

**Sojourner Project, Inc.**

Financial Statements with  
Independent Auditor's Report

December 31, 2023

**Sojourner Project, Inc.**  
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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Sojourner Project, Inc.

**Opinion**

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, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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, 2023, 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.

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Sojourner Project, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Sojourner Project, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 Sojourner Project, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Sojourner Project, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

#### **Report on Summarized Comparative Information**

We have previously audited Sojourner Project, Inc.'s 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 15, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Schutz CPA, Ltd.*

March 19, 2024

**Sojourner Project, Inc.**  
Statement of Financial Position  
December 31, 2023  
(With Comparative Totals for 2022)

	2023	2022
<b>Assets</b>		
<u>Current Assets</u>		
Cash	\$ 413,316	\$ 869,289
Accounts Receivable	256,959	90,535
Prepaid Expenses	13,390	6,499
Total Current Assets	683,665	966,323
<u>Property and Equipment</u>		
Land	286,891	286,891
Building	2,551,241	2,551,241
Building Improvements	120,688	120,688
Furniture and Equipment	322,245	321,094
Total Property and Equipment	3,281,065	3,279,914
Accumulated Depreciation	(1,735,895)	(1,625,561)
Net Property and Equipment	1,545,170	1,654,353
<u>Other Assets</u>		
Investments	1,431,080	808,403
Total Assets	\$ 3,659,915	\$ 3,429,079
<b>Liabilities</b>		
<u>Current</u>		
Accounts Payable	14,303	6,872
Accrued Payroll	15,547	15,146
Accrued PTO	16,575	14,554
Current Portion of Notes Payable		40,000
Total Current Liabilities	46,425	76,572
Total Liabilities	46,425	76,572
<b>Net Assets</b>		
Net Assets Without Donor Restrictions	3,534,980	3,335,888
Net Assets With Donor Restrictions	78,510	16,619
Total Net Assets	3,613,490	3,352,507
Total Liabilities and Net Assets	\$ 3,659,915	\$ 3,429,079

**Sojourner Project, Inc**  
Statement of Activities  
Year Ended December 31, 2023  
(With Comparative Totals for 2022)

	2023			2022
	Without Donor Restriction	With Donor Restriction	Total	Total
<b>Support and Revenue</b>				
Grants and Contributions	\$ 450,769	\$ 78,022	\$ 528,791	\$ 381,306
Grants from Governmental Agencies	976,188		976,188	861,316
Other Income	195		195	152
In Kind Supplies	47,285		47,285	33,880
In Kind Forgiveness of Debt	40,000		40,000	311,695
Investment Income (Loss)	73,899		73,899	(67,814)
Released from Restrictions	16,131	(16,131)		
Total Support and Revenue	<u>1,604,467</u>	<u>61,891</u>	<u>1,666,358</u>	<u>1,520,535</u>
<b>Expenses</b>				
<u>Program Expenses</u>				
Shelter	746,253		746,253	681,424
Legal Advocacy	70,155		70,155	107,939
Intervention Advocacy	246,850		246,850	187,580
Education and Outreach	36,360		36,360	17,263
Total Program Expenses	<u>1,099,618</u>		<u>1,099,618</u>	<u>994,206</u>
<u>Support Service Expenses</u>				
Management and General	262,740		262,740	285,274
Fund Raising	43,017		43,017	29,170
Total Support Service Expenses	<u>305,757</u>		<u>305,757</u>	<u>314,444</u>
Total Expenses	<u>1,405,375</u>		<u>1,405,375</u>	<u>1,308,650</u>
Change in Net Assets	<u>199,092</u>	<u>61,891</u>	<u>260,983</u>	<u>211,885</u>
Net Assets - Beginning of Year	3,335,888	16,619	3,352,507	3,140,622
Net Assets - End of Year	<u>\$ 3,534,980</u>	<u>\$ 78,510</u>	<u>\$ 3,613,490</u>	<u>\$ 3,352,507</u>

**Sojourner Project, Inc.**  
Statement of Functional Expenses  
Year Ended December 31, 2023  
(With Comparative Totals for 2022)

