

**SOJOURNER FAMILY PEACE CENTER, INC.**  
Milwaukee, Wisconsin

CONSOLIDATED FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Years Ended December 31, 2018 and 2017

# 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 statements of financial position as of December 31, 2018 and 2017, and the related consolidated statements of activities, cash flows and functional expenses for the years 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 audits. We conducted our audits 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 December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years 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 April 3, 2019 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 Virchow Krause, LLP*

Milwaukee, Wisconsin  
April 3, 2019

# SOJOURNER FAMILY PEACE CENTER, INC.

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION As of December 31, 2018 and 2017

<b>ASSETS</b>		
	2018	2017
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 784,063	\$ 2,247,452
Investments	4,187,076	3,856,426
Grants receivable	517,957	471,206
Promises to give, current portion	14,600	766,000
United Way receivable	93,691	97,594
Contributions receivable	276,952	152,870
Prepaid expenses	112,784	81,036
NMTC CDE reserve fund, current portion*	130,872	130,869
Total Current Assets	6,117,995	7,803,453
<b>PROPERTY AND EQUIPMENT, NET</b>	18,327,954	18,897,998
<b>NONCURRENT ASSETS</b>		
Promises to give, net	-	1,000
Security deposit	1,369	322
Land held for endowment	-	19,454
Long-term investments	630,071	735,172
NMTC leverage loan	14,852,300	14,852,300
NMTC CDE reserve fund, net	280,075	406,631
Total Noncurrent Assets	15,763,815	16,014,879
<b>TOTAL ASSETS</b>	\$ 40,209,764	\$ 42,716,330
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Checks written in excess of cash balance	\$ 24,699	\$ -
Accounts payable	172,516	243,976
Payroll deductions	104,380	86,876
Accrued vacation	151,821	130,968
Deferred revenue	69,323	26,452
CHW commitment to construction, current portion**	190,000	190,000
Total Current Liabilities	712,739	678,272
<b>LONG-TERM LIABILITIES</b>		
CHW commitment to construction, net	2,850,000	3,040,000
NMTC notes payable, CDE's	20,680,000	20,680,000
Total Long-Term Liabilities	23,530,000	23,720,000
Total Liabilities	24,242,739	24,398,272
<b>NET ASSETS</b>		
Without donor restrictions:		
Undesignated	11,638,721	-
Designated	3,000,000	16,304,559
Total net assets without donor restrictions	14,638,721	16,304,559
With donor restrictions	1,328,304	2,013,499
Total Net Assets	15,967,025	18,318,058
<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$ 40,209,764	\$ 42,716,330

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

\*\* Children's Hospital and Health System, Inc. ("CHW")

See accompanying notes to consolidated financial statements.

**SOJOURNER FAMILY PEACE CENTER, INC.**

**CONSOLIDATED STATEMENTS OF ACTIVITIES**  
For the Years Ended December 31, 2018 and 2017

	2018		2017	
	Without donor restrictions	With donor restrictions	Without donor restrictions	With donor restrictions
<b>REVENUES</b>				
Federal and state grants	\$ 2,542,937	\$ -	\$ 2,542,937	\$ -
Other grants	98,468	-	98,468	96,968
United Way	173,382	93,691	267,073	318,564
Contributions	1,309,864	979,506	2,289,370	2,578,356
Capital campaign contributions	-	-	-	137,802
In-kind contributions	513,424	-	513,424	530,884
Program fees	15,324	-	15,324	17,506
Special events	262,086	-	262,086	216,385
Special events expense	(93,054)	-	(93,054)	(57,165)
Investment return, net	(111,857)	(40,101)	(151,958)	49,162
Gain on sale of land, property and equipment	45,546	17,489	63,035	55,949
Partner revenue	368,870	-	368,870	404,050
Miscellaneous revenue	8,700	-	8,700	17,249
Family Peace Center grants	190,000	-	190,000	190,000
Net assets released from restrictions	1,735,780	(1,735,780)	2,120,636	(2,120,636)
Total Revenues	<u>7,059,470</u>	<u>(685,195)</u>	<u>6,374,275</u>	<u>(1,253,318)</u>
<b>EXPENSES</b>				
Program:				
Shelter	1,508,641	-	1,508,641	1,425,607
Beyond abuse	281,652	-	281,652	321,011
Domestic Abuse Victim Advocacy (DAVA)	166,870	-	166,870	155,730
Community education	181,772	-	181,772	193,058
Children's programming	405,325	-	405,325	348,477
Courthouse advocacy program	572,523	-	572,523	604,129
Family advocacy support services	1,610,104	-	1,610,104	1,370,068
Community Domestic Abuse Advocacy Program (CDAAP)	754,767	-	754,767	711,474
Family Peace Center	1,597,153	-	1,597,153	1,389,093
Management and general	1,101,742	-	1,101,742	971,099
Development	544,759	-	544,759	662,770
Total Expenses	<u>8,725,308</u>	-	<u>8,725,308</u>	<u>8,152,516</u>
<b>CHANGE IN NET ASSETS</b>	(1,665,838)	(685,195)	(2,351,033)	(916,175)
NET ASSETS - Beginning of Year	16,304,559	2,013,499	18,318,058	15,967,416
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 14,638,721</u>	<u>\$ 1,328,304</u>	<u>\$ 15,967,025</u>	<u>\$ 16,304,559</u>
				<u>\$ 2,013,499</u>
				<u>\$ 18,318,058</u>

