

FOCUSED INTERRUPTION, INC.

FINANCIAL STATEMENTS

December 31, 2023 and 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Focused Interruption, Inc.
Madison, Wisconsin

Opinion

We have audited the financial statements of Focused Interruption, Inc., which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Focused Interruption, Inc. as of December 31, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Focused Interruption, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Focused Interruption, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Focused Interruption, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Focused Interruption, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Wegner CPAs LLP

Wegner CPAs, LLP
Madison, Wisconsin
June 21, 2024

FOCUSED INTERRUPTION, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 276,798	\$ 162,261
Unconditional promises to give	11,118	171,721
Grants receivable	385,396	192,938
Prepaid expenses	<u>6,557</u>	<u>3,592</u>
Total current assets	679,869	530,512
FURNITURE AND FIXTURES		
Furniture and fixtures	10,505	-
Accumulated depreciation	<u>(250)</u>	<u>-</u>
Furniture and fixtures, net	10,255	-
OTHER ASSETS		
Security deposit	2,516	-
Operating lease right-of-use asset	<u>78,181</u>	<u>-</u>
Total other assets	<u>80,697</u>	<u>-</u>
Total assets	<u><u>\$ 770,821</u></u>	<u><u>\$ 530,512</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 15,203	\$ 17,991
Accrued personnel	21,308	7,435
Current portion of operating lease liability	<u>27,588</u>	<u>-</u>
Total current liabilities	64,099	25,426
NONCURRENT LIABILITIES		
Operating lease liability less current portion	<u>50,893</u>	<u>-</u>
Total liabilities	114,992	25,426
NET ASSETS		
Without donor restrictions	644,804	333,561
With donor restrictions	<u>11,025</u>	<u>171,525</u>
Total net assets	<u>655,829</u>	<u>505,086</u>
Total liabilities and net assets	<u><u>\$ 770,821</u></u>	<u><u>\$ 530,512</u></u>

See accompanying notes.

FOCUSED INTERRUPTION, INC.
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
REVENUES		
Contributions		
Public support	\$ 312,981	\$ 521,041
Government grants	411,414	192,938
	<u>724,395</u>	<u>713,979</u>
Total revenues without donor restrictions		
EXPENSES		
Program services	418,200	267,954
Supporting activities		
Management & general	122,689	76,713
Fundraising	32,763	35,751
	<u>573,652</u>	<u>380,418</u>
Total expenses		
NET ASSETS RELEASED FROM RESTRICTIONS		
Satisfaction of time restrictions	160,500	-
	<u>311,243</u>	<u>333,561</u>
Change in net assets without donor restrictions		
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Contributions from public support	-	171,525
Net assets released from restrictions	(160,500)	-
	<u>(160,500)</u>	<u>171,525</u>
Change in net assets with donor restrictions		
Change in net assets	150,743	505,086
Net assets at beginning of year	505,086	-
Net assets at end of year	<u>\$ 655,829</u>	<u>\$ 505,086</u>

See accompanying notes.

FOCUSED INTERRUPTION, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended December 31, 2023 and 2022

	2023			
	Program Services	Supporting Activities		Total Expenses
		Management & General	Fundraising	
Personnel	\$ 351,425	\$ 33,987	\$ 28,577	\$ 413,989
Professional fees	7,000	77,406	-	84,406
Occupancy	17,908	1,731	1,456	21,095
Grants	8,293	-	-	8,293
Technology	8,440	816	686	9,942
Depreciation	212	21	17	250
Repairs and maintenance	1,528	148	124	1,800
Insurance	2,239	2,318	182	4,739
Supplies	8,717	843	709	10,269
Transportation	8,945	865	727	10,537
Training	1,791	173	146	2,110
Meals	1,634	158	133	1,925
Conferences	68	7	6	81
Other	-	4,216	-	4,216
Total expenses	\$ 418,200	\$ 122,689	\$ 32,763	\$ 573,652
	2022			
	Program Services	Supporting Activities		Total Expenses
		Management & General	Fundraising	
Personnel	\$ 241,241	\$ 52,466	\$ 33,144	\$ 326,851
Professional fees	400	12,853	-	13,253
Occupancy	11,070	1,651	1,521	14,242
Grants	7,341	-	-	7,341
Advertising	-	7,150	-	7,150
Technology	4,036	602	555	5,193
Insurance	2,825	1,454	388	4,667
Supplies	211	32	29	272
Transportation	548	82	75	705
Training	282	42	39	363
Other	-	381	-	381
Total expenses	\$ 267,954	\$ 76,713	\$ 35,751	\$ 380,418

See accompanying notes.

