

JEREMIAH PROGRAM
CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

**JEREMIAH PROGRAM
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YEARS ENDED DECEMBER 31, 2019 AND 2018**

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Jeremiah Program
Minneapolis, Minnesota

We have audited the accompanying consolidated financial statements of Jeremiah Program (a nonprofit organization), which comprise the consolidated balance sheets as of December 31, 2019 and 2018, and the related consolidated statements of activities, net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audits. We did not audit the financial statements of Jeremiah St. Paul Limited Partnership, which statements reflect total assets of \$8,102,148 and \$8,389,971 as of December 31, 2019 and 2018, respectively, and total revenues of \$217,306 and \$181,073, respectively, for the years then ended. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for Jeremiah St. Paul Limited Partnership, is based solely on the report of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Jeremiah Program as of December 31, 2019 and 2018, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principles

As discussed in Note 1 to the consolidated financial statements, the Organization has adopted Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The adoption of this standard did not have any impact on the Organization's reported historical revenue. Our opinion is not modified with respect to that matter.

As discussed in Note 1, the Organization adopted ASU 2018-08, *Accounting Guidance for Contributions Received and Made*. The accounting change has not been retrospectively applied to prior periods presented but applied prospectively. Our opinion is not modified with respect to that matter.



CliftonLarsonAllen LLP

St. Cloud, Minnesota
May 5, 2020

**JEREMIAH PROGRAM
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2019 AND 2018**

ASSETS	2019	2018
CURRENT ASSETS		
Cash	\$ 1,855,820	\$ 1,962,800
Restricted Cash	-	353,051
Accounts Receivable, Net	121,270	83,142
Current Portion of Pledges Receivable, Net	2,360,369	1,915,598
Prepaid Expenses	108,284	165,614
Total Current Assets	4,445,743	4,480,205
PROPERTY AND EQUIPMENT		
Land and Improvements	2,512,786	1,672,786
Buildings and Improvements	20,602,032	20,602,032
Office Furniture and Equipment	632,346	632,346
Residential Furniture and Equipment	1,029,053	1,029,053
Capital Projects in Progress	4,295,868	176,641
Total	29,072,085	24,112,858
Less: Accumulated Depreciation	8,504,462	7,698,993
Net Property and Equipment	20,567,623	16,413,865
OTHER ASSETS		
Investments	12,284,590	9,972,800
Investment in Campus Building Partnerships	4,419,752	4,894,697
Assets Held in Trust	387,976	342,198
Restricted Reserves and Escrows	1,731,511	448,696
Long-Term Portion of Pledges Receivable, Net	433,379	822,341
Intangible Assets, Net	96,796	-
Total Other Assets	19,354,004	16,480,732
Total Assets	\$ 44,367,370	\$ 37,374,802

See accompanying Notes to Consolidated Financial Statements.

**JEREMIAH PROGRAM
CONSOLIDATED BALANCE SHEETS (CONTINUED)
DECEMBER 31, 2019 AND 2018**

LIABILITIES AND NET ASSETS	2019	2018
CURRENT LIABILITIES		
Accounts Payable	\$ 139,135	\$ 179,832
Construction Payable	1,422,978	-
Accrued Payroll and Related Benefits	201,699	231,844
Accrued Real Estate Taxes	87,846	72,382
Deferred Revenue	-	11,111
Other Current Liabilities	43,350	22,219
Capital Lease Payable, Current	1,240	3,440
Total Current Liabilities	1,896,248	520,828
OTHER LIABILITIES		
Mortgages Payable, Net of Discount	7,452,771	6,432,648
Less: Unamortized Financing Fees	(95,855)	(101,264)
Capital Lease Payable, Less Current Portion	5,969	7,209
Total Other Liabilities	7,362,885	6,338,593
Total Liabilities	9,259,133	6,859,421
NET ASSETS		
Without Donor Restriction:		
Undesignated	4,801,569	3,196,235
Undesignated: Limited Partnership - Noncontrolling Interest	4,200,418	2,375,694
Designated	19,133,930	18,576,041
Total Net Assets Without Donor Restriction	28,135,917	24,147,970
With Donor Restriction	6,972,320	6,367,411
Total Net Assets	35,108,237	30,515,381
Total Liabilities and Net Assets	\$ 44,367,370	\$ 37,374,802

See accompanying Notes to Consolidated Financial Statements.

JEREMIAH PROGRAM
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
REVENUES AND SUPPORT			
Grants and Contributions	\$ 5,200,661	\$ 1,990,357	\$ 7,191,018
Special Event Income (Net of Direct Benefits of \$271,582)	1,103,314	-	1,103,314
Interest and Dividend Income	194,665	60,073	254,738
Rental Income	361,190	-	361,190
Child Care Income (Net of Subsidies of \$11,445)	1,085,000	-	1,085,000
In-Kind Contributions	883,772	-	883,772
Other Support	24,021	-	24,021
Net Assets Released from Restrictions	<u>2,646,384</u>	<u>(2,646,384)</u>	<u>-</u>
Total Revenues and Support	11,499,007	(595,954)	10,903,053
EXPENSE			
Program	7,801,312	-	7,801,312
Support Services:			
General and Administrative	917,996	-	917,996
Fundraising	<u>2,493,316</u>	<u>-</u>	<u>2,493,316</u>
Total Support Services	<u>3,411,312</u>	<u>-</u>	<u>3,411,312</u>
Total Expense	<u>11,212,624</u>	<u>-</u>	<u>11,212,624</u>
CHANGE IN NET ASSETS FROM OPERATIONS	286,383	- (595,954)	- (309,571)
NONOPERATING INCOME (LOSS)			
Gain on Investments	779,628	424,194	1,203,822
Change in Assets Held in Trust	-	63,559	63,559
Change in Investment in Campus Building Partnerships	(474,945)	-	(474,945)
Contributions for Future Capital Projects	-	1,676,950	1,676,950
Net Assets Released from Restrictions: Capital Projects	<u>963,840</u>	<u>(963,840)</u>	<u>-</u>
Total Nonoperating Income	<u>1,268,523</u>	<u>1,200,863</u>	<u>2,469,386</u>
CHANGE IN NET ASSETS	1,554,906	604,909	2,159,815
Change in Net Assets Attributable to the Noncontrolling Interest	<u>608,317</u>	<u>-</u>	<u>608,317</u>
CHANGE IN NET ASSETS – CONTROLLING INTEREST	<u>\$ 2,163,223</u>	<u>\$ 604,909</u>	<u>\$ 2,768,132</u>

See accompanying Notes to Consolidated Financial Statements.

**JEREMIAH PROGRAM
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018**

	Without Donor Restriction	With Donor Restriction	Total
REVENUES AND SUPPORT			
Grants and Contributions	\$ 4,220,059	\$ 2,700,385	\$ 6,920,444
Special Event Income (Net of Direct Benefits of \$215,969)	1,105,634	-	1,105,634
Interest and Dividend Income	152,163	30,392	182,555
Rental Income	315,336	-	315,336
Child Care Income (Net of Subsidies of \$13,710)	1,056,261	-	1,056,261
In-Kind Contributions	179,490	-	179,490
Other Support	4,564	-	4,564
Net Assets Released from Restrictions	3,082,704	(3,082,704)	-
Total Revenues and Support	10,116,211	(351,927)	9,764,284
EXPENSE			
Program	7,188,837	-	7,188,837
Support Services:			
General and Administrative	797,123	-	797,123
Fundraising	1,896,105	-	1,896,105
Total Support Services	2,693,228	-	2,693,228
Total Expense	9,882,065	-	9,882,065
CHANGE IN NET ASSETS FROM OPERATIONS	234,146	(351,927)	(117,781)
NONOPERATING INCOME (LOSS)			
Loss on Investments	(290,526)	(125,977)	(416,503)
Change in Assets Held in Trust	-	(33,338)	(33,338)
Contributions for Future Capital Projects	-	25,850	25,850
Net Assets Released from Restrictions: Capital Projects	1,561,755	(1,561,755)	-
Total Nonoperating Income (Loss)	1,271,229	(1,695,220)	(423,991)
CHANGE IN NET ASSETS	1,505,375	(2,047,147)	(541,772)
Change in Net Assets Attributable to the Noncontrolling Interest	563,421	-	563,421
CHANGE IN NET ASSETS – CONTROLLING INTEREST	\$ 2,068,796	\$ (2,047,147)	\$ 21,649

See accompanying Notes to Consolidated Financial Statements.