See accompanying notes to consolidated financial statements.

## SOJOURNER FAMILY PEACE CENTER, INC.

### CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2018 and 2017

	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (2,351,033)	\$ (916,175)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Contributions restricted for Family Peace Center	-	(100,000)
Realized (gain) loss on investments	118,470	(78,998)
Unrealized (gain) loss on investments	370,071	(280,002)
Gain on sale of land, property and equipment	(63,035)	(55,949)
Forgiveness of CHW capital commitment	(190,000)	(190,000)
Depreciation	628,197	623,169
Changes in assets and liabilities:		
Receivables	(166,930)	(41,889)
Prepaid expenses	(31,748)	23,013
Security deposit	(1,047)	-
Accounts payable	(71,460)	46,116
Payroll deductions	17,504	20,856
Accrued vacation	20,853	15,468
Deferred revenue	42,871	7,600
Net Cash Flows from Operating Activities	(1,677,287)	(926,791)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of investments	3,965,891	1,985,900
Purchase of investments	(4,679,981)	(3,083,605)
Proceeds from sale of land, property and equipment	82,489	135,985
Capital expenditures	(58,153)	(34,581)
Withdrawals of restricted cash from NMTC reserve fund	126,553	167,633
Net Cash Flows from Investing Activities	(563,201)	(828,668)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts restricted	752,400	1,159,334
Checks written in excess of cash balance	24,699	-
Net Cash Flows from Financing Activities	777,099	1,159,334
<b>Net Change in Cash and Cash Equivalents</b>	(1,463,389)	(596,125)
CASH AND CASH EQUIVALENTS - Beginning of Year	2,247,452	2,843,577
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 784,063	\$ 2,247,452
<b>SUPPLEMENTAL CASH FLOW DISCLOSURES</b>		
Cash paid for interest	\$ 246,038	\$ 246,027

See accompanying notes to consolidated financial statements.

**SOJOURNER FAMILY PEACE CENTER, INC.**

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
For the Year Ended December 31, 2018