FOCUSED INTERRUPTION, INC.
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 150,743	\$ 505,086
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	250	-
Amortization of operating lease right-of-use asset	9,128	-
(Increase) decrease in assets		
Unconditional promises to give	160,603	(171,721)
Grants receivable	(192,458)	(192,938)
Prepaid expenses	(2,965)	(3,592)
Security deposit	(2,516)	-
Increase (decrease) in liabilities		
Accounts payable	(2,788)	17,991
Accrued personnel	13,873	7,435
Operating lease liability	(8,828)	-
Net cash flows from operating activities	125,042	162,261
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of furniture and fixtures	(10,505)	-
Change in cash	114,537	162,261
Cash at beginning of year	162,261	-
Cash at end of year	\$ 276,798	\$ 162,261

See accompanying notes.

FOCUSED INTERRUPTION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Focused Interruption, Inc. uses a holistic approach to reduce generational trauma by providing evidence-based intervention and prevention services to the people, neighborhoods, and families most impacted by gun violence in Madison, Wisconsin and surrounding areas. Focused Interruption, Inc. is primarily supported through contributions from public support and government grants.

Promises to Give

Conditional promises to give are not recognized in the financial statements until the conditions are substantially met or explicitly waived by the donor. Unconditional promises are recorded at net realizable value.

Grants Receivable

Focused Interruption, Inc. receives grants from governmental agencies that are conditioned upon Focused Interruption, Inc. incurring qualifying expenses. Revenue from these grants is generally recognized on a reimbursement basis, that is, when qualifying expenses are incurred by Focused Interruption, Inc., 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. At December 31, 2023, all grants are receivable in less than one year.

Furniture and Fixtures

Focused Interruption, Inc. capitalizes all expenditures for furniture and fixtures in excess of \$2,500 while maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed. Furniture and fixtures 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.

Leases

Focused Interruption, Inc. does not recognize short-term leases in the statements of financial position. For these leases, Focused Interruption, Inc. recognizes the lease payments in the change in net assets on a straight-line basis over the lease term and variable lease payments in the period in which the obligation for those payments is incurred. Focused Interruption, Inc. also does not separate nonlease components from lease components for all classes of underlying assets and instead accounts for each separate lease component and the nonlease components associated with that lease component as a single lease component. If the rate implicit in the lease is not readily determinable, Focused Interruption, Inc. uses a risk-free rate as the discount rate for the lease for all classes of underlying assets.

FOCUSED INTERRUPTION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions

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

Advertising Costs

Advertising costs are expensed as incurred.

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. Except for professional fees, grants, advertising, insurance, and other, all expenses are allocated on the basis of estimates of time and effort.

The following program services and supporting activities are included in the accompanying financial statements:

Program Services—Provides outreach services to individuals that are at highest risk of gun violence by providing supportive services such as job placement or training, mental health treatment, legal services, and childcare. In addition, it offers safety workers who provide an alternative to police officers by providing conflict mediators, social service connectors, systems navigators, and community builders. Lastly, it provides a safe place for families of both victims and perpetrators that have been impacted by community gun violence.

Management & General—Management and general activities relate to the overall direction of Focused Interruption, Inc. and include the functions necessary to ensure proper administrative functioning of the board of directors, manage the financial and budgetary responsibilities of Focused Interruption, Inc., and perform other administrative functions.

Fundraising—Fundraising activities relate to soliciting contributions from individuals, foundations, governments, and others, and other activities that involve inducing potential donors to contribute assets, services, or time to Focused Interruption, Inc.

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.

FOCUSED INTERRUPTION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Tax Status

Focused Interruption, Inc. is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, Focused Interruption, Inc. qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

Date of Management’s Review

Management has evaluated subsequent events through June 21, 2024, the date which the financial statements were available to be issued.

