

SOJOURNER CENTER
FINANCIAL STATEMENTS AND
SINGLE AUDIT REPORTS
YEAR ENDED SEPTEMBER 30, 2020



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**SOJOURNER CENTER
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Sojourner Center
Phoenix, Arizona

Report on the Financial Statements

We have audited the accompanying financial statements of Sojourner Center, which comprise the statement of financial position as of September 30, 2020, and the related statements of activities and changes in net assets, 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.

Auditors' 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 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 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 auditors' 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 Center, as of September 30, 2020, and its changes in net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated May 18, 2021, on our consideration of the Sojourner Center'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 Sojourner Center'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 Sojourner Center's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Phoenix, Arizona
May 18, 2021

**SOJOURNER CENTER
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2020**

ASSETS

Cash and Cash Equivalents	\$ 517,103
Accounts Receivable	753,991
Prepaid Expenses and Other Assets	70,742
Property and Equipment, Net	<u>8,712,676</u>
Total Assets	<u><u>\$ 10,054,512</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts Payable and Accrued Expenses	\$ 69,860
Related Party Payable to Parent	640,938
Accrued Payroll	265,705
Refundable Advances	249,603
Long-Term Debt	<u>2,949,339</u>
Total Liabilities	<u>4,175,445</u>

NET ASSETS

Without Donor Restrictions	5,442,175
With Donor Restrictions	<u>436,892</u>
Total Net Assets	<u>5,879,067</u>
Total Liabilities and Net Assets	<u><u>\$ 10,054,512</u></u>

See accompanying Notes to Financial Statements.

SOJOURNER CENTER
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED SEPTEMBER 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Government and Contracts	\$ 3,001,724	\$ -	\$ 3,001,724
Contributions, Gifts In-Kind, Donated Services, and Materials	1,744,361	136,639	1,881,000
Other Revenues	184,721	-	184,721
Total	4,930,806	136,639	5,067,445
 Net Assets Released from Restriction:			
Satisfaction of Purpose Restrictions	530,309	(530,309)	-
Total Support and Revenue	5,461,115	(393,670)	5,067,445
 EXPENSES			
Program Services	4,282,003	-	4,282,003
Fundraising and Development	433,043	-	433,043
Management and General	864,901	-	864,901
Total Expenses	5,579,947	-	5,579,947
 CHANGES IN NET ASSETS	(118,832)	(393,670)	(512,502)
 Net Assets - Beginning of Year	5,561,007	830,562	6,391,569
 NET ASSETS - END OF YEAR	\$ 5,442,175	\$ 436,892	\$ 5,879,067

See accompanying Notes to Financial Statements.

**SOJOURNER CENTER
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2020**

	Residential Services	Transitional Housing	Children and Youth	Community Outreach	Total Program Services	Fundraising and Development	Management and General	Total Support Services	Total
EXPENSES									
Salaries	\$ 1,167,679	\$ 213,618	\$ 312,847	\$ 346,320	\$ 2,040,464	\$ 318,441	\$ 448,353	\$ 766,794	\$ 2,807,258
Payroll Taxes and Fringe Benefits	256,504	44,725	69,338	72,157	442,724	46,811	76,398	123,209	565,933
Total Payroll Expenses	<u>1,424,183</u>	<u>258,343</u>	<u>382,185</u>	<u>418,477</u>	<u>2,483,188</u>	<u>365,252</u>	<u>524,751</u>	<u>890,003</u>	<u>3,373,191</u>
Professional Fees and Contract Services	168,195	-	186	-	168,381	20,733	233,121	253,854	422,235
Supplies	124,762	4,034	39,310	3,338	171,444	351	4,853	5,204	176,648
Telephone	13,976	6,867	1,590	5,772	28,205	1,506	6,620	8,126	36,331
Postage, Shipping, and Delivery	1,664	-	-	-	1,664	684	1,350	2,034	3,698
Occupancy	182,016	145,345	8,072	5,209	340,642	30	1,571	1,601	342,243
Equipment and Maintenance	11,350	-	-	-	11,350	1,908	30,767	32,675	44,025
Printing, Publications, and Art Work	506	-	74	310	890	7,057	450	7,507	8,397
Travel	4,319	138	64	6,071	10,592	501	475	976	11,568
Meetings and Conferences	16,000	-	-	-	16,000	79	-	79	16,079
Events	-	768	219	170	1,157	16,087	-	16,087	17,244
Specific Assistance to Clients	15,510	301	217	139	16,167	-	-	-	16,167
Membership and Subscriptions	194	-	-	-	194	695	1,250	1,945	2,139
Insurance	19,411	9,739	1,826	287	31,263	1,085	15,231	16,316	47,579
In-Kind Expenses	647,435	-	-	-	647,435	-	-	-	647,435
Miscellaneous Expenses	5,113	1,491	54	-	6,658	11,001	34,084	45,085	51,743
Depreciation and Amortization	179,788	138,890	21,537	6,558	346,773	6,074	10,378	16,452	363,225
Total Functional Expenses	<u>\$ 2,814,422</u>	<u>\$ 565,916</u>	<u>\$ 455,334</u>	<u>\$ 446,331</u>	<u>\$ 4,282,003</u>	<u>\$ 433,043</u>	<u>\$ 864,901</u>	<u>\$ 1,297,944</u>	<u>\$ 5,579,947</u>