	Program											2018 Total	
	Shelter	Beyond Abuse	DAVA	Community Education	Children's Programming	Courthouse Advocacy Program	Family Advocacy Support Services	CDAAP	Family Peace Center	Total	Management and General		Development
Salaries, payroll taxes and fringe benefits	\$ 709,300	\$ 169,490	\$ 130,196	\$ 107,499	\$ 317,043	\$ 346,160	\$ 818,143	\$ 642,928	\$ 391,053	\$ 3,631,812	\$ 669,345	\$ 373,800	\$ 4,674,957
Staff expenses	3,506	2,038	721	5,558	2,742	3,506	29,050	11,243	5,043	63,407	25,538	5,142	94,087
Supplies	43,657	7,234	800	18,576	3,396	7,886	34,410	5,712	10,427	131,888	15,583	5,188	152,669
Telephone	7,710	7,351	456	90	1,559	2,423	5,551	7,106	11,927	44,173	3,256	1,610	49,039
Professional services	143,401	54,251	2,381	38,603	15,872	12,498	62,972	27,599	313,751	671,328	50,332	23,212	744,872
Printing	3,444	493	2,264	829	1,427	3,353	6,077	5,004	6,484	29,375	1,698	1,512	32,585
Client assistance	76,947	4,482	17,454	2,893	1,222	3,452	173,504	22,434	2,500	304,888	-	-	304,888
Occupancy	146,506	30,601	6,812	3,935	22,814	22,901	51,111	18,935	322,912	626,527	62,150	44,037	732,714
Furniture	2,075	2,500	-	-	4,384	-	2,860	-	6,195	18,014	6,416	3,997	28,427
Insurance	10,372	1,159	1,128	950	2,808	2,552	6,591	4,494	16,025	46,079	9,180	2,493	57,752
Depreciation	148,361	2,053	3,264	2,003	22,861	409	28,845	6,525	348,375	562,696	51,309	14,192	628,197
In-kind contributions	149,270	-	-	-	-	167,583	-	-	-	316,853	189,101	7,470	513,424
Fundraising	-	-	-	-	-	-	-	-	-	-	-	54,582	54,582
Sub recipient expense	-	-	-	-	-	-	378,446	-	-	378,446	-	-	378,446
NMTC interest and audit fees	64,092	-	1,394	836	9,197	-	12,544	2,787	162,461	253,311	17,834	7,524	278,669
Special event expense	-	-	-	-	-	-	-	-	-	-	-	93,054	93,054
Total	1,508,641	281,652	166,870	181,772	405,325	572,523	1,610,104	754,767	1,597,153	7,078,807	1,101,742	637,813	8,818,362
Less special event expenses presented with revenues	-	-	-	-	-	-	-	-	-	-	-	(93,054)	(93,054)
Total Expenses	\$ 1,508,641	\$ 281,652	\$ 166,870	\$ 181,772	\$ 405,325	\$ 572,523	\$ 1,610,104	\$ 754,767	\$ 1,597,153	\$ 7,078,807	\$ 1,101,742	\$ 544,759	\$ 8,725,308

See accompanying notes to consolidated financial statements.



**SOJOURNER FAMILY PEACE CENTER, INC.**

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
For the Year Ended December 31, 2017

	Program										2017 Total		
	Shelter	Beyond Abuse	DAVA	Community Education	Children's Programming	Courthouse Advocacy Program	Family Advocacy Support Services	CDAAP	Family Peace Center	Total		Management and General	Development
Salaries, payroll taxes and fringe benefits	\$ 621,593	\$ 229,648	\$ 129,893	\$ 154,811	\$ 240,206	\$ 324,554	\$ 703,429	\$ 599,915	\$ 241,213	\$ 3,245,262	\$ 673,569	\$ 360,416	\$ 4,279,247
Staff expenses	11,718	3,250	2,016	7,182	8,839	6,168	26,247	18,409	8,603	92,432	16,879	6,536	115,847
Supplies	37,681	9,992	1,672	8,361	3,668	5,048	34,410	3,579	5,358	109,769	19,392	7,936	137,097
Telephone	9,489	7,452	484	167	1,429	2,749	4,991	7,376	13,388	47,525	3,939	1,767	53,231
Professional services	139,442	4,352	2,019	7,644	27,240	11,222	13,797	8,862	260,016	474,614	38,914	30,454	543,982
Printing	4,394	1,870	3,058	2,339	1,688	4,528	4,988	3,749	1,662	28,276	10,445	18,099	56,820
Client assistance	74,916	3,156	4,245	140	957	4,585	121,002	37,380	3,000	249,381	-	-	249,381
Occupancy	169,508	56,927	5,662	5,373	27,234	16,367	44,897	16,340	330,694	673,002	56,788	42,315	772,105
Furniture	6,166	-	512	1,100	2,935	950	4,699	-	10,762	27,124	5,659	4,119	36,902
Insurance	9,934	2,265	1,227	1,368	3,104	2,699	6,750	4,839	13,993	46,169	9,686	2,783	58,638
Depreciation	145,686	2,099	3,549	3,190	22,268	1,543	30,477	6,699	340,023	555,534	51,186	16,449	623,169
In-kind contributions	131,040	-	-	-	-	223,716	-	1,800	-	356,556	66,828	107,500	530,884
Fundraising	-	-	-	-	-	-	-	-	-	-	-	55,764	55,764
Sub recipient expense	-	-	-	-	-	-	-	-	-	-	-	-	361,016
NMTC interest and audit fees	64,040	-	1,393	1,393	8,909	-	13,365	2,506	160,381	251,987	17,814	8,632	278,433
Special event expense	-	-	-	-	-	-	-	-	-	-	-	57,165	57,165
Total	1,425,607	321,011	155,730	193,058	348,477	604,129	1,370,068	711,474	1,389,093	6,518,647	971,099	719,935	8,209,681
Less special event expenses presented with revenues	-	-	-	-	-	-	-	-	-	-	-	(57,165)	(57,165)
Total Expenses	\$ 1,425,607	\$ 321,011	\$ 155,730	\$ 193,058	\$ 348,477	\$ 604,129	\$ 1,370,068	\$ 711,474	\$ 1,389,093	\$ 6,518,647	\$ 971,099	\$ 662,770	\$ 8,152,516

