

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

Beloit, Wisconsin

Consolidated Financial Statements and  
Supplementary Information  
Year Ended December 31, 2014

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

Consolidated Financial Statements and Supplementary Information  
Year Ended December 31, 2014

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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, 2014, 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 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, 2014, and the changes in net assets and their 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 made for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information, the Schedule of Program Activity, the Schedule of Expenditures of Federal Awards, which includes requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the *State Single Audit Guidelines*, issued by the Wisconsin Department of Administration, the Consolidating Statement of Financial Position, the Consolidating Statement of Activities, and the Schedule of Emergency Furnace Activity by Contract are presented for the purpose of additional analysis and are 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. The 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, 2013, 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 expenses in the supplementary schedule appearing on page 41 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, 2013, 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 41 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 29, 2015, on our consideration of Community Action, Inc. of Rock & Walworth Counties' internal control over financial reporting and 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' internal control over financial reporting and compliance.

  
Wipfli LLP

June 29, 2015  
Madison, Wisconsin

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

## Consolidated Statement of Financial Position

December 31, 2014

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<i>Assets</i>	
Current assets:	
Cash	\$ 180,801
Restricted cash	197,454
Grants receivable	498,825
Accounts receivable, net	100,646
Weatherization inventory	178,808
Housing inventory	203,500
Current portion of loans receivable - Housing and vehicle	98,422
Prepaid expenses	80,031
<hr/>	
Total current assets	1,538,487
<hr/>	
Other assets:	
Investments	321,693
Loans receivable - Affiliates, net	1,822,135
Loans receivable - Housing, net	1,440,695
Loans receivable - Vehicle, net	49,752
<hr/>	
Total other assets	3,634,275
<hr/>	
Property and equipment, net	2,655,775
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<b>TOTAL ASSETS</b>	<b>\$ 7,828,537</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	\$ 2,609
Accounts payable	221,014
Accrued payroll and related expenses	75,220
Advances	11,478
Other liabilities	19,948
Grant funds received in advance	156,728

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Total current liabilities 486,997

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Long-term liabilities:

Line of credit	200,000
Long-term advances	35,578
Capital advance - HUD	2,251,500
Mortgages payable	40,888

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Total long-term liabilities 2,527,966

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Total liabilities 3,014,963

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Net assets (deficit):

Unrestricted - CAI	589,474
Unrestricted - BALI	( 515,705)
Unrestricted - Board designated	321,693

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Total unrestricted 395,462

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Temporarily restricted 4,418,112

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Total net assets 4,813,574

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**TOTAL LIABILITIES AND NET ASSETS** **\$ 7,828,537**

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

## Consolidated Statement of Activities Year Ended December 31, 2014

	Unrestricted	Temporarily Restricted	Total
Revenue:			
Grant and contract revenue	\$ 6,338,173	\$ 65,664	\$ 6,403,837
Fee for services revenue	1,407,920	0	1,407,920
Program and other contributions	271,699	38,977	310,676
Rental income	199,221	0	199,221
Investment income	16,149	0	16,149
In-kind revenue	14,698	0	14,698
Net assets released from restriction through satisfaction of program restrictions	230,531	( 230,531)	0
<b>Total revenue</b>	<b>8,478,391</b>	<b>( 125,890)</b>	<b>8,352,501</b>
Expenses:			
Salaries and wages	3,012,432	0	3,012,432
Fringe benefits	797,639	0	797,639
Consultants/contractual	77,120	0	77,120
Travel	94,813	0	94,813
Occupancy	650,647	0	650,647
Supplies	101,788	0	101,788
Weatherization materials and other inventory	1,349,367	0	1,349,367
Client/participant costs	1,268,297	0	1,268,297
Depreciation	222,618	0	222,618
Commodities distributed	454,896	0	454,896
Other	523,881	0	523,881
<b>Total expenses</b>	<b>8,553,498</b>	<b>0</b>	<b>8,553,498</b>
Change in net assets	( 75,107)	( 125,890)	( 200,997)
Net assets at beginning of year	470,569	4,544,002	5,014,571
<b>Net assets at end of year</b>	<b>\$ 395,462</b>	<b>\$ 4,418,112</b>	<b>\$ 4,813,574</b>



