

**Community Action, Inc. of Rock &  
Walworth Counties and Related Entities**

Beloit, Wisconsin

Consolidated Financial Statements and  
Supplementary Information  
Year Ended December 31, 2015

# Community Action, Inc. of Rock & Walworth Counties and Related Entities

Consolidated Financial Statements and Supplementary Information  
Year Ended December 31, 2015

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## **Independent Auditor's Report**

Board of Directors  
Community Action, Inc. of Rock & Walworth Counties and Related Entities  
Beloit, Wisconsin

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

We have audited the accompanying consolidated financial statements of Community Action, Inc. of Rock & Walworth Counties (a nonprofit organization) and Related Entities, which comprise the consolidated statement of financial position as of December 31, 2015, and the related consolidated statements of activities and cash flows for the year 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; 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Beloit Mature Adult Housing, LLC and Community Action Properties, LLC were not audited in accordance with *Government Auditing Standards* as they did not receive federal funding.

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 auditor's 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 consolidated financial position of Community Action, Inc. of Rock & Walworth Counties and Related Entities as of December 31, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States.

## **Other Matters**

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying Schedule of Program Activity, Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the *State Single Audit Guidelines*, issued by the Wisconsin Department of Administration, Consolidating Statement of Financial Position, Consolidating Statement of Activities, and Schedule of Emergency Furnace Activity by Contract are presented for the purposes of additional analysis, and are not a required part of the consolidated financial statements. The additional supplementary information required by the Wisconsin Housing and Economic Development Authority (WHEDA) included on pages 43 through 48 of this report is presented for purposes of additional analysis and is also not a required part of the consolidated 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 consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

We also have previously audited, in accordance with auditing standards generally accepted in the United States, the consolidated statement of financial position of Community Action, Inc. of Rock & Walworth Counties and Related Entities as of December 31, 2014, and the related consolidated statements of activities and cash flows for the year then ended (not presented herein), and we expressed an unmodified opinion on those consolidated financial statements. That audit was conducted for purposes of forming an opinion on the consolidated financial statements as a whole. The prior year expense in the supplementary schedule appearing on page 42 is presented for purposes of additional analysis. Such information is the responsibility of management and the prior year expenses were derived from and relate directly to the underlying accounting and other records used to prepare the December 31, 2014, consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of those consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the prior year expenses included on the supplementary schedule appearing on page 42 are fairly stated, in all material respects, in relation to the consolidated financial statements from which it has been derived.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2016, on our consideration of Community Action, Inc. of Rock & Walworth Counties and Related Entities' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreement and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Community Action, Inc. of Rock & Walworth Counties and Related Entities' internal control over financial reporting and compliance.



Wipfli LLP

June 28, 2016  
Madison, Wisconsin

# Community Action, Inc. of Rock & Walworth Counties and Related Entities

## Consolidated Statement of Financial Position

December 31, 2015

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<i>Assets</i>	
Current assets:	
Cash	\$ 344,060
Restricted cash	388,674
Grants receivable	846,091
Accounts receivable, net	106,304
Weatherization inventory	174,015
Housing inventory	125,000
Commodity food inventory	1,749
Current portion of loans receivable - Housing and vehicle	59,768
Prepaid expenses and other assets	95,633
<hr/>	
Total current assets	2,141,294
<hr/>	
Other assets:	
Investments	306,401
Loans receivable - Affiliates, net	1,822,135
Loans receivable - Housing, net	1,380,113
Loans receivable - Vehicle, net	50,624
<hr/>	
Total other assets	3,559,273
<hr/>	
Property and equipment, net	3,925,984
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<b>TOTAL ASSETS</b>	<b>\$ 9,626,551</b>

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See accompanying notes to consolidated financial statements.

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*Liabilities and Net Assets*

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Current liabilities:

Current portion of mortgages payable	\$ 14,983
Line of credit	400,000
Accounts payable	203,821
Accrued payroll and related expenses	56,419
Other liabilities	36,123
Grant funds received in advance	260,157

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Total current liabilities 971,503

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Long-term liabilities:

Long-term advances	35,578
Capital advance - HUD	2,251,500
Mortgages payable	862,120

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Total long-term liabilities 3,149,198

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Total liabilities 4,120,701

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Net assets (deficit):

Unrestricted - CAI	798,914
Unrestricted - BALI	( 585,743)
Unrestricted - BMAH	641,656
Unrestricted - Board designated	306,401

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Total unrestricted 1,161,228

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Temporarily restricted - CAI 4,344,622

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Total net assets 5,505,850

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**TOTAL LIABILITIES AND NET ASSETS** **\$ 9,626,551**

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# Community Action, Inc. of Rock & Walworth Counties and Related Entities

Consolidated Statement of Activities  
Year Ended December 31, 2015

	Unrestricted	Temporarily Restricted	Total
Revenue:			
Grant and contract revenue	\$ 6,090,946	\$ 35,469	\$ 6,126,415
Fee for services revenue	1,214,261	27,055	1,241,316
Program and other contributions	436,033	0	436,033
Sales of houses	78,000	0	78,000
Rental income	338,861	0	338,861
Investment loss	( 5,612)	0	( 5,612)
In-kind revenue	13,480	0	13,480
Net assets released from restriction through satisfaction of program restrictions	136,014	( 136,014)	0
<b>Total revenue</b>	<b>8,301,983</b>	<b>( 73,490)</b>	<b>8,228,493</b>
Expenses:			
Salaries and wages	2,794,314	0	2,794,314
Fringe benefits	650,653	0	650,653
Consultants/contractual	99,146	0	99,146
Travel	82,727	0	82,727
Occupancy	645,041	0	645,041
Supplies	87,174	0	87,174
Weatherization materials and other inventory	1,344,307	0	1,344,307
Client/participant costs	1,407,242	0	1,407,242
Depreciation	227,337	0	227,337
Commodities distributed	396,691	0	396,691
Other	421,127	0	421,127
<b>Total expenses</b>	<b>8,155,759</b>	<b>0</b>	<b>8,155,759</b>
Change in net assets	146,224	( 73,490)	72,734
Net assets at beginning of year	395,462	4,418,112	4,813,574
Net assets acquired in acquisition	619,542	0	619,542
<b>Net assets at end of year</b>	<b>\$ 1,161,228</b>	<b>\$ 4,344,622</b>	<b>\$ 5,505,850</b>

See accompanying notes to consolidated financial statements.



# Community Action, Inc. of Rock & Walworth Counties and Related Entities

## Consolidated Statement of Cash Flows

Year Ended December 31, 2015

Increase (decrease) in cash:	
Cash flows from operating activities:	
Change in net assets	\$ 72,734
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	227,337
Realized and unrealized loss on investments	12,491
Change in allowance for uncollectible accounts receivable	( 47,365)
Write down of housing inventory	38,518
Change in allowance for uncollectible loans receivable	122,637
Contribution of stock	( 5,539)
Net change in discount on loans receivable	( 35,626)
Changes in operating assets and liabilities:	
Restricted cash	10,408
Grants receivable	( 347,266)
Accounts receivable	43,382
Weatherization inventory	4,793
Housing inventory	39,982
Prepaid expenses	21,711
Accounts payable	( 59,482)
Accrued payroll and related expenses	( 18,801)
Advances	( 11,478)
Other liabilities	( 10,380)
Grant funds received in advance	101,680
Net cash provided by operating activities	159,736
Cash flows from investing activities:	
Cash received in acquisition	38,570
Capital expenditures	( 222,546)
Purchase of investments	( 67,969)
Proceeds from sale of investments	76,309
Collections on loans receivable	65,891
Issuance of loans receivable	( 54,538)
Net cash used in investing activities	( 164,283)
Cash flows from financing activities:	
Net proceeds from line of credit	200,000
Payments on mortgages payable	( 32,194)
Net cash provided by financing activities	167,806
Change in cash	163,259
Cash at beginning of year	180,801
Cash at end of year	\$ 344,060
<b>Supplemental schedule of operating activities:</b>	
Interest paid and expensed	\$ 17,104
<b>Supplemental schedule of noncash operating activity:</b>	
Change in commodity food inventory/grant funds received in advance	1,749
<b>Supplemental schedule of noncash investing and financing activities:</b>	
Fair value of assets aquired in acquisition	1,515,616
Fair value of liabilities assumed in acquisition	934,644

See accompanying notes to consolidated financial statements.

# Community Action, Inc. of Rock & Walworth Counties and Related Entities

## Notes to Consolidated Financial Statements

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### **Note 1            Summary of Significant Accounting Policies**

#### **Nature of Operations**

Community Action, Inc. of Rock & Walworth Counties (CAI) was organized as a nonprofit corporation in 1965. CAI was formed to develop and provide resources for the purpose of assisting low-income individuals through a variety of programs in Rock and Walworth Counties in Wisconsin. CAI is supported through federal and state government grants, fees for services, and private contributions. Approximately 36% of grant revenue is received from the State of Wisconsin under the Weatherization program.

Beloit Assisted Living, Inc. (BALI) was organized as a private nonprofit corporation in 2001. BALI has common board members with CAI and is under common control with CAI. BALI was organized to provide affordable housing for the elderly. BALI currently owns and operates a 30-unit housing project. The project is funded through a forgivable loan from the U.S. Department of Housing and Urban Development (HUD). A separate Single Audit was also issued for BALI as of and for the year ended December 31, 2015.

Beloit Mature Adult Housing, LLC (BMAH), a Wisconsin limited liability company, was formed in January 1997, under the Wisconsin Limited Liability Company Act to acquire and operate a 47-unit residential rental housing project called Olympian Hill Apartments located in Beloit, Wisconsin. The project is financed and regulated by the Wisconsin Housing and Economic Development Authority (WHEDA). CAI acquired the limited partner's share of BMAH on July 29, 2015. BMAH activity from August 1, 2015 through December 31, 2015, is reported on the consolidated statements of activities.

Community Action Properties, LLC (CAP) is a wholly owned limited liability corporation of CAI. CAP was organized in order to support CAI's efforts to develop affordable housing. CAP owned houses in the Beloit Merrill Neighborhood and title to these were transferred to CAI in 2010. In addition, CAP owns a duplex in Walworth County.

#### **Basis of Presentation**

The consolidated financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States.

#### **Principles of Consolidation**

These financial statements are consolidated and include the accounts of CAI, BALI, BMAH, and CAP (the "Organizations"). All material inter-company transactions and accounts are eliminated in consolidation.

#### **Classification of Net Assets**

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

# Community Action, Inc. of Rock & Walworth Counties and Related Entities

## Notes to Consolidated Financial Statements

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### **Note 1**      **Summary of Significant Accounting Policies (Continued)**

#### **Classification of Net Assets (Continued)**

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that may or may not be met either by actions of the Organizations and/or the passage of time. When a restriction expires, temporarily restricted net assets are transferred to unrestricted net assets and reported in the consolidated statement of activities as net assets released from restrictions. If a restriction is satisfied in the year of contribution, the contribution is recorded as unrestricted revenue.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organizations. Generally, the donors of these assets permit the Organizations to use all or part of the income earned on investments for general or specific purposes. Currently, the Organizations do not have any permanently restricted net assets.

#### **Use of Estimates**

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

#### **Revenue Recognition/Grant Funds Received in Advance**

Contributions are recognized when the donor makes a promise to give to the Organizations that is, in substance, unconditional. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and nature of any donor restrictions. When a restriction expires, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statement of activities as net assets released from restrictions. If the restriction is satisfied in the period of contribution, the contribution is recorded as unrestricted revenue.

Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

# Community Action, Inc. of Rock & Walworth Counties and Related Entities

## Notes to Consolidated Financial Statements

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### **Note 1**      **Summary of Significant Accounting Policies (Continued)**

#### **Revenue Recognition/Grant Funds Received in Advance (Continued)**

Program contributions represent amounts contributed by program beneficiaries, individuals, or organizations. The contributions are to help defray the cost of a specific program. The contributions are recorded as temporarily restricted revenue and the contribution is used in the specific program when there is a stipulation by the donor. When a restriction expires, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statement of activities as released from restriction. If the restriction is satisfied in the period of contribution, the contribution is recorded as unrestricted revenue.

Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award.

#### **A. Grant Awards That Are Contributions**

Grants that qualify as contributions are recorded as invoiced to the funding sources. Revenue is recognized in the accounting period when the related allowable expenses or asset acquisition costs are incurred. Amounts received in excess of expenses or asset acquisitions are reflected as grant funds received in advance.

#### **B. Grant Awards That Are Exchange Transactions**

Exchange transactions reimburse based on a predetermined rate for services performed. The revenue is recognized in the period the service is performed.

#### **Fee for Services Revenue**

Fee for services revenue includes performance contracts for childcare and health care services. The performance contracts reimburse based on a predetermined rate for services performed. Other fee for services revenue consists of various activities performed by CAI on a predetermined fee basis. The revenue is recognized in the period the service is performed.

#### **Rental Income**

Rental income is derived primarily from annual leases by BALI and BMAH with tenants. Rental income is recognized when earned.

#### **In-Kind (Noncash) Revenue**

In-kind (noncash) revenue includes contributions of professional services and supplies that are to be used to meet a cost sharing or matching requirement. The Organizations value in-kind revenue at their fair values at the time of contribution, unless award documents or federal agency regulations identify specific values to be used. Revenue and expenses are recognized in the accounting period when the contribution is received. The in-kind expense of \$13,480 is included in client/participant costs in the consolidated statement of activities.

