

**THE CATHEDRAL CENTER, INC.**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
**(With Summarized Totals for the Year Ended December 31, 2018)**

THE CATHEDRAL CENTER, INC.

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## Independent Auditor's Report

Board of Directors  
The Cathedral Center, Inc.

### **Report on the Financial Statements**

We have audited the accompanying financial statements of The Cathedral Center, Inc. which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization'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 Organization'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 The Cathedral Center, Inc. as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Ritz Holman LLP***

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Board of Directors  
The Cathedral Center, Inc.

***Report on Summarized Comparative Information***

We have previously audited The Cathedral Center, Inc.'s December 31, 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 30, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional revenue without donor restrictions and expenses and program revenue and expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis in accordance with the *Department of Health Services Audit Guide* and is also not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated April 15, 2020, on our consideration of The Cathedral Center, Inc.'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 The Cathedral Center, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Cathedral Center, Inc.'s internal control over financial reporting and compliance.

  
RITZ HOLMAN LLP  
Certified Public Accountants

Milwaukee, Wisconsin  
April 15, 2020

**THE CATHEDRAL CENTER, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2019**  
**(With Summarized Totals for December 31, 2018)**

ASSETS	2019	2018
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 723,434	\$ 487,368
Prepaid Expenses	17,720	26,796
Accounts and Grants Receivable	88,590	204,596
Pledges Receivable	80,000	85,000
Total Current Assets	\$ 909,744	\$ 803,760
<b>FIXED ASSETS</b>		
Equipment and Furnishings	\$ 43,550	\$ 43,550
Less: Accumulated Depreciation	(39,882)	(38,834)
Net Fixed Assets	\$ 3,668	\$ 4,716
<b>TOTAL ASSETS</b>	<b>\$ 913,412</b>	<b>\$ 808,476</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 24,823	\$ 39,739
Accrued Payroll	58,398	59,482
Deferred Revenue	8,918	---
Total Current Liabilities	\$ 92,139	\$ 99,221
<b>NET ASSETS</b>		
Without Donor Restrictions	\$ 572,324	\$ 531,556
With Donor Restrictions	248,949	177,699
Total Net Assets	\$ 821,273	\$ 709,255
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 913,412</b>	<b>\$ 808,476</b>

The accompanying notes are an integral part of these financial statements.

**THE CATHEDRAL CENTER, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
**(With Summarized Totals for the Year Ended December 31, 2018)**

	Without Donor Restrictions	With Donor Restrictions	2019 Total	2018 Total
<b>REVENUE</b>				
Milwaukee County	\$ 277,997	\$ ---	\$ 277,997	\$ 299,397
City of Milwaukee	165,727	---	165,727	203,586
Hunger Task Force	26,281	---	26,281	33,906
Outreach Community Health Center	90,000	---	90,000	85,000
Foundation Grants	159,490	217,000	376,490	279,789
Corporate Contributions	14,910	---	14,910	6,635
Individual and Religious Contributions	177,945	---	177,945	241,322
United Way	31,950	31,949	63,899	63,899
Program Service Fees	439,337	---	439,337	454,387
Fundraising Event				
Fundraising Income	92,315	---	92,315	72,593
Fundraising Expense	(3,515)	---	(3,515)	(1,507)
In-Kind Donations	82,354	---	82,354	125,883
Investment Income	2,407	---	2,407	988
Administrative Support	66,756	---	66,756	66,816
Miscellaneous Revenue	7,886	---	7,886	3,280
Net Assets Released from Restrictions	177,699	(177,699)	---	---
Total Revenue	<u>\$ 1,809,539</u>	<u>\$ 71,250</u>	<u>\$ 1,880,789</u>	<u>\$ 1,935,974</u>
<b>EXPENSES</b>				
Shelter Services	\$ 742,089	\$ ---	\$ 742,089	\$ 932,712
Friendship House	523,116	---	523,116	465,084
Case Management Services	293,433	---	293,433	266,146
Management and Supporting Services	91,118	---	91,118	92,223
Fundraising	119,015	---	119,015	102,795
Total Expenses	<u>\$ 1,768,771</u>	<u>\$ ---</u>	<u>\$ 1,768,771</u>	<u>\$ 1,858,960</u>
CHANGE IN NET ASSETS	\$ 40,768	\$ 71,250	\$ 112,018	\$ 77,014
Net Assets, Beginning of Year	<u>531,556</u>	<u>177,699</u>	<u>709,255</u>	<u>632,241</u>
NET ASSETS, END OF YEAR	<u>\$ 572,324</u>	<u>\$ 248,949</u>	<u>\$ 821,273</u>	<u>\$ 709,255</u>

The accompanying notes are an integral part of these financial statements.

