

**Sojourner Project, Inc.**

Financial Statements with  
Independent Auditor's Report

December 31, 2021

**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, 2021, 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, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**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 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 6, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Schutz CPA, Ltd.*

March 3, 2022

**Sojourner Project, Inc.**  
Statement of Financial Position  
December 31, 2021  
(With Comparative Totals for 2020)

	2021	2020
<b>Assets</b>		
<u>Current Assets</u>		
Cash	\$ 929,307	\$ 892,540
Accounts Receivable	163,131	147,956
Prepaid Expenses	19,910	7,941
Total Current Assets	1,112,348	1,048,437
<u>Property and Equipment</u>		
Land	286,891	286,891
Building	2,551,241	2,551,241
Building Improvements	120,688	122,688
Furniture and Equipment	310,298	276,159
Total Property and Equipment	3,269,118	3,236,979
Accumulated Depreciation	(1,513,121)	(1,415,671)
Net Property and Equipment	1,755,997	1,821,308
<u>Other Assets</u>		
Investments	876,886	761,898
Total Assets	\$ 3,745,231	\$ 3,631,643
<b>Liabilities</b>		
<u>Current</u>		
Accounts Payable	4,624	6,212
Accrued Payroll	16,910	11,502
Accrued PTO	11,544	15,106
Current Portion of Notes Payable	397,182	486,294
Total Current Liabilities	430,260	519,114
<u>Long-Term Debt</u>		
Notes Payable - Net of Current Portion	174,349	308,713
Total Liabilities	604,609	827,827
<b>Net Assets</b>		
Net Assets Without Donor Restrictions	3,063,122	2,772,329
Net Assets With Donor Restrictions	77,500	31,487
Total Net Assets	3,140,622	2,803,816
Total Liabilities and Net Assets	\$ 3,745,231	\$ 3,631,643

**Sojourner Project, Inc**  
Statement of Activities  
Year Ended December 31, 2021  
(With Comparative Totals for 2020)

	2021			2020
	Without Donor Restriction	With Donor Restriction	Total	Total
<b>Support and Revenue</b>				
Grants and Contributions	\$ 483,210	\$ 77,500	\$ 560,710	\$ 341,015
Grants from Governmental Agencies	861,970		861,970	962,573
Other Income	221		221	2,246
Interest Income	86		86	1,433
In Kind Contribution	31,950		31,950	21,500
In Kind Forgiveness of Debt	106,500		106,500	32,000
Investment Income	34,989		34,989	36,372
Released from Restrictions	31,487	(31,487)		
Total Support and Revenue	<u>1,550,413</u>	<u>46,013</u>	<u>1,596,426</u>	<u>1,397,139</u>
<b>Expenses</b>				
<u>Program Expenses</u>				
Shelter	719,670		719,670	715,527
Legal Advocacy	159,825		159,825	160,327
Intervention Advocacy	153,140		153,140	157,664
Education and Outreach	62,102		62,102	65,429
Total Program Expenses	<u>1,094,737</u>		<u>1,094,737</u>	<u>1,098,947</u>
<u>Support Service Expenses</u>				
Management and General	129,015		129,015	95,203
Fund Raising	35,868		35,868	37,497
Total Support Service Expenses	<u>164,883</u>		<u>164,883</u>	<u>132,700</u>
Total Expenses	<u>1,259,620</u>		<u>1,259,620</u>	<u>1,231,647</u>
Change in Net Assets	<u>290,793</u>	<u>46,013</u>	<u>336,806</u>	<u>165,492</u>
Net Assets - Beginning of Year	2,772,329	31,487	2,803,816	2,638,324
Net Assets - End of Year	<u>\$ 3,063,122</u>	<u>\$ 77,500</u>	<u>\$ 3,140,622</u>	<u>\$ 2,803,816</u>

**Sojourner Project, Inc.**  
Statement of Functional Expenses  
Year Ended December 31, 2021  
(With Comparative Totals for 2020)