# Community Action, Inc. of Rock & Walworth Counties and Related Entities

## Notes to Consolidated Financial Statements

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### **Note 1**      **Summary of Significant Accounting Policies (Continued)**

#### **Accounts Receivable and Allowance for Doubtful Accounts**

Accounts receivable consist primarily of amounts billed under performance contracts, client service fees, and patient fees. The Organizations analyze the receivables and record an allowance that management believes will reserve for possible losses on existing receivables that may become uncollectible. The evaluations take into consideration such factors as changes in the customer's creditworthiness, prior loss experience, and current economic conditions. An account is considered uncollectible when all collection efforts prove worthless. The allowance for doubtful accounts was \$144,341 at December 31, 2015.

#### **Investments**

Investments are carried at fair value. Unrealized gains or losses of investments are included in investment income in the consolidated statement of activities. Fair values are determined based on active publicly traded markets.

#### **Inventory**

Weatherization Inventory - CAI hires contractors to do a large portion of the weatherization activity. The contractors provide labor and materials. Weatherization materials, crew, and contractor labor are expensed in the accounting period when the unit weatherized is claimed as a completed unit. A completed unit represents a dwelling that has received weatherization services within the limits established in the weatherization contract, the final inspection has been performed, and the owner sign-off has been obtained. Weatherization inventory is stated at the lower of cost (first-in, first-out) or market.

Housing Inventory (homes held for resale) - CAI purchased houses in the Beloit Merrill Neighborhood in prior years. CAI is rehabilitating the houses and will sell them to income eligible buyers upon completion. House inventory is valued at the lower of cost or market value.

#### **Commodity Food Inventory**

Commodity food represents the value of food received through the State of Wisconsin and is distributed to low-income households. Valuations are provided by the State of Wisconsin. Commodity inventory is charged to expense when the commodities are distributed. Those commodities received during the year that had not been distributed are recognized as an asset with a corresponding balance recorded as grant funds received in advance on the consolidated statement of financial position.

# Community Action, Inc. of Rock & Walworth Counties and Related Entities

## Notes to Consolidated Financial Statements

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### **Note 1**            **Summary of Significant Accounting Policies (Continued)**

#### **Loans Receivable**

CAI operates several loan funds that provide assistance to low-income residents in CAI's service area. The assistance provided is recorded as a receivable with a corresponding increase in temporarily restricted net assets. Any loans subsequently repaid will reduce the loan receivable and provide funds for loans or other assistance to other eligible participants.

Management has the intent and ability to hold all loans for the foreseeable future or until maturity or pay-off. Management has reported the loans at their outstanding unpaid principal balances adjusted for charge-offs and the allowance for expected loan losses. Interest income is accrued on the unpaid principal balance. Loan origination fees, net of certain direct origination costs, are recognized as income or expense when received or incurred since capitalization of these fees or costs would not have a significant impact on the financial statements.

At such time when a loan is determined to be past due, the interest-bearing loans are placed on nonaccrual status. The determination of past due loans for purposes of placing on nonaccrual status is made on a case-by-case basis. Interest accrued but not collected for loans that are placed on nonaccrual status is reversed against interest income. The interest on these loans is accounted for on the cash-basis or cost-recovery method, until qualifying for return to accrual. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

The allowance for loan losses is a valuation allowance for probable incurred credit losses based on an evaluation of the outstanding loans. Loans losses are charged against the allowance when management believes the collectability of the principal is unlikely. Subsequent recoveries, if any, are credited to the allowance.

Management regularly evaluates the allowance for loan losses taking into consideration such factors as historical loss experience, changes in the nature and volume of the loan portfolio, overall portfolio quality, a review of specific problem loans, and current economic conditions that may affect the borrower's ability to pay.

# Community Action, Inc. of Rock & Walworth Counties and Related Entities

## Notes to Consolidated Financial Statements

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### **Note 1**      **Summary of Significant Accounting Policies (Continued)**

#### **Loans Receivable (Continued)**

A loan is considered impaired when, based on current information and events, it is probable that CAI will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed. Impairment is measured on a loan-by-loan basis for housing and business loans by either the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's obtainable market price, or the fair value of the collateral if the loan is collateral dependent.

CAI has the following types of loans receivable:

#### **Loans Receivable - Housing**

CAI operates a revolving loan program funded by grant awards. CAI receives funds to loan to eligible individuals for housing assistance. Loans are either to be repaid or are forgiven. The repaid loans are to be repaid over a time period determined by the grant or are to be repaid when the property is sold, title changes, or the property is refinanced. The forgivable loans are forgiven over a time period determined by the individual grant. Any funds repaid must be used in accordance with the original grant agreement, which includes covering a certain percentage of administrative costs. The loans are low or non-interest-bearing. Loans receivable are discounted to their net present value at a 4.5% discount rate and are stated at the amount of unpaid principal.

#### **Loans Receivable - Vehicle**

CAI operates a revolving loan program funded by grant awards. CAI receives funds to loan to eligible individuals for vehicle purchase assistance. Loans are to be repaid in monthly installments over a time period of 30 months.

Any funds repaid must be used in accordance with the original grant agreement. The loans are non-interest-bearing.

# Community Action, Inc. of Rock & Walworth Counties and Related Entities

## Notes to Consolidated Financial Statements

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### **Note 1**            **Summary of Significant Accounting Policies (Continued)**

#### **Loans Receivable (Continued)**

##### **Loans Receivable – Affiliates**

CAI received a Rental Housing Development grant award from the State of Wisconsin to provide housing assistance to low-income households. The grant funds are loaned to limited liability companies (LLC) and a limited partnership (LP), of which CAI is a member, for the development of housing projects.

#### **Property and Equipment**

Property and equipment are capitalized at cost. Depreciation is provided for using the straight-line method over the estimated useful life of the asset. The Organizations consider property and equipment to be items with a cost of \$5,000 or more and a useful life of over one year.

Property and equipment purchased with grant funds are owned by the Organizations while used in the program for which they were purchased or in other future authorized programs. However, the various funding sources have a reversionary interest in the property and equipment purchased with grant funds. The property and equipment purchased with grant funds are normally restricted for use in specific programs operated by the Organizations. The net book value of grant property and equipment included on the consolidated statement of financial position is \$262,179 at December 31, 2015. The Organizations have adopted a policy of implying a time restriction on assets purchased with grant award contributions. Grant-funded property and equipment are recorded as restricted support. As the property and equipment are depreciated, the temporarily restricted net assets are released from restriction and reported in the consolidated statement of activities as net assets released from restriction.

#### **Income Taxes**

CAI is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. It is also exempt from Wisconsin franchise or income tax.

BALI is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. It is also exempt from Wisconsin franchise or income tax.

BMAH and CAP are sole member LLCs and, therefore, are treated as disregarded entities for tax purposes. The activity of BMAH and CAP are included in CAI's annual federal and state returns.

The Organizations are required to assess whether it is more likely than not that a tax position will be sustained upon examination on the technical merits of the position assuming the taxing authority has full knowledge of all information. If the tax position does not meet the more likely than not recognition threshold, the benefit of that position is not recognized in the consolidated financial statements. The Organizations have determined there are no amounts to record as assets or liabilities related to uncertain tax positions.



# Community Action, Inc. of Rock & Walworth Counties and Related Entities

## Notes to Consolidated Financial Statements

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### **Note 1**            **Summary of Significant Accounting Policies (Continued)**

#### **Cost Allocation**

Joint costs are allocated to benefiting programs using various allocation methods, depending on the type of joint cost being allocated. Joint costs are those costs incurred for the common benefit of all organization programs that cannot be readily identified with a final cost objective.

#### **Subsequent Events**

Subsequent events have been evaluated through June 28, 2016, which is the date the financial statements were available to be issued.

### **Note 2**            **Concentration of Credit Risk**

CAI maintains their cash balance in several financial institutions. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. CAI's cash balances at times exceed insured limits as designated by FDIC. For the main operating account, bank balances in excess of \$100,000 are transferred daily against CAI's line of credit balance. CAI has not experienced any losses in such accounts, and believes it is not exposed to any significant credit risk on cash.

CAI's investments consisting of equity and fixed income funds and a money market fund are not insured (see Note 6).

### **Note 3**            **Restricted Cash**

CAI maintains balances related to security deposits on rental properties and a reserve for unemployment claims. BALI also has restricted cash that requires the approval of HUD before being spent. The restricted cash balance at December 31, 2015, consisted of the following.

Reserved for unemployment claims	\$	85,183
CAI security deposits		6,510
BALI restricted cash		76,238
BMAH restricted cash		214,292
Other restricted cash		6,451
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Total	\$	388,674

# Community Action, Inc. of Rock & Walworth Counties and Related Entities

## Notes to Consolidated Financial Statements

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### Note 4 Grants Receivable

Grants receivable at December 31, 2015, consisted of the following:

Direct federal programs	\$	143,367
State programs		362,182
Other programs		340,542
<hr/>		
Total	\$	846,091

### Note 5 Accounts Receivable

Accounts receivable at December 31, 2015, consisted of funds due for the following activities:

Childcare programs, net of \$40 allowance for uncollectible amounts	\$	12,076
Patient fees, net of \$141,965 allowance for uncollectible amounts		59,799
Miscellaneous activities, net of \$2,336 allowance for uncollectible amounts		34,429
<hr/>		
Total	\$	106,304

### Note 6 Investments

The investments consist of unrestricted funds in a trust managed by BMO Harris Bank. The trust managed investments have been designated by the Board of Directors as a reserve for contingencies and are not available for use in operations. As these amounts are only restricted by Board policy, the amounts have been classified as unrestricted net assets. The Board's intent is that the amount of unrestricted net assets that are classified as a reserve for contingencies will always be equal to the market value of the funds in the investment trust. The Board may designate additional amounts from time to time to be added to the investment trust. The trust account is invested in equity and fixed income funds and a money market fund and is carried at fair value.

As of December 31, investments consist of the following:

Money market fund	\$	15,036
Equity and fixed income funds		291,365
<hr/>		
Total	\$	306,401

# Community Action, Inc. of Rock & Walworth Counties and Related Entities

## Notes to Consolidated Financial Statements

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### **Note 6**            **Investments (Continued)**

Total investment loss as of December 31, was as follows:

Interest and dividends	\$ 10,128
Unrealized loss on investments	( 28,356)
Realized gain on investments	15,865
Fees	( 3,249)
<hr/>	
Investment loss	(\$ 5,612)

### **Note 7**            **Loans Receivable - Affiliates**

CAI has received Community Housing Development Organization (CHDO) Rental Housing Development awards from the State of Wisconsin DOA, Affordable Housing Program funds from the Federal Home Loan Bank of Chicago, and WHEDA grant funds from the WHEDA Foundation, Inc. CAI also received Weatherization/Energy funds from the State of Wisconsin DOA and Wisconsin Electric Power Company. The awards were used for the development of HOME-assisted units. CAI has entered into agreements with LLC's and a LP to accomplish each development (see Note 17).

The LLC and LP agreements provide that, in the event of a sale of the developments, CAI is to receive a share of the proceeds proportionate to its interest in the LLC or LP; however, the proceeds distributed to CAI should not be less than the total of the original HOME Investment Partnership grants, the Affordable Housing Program funds (loans), WHEDA grant funds, and Weatherization/Energy funds.

If CAI ceases to exist and their partnership interest is not acquired by a nonprofit organization approved by the State of Wisconsin DOA, the original CHDO grant amounts will be returned to the State of Wisconsin DOA at the time the development is sold. The above requirements will survive should CAI's interest be acquired or assigned to another eligible nonprofit CHDO organization.

# Community Action, Inc. of Rock & Walworth Counties and Related Entities

## Notes to Consolidated Financial Statements

### Note 7 Loans Receivable – Affiliates (Continued)

The loans receivable - affiliates at December 31, 2015, consist of the following:

	Mulberry Grove	Delavan Mature Adult Housing	Evansville Adult Housing	Totals
State of Wisconsin - CHDO	\$220,000	\$660,000 (1)	\$660,000 (3)	\$ 1,540,000
Federal Home Loan Bank	096,000 (2)	0	96,000	
Weatherization/energy programs	0	81,885 (2)	96,000 (3)	177,885
Loans receivable	220,000	837,885	756,000	1,813,885
Total accrued interest	0	15,747	11,670	27,417
Total loans receivable - Affiliates	220,000	853,632	767,670	1,841,302
Allowance for uncollectible interest	0	( 12,447)	( 6,720)	( 19,167)
<b>Loans receivable - Affiliates, net</b>	<b>\$220,000</b>	<b>\$841,185</b>	<b>\$760,950</b>	<b>\$ 1,822,135</b>

- (1) Interest accrues at 0.5% per annum. The principal amount and accrued interest is due and payable on December 31, 2017.
- (2) Interest accrues at 0.5% per annum. The principal amount and accrued interest is due and payable on December 31, 2032.
- (3) Interest accrues at 0.5% per annum. The principal amount and accrued interest is due and payable on December 31, 2032.

The remaining loans are at no interest and are due at the end of the affordability period. The loans mature from 2017 to 2032.

