CENTER FOR RESILIENT CITIES, INC.

FINANCIAL STATEMENTS
WITH CONSOLIDATING INFORMATION

December 31, 2019 and 2018

CONTENTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Center for Resilient Cities, Inc.
Madison, Wisconsin

We have audited the accompanying financial statements of Center for Resilient Cities, Inc., which comprise the consolidated statements of financial position as of December 31, 2019 and 2018, the related consolidated statements of activities, functional expenses, and cash flows for the years 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 audits. 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Center for Resilient Cities, Inc. as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Adoption of New Accounting Guidance

As discussed in Note 1 to the financial statements, Center for Resilient Cities, Inc. adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash (a consensus of the FASB Emerging Issues Task Force)*; and ASU No. 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, as of January 1, 2019. Our opinion is not modified with respect to this matter.

Report on Consolidating Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The consolidating schedules of financial position and activities are presented for purposes of additional analysis of the financial statements rather than to present the financial position and changes in net assets of the individual entities, and they are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the financial statements as a whole.

Wegner CPAs LLP

Wegner CPAs, LLP
Madison, Wisconsin
March 23, 2020

CENTER FOR RESILIENT CITIES, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
December 31, 2019 and 2018

	2019	2018
ASSETS		
Cash	$ 126,204	$ 202,054
Prepaid expenses	3,021	3,414
Accounts receivable	968	1,649
Unconditional promises to give	15,905	59,812
Cash held in escrow	55,900	99,000
Note receivable	4,956,000	4,956,000
Property and equipment, net	7,438,140	7,549,477
Intangible assets, net	-	486
Beneficial interest in assets held by Madison Community Foundation	129,192	117,019
Land held in trust	88,200	88,200
Total assets	$ 12,813,530	$ 13,077,111
LIABILITIES		
Accounts payable	$ 23,667	$ 42,962
Accrued interest	652,771	583,896
Deferred revenue	5,873	5,758
Lines of credit	1,500,000	1,500,000
Notes payable	7,354,006	7,365,340
Total liabilities	9,536,317	9,497,956
NET ASSETS		
Without donor restrictions	3,160,905	3,487,083
With donor restrictions	116,308	92,072
Total net assets	3,277,213	3,579,155
Total liabilities and net assets	$ 12,813,530	$ 13,077,111

See accompanying notes.

CENTER FOR RESILIENT CITIES, INC.
CONSOLIDATED STATEMENTS OF ACTIVITIES
Years Ended December 31, 2019 and 2018

	2019	2018
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
REVENUE		
Contributions	$ 422,719	$ 394,745
Rent and other income	84,982	74,238
Interest income	50,634	50,147
Change in value of beneficial interest in assets held by Madison Community Foundation	16,814	(2,461)
Total revenue without donor restrictions	575,149	516,669
EXPENSES		
Personnel	218,118	200,058
Professional services	100,835	79,409
Interest and financing	240,900	243,064
Facilities and equipment	189,016	199,903
Donations	1,443	240,933
Property development and management	6,952	18,015
Insurance	19,261	19,578
Office and operations	22,058	26,990
Travel and meetings	1,813	1,057
Public relations	450	1,032
Other	2,439	3,367
Total expenses before depreciation and amortization	803,285	1,033,406
Depreciation and amortization	118,484	132,006
Total expenses	921,769	1,165,412
NET ASSETS RELEASED FROM RESTRICTIONS		
Satisfaction of program restrictions	20,442	659,508
Change in net assets without donor restrictions	(326,178)	10,765
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	44,678	141,126
Net assets released from restrictions	(20,442)	(659,508)
Change in net assets with donor restrictions	24,236	(518,382)
Change in net assets	(301,942)	(507,617)
Net assets at beginning of the year	3,579,155	4,086,772
Net assets at end of year	$ 3,277,213	$ 3,579,155

See accompanying notes.