	2023								2022 Total
	Community Legal Advocacy Dept.				Total			Total	
	Shelter	Legal Advocacy	Intervention Advocacy	Education and Outreach	Program Services	Management and General	Fund Raising		
Client Assistance	\$ 90,871	\$ 1,903	\$ 40,265	\$ 61	\$ 133,100			\$ 133,100	\$ 106,866
Depreciation	67,834	8,908	15,776	8,908	101,426	\$ 8,908		110,334	112,438
Dues, Subscriptions and Licenses	2,010	97	483	33	2,623	2,954	\$ 33	5,610	5,485
Employee Benefits	23,327	2,318	8,651	894	35,190	9,346	1,222	45,758	72,600
Insurance	23,641	3,289	3,289	649	30,868	4,912	649	36,429	25,895
Interest									13,173
Other				2,044	2,044	2,747		4,791	4,553
Payroll Tax Expense	31,209	3,101	11,574	1,196	47,080	12,503	1,634	61,217	57,241
Postage and Delivery	84	8	8	520	620	1,331	21	1,972	1,175
Printing and Duplicating				2,436	2,436	2,486		4,922	3,203
Professional Fees and Contracts	140			486	626	30,222	15,000	45,848	18,569
Repair and Maintenance	50,829	3,597	3,683	799	58,908	2,388	799	62,095	47,385
Salaries	415,415	41,280	154,059	15,924	626,678	166,429	21,755	814,862	768,671
Supplies and Office Expense	8,296	1,010	1,149	322	10,777	3,784	228	14,789	11,770
Technology	4,928	689	665	182	6,464	10,115	181	16,760	16,188
Telephone and Internet	9,877	1,450	1,239	274	12,840	821	274	13,935	11,117
Training and Conferences	814	330	436		1,580	754	274	2,608	880
Travel and Auto			3,398	751	4,149	1,590	68	5,807	4,971
Utilities	16,978	2,175	2,175	881	22,209	1,450	879	24,538	26,470
<b>Total Expenses</b>	<b>\$ 746,253</b>	<b>\$ 70,155</b>	<b>\$ 246,850</b>	<b>\$ 36,360</b>	<b>\$ 1,099,618</b>	<b>\$ 262,740</b>	<b>\$ 43,017</b>	<b>\$ 1,405,375</b>	<b>\$ 1,308,650</b>

**Sojourner Project, Inc.**  
Statement of Cash Flows  
Years Ended December 31, 2023  
(With Comparative Totals for 2022)

	2023	2022
<b>Cash Flows from (to) Operating Activities</b>		
Change in Net Assets	\$ 260,983	\$ 211,885
Adjustments to Reconcile:		
Depreciation	110,334	112,438
In Kind Loan Forgiveness	(40,000)	(311,695)
Loan Cost Amortization		4,767
Realized and Unrealized (Gain) Loss on Investments	(73,899)	68,483
(Increase) Decrease in Accounts Receivable	(166,424)	72,596
(Increase) Decrease in Prepaid Expenses	(6,891)	13,411
Increase in Accounts Payable	7,431	2,248
Increase (Decrease) in Accrued Expenses	2,422	1,248
Net Cash from Operating Activities	93,956	175,381
<b>Cash Flows (to) Investing Activities</b>		
Purchase of Property and Equipment	(1,151)	(10,796)
Purchase of Investments	(548,778)	
Net Cash (to) Investing Activities	(549,929)	(10,796)
<b>Cash Flows from (to) Financing Activities</b>		
Payments of Long-Term Debt		(224,603)
Net Increase in Cash	(455,973)	(60,018)
Cash, Beginning of Year	869,289	929,307
Cash, End of Year	\$ 413,316	\$ 869,289
<b>Supplemental Disclosures</b>		
Cash Paid for Interest		\$ 13,612

**Sojourner Project, Inc.**  
Notes to Financial Statements  
December 31, 2023

**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, 2022 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, 2022.

Cash: The Organization holds cash at financial institutions.

Accounts Receivable: The Organization's accounts receivable consists mostly of government grants for reimbursement of expenses and donations that were effectively received in the current year but not received until the following year. 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 \$500. 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.

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.

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.

**Sojourner Project, Inc.**  
Notes to Financial Statements  
December 31, 2023

**Note 2: Summary of Significant Accounting Policies (Continued)**

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 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. During 2023, the Organization was awarded cost-reimbursable grants of \$1,233,315 for future periods that have not been recognized at December 31, 2023 because qualifying expenditures have not yet been incurred.

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. In addition, volunteers donate many hours of service for which no value has been assigned and have not been recognized in the financial statements because they do not meet the recognition criteria as established by accounting standards. 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.

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.

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.

Recent Accounting Guidance: During the year ending December 31, 2022, the Organization adopted Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The new guidance requires nonprofit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. The standard also increases disclosure requirements around contributed nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets a nonprofit has received. Adoption of this standard did not have a significant impact on the financial statements.

**Sojourner Project, Inc.**  
Notes to Financial Statement  
December 31, 2023

**Note 2: Summary of Significant Accounting Policies (Continued)**

In 2022, the Organization also adopted Accounting Standards Update (ASU) 2016-02 *Leases (Topic 842)*. The objective of the new standard is to increase transparency and comparability in financial reporting by requiring recognition of lease obligations in the statement of financial position and related disclosures. The Organization has three leases for office equipment which also include maintenance and supplies for that equipment. Actual equipment lease expense is minimal and as such is included in the statement of activities as an expense rather than reflected as a future obligation and right to use asset on the statement of financial position.