For the year ended December 31, 2015, the allowance for uncollectible interest and allowance for uncollectible loans change is as follows:

Balance at the beginning of the year	\$ 909,878
Provision for loan losses	1,369
Charge-offs	( 892,080)
<b>Balance at the end of year</b>	<b>\$ 19,167</b>
Allowance for uncollectible interest and loans:	
Individually evaluated for impairment	\$ 19,167
Collectively evaluated for impairment	0
<b>Totals</b>	<b>\$ 19,167</b>

# Community Action, Inc. of Rock & Walworth Counties and Related Entities

## Notes to Consolidated Financial Statements

### Note 7      **Loans Receivable – Affiliates (Continued)**

Detailed analysis of loans evaluated for impairment as of December 31, 2015, is as follows:

Loans:

Individually evaluated for impairment	\$ 1,621,302
Collectively evaluated for impairment	220,000
<u>Totals</u>	<u>\$ 1,841,302</u>

Average investment in impaired loans	\$ 2,066,658
Interest income recognized on impaired loans	8,250

The following is a summary of information pertaining to impaired loans:

Loans:

Impaired loans without an allowance for loan losses	0
Impaired loans with an allowance for loan losses	1,621,302

<u>Total impaired loans</u>	<u>\$ 1,621,302</u>
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Allowance for loan losses related to impaired loans	\$ 19,167
Total nonaccrual loans	0

Detailed information regarding impaired loans as of December 31, 2015, is as follows:

	<u>Recorded</u>	<u>Principal</u>	<u>Related</u>	<u>Average</u>	<u>Interest</u>
	<u>Investment</u>	<u>Balance</u>	<u>Allowance</u>	<u>Investment</u>	<u>Recognized</u>
<u>Loans with an allowance for loan losses</u>	<u>\$ 1,621,302</u>	<u>\$ 1,621,302</u>	<u>\$ 19,167</u>	<u>\$ 2,066,658</u>	<u>\$ 8,250</u>

CAI regularly evaluates attributes of loans to determine the appropriateness of the allowance for loan losses. Given the long-term nature of these loans and the fact that payment is not due until maturity, CAI has attributed an allowance against certain loans above based on the current financial performance of the partnership with the loan. Loans receivable - affiliates are generally evaluated based on whether or not the loan is performing according to the contractual terms of the loan. CAI has not identified any loans receivable - affiliates that are nonperforming as all of the above loans are within the contractual terms of the existing loan.

In addition, there are currently no loans receivable - affiliates that are past due. Due to the nature of the loan terms, no payments of principal or interest are required until loan maturity. Therefore, there are no loans receivable - affiliates that are past due.

When, for economic or legal reasons related to the borrower's financial difficulties, CAI grants a concession to the borrower that CAI would not otherwise consider, the modified loan is classified as a troubled debt restructuring. Loan modifications may consist of interest-only payments for a period of time, extending amortization terms, a reduction of the interest rate, and/or forgiveness of interest and/or principal. There were no troubled debt restructurings during 2015.

# Community Action, Inc. of Rock & Walworth Counties and Related Entities

## Notes to Consolidated Financial Statements

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### **Note 8**      **Weatherization Inventory**

At December 31, 2015, CAI's inventory of weatherization material included the following:

Materials inventory	\$	26,664
Work in process		147,351
<hr/>		
Total	\$	174,015

### **Note 9**      **Housing Inventory**

The inventory of houses included the following:

Beginning cost of house inventory - Beloit Merrill Neighborhood	\$	203,500
Current year additions		38,018
Current year cost of sales	(	78,000)
Current year write-down (lower of cost or market)	(	38,518)
<hr/>		
Ending cost of house inventory - Beloit Merrill Neighborhood	\$	125,000

CAI has purchased older homes in the Beloit Merrill Neighborhood to repair and sell in an effort to provide affordable housing and to stimulate private redevelopment in the neighborhood. The homes were severely worn, required significant demolition prior to repair, and required major repairs. The write-down is based upon the costs to acquire and do repairs less than estimated market value based upon the percentage of repairs completed times the estimated average market value. Five of the homes were completely demolished and the remaining lots may be held for future development or may be sold with the adjacent house being repaired to reduce the density in the neighborhood. CAI is making every effort to cover the acquisition, repair, and write-down costs with grants and donations.

# Community Action, Inc. of Rock & Walworth Counties and Related Entities

## Notes to Consolidated Financial Statements

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### Note 10      Loans Receivable - Housing

CAI operates several programs that provide assistance to participants for housing. Unless noted otherwise, the funds were received from the State of Wisconsin, Department of Administration. The assistance is provided in the form of various low- or no-interest deferred or installment loans. As detailed more fully below, the loans are due and payable on the occurrence of various events including sale, transfer, or reassignment of the property, death of the homeowner, the homeowner no longer occupying the property, refinancing, or the passage of time. Unless otherwise noted below, any repaid loans and interest are to be used by CAI for similar purposes.

CAI received a CHDO grant award to provide rental housing rehabilitation assistance for properties rented to low-income persons. The assistance is provided in the form of low-interest deferred payment loans. The loans are at 3% interest with the principal and interest deferred for five years. After the five-year deferral period, the loans are to be repaid on a monthly installment basis ranging from 60 to 180 months.

\$      69,179

CAI received a HOME grant award to help low-income homebuyers bring their homes up to housing quality standards. Rehabilitation assistance is in the form of a no-interest deferred loan. The loan is payable at the earliest of the sale, transfer, or reassignment of the property.

102,400

CAI received a HOME grant and a Housing Cost Reduction Initiative (HCRI) grant to provide no-interest deferred loans to help low-income homebuyers acquire a lot for the construction of a home and for down payment and closing cost assistance. The assistance is given as a no-interest deferred loan payable at the earliest of the sale or transfer of the property.

330,052

CAI received a HOME grant award and a HCRI grant from the City of Beloit to provide no-interest deferred loans to help low-income homebuyers with construction of a new home. The assistance is given as a no-interest deferred loan payable at the earliest of the sale or transfer of the property.

26,850

CAI received a Home Weatherization Rehabilitation grant to provide for weatherization and/or home rehabilitation assistance to eligible participants. The assistance is given as a no-interest deferred loan payable at the earliest of the sale, transfer, or reassignment of the property or death of the participant.

146,283

# Community Action, Inc. of Rock & Walworth Counties and Related Entities

## Notes to Consolidated Financial Statements

### Note 10      Loans Receivable - Housing (Continued)

CAI received a Home Weatherization Rehabilitation grant to provide for weatherization and/or home rehabilitation assistance to eligible participants. The assistance is given as a no-interest deferred loan payable at the earliest of the sale, transfer, or reassignment of the property or death of the participant. 698,495

CAI received a Home Lead Hazard Reduction grant to provide for lead hazard reduction assistance to eligible participants. The assistance is given as a forgivable (prorated over ten years), no-interest deferred loan payable at the earliest of the sale, transfer, or reassignment of the property or death of the participant. 8,714

CAI received a Home Lead Hazard Reduction grant to provide for lead hazard reduction assistance to eligible participants. The assistance is given as a 4% interest deferred loan payable at the earliest of the sale, transfer, or reassignment of the property or death of the participant. 34,614

CAI was assigned HOME and HCRI loans that were used to help low-income homebuyers with down payment and closing cost assistance. The loans are at 3% annual interest deferred until the loan is repaid. The loan is payable at the earliest of the sale, transfer, or reassignment of the property or death of the participant. 756,252

Total loans receivable - Housing and home weatherization	2,172,839
<u>Allowance for uncollectible</u>	<u>( 364,713)</u>

Expected revolving loans to be received	1,808,126
<u>Discounted at 4.5%</u>	<u>( 418,177)</u>

Loans receivable, net	1,389,949
<u>Total current portion</u>	<u>( 9,836)</u>

<u>Total long-term portion</u>	<u>\$ 1,380,113</u>
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The unamortized discount is the difference between the face amount of the loan receivable and its present value discounted at a compound interest rate. This discount is then amortized over the life of the loan.



# Community Action, Inc. of Rock & Walworth Counties and Related Entities

## Notes to Consolidated Financial Statements

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### **Note 10**      **Loans Receivable - Housing (Continued)**

CAI monitors the credit quality of housing loans based on collections received.

For the year ended December 31, 2015, the allowance for loan losses change is as follows:

Balance at the beginning of the year	\$	378,363
Provision for loan losses		80,031
<u>Charge-offs</u>	(	<u>93,681)</u>
<u>Balance at the end of year</u>	<u>\$</u>	<u>364,713</u>

There were no loans evaluated individually for impairment. All loans were considered to be performing loans. There were no loans restructured under a troubled debt restructuring in 2015. There are currently no housing loans that are considered past due as the loan terms are primarily that no payments of principal or interest are required until loan maturity. The amount of loans that have been placed on nonaccrual status is \$830,245 at December 31, 2015.

### **Note 11**      **Loans Receivable - Vehicle**

CAI operates the Work 'N Wheels program to lend funds to eligible individuals for vehicle purchase assistance. The assistance is provided in the form of no-interest installment loans. Loans are to be repaid in monthly installments over a time period of 30 months. Repaid loan funds will be used by CAI for similar vehicle activities.

Total loans receivable - Vehicle	\$	122,501
<u>Allowance for uncollectible</u>	(	<u>21,945)</u>
Loans receivable, net		100,556
<u>Total current portion</u>	(	<u>49,932)</u>
<u>Total long-term portion</u>	<u>\$</u>	<u>50,624</u>

# Community Action, Inc. of Rock & Walworth Counties and Related Entities

## Notes to Consolidated Financial Statements

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### **Note 11**      **Loans Receivable – Vehicle (Continued)**

CAI monitors the credit quality of vehicle loans based on collections received.

For the year ended December 31, 2015, the allowance for loan losses change is as follows:

Balance at the beginning of the year	\$	18,366
Provision for loan losses		41,237
Charge-offs	(	37,658)
<hr/>		
<u>Balance at the end of year</u>	<u>\$</u>	<u>21,945</u>

There are \$21,945 in vehicle loans that are considered past due by 90 days or over at December 31, 2015.

There were no loans evaluated individually for impairment. There were no loans restructured under a troubled debt restructuring in 2015.

### **Note 12**      **Property and Equipment**

A summary of property and equipment as of December 31, 2015, is as follows:

Land	\$	220,100
Land - BALI		4,141
Land improvements		25,942
Buildings		2,286,920
Buildings - BALI		2,204,682
Buildings and improvements – BMAH		1,275,000
Equipment		691,780
<u>Equipment - BALI</u>		<u>23,911</u>
<hr/>		
Total cost		6,732,476
<u>Accumulated depreciation</u>	<u>(</u>	<u>2,806,492)</u>
<hr/>		
<u>Property and equipment, net</u>	<u>\$</u>	<u>3,925,984</u>

# Community Action, Inc. of Rock & Walworth Counties and Related Entities

## Notes to Consolidated Financial Statements

### Note 13      **Mortgages Payable**

CAI has a mortgage loan with Rock County. The loan is a line of credit which allows CAI to draw upon the line of credit as needed to support the purchase and rehabilitation of a single family house at 1423 Hull Avenue, Beloit, Wisconsin. The maximum loan available is \$15,000. The interest rate is 0%. The outstanding loan balance is due upon sale or transfer of the property. The loan is collateralized by the house at 1423 Hull Avenue, Beloit, Wisconsin. \$      15,000

BMAH has a mortgage payable to WHEDA, payable in monthly installments of \$3,687, including interest at a rate of the 7-year Treasury Rate plus 2.75% (4.64% at December 31, 2015). The maturity date of the mortgage is August 1, 2045. The mortgage is secured by BMAH's assets. 712,103

BMAH has a mortgage payable to WHEDA, payable in annual installments of \$7,589, including interest at a fixed rate of 3%. Debt service payments on this mortgage is subject to available surplus cash flow. The maturity date of the mortgage is August 1, 2045. The mortgage is secured by BMAH's assets. 150,000

Subtotals	877,103
Current maturities of mortgages payable	( 14,983)
<u>Long-term mortgages payable</u>	<u>\$    862,120</u>

Future payments of mortgages payable are as follows:

2016	\$      14,983
2017	15,116
2018	15,779
2019	16,472
2020	17,849
Thereafter	796,904
<u>Total</u>	<u>\$      877,103</u>

CAI also has a line of credit at BMO Harris Bank with a maximum loan available of \$750,000. The line of credit matures in October 2016. The line of credit has an interest rate of 3.93% and is collateralized by real property. There was \$400,000 drawn on the line of credit at December 31, 2015.

# Community Action, Inc. of Rock & Walworth Counties and Related Entities

## Notes to Consolidated Financial Statements

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### Note 14      **Advances**

The balance represents cash advances received from funding sources for the following:

<u>Funding Source</u>	<u>Purpose</u>	<u>Amount</u>
State of Wisconsin - DHS	Advance to pay for inventory carrying cost in the Weatherization program.	\$ 9,720
Title X	Operating advance for First Choice program	25,858
<u>Total long-term advances</u>		<u>\$35,578</u>

### Note 15      **Capital Advance - HUD**

BALI was financed principally by a HUD capital advance mortgage note (the "Note") in the amount of \$2,251,500, payable to HUD. The Note bears no interest and repayment is not required so long as the housing remains available for very low-income elderly persons in accordance with the regulatory agreements and regulations.

The Note may not be prepaid prior to the maturity date without the prior written approval of HUD. Provided that (1) the housing has remained available for occupancy by eligible persons until the maturity date of the Note, and (2) the Note has not otherwise become due and payable by reason of default under the Note, mortgage or regulatory agreement or regulations, the Note will be considered to be paid in full and discharged at maturity, May 1, 2044.

If the Note is considered in default under the terms of the Note, mortgage, the regulatory agreement or the regulations, at the option of the holder of the Note, the entire principal shall become due and payable without notice. In addition, interest at a rate equal to 5.375% per annum shall be payable on demand with respect to the payment of principal. Interest expense will only be recognized if it becomes payable.