**JEREMIAH PROGRAM
CONSOLIDATED STATEMENTS OF NET ASSETS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
BALANCE - DECEMBER 31, 2017	\$ 22,642,595	\$ 8,414,558	\$ 31,057,153
Change in Net Assets	<u>1,505,375</u>	<u>(2,047,147)</u>	<u>(541,772)</u>
BALANCE - DECEMBER 31, 2018	24,147,970	6,367,411	30,515,381
Change in Net Assets	1,554,906	604,909	2,159,815
Capital Contribution	<u>2,433,041</u>	<u>-</u>	<u>2,433,041</u>
BALANCE - DECEMBER 31, 2019	<u>\$ 28,135,917</u>	<u>\$ 6,972,320</u>	<u>\$ 35,108,237</u>

See accompanying Notes to Consolidated Financial Statements.

JEREMIAH PROGRAM
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019

	<u>Program</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 3,665,727	\$ 445,537	\$ 1,458,356	\$ 5,569,620
Benefits	412,105	39,037	150,602	601,744
Payroll Taxes	288,718	36,271	115,960	440,949
Total Personnel Costs	<u>4,366,550</u>	<u>520,845</u>	<u>1,724,918</u>	<u>6,612,313</u>
Campaign Consultants	-	-	10,860	10,860
Accounting and Payroll Services	-	26,979	-	26,979
Professional Fees	31,852	56,072	16,054	103,978
Contract Services	238,603	69,841	67,241	375,685
Education Expenses	36,871	-	-	36,871
Childcare Expenses	162,976	-	9,983	172,959
Other Program Expenses	270,735	52,911	45,309	368,955
Occupancy	1,417,488	58,589	53,040	1,529,117
Telephone	53,615	3,151	16,972	73,738
Printing	12,291	1,924	48,292	62,507
Postage	4,548	1,205	21,071	26,824
Meetings	14,937	13,379	24,231	52,547
Bank Service Charges	-	4,305	10	4,315
Office Supplies	69,093	16,123	35,962	121,178
Dues and Subscriptions	5,380	1,507	8,837	15,724
Advertising	7,420	368	85,800	93,588
Equipment Rental	43,104	14,875	40,383	98,362
Insurance	6,838	4,305	2,864	14,007
Staff Development	25,522	4,308	9,780	39,610
Travel	64,565	23,595	42,068	130,228
Volunteer Recognition	13,460	421	1,617	15,498
Special Event and Promotional Expense	-	-	178,167	178,167
Bad Debt Expense	6,840	22	20,842	27,704
Depreciation and Amortization	751,850	37,133	21,895	810,878
Interest	85,425	875	1,750	88,050
Campus Development	60,139	-	-	60,139
Miscellaneous	11,844	1,590	4,637	18,071
Subtotal	<u>7,761,946</u>	<u>914,323</u>	<u>2,492,583</u>	<u>11,168,852</u>
In-Kind Expenses	<u>39,366</u>	<u>3,673</u>	<u>733</u>	<u>43,772</u>
Total Expenses	<u><u>\$ 7,801,312</u></u>	<u><u>\$ 917,996</u></u>	<u><u>\$ 2,493,316</u></u>	<u><u>\$ 11,212,624</u></u>

See accompanying Notes to Consolidated Financial Statements.

JEREMIAH PROGRAM
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2018

	<u>Program</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 3,120,689	\$ 467,217	\$ 1,073,957	\$ 4,661,863
Benefits	324,598	24,749	97,815	447,162
Payroll Taxes	252,555	35,488	93,097	381,140
Total Personnel Costs	<u>3,697,842</u>	<u>527,454</u>	<u>1,264,869</u>	<u>5,490,165</u>
Campaign Consultants	-	-	76,521	76,521
Accounting and Payroll Services	-	19,381	-	19,381
Professional Fees	7,844	64,442	-	72,286
Contract Services	233,125	9,737	37,524	280,386
Education Expenses	36,201	-	-	36,201
Childcare Expenses	169,499	-	-	169,499
Other Program Expenses	579,872	25,180	59,279	664,331
Occupancy	1,132,844	47,521	38,634	1,218,999
Telephone	61,102	3,271	17,532	81,905
Printing	7,801	1,146	31,407	40,354
Postage	3,941	683	14,016	18,640
Meetings	15,870	6,795	10,441	33,106
Bank Service Charges	-	4,158	-	4,158
Office Supplies	44,401	11,263	18,760	74,424
Dues and Subscriptions	6,575	2,464	8,596	17,635
Advertising	5,203	416	35,925	41,544
Equipment Rental	40,602	11,906	33,255	85,763
Insurance	10,323	6,357	4,863	21,543
Staff Development	18,452	780	8,464	27,696
Travel	24,338	8,085	11,882	44,305
Volunteer Recognition	14,333	1,392	2,551	18,276
Special Event and Promotional Expense	7,744	-	126,278	134,022
Bad Debt Expense	54,263	-	29,171	83,434
Depreciation and Amortization	747,983	41,285	24,156	813,424
Interest	82,375	842	1,683	84,900
Campus Development	47,567	-	-	47,567
Miscellaneous	10,968	1,287	4,505	16,760
Subtotal	<u>7,061,068</u>	<u>795,845</u>	<u>1,860,312</u>	<u>9,717,225</u>
In-Kind Expenses	<u>127,769</u>	<u>1,278</u>	<u>35,793</u>	<u>164,840</u>
Total Expenses	<u><u>\$ 7,188,837</u></u>	<u><u>\$ 797,123</u></u>	<u><u>\$ 1,896,105</u></u>	<u><u>\$ 9,882,065</u></u>

See accompanying Notes to Consolidated Financial Statements.

**JEREMIAH PROGRAM
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Support and Revenue	\$ 10,097,849	\$ 9,937,793
Interest Received	254,738	182,618
Cash Paid to Suppliers and Employees	(9,139,217)	(9,468,521)
Interest Paid	(560)	(745)
Net Cash Provided by Operating Activities	1,212,810	651,145
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(8,485,681)	(5,821,373)
Proceeds from Sale of Investments	7,395,494	4,216,221
Purchase of Property and Equipment	(916,186)	(943,707)
Net Cash Used by Investing Activities	(2,006,373)	(2,548,859)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Contributions Restricted for:		
Capital Expansion	1,553,950	422,433
Payment of Tax Credit Fees	(96,796)	-
Proceeds from Debt Issuance	162,633	418,960
Payments on Capital Lease Liability	(3,440)	(9,535)
Net Cash Provided by Financing Activities	1,616,347	831,858
NET INCREASE (DECREASE) IN CASH AND RESTRICTED CASH	822,784	(1,065,856)
Cash and Restricted Cash – Beginning of Year	2,764,547	3,830,403
CASH AND RESTRICTED CASH – END OF YEAR	\$ 3,587,331	\$ 2,764,547

See accompanying Notes to Consolidated Financial Statements.

