SOJOURNER FAMILY PEACE CENTER, INC.

Milwaukee, Wisconsin

CONSOLIDATED FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Nine Month Period Ended September 30, 2019

SOJOURNER FAMILY PEACE CENTER, INC.

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Sojourner Family Peace Center, Inc. (the "Organization"), which comprise the consolidated statement of financial position as of September 30, 2019, and the related consolidated statements of activities, cash flows and functional expenses for the nine month period 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, 2019, and the changes in its net assets and its cash flows for the nine month period then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of-Matter

As discussed in Note 1 to the consolidated financial statements, the Organization adopted three new accounting standards in the nine month period ending September 30, 2019. Our opinion is not modified with respect to that matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 4, 2020 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
March 4, 2020

SOJOURNER FAMILY PEACE CENTER, INC.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As of September 30, 2019

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	$ 418,669
Investments	3,552,261
Grants receivable	593,740
United Way receivable	118,755
Contributions receivable	645,893
Prepaid expenses	195,487
NMTC CDE reserve fund, current portion*	130,875
Total Current Assets	5,655,680
PROPERTY AND EQUIPMENT, NET	18,074,128
NONCURRENT ASSETS	
Contributions receivable - long term, net of discount	602,791
Long-term investments	657,656
NMTC leverage loan	14,852,300
NMTC CDE reserve fund, net	176,101
Total Noncurrent Assets	16,288,848
TOTAL ASSETS	$ 40,018,656
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts payable	$ 441,205
Payroll deductions	222,212
Accrued vacation	172,209
Deferred revenue	3,725
CHW commitment to construction, current portion**	190,000
Total Current Liabilities	1,029,351
LONG-TERM LIABILITIES	
CHW commitment to construction, net	2,850,000
NMTC notes payable, CDE's	20,680,000
Total Long-Term Liabilities	23,530,000
Total Liabilities	24,559,351
NET ASSETS	
Without donor restrictions:	
Undesignated	9,739,199
Designated	3,445,454
Total net assets without donor restrictions	13,184,653
With donor restrictions	2,274,652
Total Net Assets	15,459,305
TOTAL LIABILITIES AND NET ASSETS	$ 40,018,656

* 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 STATEMENT OF ACTIVITIES
For the Nine Month Period Ended September 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Federal and state grants	$ 2,175,181	$ -	$ 2,175,181
Other grants	72,726	-	72,726
United Way	63,270	158,340	221,610
Contributions	548,001	1,886,670	2,434,671
In-kind contributions	263,548	-	263,548
Program fees	5,086	-	5,086
Special events	300,310	-	300,310
Special events expense	(87,050)	-	(87,050)
Investment return, net	589,508	77,260	666,768
Partner revenue	305,223	-	305,223
Miscellaneous revenue	6,212	-	6,212
Net assets released from restrictions	1,175,922	(1,175,922)	-
Total Revenues	5,417,937	946,348	6,364,285
EXPENSES			
Program:			
Shelter	1,207,792	-	1,207,792
Beyond abuse	148,136	-	148,136
Domestic Abuse Victim Advocacy (DAVA)	135,020	-	135,020
Community education	75,367	-	75,367
Children's programming	350,555	-	350,555
Courthouse advocacy program	417,525	-	417,525
Family advocacy support services	1,368,455	-	1,368,455
Community Domestic Abuse Advocacy Program (CDAAP)	512,644	-	512,644
Family Peace Center	1,236,791	-	1,236,791
Management and general	848,560	-	848,560
Development	571,160	-	571,160
Total Expenses	6,872,005	-	6,872,005
CHANGE IN NET ASSETS	(1,454,068)	946,348	(507,720)
NET ASSETS - Beginning of Period	14,638,721	1,328,304	15,967,025
NET ASSETS - END OF PERIOD	$ 13,184,653	$ 2,274,652	$ 15,459,305

See accompanying notes to consolidated financial statements.