See accompanying notes to consolidated financial statements.

# SOJOURNER FAMILY PEACE CENTER, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
As of and for the Years Ended December 31, 2018 and 2017

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## NOTE 1 - Summary of Significant Accounting Policies

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### *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"). SFPC constructed the Family Peace Center (the "Project") with the financing (see Note 5). 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 9). 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 December 31, cash and equivalents consisted of the following:

	<u>2018</u>	<u>2017</u>
Petty cash	\$ 1,000	\$ 1,000
Checking accounts	38,933	106,385
Money market funds	<u>744,130</u>	<u>2,140,067</u>
Total Cash and Cash Equivalents	<u>\$ 784,063</u>	<u>\$ 2,247,452</u>

## SOJOURNER FAMILY PEACE CENTER, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
As of and for the Years Ended December 31, 2018 and 2017

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### **NOTE 1 - Summary of Significant Accounting Policies** (continued)

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#### *Investments*

The Organization carries investments in mutual funds with readily determinable fair values in the consolidated statements of financial position at fair value. Realized and unrealized gains and losses are included in the change in net assets in the accompanying consolidated statements of activities.

Investments are recorded at fair value in accordance with accounting principles generally accepted in the United States of America, which establishes a fair value hierarchy that prioritizes the inputs to valuation techniques which are summarized as follows:

**Level 1** - Quoted prices in active markets, e.g. NYSE, NASDAQ, etc. for assets identical to the securities to be valued.

**Level 2** - Inputs other than quoted prices that are observable for securities, either directly or indirectly. Examples include matrix pricing utilizing yield curves, prepayment speeds, credit risks, etc.; quoted prices for similar assets in active markets; and inputs derived from observable market data by correlation or other means.

**Level 3** - Unobservable inputs, which contain assumptions by the party valuing those assets. For level 3 inputs, there is no market data or correlations with market assumptions. Examples would include limited partnership interests, closely held stock, etc.

#### *Grants Receivable*

Grants receivable represents the outstanding balance of public grants due to the Organization based upon 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 December 31, 2018 and 2017. No accounts were written off in 2018 and 2017.

#### *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 December 31, 2018 and 2017.

The discounts on long-term promises to give are computed using the estimated rate of borrowing applicable to the years in which the promises are received. The Organization did not receive any long term promises to give in 2018 and 2017.

#### *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 December 31, 2018 and 2017 (see Note 5).

## SOJOURNER FAMILY PEACE CENTER, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
As of and for the Years Ended December 31, 2018 and 2017

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### **NOTE 1 - Summary of Significant Accounting Policies** (continued)

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#### *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 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.

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

	<u>2018</u>	<u>2017</u>
Land	\$ 809,226	\$ 809,226
Buildings	18,596,389	18,578,694
Furnishings and equipment	845,101	804,644
Vehicles	<u>22,501</u>	<u>22,501</u>
Total Property and Equipment	20,273,217	20,215,065
Less: Accumulated depreciation	<u>(1,945,263)</u>	<u>(1,317,067)</u>
Net Property and Equipment	<u>\$ 18,327,954</u>	<u>\$ 18,897,998</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 for the years ended December 31, 2018 and 2017.

#### *NMTC Leverage Loan*

The NMTC leverage loan is collateralized by the membership interests related to the New Markets Tax Credit transaction (see Note 5) 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 December 31, 2018 and 2017.

## SOJOURNER FAMILY PEACE CENTER, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
As of and for the Years Ended December 31, 2018 and 2017

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### NOTE 1 - Summary of Significant Accounting Policies (continued)

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#### *Deferred Revenue*

Deferred revenue consists primarily of prepaid partner rent and sponsorships for future special events. Revenue associated with special events is recognized when the special event occurs. Partner rent revenue is recognized over the lease period.