CENTER FOR RESILIENT CITIES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2019

	Program Services			Supporting Activities		
	RRC Programming	Food Program	Other Programs	Management and General	Fundraising	Total Expenses
Interest and financing	$ 231,263	$ 2,091	$ -	$ 6,973	$ 573	$ 240,900
Personnel	72,032	74,240	-	61,038	10,808	218,118
Facilities and equipment	180,635	443	-	7,509	429	189,016
Professional services	2,917	8,891	50,061	38,643	323	100,835
Office and operations	9,493	4,438	3,822	3,387	918	22,058
Insurance	14,426	2,356	205	1,987	287	19,261
Property development and management	6,673	-	-	265	14	6,952
Other	10	602	10	1,687	130	2,439
Travel and meetings	650	679	-	410	74	1,813
Donations	1,443	-	-	-	-	1,443
Public relations	200	146	-	88	16	450
Total expenses before depreciation and amortization	519,742	93,886	54,098	121,987	13,572	803,285
Depreciation and amortization	113,720	21	-	4,511	232	118,484
Total expenses	$ 633,462	$ 93,907	$ 54,098	$ 126,498	$ 13,804	$ 921,769

See accompanying notes.

CENTER FOR RESILIENT CITIES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2018

	Program Services				Supporting Activities		
	RRC Programming	Food Program	GJP	Other Programs	Management and General	Fundraising	Total Expenses
Interest and financing	$ 233,341	$ 1,686	$ -	$ 129	$ 7,456	$ 452	$ 243,064
Donations	26,347	-	214,586	-	-	-	240,933
Personnel	68,950	52,240	-	3,997	64,606	9,594	199,387
Facilities and equipment	174,209	148	-	7,507	16,939	1,100	199,903
Professional services	1,996	35,822	-	9,479	32,013	99	79,409
Office and operations	9,233	2,760	-	11,087	3,567	343	26,990
Insurance	15,119	2,394	-	183	2,291	262	20,249
Property development and management	15,755	-	-	1,604	639	17	18,015
Other	128	-	-	1,065	2,101	73	3,367
Travel and meetings	418	-	-	366	238	35	1,057
Public relations	419	-	-	338	240	35	1,032
Total expenses before depreciation and amortization	545,915	95,050	214,586	35,755	130,090	12,010	1,033,406
Depreciation and amortization	126,726	-	-	-	5,144	136	132,006
Total expenses	$ 672,641	$ 95,050	$ 214,586	$ 35,755	$ 135,234	$ 12,146	$ 1,165,412

See accompanying notes.

CENTER FOR RESILIENT CITIES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended December 31, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (301,942)	$ (507,617)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation and amortization	118,484	132,006
Change in value of beneficial interest in assets held by Madison Community Foundation	(16,814)	2,461
Change in assets and liabilities		
Prepaid expenses	393	(2,023)
Accounts receivable	681	8,342
Unconditional promises to give	43,907	(477)
Accounts payable	(19,295)	14,477
Accrued interest	68,875	68,875
Deferred revenue	115	5,758
Net cash flows from operating activities	(105,596)	(278,198)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(6,661)	-
Distributions from beneficial interest in assets held by Madison Community Foundation	4,641	4,399
Net cash flows from investing activities	(2,020)	4,399
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from lines of credit	64,000	50,000
Payments of lines of credit	(64,000)	(50,000)
Payments of notes payable	(11,334)	(8,319)
Proceeds from contributions restricted for project development	-	214,586
Net cash flows from financing activities	(11,334)	206,267
Net change in cash	(118,950)	(67,532)
Cash at beginning of year	301,054	368,586
Cash at end of year	$ 182,104	$ 301,054
SUPPLEMENTAL INFORMATION		
Cash paid for interest, net of capitalized amount	$ 119,267	$ 121,906

See accompanying notes.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Center for Resilient Cities, Inc. (Center) began operations in February 1996 as a non-stock, not-for-profit organization and was incorporated in May 1996 under the name Urban Open Space Foundation, Inc. In November 2007, the organization changed its name to Center for Resilient Cities, Inc. The Center builds robust and thriving urban communities that are healthy, just, economically viable and environmentally sound. Badger Resilience Research Center, LLC was formed in 2009 to develop the Resilience Research Center. This project, located on Madison, Wisconsin's south side, includes a neighborhood center, with productive urban agriculture and a project-based charter middle school, in a green-built, energy efficient building that will be submitted for a LEED NC Platinum rating. It will serve as a multigenerational neighborhood hub for healthy resilient living, socializing, training, and research.

In April 2014, the Resilience Research Center, Inc. ("RRC", a non-profit corporation) was incorporated. On May 29, 2014, the RRC purchased all interests in the Badger Resilience Research Center, LLC ("BRRC") from the Center for $5,798,000. Interests included land, a building, its contents, pledges of operating support, and other receivables. All activity related to the BRRC will henceforth flow through the RRC, and all contract related to such activity were transferred from the Center to the RRC. The Center will provide personnel and overhead services to the RRC at cost.