See accompanying Notes to Financial Statements.

**SOJOURNER CENTER
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2020**

CASH FLOWS FROM OPERATING ACTIVITIES

Changes in Net Assets	\$ (512,502)
Adjustments to Reconcile Changes in Net Assets to Net Cash	
Provided by Operating Activities:	
Depreciation	363,225
Forgiveness of Long-Term Debt	(53,937)
Changes in Cash Resulting from Changes in:	
Accounts Receivable	7,123
Prepaid Expenses and Other Assets	(26,132)
Accounts Payable and Accrued Expenses	(181,598)
Related Party Payable	347,051
Accrued Payroll	11,689
Deferred Revenue	249,603
Net Cash Provided by Operating Activities	204,522

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of Property and Equipment	(213,271)
Net Cash Used by Investing Activities	(213,271)

NET DECREASE IN CASH AND CASH EQUIVALENTS

(8,749)

Cash and Cash Equivalents - Beginning of Year

525,852

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 517,103

See accompanying Notes to Financial Statements.

**SOJOURNER CENTER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020**

NOTE 1 NATURE OF OPERATIONS

Sojourner Center (the Organization) is an Arizona nonprofit corporation with a mission to overcome the impact of domestic violence one life at a time. The Organization was formed in 1977 and has provided safety, shelter, and an array of supportive services to victims of domestic violence for over 35 years. The Organization not only provides emergency shelter, but also offers extensive and comprehensive programs to help victims of domestic violence rebuild and redirect their lives. These programs provide a continuum of services including prevention and intervention, community education, and victim advocacy. The Organization provides food, clothing, and other basic needs for victims and families; licensed childcare; a 24-hour crisis hotline; support to address career, education, and job advancement; legal advocacy; transitional housing; support groups; and domestic violence dynamics education classes for women and children whose lives have been affected by domestic violence.

The Organization receives funds from certain governmental entities that are used to support domestic violence service programs and initiatives, and to pay operating expenses. The revenue from these entities is classified as unrestricted funds and is included in the accompanying statement of activities and changes in net assets as government grants and contracts.

The Organization seeks and obtains grants and contributions from corporations, foundations, and individuals to support service programs and operating expenses for the current year and future years. Donors may provide unrestricted contributions, which are pooled and used to support service programs. Donors may direct their contributions for use in a specific manner or for a particular program. Contributions may also be directed to a permanent endowment for support of future programs and initiatives. All contributions are classified according to donors' designations and are reported in the accompanying statement of activities and changes in net assets as unrestricted, temporarily restricted, or permanently restricted contributions.