SOJOURNER FAMILY PEACE CENTER, INC.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the Nine Month Period Ended September 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$	(507,720)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Net realized and unrealized gain on investments		(501,019)
Depreciation		476,409
Changes in assets and liabilities:		
Receivables		(1,072,579)
Prepaid expenses		(82,703)
Security deposit		1,369
Accounts payable		268,689
Payroll deductions		117,832
Accrued vacation		20,388
Deferred revenue		(65,598)
Net Cash Flows from Operating Activities		(1,344,932)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments		3,130,966
Purchase of investments		(2,022,717)
Purchase of property and equipment		(222,583)
Net Cash Flows from Investing Activities		885,666
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts restricted		14,600
Checks written in excess of cash balance		(24,699)
Net Cash Flows from Financing Activities		(10,099)
Net Change in Cash, Restricted Cash and Cash Equivalents		(469,365)
TOTAL CASH, RESTRICTED CASH AND CASH EQUIVALENTS - Beginning of Period (As Amended)		1,195,010
TOTAL CASH, RESTRICTED CASH AND CASH EQUIVALENTS - END OF PERIOD	$	725,645
Reconciliation of total cash, restricted cash and cash equivalents - beginning of period		
Cash and cash equivalents	$	784,063
NMTC CDE reserve fund, current portion		130,872
NMTC CDE reserve fund, net		280,075
Total cash, restricted cash and cash equivalents - beginning of period	$	1,195,010
Reconciliation of total cash, restricted cash and cash equivalents - end of period		
Cash and cash equivalents	$	418,669
NMTC CDE reserve fund, current portion		130,875
NMTC CDE reserve fund, net		176,101
Total cash, restricted cash and cash equivalents - end of period	$	725,645
SUPPLEMENTAL CASH FLOW DISCLOSURES		
Cash paid for interest	$	184,529

See accompanying notes to consolidated financial statements.

SOJOURNER FAMILY PEACE CENTER, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Nine Month Period Ended September 30, 2019

	Program												
	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	Total
Salaries, payroll taxes and fringe benefits	$ 621,955	$ 114,782	$ 106,611	$ 53,627	$ 218,510	$ 260,250	$ 663,341	$ 441,416	$ 291,534	$ 2,772,026	$ 561,278	$ 422,781	$ 3,756,085
Staff expenses	11,443	5,360	1,540	1,642	6,152	4,634	15,973	8,559	13,191	68,494	19,837	9,268	97,599
Supplies	34,068	4,747	435	3,873	13,779	4,656	22,755	2,641	11,319	98,273	17,287	2,911	118,471
Telephone	4,940	776	501	65	671	1,742	3,191	5,099	7,575	24,560	2,740	1,230	28,530
Professional services	117,596	13,498	1,979	2,500	63,914	4,178	26,653	7,416	233,936	471,670	47,780	22,513	541,963
Printing	2,159	383	363	4,448	1,232	1,184	2,939	1,885	1,032	15,625	4,054	1,380	21,059
Client assistance	45,538	1,714	11,171	515	7,939	1,590	122,720	21,484	1,607	214,278	-	-	214,278
Occupancy	125,648	2,586	4,630	3,317	15,900	12,546	30,946	11,265	270,721	477,559	53,672	37,803	569,034
Furniture	19,832	-	1,550	775	1,414	-	4,871	3,609	7,218	39,269	3,273	2,068	44,610
Insurance	7,309	576	745	530	1,722	1,681	4,604	2,809	11,890	31,866	6,775	2,258	40,899
Depreciation	114,926	3,029	3,722	2,770	14,169	307	19,871	4,471	260,985	424,250	39,533	12,626	476,409
In-kind contributions	50,857	-	-	-	-	124,757	-	-	-	175,614	78,964	8,970	263,548
Fundraising	-	-	-	-	-	-	-	-	-	-	-	40,559	40,559
Sub recipient expense	-	-	-	-	-	-	441,569	-	-	441,569	-	-	441,569
NMTC interest and audit fees	51,521	685	1,773	1,305	5,153	-	9,022	1,990	125,783	197,232	13,367	6,793	217,392
Special event expense	-	-	-	-	-	-	-	-	-	-	-	87,050	87,050
Total	1,207,792	148,136	135,020	75,367	350,555	417,525	1,368,455	512,644	1,236,791	5,452,285	848,560	658,210	6,959,055
Less special event expenses presented with revenues	-	-	-	-	-	-	-	-	-	-	-	(87,050)	(87,050)
Total Expenses	$ 1,207,792	$ 148,136	$ 135,020	$ 75,367	$ 350,555	$ 417,525	$ 1,368,455	$ 512,644	$ 1,236,791	$ 5,452,285	$ 848,560	$ 571,160	$ 6,872,005