The Note, in its principal amount, is reflected on the statement of financial positions as long-term debt until such time as the HUD capital advance Note expires. Although management currently intends to comply with all Note provisions over the term of the Note, management believes that the possibility that repayment may occur is other than remote and; therefore, believes recognition of the Note as long-term debt is the appropriate treatment.

# Community Action, Inc. of Rock & Walworth Counties and Related Entities

## Notes to Consolidated Financial Statements

### Note 16 Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

Housing activities:	
Housing projects	\$ 1,822,135
Revolving loans - Housing	1,865,405
Twin Oaks shelter	21,668
<u>Housing activities subtotal</u>	<u>3,709,208</u>
Vehicle	258,292
Grant-funded equipment	262,179
Employment training	31,079
Other	83,864
<u>Total</u>	<u>\$ 4,344,622</u>

### Note 17 Related Parties

CAI received CHDO rental housing assistance awards from the State of Wisconsin DOA, and Affordable Housing Program funds from the Federal Home Loan Bank of Chicago. CAI also received Weatherization/Energy funds from the State of Wisconsin DOA and Wisconsin Electric Power Company. The awards were for the development of HOME-assisted units. CAI has entered into various agreements with LLCs and a LP to construct and own rental properties, of which a certain number of units are HOME-assisted units as stipulated in the CHDO awards. CAI maintains a percentage ownership, acts as a developer and property manager, and receives certain fees. There are no or minimal costs associated with CAI's investment in these LLC's and LP.

The ownership, loans, and service fees received relating to the various LLC's and LP are as follows:

	Percentage Ownership	Loans Receivable	Management Service Fee Received in 2015
Mulberry Grove, LLC	3.00%	\$ 220,000	\$ 0
Delavan Mature Adult Housing, LLC	0.09	841,185	0
Evansville Senior Housing, LP	0.09	760,950	0
<u>Totals</u>		<u>\$ 1,822,135</u>	<u>\$ 0</u>

See additional information on loans receivable in Note 7.

CAI's minority investment interest in the above LLC's and LP is \$0. The investments are accounted for on the equity method based on CAI's ownership status in the partnership.

# Community Action, Inc. of Rock & Walworth Counties and Related Entities

## Notes to Consolidated Financial Statements

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### **Note 18 Employee Retirement Plan**

CAI has a retirement plan that covers all employees who work a minimum of 1,000 hours per year and have been employed for three years. The pension plan is invested in individual employee 403(b) accounts. The retirement benefits are fully vested with the plan participant at the time the funds are contributed. Contributions for the plan were \$85,587 for the year ended December 31, 2015.

### **Note 19 Operating Lease Agreements**

CAI leases various facilities and apartments for the operation of its programs. Lease expense for the year ended December 31, 2015, was \$491,162, which includes \$361,834 in lease expense related to CAI's Transitional Living Program. The future minimum lease obligations are as follows:

2015	\$	433,301
2016		130,624
2017		131,864
2018		133,944
2019		90,256
<u>Total lease obligations</u>		<u>\$ 919,989</u>

### **Note 20 Rental Income**

CAI subleases certain properties in the operation of some of their housing programs. Rental income recorded during the year ended December 31, 2015, was \$73,823. As per the sublease agreements, guaranteed annual rental payments due to CAI in 2016 are \$44,630 and in 2017 are \$6,540. Rental income from BALI and BMAH's affordable housing projects during the year ended December 31, 2015, was \$147,117 and \$117,921, respectively.

### **Note 21 Commitments and Contingencies**

At December 31, 2015, CAI had commitments under various grants of approximately \$4,600,000. These commitments are not recognized in the accompanying consolidated financial statements as they are conditional awards.

BMAH is liable on a 99-year lease with the City of Beloit for the land upon which the rental property sits. The City has assigned its rights to the lease to WHEDA. The lease requires an annual rent payment of \$1. The lease ends on December 11, 2096. BMAH has the option to purchase the land for \$1 at any time during the lease term.

# Community Action, Inc. of Rock & Walworth Counties and Related Entities

## Notes to Consolidated Financial Statements

### Note 22 Sources of Revenue

Generally, revenue received is from government or private sources. The table below shows the sources of funds for 2015.

	Percentage	Amount
Government	72%	\$ 5,944,850
Private	28%	2,283,643
<b>Totals</b>	<b>100%</b>	<b>\$ 8,228,493</b>

### Note 23 Functional Classification of Expenses

The following program and supporting services are reflected in the consolidated statement of activities for the year ended December 31, 2015:

Program activities:	
Weatherization/energy assistance	\$ 2,172,793
Child programs	708,977
Community services programs	731,804
Health Care	471,398
Homeless/shelter programs	153,399
Food programs	462,835
Housing and housing rehabilitation	1,410,146
Employment training	1,048,589
Other	55,397
<b>Total program activities</b>	<b>7,215,338</b>
Fund-raising	71,582
<b>Management and general expenses</b>	<b>868,839</b>
<b>Total expenses</b>	<b>\$ 8,155,759</b>

### Note 24 Fair Value Measurements

Generally accepted accounting principles require disclosure of the measurement of assets and liabilities at fair value. In general, the CAI determines fair values determined by Level 1 inputs utilizing quoted market prices in active markets. Fair values determined by Level 2 inputs utilize market information that is observable, such as quoted market prices for similar items, broker/dealer quotes, or models using market interest rates or yield curves. Fair values determined by Level 3 inputs are based on valuation models or methodologies that incorporate at least one significant assumption that cannot be corroborated by observable market data. Level 3 measurements reflect the CAI's estimates about assumptions market participants would use in measuring fair value of the asset or liability.

# Community Action, Inc. of Rock & Walworth Counties and Related Entities

## Notes to Consolidated Financial Statements

### Note 24 Fair Value Measurements (Continued)

Some assets and liabilities are measured at fair value on a recurring basis under accounting principles generally accepted in the United States. Other assets and liabilities, such as write-down of housing inventory and impaired loans receivable, are measured at fair value on a nonrecurring basis. CAI does not have any liabilities that are measured at fair value.

Information regarding the fair value of assets measured at fair value on a recurring basis as of December 31, 2015, is as follows:

	Assets Measured at Fair Value	Recurring Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Money market fund	\$ 15,036	\$ 15,036	\$ 0	\$ 0
Equity and fixed income funds:				
Large cap funds	15,714	15,714	0	0
Mid cap funds	16,858	16,858	0	0
Small cap funds	6,330	6,330	0	0
Growth funds	74,624	74,624	0	0
Emerging markets	4,667	4,667	0	0
Value funds	14,857	14,857	0	0
Large blend	73,077	73,077	0	0
Bonds	74,869	74,869	0	0
Loan backed obligations	3,844	3,844	0	0
Government income fund	6,525	6,525	0	0
<b>Totals</b>	<b>\$ 306,401</b>	<b>\$ 306,401</b>	<b>\$ 0</b>	<b>\$ 0</b>

The following is a description of the valuation methodology used for each asset measured at fair value on a recurring basis:

- Money market and equity and fixed income funds are valued at quoted market prices.



# Community Action, Inc. of Rock & Walworth Counties and Related Entities

## Notes to Consolidated Financial Statements

### Note 24 Fair Value Measurements (Continued)

Information regarding the fair value of assets measured at fair value on a non-recurring basis as of December 31, 2015, is as follows:

	Assets Measured at Fair Value	Non-recurring Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Loans	\$ 1,602,135	\$ 0	\$ 0	\$ 1,602,135
Housing inventory	125,000	0	0	125,000
Totals	\$ 1,727,135	\$ 0	\$ 0	\$ 1,602,135

Housing inventory with a carrying amount of \$163,518 was written down to its fair value of \$125,000 since this impairment was deemed to be other than temporary. As a result, an impairment charge of \$38,518 is included in the consolidated statement of activities for the year ended December 31, 2015.

Loans with a carrying amount of \$1,621,302 were considered impaired and were written down to their estimated fair value of \$1,602,135 as of December 31, 2015. As a result, a specific valuation allowance was recognized against these impaired loans totaling \$19,167 at December 31, 2015.

The following is a description of the valuation methodology used for each asset measured at fair value on a nonrecurring basis:

- Housing inventory is valued using appraisals and other observable market data.
- Loans that are considered to be impaired that are associated with affiliates is based on the financial condition of the partnership and the estimated value of the assets of the partnership.

# Community Action, Inc. of Rock & Walworth Counties and Related Entities

## Notes to Consolidated Financial Statements

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### **Note 25      Acquisition of Partnership**

Effective August 1, 2015, CAI purchased the limited partner's share of BMAH for \$1. CAI purchased this partnership to provide low-income housing. This is consistent with the mission of CAI. CAI recognized this transaction as an acquisition of a business and recorded substantially all assets and liabilities of the partnership at fair value on the date of acquisition, resulting in net assets acquired in acquisition of \$619,542 recorded on the consolidated statements of activities.

The fair values of BMAH's asset and liabilities at the acquisition date are as follows:

Cash	\$	38,570
Accounts receivable		1,675
Restricted cash		201,628
Prepaid expenses		37,313
Property and equipment		1,275,000
Accounts payable and other liabilities	(	68,844)
Mortgages payable	(	865,800)
<u>Total</u>	\$	<u>619,542</u>

# **Supplementary Information**

# Community Action, Inc. of Rock & Walworth Counties and Related Entities

Schedule A-1

Schedule of Program Activity

Year Ended December 31, 2015

CFDA Number	Grant Number	Program Name	Grantor Agency	Program Period	Program or Award Amount
<b>ASSISTANCE PROGRAMS AS IDENTIFIED IN THE CATALOG OF FEDERAL DOMESTIC ASSISTANCE</b>					
<b>Department of Agriculture</b>					
10.558	N/A	Child and Adult Care Food Program	State of WI Dept. of Public Instruction	10/01/14-09/30/15	N/A
10.558	N/A	Child and Adult Care Food Program	State of WI Dept. of Public Instruction	10/01/15-09/30/16	N/A
		<b>Subtotal 10.558</b>			
10.561	N/A	FSET-Fatherhood	WISCAP	01/01/15-03/31/15	13,750
10.561	N/A	FSET-Skills	WISCAP	01/01/15-03/31/15	11,250
10.561	N/A	FSET-Skills	WISCAP	07/01/14-06/30/15	10,000
10.561	N/A	FSET-Fatherhood	SWWDB	10/01/15-09/30/16	95,718
10.561	N/A	FSET-Fatherhood	SWWDB	04/01/15-09/30/15	27,450
10.561	N/A	FSET-Skills	SWWDB	04/01/15-09/30/15	22,500
		<b>Subtotal 10.561</b>			
10.568	N/A	Temporary Emerg. Food Asst. Prog.	State of WI Dept. of Health Services	10/01/15-09/30/16	39,092
10.568	N/A	Temporary Emerg. Food Asst. Prog.	State of WI Dept. of Health Services	10/01/14-09/30/15	55,469
		<b>Subtotal 10.568</b>			
10.569	N/A	Commodity Food Program	State of WI Dept. of Health Services	01/01/15-12/31/15	N/A
		<b>Subtotal 10.568 &amp; 10.569 Cluster</b>			
<b>Department of Housing and Urban Development</b>					
14.218	N/A	Community Development Block Grant	City of Janesville	01/01/15-12/31/15	6,500
14.218	94520966-2014	Community Development Block Grant	City of Beloit	01/01/15-12/31/15	25,956
14.231	N/A	Emergency Solutions Grant	State of WI Dept. of Administration	07/01/15-06/30/16	101,718
14.231	ETH 14-05	ESG, THP & HPP	State of WI Dept. of Administration	07/01/14-06/30/15	108,153
		<b>Subtotal 14.231</b>			
14.235	SPC 14-01	Supportive Housing Prog.-Shelter Plus Care	State of WI Dept. of Administration	06/01/14-05/31/15	254,512
14.235	SHP 15-01	Supportive Housing Prog.-Shelter Plus Care	State of WI Dept. of Administration	06/19/15-06/18/16	254,548
14.235	WI0016L5I001306	Supportive Housing Program	U.S. Dept. of HUD	09/01/14-08/31/15	544,442
14.235	WI0016L5I001407	Supportive Housing Program	U.S. Dept. of HUD	09/01/15-08/31/16	544,442
		<b>Subtotal 14.235</b>			
14.239	N/A	HOME Invest. Partnership - Rock	City of Janesville	01/01/10-12/31/15	83,594
14.239	N/A	HOME Invest. Partnership - Rock	City of Janesville	01/01/11-12/31/15	74,165
		<b>Subtotal 14.239</b>			
<b>Department of Labor</b>					
17.259	CAL.YOUTH.PY15	WIOA Youth Activities	SWWDB	07/01/15-06/30/16	322,000
17.259	CAL.ISY.PY12/14.S2	WIA Youth Activities	SWWDB	07/01/14-06/30/15	157,000
		<b>Subtotal 17.259</b>			
17.274	YB-26235-14-60-A-55	Youth Build	U.S. Dept. of Labor	08/11/14-12/10/17	720,000

See Independent Auditor's Report.