On July 28, 2017, the Organization entered into an Affiliation Agreement with Jewish Family & Children's Service, Inc. (JFCS). Under the agreement JFCS became the sole member of the Organization. Sojourner Center maintained its own 501(c)(3) status and operates as an affiliate subsidiary of JFCS.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Net Assets

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

**SOJOURNER CENTER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets (Continued)

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to capital expenditures, permanent endowment, or other long-term purposes of the Organization are excluded from this definition.

Cash equivalents, which consist of highly liquid financial instruments, might potentially expose the Organization to credit risk. Deposits are placed with financial institutions insured by the Federal Deposit Insurance Corporation. The Organization, at times, maintains cash balances at financial institutions in excess of the Federal Deposit Insurance Corporation limits.

**SOJOURNER CENTER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

Accounts receivable are noninterest bearing and consist primarily of amounts due from governmental agencies and accordingly, credit risk is limited. Contracts are stated at the amount management expects to collect. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on the assessment of the current status of individual balances. Balances that are still outstanding after management has used reasonable collection efforts are written-off through a charge to the valuation allowance and reduction to accounts receivable.

Management considers the accounts receivable balances at September 30, 2020 to be fully collectible and, accordingly, an allowance for doubtful accounts is not deemed necessary. As of September 30, 2020, substantially all accounts receivable were from agencies related to the state of Arizona or the federal government.

Property and Equipment

Purchased property and equipment is valued at cost. Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Routine maintenance and repairs are charged to operations when incurred. Generally, property and equipment in excess of \$1,000 and having a useful life of more than one year is capitalized. When property and equipment is sold, impaired, or otherwise disposed of, the asset and related accumulated depreciation accounts are reduced, and any gain or loss is included in operations. Depreciation of property and equipment is computed on a straight-line basis over the following estimated useful lives:

	<u>Estimated Useful Lives</u>
Buildings	40 Years
Furniture and Equipment	3 to 7 Years

Impairment of Long-Lived Assets

The Organization accounts for long-lived assets in accordance with accounting principles generally accepted in the United States of America which require that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

**SOJOURNER CENTER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Grants and Contracts Revenue

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. Federal and state contracts and grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. Grants and contracts with various federal and state agencies represent approximately 48% of the Organization's total support and revenues for the year ended September 30, 2020. The Organization received \$249,603 of refundable advances, during the year for which conditions had not been met as of September 30, 2020. At September 30, 2020, the organization did not have any conditional contributions, of which no amounts had been received in advance, nor been recognized in the accompanying financial statements.

Contributions received and unconditional promises to give are recorded as revenue at fair value in the period the contribution or promise is received. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset.

In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities and changes in net assets. Management determines the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written-off when deemed uncollectable.

Gifts In-Kind and Donated Services

Gifts in-kind are recorded as contributions at fair market value of the asset received at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions with donor stipulations regarding how long those donated assets must be maintained are recorded as restricted net assets until placed into service as instructed by the donor.

Donated services are recognized as contributions in accordance with accounting principles generally accepted in the United States of America if the services (a) create or enhance nonfinancial assets, or (b) require specialized skills, are performed by people with those skills, and would otherwise have been purchased.

Gifts in-kind and donated services are included in contributions, donated services, and materials and in-kind expenses. Gifts in-kind and donated services totaled \$646,580 for the year ended September 30, 2020.

**SOJOURNER CENTER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Gifts In-Kind and Donated Services (Continued)

Donated goods received during the year ended September 30, 2020, valued at \$570,614 consisted of furniture, clothes, and personal care items received to be used by program participants. Donated services received during the year ended September 30, 2020, of \$76,446, consisted of medical and other professional services to program participants from qualified providers.

The Organization receives the services of many volunteers to perform a variety of tasks that assist the Organization with specific programs, campaign solicitations, and various committee assignments. Since the services provided do not require specialized skills, they have not been valued in the accompanying financial statements. The total hours of service were approximately 5,765 (unaudited) as of September 30, 2020.

Other Revenues

Other revenues consists primarily of revenue from supportive housing tenants for rent, metro passes, child care, and purchases of donation center goods and is recognized upon delivery of goods or services.

Functional Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The costs are allocated based on salary and square footage percentages.