See accompanying notes to consolidated financial statements.

NOTE 1 - Summary of Significant Accounting Policies

Nature of Activities

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

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

Principles of Presentation

Effective January 1, 2019, the Board of Directors elected and amended its governance documents to change the fiscal year end of SFPC and the Foundation to September 30 from a calendar year end. Therefore the accompanying consolidated financial statements are for the nine month period ended September 30, 2019.

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

NOTE 1 - Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

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

As of September 30, 2019, cash and equivalents consisted of the following:

Petty cash	$	1,000
Checking accounts		143,072
Money market funds		274,597
Total Cash and Cash Equivalents	$	418,669

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.

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 September 30, 2019. No accounts were written off in the nine month period ended September 30, 2019.

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, 2019. The discounts on long-term contributions receivable are 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, 2019 was 5%.

Net contributions receivable are summarized as follows at September 30, 2019:

Total contributions receivable	$	1,310,893
Less: unamortized discount		(62,209)
Net contributions receivable	$	1,248,684

NOTE 1 - Summary of Significant Accounting Policies (continued)

Promises to Give, United Way Receivable and Contributions Receivable (cont.)

Gross contributions receivable at September 30, 2019 are estimated to be collected as follows:

Less than one year	$	645,893
Within one to five years		665,000
Total	$	1,310,893

NMTC CDE Reserve Fund

The Organization entered into financing agreements in 2014 to assist with the construction of the Project. The financing agreements require the Organization to maintain cash received restricted for the construction of the Project in separate accounts. These accounts are pledged and subject to control of the lenders at September 30, 2019 (see Note 4).

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.

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, 2019:

Land	$	809,226
Buildings		18,620,083
Furnishings and equipment		930,675
Vehicles		22,501
Software development in progress		113,315
Total Property and Equipment		20,495,800
Less: Accumulated depreciation		(2,421,672)
Net Property and Equipment	$	18,074,128

NOTE 1 - Summary of Significant Accounting Policies (continued)

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 as of the nine month period ended September 30, 2019.

NMTC Leverage Loan

The NMTC leverage loan is collateralized by the membership interests related to the New Markets Tax Credit transaction (see Note 4) and is stated at the principal amount. Payments on the NMTC leverage loan are allocated first to accrued and unpaid interest with the remainder to the outstanding principal balance. The Organization has one class of financing receivables from a highly credible institution. Management assesses the credit quality of the NMTC leverage loan based on indicators such as collateralization, collection experience, and management's internal metrics. The NMTC leverage loan is periodically assessed for impairment based on relevant facts and circumstances. Management reviews the collectability of the NMTC leverage loan on an ongoing basis. Management has determined that no allowance is necessary and no impairment has occurred as of September 30, 2019.

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 8).

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

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. The Organization submits the request for reimbursement to the funder as all public government contracts are compensated on a reimbursable basis.

NOTE 1 - Summary of Significant Accounting Policies (continued)

United Way and Contributions

The Organization recognizes all 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. 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.