#### *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.

**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.

#### *Contributed Support*

The Organization recognizes all contributed support received as income in the period a written unconditional pledge is received. 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 statements of activities as net assets released from restrictions.

#### *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 December 31:

	<u>2018</u>	<u>2017</u>
Legal services	\$ 301,040	\$ 258,568
Program supplies	172,614	130,616
Advertising	7,470	107,500
Imputed interest	<u>32,300</u>	<u>34,200</u>
Totals	<u>\$ 513,424</u>	<u>\$ 530,884</u>

Donated services of \$133,457 and \$27,628 were received and reflected in the consolidated financial statements from related parties for the years ended December 31, 2018 and 2017, respectively.

## SOJOURNER FAMILY PEACE CENTER, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
As of and for the Years Ended December 31, 2018 and 2017

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### **NOTE 1 - Summary of Significant Accounting Policies** (continued)

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#### *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, expense studies and full time equivalents. Occupancy costs are based upon number of employees in a department. 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.

#### *Reclassification*

For comparability, certain 2017 amounts have been reclassified to conform with classifications adopted in 2018. The reclassifications have no effect on reported amounts of net assets or change in net assets.

#### *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.

#### *Advertising*

The Organization uses advertising to promote its special events. Advertising costs are expensed as incurred. Advertising expense for the years ended December 31, 2018 and 2017 was \$7,470 and \$107,500, respectively. The Organization received in-kind contributions for all advertising costs.

#### *Concentrations*

The Organization received approximately 40% and 30% of its annual revenue from federal and state grants for the years ended December 31, 2018 and 2017, respectively.

In 2018, there were no concentrations of capital campaign contributions or promises to give. In 2017, substantially all of the capital campaign contributions were received from two donors. The amount included within promises to give that is from one donor was \$750,000 at December 31, 2017.

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.

## SOJOURNER FAMILY PEACE CENTER, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
As of and for the Years Ended December 31, 2018 and 2017

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### **NOTE 1 - Summary of Significant Accounting Policies** (continued)

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#### *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.

SFPC and the Foundation are no longer subject to U.S. federal income tax examinations for years ending before December 31, 2015. SFPC is no longer subject to Wisconsin income tax examinations for years ending on or before December 31, 2014. The Foundation filed its initial tax returns for the year ending December 31, 2015 and that return, along with the 2016 and 2017 returns, remain subject to Wisconsin income tax examinations.

#### *New Accounting Pronouncements*

The Financial Accounting Standards Board ("FASB") issued Financial Accounting Standards Update ("ASU") No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The Organization has adopted the provisions of this standard during the year ending December 31, 2018, with retrospective application for the year ending December 31, 2017. The adoption of the standard changes the terminology used to describe categories of net assets throughout the consolidated financial statements and includes new disclosure regarding the liquidity and availability of financial assets (Note 14). The adoption of ASU No. 2016-14 did not cause a reclassification or restatement of net assets balances or change in net assets. The Organization opted to exclude disclosure information regarding liquidity and availability of financial assets as of December 31, 2017, which is permitted under the ASU in the year of adoption.

FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* ("ASU No. 2014-09"). ASU No. 2014-09 establishes principles for recognizing revenue upon the transfer of promised goods or services to customers, in an amount that reflects the expected consideration received in exchange for those goods or services. Amendments defer the effective date of ASU No. 2014-09, clarify the implementation guidance on principal versus agent considerations, and clarify the identification of performance obligations and the licensing implementation guidance. Topic 606 (as amended) is effective for fiscal years beginning after December 15, 2018 (calendar 2019). The amendments may be applied retrospectively to each prior period presented or retrospectively with the cumulative effect recognized as of the date of initial application. The Organization is currently assessing the effect that Topic 606 (as amended) will have on its results of operations, financial position and cash flows.

## SOJOURNER FAMILY PEACE CENTER, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
As of and for the Years Ended December 31, 2018 and 2017

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### **NOTE 1 - Summary of Significant Accounting Policies** (continued)

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#### *New Accounting Pronouncements (continued)*

During June 2018, FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The new guidance is intended to clarify and improve accounting guidance for contributions received and contributions made. The amendments in this ASU should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. ASU No. 2018-08 is effective for contributions received during fiscal years beginning after December 15, 2018 (calendar 2019) and contributions made during fiscal years beginning after December 15, 2019 (calendar 2020). The Organization is currently assessing the impact that ASU No. 2018-08 will have on its results of operations, financial position and cash flows.