Income Tax Status

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (IRC) and, therefore, there is no provision for income taxes. In addition, the Organization qualifies for the charitable contribution deduction under Section 170 of the IRC and has been classified as an organization that is not a private foundation.

Income determined to be unrelated business taxable income (UBTI) would be taxable. The Organization believes all activities meet exempt purposes and no material uncertain tax positions have been identified or recorded in the accompanying financial statements at September 30, 2020.

Change in Accounting Principle

In June 2018, Financial Accounting Standards Board (FASB) issued Accounting Standards (ASU) 2018-08, *Accounting Guidance for Contributions Received and Made*. This ASU was issued to clarify accounting guidance for contributions received and contributions made. The amendments to this ASU assists entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as an exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. There was no impact to net assets and changes in net assets with adopting the standard.

**SOJOURNER CENTER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020**

NOTE 3 LIQUIDITY AND AVAILABILITY

The following table reflects the Organization's financial assets as of September 30, 2020, available to meet general expenditures within one year of the statement of financial position date.

Total Assets	\$ 10,054,512
Less: Assets Not Available for Expenditures:	
Prepaid Expenses and Other Assets	(70,742)
Property and Equipment, Net	<u>(8,712,676)</u>
Subtotal	1,271,094
Donor-Imposed Restrictions:	
Net Assets With Donor Restrictions	<u>(436,892)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u><u>\$ 834,202</u></u>

The Organization operates under various grants and contracts for programs that are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures.

The Organization manages its liquidity and reserves following three guiding principles: 1) operating within a prudent range of financial soundness and stability, 2) maintaining adequate liquid assets to fund near term operating needs, 3) maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

NOTE 4 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at September 30, 2020:

Purpose Restricted:	
Program Services	<u>\$ 436,892</u>
Total	<u><u>\$ 436,892</u></u>

**SOJOURNER CENTER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020**

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at September 30, 2020:

Cost and Donated Value:	
Land	\$ 918,878
Buildings and Improvements	11,686,885
Furniture and Equipment	905,985
Construction in Process	<u>102,858</u>
Total	13,614,606
Less: Accumulated Depreciation	<u>(4,901,930)</u>
Total Property and Equipment	<u><u>\$ 8,712,676</u></u>

Depreciation expense was \$363,225 for the year ended September 30, 2020.

NOTE 6 LONG-TERM DEBT

The Organization obtained a CDBG construction loan in April 2004, from the City of Phoenix to expand its facility. The loan, in the original amount of \$1,000,000, is secured by a deed of trust and is noninterest bearing. The entire unpaid balance is due on the later of the expiration of the period of affordability or 35 years. If the Organization is not in default under the loan agreement, the Organization shall receive an annual credit against the principal amount due commencing in July 2018 in an amount equal to 4% of the original principal loan amount. The Organization recognized forgiveness of \$40,000 for the year ended September 30, 2020. The outstanding balance at September 30, 2020 was \$910,000.

In July 2005, the Organization obtained a \$489,394 note payable with the Arizona Department of Housing. The note is secured by a deed of trust, bears a 0% interest rate, and is forgivable at the end of a 20-year period. The loan is to be used for transitional housing.

In December 2008, the Organization obtained another CDBG construction loan from the City of Phoenix to further expand its facility. The loan, in the amount of \$1,500,000, is secured by a deed of trust and is noninterest bearing. If the Organization is not in default under the loan agreement, the Organization shall receive a credit against the principal amount due on the 40th anniversary of the Certificate of Completion of the facility expansion.

In October 2012, the Organization obtained another CDBG construction loan from the City of Phoenix. The loan, in the amount of \$69,690, is secured by a deed of trust and is noninterest bearing. If the Organization is not in default under the loan agreement, the Organization shall receive an annual credit against the principal amount due commencing in May 2019 in an amount equal to 20% of the original principal loan amount. The Organization recognized forgiveness of \$13,938 for the year ended September 30, 2020. The outstanding balance at September 30, 2020 was \$49,945.

No interest was recognized or capitalized for the year ended September 30, 2020.