The building constructed by the BRRC qualified as a "qualified low-income community investment" and enabled the RRC to receive low-interest financing through a New Markets Tax Credits Investment. GWOF Sub CDE 6, LLC (GWOF) loaned $6,860,000 to the RRC (1.24731% note, collateralized by the Resilience Research Center, semi-annual payment of interest only through September 2020, and then principal and interest semi-annual payments at the applicable interest rate from October 2020 through May 2049. Since the future interest rates are unknown, future principal payment is shown in the thereafter column in the schedule of future minimum principal payments.)

Principles of Consolidation

The financial statements include the accounts of the Center and its wholly owned subsidiaries, RRC and Johnsons Park Development, LLC. All material intra-entity transactions have been eliminated.

Promises to Give

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. All unconditional promises to give are due within one year.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment

The Center capitalizes all expenditures for property and equipment in excess of $3,000. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method.

Contributions

Contributions received are recorded as increases in net assets without donor restriction or net assets with donor restrictions depending on the existence of any donor-imposed 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.

The Center receives grants from government agencies and others that are conditioned upon the Center incurring qualifying expenses. Revenue from these grants is generally recognized on a reimbursement basis, that is, when qualifying expenses are incurred by the Center, both a receivable from the grantor agency and revenue are recorded. Grants are also generally restricted by the grantor for a specified purpose. Grants whose conditions and restrictions are met in the same reporting period that the revenue is recognized are reported as increases in net assets without donor restrictions.

Income Tax Status

The Center and RRC are both exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Johnsons Park Development, LLC is treated as a disregarded entity for federal income tax purposes and information pertaining to its finances and operations is reported on the Center's federal exempt organization returns.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Expense Allocation

The financial statements report certain categories of expenses that are attributable to more than one program service or supporting activity. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include personnel, insurance, office and operations, travel and meetings, public relations and other, which are allocated on the basis of estimates of time and effort, as well as interest and financing, property development and management, and depreciation and amortization, which are allocated on a square-footage basis.

The following program services are included in the accompanying financial statements.

Resilience Research Center—RRC owns the Badger Rock Center building, which has transformed a vacant lot and abandoned school building located on the south side of Madison, Wisconsin, into a new building constructed to LEED Platinum standards that includes a neighborhood center with productive urban agriculture and a project-based charter middle school as collaborative partners and tenants. The building serves as a multi-generational neighborhood hub for socializing, learning, training, research, and healthy resilient living. The Badger Rock Neighborhood Center offers monthly CommUNITY dinners (average attendance 150 people; highest attendance 300 people) and provides space for community events, including serving as the neighborhood polling place (voter turnout above 90% in presidential elections), gatherings, and enriching programming for all ages.

Food Program—The University of Wisconsin Center for Agricultural Systems and College of Agricultural Sciences are initiating a new School for Urban Agriculture (SUA) in partnership with two Madison community nonprofits, Community GroundWorks (CGW) and the Center for Resilient Cities (Center), both nationally recognized for their expertise in urban agriculture practice. The SUA is supported by a three-year USDA Higher Education Challenge grant. The grant's long-term goal is a self-supporting program serving a wide range of students. The SUA will recruit and train current and future urban agriculture workers—people interested in gaining skills and knowledge in growing food, building community and earning a livelihood. The school will offer different types of instruction to fit the needs of a range of students, including 1-year and 2-year short-course or technical college students, 4-year UW-Madison students, Wisconsin high school students, and non-credit community member students. In addition to on-campus training, students will be placed in internships with CGW and the Center. Key outcomes of the school will be the development of an urban agriculture curriculum, an evaluation of the first two years of activity, a set of best practices for the partnering of nonprofits with universities, and production of a national Urban Agriculture Community of Practice framework.

Greater Johnsons Park—The Johnsons Park Initiative is a community-driven action plan to improve the health and safety of an urban Milwaukee Neighborhood via physical infrastructure improvements and programmatic outreach efforts.

Other Programs—The Center also continued to provide technical assistance to local governments in the areas of food policy and food systems planning, and environmental systems.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Adoption of New Accounting Guidance

On November 17, 2016, the FASB issued ASU No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash (a consensus of the FASB Emerging Issues Task Force)*. The ASU requires amounts generally described as restricted cash and restricted cash equivalents to be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. Previously, transfers between cash and restricted cash were classified as operating, investing, or financing activities, or as a combination of those activities, in the statement of cash flows. The Center adopted the requirements of the ASU as of January 1, 2019, using a retrospective transition method. Accordingly, net cash flows from investing activities decreased $42,900 as compared to previously reported amounts on the statement of cash flows for the year ended December 31, 2018.