JEREMIAH PROGRAM
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
RECONCILIATION OF CHANGE IN NET ASSETS TO		
NET CASH PROVIDED BY OPERATING ACTIVITIES		
Change in Net Assets	\$ 2,159,815	\$ (541,772)
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by Operating Activities:		
Depreciation and Amortization Expense	810,878	813,424
Land Donation	(840,000)	-
Unrealized (Gains) Losses	(1,149,856)	759,649
Realized Gains	(53,966)	(343,146)
Change in Value of Assets Held in Trust	(63,559)	33,338
Change in Investment in Campus Building Partnerships	474,945	-
Contributions Restricted for Financing Activities	(1,676,950)	(25,850)
Noncash Interest	87,490	84,155
(Increase) Decrease in Current Assets:		
Accounts Receivable, Net	(38,128)	240,649
Pledges Receivable, Net	67,191	(62,158)
Prepaid Expenses	57,330	(21,485)
Increase (Decrease) in Current Liabilities:		
Accounts Payable	(40,697)	(335,074)
Construction Payable	1,422,978	-
Accrued Payroll and Related Benefits	(30,145)	72,576
Accrued Real Estate Taxes	15,464	8,650
Deferred Revenue	(11,111)	(38,333)
Other Current Liabilities	21,131	6,522
Net Cash Provided by Operating Activities	\$ 1,212,810	\$ 651,145
CASH CONSISTS OF:		
Cash	\$ 1,855,820	\$ 1,962,800
Restricted Cash	-	353,051
Restricted Reserves and Escrows	1,731,511	448,696
Total Cash	\$ 3,587,331	\$ 2,764,547
SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS		
Property and Equipment Acquired through Issuance of Mortgages Payable	\$ 770,000	\$ -
Property and Equipment Acquired through Capital Contributions	\$ 2,433,041	\$ -

See accompanying Notes to Consolidated Financial Statements.

**JEREMIAH PROGRAM
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organizational Purpose

Jeremiah Program (the Organization) is a national nonprofit organization whose mission is to end the cycle of poverty for single mothers and their children two generations at a time. Education and housing stability are key levers at the heart of Jeremiah Program's model. The organization partners with families headed by single mothers whose connections to the educational and economic resources needed to build family well-being have become frayed over time by economic, racial, and social marginalization. Programming currently reaches more than 750 women and children annually, primarily from communities of color.

Founded in Minneapolis, MN in 1998, the Organization has expanded programming across the nation to meet growing demand. The Organization operates residential campuses with onsite child development centers (CDCs) in Minneapolis and St. Paul, MN; Austin, TX; and Fargo, ND. A fifth residential campus, currently under construction in Rochester, MN, is scheduled to open for families in summer 2020. In Boston, MA and Brooklyn, NY, the organization operates innovative nonresidential programs, in which they partner with key higher education, early childhood, and housing organizations to deliver core programming. Additionally, Jeremiah Program operates a campus support team based in Minneapolis, MN, with employees across the country.

Jeremiah Program's holistic approach focuses on asset-building—both personal and educational—for mothers, children, and families. Beginning with Jeremiah Program's signature empowerment training, moms begin to unravel the damaging narratives placed on low-income women, especially women of color, and reassert their role as experts in their own lives. After completing empowerment, ongoing programming ensures Jeremiah families have access to the resources every family needs to thrive: stable housing in Jeremiah affordable housing units or through community housing partners; career-track education at a local postsecondary institution; high quality early childhood education at Jeremiah Program CDCs or local partner schools; and a supportive community. The interplay of two-generation (2Gen) supports creates the conditions for mothers and children to tap into their unique strengths – strengths that are obscured, not eliminated, by the stress of living in poverty.

In 2019, Jeremiah programming reached 314 women and 424 children in seven cities across the United States. Core programmatic accomplishments included 24 moms graduating with their career-track post-secondary degree; 49% of moms achieving a GPA of 3.0 or higher; 24 children graduating from Jeremiah CDCs ready for kindergarten; and 88% of children demonstrating age-appropriate development. In addition, the larger community showed their support for Jeremiah by contributing more than 25,000 volunteer hours across the organization.

In 2019, the Organization President and CEO Gloria Perez transitioned from the Organization after more than 21 years of impressive achievements and effective leadership. The organization welcomed Chastity Lord as the new President and CEO in September 2019. A national nonprofit leader, Lord has dedicated her life to disrupting systems of inequity through a social justice lens to bridge the opportunity gap. She has a unique mix of both practitioner and executive leadership and has spent two decades specializing in organizational development, education, college access, fundraising, and leadership development.

JEREMIAH PROGRAM
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Organizational Purpose (Continued)

The Organization has a history of putting families first and seeking to expand services. The organization remains committed to the efficacy and power of a national model and ensuring that, across all locations, all stakeholders – families, staff, and board members—thrive.

Principles of Consolidation

The consolidated financial statements include the accounts of Jeremiah Program, Jeremiah St. Paul Limited Partnership, and Jeremiah Program Rochester Limited Partnership. The General Partner of Jeremiah St. Paul Limited Partnership is TJP St. Paul LLC, whose sole member is Jeremiah Program, a nonprofit corporation. The General Partner of Jeremiah Program Rochester Limited Partnership is Jeremiah Program Rochester GP LLC, whose sole member is Jeremiah Program.

All intercompany accounts and transactions have been eliminated.

Financial Statement Presentation

Net assets and revenues, gains and losses are classified based on donor-imposed restrictions. Accordingly, net assets of the Organization 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. The governing board has designated, from net assets without donor restrictions, those net assets detailed out in Note 9.

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 specific by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as restricted revenue when received and released from restrictions when the assets are placed in service. 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.

All 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 consolidated statements of activities as Net Assets Released from Restrictions.

Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

JEREMIAH PROGRAM
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reserves and Escrows

Reserves and escrows represent funds held and restricted by the Organization for various purposes. See Note 12 for further detail.

Investments

Investments are valued at market value, in accordance with accounting principles generally accepted in the United States of America. Accordingly, unrealized gains and losses are recognized in the statements of activities.

Accounts Receivable

The Organization provides an allowance for uncollectible accounts based on the reserve method using management's judgment considering historical information. Services are sold on an unsecured basis. Payment is required 30 days after receipt of the invoice. Accounts past due for more than 120 days are individually analyzed for collectability. An allowance is provided for accounts between 30 and 120 days when a significant pattern of uncollectibility has occurred. When all collection efforts have been exhausted, the accounts are written-off against the related allowance. At both December 31, 2019 and 2018, the allowance was \$3,700.

Pledges Receivable

Promises to give that are expected to be collected within one year are recorded at their net realizable value. Promises that are expected to be collected in future years are recorded at the present value of the amount expected to be collected. The discounts on those amounts are computed using an imputed interest rate applicable to the year in which the pledge is received.

Conditional promises to give are recognized as revenue when the conditions are substantially met. There were no conditional promises to give outstanding at December 31, 2019 and 2018.

Property, Equipment, and Depreciation

Property and equipment are capitalized at cost or, if donated, at the approximate fair value at the date of donation for those items over \$5,000. If donors stipulate how long assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as net assets without donor restriction. The Organization uses the straight-line method of depreciation over a useful life of 3 to 10 years for furniture and equipment and over a useful life of 35 to 40 years for the buildings. Included in Property and Equipment is Capital Projects in Progress which relates to new campus development activity.

Intangible Assets

Intangible assets include tax credit fees which are being amortized over 10 years using the straight-line method.

JEREMIAH PROGRAM
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

Contributions are considered to be without donor restriction unless specifically restricted by the donor as to time period or use. Unconditional promises to give are recorded as revenue when the Organization receives the promise. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restriction.

Deferred Revenue

Deferred revenue consists of payments received from grantors in advance of services being performed, as well as payments received from sponsors for which the Organization has not yet fulfilled its obligations under the sponsorship. Such amounts are recorded as revenues when the related services are performed, or obligations are satisfied.

Functional Allocation of Expenses

The costs of programs and supporting services have been summarized on a functional basis. The vast majority of staff costs and other expenses are recorded directly to cost center by function. For staff that devote time to multiple functions, their salaries, and related expenses are allocated to program and supporting services based on time spent by function. Indirect costs are allocated based on square footage or full-time equivalents by function.

Functional breakout of expansion expense varies by location based on stage in their development. Raising the funds to build a campus drives higher fundraising expenses until the campus is complete and programming is fully operational. Therefore, fundraising expenses as a percentage of total expense is slightly higher for total Jeremiah Program. The percentage of program expenses was 70% and 73% for 2019 and 2018, respectively. For fully operational campuses in Minneapolis/St. Paul, the percentage of program expense was 80% for 2019 and 81% for 2018.

