

Sojourner Project, Inc.

Financial Statements with
Independent Auditor's Report

December 31, 2019

Sojourner Project, Inc.
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Sojourner Project, Inc.

We have audited the accompanying financial statements of Sojourner Project, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of Sojourner Project, Inc. as of December 31, 2019, 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.

Report on Summarized Comparative Information

We have previously audited Sojourner Project, Inc.'s 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 14, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.



March 6, 2020

Sojourner Project, Inc.
Statement of Financial Position
December 31, 2019
(With Comparative Totals for 2018)

	2019	2018
Assets		
<u>Current Assets</u>		
Cash	\$ 712,982	\$ 655,649
Accounts Receivable	91,605	102,246
Prepaid Expenses	12,214	12,333
Total Current Assets	816,801	770,228
<u>Property and Equipment</u>		
Land	286,891	286,891
Building	2,551,241	2,641,241
Building Improvements	117,951	48,914
Furniture and Equipment	256,536	250,779
Total Property and Equipment	3,212,619	3,227,825
Accumulated Depreciation	(1,325,670)	(1,264,038)
Net Property and Equipment	1,886,949	1,963,787
<u>Other Assets</u>		
Investments	725,525	667,180
Total Assets	\$ 3,429,275	\$ 3,401,195
Liabilities		
<u>Current</u>		
Accounts Payable	7,728	
Accrued Payroll	44,486	28,175
Accrued PTO	14,760	14,534
Current Portion of Notes Payable	358,282	80,334
Total Current Liabilities	425,256	123,043
<u>Long-Term Debt</u>		
Notes Payable - Net of Current Portion	365,695	723,973
Total Liabilities	790,951	847,016
Net Assets		
Net Assets Without Donor Restrictions	2,615,574	2,534,146
Net Assets With Donor Restrictions	22,750	20,033
Total Net Assets	2,638,324	2,554,179
Total Liabilities and Net Assets	\$ 3,429,275	\$ 3,401,195

Sojourner Project, Inc
Statement of Activities
Year Ended December 31, 2019
(With Comparative Totals for 2018)

	2019			2018
	Without Donor Restriction	With Donor Restriction	Total	Total
Support and Revenue				
Grants and Contributions	\$ 221,637	\$ 16,100	\$ 237,737	\$ 219,033
Grants from Governmental Agencies	945,268	55,587	1,000,855	905,066
Other Income	6,000		6,000	
Interest Income	1,129		1,129	1,104
In Kind Contribution	24,500		24,500	26,000
In Kind Forgiveness of Debt	32,000		32,000	32,000
Investment Income	58,346		58,346	(5,417)
(Loss) on Disposal of Fixed Assets Released from Restrictions	(60,000)	(68,970)	(60,000)	
Total Support and Revenue	1,297,850	2,717	1,300,567	1,177,786
Expenses				
<u>Program Expenses</u>				
Shelter	701,444		701,444	695,143
Legal Advocacy	158,944		158,944	159,888
Intervention Advocacy	156,916		156,916	163,875
Education and Outreach	65,069		65,069	51,426
Total Program Expenses	1,082,373		1,082,373	1,070,332
<u>Support Service Expenses</u>				
Management and General	98,668		98,668	82,712
Fund Raising	35,381		35,381	34,562
Total Support Service Expenses	134,049		134,049	117,274
Total Expenses	1,216,422		1,216,422	1,187,606
Change in Net Assets	81,428	2,717	84,145	(9,820)
Net Assets - Beginning of Year	2,534,146	20,033	2,554,179	2,563,999
Net Assets - End of Year	\$ 2,615,574	\$ 22,750	\$ 2,638,324	\$ 2,554,179

Sojourner Project, Inc.
Statement of Functional Expenses
Year Ended December 31, 2019
(With Comparative Totals for 2018)