NOTE 2—UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give are as follows:

	2023	2022
Receivable in less than one year	\$ 11,118	\$ 160,696
Receivable in one to five years	-	11,025
Unconditional promises to give	\$ 11,118	\$ 171,721

NOTE 3—CONCENTRATIONS

Credit Risk

Focused Interruption, Inc. maintains cash balances with a financial institution in Madison, Wisconsin. Balances on deposit are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2023, uninsured cash balances totaled \$26,928. At December 31, 2022, cash balances were fully insured.

Revenue

During December 31, 2023 and 2022, Focused Interruption, Inc. received 98% and 93%, respectively, of its revenue from three donors/grantors.

NOTE 4—LEASES

Focused Interruption, Inc. leased office space under a short-term lease agreement that expired in September 2023 with monthly payments of \$540. In September 2023, Focused Interruption, Inc. entered into a new lease for office space that expires in August 31, 2026. The lease requires monthly payments of \$2,516 with an annual escalation of 3%.

FOCUSED INTERRUPTION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 4—LEASES (continued)

The components of total lease cost are as follows:

	<u>2023</u>	<u>2022</u>
Operating lease cost	\$ 10,370	\$ -
Short-term lease cost	4,860	6,480
	<u> </u>	<u> </u>
Total	<u>\$ 15,230</u>	<u>\$ 6,480</u>

Other information related to leases is as follows:

	<u>2023</u>	<u>2022</u>
Cash paid for amounts included in the measurement of lease liability		
Operating cash flows from operating lease	\$ 10,065	\$ -
Right-of-use asset obtained in exchange for new operating lease liability	87,310	-
Weighted-average remaining lease term for operating lease	2.67 years	-
Weighted-average discount rate for operating lease	4.57%	-

The maturities of lease liability as of December 31, 2023, are as follows:

Year ending December 31:		
2024		\$ 30,496
2025		31,411
2026		<u>21,349</u>
Total minimum lease payments		83,256
Imputed interest		<u>(4,775)</u>
Total operating lease liability		<u>\$ 78,481</u>

NOTE 5—NET ASSETS

The board of directors has designated net assets without donor restrictions for the following purposes:

	<u>2023</u>	<u>2022</u>
Operating reserve	\$ 8,260	\$ 8,260
Undesignated	636,544	325,301
	<u> </u>	<u> </u>
Net assets without donor restrictions	<u>\$ 644,804</u>	<u>\$ 333,561</u>

Net assets with donor restrictions are restricted for subsequent periods.

FOCUSED INTERRUPTION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 6—LIQUIDITY AND AVAILABILITY

The following table reflects Focused Interruption, Inc.'s financial assets as of the date of the statements of financial position reduced by amounts that are not available for general expenditures within one year of the date of the statements of financial position because of donor-imposed restrictions or internal board designations:

	2023	2022
Financial assets at end of year	\$ 673,312	\$ 526,920
Less those unavailable for general expenditures within one year due to		
Restricted by donor with time restrictions	-	(11,025)
Board designations	(8,260)	(8,260)
Financial assets available to meet cash needs for general expenditures within one year	\$ 665,052	\$ 507,635

Focused Interruption, Inc. strives to maintain liquid financial assets sufficient to cover general expenditures. In the event of an unanticipated liquidity need, Focused Interruption, Inc. can draw upon its board-designated net assets.

NOTE 7—FISCAL SPONSORSHIP

Focused Interruption, Inc. was a fiscal sponsorship of The Nehemiah Community Development Corporation since 2016 and became a legally separate organization in 2022. During 2022, The Nehemiah Community Development Corporation transferred \$305,708 to Focused Interruption, Inc. that comprised of revenues and expenses received and paid for by The Nehemiah Community Development Corporation from 2016 through 2021.

NOTE 8—RELATED PARTY

Focused Interruption, Inc. hired an outsourced chief operating officer who is related to the chief executive officer. The agreement with the outsourced chief operating officer started in 2022 and went through July 2023. Amounts paid during the years ended December 31, 2023 and 2022 were \$35,000 and \$2,000, respectively. No amounts were due to the outsourced chief operating officer as of December 31, 2023 and 2022.