	2021							2020 Total	
	Community Legal Advocacy Dept.			Total		Management and General	Fund Raising		Total
	Shelter	Legal Advocacy	Intervention Advocacy	Education and Outreach	Program Services				
Board Expenses						\$ 136		\$ 136	\$ 126
Client Assistance	\$ 56,568	\$ 345	\$ 35,618	\$ 36	\$ 92,567			92,567	94,176
Depreciation	66,123	9,177	9,177	9,177	93,654	10,820		104,474	107,348
Dues, Subscriptions and Licenses	3,293	225	620	67	4,205	1,809	\$ 67	6,081	5,678
Employee Benefits	22,870	10,172	3,226	1,428	37,696	6,720	9	44,425	55,792
Equipment Rental	4,260	590	590	131	5,571	393	131	6,095	6,056
Insurance	21,985	2,748	2,748	611	28,092	5,218	611	33,921	31,635
Interest						12,193		12,193	11,012
Other						805		805	1,299
Payroll Tax Expense	26,943	4,994	7,413	1,013	40,363	15,773	1,229	57,365	56,246
Postage and Delivery	9	69	69	46	193	1,311	64	1,568	878
Printing and Duplicating	1,051	131	131	269	1,582	592	20	2,194	3,656
Professional Fees and Contracts						21,459		21,459	18,018
Repair and Maintenance	30,524	3,011	3,011	802	37,348	6,842	802	44,992	35,564
Salaries	456,668	123,842	85,141	46,441	712,092	30,961	30,961	774,014	751,889
Supplies and Office Expense	2,495	582	1,189	628	4,894	6,060	272	11,226	10,995
Technology	5,078	994	994	510	7,576	5,131	510	13,217	6,894
Telephone	7,034	879	879	195	8,987	586	195	9,768	8,773
Training and Conferences	440	100	90		630		249	879	2,911
Travel and Auto	106	122	400		628	976		1,604	4,591
Utilities	14,223	1,844	1,844	748	18,659	1,230	748	20,637	18,110
<b>Total Expenses</b>	<b>\$ 719,670</b>	<b>\$ 159,825</b>	<b>\$ 153,140</b>	<b>\$ 62,102</b>	<b>\$ 1,094,737</b>	<b>\$ 129,015</b>	<b>\$ 35,868</b>	<b>\$ 1,259,620</b>	<b>\$ 1,231,647</b>

**Sojourner Project, Inc.**  
Statement of Cash Flows  
Years Ended December 31, 2021  
(With Comparative Totals for 2020)

	2021	2020
<b>Cash Flows from (to) Operating Activities</b>		
Change in Net Assets	\$ 336,806	\$ 165,492
Adjustments to Reconcile:		
Depreciation	104,474	107,348
In Kind Loan Forgiveness	(106,500)	(32,000)
Unrealized (Gain) on Investments	(12,976)	(21,074)
(Increase) in Accounts Receivable	(15,175)	(56,351)
(Increase) Decrease in Prepaid Expenses	(11,969)	4,273
Increase (Decrease) in Accounts Payable	2,026	(1,516)
(Decrease) in Accrued Expenses	(2,206)	(32,638)
Net Cash from Operating Activities	294,480	133,534
<b>Cash Flows (to) Investing Activities</b>		
Purchase of Property and Equipment	(39,163)	(41,706)
Purchase of Investments	(102,012)	(15,299)
Net Cash (to) Investing Activities	(141,175)	(57,005)
<b>Cash Flows from (to) Financing Activities</b>		
Payments of Long-Term Debt	(116,538)	(53,471)
Proceeds from Notes Payable		156,500
Net Cash from (to) Financing Activities	(116,538)	103,029
Net Increase in Cash	36,767	179,558
Cash, Beginning of Year	892,540	712,982
Cash, End of Year	\$ 929,307	\$ 892,540
<b>Supplemental Disclosures</b>		
Cash Paid for Interest	\$ 10,863	\$ 11,468



**Sojourner Project, Inc.**  
Notes to Financial Statements  
December 31, 2021

**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, 2020 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, 2020.

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 \$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.

**Sojourner Project, Inc.**  
Notes to Financial Statements  
December 31, 2021

**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 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 \$1,247,163 for future periods that have not been recognized at December 31, 2021 because qualifying expenditures have not yet been incurred.

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. 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.