	2019								2018 Total
	Community Legal Advocacy Dept.				Total			Total	
	Shelter	Legal Advocacy	Intervention Advocacy	Education and Outreach	Program Services	Management and General	Fund Raising		
Board Expenses	\$ 252	\$ 30	\$ 30	\$ 7	\$ 319	\$ 442	\$ 7	\$ 768	\$ 291
Client Assistance	24,061		38,277		62,338			62,338	68,359
Depreciation	40,031	13,725	13,725	13,725	81,206	13,725		94,931	99,909
Dues, Subscriptions and Licenses	4,787	380	440	195	5,802	933	403	7,138	6,049
Employee Benefits	28,161	9,197	2,931	515	40,804	1,023	5	41,832	47,177
Equipment Rental	4,803	600	600	133	6,136	400	133	6,669	5,722
House - Food and Supplies	36,885	285	285	63	37,518	190	63	37,771	36,498
Insurance	20,192	2,783	2,783	619	26,377	4,249	619	31,245	34,111
Interest						16,481		16,481	18,690
Other	299		13		312	802		1,114	963
Payroll Tax Expense	24,816	4,415	5,155	2,767	37,153	14,224	1,181	52,558	52,067
Postage and Delivery	1,028	128	128	36	1,320	174	103	1,597	1,386
Printing and Duplicating	1,676	202	232	45	2,155	159	45	2,359	3,675
Professional Fees and Contracts	5,796	725	725	161	7,407	7,931	161	15,499	14,471
Repair and Maintenance	36,139	3,153	3,163	768	43,223	2,102	752	46,077	38,586
Salaries	426,915	115,774	79,594	43,415	665,698	28,943	28,943	723,584	700,950
Supplies and Office Expense	18,231	1,455	3,447	640	23,773	3,844	1,378	28,995	12,198
Technology	3,416	521	552	331	4,820	502	255	5,577	
Telephone	6,533	817	816	181	8,347	544	181	9,072	14,754
Training and Conferences	1,205	135	55	64	1,459	433	51	1,943	1,991
Travel and Auto	1,447	2,958	2,304	302	7,011	459		7,470	8,555
Utilities	14,771	1,661	1,661	1,102	19,195	1,108	1,101	21,404	21,204
Total Expenses	\$ 701,444	\$ 158,944	\$ 156,916	\$ 65,069	\$ 1,082,373	\$ 98,668	\$ 35,381	\$ 1,216,422	\$ 1,187,606

Sojourner Project, Inc.
Statement of Cash Flows
Years Ended December 31, 2019
(With Comparative Totals for 2018)

	2019	2018
Cash Flows from (to) Operating Activities		
Change in Net Assets	\$ 84,145	\$ (9,820)
Adjustments to Reconcile:		
Depreciation	94,931	99,909
In Kind Loan Forgiveness	(32,000)	(32,000)
Unrealized (Gain) Loss on Investments	(40,985)	23,771
Loss on Fixed Asset Disposal	60,000	
(Increase) Decrease in Accounts Receivable	10,641	(7,421)
(Increase) Decrease in Prepaid Expenses	119	1,448
Increase (Decrease) in Accounts Payable	7,728	(2,264)
Increase in Accrued Expenses	16,537	2,962
Net Cash from Operating Activities	201,116	76,585
Cash Flows (to) Investing Activities		
Purchase of Property and Equipment	(78,093)	(9,714)
Purchase of Investments	(17,360)	(18,354)
Net Cash (to) Investing Activities	(95,453)	(28,068)
Cash Flows (to) Financing Activities		
Payments of Long-Term Debt	(48,330)	(46,124)
Net Cash (to) Financing Activities	(48,330)	(46,124)
Net Increase in Cash	57,333	2,393
Cash, Beginning of Year	655,649	653,256
Cash, End of Year	\$ 712,982	\$ 655,649
Supplemental Disclosures		
Cash Paid for Interest	\$ 16,459	\$ 18,656

Sojourner Project, Inc.
Notes to Financial Statements
December 31, 2019

Note 1: Nature of the Organization

Sojourner Project, Inc. (the Organization) is organized for charitable, civic community welfare, education and intervention purposes. The programs of the Organization provide emergency and long-term help to persons affected by violence in the home. The Organization provides these services from facilities located in the western suburbs of Minneapolis, Minnesota. A facility was completed and placed in service in October 2002, for program activities and administrative offices. Sojourner currently provides the following programs and services:

- **A 24/7 Crisis/Help Line** receives calls for immediate assistance
- **Sojourner Shelter** is an emergency housing facility for women and children from throughout the Twin Cities and the state who are unsafe in their homes.
- **Community Legal Advocacy Program** is a non-residential program that offers legal advocate and other support services to victims of domestic violence. They assist victims in criminal, family, and civil court matters.
- **Community Outreach, Education, and Training** develops and presents information to raise awareness and understanding of domestic violence, promote prevention, and provide training to improve law enforcement and other professional responses.
- **Sojourner's Volunteer Program** promotes community involvement through contributed service as well as in-kind donations.