**THE CATHEDRAL CENTER, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
**(With Summarized Totals for the Year Ended December 31, 2018)**

	Program Expenses	Management and Supporting Services	Fundraising	2019 Total	2018 Total
<b>EXPENSES</b>					
Salaries and Wages	\$ 948,978	\$ 51,627	\$ 71,897	\$ 1,072,502	\$ 1,084,696
Retirement Expense	9,985	336	589	10,910	16,034
Employee Benefits	79,671	8,882	8,051	96,604	127,097
Payroll Taxes	110,221	5,439	7,737	123,397	117,894
Professional Fees	45,688	2,900	7,422	56,010	70,655
Specific Assistance to Individuals	28,530	---	540	29,070	25,277
Office Supplies	3,307	182	217	3,706	6,051
Program Supplies	64,653	22	2,071	66,746	85,618
Telephone	11,746	2,902	1,751	16,399	16,257
Postage	392	253	724	1,369	4,351
Printing and Copying	1,110	46	505	1,661	8,269
Depreciation	975	52	21	1,048	2,812
Rent Expense	116,250	6,250	2,500	125,000	125,000
Utilities	61,169	3,270	1,308	65,747	54,390
Staff Recruitment	1,681	---	10	1,691	1,503
Staff Travel	2,262	152	215	2,629	3,179
Staff Parking	9,604	1,729	1,915	13,248	11,768
Conferences, Conventions and Meetings	2,599	664	473	3,736	4,620
Insurance	8,411	301	120	8,832	9,659
Computer Support	14,810	1,458	953	17,221	20,669
Membership Dues and Subscriptions	4,297	2,009	2,224	8,530	4,776
Volunteer Expense	88	90	108	286	277
Advertising	3,257	464	4,088	7,809	1,676
Meals, Lodging and Entertainment	1,093	1,464	1,595	4,152	2,924
Repairs and Maintenance	25,508	415	1,163	27,086	25,645
Other Expense	83	190	21	294	9,200
Non-Capital Fixed Asset Purchase	2,270	21	797	3,088	18,663
Subtotal	<u>\$ 1,558,638</u>	<u>\$ 91,118</u>	<u>\$ 119,015</u>	<u>\$ 1,768,771</u>	<u>\$ 1,858,960</u>
Special Events					
Rental Expense	\$ ---	\$ ---	\$ 550	\$ 550	\$ 450
Gifts Expense	---	---	108	108	500
Other	---	---	2,857	2,857	557
Total Special Events	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 3,515</u>	<u>\$ 3,515</u>	<u>\$ 1,507</u>
<b>TOTAL EXPENSES</b>	<u><u>\$ 1,558,638</u></u>	<u><u>\$ 91,118</u></u>	<u><u>\$ 122,530</u></u>	<u><u>\$ 1,772,286</u></u>	<u><u>\$ 1,860,467</u></u>

The accompanying notes are an integral part of these financial statements.

**THE CATHEDRAL CENTER, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
**(With Summarized Totals for the Year Ended December 31, 2018)**

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 112,018	\$ 77,014
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	1,048	2,812
(Increase) Decrease in Prepaid Expenses	9,076	(4,686)
(Increase) Decrease in Accounts and Grants Receivable	116,006	(99,361)
(Increase) Decrease in Pledges Receivable	5,000	26,750
Increase (Decrease) in Accounts Payable	(14,916)	3,516
Increase (Decrease) in Accrued Payroll	(1,084)	(33,000)
Increase (Decrease) in Deferred Revenue	8,918	---
	<u>\$ 236,066</u>	<u>\$ (26,955)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 236,066	\$ (26,955)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>487,368</u>	<u>514,323</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 723,434</u>	<u>\$ 487,368</u>

The accompanying notes are an integral part of these financial statements.



**THE CATHEDRAL CENTER, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**THE CATHEDRAL CENTER, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE A - Summary of Significant Accounting Policies**

**Organization**

The Cathedral Center, Inc. (the "Organization") seeks to end homelessness for women and families in Milwaukee County.

