Sojourner Family Peace Center, Inc.

Consolidated Financial Statements

September 30, 2021

Independent Auditors' Report

To the Board of Directors of
Sojourner Family Peace Center, Inc.

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, 2021, 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, 2021, 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 7, 2022 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 7, 2022

Sojourner Family Peace Center, Inc.

Consolidated Statement of Financial Position
September 30, 2021

Assets	
Current Assets	
Cash and cash equivalents	$ 623,698
Investments	3,143,417
Grants receivable	1,178,895
United Way receivable	104,504
Contributions receivable	764,744
Prepaid expenses	204,048
Total current assets	6,019,306
Property and Equipment, Net	17,102,494
Noncurrent Assets	
Contributions receivable, long term, net of discount	338,823
Long-term investments	651,191
Total noncurrent assets	990,014
Total assets	$ 24,111,814
Liabilities and net assets	
Current Liabilities	
Accounts payable	$ 114,902
Payroll deductions	89,096
Accrued vacation	75,208
Deferred revenue	38,379
CW commitment to construction, current portion*	190,000
Total current liabilities	507,585
Long-term Liabilities	
CW commitment to construction, net	2,470,000
Total liabilities	2,977,585
Net Assets	
Without donor restrictions:	
Undesignated	16,472,918
Designated	2,633,238
Total net assets without donor restrictions	19,106,156
With donor restrictions	2,028,073
Total net assets	21,134,229
Total liabilities and net assets	$ 24,111,814

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

Sojourner Family Peace Center, Inc.

Consolidated Statement of Activities
Year Ended September 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Federal and state grants	$ 1,801,757	$ -	$ 1,801,757
Other grants	2,730,127	-	2,730,127
United Way	138,005	139,337	277,342
Contributions	2,532,743	737,819	3,270,562
In-kind contributions	107,026	-	107,026
Program fees	2,170	-	2,170
Special events	156,541	-	156,541
Investment return, net	437,505	71,062	508,567
Partner revenue	370,821	-	370,821
Miscellaneous revenue	4,076	-	4,076
Family Peace Center grants	190,000	-	190,000
Net assets released from restrictions	1,404,569	(1,404,569)	-
Total revenues	9,875,340	(456,351)	9,418,989
Expenses			
Program:			
Shelter	1,453,413	-	1,453,413
Beyond abuse	149,803	-	149,803
Domestic Abuse Victim Advocacy (DAVA)	91,964	-	91,964
Children's programming	277,136	-	277,136
Courthouse advocacy program	483,906	-	483,906
Family advocacy support services	1,328,058	-	1,328,058
Community Domestic Abuse Advocacy Program (CDAAP)	699,480	-	699,480
Family Peace Center	1,405,626	-	1,405,626
Management and general	1,237,212	-	1,237,212
Development	728,453	-	728,453
Total expenses	7,855,051	-	7,855,051
Change in net assets from operations	2,020,289	(456,351)	1,563,938
Non-operating Activity			
NMTC Forgiveness	5,797,591	-	5,797,591
Change in net assets	7,817,880	(456,351)	7,361,529
Net Assets, Beginning	11,288,276	2,484,424	13,772,700
Net Assets, Ending	$ 19,106,156	$ 2,028,073	$ 21,134,229

See notes to consolidated financial statements

Sojourner Family Peace Center, Inc.

Consolidated Statement of Cash Flows
Year Ended September 30, 2021

Cash Flows From Operating Activities	
Change in net assets	$ 7,361,529
Adjustments to reconcile change in net assets from operations to net cash flows from operating activities:	
Net realized and unrealized gain on investments	(430,829)
Depreciation	653,890
Forgiveness of CW bridge loan from Family Peace Center Grant	(190,000)
NMTC loan forgiveness	(20,680,000)
NMTC notes receivable forgiveness	14,852,300
Changes in assets and liabilities:	
Receivables	(501,317)
Prepaid expenses	(63,023)
Accounts payable	(30,168)
Payroll deductions	(118,998)
Accrued vacation	(23,348)
Deferred revenue	28,131
Refundable advance	(951,223)
Net cash flows from operating activities	(93,056)
Cash Flows From Investing Activities	
Proceeds from sale of investments	1,340,121
Purchase of investments	(1,203,274)
Purchase of property and equipment	(27,417)
Net cash flows from investing activities	109,430
Net change in cash and cash equivalents and restricted cash	16,374
Total Cash and Cash Equivalents and Restricted Cash, Beginning	607,324
Total Cash and Cash Equivalents and Restricted Cash, Ending	$ 623,698
Reconciliation of total cash and cash equivalents and restricted cash, beginning of year:	
Cash and cash equivalents	$ 430,266
NMTC CDE reserve fund, current portion	130,876
NMTC CDE reserve fund, net	46,182
Total cash and cash equivalents and restricted cash, beginning	$ 607,324
Supplemental Cash Flow Disclosures	
Cash paid for interest	$ 250,339