In November 2016, FASB issued ASU No. 2016-18, "Statement of Cash Flows (Topic 230): Restricted Cash". This standard will require cash flow statements to explain the change during a reporting period of the totals for cash, cash equivalents, restricted cash, and restricted cash equivalents. Amounts reported as restricted cash should be included with cash and cash equivalents when reconciling the beginning of period and end of period total amounts shown on the statement of cash flows. The update also includes a requirement that the footnotes to the consolidated financial statements explain the nature of the restrictions. The Organization will be required to apply the standard for fiscal years beginning after December 15, 2018 (calendar 2019). The standard should be applied retrospectively upon adoption. Management is currently evaluating the impact of the ASU No. 2016-18 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. The Organization will be required to apply the standard for fiscal years and reporting periods beginning after December 15, 2019 (calendar 2020). Early adoption is permitted. Management is currently evaluating the impact of ASU No. 2016-02 on the Organization's consolidated financial statements.

#### *Subsequent Events*

Management has evaluated all subsequent events for possible recognition or disclosure through April 3, 2019, the date the consolidated financial statements were approved and available to be issued. The Board of Directors has elected and has amended its governance documents to change the fiscal year of the Organization to a September year-end beginning in 2019.



## SOJOURNER FAMILY PEACE CENTER, INC.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS As of and for the Years Ended December 31, 2018 and 2017

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#### NOTE 2 - Investments

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All of the Organization's investments are considered Level 1 investments in the fair value hierarchy. Fair values of mutual fund investments at December 31 are as follows:

	<u>2018</u>	<u>2017</u>
Domestic fixed income	\$ 1,902,144	\$ 2,368,085
Domestic equities	2,117,538	1,640,699
International equities	<u>797,465</u>	<u>582,814</u>
Total Investments	<u>\$ 4,817,147</u>	<u>\$ 4,591,598</u>

  

	<u>2018</u>	<u>2017</u>
Investments	\$ 4,187,076	\$ 3,856,426
Long-term investments	<u>630,071</u>	<u>735,172</u>
Total Investments	<u>\$ 4,817,147</u>	<u>\$ 4,591,598</u>

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#### NOTE 3 - Land Held for Endowment

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The Organization received a parcel of land as a restricted donation to the endowment. The land had an assessed value of \$19,454 as of December 31, 2017. The land was sold in 2018 and the donor changed the restriction from an endowment to a purpose restriction. The gain on sale is reflected as restricted with donor restrictions in the consolidated statements of activities.

## SOJOURNER FAMILY PEACE CENTER, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
As of and for the Years Ended December 31, 2018 and 2017

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### NOTE 4 - NMTC Leverage Loan

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NMTC leverage loan consists of the following at December 31:

	<u>2018</u>	<u>2017</u>
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 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.	<u>\$ 14,852,300</u>	<u>\$ 14,852,300</u>

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### NOTE 5 - New Market Tax Credit Program and Project

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The NMTC program was designed to stimulate investment and economic growth in low income communities by offering taxpayers a 39% 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 ("QLICs"). 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 Hospital of Wisconsin - "CHW"), 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 56 bed shelter, child advocacy center, education center and partner space. Construction was completed in 2016.

The Organization obtained an advance from CHW, 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, CHW 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 7).

## SOJOURNER FAMILY PEACE CENTER, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
As of and for the Years Ended December 31, 2018 and 2017

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### **NOTE 5 - New Market Tax Credit Program and Project** (continued)

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On September 16, 2014, the Foundation entered into loans with CHW in the amount of \$14,425,000. This includes \$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 CHW'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 2018 and 2017, \$190,000 was forgiven and included within the Family Peace Center grants on the consolidated statements of activities.

The Foundation used the loans and cash on hand to make a loan to a NMTC investment fund (see Note 4), 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 2018 and 2017 was \$148,523 and there was no accrued interest at December 31, 2018 and 2017.

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 7. 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 December 31, 2018, no such events have occurred.