Occupancy

Occupancy expense includes maintenance, custodial, utilities, property insurance, property taxes, and on-site property manager salaries relating to the rental operations of fully operational Jeremiah Program campuses and other noncampus building occupancy expenses.

Tax Status

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and corresponding state tax codes, and therefore, the financial statements do not include a provision for income taxes. Contributions to the Organization qualify as a charitable tax deduction by the contributor. The Organization files as a tax-exempt organization. Should that status be challenged in the future, all years since inception would be subject to review by the Internal Revenue Service.

JEREMIAH PROGRAM
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tax Status (Continued)

Jeremiah St. Paul Limited Partnership and Jeremiah Program Rochester Limited Partnership are not tax paying entities, thus, no provision for income taxes has been recorded in the consolidated financial statements. All tax effects of these entities are passed through to the partners.

Fair Value of Financial Instruments

The Organization categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value.

The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement. Assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

Subsequent to initial recognition, the Organization may re-measure the carrying value of assets and liabilities measured on a nonrecurring basis to fair value. Adjustments to fair value usually result when certain assets are impaired. Such assets are written down from their carrying amounts to their fair value.

Professional standards allow entities the irrevocable option to elect to measure certain financial instruments and other items at fair value for the initial and subsequent measurement on an instrument-by-instrument basis. The Organization has not elected to measure any existing financial instruments at fair value. However, it may elect to measure newly acquired financial instruments at fair value in the future.

Subsequent Events

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through May 5, 2020, the date the consolidated financial statements were available to be issued.

JEREMIAH PROGRAM
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events (continued)

Subsequent to year-end, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. 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 2020 operations and financial results, including contributions and investment performance. 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 occurred subsequent to year-end and are still developing.

Subsequent to year-end, the Organization received a loan in the amount of \$1,272,710 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the federal Paycheck Protection Program. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program.

Changes in Accounting Principles

In May 2014, FASB issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606). Subsequent to May 2014, the FASB has issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, Revenue Recognition, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The updates address the complexity and understandability of revenue recognition and provide sufficient information to enable financial statements users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

The consolidated financial statements reflect the application of ASC 606 guidance beginning in 2019. No cumulative-effect adjustment in net assets was recorded as the adoption of ASU 2014-09 did not significantly impact the Organization's reported historical revenue.

Additionally in June 2018, FASB issued 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) transaction subject to other guidance and (2) determining whether a contribution is conditional. The consolidated financial statements reflect the application of ASU 2018-08 beginning January 1, 2019. The new guidance does not require prior period results to be restated.

In November 2016, FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230) Restricted Cash*. This ASU was issued to clarify guidance on the classification and presentation of restricted cash in the statement of cash flows and reduce diversity in practice. The amendments of this ASU require that a statement of cash flows explain the change during the period in the total cash, cash equivalents, and restricted cash or restricted cash equivalents.

**JEREMIAH PROGRAM
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Changes in Accounting Principles (continued)

Therefore, restricted cash and restricted cash equivalents are included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statements of cash flows. The financial statements reflect the application of ASU 2016-18 using a retrospective approach to each period presented.

Reclassifications

Certain prior year amounts have been reclassified to conform to current year presentation and did not impact prior year change in net assets.

NOTE 2 CASH AND RESTRICTED CASH

	2019	2018
Checking	\$ 1,776,948	\$ 2,237,082
Savings	78,872	78,769
Restricted Reserves and Escrows	1,731,511	448,696
Total Cash and Restricted Cash	<u>\$ 3,587,331</u>	<u>\$ 2,764,547</u>

Restricted cash balances include amounts earmarked for campus development capital projects. For the year ended December 31, 2018, \$353,051 is for Rochester, MN campus development. There were no restricted cash balances at December 31, 2019.

A significant portion of fundraising is done in the last quarter of each year resulting in higher year-end cash balances which are used to support seasonal cash flow needs in the new year.

The Organization maintains bank accounts which at times may exceed federally insured limits.

NOTE 3 ACCOUNTS RECEIVABLE

Accounts Receivable balance for the years ended December 31, 2019 and 2018 includes \$-0- and \$19,000, respectively, due back from the Guadalupe Jeremiah Austin Ltd Partnership for contributions in excess of what is needed for Jeremiah's share of campus development project costs. The remaining balance of \$121,270 and \$64,142, respectively, represents largely program receivables net of a \$3,700 allowance for doubtful accounts.

JEREMIAH PROGRAM
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 4 PLEDGES RECEIVABLE

Included in pledges receivable are the following unconditional promises to give:

<u>Year Ending December 31,</u>	<u>Operating</u>	<u>Capital</u>	<u>Total</u>
2020	\$ 1,847,119	\$ 538,250	\$ 2,385,369
2021	263,000	-	263,000
2022	162,500	-	162,500
2023	11,500	-	11,500
2024	10,000	-	10,000
Thereafter	10,000	-	10,000
Total Pledge Receivable	2,304,119	538,250	2,842,369
Less: Discount	(23,621)	-	(23,621)
Allowance for Doubtful Accounts	(25,000)	-	(25,000)
Total	<u>\$ 2,255,498</u>	<u>\$ 538,250</u>	<u>\$ 2,793,748</u>

The interest rate utilized for computing the discount for long-term pledges was the Organization's three-year average interest rate obtained on investments which was approximately 2.1% and 1.6% for the years ended December 31, 2019 and 2018, respectively.

Receivables from one contributor represented 18% of pledge receivables for the year ended December 31, 2019. Receivables from one contributor, specifically for building capital, represented 11% of pledge receivables for the year ended December 31, 2018. If large pledges are not received, it might have a significant effect on the Organization's programs and activities.

NOTE 5 ASSETS HELD IN TRUST

In 2009, the Organization was named a 6.67% beneficiary in a perpetual trust. Under the terms of the trust agreement, the trustee will disburse earnings, up to 5% per year, to the Organization. The trust distributed \$17,781 and \$19,433 of earnings to Jeremiah Program during the years ended December 31, 2019 and 2018, respectively. See Note 13 for further detail.

NOTE 6 INVESTMENTS

Investments consist of the following:

	<u>2019</u>	<u>2018</u>
Securities	\$ 5,514,210	\$ 4,346,718
Bonds	1,924,080	1,823,626
Money Market and Short-Term Instruments	4,612,636	3,777,518
Community Foundation Holdings	233,664	24,938
Total	<u>\$ 12,284,590</u>	<u>\$ 9,972,800</u>

JEREMIAH PROGRAM
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 6 INVESTMENTS (CONTINUED)

Investment income consists of the following:

	<u>2019</u>	<u>2018</u>
Interest and Dividend Income	\$ 254,738	\$ 182,555
Realized Gains	53,966	343,146
Unrealized Gains (Losses)	1,149,856	(759,649)
Total	<u>\$ 1,458,560</u>	<u>\$ (233,948)</u>

NOTE 7 MORTGAGES PAYABLE

The balances as of December 31 were as follows:

<u>Description</u>	<u>2019</u>	<u>2018</u>
0% Mortgage payable to Minnesota Housing Finance Agency. Loan matures on November 1, 2032. Secured by all assets of Minneapolis campus.	\$ 200,000	\$ 200,000
0% Mortgage payable to Family Housing Fund. Loan matures on November 1, 2032. Secured by all assets of Minneapolis campus.	250,000	250,000
1% per annum simple interest, mortgage payable to Minneapolis Community Development Agency. Loan matures on November 1, 2032. Secured by all assets of Minneapolis campus.	468,000	464,000
0% mortgage payable to Minneapolis Community Development Agency NRP loan. The loan will be forgiven if no event of default occurs before November 1, 2032. Secured by all assets of Minneapolis campus.	1,000,000	1,000,000
0% mortgage payable to Minnesota Housing Finance Agency Minnesota Families Affordable Rental Investment Fund Program. The loan will be forgiven if no event of default occurs before November 1, 2032. Secured by all assets of Minneapolis campus.	1,795,800	1,795,800
0% mortgage payable to Family Housing Fund. Loan matures on December 18, 2037. Secured by assets of St. Paul Campus.	300,000	300,000
0% mortgage payable to Greater Minnesota Housing Fund. Loan matures on June 30, 2059. Secured by assets of Rochester Campus.	450,000	-