See notes to consolidated financial statements

Sojourner Family Peace Center, Inc.

Consolidated Statement of Functional Expenses
Year Ended September 30, 2021

	Program											
	Shelter	Beyond Abuse	DAVA	Children's Programming	Courthouse Advocacy Program	Family Advocacy Support Services	CDAAP	Family Peace Center	Total	Management and General	Develop-ment	Total
Salaries, payroll taxes and fringe benefits	$ 911,436	$ 121,195	$ 76,152	$ 161,794	$ 442,492	$ 864,573	$ 623,320	$ 379,724	$ 3,580,686	$ 933,118	$ 468,944	$ 4,982,748
Staff expenses	8,989	1,595	883	2,058	4,080	14,075	6,994	7,173	45,847	26,335	5,315	77,497
Supplies	51,813	556	286	5,133	2,961	3,994	2,702	5,943	73,388	8,829	2,361	84,578
Telephone	7,810	2,037	1,401	636	5,290	7,626	6,387	13,255	44,442	5,851	927	51,220
Professional services	16,689	10,939	1,144	60,163	4,990	15,648	8,141	61,055	178,769	77,600	91,131	347,500
Printing	1,704	329	208	371	1,121	17,259	1,617	1,288	23,897	1,504	7,195	32,596
Client assistance	20,534	45	401	1,514	951	12,159	21,774	2,485	59,863	-	-	59,863
Occupancy	163,738	5,843	4,672	19,405	8,876	53,999	14,591	377,616	648,740	50,885	34,428	734,053
Furniture	2,571	-	-	110	-	-	3,440	1,187	7,308	-	-	7,308
Insurance	10,705	1,283	842	1,679	2,992	9,507	5,024	16,472	48,504	8,981	3,138	60,623
Depreciation	151,370	4,525	4,519	18,448	2,694	37,515	4,906	365,532	589,509	46,335	18,046	653,890
In-kind contributions	37,021	-	-	-	7,459	-	-	-	44,480	62,046	500	107,026
Fundraising	-	-	-	-	-	-	-	-	-	-	89,477	89,477
Sub recipient expense	-	-	-	-	-	275,391	-	-	275,391	-	-	275,391
NMTC interest and audit fees	69,033	1,456	1,456	5,825	-	16,312	584	173,896	268,562	15,728	6,991	291,281
Total expenses	$ 1,453,413	$ 149,803	$ 91,964	$ 277,136	$ 483,906	$ 1,328,058	$ 699,480	$ 1,405,626	$ 5,889,386	$ 1,237,212	$ 728,453	$ 7,855,051

See notes to consolidated financial statements

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 3). SFPC constructed the Family Peace Center (the Project) with financing (see Note 3). 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 7). 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 equivalents as highly liquid, short-term investments with a maturity at the date of acquisition of three months or less.

As of September 30, 2021, cash and equivalents consisted of the following:

Petty cash	$ 1,000
Checking accounts	152,034
Money market funds	470,664
Total cash and cash equivalents	$ 623,698

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, 2021. No accounts were written off during the year ended September 30, 2021.

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, 2021. 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, 2021 was 3.25 percent.

Net contributions receivable are summarized as follows at September 30, 2021:

Total contributions receivable	$ 1,114,744
Less: unamortized discount	(11,177)
Net contributions receivable	$ 1,103,567

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

Less than one year	$ 764,744
Within one to five years	350,000
Total	$ 1,114,744

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, 2021:

Land	$ 809,226
Buildings	18,657,114
Furnishings and equipment	1,293,277
Vehicles	22,501
Total property and equipment	20,782,118
Less: Accumulated depreciation	(3,679,624)
Net property and equipment	$ 17,102,494

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, 2021.