Net Assets 12/31/14	Grant funds Received in Advance 12/31/14	Current Grant Revenue	Other Revenue	Expenses	Transfers	Grant funds Received in Advance 12/31/15	Net Assets 12/31/15
\$ 0	\$ 0	\$ 49,912	\$ 0	(\$ 49,912)	\$ 0	\$ 0	\$ 0
0	0	15,780	0	( 15,780)	0	0	0
<b>0</b>	<b>0</b>	<b>65,692</b>	<b>0</b>	<b>( 65,692)</b>	<b>0</b>	<b>0</b>	<b>0</b>
0	0	9,610	0	( 9,610)	0	0	0
0	0	7,881	0	( 7,881)	0	0	0
0	0	396	0	( 396)	0	0	0
0	0	23,572	0	( 23,572)	0	0	0
0	0	27,450	0	( 27,450)	0	0	0
0	0	22,500	0	( 22,500)	0	0	0
<b>0</b>	<b>0</b>	<b>91,409</b>	<b>0</b>	<b>( 91,409)</b>	<b>0</b>	<b>0</b>	<b>0</b>
0	0	12,780	0	( 8,389)	0	( 4,391)	0
0	698	46,550	0	( 47,248)	0	0	0
<b>0</b>	<b>698</b>	<b>59,330</b>	<b>0</b>	<b>( 55,637)</b>	<b>0</b>	<b>( 4,391)</b>	<b>0</b>
<b>0</b>	<b>0</b>	<b>396,691</b>	<b>0</b>	<b>( 396,691)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>0</b>	<b>698</b>	<b>456,021</b>	<b>0</b>	<b>( 452,328)</b>	<b>0</b>	<b>( 4,391)</b>	<b>0</b>
0	0	3,250	0	( 3,250)	0	0	0
0	0	15,946	0	( 15,946)	0	0	0
<b>0</b>	<b>0</b>	<b>19,196</b>	<b>0</b>	<b>( 19,196)</b>	<b>0</b>	<b>0</b>	<b>0</b>
0	0	69,984	0	( 69,984)	0	0	0
0	0	68,875	0	( 68,875)	0	0	0
<b>0</b>	<b>0</b>	<b>138,859</b>	<b>0</b>	<b>( 138,859)</b>	<b>0</b>	<b>0</b>	<b>0</b>
0	0	109,711	0	( 109,711)	0	0	0
0	0	150,389	0	( 150,389)	0	0	0
0	0	357,616	0	( 357,616)	0	0	0
0	0	181,235	0	( 181,235)	0	0	0
<b>0</b>	<b>0</b>	<b>798,951</b>	<b>0</b>	<b>( 798,951)</b>	<b>0</b>	<b>0</b>	<b>0</b>
0	0	6,400	0	( 6,400)	0	0	0
0	0	15,453	0	( 15,453)	0	0	0
<b>0</b>	<b>0</b>	<b>21,853</b>	<b>0</b>	<b>( 21,853)</b>	<b>0</b>	<b>0</b>	<b>0</b>
0	0	125,459	0	( 125,459)	0	0	0
0	0	90,817	0	( 90,817)	0	0	0
<b>0</b>	<b>0</b>	<b>216,276</b>	<b>0</b>	<b>( 216,276)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>0</b>	<b>0</b>	<b>366,483</b>	<b>0</b>	<b>( 366,483)</b>	<b>0</b>	<b>0</b>	<b>0</b>

# Community Action, Inc. of Rock & Walworth Counties and Related Entities

Schedule A-2  
 Schedule of Program Activity  
 Year Ended December 31, 2015

CFDA Number	Grant Number	Program Name	Grantor Agency	Program Period	Program or Award Amount
<b>ASSISTANCE PROGRAMS AS IDENTIFIED IN THE CATALOG OF FEDERAL DOMESTIC ASSISTANCE (Continued)</b>					
<b>Department of Energy</b>					
81.042	AD149877.03	Weatherization Assistance DOE	State of WI Dept. of Administration	07/01/14-06/30/16	497,707
<b>Department of Health and Human Services</b>					
93.092	N/A	Personal Responsibility Education Program	The Medical College of Wisconsin	11/01/15-09/30/16	95,000
93.092	N/A	Personal Responsibility Education Program	The Medical College of Wisconsin	10/01/14-09/30/15	95,000
93.092	N/A	Personal Responsibility Education Program	The Medical College of Wisconsin	11/01/15-09/30/16	15,220
93.092	N/A	Personal Responsibility Education Program	The Medical College of Wisconsin	10/01/14-09/30/15	15,220
93.092	N/A	Personal Responsibility Education Program/FC	Health Care Education & Training	01/01/15-12/31/15	26,720
		<b>Subtotal 93.092</b>			
93.217	N/A	Family Planning	Planned Parenthood of WI, Inc.	03/01/14-02/28/15	207,657
93.217	N/A	Family Planning	Planned Parenthood of WI, Inc.	04/01/15-03/31/16	211,733
		<b>Subtotal 93.217</b>			
93.568	AD149877.03	Weatherization Assistance EAP	State of WI Dept. of Administration	07/01/14-06/30/16	792,298
93.568	N/A	Emergency Furnace Replacement	State of WI Dept. of Administration	10/01/14-09/30/15	N/A
93.568	N/A	Emergency Furnace Replacement	State of WI Dept. of Administration	10/01/15-09/30/16	N/A
		<b>Subtotal 93.568</b>			
93.569	CFE00491A1	Community Services Block Grant	State of WI Dept. of Children & Families	01/01/15-12/31/15	353,950
93.670	HSD_2014_0039A1	PATHS	Rock County Human Services	07/01/14-06/30/16	472,360
93.959	HSD_2015_0139	AODA Inner City	Rock County Human Services	01/01/15-12/31/15	46,500
<b>Corporation for National and Community Service</b>					
94.006	N/A	AmeriCorps	Serve Wisconsin	09/01/14-08/31/15	45,360
		<b>Total Federal Programs</b>			

See Independent Auditor's Report.

<b>Net Assets 12/31/14</b>	<b>Grant funds Received in Advance 12/31/14</b>	<b>Current Grant Revenue</b>	<b>Other Revenue</b>	<b>Expenses</b>	<b>Transfers</b>	<b>Grant funds Received in Advance 12/31/15</b>	<b>Net Assets 12/31/15</b>
<b>0</b>	<b>( 5,477)</b>	<b>225,493</b>	<b>0</b>	<b>( 250,257)</b>	<b>0</b>	<b>30,241</b>	<b>0</b>
0	0	25,504	0	( 25,504)	0	0	0
0	0	81,417	0	( 81,417)	0	0	0
0	0	6,833	0	( 6,833)	0	0	0
0	0	8,496	0	( 8,496)	0	0	0
0	0	26,720	0	( 30,720)	4,000	0	0
<b>0</b>	<b>0</b>	<b>148,970</b>	<b>0</b>	<b>( 152,970)</b>	<b>4,000</b>	<b>0</b>	<b>0</b>
0	0	51,913	72,147	( 124,060)	0	0	0
0	0	158,237	176,072	( 334,309)	0	0	0
<b>0</b>	<b>0</b>	<b>210,150</b>	<b>248,219</b>	<b>( 458,369)</b>	<b>0</b>	<b>0</b>	<b>0</b>
0	152,783	791,822	0	( 632,017)	0	( 312,588)	0
0	0	35,652	0	( 35,652)	0	0	0
0	0	10,662	0	( 10,662)	0	0	0
<b>0</b>	<b>152,783</b>	<b>838,136</b>	<b>0</b>	<b>( 678,331)</b>	<b>0</b>	<b>( 312,588)</b>	<b>0</b>
<b>0</b>	<b>0</b>	<b>353,950</b>	<b>0</b>	<b>( 353,950)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>0</b>	<b>0</b>	<b>244,954</b>	<b>0</b>	<b>( 244,954)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>0</b>	<b>0</b>	<b>46,500</b>	<b>0</b>	<b>( 46,500)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>0</b>	<b>0</b>	<b>48,858</b>	<b>0</b>	<b>( 48,858)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>0</b>	<b>148,004</b>	<b>4,291,751</b>	<b>248,219</b>	<b>( 4,405,236)</b>	<b>4,000</b>	<b>( 286,738)</b>	<b>0</b>

# Community Action, Inc. of Rock & Walworth Counties and Related Entities

Schedule A-3

Schedule of Program Activity

Year Ended December 31, 2015

CFDA Number	Grant Number	Program Name	Grantor Agency	Program Period	Program or Award Amount
<b>STATE AND LOCAL PROGRAMS</b>					
N/A	AD149877.03	Public Benefits Weatherization	State of WI Dept. of Administration	07/01/14-06/30/16	2,997,736
N/A	N/A	Emergency Furnace Replacement	State of WI Dept. of Administration	10/01/14-09/30/15	N/A
N/A	N/A	Emergency Furnace Replacement	State of WI Dept. of Administration	10/01/15-09/30/16	N/A
N/A	SSSG15-07	State Shelter Subsidy Grant	State of WI Dept. of Administration	01/01/15-12/31/15	14,400
N/A	WFS14-02	Fresh Start	State of WI Dept. of Administration	01/01/14-06/31/15	37,000
N/A	N/A	Fresh Start	School District of Beloit-WI DPI	09/01/15-06/30/16	94,500
N/A	N/A	Fresh Start	School District of Beloit-WI DPI	07/01/14-06/30/15	94,500
N/A	N/A	Fresh Start - Mentoring	Stateline Community Foundation	01/01/15-12/31/15	3,500
N/A	N/A	Mentoring - Inner City	Rock County Human Services	01/01/15-12/31/15	3,500
N/A	N/A	Skills GPR	WISCAP	07/01/14-06/30/15	15,000
N/A	N/A	Skills GPR	WISCAP	07/01/15-06/30/16	15,000
N/A	N/A	Skills SWWDB Incentive	SWWDB	04/01/15-09/30/15	5,625
N/A	N/A	Fatherhood SWWDB Incentive	SWWDB	04/01/15-09/30/15	15,300
N/A	N/A	AWARE	City of Evansville	01/01/15-12/31/15	N/A
N/A	HSD 2014 0037_A2	Brighter Futures	Rock County Human Services	01/01/15-02/28/15	13,999
N/A	DOH-CA-FC-WHC-15	Women's Health Services	Kenosha County Dept. of Public Health	01/01/15-12/31/15	47,250
N/A	N/A	TLP/SHP	United Way of Walworth County	01/01/15-12/31/15	10,000
N/A	N/A	Twin Oaks Homeless Shelter	United Way of Walworth County	01/01/15-12/31/15	10,400
N/A	N/A	Skills Enhancement	United Way Blackhawk Region	01/01/15-12/31/15	15,000
N/A	N/A	AWARE	United Way Blackhawk Region	01/01/15-12/31/15	14,000
N/A	N/A	Community Kids Janesville	United Way Blackhawk Region	01/01/15-12/31/15	60,000
N/A	N/A	PREP	United Way Blackhawk Region	01/01/15-12/31/15	5,000
N/A	N/A	Fatherhood	United Way Blackhawk Region	01/01/15-12/31/15	16,000
N/A	N/A	Fresh Start	United Way Blackhawk Region	01/01/15-12/31/15	7,000
N/A	N/A	TLP SHP Connection	United Way Blackhawk Region	01/01/15-12/31/15	54,500
N/A	N/A	WETAP PD Vehicle Loans	State of WI Dept of Transportation	01/01/15-12/31/15	117,311
N/A	N/A	WETAP PD Vehicle Available to Loan	State of WI Dept of Transportation	Ongoing	N/A
N/A	N/A	Internal Unemployment Fund	Fees to Programs	Ongoing	N/A
N/A	N/A	Revolving Housing Funds	Revolving Program Income	Ongoing	N/A
N/A	N/A	Loans to Affiliates	N/A	Ongoing	N/A
N/A	N/A	Work-N-Wheels Program	Loan Origination/Device Fees	Ongoing	N/A
N/A	N/A	Skills	Foundations/Donations	01/01/15-12/31/15	N/A
N/A	N/A	Twin Oaks Homeless Shelter	Donations	01/01/15-12/31/15	N/A
N/A	N/A	AWARE	Donations	01/01/15-12/31/15	N/A

## GENERALLY ACCEPTED ACCOUNTING PRINCIPLE (GAAP) ADJUSTMENTS

N/A	N/A	Average Lease Adjustment Pathways Center	N/A	Ongoing	N/A
N/A	N/A	Grant-Funded Equipment	N/A	Ongoing	N/A