**Accounting Method**

The accompanying financial statements of the Organization have been prepared on the accrual basis of accounting.

**Basis of Presentation**

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, cash and cash equivalents include all highly liquid debt instruments with original maturities of three months or less when purchased.

**Accounts and Pledges Receivable**

Accounts and pledges receivable are stated at unpaid balances. The balance in accounts receivable consists of amounts due under various grant programs and donations received shortly after year end. Pledges receivable represent pledges from foundations for future operations.

**Allowance for Uncollectible Accounts**

Management believes all receivables will be collected in accordance with the terms of the agreements. Thus, no allowance for uncollectible accounts is necessary at year end.

**Fixed Assets**

Fixed assets are recorded at cost. Depreciation is provided over the estimated useful lives of the assets using the straight-line method. The Organization capitalizes assets with an original cost of \$5,000 or greater.

**Contributions and Grant Revenue**

Contributions received and unconditional promises to give are measured at their fair values and are reported as increases in net assets. Contributions are considered available for the Organization's general programs unless specifically restricted by the donor. Contributions received with restrictions that are met in the same reporting period are reported as revenue without donor restrictions and increase net assets without donor restrictions. Conditional promises to give are not recognized until they become unconditional. A conditional contribution is one that has both a barrier that must be overcome and an agreement requiring advance payment to be returned or future payment not to be obligated when the barrier is not overcome. Amounts received for which the donor has limited the use of the asset or designated the gift as support for future periods are considered restricted support and included in net assets with donor restrictions. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. When the restriction on a contribution is met in the same reporting period as the contribution is received, the contribution is reported in net assets without donor restrictions.

**THE CATHEDRAL CENTER, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE A - Summary of Significant Accounting Policies (continued)**

**Contributions and Grant Revenue (continued)**

Net assets restricted for acquisition of building or equipment are reported as net assets with donor restrictions until the specified asset is placed in service when the net assets are released to net assets without donor restrictions.

When a donor requires the investment of a contribution and restricts the use of investment income, the investment income is reported as net assets with donor restrictions until appropriated for the designated time or use when the net assets are released to net assets without donor restrictions.

Contributions of assets other than cash are recorded at their estimated fair value at the date of the gift. Donated services are recognized as contributions if the services create or enhance nonfinancial assets or the services require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Accordingly, the value of contributed time that does not meet these requirements has not been determined and is not reflected in the accompanying financial statements.

**Government Grants and Contract Revenue**

Government grants and contract revenue are recognized when earned. Revenue is earned when eligible expenditures, as defined in each grant, contract or other allowable cost manual, are made. Any cash received for revenue not yet earned is considered to be deferred revenue. Revenue earned but not yet paid to the Organization is included in grants receivable. Expenditures under government contracts are subject to review by the granting authority. To the extent, if any, that such review reduces expenditures allowable under these grants or contracts, the Organization records the disallowance at the time the final assessment is made. Management believes that disallowances, if any, would not have a significant effect on the financial statements.

**Functional Expenses**

The Organization allocates costs to program, management or fundraising. Program costs are those associated with carrying out the mission; management are those for management of the Organization including accounting, office expense, budgeting or board of directors costs; and fundraising costs are those attributed to the solicitation of contributions. Whenever possible, the Organization charges costs directly to program, management or fundraising. The expenses that are allocated include salaries and wages, employee benefits, payroll taxes, 401(k) retirement plan contributions, supplies, printing and postage which are allocated on the basis of estimates of time and effort. Occupancy expenses are allocated on a square foot basis

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles 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.

**THE CATHEDRAL CENTER, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE B - Accounting Changes**

The Organization's financial statements have changed to adopt the *Accounting Standards Update 2014-09, Revenue from Contracts with Customers (Topic 606)*, and all subsequently issued accounting updates issued to clarify the standards. The updates are effective for the year ended December 31, 2019. The updates are required and establish principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The core principle of the guidance is that an organization should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the organization expects to be entitled.