## SOJOURNER FAMILY PEACE CENTER, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
As of and for the Years Ended December 31, 2018 and 2017

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### NOTE 6 - Lessor Agreements

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CHW, 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. Rental income/payments as of December 31 will be as follows:

2019	\$ 59,477
2020	60,842
2021	62,247
2022	63,695
2023	65,185
Thereafter	<u>276,129</u>
Total	<u>\$ 587,575</u>

Rent revenue earned in 2018 and 2017 was \$58,153 and \$56,867, respectively. In addition, one of the partners also pays a percentage of the operating expenses related to the building. The amount varies each year and was \$310,717 and \$347,182 in 2018 and 2017, respectively.

The cost and accumulated depreciation of leased property as of December 31 is as follows:

	<u>2018</u>	<u>2017</u>
Building and building improvements	\$ 4,941,933	\$ 4,941,933
Less: accumulated depreciation	<u>(429,281)</u>	<u>(289,453)</u>
Property, net	<u>\$ 4,512,652</u>	<u>\$ 4,652,480</u>

## SOJOURNER FAMILY PEACE CENTER, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
As of and for the Years Ended December 31, 2018 and 2017

### NOTE 7 - Long Term Debt

Long term debt consists of the following at December 31:

	2018	2017
<b>SFPC</b>		
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 until maturity on September 30, 2044.	\$ 7,063,000	\$ 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 until maturity on September 30, 2044.	3,431,500	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 until maturity on September 30, 2044.	4,357,800	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 until maturity on September 30, 2044.	2,837,000	2,837,000
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 until maturity on September 30, 2044.	1,468,500	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 until maturity on September 30, 2044.	<u>1,522,200</u>	<u>1,522,200</u>
<b>SFPC Total</b>	<u><u>\$ 20,680,000</u></u>	<u><u>\$ 20,680,000</u></u>

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.

## SOJOURNER FAMILY PEACE CENTER, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
As of and for the Years Ended December 31, 2018 and 2017

### NOTE 7 - Long Term Debt (continued)

	2018	2017
Foundation		
<p>CHW, 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.</p>		
	<u>\$ 3,040,000</u>	<u>\$ 3,230,000</u>
Foundation Total	<u>\$ 3,040,000</u>	<u>\$ 3,230,000</u>

The Organization's total debt is summarized below at December 31:

	2018	2017
SFPC Total	\$ 20,680,000	\$ 20,680,000
Foundation Total	<u>3,040,000</u>	<u>3,230,000</u>
Organization Total	23,720,000	23,910,000
Less: Current Portion	<u>190,000</u>	<u>190,000</u>
Long-Term Portion	<u>\$ 23,530,000</u>	<u>\$ 23,720,000</u>

Principal payments on the debt for the years ending after December 31, 2018 are as follows:

2019	\$	190,000
2020		190,000
2021		385,762
2022		978,889
2023		988,318
Thereafter		<u>20,987,031</u>
Total		<u>\$ 23,720,000</u>

Total interest expense, including imputed interest, on all debt was \$280,238 and \$280,227 in 2018 and 2017, respectively. Interest expense on debt is included within the NMTC interest and audit fees and in-kind contributions under management and general on the consolidated statements of functional expenses.

The Organization is subject to certain requirements and covenants related to their debt. As of December 31, 2018, the Organization was in compliance with all established covenants.

### NOTE 8 - 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 \$39,565 as of December 31, 2018 and 2017. The letter of credit expires December 31, 2022.

## SOJOURNER FAMILY PEACE CENTER, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
As of and for the Years Ended December 31, 2018 and 2017

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### **NOTE 9 - Designation of Net Assets Without Donor Restrictions**

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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 appropriate sums of net assets without donor restrictions to assure adequate financing of such activities. In 2017, the board designated \$16,304,559 for capital improvements and program expansion, a portion of which was in a board designated endowment fund. In 2018, the Board changed its designations to \$3,000,000 for future capital improvements associated with the Family Peace Center facility, and it is included in the Board designated endowment fund.

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### **NOTE 10 - Net Assets With Donor Restrictions**

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Net assets with donor restrictions consist of contributions restricted by the donor for various reasons. These contributions can be summarized as follows at December 31:

	<u>2018</u>	<u>2017</u>
Restricted by time	\$ 108,291	\$ 864,594
Restricted by use	589,942	413,733
Restricted by use - Kathie Stolpman Endowment Fund	407,058	431,192
Endowment Fund - principal to be invested in perpetuity, income to be used for general operating purposes	<u>223,013</u>	<u>303,980</u>
Totals	<u>\$ 1,328,304</u>	<u>\$ 2,013,499</u>

In 2018, a donor amended a gift made in prior years allowing the principal of \$65,000 to be used for a program.