### Total State and Local Programs and GAAP Adjustments

### Total Program Activity



<b>Net Assets 12/31/14</b>	<b>Grant funds Received in Advance 12/31/14</b>	<b>Current Grant Revenue</b>	<b>Other Revenue</b>	<b>Expenses</b>	<b>Transfers</b>	<b>Grant funds Received in Advance 12/31/15</b>	<b>Net Assets 12/31/15</b>
0	8,204	1,287,377	12,202	( 1,338,449)	0	30,666	0
0	0	65,964	0	( 65,964)	0	0	0
0	0	98,860	0	( 98,860)	0	0	0
0	0	14,400	0	( 14,400)	0	0	0
0	(	110)	0	110	0	0	0
0	0	43,000	2,050	( 17,995)	0	0	27,055
39,065	0	58,500	0	( 97,565)	0	0	0
0	0	3,552	0	( 3,552)	0	0	0
0	0	3,500	150	( 3,650)	0	0	0
0	0	12,417	0	( 12,417)	0	0	0
0	0	5,754	0	( 5,754)	0	0	0
0	0	5,625	0	( 5,625)	0	0	0
0	0	15,300	0	( 15,300)	0	0	0
0	0	8,500	0	( 8,500)	0	0	0
0	0	13,999	0	( 13,999)	0	0	0
0	0	47,250	0	( 47,250)	0	0	0
0	0	10,000	0	( 10,000)	0	0	0
0	0	10,400	0	( 10,400)	0	0	0
0	0	15,000	0	( 11,000)	0	( 4,000)	0
0	0	14,000	0	( 14,000)	0	0	0
0	0	60,000	0	( 60,000)	0	0	0
0	0	5,000	0	( 5,000)	0	0	0
0	0	16,000	0	( 16,000)	0	0	0
0	0	7,000	0	( 7,000)	0	0	0
0	0	54,500	0	( 54,500)	0	0	0
133,846	0	62,305	13,480	( 105,526)	( 3,549)	0	100,556
132,996	0	0	0	0	4,733	0	137,729
34,437	0	0	0	4,352	0	0	38,789.00
1,922,987	0	0	10,790	( 38,439)	( 29,933)	0	1,865,405
1,822,135	0	0	0	0	0	0	1,822,135
17,378	0	0	2,629	0	0	0	20,007
7,810	0	0	6,063	( 9,849)	0	0	4,024
4,775	0	0	168,182	( 151,289)	0	0	21,668
38,213	0	0	62,768	( 55,906)	0	0	45,075
0	0	0	0	1,920	( 1,920)	0	0
264,470	0	0	21,536	( 23,827)	0	0	262,179
<b>4,418,112</b>	<b>8,204</b>	<b>1,938,093</b>	<b>299,850</b>	<b>( 2,315,634)</b>	<b>( 30,669)</b>	<b>26,666</b>	<b>4,344,622</b>
<b>4,418,112</b>	<b>156,208</b>	<b>6,229,844</b>	<b>548,069</b>	<b>( 6,720,870)</b>	<b>( 26,669)</b>	<b>( 260,072)</b>	<b>4,344,622</b>

# Community Action, Inc. of Rock & Walworth Counties and Related Entities

Schedule A-4

Schedule of Program Activity

Year Ended December 31, 2015

CFDA Number	Grant Number	Program Name	Grantor Agency	Program Period	Program or Award Amount
<b>PRIVATE SUPPORT AND SERVICE FEES</b>					
N/A	N/A	First Choice	Client Fees	Ongoing	N/A
N/A	N/A	Community Kids Janesville	Rock County Dept. of H.S. and YoungStar	01/01/15-12/31/15	N/A
N/A	N/A	Community Kids Janesville	Forward Services Corporation	01/01/15-12/31/15	N/A
N/A	N/A	Community Kids P4J	School District of Janesville Fees	01/01/15-12/31/15	N/A
N/A	N/A	Fatherhood Initiative	Foundations/Donations	Ongoing	N/A
N/A	N/A	122 Knoll	HRRP Revolving Loan/Rent	Ongoing	N/A
N/A	N/A	Beloit Merrill Houses	Rent/Donations	01/01/15-12/31/15	N/A
N/A	N/A	Beloit Merrill Houses	Sale Proceeds	01/01/15-12/31/15	N/A
N/A	N/A	BMI Community Development	Donations	01/01/15-12/31/15	N/A
N/A	N/A	Housing Development	Fees/Donations	01/01/15-12/31/15	N/A
N/A	N/A	Supportive Services	Rent/Fees	01/01/15-12/31/15	N/A
N/A	N/A	Accounting Fees	WISCAP Fee for Service	01/01/15-12/31/15	N/A
N/A	N/A	Corporate Fund	Donations, Rent Inc. and Interest	01/01/15-12/31/15	N/A
		<b>Total CAI Discretionary Activity</b>			
		<b>Total CAI Activity</b>			
N/A	N/A	Beloit Assisted Living, Inc.	Rent	01/01/15-12/31/15	N/A
N/A	N/A	Beloit Mature Adult Housing LLC	Rent	08/01/15-12/31/15	N/A
		<b>GRAND TOTALS</b>			

See Independent Auditor's Report.

Net Assets 12/31/14	Grant funds Received in Advance 12/31/14	Current Grant Revenue	Other Revenue	Expenses	Transfers	Grant funds Received in Advance 12/31/15	Net Assets 12/31/15
57,838	0	0	44,629	( 38,515)	( 2,926)	0	61,026
80,477	0	0	669,720	( 587,208)	0	0	162,989
0	0	0	36,000	( 66,290)	0	0	( 30,290)
147,453	520	0	98,280	( 75,012)	0	0	171,241
0	0	0	32,020	( 32,020)	0	0	0
0	0	0	11,970	( 15,142)	( 26,125)	( 85)	( 29,382)
0	0	0	23,280	( 22,722)	( 558)	0	0
0	0	0	88,000	( 88,000)	0	0	0
8,479	0	0	13,404	( 15,011)	0	0	6,872
1,261	0	0	5,100	( 35,334)	30,234	0	1,261
12,803	0	0	25,602	( 8,941)	0	0	29,464
0	0	0	15,000	( 15,000)	0	0	0
602,856	0	0	212,798	( 109,564)	26,044	0	732,134
<b>911,167</b>	<b>520</b>	<b>0</b>	<b>1,275,803</b>	<b>( 1,108,759)</b>	<b>26,669</b>	<b>( 85)</b>	<b>1,105,315</b>
<b>5,329,279</b>	<b>156,728</b>	<b>6,229,844</b>	<b>1,823,872</b>	<b>( 7,829,629)</b>	<b>0</b>	<b>( 260,157)</b>	<b>5,449,937</b>
( 515,705)	0	0	150,472	( 220,510)	0	0	( 585,743)
0	0	0	127,734	( 105,620)	619,542	0	641,656
<b>\$ 4,813,574</b>	<b>\$ 156,728</b>	<b>\$ 6,229,844</b>	<b>\$ 2,102,078</b>	<b>(\$ 8,155,759)</b>	<b>\$ 619,542</b>	<b>(\$ 260,157)</b>	<b>\$ 5,505,850</b>

**Reconciliation of Grant and Contract Revenue With Statement of Activities:**

Prior year grant funds received in advance  
Current grant revenue  
Current year grant funds received in advance

**TOTAL**

\$ 156,728  
6,229,844  
( 260,157)  
**\$ 6,126,415**

**Reconciliation of Other Revenue With Statement of Activities:**

Fee for services revenue  
Program and other contributions  
Sales of houses  
Rental income  
Investment loss  
In-kind revenue

\$ 1,241,316  
436,033  
78,000  
338,861  
( 5,612)  
13,480  
**\$ 2,102,078**

# Community Action, Inc. of Rock and Walworth Counties

Schedule B-1

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2015

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Grant Number	Subrecipient Expenditures	Federal Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
<b>Passed-Through Wisconsin Department of Public Instruction</b>				
USDA Reimbursement	10.558	N/A	0	65,692
<b>Passed-Through Wisconsin Community Action Program Association, Inc.</b>				
FSET-Fatherhood	10.561	N/A	0	9,610
FSET-Skills		N/A	0	8,277
<b>Passed-Through Southwest Wisconsin Workforce Development Board</b>				
FSET-Fatherhood		N/A	0	51,022
FSET-Skills		N/A	0	22,500
<b>Subtotal 10.561</b>			<b>0</b>	<b>91,409</b>
<b>Passed-Through Wisconsin Department of Health Services</b>				
Temporary Emergency Food Assistance Program	10.568	N/A	0	55,637
Commodity Food Program	10.569	N/A	0	396,691
<b>Subtotal 10.568 and 10.569 Cluster</b>			<b>0</b>	<b>452,328</b>
<b>SUBTOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			<b>0</b>	<b>609,429</b>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>				
<b>Passed-Through City of Janesville</b>				
Community Development Block Grant	14.218	N/A	0	3,250
<b>Passed-Through City of Beloit</b>				
Community Development Block Grant		94520966-2014	0	15,946
<b>Subtotal 14.218</b>			<b>0</b>	<b>19,196</b>
<b>Passed-Through Wisconsin Department of Administration</b>				
Emergency Solutions Grant	14.231	N/A	0	69,984
ESG-Rapid Rehousing		ETH 14-05	61,444	68,875
<b>Subtotal 14.231</b>			<b>61,444</b>	<b>138,859</b>
<b>Passed-Through Wisconsin Department of Administration</b>				
Supportive Housing Program	14.235	SHP 15-01	0	260,100
<b>Direct Grant - Supportive Housing Program</b>		WI0016L51001306 / WI0016L51001407	0	538,851
<b>Subtotal 14.235</b>			<b>0</b>	<b>798,951</b>
<b>Passed-Through City of Janesville</b>				
HOME Investment Partnership	14.239	N/A	0	21,853
<b>SUBTOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			<b>61,444</b>	<b>978,859</b>

See Independent Auditor's Report.

See Notes to Schedule of Expenditures of Federal Awards.

# Community Action, Inc. of Rock and Walworth Counties

Schedule B-2

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2015

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Grant Number	Subrecipient Expenditures	Federal Expenditures
<b>U.S. DEPARTMENT OF LABOR</b>				
<b>Passed-Through Southwest Wisconsin Workforce Development Board</b>				
WIA Youth Activities	17.259	CAI.YOUTH.PY15 CAI.ISY.PY12/14.S2	<u>0</u>	<u>216,276</u>
<b>Direct Grant - Youth Build</b>	17.274	YB-26235-14-60-A-55	<u>0</u>	<u>366,483</u>
<b>SUBTOTAL U.S. DEPARTMENT OF LABOR</b>			<b>0</b>	<b>582,759</b>
<b>U.S. DEPARTMENT OF ENERGY (DOE)</b>				
<b>Passed-Through Wisconsin Department of Administration</b>				
Weatherization Assistance DOE	81.042	AD149877.03	<u>0</u>	<u>250,257</u>
<b>SUBTOTAL U.S. DEPARTMENT OF ENERGY</b>			<b>0</b>	<b>250,257</b>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				
<b>Passed-Through The Medical College of Wisconsin</b>				
Personal Responsibility Education Program	93.092	N/A	0	122,250
<b>Passed-Through Health Care Education &amp; Training</b>				
Personal Responsibility Education Program		N/A	<u>0</u>	<u>26,720</u>
<b>Subtotal 93.092</b>			<b>0</b>	<b>148,970</b>
<b>Passed-Through Planned Parenthood of Wisconsin, Inc.</b>				
Family Planning	93.217	N/A	<u>0</u>	<u>210,150</u>
<b>Passed-Through Wisconsin Department of Administration</b>				
Weatherization Assistance EAP	93.568	AD149877.03	0	632,017
Emergency Furnace Repair and Replacement		N/A	<u>0</u>	<u>46,314</u>
<b>Subtotal 93.568</b>			<b>0</b>	<b>678,331</b>
<b>Passed-Through Wisconsin Department of Children &amp; Families</b>				
Community Service Block Grant	93.569	CFE00491A1	<u>0</u>	<u>353,950</u>

See Independent Auditor's Report.

See Notes to Schedule of Expenditures of Federal Awards.

# Community Action, Inc. of Rock and Walworth Counties

Schedule B-3

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2015

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Grant Number	Subrecipient Expenditures	Federal Expenditures
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)</b>				
<b>Passed-Through Rock County Human Services</b>				
PATHS	93.670	HSD_2014_0039A1	<u>0</u>	<u>244,954</u>
<b>Passed-Through Rock County Human Services</b>				
AODA Inner City	93.959	HSD_2015_0139	<u>0</u>	<u>46,500</u>
<b>SUBTOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<b>0</b>	<b>1,682,855</b>
<b>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</b>				
<b>Passed-Through Serve Wisconsin</b>				
Americorps	94.006	N/A	<u>0</u>	<u>48,858</u>
<b>SUBTOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</b>			<b>0</b>	<b>48,858</b>
<b>TOTAL SUBRECIPIENT EXPENDITURES AND FEDERAL EXPENDITURES</b>			<b><u>\$ 61,444</u></b>	<b><u>\$ 4,153,017</u></b>

# Community Action, Inc. of Rock and Walworth Counties

Notes to the Schedule of Expenditures of Federal Awards

December 31, 2015

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## **Note 1 - Basis of Presentation**

The Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal and other grant activity of Community Action, Inc. of Rock and Walworth Counties under programs of the federal government for the year ended December 31, 2015. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Community Action, Inc. of Rock and Walworth Counties, it is not intended to and does not present the financial position, changes in net assets or cash flows of Community Action, Inc. of Rock and Walworth Counties.

## **Note 2 - Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Community Action, Inc. of Rock and Walworth Counties has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

# Community Action, Inc. of Rock & Walworth Counties and Related Entities

## Schedule C

### Consolidating Statement of Financial Position

December 31, 2015

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#### *Assets*

---

Current assets:

Cash  
Restricted cash  
Grants receivable  
Accounts receivable, net  
Weatherization inventory  
Housing inventory  
Commodity food inventory  
Current portion of loans receivable  
Prepaid expenses and other assets

---

Total current assets

---

Other assets:

Investments  
Loans receivable - Affiliates, net  
Loans receivable - Housing, net  
Loans receivable - Vehicles, net

---

Total other assets

---

Property and equipment, net

---

#### **TOTAL ASSETS**

---

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#### *Liabilities and Net Assets*

---

Current liabilities:

Current portion of mortgages payable  
Line of credit  
Accounts payable  
Accrued payroll and related expenses  
Other liabilities  
Grant funds received in advance

---

Total current liabilities

---

Long-term liabilities:

Long-term advances  
Capital advance - HUD  
Mortgages payable

---

Total long-term liabilities

---

Total liabilities

---

Net assets:

Unrestricted  
Unrestricted - Board designated

---

Total unrestricted

---

Temporarily restricted

---

Total net assets

---

#### **TOTAL LIABILITIES AND NET ASSETS**

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\* Includes activity for both CAI and CAP.