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

## Consolidated Statement of Cash Flows

Year Ended December 31, 2014

Increase (decrease) in cash:	
Cash flows from operating activities:	
Change in net assets	(\$ 200,997)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	222,618
Realized and unrealized gain on investments	( 12,051)
Change in allowance for uncollectible accounts receivable	24,288
Write down of housing inventory	50,861
Change in allowance for uncollectible loans receivable	80,018
Contribution of stock	( 11,307)
Net change in discount on loans receivable	( 4,812)
Changes in operating assets and liabilities:	
Restricted cash	12,325
Grants receivable	253,041
Accounts receivable	14,705
Weatherization inventory	40,940
Housing inventory	( 50,461)
Other inventory	4,250
Prepaid expenses	( 19,061)
Accounts payable	60,529
Accrued payroll and related expenses	( 86,264)
Advances	( 11,123)
Other liabilities	( 319)
Grant funds received in advance	( 57,458)
<b>Net cash provided by operating activities</b>	<b>309,722</b>
Cash flows from investing activities:	
Capital expenditures	( 46,469)
Purchase of investments	( 28,415)
Proceeds from sale of investments	24,466
Collections on loans receivable	86,681
Issuance of loans receivable	( 81,622)
<b>Net cash used in investing activities</b>	<b>( 45,359)</b>
Cash flows from financing activities:	
Net payments on line of credit	( 125,000)
<b>Net cash used in financing activities</b>	<b>( 125,000)</b>
Change in cash	139,363
Cash at beginning of year	41,438
<b>Cash at end of year</b>	<b>\$ 180,801</b>
<b>Supplemental schedule of operating activities:</b>	
Interest paid and expensed	\$ 13,465

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 *OMB Circular A-133* audit was also issued for BALI as of and for the year ended December 31, 2014.

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, 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:

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

# 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)**

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.

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.

# 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)**

##### **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 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 \$14,698 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 \$143,873 at December 31, 2014.

#### **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. Loans receivable are discounted to their net present value at a 4.5% discount rate and are stated at the amount of unpaid principal.

# 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 \$264,470 at December 31, 2014. 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.

CAP is a sole member LLC and, therefore, treated as a disregarded entity for tax purposes. The activity of CAP is 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. Federal returns for the years ended December 31, 2011 and after remain subject to examination by the Internal Revenue Service.



# 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.

### **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, 2014, consisted of the following.

Reserved for unemployment claims	\$	85,184
CAI security deposits		6,509
<u>BALI restricted cash</u>		<u>105,761</u>
<u>Total</u>	<u>\$</u>	<u>197,454</u>

# 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, 2014, consisted of the following:

Direct federal programs	\$	74,808
State programs		225,019
Other programs		198,998
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Total	\$	498,825

### Note 5 Accounts Receivable

Accounts receivable at December 31, 2014, consisted of funds due for the following activities:

Childcare programs, net of \$112 allowance for uncollectible amounts	\$	14,667
Patient fees, net of \$136,375 allowance for uncollectible amounts		56,369
Miscellaneous activities, net of \$7,386 allowance for uncollectible amounts		29,610
<hr/>		
Total	\$	100,646

### 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.

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

## Notes to Consolidated Financial Statements

### Note 6 Investments (Continued)

The activity during 2014 is summarized as follows:

	Money Market Fund	Equity and Fixed Income Funds	Totals
Investment balance, December 31, 2013	\$ 12,872	\$ 281,514	\$ 294,386
Investment income:			
Interest/dividends	0	7,226	7,226
Unrealized loss on investments	0 (	1,979) (	1,979)
Realized gain on investments	0	14,030	14,030
Fees	( 3,277)	0 (	3,277)
<b>Net investment (loss) income</b>	<b>( 3,277)</b>	<b>19,277</b>	<b>16,000</b>
Transfer of investment income	6,093 (	6,093)	0
Contribution of stock	0	11,307	11,307
Investment balance, December 31, 2014	\$ 15,688	\$ 306,005	\$ 321,693