**JEREMIAH PROGRAM
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 7 MORTGAGES PAYABLE (CONTINUED)

<u>Description</u>	<u>2019</u>	<u>2018</u>
0% mortgage payable to the Minnesota Housing Finance Agency (MHFA). Loan matures March 4, 2038. Secured by assets of St. Paul Campus.	550,000	550,000
0% mortgage payable to the Rochester Area Foundation Loan matures June 30, 2059. Secured by assets of Rochester Campus	320,000	-
0% mortgage payable to North Dakota Housing Finance Agency, up to \$2.2M. The loan will be forgiven if no event of default occurs before September 10, 2035. Secured by assets of Fargo-Moorhead Campus.	2,200,000	2,090,000
0% mortgage payable to North Dakota Housing Finance Agency, up to \$1,052,655. The loan will be forgiven if no event of default occurs before January 1, 2049. Secured by the land and building of the Fargo-Moorhead Campus.	\$ 1,052,655	\$ 1,000,022
0% mortgage payable to Federal Home Loan Bank of Des Moines. The loan will be forgiven if no event of default occurs before January 8, 2033. Secured by assets of Fargo Fargo-Moorhead Campus.	300,000	300,000
Total	8,930,285	7,949,822
Less: Current Portion of Mortgage Payable	-	-
Less: Discount on Below-Market Interest	1,433,684	1,517,174
Total	<u>\$ 7,496,601</u>	<u>\$ 6,432,648</u>

Maturities on the debt are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2020	\$ -
2021	-
2022	-
2023	-
2024	-
Thereafter	8,930,285
Total Debt Before Discount	8,930,285
Less: Present Value Discount for Low Interest Loans	(1,433,684)
Total Debt	<u>\$ 7,496,601</u>

JEREMIAH PROGRAM
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 7 MORTGAGES PAYABLE (CONTINUED)

The Organization has received mortgages payable that are interest free or have below market interest rates. In accordance with nonprofit accounting standards, at the inception of these mortgages, interest was imputed using the market rate at that date and the corresponding discount and restricted contributions were recorded for the difference between the fair value of the loans at the market rates and the value of the loans at their stated rate.

As the loans amortize, interest expense is recognized by reducing the recorded discount, and a corresponding amount is recorded as released from restriction. A present value discount of 3% - 4% is applied to below market rate loans.

NOTE 8 CAPITAL AND OPERATING LEASES

The Organization has entered into capital leases for office equipment. At December 31, 2019, the gross cost of equipment under the capital leases is \$52,518 and the corresponding accumulated depreciation is \$45,897. Depreciation of the office equipment under capital lease is included in depreciation expense.

<u>Description</u>	<u>Amount</u>
Capital Leases Payable - Office Equipment; Monthly Installments through August, 2022	\$ 7,209
Less: Current Maturities of Capital Leases Payable	(1,240)
Capital Leases Payable Net of Current Maturities	<u>\$ 5,969</u>

Future capital lease payments, including interest, are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2020	\$ 4,000
2021	3,199
2022	399
Total	<u>7,598</u>
Less: Amount Representing Interest on Capital Leases Payable	(389)
Net Minimum Capital Lease Payments	<u>\$ 7,209</u>

The Organization has entered into two operating leases for office space.

Future operating lease payments are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2020	\$ 146,216
2021	150,594
2022	41,704
Total	<u>\$ 338,514</u>

**JEREMIAH PROGRAM
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 8 CAPITAL AND OPERATING LEASES (CONTINUED)

The Organization is additionally liable for annual taxes and operating expenses associated with one of the leases.

NOTE 9 NET ASSETS

Net Assets with Donor Restriction

Net assets with donor restriction consist of the following:

	<u>2019</u>	<u>2018</u>
Purpose and Time Restricted:		
Austin	\$ 356,776	\$ 576,685
Fargo-Moorhead	467,582	727,348
National Office	546,941	1,010,865
Boston	371,000	200,000
Rochester	1,084,086	374,142
New York	233,750	-
Endowment Earnings	592,353	296,943
MSP - Time Restricted	-	20,000
MSP - Miscellaneous Purpose	181,983	192,619
Total Purpose and Time Restricted Donations	<u>3,834,471</u>	<u>3,398,602</u>
Restricted for Future Period Loan Amortization	1,433,684	1,517,174
Donations Required to be Maintained in Perpetuity by Donor	1,704,165	1,451,635
Total Net Assets with Donor Restriction	<u><u>\$ 6,972,320</u></u>	<u><u>\$ 6,367,411</u></u>

Net Assets Released from Restrictions

	<u>2019</u>	<u>2018</u>
Campus Support Team Activity	\$ 963,840	\$ 425,570
Austin, TX Activity	429,297	1,634,829
Boston, MA Activity	221,750	150,384
Fargo, ND - Moorhead, MN Activity	214,816	1,428,352
MSP Activity	463,041	639,838
New York Activity	55,000	150
Rochester, SE-MN Activity	1,036,381	224,208
Endowment Earnings	142,609	60,973
Restricted for Future Period Loan Amortization	83,490	80,155
Total Net Assets Released from Restrictions	<u><u>\$ 3,610,224</u></u>	<u><u>\$ 4,644,459</u></u>

MSP = Minneapolis/St. Paul campuses.

**JEREMIAH PROGRAM
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 9 NET ASSETS (CONTINUED)

Board-Designated Net Assets

Board-designated net assets consists of the following:

	<u>2019</u>	<u>2018</u>
Board-Designated - Operating Reserve	\$ 4,350,828	\$ 4,222,491
Board-Designated - Capital Reserve	392,146	300,000
Board-Designated - Endowment	4,545,524	3,970,611
Board-Designated - Expansion Reserve	-	42,455
Board-Designated - St. Paul, MN Campus	5,425,680	5,145,787
Board-Designated - Austin, TX Campus	4,419,752	4,894,697
Total Board-Designated Net Assets	<u>\$ 19,133,930</u>	<u>\$ 18,576,041</u>

Operating Reserve

As part of the Organization's minimum operating reserve requirement policy, the operating reserves may be applied to stabilize unexpected and temporary cash flow issues such as seasonal cash flow deficits, unbudgeted expenses, income source disruptions, or economic downturns. Any shortfall to the target balance should be replenished with future years' excess revenue.

Capital Reserve

The capital reserve was established in anticipation of future capital replacements and improvements. Capital reserves are intended for large planned or emergency capital needs when current year funding is not available to cover expenditures. A separate capital reserve was established in 2009 and is increased periodically with board approval in anticipation of future capital replacements and improvements.

Endowment

The endowment reserve is designated for long-term investment and was established for the purpose of providing additional income to support Minneapolis/St. Paul campus operations. See Note 13 for further detail.

Expansion Reserve

Expansion reserves are intended to cover some of the costs associated with exploration in new communities.

St. Paul, MN Campus

Funds designated for the St. Paul, MN campus represent the Organization's investment in property and equipment for that campus.

Austin, TX Campus

Funds designated for the Austin, TX campus represent the Organization's investment in the property for that campus.

**JEREMIAH PROGRAM
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 9 NET ASSETS (CONTINUED)

Limited Partnership – Noncontrolling Interest

Limited Partnership - Noncontrolling Interest represents the limited partner's share of equity in the Jeremiah St. Paul Limited Partnership and Jeremiah Program Rochester Limited Partnership. The limited partner for Jeremiah St. Paul Limited Partnership is NEF Community Investment Fund II, L.P and the limited partner for Jeremiah Program Rochester Limited Partnership is NEF Assignment Corporation.

