>
Amounts available	1,851,158
Board designations:	
Quasi-endowment fund	<u>2,700,000</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 4,551,158</u>

The Organization's practice is to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Organization is substantially supported by federal and state cost reimbursement contracts and contributions. The Organization has renewed the majority of their federal and state contracts through fiscal year 2021. The Organization's monthly cash unfunded expenditures are expected to be \$385,000 and at September 30, 2020 the Organization has approximately twelve months of financial assets available to meet these obligations when including the Board designated quasi-endowment as available.