**SOJOURNER CENTER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020**

NOTE 7 RETIREMENT PLAN

The Organization sponsors a 403(b) retirement plan, which covers all employees after specified periods of service and eligibility requirements have been met. The Organization withholds voluntary contributions from paychecks and remits the contributions to an independent trustee. Each participant may contribute up to 20% of their eligible compensation on a pretax basis to the plan, up to the maximum allowed by the IRC. The Organization matches up to 50% of what an employee contributes up to 6% of their salary. During the year ended September 30, 2020, the Organization's matching contribution expense was \$7,501.

NOTE 8 COMMITMENTS AND CONTINGENCIES

The Organization leases office equipment under noncancellable operating lease agreements that expire through 2021. Rent expense totaled \$44,025 for the year ended September 30, 2020. At September 30, 2020, future minimum lease payments were as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2021	\$ 5,065

The Organization participates in a number of federal grant and contract programs which are subject to financial and compliance audits. Accordingly, the Organization's compliance with applicable grant or contract requirements may be determined at some future date. The amount, if any, of expenditures or fees for units of service which may be disallowed by the granting or contracting agencies cannot be determined at this time, although the Organization's management expects such amounts, if any, to be immaterial.

In the opinion of management, the Organization is not involved in any pending or threatened litigation that could have a material effect on the Organization's financial position and results of operations.

The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Organization, COVID-19 may impact various parts of its fiscal 2021 operations and financial results. Management believes the Organization is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

**SOJOURNER CENTER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020**

NOTE 9 NEW ACCOUNTING STANDARDS

In February 2016, the FASB issued amended guidance for the treatment of leases. The guidance requires lessees to recognize a right-of-use asset and a corresponding lease liability for all operating and finance leases with lease terms greater than one year. The guidance also requires both qualitative and quantitative disclosures regarding the nature of the entity's leasing activities. The guidance will initially be applied using a modified retrospective approach. The amendments in the guidance are effective for fiscal years beginning after December 15, 2021. Early adoption is permitted. Management is evaluating the impact of the amended lease guidance on the Organization's financial statements.

In May 2014, the FASB issued amended guidance to clarify the principles for recognizing revenue from contracts with customers. The guidance requires the Organization to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the Organization expects to be entitled in exchange for those goods or services. The guidance also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. Additionally, qualitative and quantitative disclosures are required regarding customer contracts, significant judgments and changes in judgments, and assets recognized from the costs to obtain or fulfill a contract. The guidance will initially be applied retrospectively using one of two methods. The standard will be effective for the Organization for the year ending September 30, 2021; however, early application is permitted.

NOTE 10 SUBSEQUENT EVENTS

Management evaluated subsequent events through May 18, 2021, the date the financial statements were available to be issued. Events or transactions occurring after September 30, 2020, but prior to May 18, 2021, that provided additional evidence about conditions that existed at September 30, 2020, have been recognized in the financial statements for the year ended September 30, 2020. Events or transactions that provided evidence about conditions that did not exist at September 30, 2020, but arose before the financial statements were available to be issued, have not been recognized in the financial statements for the year ended September 30, 2020.