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 nine month ended September 30, 2019:

Legal services	$ 177,170
Program supplies	57,578
Advertising	6,000
Imputed interest	22,800
Totals	$ 263,548

Donated services of $52,414 were received and reflected in the consolidated financial statements from related parties for the nine month period ended September 30, 2019.

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 nine month period ended September 30, 2019 was $53,026 and is included in partner revenue on the consolidated statement of activities.

In addition, several partners pay the Organization for operating costs. These costs include administrative services, maintenance, janitorial duties, and other miscellaneous services. Performance obligations for the Organization include providing partners these services. The net transaction price is determined as set forth in the contract. The transaction price is allocated to the performance obligation based upon estimated annual operating costs which were determined at the time of the signing of the contract with an assumed annual increase for inflation. Partners pay the Organization monthly or annually. Revenue is recorded as the Organization meets the performance obligations. There are no contract assets or liabilities associated with partner revenue. There is no accounts receivable and deferred revenue was $3,725 at September 30, 2019 related to these contracts. No revenue was recorded in the nine month period ended September 30, 2019 for performance obligations met in prior periods. Revenue related to these contracts was $252,197 in the nine month period ended September 30, 2019.

NOTE 1 - Summary of Significant Accounting Policies (continued)

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.

Program Fees and Miscellaneous Revenue

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

Functional Expense Allocation

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

Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Advertising

The Organization uses advertising to promote its special events. Advertising costs are expensed as incurred. Advertising expense for the nine month period ended September 30, 2019 was $8,970.

Concentrations

The Organization received approximately 34% of its annual revenue from federal and state grants for the nine month period ended September 30, 2019.

One donor made up approximately 64% of the outstanding balance of contributions receivable at September 30, 2019.

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.

NOTE 1 - Summary of Significant Accounting Policies (continued)

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, 2016. SFPC and the Foundation are no longer subject to Wisconsin income tax examinations for years ending on or before December 31, 2015.

Adopted Accounting Standards

In 2019, the Organization adopted Accounting Standards Update ("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 assists 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. Adopting ASU No. 2018-08 did not have a significant impact on the consolidated financial statements of the Organization.

In 2014, the Financial Accounting Standards Board ("FASB") issued a new standard related to revenue recognition. The Organization adopted the new standard effective January 1, 2019, using the retrospective application with the cumulative effect of initially applying the standard at the date of initial application. There was no cumulative effect related to the adoption of the standard. The core principle under ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, ("ASU No. 2014-09") is that revenues are recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration at which the entity expects to be entitled in exchange for those goods or services. Additionally, ASU No. 2014-09 requires enhanced disclosures of revenue arrangements. The Organization has included additional disclosures required by ASU No. 2014-09.

In November 2016, FASB issued ASU No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. The Organization adopted ASU No. 2016-18 in 2019. This new standard changed the statement of cash flows to report period totals for cash and cash equivalents and restricted cash. Amounts reported as restricted cash are 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 adoption of ASU No. 2016-18 did not cause a reclassification or restatement of net asset balances or change in net assets.

NOTE 1 - Summary of Significant Accounting Policies (continued)

Adopted Accounting Standards (cont.)

The impact of these changes on the consolidated financial statements follows:

	As Adjusted	As Previously Stated	Effect of Adjustments
Consolidated Statement of Cash Flows			
TOTAL CASH, RESTRICTED CASH AND CASH EQUIVALENTS - Beginning of Period (As Amended)	$ 1,195,010	$ 784,063	$ 410,947

New Accounting Pronouncements

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, 2020 (fiscal year 2022). 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 March 4, 2020, the date the consolidated financial statements were approved and available to be issued.

NOTE 2 - Investments

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

NOTE 2 - **Investments** (continued)

The tables below presents the balances of investments measured at fair value on a recurring basis as of September 30, 2019 by level within the hierarchy.