The Organization's financial statements have changed to adopt the *Accounting Standards Update 2018-08, Not-for-Profit Entities (Topic 958), Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* effective for the year ended December 31, 2019. This update is required. The goal of this update is to help organizations determine reciprocal and nonreciprocal transactions. The guidance clarifies that an exchange transaction is when the resource provider receives equal value in return for what the resource provider pays. When the general public is the recipient of the service or goods, the transaction is not considered a reciprocal transaction, it is considered a contribution. The guidance also clarifies that a conditional contribution is one that has both a barrier that must be overcome and an agreement requiring advance payment to be returned or future payment not to be obligated when the barrier is not overcome.

The Organization applied the new guidance using the practical expedient provided in Topic 606 that allows the guidance to be applied only to contracts that were not complete as of January 1, 2019. Results for reporting periods beginning after January 1, 2019 are presented under Topic 606 while prior period amounts are not adjusted and continue to be reported in accordance with legacy generally accepted accounting principles.

The adoption of this new standard did not result in a material impact to the Organization's financial statements. The largest impact of the adoption of the new standard is the new footnote disclosure regarding fundraising event revenue provided to the Organization's customers. There was no significant effect on the financial statements related to the adoption of this new standard which would require cumulative effect adjustment to net assets at the date of adoption under the modified respective method.

**Future Accounting Pronouncements**

The Organization will be required to implement *Accounting Standards Update 2016-02, Leases (Topic 842)*. The effective date for ASU 2016-02 is for fiscal years beginning after December 15, 2020. This update requires the recognition of lease assets and lease liabilities on the statement of financial position measured at the present value of lease payments and requires disclosure of key information about the leasing arrangements. It is to be adopted using the modified respective approach.

**THE CATHEDRAL CENTER, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE B - Accounting Changes (continued)**

**Future Accounting Pronouncements (continued)**

The Organization will be required to implement *Accounting Standards Update 2016-13, Financial Instruments – Credit Losses (Topic 326)*. The effective date for ASU 2016-13 is for fiscal years beginning after December 15, 2023. The main objective of this update is to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. To achieve this objective, the amendments in this update replace the incurred loss impairment methodology in current GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates, including exploring more forward-looking alternatives.

**NOTE C - Comparative Financial Information**

The financial information shown for 2018 in the accompanying financial statements is included to provide a basis for comparison with 2019 and presents summarized totals only. The comparative information is summarized by total only, not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity to generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2018, from which the summarized information was derived.

**NOTE D - Liquidity**

The Organization has financial assets available to meet cash needs for general expenditure consisting of the following:

Cash and Cash Equivalents	\$723,434
Accounts and Grants Receivable	88,590
Pledges Receivable	<u>80,000</u>
 Total Assets Available For Use	 <u>\$892,024</u>

The accounts and pledges receivable are expected to be collected within one year. The Organization has a policy to submit cost reports for government grants on a monthly basis. The Organization has significant contracts secured for 2020 funding. The Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management, as more fully described in Note I, the Organization also has committed lines of credit in the amount of \$150,000, which it could draw upon in the event of an unanticipated liquidity need.

**THE CATHEDRAL CENTER, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE E - Concentration of Risk**

The Organization maintains its cash balances a financial institution located in Milwaukee, Wisconsin. The combined account balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 at each financial institution. At December 31, 2019, the Organization's total uninsured cash balances totaled \$462,320.

The Organization receives funding for its shelter program from Milwaukee County. In 2019, this funding was approximately 15% of total revenue.

**NOTE F - Accounts and Grants Receivable**

Accounts and grants receivable consists of the following as of December 31, 2019:

<u>Source</u>	<u>Amount</u>
City of Milwaukee - CDBG and ESG	\$ 1,755
City of Milwaukee - State ESG	12,747
Hunger Task Force - FEMA	6,963
United Way	31,950
Milwaukee County	23,166
Other Receivables	<u>12,009</u>
Total Accounts and Grants Receivable	<u>\$88,590</u>

**NOTE G - Pledges Receivable**

Pledges receivable consists of the following as of December 31, 2019:

<u>Source</u>	<u>Amount</u>
Zilber Family Foundation	\$50,000
Bader Philanthropies	<u>30,000</u>
Total Pledges Receivable	<u>\$80,000</u>

**NOTE H - In-Kind Donations**

The use of the facilities where The Cathedral Center, Inc. operates was donated by the Congregation of St. John Cathedral, which owns the real property. Amounts have been recognized as revenues and expenses in the accompanying financial statements for the fair market value of the donated facilities. The Cathedral Center, Inc. is responsible for the costs, expenses and obligations relating to the premises which may arise or become due during the term of the lease which ends on June 30, 2024. The value of donated facilities for 2019 was \$74,375.