Deferred Revenue

Deferred revenue consists primarily of prepaid partner rent. Partner rent revenue is recognized ratably 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. The Board has designated a portion of its net assets without donor restrictions (Note 7).

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.

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, 2021, there was conditional grants of approximately $436,000 which are expected to be recognized in future years when the conditions are met. As of September 30, 2021, there was 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, 2021, there was conditional contributions of approximately $224,000, which are expected to be recognized in future years when the conditions are met. Contributions of $362,578 were received and reflected in the consolidated financial statements from related parties for the year ended September 30, 2021.

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, 2021:

Legal services	$	42,430
Program supplies		37,521
Imputed interest		27,075
Total	$	107,026

Included above are donated services of $7,459 were received and reflected in the consolidated financial statements from related parties for the year ended September 30, 2021.

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, 2021 was $72,954 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 $37,618 at September 30, 2021 related to these contracts. No revenue was recorded in the year ended September 30, 2021 for performance obligations met in prior periods. Revenue related to these contracts was $297,867 for the year ended September 30, 2021.

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, 2021 were held as virtual events. During the year ended September 30, 2021 the Organization recognized special event revenues totaling $156,541.

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.

NMTC Loan Forgiveness

In September 2021, the NMTC compliance period was completed and the Foundation executed its put option and the parties involved in the NMTC transaction entered into the Sojourner NMTC Unwind Agreement. The notes payable and NMTC leverage loan were cancelled. The Organization incurred fees to execute the transaction. See Note 3 for additional details. The net impact of $5,797,591 is reflected as a non-operating activity NMTC forgiveness on the consolidated statement of activities.

Paycheck Protection Program

The Organization participated in and received funds under the Paycheck Protection Program (PPP) through the Coronavirus Aid, Relief and Economic Security (CARES) Act of 2020 in the amount of $951,223, and a Second Draw PPP (PPP2) loan in the amount of $947,188 in January 2021, under the Economic Aid to Hard-Hit Small Businesses, Nonprofits and Venues Act (Economic Aid). The PPP and PPP2 are designed to provide a direct financial incentive for small businesses to keep their workers on the payroll. The program will forgive loan balances to the extent employees are kept on the payroll and the loan principal is used for payroll, rent, mortgage interest, or utilities among other expenses during the eight or twenty-four week period following receipt. Any portion of the loan that is not forgiven will carry interest at 1% and is due to be paid back within two or five years. The first payment can be deferred until ten months after the end of the covered period, which is either eight or twenty-four weeks for PPP and between eight and twenty-four weeks for PPP2.

As of September 30, 2021, the Organization had expended all of the PPP and PPP2 funds received on qualified expenses and believes that it met all of the conditions attached to the PPP and PPP2 funds, therefore, the Organization has recorded $1,898,411 as other grants revenue within its consolidated statement of activities for the year ending September 30, 2021. The PPP was forgiven in full by the Small Business Administration (SBA) in January 2021 for PPP and in August 2021 for PPP2.

The SBA reserves the right to audit any PPP loan, regardless of size. These audits may occur after forgiveness has been granted. In accordance with the CARES Act, all borrowers are required to maintain their PPP loan documentation for six years after the PPP loan was forgiven or repaid in full and to provide that documentation to the SBA upon request. The Organization does not believe the results of any audits or reviews by the SBA would have a material impact on the consolidated financial statements.

Employee Retention Credit

The Employee Retention Credit (ERC), which was included as part of the CARES Act and amended by the Consolidated Appropriations Act (CAA), the American Rescue Plan Act (ARPA), and the Infrastructure Investment and Jobs Act (IIJA), incentivizes employers severely impacted by the COVID-19 pandemic to retain their employees when they might otherwise find it difficult to do so. The fully refundable tax credit is allowed against the employer's share of employment taxes for qualified wages paid after March 12, 2020 and before October 1, 2021. Credits in excess of the tax amounts paid by an employer are treated as overpayments and are also refunded to the employer. The ERC is calculated as a percentage of qualified wages (as defined in the CARES Act, as amended) paid by an eligible employer. The Organization qualified for the ERC as the Organization experienced a significant decline in gross receipts (for 2020, defined as a 50% decline in gross receipts when compared to the same calendar quarter in 2019, and for 2021, defined as a 20% decline in gross receipts when compared to the same quarter in 2019). The Organization averaged less than 100 full-time employees (FTEs) during 2019, therefore, it was considered a small employer during 2020 and 2021. As a small employer, all of the Organization's otherwise qualified wages were eligible for the ERC. For 2020, the ERC equaled 50 percent of an employee's qualified wages up to $10,000 per employee per calendar quarter with a maximum annual credit for each employee of $5,000. For 2021, the ERC equaled 70 percent of an employee's qualified wages up to $10,000 per employee per calendar quarter with a maximum annual credit of $21,000 for each employee.