In addition, on June 21, 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU provides a more robust framework for evaluating whether transactions such as grants and similar contracts with government agencies and others should be accounted for as exchange transactions or contributions. The ASU also assists entities in determining whether a contribution is conditional. The Center adopted the requirements of the ASU as of January 1, 2019. The changes in the ASU have been applied on a modified prospective basis, that is, the changes have been applied to agreements that are either not completed as of January 1, 2019, or entered into after that date. As a result, most government grants accounted for as exchange transactions under previous guidance are now accounted for as conditional contributions.

Date of Management's Review

Management has evaluated subsequent events through March 23, 2020, the date which the financial statements were available to be issued.

The extent of the impact of COVID-19 on the Center's operations will depend on certain developments, including the duration and spread of the outbreak, and impact on the Center's employees and partners, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the Center's operations is uncertain.

NOTE 2—NOTE RECEIVABLE

The Center has a note receivable from GWOF. The note requires semiannual interest payments at 1% interest. The note is due in one principal payment in September 2020.

NOTE 3—CONDITIONAL PROMISES TO GIVE

The Center has several grants that are conditioned upon the Center incurring qualifying expenses for the programs. At December 31, 2019, these conditional promises to give totaled approximately $118,000. These conditional promises to give will be recognized as revenue when the respective conditions are met in future years.

NOTE 4—PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	2019	2018
Furniture and equipment	$ 60,102	$ 60,102
Building	7,649,118	7,649,118
Land	585,342	585,342
Land improvements	140,736	134,075
Less accumulated depreciation	(997,158)	(879,160)
Property and equipment, net	$ 7,438,140	$ 7,549,477

Depreciation expense for the years ended December 31, 2019 and 2018 was $117,714 and $123,937.

NOTE 5—INTANGIBLE ASSETS

Intangible assets consist of the following:

	2019	2018
Website redesign	$ 31,500	$ 31,500
Less accumulated amortization	(31,500)	(31,014)
Intangible assets, net	$ -	$ 486

Amortization expense for the years ended December 31, 2019 and 2018 was $486 and $8,069.

NOTE 6—NOTES PAYABLE AND LINES OF CREDIT

The Center has a $50,000 line of credit, which had an outstanding balance at December 31, 2019 and 2018 of $50,000. Advances on the credit line are payable in a single principal payment at maturity plus monthly interest payments. The credit line carries an interest rate of 1% over prime and shall not be less than 5%. The line matures on July 23, 2020 and is secured by a GBSA.

The Center also has a $1,750,000 line of credit from the president of the board of directors, which had an outstanding balance at December 31, 2019 and 2018 of $1,450,000. Advances on the credit line are payable in a single principal payment at maturity plus periodic payments of interest. The credit line carries an interest rate of 5.75%.

NOTE 6—NOTES PAYABLE AND LINES OF CREDIT (continued)

The Center has a verbal agreement with the board president that the remaining $300,000 on the Center's line of credit with him will not be drawn upon. The line matured on March 23, 2020. The board president and the Center are in the process of renewing the line of credit.

Notes payable consisted of the following:

	2019	2018
1.25% notes payable to GWOF Sub CDE 6, LLC., collateralized by a mortgage security agreement. Semi-annual interest only payments through September 2020, then semi-annual principal and interest payments through May 31, 2049.	$ 6,860,000	$ 6,860,000
5.5% note payable to Monona Bank, collateralized by a GSA. Monthly payments of $4,540 including interest, due May 29, 2021.	398,466	429,775
5.5% note payable to FCI collateralized by a GSA. Monthly payments of $2,775 including interest, due May 29, 2021.	129,577	154,985
Less unamortized debt issuance costs	(34,037)	(79,420)
Notes payable	$ 7,354,006	$ 7,365,340

Interest expense was $188,142 and $190,781 for the years ended December 31, 2019 and 2018.

Amortization of the debt issuance costs is reported as interest expense in the consolidated statements of activities.

Future principal payments on the notes payable are as follows for the years ending December 31:

2020	$ 110,542
2021	669,395
2022	204,290
2023	206,846
2024	209,433
Thereafter	5,987,537
Total	$ 7,388,043

NOTE 7—NET ASSETS

The Center's board of directors has chosen to designate the funds held at Madison Community Foundation totaling $129,192 and $117,019 at December 31, 2019 and 2018 as an agency endowment.