The Organization also received \$930 in gift cards and \$7,050 in marketing services.

**THE CATHEDRAL CENTER, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE I - Line of Credit**

The Organization has a \$150,000 revolving line of credit which was not drawn on as of December 31, 2019. Interest on the line of credit is payable monthly at an interest rate of the bank's prime commercial rate, with a floor of 4.75% as of December 31, 2019. The line of credit does not have a maturity date. The line of credit is secured by all assets of the Organization.

**NOTE J - Operating Lease**

In addition to the donated use of facilities, the Organization pays rent to the Congregation of St. John Cathedral. On May 8, 2015, the Organization signed an amendment extending the facilities lease to June 30, 2024 with monthly rent payments beginning June 30, 2015 and continuing through 2024 according to a schedule. Total rent expense as of December 31, 2019, was \$50,625.

The following is a schedule of future minimum payments:

<u>Year</u>	<u>Amount</u>
2020	\$ 51,891
2021	53,188
2022	54,518
2023	55,881
2024	<u>28,283</u>
Total	<u>\$243,761</u>

**NOTE K - Retirement Plans**

The Organization has a 403(b) plan that covers all eligible employees who worked at The Cathedral Center, Inc. during 2019. Eligible wages are based on total calendar year wages. The Organization contributed 5% match to all eligible employees for the year ended December 31, 2019. Total retirement expense for the year ended December 31, 2019, was \$10,910.

**NOTE L - Net Assets With Donor Restrictions**

Net assets with donor restrictions consist of the following amounts at December 31, 2019:

<u>Purpose</u>	<u>Amount</u>
Case Management	\$129,449
Empowerment Challenge	10,000
Women's Independent Program	60,000
Children's Programming	12,000
Shelter Services	<u>37,500</u>
Total Net Assets With Donor Restrictions	<u>\$248,949</u>

**THE CATHEDRAL CENTER, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE M - Related Parties**

A member of the board of directors is a key employee for the company that provides accounting services for the Organization. These services are provided at arms-length. The amount paid for these services in 2019 was \$33,600.

**NOTE N - Revenue from Contracts with Customers**

**Fee For Service Revenue**

The Organization jointly offers programs at the Friendship House, a separate nonprofit organization, for transitional living services. The two organizations jointly established three programs to serve the needs of women and women with children and families. The Organization is responsible for managing, supervising and various services related to the programs including providing marketing, human resources, financial services, supervision and other administrative functions. Friendship House approves the program budget, which includes a monthly administrative fee. Fee for service revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for the various services. Fee for service revenue is billed the month the services are provided. Revenue is recognized as the performance obligations are satisfied. Performance obligations are considered to be satisfied at the time the services are performed. At December 31, 2019, there were obligations related to revenue from contracts with customers of \$8,918 which was reported as deferred revenue. For the year ended December 31, 2019, fee for service revenue was \$506,993.

**Fundraising Events revenue**

The Organization holds one large fundraising event during the year. Registration fees for the fundraising event are billed to participants at the time of registration. The event revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing the registrants access to the event and event activities. Revenue from the event is recognized at the point in time the event is held and the Organization's performance obligation to hold the event is completed. The Organization also provides the opportunity to sponsor the event. Registration and sponsorships for the Organization's event opens months before the event is scheduled to be held. Receipts and sponsorships collected in advance of the special event are deferred as contract liabilities until earned when the event is held at which point the revenue is recognized. At December 31, 2019, there were no assets or obligations related to revenue from contracts with customers. For the year ended December 31, 2019, fundraising event revenue was \$92,315.

**NOTE O - Income Taxes**

The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and is classified as other than a private foundation. Management has reviewed all tax positions recognized in previously filed tax returns and those expected to be taken in future tax returns. As of December 31, 2019, the Organization had no amounts related to unrecognized income tax benefits and no amounts related to accrued interest and penalties. The Organization does not anticipate any significant changes to unrecognized income tax benefits over the next year.



**THE CATHEDRAL CENTER, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE P - Subsequent Events**

The Organization evaluated subsequent events and transactions for possible adjustments to the financial statements and disclosures. The Organization has considered events and transactions occurring after December 31, 2019, the date of the most recent statement of financial position, through April 15, 2020, the date the financial statements are available to be issued.