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### **NOTE 11 - Endowment**

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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.

## SOJOURNER FAMILY PEACE CENTER, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
As of and for the Years Ended December 31, 2018 and 2017

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### **NOTE 11 - Endowment** (continued)

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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.

#### *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 Organization needs. 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.



**SOJOURNER FAMILY PEACE CENTER, INC.**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
As of and for the Years Ended December 31, 2018 and 2017

**NOTE 11 - Endowment** (continued)

Endowment net asset composition by type of fund as of December 31, 2018 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Net Endowment Assets</u>
Donor-restricted	\$ -	\$ 223,013	\$ 223,013
Board-designated	<u>3,000,000</u>	<u>407,058</u>	<u>3,407,058</u>
 Total Funds	 <u>\$ 3,000,000</u>	 <u>\$ 630,071</u>	 <u>\$ 3,630,071</u>

Changes in endowment net assets for the year ended December 31, 2018 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Net Endowment Assets</u>
Endowment Net Assets, Beginning of Year	\$ 2,988,389	\$ 735,172	\$ 3,723,561
Donor reclassification of restrictions	-	(65,000)	(65,000)
Investment income - net of fees	152,212	23,271	175,483
Transfers	282,318	-	282,318
Net depreciation	<u>(422,919)</u>	<u>(63,372)</u>	<u>(486,291)</u>
 Endowment Net Assets, End of Year	 <u>\$ 3,000,000</u>	 <u>\$ 630,071</u>	 <u>\$ 3,630,071</u>

Endowment net asset composition by type of fund as of December 31, 2017 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Net Endowment Assets</u>
Donor-restricted	\$ -	\$ 303,980	\$ 303,980
Board-designated	<u>2,988,389</u>	<u>431,192</u>	<u>3,419,581</u>
 Total Funds	 <u>\$ 2,988,389</u>	 <u>\$ 735,172</u>	 <u>\$ 3,723,561</u>

## SOJOURNER FAMILY PEACE CENTER, INC.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS As of and for the Years Ended December 31, 2018 and 2017

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#### **NOTE 11 - Endowment** (continued)

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Changes in endowment net assets for the year ended December 31, 2017 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Net Endowment Assets
Endowment Net Assets, Beginning of Year	\$ 2,622,898	\$ 686,010	\$ 3,308,908
Investment income - net of fees	46,038	6,136	52,174
Net appreciation	<u>319,453</u>	<u>43,026</u>	<u>362,479</u>
Endowment Net Assets, End of Year	<u>\$ 2,988,389</u>	<u>\$ 735,172</u>	<u>\$ 3,723,561</u>

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#### **NOTE 12 - Lease Commitments**

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The Organization leases copiers for support of its programming staff.

Future minimum lease payments under operating leases for years ending December 31 are:

2019	\$ 12,712
2020	9,018
2021	4,349
2022	3,484
2023	<u>2,182</u>
Totals	<u>\$ 31,745</u>

Rent expense on the operating leases was \$44,709 and \$66,886 for the years ended December 31, 2018 and 2017, respectively.

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#### **NOTE 13 - Employee Retirement Plan**

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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 years ended December 31, 2018 and 2017 totaled \$77,740 and \$60,019, respectively.

## SOJOURNER FAMILY PEACE CENTER, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
As of and for the Years Ended December 31, 2018 and 2017

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### **NOTE 14 - Availability of Financial Assets**

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The following reflects the Organization's financial assets as of December 31, 2018, reduced by amounts not available within one year for general use because of contractual or donor-imposed restrictions. Amounts 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. However, amounts already appropriated from either the donor-restricted endowment or quasi-endowment for general expenditure or donor restrictions for operations which will be met within one year have not been subtracted as unavailable.

Total Assets	\$ 40,209,764
Donor Purpose Restricted Net Assets and Board Designated Net Assets	
Investments	(223,013)
Stolpman fund	(407,058)
Board Designated	(3,000,000)
Assets Not Available to be Liquidated in One Year	
Property and equipment	(18,327,954)
NMTC leverage loan	(14,852,300)
NMTC CDE reserve fund	(410,947)
Security deposit	(1,369)
Prepaid expenses	<u>(112,784)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	<u>\$ 2,874,339</u>

The Organization's practice is to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.