The Organization accounts for this federal funding in accordance with FASB ASC 958-605 guidance for conditional contributions and, accordingly, revenues are measured and recognized when barriers are met. The Organization claimed credits of $713,790 on timely filed forms 941 which are included in other grants revenue in the consolidated statement of activities for the year ended September 30, 2021. As of September 30, 2021, the Organization had an ERC receivable of $713,790.

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.

Public Relations and Awareness

The Organization promotes its special events and general operations. Costs are expensed as incurred. Public relations and awareness expense was $4,164 for the year ended September 30, 2021.

Concentrations

The Organization received approximately 19 percent of its annual operating revenue from federal and state grants for the year ended September 30, 2021.

The Organization received approximately 28 percent of its annual operating revenue from federal and state sources as relief from the COVID-19 pandemic including the PPP and ERC programs mentioned in Note 1 for the year ended September 30, 2021.

Three donors made up approximately 88 percent of the outstanding balance of contributions receivable at September 30, 2021.

The Organization maintains cash balances in an institution which exceeds 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.

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.

Non-operating Activity

The Organization considers all revenue and expenses recurring and integral to its purpose and programs to be operating activities. The non-operating activity on the consolidated statement of activities relates to the net revenue recorded as a result of the winddown of the NMTC program during the year ended September 30, 2021. A breakdown of the net NMTC revenue at September 30, 2021 is as follows:

Forgiveness of NMTC notes payable	$ 20,680,000
Less: Termination of NMTC leverage loan	(14,852,300)
Less: Miscellaneous closing costs	(30,109)
NMTC Forgiveness	$ 5,797,591

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. The Organization 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

Management has evaluated all subsequent events for possible recognition or disclosure through February 7, 2022, the date the consolidated financial statements were approved and available to be issued.

The Organization holds an investment that has no estimated fair value as of September 30, 2021 due to an ongoing fraud investigation. The Securites and Exchange Commission (SEC) is reviewing the liquidation plan for the benefit of holders of the investment. Subsequent to fiscal year end, a partial distribution of approximately $60,000 (29% of the last stated fair value) was received by the Organization.

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.

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 table below presents the balances of investments measured at fair value on a recurring basis as of September 30, 2021 by level within the hierarchy.

	Level 1	Level 2	Level 3	Total
Investments:				
Fixed income funds	$ 1,349,712	$ -	$ -	$ 1,349,712
Domestic equities	1,240,091	-	-	1,240,091
Domestic bonds	-	505,041	-	505,041
Domestic real estate funds	172,422	-	-	172,422
International equities	527,342	-	-	527,342
Total investments	$ 3,289,567	$ 505,041	$ -	$ 3,794,608

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, 2021 are shown as follows on the statement of financial position:

Investments	$ 3,143,417
Long-term investments	651,191
Total investments	$ 3,794,608

3. 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 percent) 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) that totaled $20,680,000.

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 percent per annum and increased to 2.5 percent 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 2021, $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, Sojourner Investment Fund, LLC, which was owned 100 percent by PNC New Markets Investment Partners, LLC (PNC NMIP). The loan was made for $14,852,300. The loan bore interest at 1 percent. 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 was secured by an interest in the borrower's ownership in community development entities. Total interest earned in the year ended September 30, 2021 was $174,924 and there was no accrued interest at September 30, 2021.

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 at 1.19% through September 2021, with principal and interest payable annually commencing October 2021 through September 2044. As a condition of the agreements, the CDE's required that the Foundation guarantee the payment of the notes and certain performance requirements. The guarantee was in effect until maturity of the loans.

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, 2021, no such events have occurred.