On March 11, 2020, the World Health Organization declared the outbreak of the novel coronavirus (COVID-19) a pandemic. The outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses and facilities. While the disruption is currently expected to be temporary, there is a considerable uncertainty around the duration of the closings. The Organization expects this matter may negatively impact its special event and contribution revenue. The duration of the facility closures and the financial impact of COVID -19 cannot be reasonably estimated at this time.

**THE CATHEDRAL CENTER, INC.**  
**SCHEDULE OF FUNCTIONAL REVENUE WITHOUT DONOR RESTRICTONS AND EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
**(With Summarized Totals for the Year Ended December 31, 2018)**

	Case Management	Friendship House	Shelter	General and Administration	Fundraising	2019 Total	2018 Total
REVENUE							
Milwaukee County	\$ 60,000	---	\$ 217,997	\$ ---	\$ ---	\$ 277,997	\$ 299,397
City of Milwaukee	5,740	---	159,987	---	---	165,727	203,586
Hunger Task Force	---	---	26,281	---	---	26,281	33,906
Outreach Community Health Center	---	---	90,000	---	---	90,000	85,000
Foundation Grants	---	---	11,442	---	148,048	159,490	195,789
Corporate Contributions	---	---	---	---	14,910	14,910	6,635
Individual and Religious Contributions	---	60	25,552	---	152,333	177,945	241,322
United Way	31,950	---	---	---	---	31,950	31,950
Program Service Fees	---	439,337	---	---	---	439,337	454,387
Fundraising Events							
Fundraising Income	---	---	---	---	92,315	92,315	72,593
Fundraising Expense	---	(324)	---	---	(3,191)	(3,515)	(1,507)
In-Kind Donations	16,362	2,506	54,215	3,719	5,552	82,354	125,883
Investment Income	---	---	---	---	2,407	2,407	988
Administrative Support	---	66,756	---	---	---	66,756	66,816
Miscellaneous Revenue	---	---	---	---	7,886	7,886	3,280
Net Assets Released							
From Restrictions	106,949	---	60,000	---	10,750	177,699	202,949
Total Revenue (Carried Forward)	<u>\$ 221,001</u>	<u>\$ 508,335</u>	<u>\$ 645,474</u>	<u>\$ 3,719</u>	<u>\$ 431,010</u>	<u>\$ 1,809,539</u>	<u>\$ 2,022,974</u>

**THE CATHEDRAL CENTER, INC.**  
**SCHEDULE OF FUNCTIONAL REVENUE WITHOUT DONOR RESTRICTONS AND EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
**(With Summarized Totals for the Year Ended December 31, 2018)**

	Case Management	Friendship House	Shelter	General and Administration	Fundraising	2019 Total	2018 Total
Total Revenue (Brought Forward)	\$ 221,001	\$ 508,335	\$ 645,474	\$ 3,719	\$ 431,010	\$ 1,809,539	\$ 2,022,974
<b>EXPENSES</b>							
Salaries and Wages	\$ 194,824	\$ 362,547	\$ 391,607	\$ 51,627	\$ 71,897	\$ 1,072,502	\$ 1,084,696
Retirement Expense	2,523	1,474	5,988	336	589	10,910	16,034
Employee Benefits	11,751	32,025	35,895	8,882	8,051	96,604	127,097
Payroll Taxes	20,273	40,281	49,667	5,439	7,737	123,397	117,894
Professional Fees	---	17,578	28,110	2,900	7,422	56,010	70,655
Specific Assistance to Individuals	1,092	10,224	17,214	---	540	29,070	25,277
Office Supplies	1,064	459	1,784	182	217	3,706	6,051
Program Supplies	127	24,272	40,254	22	2,071	66,746	85,618
Telephone	4,139	4,487	3,120	2,902	1,751	16,399	16,257
Postage	89	240	63	253	724	1,369	4,351
Printing and Copying	188	823	99	46	505	1,661	8,269
Depreciation	231	---	744	52	21	1,048	2,812
Rent Expense	27,500	---	88,750	6,250	2,500	125,000	125,000
Utilities	14,387	175	46,607	3,270	1,308	65,747	54,390
Staff Recruitment	388	720	573	---	10	1,691	1,503
Staff Travel	2,000	262	---	152	215	2,629	3,179
Staff Parking	6,316	---	3,288	1,729	1,915	13,248	11,768
Conferences, Conventions and Meetings	1,023	967	609	664	473	3,736	4,620
Insurance	1,325	2,811	4,275	301	120	8,832	9,659
Computer Support	1,795	7,316	5,699	1,458	953	17,221	20,669
Membership Dues and Subscriptions	1,028	552	2,717	2,009	2,224	8,530	4,776
Volunteer Expense	---	27	61	90	108	286	277
Advertising	69	3,062	126	464	4,088	7,809	1,676
Meals, Lodging and Entertainment Expense	189	760	144	1,464	1,595	4,152	2,924
Repairs and Maintenance	1,087	9,853	14,568	415	1,163	27,086	25,645
Other Expense	17	66	---	190	21	294	9,200
Non-Capital Fixed Asset Purchase	8	2,135	127	21	797	3,088	18,663
Total Expenses	<u>\$ 293,433</u>	<u>\$ 523,116</u>	<u>\$ 742,089</u>	<u>\$ 91,118</u>	<u>\$ 119,015</u>	<u>\$ 1,768,771</u>	<u>\$ 1,858,960</u>
CHANGE IN NET ASSETS	<u>\$ (72,432)</u>	<u>\$ (14,781)</u>	<u>\$ (96,615)</u>	<u>\$ (87,399)</u>	<u>\$ 311,995</u>	<u>\$ 40,768</u>	<u>\$ 164,014</u>