	Level 1	Level 2	Level 3	Total
Investments:				
Fixed income funds	$ 1,656,561	$ -	$ -	$ 1,656,561
Domestic equities	1,423,459	-	-	1,423,459
Domestic bonds	-	273,558	-	273,558
Domestic real estate funds	213,000	-	-	213,000
International equities	643,339	-	-	643,339
Total Investments	$ 3,936,359	$ 273,558	$ -	$ 4,209,917

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 a 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, 2019 are shown as follows on the statement of financial position:

Investments	$ 3,552,261
Long-term investments	657,656
Total Investments	$ 4,209,917

NOTE 3 - NMTC Leverage Loan

NMTC leverage loan consists of the following at September 30, 2019:

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.	$ 14,852,300

NOTE 4 - New Market Tax Credit Program and Project

The NMTC program was designed to stimulate investment and economic growth in low income communities by offering taxpayers a 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 ("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 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 6).

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. Because of the change in the fiscal year end, there was no loan forgiveness in the nine month period ended September 30, 2019.

The Foundation used the loans and cash on hand to make a loan to a NMTC investment fund (see Note 3), Sojourner Investment Fund, LLC, which is owned 100% by PNC New Markets Investment Partners, LLC ("PNC NMIP"). The loan was made for $14,852,300. The loan bears interest at 1%. Interest only payments are received quarterly through September 2021. Principal and interest are due quarterly beginning October 2021 and continue thereafter until maturity, September 2044. The loan is secured by an interest in the borrower's ownership in community development entities. Total interest earned in the nine month period ended September 30, 2019 was $111,392 and there was no accrued interest at September 30, 2019.

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

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

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

The tax credits associated with the transaction are contingent on the Organization maintaining compliance with applicable portions of Section 42 of the Internal Revenue Code. Failure to maintain compliance or to correct noncompliance within a specified time period could result in recapture of previously taken tax credits plus penalties and interest. As of September 30, 2019, no such events have occurred.

NOTE 5 - Lessor Agreements

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. 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:

2020	$ 65,143
2021	66,623
2022	68,148
2023	68,717
2024	67,319
Thereafter	226,096
Total	$ 562,046

The cost and accumulated depreciation of leased property as of September 30, 2019 is as follows:

Building and building improvements	$ 5,238,984
Less: accumulated depreciation	(565,107)
Property, net	$ 4,673,877

NOTE 6 - Long Term Debt

Long term debt consists of the following at September 30, 2019:

SFPC		
IFF Loan A1: Bearing interest at 1.18974% per annum; interest only payments due quarterly until September 30, 2021; at which point interest and principal payments of $87,868 will be due quarterly until maturity on September 30, 2044.	$	7,063,000
FCI Loan A2: Bearing interest at 1.18974% per annum; interest only payments due quarterly until September 30, 2021; at which point interest and principal payments of $42,690 will be due quarterly until maturity on September 30, 2044.		3,431,500
CA Loan A3: Bearing interest at 1.18974% per annum; interest only payments due quarterly until September 30, 2021; at which point interest and principal payments of $54,214 will be due quarterly until maturity on September 30, 2044.		4,357,800
IFF Loan B1: Bearing interest at 1.18974% per annum; interest only payments due quarterly until September 30, 2021 at which point interest and principal payments of $35,294 will be due quarterly until maturity on September 30, 2044.		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
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.		1,522,200
SFPC Total	$	20,680,000

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

Foundation		
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.	$	3,040,000
Foundation Total	$	3,040,000

NOTE 6 - Long Term Debt (continued)

The Organization's total debt is summarized below at September 30, 2019:

SFPC Total	$ 20,680,000
Foundation Total	3,040,000
Organization Total	23,720,000
Less: Current Portion	190,000
Long-Term Portion	$ 23,530,000

Principal payments on the debt for the years ending after September 30, 2019 are as follows:

2020	$ 190,000
2021	190,000
2022	977,429
2023	985,961
2024	995,473
Thereafter	20,381,137
Total	$ 23,720,000

Total interest expense, including imputed interest, on all debt was $207,329 in the nine month period ended September 30, 2019. 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, 2019, the Organization was in compliance with all established covenants.