The transaction is subject to a put/call option. PNC NMIP had 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 percent membership interest in the Sojourner Investment Fund, LLC for $1,000. At the end of the seven year tax credit investment period, the Foundation had a call option whereby if exercised, they have the right to purchase PNC NMIP's 100 percent membership interest in the Sojourner Investment Fund, LLC at fair value. The put/call option was exercised during the year ended September 30, 2021 and the loans and receivables were retired or forgiven.

4. 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:

2022	$ 73,286
2023	74,593
2024	74,973
2025	71,617
2026	29,651
Thereafter	129,500
Total	$ 453,620

The cost and accumulated depreciation of leased property as of September 30, 2021 is as follows:

Building and building improvements	$ 5,330,643
Less: accumulated depreciation	(875,128)
Property, net	$ 4,455,515

5. Long-term Debt

The Foundation's long-term debt consists of the following at September 30, 2021:

CW, Children's Commitment to Project Costs: Non-interest Bearing. Organization imputed interest of 1.09 percent. 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. Loan can be prepaid without penalty or premium.	$	2,660,000

The Organization's total debt is summarized below at September 30, 2021:

Organization total	$	2,660,000
Less: Current portion		(190,000)
Long-term portion	$	2,470,000

Principal payments on the debt for the years ending after September 30, 2021 are as follows:

2022	$	190,000
2023		190,000
2024		190,000
2025		190,000
2026		190,000
Thereafter		1,710,000
Total	$	2,660,000

Total interest expense, including all debt referenced at Note 3 and imputed interest, was $277,417 for the year ended September 30, 2021. 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, 2021, the Organization has represented that it is in compliance with all established covenants.

6. 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, 2021. The letter of credit expires December 31, 2024.

7. 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, 2021 was $2,633,238.

8. 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, 2021:

Restricted by time	$ 1,208,072
Restricted by use	168,810
Restricted by use, Kathie Stolpman Endowment Fund	428,178
Endowment Fund, principal to be invested in perpetuity	223,013
Total	$ 2,028,073

9. 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.

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, 2021 is as follows:

		With Donor Restrictions			
	Without Donor Restrictions	Time and Purpose	Perpetuity	Total With Donor Restrictions	Total Net Endowment Assets
Donor-restricted	$ -	$ -	$ 223,013	$ 223,013	$ 223,013
Board-designated	2,633,238	428,178	-	428,178	3,061,416
Total funds	$ 2,633,238	$ 428,178	$ 223,013	$ 651,191	$ 3,284,429

Changes in endowment net assets for the year ended September 30, 2021 are as follows:

		With Donor Restrictions			
	Without Donor Restrictions	Time and Purpose	Perpetuity	Total With Donor Restrictions	Total Net Endowment Assets
Endowment net assets, beginning	$ 2,700,000	$ 438,948	$ 223,013	$ 661,961	$ 3,361,961
Investment return, net of fees	291,867	71,062	-	71,062	362,929
Appropriations	(358,629)	(81,832)	-	(81,832)	(440,461)
Endowment net assets, ending	$ 2,633,238	$ 428,178	$ 223,013	$ 651,191	$ 3,284,429

10. 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:

2022	$ 20,174
2023	16,937
2024	16,937
2025	16,937
Total	$ 70,985

Rent expense on the operating leases was $21,704 for the year ending September 30, 2021.

11. 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 percent vested at that time. The Organization provides a matching contribution of one dollar for every dollar that the employee contributes, up to 3 percent of the employee's annual salary.

Employer contributions made to the plan for the year ended September 30, 2021 totaled $101,674.

12. 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.

13. Availability of Financial Assets

The following reflects the Organization's financial assets as of September 30, 2021 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 2022 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.

Total assets	$ 24,111,814
Donor purpose restricted net assets and board designated net assets:	
Investments	(223,013)
Stolpman fund	(428,178)
Board designated	(2,633,238)
Assets not available to be liquidated in one year:	
Property and equipment	(17,102,494)
Prepaid expenses	(204,048)
Contribution receivable, long term	(338,823)
Amounts available	3,182,020
Board designations:	
Quasi-endowment fund	2,633,238
Financial assets available to meet cash needs for general expenditures within one year	$ 5,815,258

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 2022. The Organization's monthly cash unfunded expenditures are expected to be $378,000 and at September 30, 2021 the Organization has approximately fifteen months of financial assets available to meet these obligations when including the Board designated quasi-endowment as available.