Change in consolidated net assets without donor restriction is as follows:

	Total	Controlling Interest	Noncontrolling Interest
Balance - December 31, 2017	\$ 22,642,595	\$ 19,703,480	\$ 2,939,115
Change in Net Assets Without Donor Restriction	1,505,375	2,068,796	(563,421)
Balance - December 31, 2018	24,147,970	21,772,276	2,375,694
Change in Net Assets Without Donor Restriction	1,554,906	2,163,223	(608,317)
Capital Contributions	2,433,041	-	2,433,041
Balance - December 31, 2019	<u>\$ 28,135,917</u>	<u>\$ 23,935,499</u>	<u>\$ 4,200,418</u>

NOTE 10 DONATED GOODS AND SERVICES

The Organization may receive goods and services without payment or compensation. When the value of such goods and services meets recognition criteria, it is reflected in the accompanying consolidated financial statements as revenues and expenses in accordance with accounting principles generally accepted in the United States of America. For the years ended December 31, 2019 and 2018, the value of contributed goods and services recognized in the accompanying consolidated statements of activities was \$883,772 and \$179,490, respectively.

Other donated goods and services have not been recognized in these consolidated financial statements due to not meeting this criteria; however, a substantial number of individuals have donated significant amounts of time and/or goods to the Organization.

NOTE 11 FAIR VALUE MEASUREMENTS

The Organization uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. For additional information on how the Organization measures fair value, refer to Note 1 – Summary of Significant Accounting Policies.

JEREMIAH PROGRAM
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 11 FAIR VALUE MEASUREMENTS (CONTINUED)

The following table presents the fair value hierarchy for the balances of the assets and liabilities of the Organization measured at fair value on a recurring basis as of December 31:

December 31, 2019

Assets:	Level 1	Level 2	Level 3	Total
Securities	\$ 5,514,210	\$ -	\$ -	\$ 5,514,210
Bonds	1,924,080	-	-	1,924,080
Money Market and Short-Term Instruments	4,612,636	-	-	4,612,636
Community Foundation Holdings	233,664	-	-	233,664
Total	12,284,590	-	-	12,284,590
Assets Held in Trust	-	-	387,976	387,976
Total	<u>\$ 12,284,590</u>	<u>\$ -</u>	<u>\$ 387,976</u>	<u>\$ 12,672,566</u>

December 31, 2018

Assets:	Level 1	Level 2	Level 3	Total
Securities	\$ 4,346,718	\$ -	\$ -	\$ 4,346,718
Bonds	1,823,626	-	-	1,823,626
Money Market and Short-Term Instruments	3,777,518	-	-	3,777,518
Community Foundation Holdings	24,938	-	-	24,938
Total	9,972,800	-	-	9,972,800
Assets Held in Trust	-	-	342,198	342,198
Total	<u>\$ 9,972,800</u>	<u>\$ -</u>	<u>\$ 342,198</u>	<u>\$ 10,314,998</u>

Unrealized changes in fair value for investments and realized gains and losses from sales are recorded in nonoperating income in the consolidated statements of activities.

The changes in investment measured at fair value using Level 3 inputs are reflected below:

	2019	2018
Balance - Beginning of Year	\$ 342,198	\$ 394,969
Distributions	(17,781)	(19,433)
Change in Value	63,559	(33,338)
Balance - End of Year	<u>\$ 387,976</u>	<u>\$ 342,198</u>

NOTE 12 PARTNERSHIP AGREEMENT REQUIREMENTS

Jeremiah Program, through TJP St. Paul LLC, whose sole member is Jeremiah Program, is the general partner of the Jeremiah St. Paul Limited Partnership. The financial results are therefore consolidated in Jeremiah Program's audited financial statements. The following items are requirements of the general partner under the Jeremiah St. Paul Limited Partnership agreement. Jeremiah Program is ultimately responsible for ensuring compliance with the agreement.

JEREMIAH PROGRAM
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 12 PARTNERSHIP AGREEMENT REQUIREMENTS (CONTINUED)

Escrows and Reserves

The mortgages and partnership agreement require the following to be funded:

Operating Reserve – An operating reserve of \$215,000 was funded on the date of the fourth installment of the Limited Partners' capital contribution. To the extent funds are available from cash flow, a balance of at least \$200,000 is to be maintained in the operating reserve account during the compliance period. The funds may be used to fund operating deficits and for other uses benefiting the Project. Withdrawals from the reserve require written approval of the General Partner and National Equity Fund, Inc. (NEF). Upon the end of the compliance period, any remaining reserve funds will be used to pay exit taxes and distributed according to the Partnership Agreement. The reserve was properly funded at December 31, 2019.

Replacement Reserve – A replacement reserve in the amount of \$30,000 was funded on the date of the fourth installment of the Limited Partners' capital contribution, and thereafter in the amount of \$364 per unit per year increasing 3% annually. This reserve may be used to make capital improvements and repairs to the Project. Withdrawals from the reserve in excess of \$5,000 in any given month require the written approval of the General Partner and NEF. Any remaining funds at the end of the compliance period (December 31, 2022), subject to Lender consent, will be used to pay exit taxes and distributed according to the Partnership Agreement. The reserve was properly funded at December 31, 2019.

In addition, mortgages require that real estate taxes, special assessments, insurance premiums, and other charges will be escrowed monthly.

Annual General Partner Capital Contribution

The General Partner will make additional annual capital contributions on or before January 15th of each year during the term of the loans in an amount equal to the lesser of (1) \$220,000, increasing at 3% per annum, or (2) subject to the Limited Partners' consent, an amount where the Partnership can maintain breakeven operations. The General Partner has contributed \$304,532 and \$295,662 for the years ended December 31, 2019 and 2018, respectively.

Transactions with Affiliates

The Partnership Agreement provides for various obligations of the General Partner including construction completion and repairing latent defects that occur within one year of completion of construction. This obligation is limited to an amount equal to the lesser of (1) 25% of the final executed construction contract cost of the Project, or (2) 40% of the Limited Partner's Capital Contribution. Additional obligations include providing funds for operating deficits and a guaranty of housing tax credits. The General Partner is obligated to provide any funds needed, after all funds in the operating deficit reserve account have been used to fund operating deficits, limited to \$121,000. The guaranty will be in effect from the achievement of breakeven operations to the later of one year from breakeven operations or 12 consecutive calendar months of debt service coverage of 1.00 or better.

**JEREMIAH PROGRAM
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 12 PARTNERSHIP AGREEMENT REQUIREMENTS (CONTINUED)

Commitments and Contingencies

The Partnership's sole asset is the Project. The Partnership's operations are concentrated in the Saint Paul, Minnesota multifamily real estate market. In addition, the Partnership operates in a heavily regulated environment. The operations of the Partnership are subject to rules and regulations of federal, state, and local governmental agencies. Changes may occur with little notice or inadequate funding to pay for the related costs to comply with a change.

The Partnership's housing tax credits are contingent on its ability to maintain compliance with applicable sections of IRC Section 42. Failure to maintain compliance with occupant eligibility and/or unit gross rent, or to correct noncompliance within a specified time period, could result in recapture of previously taken tax credits plus interest. In addition, such potential noncompliance may require an adjustment to the contributed capital of the Limited Partner.

The Partnership is subject to an extended use agreement between the Partnership and the Housing and Redevelopment Authority of the city of Saint Paul on behalf of the Minneapolis/Saint Paul Housing Finance Board. The agreement was made in accordance with Section 42(h)(6) of the IRC and requires the Project to maintain low income occupancy (subject to tenant income and rent limits) for 15 years beyond the compliance period (for a total of 30 years). The extended use period ends on December 31, 2037.

Property Purchase Option

The Partnership has granted Jeremiah Program an option to purchase partnership property or purchase the Limited Partners limited partnership interest at the end of the housing tax credit compliance period at a price which would facilitate the purchase while protecting the Limited Partner's tax benefits from the Project. Jeremiah Program has also been granted a right of first refusal to purchase Partnership property.

Jeremiah Program, through Jeremiah Program Rochester GP LLC, whose sole member is Jeremiah Program, is the general partner of the Jeremiah Program Rochester Limited Partnership. The financial results are therefore consolidated in Jeremiah Program's audited financial statements.