Note 2: Summary of Significant Accounting Policies

Financial Statement Presentation: The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

Prior Year Summarized Comparative Financial Information: The December 31, 2018 financial statements are presented as summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2018.

Cash: The Organization holds cash at financial institutions.

Accounts Receivable: The Organization's accounts receivable consists mostly of government grants for reimbursement of expenses. Management believes that accounts receivable are fully collectible and that no allowance for uncollectible accounts is considered necessary.

Property and Equipment: The Organization capitalizes property and equipment over \$300. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at the estimated fair value at the date of donation. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Property and equipment are depreciated using the straight-line method over estimated useful lives ranging from three to forty years.

Sojourner Project, Inc.
Notes to Financial Statements
December 31, 2019

Note 2: Summary of Significant Accounting Policies (Continued)

Investments: Investments are reported at cost, if purchased, or at fair value if donated. Thereafter, investments are reported at their fair value in the statement of financial position, and changes in fair value are reported as investment income in the statement of activities.

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

Net Assets Without Donor Restrictions: Net assets which are not limited by donor-imposed stipulations.

Net Assets With Donor Restrictions: Those resources subject to donor-imposed restrictions that will be satisfied by actions of the Organization or passage of time or are required by donor-stipulations that they be maintained by the Organization, that neither expire by passage of time nor can be fulfilled or otherwise removed by the action of the Organization.

Revenue and Revenue Recognition: The Organization recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – 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.

A portion of the Organization's revenue is derived from cost-reimbursable state and county contracts and grants, which are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. The Organization was awarded cost-reimbursable grants of \$1,384,658 for future period that have not been recognized at December 31, 2019 because qualifying expenditures have not yet been incurred.

The Organization has adopted Accounting Standards Update (ASU) No. 2018-08 *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)*. The adoption of this new standard did not result in a material impact to the Organization's financial statements.

Special event revenue is recorded equal to the fair value of direct benefits to the donors and contributions income for the excess received when the event takes place.

Contributed Services and Supplies: Contributed services are recognized for those services that improve or enhance property and equipment or for those that require specialized skills. Approximately 8,074 and 8,165 hours of other services, for which no value has been assigned, were volunteered during the years ended December 31, 2019, and 2018, respectively, and have not been recognized in the financial statements. Donated supplies are valued at estimated fair market value at the date of donation.

In-Kind forgiveness of debt is recognized in accordance with provisions from the lender and are described in Note 5.

Sojourner Project, Inc.
Notes to Financial Statements
December 31, 2019

Note 2: Summary of Significant Accounting Policies (Continued)

Functional Allocation of Expenses: The costs of providing various programs have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services based on time and effort and usage of facilities and equipment.

Estimates: The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes: The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

Note 3: Investments

The following schedule summarizes investment returns and their classification in the statement of activities for the years ended:

	2019	2018
Interest & Dividends on Investments	\$20,841	\$20,566
Unrealized Gains (Losses)	40,985	(23,771)
Expenses and Fees	(3,480)	(2,212)
Total Net Investment Income (Loss)	\$58,346	\$ (5,417)

Investments are held for future use and are not considered current assets.

Note 4: Fair Market Value Measurements

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level I inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority. Level II inputs generally are based on indirect information, such as quoted prices for similar assets in active markets, or quoted prices for identical or similar assets in markets that are not active. Level III inputs, which are the most subjective, are generally based on the organization's own assumptions on how knowledgeable parties would price assets and are developed using the best information available in the circumstances. Level III inputs have the lowest priority. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of investments. As shown above, the Organization measures fair value using Level I inputs available for all of its investments. Level II and Level III inputs are only used when Level I inputs are not available.