See Independent Auditor's Report.



<b>Community Action, Inc. of Rock &amp; Walworth *</b>	<b>Beloit Assisted Living, Inc.</b>	<b>Beloit Mature Adult Housing LLC</b>	<b>Subtotal</b>	<b>Eliminations</b>	<b>CAI, BALI and BMAH Consolidated</b>
\$ 271,092	\$ 25,613	\$ 47,355	\$ 344,060	\$ 0	\$ 344,060
98,144	76,238	214,292	388,674	0	388,674
846,091	0	0	846,091	0	846,091
147,910	59	625	148,594	( 42,290)	106,304
174,015	0	0	174,015	0	174,015
125,000	0	0	125,000	0	125,000
1,749	0	0	1,749	0	1,749
59,768	0	0	59,768	0	59,768
57,381	1,000	37,252	95,633	0	95,633
1,781,150	102,910	299,524	2,183,584	( 42,290)	2,141,294
306,401	0	0	306,401	0	306,401
1,822,135	0	0	1,822,135	0	1,822,135
1,380,113	0	0	1,380,113	0	1,380,113
50,624	0	0	50,624	0	50,624
3,559,273	0	0	3,559,273	0	3,559,273
1,080,489	1,583,776	1,261,719	3,925,984	0	3,925,984
\$ 6,420,912	\$ 1,686,686	\$ 1,561,243	\$ 9,668,841	(\$ 42,290)	\$ 9,626,551
\$ 0	\$ 0	\$ 14,983	\$ 14,983	\$ 0	\$ 14,983
400,000	0	0	400,000	0	400,000
203,821	0	42,290	246,111	( 42,290)	203,821
56,419	0	0	56,419	0	56,419
0	20,929	15,194	36,123	0	36,123
260,157	0	0	260,157	0	260,157
920,397	20,929	72,467	1,013,793	( 42,290)	971,503
35,578	0	0	35,578	0	35,578
0	2,251,500	0	2,251,500	0	2,251,500
15,000	0	847,120	862,120	0	862,120
50,578	2,251,500	847,120	3,149,198	0	3,149,198
970,975	2,272,429	919,587	4,162,991	( 42,290)	4,120,701
798,914	( 585,743)	641,656	854,827	0	854,827
306,401	0	0	306,401	0	306,401
1,105,315	( 585,743)	641,656	1,161,228	0	1,161,228
4,344,622	0	0	4,344,622	0	4,344,622
5,449,937	( 585,743)	641,656	5,505,850	0	5,505,850
\$ 6,420,912	\$ 1,686,686	\$ 1,561,243	\$ 9,668,841	(\$ 42,290)	\$ 9,626,551

# Community Action, Inc. of Rock & Walworth Counties and Related Entities

## Schedule D

### Consolidating Statement of Activities

Year Ended December 31, 2015

	<b>Community Action, Inc. of Rock &amp; Walworth *</b>	<b>Beloit Assisted Living, Inc.</b>	<b>Beloit Mature Adult Housing LLC</b>	<b>CAI and BALI Consolidated</b>
Revenue:				
Grant and contract revenue	\$ 6,126,415	\$ 0	\$ 0	\$ 6,126,415
Fee for services revenue	1,228,756	3,217	9,343	1,241,316
Program and other contributions	436,033	0	0	436,033
Sales of houses	78,000	0	0	78,000
Rental income	73,823	147,117	117,921	338,861
Investment income (loss)	( 6,220)	138	470	( 5,612)
In-kind revenue	13,480	0	0	13,480
<b>Total revenue</b>	<b>7,950,287</b>	<b>150,472</b>	<b>127,734</b>	<b>8,228,493</b>
Expenses:				
Salaries and wages	2,794,314	0	0	2,794,314
Fringe benefits	650,653	0	0	650,653
Consultants/contractual	66,568	8,428	24,150	99,146
Travel	82,727	0	0	82,727
Occupancy	579,235	33,513	32,293	645,041
Supplies	85,001	1,883	290	87,174
Weatherization materials	1,344,307	0	0	1,344,307
Client/participant costs	1,407,242	0	0	1,407,242
Depreciation	158,169	55,887	13,281	227,337
Commodities distributed	396,691	0	0	396,691
Other	264,722	120,799	35,606	421,127
<b>Total expenses</b>	<b>7,829,629</b>	<b>220,510</b>	<b>105,620</b>	<b>8,155,759</b>
Change in net assets	120,658	( 70,038)	22,114	72,734
Net assets (deficit) at beginning of year	5,329,279	( 515,705)	0	4,813,574
Net assets acquired in acquisition	0	0	619,542	619,542
<b>Net assets (deficit) at end of year</b>	<b>\$ 5,449,937</b>	<b>(\$ 585,743)</b>	<b>\$ 641,656</b>	<b>\$ 5,505,850</b>

\* Includes activity for both CAI and CAP.

# Community Action, Inc. of Rock & Walworth Counties and Related Entities

## Schedule E

### Schedule of Emergency Furnace Activity by Contract

Year Ended December 31, 2015

<b>Contract #</b>	<b>Period Cash Received</b>	<b>Period Cash Received</b>	<b>Received (Paid)</b>	<b>to Date Cash Received</b>	<b>Period Expenses</b>	<b>Period Expenses</b>	<b>Date Expenses</b>
AD149877.03	\$ 49,211	\$ 110,504	\$ 0	\$ 159,715	\$ 58,099	\$ 101,616	\$ 159,715
AD149877.03	0	65,139	0	65,139	0	109,522	109,522
	<u>\$ 49,211</u>	<u>\$ 175,643</u>	<u>\$ 0</u>	<u>\$ 224,854</u>	<u>\$ 58,099</u>	<u>\$ 211,138</u>	<u>\$ 269,237</u>

# **Supporting Data Required by WHEDA**

For WHEDA Project Number 2867 Olympian Hills Apartments

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# Community Action, Inc. of Rock & Walworth Counties and Related Entities

Supporting Data Required by WHEDA  
December 31, 2015

Wisconsin Housing and Economic Development Authority				FORM 600AL (Rev. 10/02)	
<b>ANNUAL SCHEDULE OF ASSETS for Multifamily Projects</b>					
<b>Project Name: BELOIT MATURE ADULT HOUSING, LLC</b>					
<b>Period Beginning: 01-01-2015 thru: 12-31-15</b>			<b>Project Number: 002201</b>		
	Description of Account	ID	Account	Amount	Totals
1100	Cash - Operations		1120	\$47,355	
CURRENT	Construction Cash Account		1121		
ASSETS	Cash - Entity		1125		
	Tenant Accounts Receivable		1130	599	
	Allowance for Doubtful Accounts (deduct)		1131		
	Accounts Receivable - WHEDA <sup>SM</sup>		1135	26	
	Accounts and Notes Receivable - Operations		1140		
	Accounts and Notes Receivable - Entity		1145		
	Accounts Receivable - Interest		1160		
	Interest Reduction Payment Receivable		1165		
	Short Term Investments - Operations		1170		
	Short Term Investments - Entity		1175		
	Miscellaneous Current Assets		1190		
	Insurance Escrow		1312		
	Real Estate Tax or PILOT Escrow		1311		
	<b>TOTAL CURRENT ASSETS</b>		<b>1100</b>		\$47,980
1191	Tenant Security Deposits - RESTRICTED ASSET		1191		\$14,052
1200 PREPAID	Miscellaneous Prepaid Expenses		1200		\$37,252
EXPENSES					
1300	Escrow Deposits		1310		
FUNDED	Reserve for Replacements		1320	\$132,694	
RESERVES	Other Reserve		1330	\$67,546	
	Residual Receipts Reserve		1340		
	Management Improvement and Operating Plan		1381		
	Development Cost Escrow (DCE)		1390		
	FHA Insurance Reserve		1392		
	<b>Total Funded Reserves</b>		<b>1300</b>		\$200,240
1400	Land		1410		
FIXED	Buildings		1420	\$1,275,000	
ASSETS	Building Equipment (portable)		1440		
	Furniture for Project/Tenant Use		1450		
	Furnishings		1460		
	Office Furniture and Equipment		1465		
	Maintenance Equipment		1470		
	Motor Vehicles		1480		
	Miscellaneous Fixed Assets		1490		
	<b>Gross Fixed Assets</b>		<b>1400</b>	\$1,275,000	
1495	Accumulated Depreciation		1495	\$13,281	
ALLOWANCE					
ACCOUNTS	Total Accumulated Depreciation			\$13,281	
	<b>Net Fixed Assets</b>		<b>1400</b>		\$1,261,719
1500	Investments - Operations		1510		
INVESTMENTS	Investments - Entity		1515		
	Intangible Assets		1520		
	Miscellaneous Other Assets		1590		
	<b>TOTAL OTHER ASSETS</b>		<b>1500</b>	\$0	
	<b>TOTAL ASSETS</b>		<b>1000</b>		\$1,561,243

# Community Action, Inc. of Rock & Walworth Counties and Related Entities

Supporting Data Required by WHEDA  
December 31, 2015

Wisconsin Housing and Economic Development Authority			FORM 600AL (Rev. 10/02)	
ANNUAL SCHEDULE OF LIABILITIES AND EQUITY for Multifamily Projects				
Project Name:				
Period Beginning:		thru:	Project Number:	
	Description of Account	Account	Amount	Totals
2100	Bank Overdraft - Operations	2105		
CURRENT	Accounts Payable-30 Days	2109	\$42,290	
LIABILITIES	Accounts Payable - Operations	2110		
	Accounts Payable - Construction/Development	2111		
	Accounts Payable-Project Improvements Items	2112		
	Accounts Payable - Entity	2113		
	Accounts Payable-236 Excess Income Due HUD	2115		
	Accounts Payable-WHEDA <sup>S M</sup> /HUD	2116		
	Accrued Wages Payable	2120		
	Accrued Payroll Taxes Payable	2121		
	Accrued Management Fee Payable	2123		
	Accrued Interest Payable - Section 236	2130		
	Accrued Interest Payable - First Mortgage	2131		
	Accrued Interest Payable - Second Mortgage	2132		
	Accrued Interest Payable - Other Loans & Notes(Surplus Cash)	2133		
	Accrued Interest Payable - Other Loans and Notes	2134		
	Accrued Interest Payable - Flexible Subsidy Loan	2135		
	Accrued Interest Payable - Capital Improvement Loan	2136		
	Accrued Interest Payable - Operating Loss Loan	2137		
	Accrued Real Estate & Property Tax Payable	2150		
	Short Term Notes Payable	2160		
	Mortgage Payable - First Mortgage (Short Term)	2170	11,439	
	Mortgage Payable - Second Mortgage (Short Term)	2172		
	Other Loans and Notes Payable, Surplus Cash (Short Term)	2173		
	Other Loans and Notes (Short Term)	2174	3,544	
	Flexible Subsidy Loan Payable (Short Term)	2175		
	Capital Improvement Loan Payable (Short Term)	2176		
	Operating Loss Loan Payable (Short Term)	2177		
	Utility Allowances	2180		
	Miscellaneous Current Liabilities/Preservation Fee	2190		
	<b>Current Liabilities</b>			\$57,273
2191	Tenant Security Deposits - CONTRA ASSET	2191		\$14,052
2200 PREPAID	Prepaid Revenue	2210		\$1,142
REVENUES				
	<b>TOTAL CURRENT LIABILITIES</b>	<b>2122</b>		\$72,467
2300	Notes Payable - Long Term	2310		
LONG-TERM	Notes Payable - Surplus Cash	2311		
LIABILITIES	Mortgage Payable - First Mortgage	2320	\$700,664	
	Mortgage Payable - Second Mortgage	2322		
	Other Loans and Notes Payable - Surplus Cash	2323		
	Other Loans and Notes Payable	2324	146,456	
	Flexible Subsidy Loan Payable	2325		
	Capital Improvement Loan Payable	2326		
	Operating Loss Loan Payable	2327		
	Miscellaneous Long Term Liabilities	2390		
	<b>Total Long Term Liabilities</b>	<b>2300</b>		\$847,120
	<b>TOTAL LIABILITIES</b>	<b>2000</b>		\$919,587
3033 TOTAL	Total Equity/Retained Earnings	3033	\$641,656	
EQUITY				
	<b>TOTAL LIABILITIES and EQUITY/RETAINED EARNINGS</b>	<b>2033</b>		\$1,561,243

See Independent Auditor's Report.