The following items are requirements of the general partner under the Jeremiah Program Rochester Limited Partnership agreement. Jeremiah Program is ultimately responsible for ensuring compliance with the agreement.

JEREMIAH PROGRAM
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 12 PARTNERSHIP AGREEMENT REQUIREMENTS (CONTINUED)

Escrows and Reserves

The mortgages and partnership agreement require the following to be funded:

Lease-up Reserve – The General Partner is required to establish a lease-up reserve, which is to be used only to fund operating deficits incurred by the Partnership prior to the commencement of the operating deficit guaranty period. The operating deficit guaranty period begins on the date on which the Project achieves Stabilized Occupancy (projected to be June 1, 2021). The lease-up reserve is to be funded from the Limited Partner's Third Installment of project equity in the amount of \$50,000 and is to be maintained until the beginning of the operating deficit guaranty period. Any remaining funds in the lease-up reserve on the date the Partnership achieves Stabilized Occupancy, subject to any required lender consent, are to be deposited into the Operating Reserve Account.

Operating Subsidy Reserve – The General Partner is to establish the operating subsidy reserve in the aggregate amount of \$528,000, of which \$228,000 will be funded from the fourth installment of the Limited Partner's capital contribution and \$300,000 will be funded from the sixth installment of the Limited Partner's capital contribution. These funds are to be used to fund operating deficits in the annual amount reflected in the Projections and no additional approvals are required to release such amounts annually. Additional operating deficits beyond the annual amount may be funded by the operating subsidy reserve at the request of the General Partner with the approval of the Asset Manager.

Expense Coverage Reserve – The General Partner is required to establish the expense coverage reserve at the time of payment of the sixth installment of the Limited Partner's capital contribution in the amount of \$240,000. These funds are to be used to fund operating deficits in excess of the amounts funded by the operating subsidy reserve up to an amount that does not exceed the aggregate amount of cash needed through the end of the calendar year as shown in the Projections in order to achieve a 1.05 expense coverage ratio through the year requested less any amounts that have already been withdrawn from the expense coverage reserve. Additional operating deficits beyond such amounts may be funded by the expense coverage reserve at the request of the General Partner with the approval of the Asset Manager in its sole discretion.

Operating Reserve – The General Partner is to establish an operating reserve to fund operating deficits incurred by the Partnership, which operating deficits have not been funded by the operating subsidy reserve and the expense coverage reserve. The operating reserve shall be funded from the Limited Partner's fourth installment of project equity in the amount of \$165,000. Throughout the Compliance Period, the General Partner is also obligated, to the extent funds are available, to replenish the operating reserve account up to the operating reserve target amount out of cash flow in accordance with Section 5.1 of the Partnership Agreement or from sales or refinancing. Withdrawals from the operating reserve require the prior written approval of the Asset Manager.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 12 PARTNERSHIP AGREEMENT REQUIREMENTS (CONTINUED)

Escrows and Reserves (Continued)

Replacement Reserve – The General Partner is to establish a replacement reserve to fund capital improvements and repairs to the Project. The replacement reserve is to be funded from the Limited Partner's fourth installment of project equity in the amount of \$270,000. The replacement reserve is to be maintained through the Project's Compliance Period. Withdrawals from the replacement reserve account during any year that in the aggregate exceed the lesser of \$5,000 or 10% of the amount of any remaining funds in the replacement reserve account at such time, require the written approval of the General Partner, the Asset Manager, and the Greater Minnesota Housing Fund. Any funds remaining in the replacement reserve account upon the sale of the Project or the partnership interest of the limited partner, subject to any required lender consent, be released and distributed to the partners in accordance with the Partnership Agreement. After the completion of the seventh year of the Project's Compliance Period, the Asset Manager has the right to require a physical assessment of the Project. Through this assessment, the amount required to be maintained in the replacement reserve account may be increased at the discretion of the Asset Manager.

Property Management

The General Partner, on behalf of the Partnership, is required to enter into a property management agreement for the physical property management and leasing of the Project. Effective June 2019, the Partnership entered into such an agreement with Paramark Corp (Property Manager). The agreement is for a period of two years ending June 2021. As part of this agreement, the Property Manager will be paid \$50 per occupied unit per month. In addition, the Property Manager will be compensated for its services in relation to processing and managing property damage or casualty claims in an amount not to exceed 20% of the total claim. This fee will be funded by insurance proceeds and not Project funds. The Property Manager will also receive a one-time initial rent-up fee of \$100 per unit.

Development Fee

The Partnership entered into a Development Agreement with the General Partner whereby the General Partner advised and assisted the Partnership in the development of the Project. In consideration for the development services performed, the Partnership agreed to pay the General Partner a Development Fee in the amount of \$600,000, of which the General Partner was entitled to \$292,800 as of December 31, 2019. During the year ended December 31, 2019, the Partnership paid \$120,000 while the remaining \$172,800 is due to the General Partner at December 31, 2019.

Payments will be made on the outstanding balance with available net cash flow pursuant to the terms and conditions of the Partnership Agreement Article 5 Section 5.1 Distribution of Cash Flow.

All Development Fee activity and balances have been eliminated within the consolidated financial statements.

JEREMIAH PROGRAM
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 12 PARTNERSHIP AGREEMENT REQUIREMENTS (CONTINUED)

Incentive Partnership Management Fee

The Partnership has entered into an Incentive Management Agreement with the General Partner whereby the General Partner will provide various services to the Partnership relative to monitoring the activities of the Partnership, supervising the property management agent, and reporting to the asset manager so as to enable the Partnership to comply with all Code requirements for the Tax Credit and to establish eligibility for such Tax Credit with respect to the Project and avoid recapture thereof during the Compliance Period. In consideration for the services performed under this agreement, the Partnership shall pay to the General Partner, subject to available net cash flow, an annual noncumulative fee equal to 90% of the remaining available net cash flow. There were no amounts paid or accrued for this Incentive Management Fee in 2019.

Transactions with Affiliates

The Partnership Agreement provides for various obligations of the General Partner including construction completion and repairing latent defects that occur within one year of completion of construction. Additional obligations include providing funds for unanticipated or additional development or construction costs, on and offsite escrows, taxes, insurance premiums, funding of Operating Deficits, reserves, escrows, legal expenses, accounting expenses until the Project achieves Stabilized Occupancy, and funds needed for repayment of the construction loan, operating deficits and a guaranty of housing tax credits. The General Partner is obligated to provide any funds needed, after all funds in the operating deficit reserve account have been used to fund operating deficits, limited to \$121,000. The guaranty will be in effect from the achievement of breakeven operations to the later of one year from breakeven operations or 12 consecutive calendar months of debt service coverage of 1.00 or better.

Commitments and Contingencies

The Partnership's sole asset is the Project. The Partnership's operations are concentrated in the Rochester, Minnesota multifamily real estate market. In addition, the Partnership operates in a heavily regulated environment. The operations of the Partnership are subject to rules and regulations of federal, state, and local governmental agencies. Changes may occur with little notice or inadequate funding to pay for the related costs to comply with a change.

The Partnership's housing tax credits are contingent on its ability to maintain compliance with applicable sections of IRC Section 42. Failure to maintain compliance with occupant eligibility and/or unit gross rent, or to correct noncompliance within a specified time period, could result in recapture of previously taken tax credits plus interest.

In addition, such potential noncompliance may require an adjustment to the contributed capital of the Limited Partner.

**JEREMIAH PROGRAM
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 12 PARTNERSHIP AGREEMENT REQUIREMENTS (CONTINUED)

Commitments and Contingencies (Continued)

The Partnership is subject to an extended use agreement between the Partnership and Minnesota Housing Finance Agency. The agreement was made in accordance with Section 42(h)(6) of the IRC and requires the Project to maintain low income occupancy (subject to tenant income and rent limits) for 15 years. The extended use period ends on July 31, 2035.