	Quoted Prices in Active Markets (Level I)	Significant Other Observable Inputs (Level II)	Significant Other Unobservable Inputs (Level III)	2019 Total
2019 <u>Investments</u>				
Sweep Options	\$ 6,799			\$ 6,799
Mutual Investment Equity Funds	197,395			197,395
Fixed Income Corporate Bonds	<u>521,331</u>			<u>521,331</u>
Total Investments	<u>\$725,525</u>	<u>\$-0-</u>	<u>\$-0-</u>	<u>\$725,525</u>

Sojourner Project, Inc.
Notes to Financial Statements
December 31, 2019

Note 4: Fair Market Value Measurements (Continued)

2018	Quoted Prices in Active	Significant Other Observable	Significant Other Unobservable	2018 Total
<u>Investments</u>	<u>Markets (Level I)</u>	<u>Inputs (Level II)</u>	<u>Inputs (Level III)</u>	
Sweep Options	\$ 1,342			\$ 1,342
Mutual Investment				
Equity Funds	166,559			166,559
Fixed Income				
Corporate Bonds	<u>499,279</u>			<u>499,279</u>
Total Investments	<u>\$667,180</u>	<u>\$-0-</u>	<u>\$-0-</u>	<u>\$667,180</u>

Note 5: Long-Term Debt

Long-term debt consists of the following at December 31, 2019:

Note payable to a bank, amended September 2015. The note is payable in monthly installments of \$5,404 including interest at 4.62%, with a balloon payment due on November 5, 2020. The note is secured by the current and future property of the Organization. \$ 326,282

Note payable to Hennepin County Housing and Redevelopment Authority incurred in conjunction with construction of the facility with no interest payments and to be forgiven in October 2021 provided the Organization continues to utilize the facility through the maturity date. If the facility is sold prior to the maturity date of the note, the County is entitled to share the sales proceeds. The note is secured by the property of the Organization. 301,695

Note payable to Minnesota Housing Finance Agency with no interest payments and to be forgiven in 2022 provided the Organization continues to follow the provisions described in the loan agreement. The note is secured by the property of the Organization 96,000

Total Notes Payable	<u>723,977</u>
Less Current Portion	<u>358,282</u>
Long-Term Debt, Net of Current Portion	<u>\$ 365,695</u>

During 2019 and 2018, the Organization recognized as support \$32,000 in forgiveness of debt.

The approximate future maturities of long-debt, including amounts subject to forgiveness, are as follows:

December 31,	
2020	\$358,282
2021	333,695
2022	<u>32,000</u>
Total	<u>\$723,977</u>

Sojourner Project, Inc.
Notes to Financial Statements
December 31, 2019

Note 6: Net Assets With Donor Restrictions

At December 31, 2019, the Organization had \$2,750 restricted by donors for capital improvements and received \$20,000 restricted by a donor to be used in 2020.

Net assets with donor restrictions consist of grants and contributions designated for program costs and for future periods. At December 31, 2018, the Organization had \$13,033 restricted by donors for program costs and capital improvements and \$7,000 restricted by a donor to be used in 2019.

Note 7: Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash	\$ 712,982
Accounts Receivable	91,605
Investments	<u>725,525</u>
Available Financial Assets	\$1,530,112

Investments are shown as financial assets available for general expenditure at December 31, 2019 but it is the Organization's intention to not utilize these investments for general expenditures.

Note 8: Commitments

The Organization entered into an equipment lease for a copier in 2018. The lease requires 60 monthly lease payments of \$460 per month.

Note 9: Financial Instruments and Credit Risk

The Organization maintains cash balances with financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). At times, such accounts may be in excess of the FDIC limit. The Organization has not experienced any losses in such accounts, and management believes the Organization is not exposed to any significant credit risks related to cash and cash equivalents.

Note 10: Retirement Plan

The Organization has a salary reduction retirement plan which is qualified under Section 403(b) of the Internal Revenue Code. All employees of the Organization are eligible to participate in the Plan. No contributions were made to the Plan by the Organization for the year ended December 31, 2019.

Note 11: Concentrations

The Organization is supported primarily by local donor contributions and grants from governmental units and foundations. Changes in funding sources could have a significant impact on the Organization.

Note 12: Evaluation of Subsequent Events

The Organization has evaluated subsequent events through March 6, 2020, which was the date the financial statements were available to be issued.