**Note 3: Investments**

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

	<u>2023</u>	<u>2022</u>
Interest & Dividends on Investments	\$36,372	\$ 28,399
Unrealized Gains (Loss)	43,140	(92,075)
Expenses and Fees	<u>(5,613)</u>	<u>(4,138)</u>
Total Net Investment Income	<u>\$73,899</u>	<u>\$(67,814)</u>

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. 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)	
2023				<u>2023 Total</u>
<u>Investments</u>				
Sweep Options	\$ 98,646			\$ 98,646
Mutual Investment				
Equity Funds	250,865			250,865
Stock	32,104			32,104
Fixed Income				
Corporate Bonds		\$1,049,465		1,049,465
Total Investments	<u>\$381,615</u>	<u>\$1,049,465</u>	<u>\$-0-</u>	<u>\$1,431,080</u>
2022				<u>2022 Total</u>
<u>Investments</u>				
Sweep Options	\$ 17,303			\$ 17,303
Mutual Investment				
Equity Funds	217,630			217,630
Stock	28,126			28,126
Fixed Income				
Corporate Bonds		\$545,344		545,344
Total Investments	<u>\$263,059</u>	<u>\$545,344</u>	<u>\$-0-</u>	<u>\$808,403</u>

**Sojourner Project, Inc.**  
Notes to Financial Statements  
December 31, 2023

**Note 5: Notes Payable**

At December 31, 2023 there was no outstanding long-term debt.

Long-term debt during 2022 consisted of the following:

Note payable to Minnesota Housing Finance Agency (MHFA) with forgiveness granted 10% each year for years 11 through 20 provided the facility continue being used as a shelter. The total amount forgiven in 2023 was \$40,000. Prior to forgiveness, the note was secured by the property of the Organization. In 2022, MHFA located a new document which changed the rate the note was being forgiven. The December 31, 2022, ending balance was adjusted to the correct amount but the amount recognized as forgiven in 2023 was \$40,000 instead of \$10,000 had the missing document been located earlier.

During 2022 the note payable to a bank was paid off. The loan called for monthly payments of \$5,433 including interest at 4.25%. The maturity date was September 16, 2025. The note was secured by current and future property of the Organization.

During 2022 the note payable to Hennepin County Housing and Redevelopment Authority incurred in conjunction with construction of the facility was forgiven. There were no interest payments and the entire amount was to be forgiven in October 2021 provided the Organization continues to utilize the facility through the maturity date. At December 31, 2021, the Organization had not yet been awarded forgiveness. During 2022 the Organization applied for and was granted full forgiveness.

In 2020, the Organization renewed the note payable to the bank. With the refinance, \$6,359 of loan origination fees were incurred. The annual amortization amount was \$1,272 and the remaining amount was expensed as interest in 2022, when the note was paid in full.

**Note 6: Net Assets With Donor Restrictions**

Net assets with donor restrictions consist of grants and contributions designated for program costs and for future periods. At December 31, 2023, the Organization had \$14,260 restricted by a donor to be used for outdoor improvements and \$64,250 restricted for timing. At December 31, 2022, there was \$4,869 restricted for landscaping and outdoor improvements and 11,750 restricted for timing.

**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:

	2023	2022
Cash	\$ 413,316	\$ 869,289
Accounts Receivable	256,959	90,535
Investments	1,431,080	808,403
Total Financial Assets	2,101,355	1,768,227
Less Donor Restricted	(78,510)	(16,619)
Available Financial Assets	\$2,022,845	\$1,751,608

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. In addition to the available financial assets, the Organization has investments at December 31, 2023, and 2022 of \$1,431,080, and \$808,403, respectively. The Organization's intention is to not utilize these investments for general expenditures.

**Note 8: Financial Instruments and Credit Risk**

The Organization maintains cash balances with financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). For the past several years the cash accounts have been in excess of the FDIC limit. At December 31, 2023, and 2022, the balances in excess of the \$250,000 FDIC limit were \$220,867, and \$619,289, respectively. 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.

**Sojourner Project, Inc.**  
Notes to Financial Statements  
December 31, 2023

**Note 9: Donated Goods**

The Organization received donated goods which include household items and supplies, food, clothing, personal care items, and gifts for women and children participating in the programs. Donated amounts are recorded in financial statements as unrestricted support by the Organization at the estimated fair value on the date of donation based on the estimated cost to purchase similar items. The value of items will vary year-to-year based on the mix of items donated. As part of determining the price, the Organization analyzes and reviews the results to determine the accuracy and understand the key components of the valuations and the year-to-year changes.

**Note 10: Commitments**

The Organization has various office equipment leases which require monthly payments.

**Note 11: 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 years ended December 31, 2023 and 2022.

**Note 12: 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 13: Evaluation of Subsequent Events**

The Organization has evaluated subsequent events through March 19, 2024, which was the date the financial statements were available to be issued.