### 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, 2014, consist of the following:

	Mulberry Grove	Beloit Mature Adult Housing	Delavan Mature Adult Housing	Evansville Adult Housing	Totals
State of Wisconsin - CHDO	\$ 220,000	\$ 663,080	\$ 660,000 (1)	\$ 660,000 (3)	\$ 2,203,080
Federal Home Loan Bank	0	204,000	96,000 (2)	0	300,000
WHEDA	0	25,000	0	0	25,000
Weatherization/energy programs	0	0	81,885 (2)	96,000 (3)	177,885
Loans receivable - 12/31/14	220,000	892,080	837,885	756,000	2,705,965
Total accrued interest	0	0	14,858	11,190	26,048
Total loans receivable - Affiliates	220,000	892,080	852,743	767,190	2,732,013
Allowance for uncollectible interest	0	0	( 11,558)	( 6,240)	( 17,798)
Allowance for uncollectible loans	0	( 892,080)	0	0	( 892,080)
<b>Loans receivable - Affiliates, net</b>	<b>\$ 220,000</b>	<b>\$ 0</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.

As discussed in Note 25, CAI is currently in negotiations to purchase the limited partner's share of Beloit Mature Adult Housing, LLC. The loans receivable from Beloit Mature Adult Housing, LLC, will likely be forgiven upon completion of the transaction.

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, 2014, the allowance for uncollectible interest and allowance for uncollectible loans change is as follows:

Balance at the beginning of the year	\$ 908,509
Provision for loan losses	1,369
<b>Balance at the end of year</b>	<b>\$ 909,878</b>
Allowance for uncollectible interest and loans:	
Individually evaluated for impairment	\$ 909,878
Collectively evaluated for impairment	0
<b>Totals</b>	<b>\$ 909,878</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, 2014, is as follows:

Loans:	
Individually evaluated for impairment	\$ 2,512,013
Collectively evaluated for impairment	220,000
<hr/>	
<b>Totals</b>	<b>\$ 2,732,013</b>
Average investment in impaired loans	\$ 2,511,329
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	2,512,013
<hr/>	
<b>Total impaired loans</b>	<b>\$ 2,512,013</b>
Allowance for loan losses related to impaired loans	\$ 909,878
Total nonaccrual loans	0

Detailed information regarding impaired loans as of December 31, 2014, 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>\$ 2,512,013</u>	<u>\$ 2,512,013</u>	<u>\$ 909,878</u>	<u>\$ 2,511,329</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 2014.

# 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, 2014, CAI's inventory of weatherization material included the following:

Materials inventory	\$	23,345
Work in process		155,463
<u>Total</u>	<u>\$</u>	<u>178,808</u>

### **Note 9            Housing Inventory**

The inventory of houses included the following:

Beginning cost of house inventory - Beloit Merrill Neighborhood	\$	203,900
Current year additions		50,461
Current year write-down (lower of cost or market)	(	50,861)
<u>Ending cost of house inventory - Beloit Merrill Neighborhood</u>	<u>\$</u>	<u>203,500</u>

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. \$      73,668

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. 120,604

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. 337,134

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 deferred loan payable at the earliest of the sale, transfer, or reassignment of the property or death of the participant. 729,921

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. 14,060

CAI received a Home Lead Hazard Reduction grant to provide for lead hazard reduction assistance to eligible participants. The assistance is given as a 0% interest deferred loan payable at the earliest of the sale, transfer, or reassignment of the property or death of the participant. 11,423

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. 56,639

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. The loan is payable at the earliest of the sale, transfer, or reassignment of the property or death of the participant. 764,786

Total loans receivable - Housing and home weatherization	2,281,368
Allowance for uncollectible	( 378,363)

Expected revolving loans to be received	1,903,005
Discounted at 4.5%	( 447,982)

Loans receivable, net	1,455,023
Total current portion	( 14,328)

Total long-term portion	\$ 1,440,695
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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, 2014, the allowance for loan losses change is as follows:

Balance at the beginning of the year	\$	364,826
Provision for loan losses		77,010
<u>Loans written off</u>	(	<u>63,473)</u>
<u>Balance at the end of year</u>	<u>\$</u>	<u>378,363</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 2014. 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 \$860,804 at December 31, 2014.