**SOJOURNER CENTER
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2020**

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Health and Human Services				
Temporary Assistance to Needy Families:				
Pass-Through the Arizona Department of Economic Security	93.558	ADES17-178650	-	\$ 628,758
Total Temporary Assistance to Needy Families Cluster				<u>628,758</u>
Social Services Block Grant:				
Pass-Through the Arizona Department of Economic Security	93.667	ADES17-178650	-	32,442
Child Care and Development Block Grant:				
Pass-Through the Arizona Department of Economic Security	93.575	ADES16-098382	-	75,978
Pass-Through the Arizona Department of Economic Security	93.575	CTR049449	-	25,326
Total Child Care and Development Fund Cluster				<u>101,304</u>
Coronavirus Relief Fund				
Arizona Coalition to End Sexual and Domestic Violence				
Total U.S. Department of Health and Human Services				762,504
U.S. Department of Housing and Urban Development				
Community Development Block Grant/Entitlement Grants:				
Pass-Through the City of Phoenix:				
Loan Balance	14.218	64210	-	63,882 *
Loan Balance	14.218	107477	-	950,000 *
Loan Balance	14.218	125187	-	1,500,000 *
Total Community Development Block Grant/Entitlement Grants Cluster				<u>2,513,882</u>
Total U.S. Department of Housing and Urban Development				2,513,882
U.S. Department of Justice				
Victims of Crime Act (VOCA) Victim Assistance Grant Program				
Pass-Through the Arizona Department of Public Safety	16.575	2015-VA-GX-0032	-	243,049
Pass-Through the Arizona Department of Public Safety	16.575	2016-VA-GX-0046	-	1,022,366
Total U.S. Department of Justice				<u>1,265,415</u>
U.S. Department of Treasury				
Corona Virus Relief Fund				
Pass-Through the City of Phoenix				
Arizona Coalition to End Sexual and Domestic Violence	21.019	152677-0	-	30,874
Total U.S. Department of Treasury				<u>30,874</u>
Total Federal Expenditures				<u>\$ 4,572,675</u>

* Indicates major program

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**SOJOURNER CENTER
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
SEPTEMBER 30, 2020**

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Sojourner Center (the Organization) for the year ended September 30, 2020. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulation* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of the Organization.

The Organization's reporting entity is defined in Note 1 of its financial statements. All federal awards from federal agencies are included in the Schedule.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported in the accompanying schedule of expenditures of federal awards are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

The Organization has elected not to use the 10% de minimis indirect rate as allowed under the uniform guidance.

NOTE 3 FEDERAL LOANS

The Organization had the following loans outstanding at September 30, 2020:

CFDA Number	Name of Federal Program	Amount Outstanding
14.218	Community Development Block Grant Entitlement Grants (Loan No. 107477)	\$ 910,000
14.218	Community Development Block Grant Entitlement Grants (Loan No. 135163-0)	49,945
14.218	Community Development Block Grant Entitlement Grants (Loan No. 125187)	1,500,000

**SOJOURNER CENTER
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
SEPTEMBER 30, 2020**

NOTE 3 FEDERAL LOANS (CONTINUED)

There were no federal awards expended for the loan program during the year ended September 30, 2020.

In a prior year, the Organization was awarded federal loans of \$2,668,000 under the Community Development Block Grant Program from the U.S. Department of Housing and Urban Development, passed through the City of Phoenix, Arizona, CFDA #14.218. As of September 30, 2020 the outstanding balance under the loans was \$2,459,945. The loans have the following continuing compliance requirements:

The underlying property built with the loans will be occupied by victims of domestic violence and their children. (All loans)

The rent for the Community Development Block Grant units may not exceed 30% of the adjusted income of a family whose gross income equals 80% of the Median Family Income for the Phoenix Standard Metropolitan Statistical Area, as determined by the U.S. Department of Housing and Urban Development. (Only loan 107477)



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors
Sojourner Center
Phoenix, Arizona

We have audited, in accordance with the 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, the financial statements of Sojourner Center (the Organization), which comprise the statement of financial position as of September 30, 2020, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 18, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of Sojourner Center's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sojourner Center's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Phoenix, Arizona
May 18, 2021



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND
REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors
Sojourner Center
Phoenix, Arizona

Report on Compliance for Each Major Federal Program

We have audited Sojourner Center's (the Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended September 30, 2020. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, Sojourner Center complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2020.

Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each of its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the Organization as of and for the year ended September 30, 2020, and have issued our report thereon dated May 18, 2021, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



CliftonLarsonAllen LLP

Phoenix, Arizona
May 18, 2021

**SOJOURNER CENTER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2020**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type auditors' report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ yes x none reported
3. Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ yes x none reported
2. Type of auditor's report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes x no

Identification of Major Federal Programs

CDFA-Number(s)	Name of Federal Program or Cluster
14.218	Community Development Block Grant/ Entitlement Grants

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee _____ yes x no

**SOJOURNER CENTER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2020**

Section II – Financial Statement Findings

None

Section II1 – Findings and Questioned Costs – Major Federal Programs

None