# Community Action, Inc. of Rock & Walworth Counties and Related Entities

Supporting Data Required by WHEDA

August 1, 2015 to December 31, 2015

Wisconsin Housing and Economic Development Authority				FORM 800 (Rev.12/05)	
<b>SCHEDULE OF PROFIT AND LOSS for Multifamily Projects</b>					
Project Name: <b>BELOIT MATURE ADULT HOUSING, INC.</b>			Project Number: <b>002201</b>		
Period Beginning: <b>08-01-2015</b> thru: <b>12-31-2015</b>			Year: <b>2012</b>		
	Description of Account	Acct. No.	Amount	Totals	
5100	Rent Revenue - Gross Potential	5120	\$127,681		
RENTAL REVENUE	Tenant Assistance Payments	5121			
	Rent Revenue - Commercial/Stores @ 100%	5140			
	Rent Revenue - Garage/Parking @ 100%	5170			
	Flexible Subsidy Revenue	5180			
	Miscellaneous Rent Revenue	5190			
	Excess Rent	5191			
	Rent Revenue/Insurance	5192			
	Special Claims Revenue	5193			
	Retained Excess Income	5194			
		<b>Total Rent Revenue Potential</b>	<b>5100</b>		\$127,681
6200	Apartment Vacancies	5220	\$9,760		
VACANCIES	Stores/Commercial Vacancies or Concessions	5240			
	Rental Concessions	5250			
	Garage/Parking Vacancies or Concessions	5270			
	Miscellaneous	5290			
	<b>Total Vacancies or Concessions</b>	<b>5200</b>		\$9,760	
	<b>Net Rental Revenue (Rent Revenue less Vacancies)</b>	<b>5152</b>		\$117,921	
5300	<b>Total Service Income</b>	<b>5300</b>		\$0	
5400	Financial Revenue - Project Operations	5410			
FINANCIAL REVENUE	Revenue from Investments-Residual Receipts	5430	0		
	Revenue from Investments-Replacement Reserve	5440	268		
	Revenue from Investments-Miscellaneous	5490	202		
	<b>Total Financial Revenue</b>	<b>5400</b>		\$470	
5900	Laundry/Vending Income (Net)	5910	\$110		
MISC. REVENUE	Tenant Charges	5920	9,233		
	Miscellaneous Revenue	5990			
	<b>Total Miscellaneous Revenue</b>	<b>5900</b>		\$9,343	
	<b>Total Revenue</b>	<b>5000</b>		\$127,734	
6200	Conventions and Meetings	6203			
RENT EXPENSE	Management Consultants	6204			
	Advertising/Marketing Expense	6210	\$1,351		
	Other Rent Expense	6250			
	<b>Total Rent Expense</b>		\$1,351		
6300	Office Salaries	6310	\$7,011		
ADMIN. EXPENSES	Office Expenses	6311	2,695		
	Office or Model Apartment Rent	6312			
	Management Fee - Residential Rents	6320	10,287		
	Management Fee - Commercial Rents	6321			
	Management Fee - Miscellaneous Income	6322			
	Manager/Superintendent Salaries	6330			
	Administrative Rent-free Unit	6331			
	Legal Expense-project only	6340	104		
	Audit Expense-project only	6350	(174)		
	Bookkeeping Fees/Accounting Services	6351	934		
	Bad Debt Expense	6370	400		
	Miscellaneous Administrative Expense	6390	406		
		<b>Total Administrative Expense</b>		\$21,663	
	6200 + 6300	<b>Total Rent &amp; Administrative Expense</b>	<b>6263</b>		\$23,014
	6400	Fuel Oil	6420		
UTILITIES EXPENSE	Electricity	6450	\$11,027		
	Water	6451	3,109		
	Gas	6452	1,339		
	Sewer	6453			
	<b>Total Utilities Expense</b>	<b>6400</b>		\$15,475	

# Community Action, Inc. of Rock & Walworth Counties and Related Entities

Supporting Data Required by WHEDA  
August 1, 2015 to December 31, 2015

	Description of Account	Acct. No.	Amount	Totals	
6500	Payroll	6510			
OPERATING & MAINTENANCE EXPENSE	Supplies	6515	\$10,709		
	Contracts	6520	17,762		
	Operating and Maintenance Rent Free Unit	6521			
	Garbage & Trash Removal	6525	1,600		
	Security Payroll/Contract (incl. taxes and benefits)	6530			
	Security Rent Free Unit	6531			
	Heating/Cooling Repairs & Maintenance	6546			
	Snow Removal	6548	507		
	Vehicle/Maintenance Equipment Operation & Repairs	6570			
	Misc. Operating & Maintenance Expense	6590	602		
	<b>Total Operating &amp; Maintenance Expense</b>	<b>6500</b>			\$31,180
	6900	<b>Total Service Expense</b>	<b>6900</b>		\$0
6700 TAXES AND INSURANCE	Real Estate & Personal Property Taxes	6710	\$8,959		
	Payroll Taxes (Project's Share)	6711			
	Property & Liability Insurance (Hazard)	6720	2,167		
	Fidelity Bond Insurance	6721			
	Workmen's Compensation	6722			
	Health Insurance and Other Employee Benefits	6723			
	Miscellaneous Taxes, Licenses, Permits and Insurance	6790			
	<b>Total Taxes and Insurance</b>	<b>6700</b>			\$11,126
3220	Replacement Reserve Deposits as Required by WHEDA	3220		\$6,250	
	<b>Total Operating Expenses</b>			\$80,795	
	<b>Net Operating Income (NOI)</b>			\$46,939	
6800 FINANCIAL EXPENSE	Interest on Mortgage Payable	6820	\$11,050		
	Interest on Notes Payable (Long Term)	6830			
	Interest on Notes Payable (Short Term)	6840			
	Mortgage Insurance Premium/Service Charge	6850			
	Miscellaneous Financial Expense/Preservation Fee	6890			
	<b>Total Financial Expense</b>	<b>6800</b>			\$11,050
	<b>Total Expenses of Operations Before Depreciation</b>	<b>6000</b>		\$91,845	
	<b>Profit or (Loss) Before Depreciation</b>	<b>5060</b>		\$35,889	
6600	Depreciation Expense (Total)	6601		\$13,281	
	Amortization Expense	6610		\$494	
	<b>Operating Profit or Loss</b>	<b>5060</b>		\$22,114	
7100 CORPORATE OR MORTGAGOR EXPENSE	Officer's Salaries	7110			
	Legal Expense	7120			
	Federal, State and Other Income Taxes	7130			
	Interest Income	7140			
	Interest on Notes Payable	7141			
	Interest on Mortgage Payable	7142			
	Other Expense	7190			
	<b>Net Entity Expenses</b>	<b>7100</b>			\$0
	<b>NET PROFIT OR (LOSS)</b>	<b>3250</b>		\$22,114	
TOTAL PRINCIPAL PAYMENTS	WHEDA First Mortgage	9910		\$19,524	
	Second Mortgage	9911			
	Other Mortgage(s)	9912			
	Reserve releases to reimburse items expensed on this schedule.	9920		\$0	
	Capital expenditures paid from project operations and expensed on this schedule.	9930		0	



# Community Action, Inc. of Rock & Walworth Counties and Related Entities

Supporting Data Required by WHEDA  
December 31, 2015

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**PROJECT NUMBER 2867  
OLYMPIAN HILLS APARTMENTS**

**Reserve for Replacement**

In accordance with the provisions of the regulatory agreement, restricted cash is held by a financial institution to be used for replacement of property with the approval of WHEDA as follows:

Reserve for replacement at August 1, 2015	\$ 126,176
Required monthly deposits (\$1,250 x 5)	6,250
Interest earned	268
<hr/>	
Reserve for replacement at December 31, 2015	<u>\$ 132,694</u>

**Capital Needs Escrow**

In accordance with the provisions of the regulatory agreement, restricted cash is held by a financial institution to be used for a capital needs reserve with the approval of WHEDA as follows:

Capital needs escrow at August 1, 2015	\$ 67,351
Interest earned	195
<hr/>	
Operating reserve at December 31, 2015	<u>\$ 67,546</u>

**Surplus Cash Calculation  
December 31, 2015**

Current assets:	
Cash	\$ 47,355
Accounts receivable due from WHEDA	26
Other accounts receivable	599
<hr/>	
Memo only: tenant security deposits	\$ 14,052
<hr/>	
Total current assets	<u>47,980</u>
Current liabilities:	
Accounts payable	42,290
Prepaid rent revenue	1,142
<hr/>	
Memo only: tenant security deposits	\$ 14,052
<hr/>	
Total current liabilities	<u>43,432</u>
<hr/>	
Surplus cash calculation for 2015	<u>\$ 4,548</u>

# Community Action, Inc. of Rock & Walworth Counties and Related Entities

Supporting Data Required by WHEDA  
December 31, 2015

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## Other Information

Lead Auditor:           Jean M. Christensen, CPA  
                              Wipfli LLP  
                              608.274.1980



## **Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters**

Board of Directors  
Community Action, Inc. of Rock & Walworth Counties  
Beloit, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the consolidated financial statements of Community Action, Inc. of Rock & Walworth Counties (a nonprofit organization) and Related Entities, which comprise the consolidated statement of financial position as of December 31, 2015, and the related consolidated statement of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated June 28, 2016. The financial statements of Beloit Mature Adult Housing, LLC and Community Action Properties, LLC were not audited in accordance with *Government Auditing Standards* and, accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with Beloit Mature Adult Housing, LLC and Community Action Properties, LLC.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Community Action, Inc. of Rock & Walworth Counties' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Community Action, Inc. of Rock & Walworth Counties' internal control. Accordingly, we do not express an opinion on the effectiveness of Community Action, Inc. of Rock & Walworth Counties' internal control.

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

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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

A handwritten signature in black ink that reads "Wipfli LLP". The signature is written in a cursive, slightly slanted style.

Wipfli LLP

June 28, 2016  
Madison, Wisconsin



## **Independent Auditor's Report on Compliance for Each Major Federal and State Program and Internal Control Over Compliance**

Board of Directors  
Community Action, Inc. of Rock & Walworth Counties  
Beloit, Wisconsin

### **Report on Compliance for Each Major Federal and State Program**

We have audited Community Action, Inc. of Rock & Walworth Counties' (a nonprofit organization) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* and the *State Single Audit Guidelines*, issued by the State of Wisconsin Department of Administration, that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2015. Community Action, Inc. of Rock & Walworth Counties' major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Community Action, Inc. of Rock & Walworth Counties' consolidated financial statements include Beloit Assisted Living, Inc. a related entity, which had expenditures greater than \$750,000 in federal awards in the year ended December 31, 2015, and has had a separate single audit, which is not included in this single audit. Therefore, our audit, described below, did not include the operations of Beloit Assisted Living, Inc.

### **Management's Responsibility for Compliance**

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

### **Auditor's Responsibility**

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination on Community Action, Inc. of Rock & Walworth Counties' compliance.

## Opinion on Each Major Federal and State Program

In our opinion, Community Action, Inc. of Rock & Walworth Counties' complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2015.

## Report on Internal Control Over Compliance

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

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

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

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



Wipfli LLP

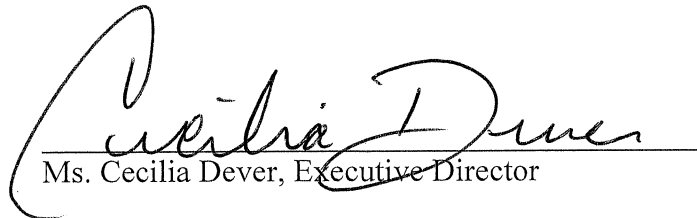
June 28, 2016  
Madison, Wisconsin

# Community Action, Inc. of Rock & Walworth Counties and Related Entities

## Certification of Officer

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We hereby certify that we have examined the accompanying financial statements and supplemental data of Community Action, Inc. of Rock & Walworth Counties and Related Entities related to Olympian Hills Apartments, and to the best of our knowledge and belief, the same is complete and accurate.

  
Ms. Cecilia Dever, Executive Director

6-28-16  
Date

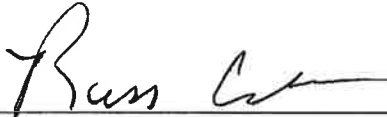
39-1052077 Employer Identification Number

# Community Action, Inc. of Rock & Walworth Counties and Related Entities

## Certification of Management Agent

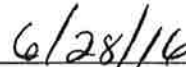
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We hereby certify that we have examined the accompanying financial statements and supplemental data of Community Action, Inc. of Rock & Walworth Counties and Related Entities related to Olympian Hills Apartments, and to the best of our knowledge and belief, the same is complete and accurate.



Wisconsin Management Company, Inc.

Name of Management Agent's Representative: Russ Endres



Date

27-1570657 Employer Identification Number



# Community Action, Inc. of Rock & Walworth Counties and Related Entities

## Schedule of Findings and Questioned Costs

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### Section I - Summary of Auditor's Results

#### Financial Statements

Type of auditor's report issued?	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified?	No
Noncompliance material to financial statements noted?	No

#### Federal and State Awards

Internal control over major federal and state programs:	
Material weaknesses identified?	No
Significant deficiencies identified?	No
Type of auditor's report issued on compliance for major program	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance [2 CFR 200.516(a)]?	No

#### Identification of major federal and state programs:

<u>Name of Federal Major Program or Cluster</u>	<u>CFDA No.</u>
Weatherization	81.042
Low-Income Home Energy Assistance Program	93.568
<u>Name of State Major Program or Cluster</u>	<u>State ID No.</u>
Public Benefits Program	505.371
Dollar threshold used to distinguish between Type A and Type B programs:	
Federal	\$750,000
State	250,000

Auditee qualified as low-risk auditee?	Yes
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### Section II - Financial Statement Findings

None

# Community Action, Inc. of Rock & Walworth Counties and Related Entities

## Schedule of Findings and Questioned Costs

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### Section III - Federal and State Award Findings and Questioned Costs

None

### Section IV - Summary Schedule of Prior Year Findings

None

### Section V - Other Issues

Does the auditor's report or the notes to the financial statements include disclosure with regard to substantial doubt as to the auditee's ability to continue as a going concern?

No

Does the audit report show audit issues related to grants/contracts with funding agencies that require audits to be in accordance with the *State Single Audit Guidelines*?

Department of Health Services

No

Department of Administration

No

Department of Public Instruction

No

Department of Transportation

No

Was a management letter or other document conveying audit comments issued as a result of this audit?

No

Name and signature of partner



Date of report

Jean M. Christensen, CPA  
June 28, 2016