**THE CATHEDRAL CENTER, INC.**  
**SCHEDULE OF PROGRAM REVENUE AND EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

Program Name : Emergency Shelter Care

	<u>Actual</u>	<u>Approved Budget</u>	<u>Variance From Budget</u>
<b>REVENUE</b>			
Milwaukee County Department of Health and Human Services Revenue	\$ 217,997	\$ 217,997	\$ ---
Other Government Grants	282,008	343,403	(61,395)
Contributions and Donations	<u>68,944</u>	<u>435,382</u>	<u>(366,438)</u>
<b>TOTAL REVENUE</b>	<b><u>\$ 568,949</u></b>	<b><u>\$ 996,782</u></b>	<b><u>\$ (427,833)</u></b>
<b>EXPENSES</b>			
Salaries	\$ 536,461	\$ 561,644	\$ (25,183)
Employee Benefits	51,720	62,000	(10,280)
Payroll Taxes	64,172	55,354	8,818
Professional Fees	35,540	36,500	(960)
Supplies	42,820	47,500	(4,680)
Telephone	5,886	9,000	(3,114)
Postage and Shipping	146	350	(204)
Occupancy	115,326	122,700	(7,374)
Equipment Costs	135	9,500	(9,365)
Printing and Publications	143	800	(657)
Employee Travel	271	1,000	(729)
Conferences, Conventions and Meeting	1,287	2,500	(1,213)
Specific Assistance to Individuals	1,587	4,000	(2,413)
Client Transportation	16,613	15,000	1,613
Membership Dues	3,515	500	3,015
Allocated Costs	78,158	68,434	9,724
Miscellaneous	<u>78</u>	<u>---</u>	<u>78</u>
<b>TOTAL EXPENSES</b>	<b><u>\$ 953,858</u></b>	<b><u>\$ 996,782</u></b>	<b><u>\$ (42,924)</u></b>

**THE CATHEDRAL CENTER, INC.**  
**SCHEDULE OF PROGRAM REVENUE AND EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

Program Name : Case Management - My Home

	<u>Actual</u>	<u>Approved Budget</u>	<u>Variance From Budget</u>
<b>REVENUE</b>			
Milwaukee County Department of Health and Human Services Revenue	\$ 60,000	\$ 60,000	\$ ---
Contributions and Donations	5,206	4,289	917
<b>TOTAL REVENUE</b>	<u>\$ 65,206</u>	<u>\$ 64,289</u>	<u>\$ 917</u>
<b>EXPENSES</b>			
Salaries	\$ 49,970	\$ 48,988	\$ 982
Employee Benefits	4,437	5,513	(1,076)
Payroll Taxes	5,768	4,400	1,368
Professional Fees	64	---	64
Supplies	409	---	409
Telephone	1,373	---	1,373
Postage and Shipping	6	---	6
Occupancy	8,798	---	8,798
Printing and Publications	144	---	144
Employee Travel	1,729	---	1,729
Conferences, Conventions and Meeting	345	---	345
Membership Dues	230	---	230
Allocated Costs	5,838	5,388	450
Client Assistance	106	---	106
Miscellaneous	---	---	---
<b>TOTAL EXPENSES</b>	<u>\$ 79,217</u>	<u>\$ 64,289</u>	<u>\$ 14,928</u>