NOTE 7 - Letter of Credit

The Organization has an outstanding letter of credit which is available to reimburse the State of Wisconsin-Division of Unemployment for claims if necessary. The amount of available credit totaled $45,548 as of September 30, 2019. The letter of credit expires December 31, 2022.

NOTE 8 - Designation of Net Assets Without Donor Restrictions

It is the policy of the Board of Directors to review its plans for future organizational needs at a Board meeting each year and to designate appropriate sums of net assets without donor restrictions to assure adequate financing of such activities. The Board designated $3,000,000, along with accumulated earnings on the designated net assets, 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, 2019 was $3,445,454.

NOTE 9 - Net Assets With Donor Restrictions

Net assets with donor restrictions consist of contributions restricted by the donor for various reasons. These contributions can be summarized as follows at September 30, 2019:

Restricted by time	$	906,546
Restricted by use		710,450
Restricted by use - Kathie Stolpman Endowment Fund		434,643
Endowment Fund - principal to be invested in perpetuity, income to be used for general operating purposes		223,013
Totals	$	2,274,652

NOTE 10 - Endowment

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

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

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

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

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

NOTE 10 - Endowment (continued)

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.

Endowment net asset composition by type of fund as of September 30, 2019 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	3,445,454	434,643	-	434,643	3,880,097
Total Funds	$ 3,445,454	$ 434,643	$ 223,013	$ 657,656	$ 4,103,110

NOTE 10 - Endowment (continued)

Changes in endowment net assets for the nine month period ended September 30, 2019 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 of Period	$ 3,000,000	$ 407,058	$ 223,013	$ 630,071	$ 3,630,071
Investment return - net of fees	445,454	77,260	-	77,260	522,714
Transfers	-	(49,675)	-	(49,675)	(49,675)
Endowment Net Assets, End of Period	$ 3,445,454	$ 434,643	$ 223,013	$ 657,656	$ 4,103,110

NOTE 11 - Lease Commitments

The Organization leases copiers for support of its programming staff.

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

2020	$ 12,939
2021	5,370
2022	3,237
Totals	$ 21,546

Rent expense on the operating leases was $17,240 for the nine month period ending September 30, 2019.

NOTE 12 - Employee Retirement Plan

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

Employer contributions made to the plan for the nine month period ended September 30, 2019 totaled $77,345.

NOTE 13 - Commitments

The Organization entered into agreements with third parties for the development and implementation of a client intake software during the nine month period ended September 30, 2019. The agreements began in January 2019 and are expected to be completed in April 2020. The total cost of these agreements are $156,800, of which $113,315 was completed and included in software development as of September 30, 2019.

NOTE 14 - Availability of Financial Assets

The following reflects the Organization's financial assets as of September 30, 2019, 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 2020 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	$ 40,018,656
Donor Purpose Restricted Net Assets and Board Designated Net Assets	
Investments	(223,013)
Stolpman fund	(434,643)
Board Designated	(3,445,454)
Assets Not Available to be Liquidated in One Year	
Property and equipment	(18,074,128)
NMTC leverage loan	(14,852,300)
NMTC CDE reserve fund	(306,976)
Prepaid expenses	(195,487)
Contribution receivable - long term	(602,791)
Amounts available	1,883,864
Board designations:	
Quasi-endowment fund	3,445,454
Financial assets available to meet cash needs for general expenditures within one year	$ 5,329,318

NOTE 14 - Availability of Financial Assets (continued)

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 2020. The Organization changed its fiscal year from a December 31 year end to a September 30 year end in 2019. Due to a large portion of contributions and fundraising occurring in the last quarter of the calendar year, the financial statements for the nine month period ended September 30, 2019 do not have these amounts reflected. The Organization's monthly cash unfunded expenditures are expected to be $402,000 and at September 30, 2019 the Organization has approximately thirteen months of financial assets available to meet these obligations when including the Board designated quasi-endowment as available.