Net assets with donor restrictions are restricted for the following purposes or periods:

	2019	2018
Subject to expenditure for specified purpose:		
Food Program - Cooking with Kipp	$ -	$ 453
Strategic Planning	20,000	-
Center for Community Land Trust	6,000	-
Resilience Research Center - Operations	-	843
Other	2,108	2,576
	28,108	3,872
Not subject to appropriation or expenditure:		
James and Mildred Green Community Garden Land held in trust	88,200	88,200
Total net assets with donor restrictions	$ 116,308	$ 92,072

NOTE 8—RETIREMENT PLAN

The Center contributes to a Simple IRA retirement plan in which all full-time employees are eligible to participate. The Center matches employee contributions on a dollar-for-dollar basis up to 3% of each employee's salary. Retirement expense for the years ended December 31, 2019 and 2018 was $4,579 and $4,593.

NOTE 9—CONCENTRATION

For the years ended December 31, 2019 and 2018, 65% and 63% of RRC's revenue came from one donor. For the year ended December 31, 2018, 23% of Center for Resilient Cities, Inc.'s revenue came from the one donor.

NOTE 10—FAIR VALUE MEASUREMENTS

The beneficial interest in assets held by Madison Community Foundation represents an agreement between the Center and the Foundation in which the Center transfers assets to the Foundation in exchange for future distributions. The beneficial interest is not actively traded and significant other observable inputs are not available. The fair value of the beneficial interest is based on the fair value of the underlying assets as reported to the Center by the Foundation. Little information about those assets is released publicly. The estimated fair value does not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined.

NOTE 10—FAIR VALUE MEASUREMENTS (continued)

Fair values of assets measured on a recurring basis are as follows:

	Assets at Fair Value as of December 31, 2019			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Beneficial interest in assets held by Madison Community Foundation	$ 129,192	$ -	$ -	$ 129,192

	Assets at Fair Value as of December 31, 2018			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Beneficial interest in assets held by Madison Community Foundation	$ 117,019	$ -	$ -	$ 117,019

The table below presents a reconciliation from the beginning balance to the ending balance of the beneficial interest in assets held by the Foundation measured at fair value on a recurring basis using significant unobservable inputs for the years ended December 31, 2019 and 2018:

	2019	2018
Beginning balance	$ 117,019	$ 123,879
Distributions	(4,641)	(4,399)
Change in value of beneficial interest	16,814	(2,461)
Ending balance	$ 129,192	$ 117,019

NOTE 11—AGENCY ENDOWMENTS

The Center established funds at the Foundation to invest its endowment assets. The agreement between The Center and the Foundation states that the transfer of assets is irrevocable and that the transferred assets will not be returned to the Center However, the Foundation will make annual distributions of the income earned on the funds, subject to the Foundation's spending policy. The agreement also grants variance power to the Foundation, which permits the Foundation to substitute another beneficiary in place of the Center if the Center ceases to exist or if the Foundation's board of governors votes that support of the Center either is no longer necessary of is inconsistent with the needs of the community.

NOTE 12—CASH FLOWS

The following table provides a reconciliation of cash and restricted cash reported within the consolidated statements of financial position that sum to the total of the same such amounts shown in the consolidated statements of cash flows at December 31, 2019 and 2018:

	2019	2018
Cash	$ 126,204	$ 202,054
Cash held in escrow	55,900	99,000
Total cash and restricted cash shown in the statements of cash flows	$ 182,104	$ 301,054

NOTE 13—LIQUIDITY AND AVAILABILITY

The table below reflects the Center's financial assets as of the dates of the consolidated statements of financial position reduced by amounts not available for general expenditures within one year of the date of the consolidated statement of financial position:

	2019	2018
Financial assets at year end	$ 5,284,169	$ 5,435,534
Less those unavailable for general expenditures within one year:		
Restricted by donors with time or purpose restrictions	28,108	3,872
Long-term investment funds	129,192	117,019
Long-term note receivable	4,956,000	4,956,000
Cash held in escrow	55,900	99,000
Financial assets available to meet cash needs for general expenditures within one year	$ 114,969	$ 259,643

To help manage unanticipated liquidity needs, the Center has committed lines of credit in the amount of $1,800,000. However, the Center has a verbal agreement with the board president that the remaining $300,000 on the Center's line of credit with him will not be drawn upon. As part of the Center's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 14—MERGER

On December 10, 2019, the Board of Directors of Center for Resilient Cities, Inc. formally approved a merger resolution. As a result, effective January 1, 2020, Community GroundWorks, Inc. and Center for Resilient Cities, Inc. merged into Rooted WI, Inc. The merged organization will continue to operate the same programs, but under a new name. Under the plan of merger, Community GroundWorks ceased to exist as a separate corporation as of January 1, 2020.