**Sojourner Project, Inc.**  
Notes to Financial Statements  
December 31, 2021

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

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:

	2021	2020
Interest & Dividends on Investments	\$25,869	\$18,936
Unrealized Gains	12,976	21,074
Expenses and Fees	(3,856)	(3,638)
Total Net Investment Income	\$34,989	\$36,372

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)	2021 Total
2021 <u>Investments</u>				<u>\$ 11,248</u>
Sweep Options	\$ 11,248			
Mutual Investment				
Equity Funds	251,723			251,723
Stock	35,158			35,158
Fixed Income				
Corporate Bonds	<u>578,757</u>			<u>578,757</u>
Total Investments	<u>\$876,886</u>	<u>\$-0-</u>	<u>\$-0-</u>	<u>\$876,886</u>

**Sojourner Project, Inc.**  
Notes to Financial Statements  
December 31, 2021

**Note 4: Fair Market Value Measurements (Continued)**

2020	Quoted Prices in Active	Significant Other Observable	Significant Other Unobservable	2020 Total
<u>Investments</u>	<u>Markets (Level I)</u>	<u>Inputs (Level II)</u>	<u>Inputs (Level III)</u>	<u>\$</u>
Sweep Options	\$ 14,347			\$ 14,347
Mutual Investment				
Equity Funds	213,678			213,678
Fixed Income				
Corporate Bonds	<u>533,873</u>			<u>533,873</u>
Total Investments	<u>\$761,898</u>	<u>\$-0-</u>	<u>\$-0-</u>	<u>\$761,898</u>

**Note 5: Notes Payable**

Long-term debt consists of the following at December 31, 2020:

Note payable to a bank, refinanced September 2020. The note is payable in monthly installments of \$5,433 including interest at 4.25%, and matures on September 16, 2025. The note is secured by the current and future property of the Organization.

\$224,603

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. As of December 31, 2021, the Organization has not yet been awarded forgiveness. The note is secured by the property of the Organization.

301,695

Note payable to Minnesota Housing Finance Agency with forgiveness granted 10% each year for years 11 through 20 provided the facility continue being used as a shelter. The total amount will be forgiven March 20, 2023 provided the Organization continues to follow the provisions described in the loan agreement. The note is secured by the property of the Organization.

50,000

Total Notes Payable

576,298

Less Loan origination fee (net of accumulated amortization) on the mortgage is being amortized on the straight-line basis over the five-year term of the loan

4,767

Less Current Portion

397,182

Long-Term Debt, Net of Current Portion

\$ 174,349

In 2020, the Organization renewed the note payable to the bank. The new terms are detailed above. With the refinance, \$6,359 of loan origination fees were incurred. The current year amortization amount was \$1,272 with the net amount at December 31, 2021 of \$4,767. Amortization expense is being recognized in the statement of activities as interest expense.

**Sojourner Project, Inc.**  
Notes to Financial Statements  
December 31, 2021

**Note 5: Notes Payable (Continued)**

On April 20, 2020, the Organization received loan proceeds in the amount of \$156,500 under the Paycheck Protection Program (“PPP”). Established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), the PPP provides for loans to qualifying businesses in amounts up to 2.5 times the business’s average monthly payroll expenses. PPP loans and accrued interest are forgivable after a “covered period” (eight or 24 weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities. The forgiveness amount was to be reduced if the borrower terminates employees or reduces salaries during the covered period. Any unforgiven portion of a PPP loan is payable over two or five years at an interest rate of 1%, with a deferral of payments for 10 months after then end of the covered period.

In 2020, the Organization used \$99,469 of the PPP loan proceeds for purposes consistent with the PPP and was approved for forgiveness in that amount. The remaining \$57,031 was paid back in 2021. The Organization recorded a note payable when the loan was obtained in 2020 and upon forgiveness in 2021 recorded the in-kind forgiveness of debt.

The approximate future maturities of long-debt, including amounts subject to forgiveness and loan origination fees being amortized, are as follows:

December 31,	
2022	\$397,182
2023	67,947
2024	60,513
2025	45,889

**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, 2021, the Organization had \$77,500 restricted by donors to be used in 2022.

At December 31, 2020, the Organization had \$27,737 restricted by donors for technology, facility improvements, and shelter needs. There was also \$3,750 to be used for general purposes in 2021.

**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:

	2021	2020
Cash	\$ 929,307	\$ 892,540
Accounts Receivable	163,131	147,956
Investments	876,886	761,898
Total Financial Assets	1,092,438	1,040,496
Less Donor Restricted	77,500	31,487
Available Financial Assets	\$1,014,938	\$1,009,009

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, 2021, and 2020 of \$876,886, and \$761,898, respectively. The Organization’s intention is to not utilize these investments for general expenditures.

**Sojourner Project, Inc.**  
Notes to Financial Statements  
December 31, 2021

**Note 8: 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 9: Commitments**

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

**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 years ended December 31, 2021 and 2020.

**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 3, 2022, which was the date the financial statements were available to be issued. The extent of any future impact of COVID-19, which was declared a global pandemic by the World Health Organization March 2020, cannot be determined.