Property Purchase Option

The Partnership has granted Jeremiah Program an option to purchase partnership property or purchase the Limited Partners limited partnership interest after the close of the 15 year compliance period for the low income housing tax credit for the Project. Jeremiah Program has also been granted a right of first refusal to purchase Partnership property.

NOTE 13 ENDOWMENT

The Organization has a board-designated endowment fund established for the purpose of providing income to support operations. The Organization also is the beneficiary of a perpetual trust that is classified as an endowment fund with donor restriction. While future campus communities may establish endowment funds, currently the Organization's endowment consists of three individual funds established for providing income to support its Minneapolis/St. Paul campus operations.

As required by accounting principles generally accepted in the United States of America, net assets of the endowment fund, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. As a result of this interpretation, the Organization classifies the board-designated endowment assets as net assets without donor restriction.

The Organization's endowment policy allows for a 3-5% distribution from endowment funds annually that is based on rolling 12-quarter average of both endowment balances with and without donor restriction.

The Organization invests its endowment funds in a portfolio including a liquid money market account, mutual funds consisting of short-term treasury investments, inflation-protected securities, total bond market, and large cap stock, in addition to exchange traded funds, with the objective of preservation of capital and long-term capital appreciation. The portfolio investment return objective is to produce returns over time at a moderate level of risk to invested capital.

**JEREMIAH PROGRAM
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 13 ENDOWMENT (CONTINUED)

Interpretation of Relevant Law

Our board of directors has interpreted the Minnesota Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At December 31, 2019 and 2018, there were no such donor stipulations. As a result of this interpretation, we retain in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts including promises to give at fair value) donated to the Endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by us in a manner consistent with the standard of prudence prescribed by UPMIFA.

We consider the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the organization
- (7) The investment policies of the organization

Endowment net asset composition by type and changes in endowment net assets for the years ended December 31 is as follows:

	Without Donor Restriction	With Donor Restriction	Total
<u>December 31, 2019</u>			
Board-Designated Endowment Funds	\$ 4,545,524	\$ -	\$ 4,545,524
Donor-Restricted Endowment Funds	-	1,908,542	1,908,542
Restricted Trusts	-	387,976	387,976
Total Funds	<u>\$ 4,545,524</u>	<u>\$ 2,296,518</u>	<u>\$ 6,842,042</u>
	Without Donor Restriction	With Donor Restriction	Total
<u>December 31, 2018</u>			
Board-Designated Endowment Funds	\$ 3,970,611	\$ -	\$ 3,970,611
Donor-Restricted Endowment Funds	-	1,343,891	1,343,891
Restricted Trusts	-	342,198	342,198
Total Funds	<u>\$ 3,970,611</u>	<u>\$ 1,686,089</u>	<u>\$ 5,656,700</u>

**JEREMIAH PROGRAM
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 13 ENDOWMENT (CONTINUED)

Interpretation of Relevant Law (Continued)

	Without Donor Restriction	With Donor Restriction	Total
Endowment Fund Balance, December 31, 2017	\$ 4,353,366	\$ 1,831,595	\$ 6,184,961
Contributions	-	30,485	30,485
Earnings:			
Interest and Dividends	93,472	30,392	123,864
Realized and Unrealized Losses	(287,200)	(125,977)	(413,177)
Total	(193,728)	(95,585)	(289,313)
Appropriations	(189,027)	(80,406)	(269,433)
Endowment Fund Balance, December 31, 2018	3,970,611	1,686,089	5,656,700
Contributions	-	6,281	6,281
Transfers	-	200,000	200,000
Earnings:			
Interest and Dividends	83,507	60,073	143,580
Realized and Unrealized Gains	679,067	424,194	1,103,261
Total	762,574	484,267	1,246,841
Appropriations	(187,661)	(80,119)	(267,780)
Endowment Fund Balance, December 31, 2019	\$ 4,545,524	\$ 2,296,518	\$ 6,842,042

NOTE 14 COMMITMENTS AND FUTURE EXPANSION

In 2019, Jeremiah Program made significant progress toward its goal to expand into the Rochester-SE Minnesota community to build a 64,803-square foot, safe, 40-unit affordable housing facility and Child Development Center (CDC). The campus will include 36 two-bedroom units and 4 three-bedroom units located on the second and third floors. In addition, the campus will feature staff offices, meeting spaces, playgrounds, and an on-site CDC to educate approximately 64 students. The CDC will include 4 classrooms, an observation room, a sick child area, a library, an indoor gross motor area, and a commercial kitchen to serve hot nutritional meals. Construction is in progress on the new campus and scheduled to open the summer of 2020. Having launched Jeremiah's Empowerment Training and Life Skills program components in the fall of 2018, the Organization is now serving 15 families who are ready to move into the new campus, and will continue to recruit and enroll more families during the construction of the building with the plan to move them in when it opens in the summer of 2020.

**JEREMIAH PROGRAM
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 15 INVESTMENT IN PARTNERSHIP AT EQUITY METHOD

A legal housing partnership was formed with GNDC Saldaña GP, LLC (Guadalupe Neighborhood Development Corporation (GNDC) is the sole member) and Jeremiah Program Austin, LLC (Jeremiah Program is the sole member) under the legal name of Guadalupe Jeremiah Limited Partnership (Ltd Partnership) which provides safe affordable housing, early childhood education, life skills training, career track coaching, and a supportive community, serving 35 low income families in addition to one family currently being served through other GNDC housing. Construction was completed in 2017 through a partnership with GNDC, a low income nonprofit housing developer and property management organization. GNDC provided the land for the Jeremiah Program site and is the developer for the project, working closely with Jeremiah Program Austin Building Committee.

Furnishings for apartments, child development center, community space, and offices are carried on Jeremiah Program books.

GNDC serves as property manager and Jeremiah makes monthly operating contributions to the Ltd Partnership to cover operating expenses, net of building income. GNDC, as general partner with controlling interest, has overall accountability for the Ltd Partnership, but the partnership agreement provides for joint approval of annual operating budgets and other key decisions regarding the assets of the partnership.

Jeremiah Program, as the limited partner, has a 66.01% interest in Guadalupe Jeremiah Limited Partnership as of December 31, 2019.

The Organization follows accounting policies which include a presumption that a general partner controls the partnership no matter what the ownership interest is and requires the sole general partner in a limited partnership to consolidate the partnership unless that presumption of control is overcome.

The Organization evaluated its relationship with the limited partnership in which it is currently the limited partner and determined the presumption of control resides with the general partner. Therefore, the Organization accounts for the investment on an equity method.

The financial information for this entity is as follows for December 31:

	2019	2018
Assets	\$ 6,747,129	\$ 7,134,200
Liabilities	51,072	106,095
Equity	6,696,057	7,028,105
Net Loss	(330,731)	(171,496)

Included in net loss for the years ended December 31, 2019 and 2018 is \$299,345 and \$294,957, respectively, of noncash depreciation expense.

JEREMIAH PROGRAM
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 16 LIQUIDITY, AVAILABILITY, AND RESERVES MANAGEMENT

The Organization maintains and manages adequate operating reserves per policies set by its board of directors. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated balance sheet date, are made up of the following:

	<u>2019</u>	<u>2018</u>
Cash	\$ 1,855,820	\$ 1,962,800
Accounts Receivable, Net	121,270	83,142
Current Portion of Pledges Receivable, Net	1,847,119	1,591,681
Investments	12,284,590	9,972,800
Less: Net Assets with Donor Restriction	<u>(6,972,320)</u>	<u>(6,367,411)</u>
Total Liquid Assets	<u>\$ 9,136,479</u>	<u>\$ 7,243,012</u>

Per its financial policies, each campus/location is expected to carry appropriate reserves for its campus/location needs. New campuses in pre-development are required to raise operating reserves equal to one year of their fully operational expense projections before breaking ground on a new campus building, while established campuses with stable donor bases may require a lower reserve amount. Mature campuses will be required to maintain a minimum of six months of operating reserves. In addition, the national office maintains additional reserves to support temporary cash flow and start-up needs among the campus/locations. During 2019 and 2018, the level of liquidity and reserves was managed within policy requirements.