CENTER FOR RESILIENT CITIES, INC.
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
December 31, 2019

	Center for Resilient Cities, Inc.	Resilience Research Center, Inc.	Eliminations	Consolidated Totals
ASSETS				
Cash	$ 116,863	$ 9,341	$ -	$ 126,204
Prepaid expenses	1,888	1,133	-	3,021
Accounts receivable	251,013	1,210	(251,255)	968
Unconditional promises to give	9,662	6,243	-	15,905
Cash held in escrow	-	55,900	-	55,900
Note receivable	4,956,000	-	-	4,956,000
Property and equipment, net	3,123	5,226,290	2,208,727	7,438,140
Beneficial interest in assets held by Madison Community Foundation	129,192	-	-	129,192
Land held in trust	88,200	-	-	88,200
Total assets	$ 5,555,941	$ 5,300,117	$ 1,957,472	$ 12,813,530
LIABILITIES				
Accounts payable	$ 11,215	$ 15,905	$ (3,453)	$ 23,667
Accrued interest	652,771	-	-	652,771
Deferred revenue	-	5,873	-	5,873
Lines of credit	1,500,000	247,802	(247,802)	1,500,000
Notes payable	528,042	6,825,964	-	7,354,006
Total liabilities	2,692,028	7,095,544	(251,255)	9,536,317
NET ASSETS				
Without donor restrictions	2,747,605	(1,795,427)	2,208,727	3,160,905
With donor restrictions	116,308	-	-	116,308
Total net assets	2,863,913	(1,795,427)	2,208,727	3,277,213
Total liabilities and net assets	$ 5,555,941	$ 5,300,117	$ 1,957,472	$ 12,813,530

CENTER FOR RESILIENT CITIES, INC.
CONSOLIDATING SCHEDULE OF ACTIVITES
Year Ended December 31, 2019

	Center for Resilient Cities, Inc.	Resilience Research Center, Inc.	Eliminations	Consolidated Totals
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS				
REVENUE				
Contributions	$ 168,181	$ 301,731	$ (47,193)	$ 422,719
Rent and other income	7,115	93,392	(15,525)	84,982
Interest income	49,889	745	-	50,634
Change in value of beneficial interest in assets held by Madison Community Foundation	16,814	-	-	16,814
Management fees	124,973	-	(124,973)	-
Total revenue without donor restrictions	366,972	395,868	(187,691)	575,149
EXPENSES				
Personnel	218,118	100,793	(100,793)	218,118
Professional services	88,634	13,401	(1,200)	100,835
Interest and financing	102,852	138,048	-	240,900
Facilities and equipment	21,778	187,743	(20,505)	189,016
Donations	47,193	1,443	(47,193)	1,443
Property development and management	-	6,952	-	6,952
Insurance	18,261	14,100	(13,100)	19,261
Office and operations	15,599	7,359	(900)	22,058
Travel and meetings	1,813	-	-	1,813
Public relations	421	29	-	450
Other	1,723	4,716	(4,000)	2,439
Total expenses before depreciation and amortization	516,392	474,584	(187,691)	803,285
Depreciation and amortization	284	118,200	-	118,484
Total expenses	516,676	592,784	(187,691)	921,769
NET ASSETS RELEASED FROM RESTRICTIONS				
Satisfaction of program restrictions	19,599	843	-	20,442
Change in net assets without donor restrictions	(130,105)	(196,073)	-	(326,178)
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS				
Contributions	44,678	-	-	44,678
Net assets released from restrictions	(19,599)	(843)	-	(20,442)
Change in net assets with donor restrictions	25,079	(843)	-	24,236
Change in net assets	(105,026)	(196,916)	-	(301,942)
Net assets at beginning of the year	2,968,939	(1,598,511)	2,208,727	3,579,155
Net assets at end of year	$ 2,863,913	$ (1,795,427)	$ 2,208,727	$ 3,277,213