**THE CATHEDRAL CENTER, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Federal Expenditures	Total
<b>FEDERAL EXPENDITURES</b>			
U.S. Department of Housing and Urban Development			
City of Milwaukee			
CDBG Entitlement Grants Cluster			
Community Development Block Grants/Entitlement Grants	14.218		\$ 76,361
City of Milwaukee - ESG Outreach Services			
Emergency Solutions Grant Program	14.231	\$ 53,817	
City of Milwaukee - ESG HUD			
Emergency Solutions Grant Program	14.231	35,549	
Total CFDA 14.231		<u>35,549</u>	<u>89,366</u>
Total U.S. Department of Housing and Urban Development			<u>\$ 165,727</u>
U.S. Department of Homeland Security			
Hunger Task Force			
Emergency Food and Shelter National Board Program	97.024		<u>\$ 26,281</u>
Total U.S. Department of Homeland Security			<u>\$ 26,281</u>
<b>TOTAL FEDERAL EXPENDITURES</b>			<u><u>\$ 192,008</u></u>
<b>Grantor/Pass-Through/Program Title/Pass-Through Grant</b>	<b>Contract Number</b>		<b>State Expenditures</b>
<b>STATE EXPENDITURES</b>			
State of Wisconsin Department of Administration			
Impact Alcohol and Other Drug Abuse Services, Inc.			
State Shelter Grant	SSSG19-20		<u>\$ 90,000</u>
<b>TOTAL STATE EXPENDITURES</b>			<u><u>\$ 90,000</u></u>

The accompanying note is an integral part of this schedule.

**THE CATHEDRAL CENTER, INC.**  
**NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**NOTE 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of The Cathedral Center, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented as required by the Wisconsin *Department of Health Services Audit Guide*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

The Organization has elected not to use the 10% de minimis cost rate where funding is available for indirect costs. All indirect costs are allocated to programs limited to amounts allowable in the grant budgets.

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* and  
the *Department of Health Services Audit Guide*

Independent Auditor's Report

To the Board of Directors  
The Cathedral Center, Inc.

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, and in accordance with the *Department of Health Services Audit Guide* issued by the Wisconsin Department of Health Services the financial statements of The Cathedral Center, Inc., which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended and the related notes to the financial statements, and have issued our report thereon dated April 15, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered The Cathedral Center, Inc.'s internal control over financial reporting (internal control) to determine the 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 Cathedral Center, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of The Cathedral Center, Inc.'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 entity'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 The Cathedral Center, Inc.'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 determination of financial statement amounts. 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* or the *Department of Health Services Audit Guide*.

### **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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* or the *Department of Health Services Audit Guide* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



RITZ-HOLMAN LLP  
Certified Public Accountants

Milwaukee, Wisconsin  
April 15, 2020

**THE CATHEDRAL CENTER, INC.  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**A. SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? None Reported
- Significant deficiencies identified? None Reported

Noncompliance material to financial statements noted? No

**B. FINANCIAL STATEMENT FINDINGS**

No matters were reported.

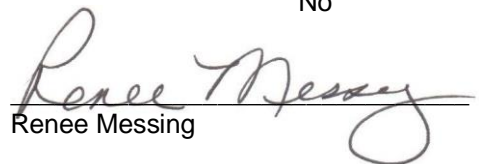
**C. OTHER ISSUES**

1. Does the auditor have substantial doubt as to the auditee's ability to continue as a going concern? No

2. Does the audit report show audit issues (i.e., material noncompliance, non-material noncompliance, questioned costs, material weakness, significant deficiency, management letter comment, excess revenue or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the *Department of Health Services Audit Guide*? No

3. Was a Management Letter or other document conveying audit comments issued as a result of this audit? No

4. Name and signature of partner

  
Renee Messing

5. Date of report April 15, 2020