### **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	\$	158,033
<u>Allowance for uncollectible</u>	(	<u>18,366)</u>
Expected revolving loans to be received		139,667
<u>Discounted at 4.5%</u>	(	<u>5,821)</u>
Loans receivable, net		133,846
<u>Total current portion</u>	(	<u>84,094)</u>
<u>Total long-term portion</u>	<u>\$</u>	<u>49,752</u>

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

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

For the year ended December 31, 2014, the allowance for loan losses change is as follows:

Balance at the beginning of the year	\$	33,848
Provision for loan losses		1,639
Loans written off	(	17,121)
<hr/>		
Balance at the end of year	\$	18,366

There are \$16,721 in vehicle loans that are considered past due by 90 days or over at December 31, 2014.

There were no loans evaluated individually for impairment. There were no loans restructured under a troubled debt restructuring in 2014.

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

A summary of property and equipment as of December 31, 2014, is as follows:

Land	\$	220,100
Land - BALI		4,141
Land improvements		25,942
Buildings		2,245,736
Buildings - BALI		2,204,682
Equipment		623,429
Equipment - BALI		21,335
<hr/>		
Total cost		5,345,365
Accumulated depreciation	(	2,689,590)
<hr/>		
Property and equipment, net	\$	2,655,775

### Note 13      **Mortgages Payable**

The balance at December 31, 2014, consists of the following:

CAI has mortgage loan with WHEDA. The loan is to support the purchase and rehabilitation of the house located at 1411 Dewey Avenue, Beloit, Wisconsin. The interest rate is fixed at 2%. Monthly payments of accrued interest are to be made from February through October 2014 and monthly principal and interest payments of \$262 per month begin in 2015 and end October 2024. The loan is collateralized by the house located at 1411 Dewey, Beloit, Wisconsin.

\$    28,497

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

## Notes to Consolidated Financial Statements

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### Note 13      **Mortgages Payable (Continued)**

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
Subtotals	43,497
Current maturities of mortgages payable	( 2,609)
<u>Long-term mortgages payable</u>	<u>\$ 40,888</u>

Future payments of mortgages payable are as follows:

2015	\$ 2,609
2016	2,662
2017	2,715
2018	2,770
2019	2,826
Thereafter	29,915
<u>Total</u>	<u>\$ 43,497</u>

CAI also has a line of credit at BMO Harris Bank with a maximum loan available of \$600,000. The line of credit matures in October 2015. The line of credit has an interest rate of 3.69% and is collateralized by real property. There was \$200,000 drawn on the line of credit at December 31, 2014.

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

## Notes to Consolidated Financial Statements

### Note 14      **Advances**

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

<b>Funding Source</b>	<b>Purpose</b>	<b>Amount</b>
Landlords	Co-Pay for weatherization of rental property	\$ 11,478
Total current advances		11,478
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
Total long-term advances		35,578
Total advances		\$ 47,056

### 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	1,922,987
Twin Oaks shelter	4,775
<u>Housing activities subtotal</u>	<u>3,749,897</u>
Vehicle	284,220
Grant-funded equipment	264,470
Employment training	46,875
Other	72,650
<u>Total</u>	<u>\$ 4,418,112</u>

### Note 17 Related Parties

CAI received CHDO rental housing assistance 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 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 2014
Mulberry Grove, LLC	3.00%	\$ 220,000	\$ 1,200
Beloit Mature Adult Housing, LLC	0.01	0	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>\$ 1,200</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 \$84,511 for the year ended December 31, 2014.

### 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, 2014, was \$469,203, which includes \$338,776 in lease expense related to CAI's Transitional Living Program. The future minimum lease obligations are as follows:

2015	\$	362,408
2016		134,804
2017		125,824
2018		127,784
2019		129,824
After 2019		356,064
<u>Total lease obligations</u>		<u>\$ 1,236,708</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, 2014, was \$58,505. As per the sublease agreements, guaranteed annual rental payments due to CAI in 2015 are \$59,683. Rental income from BALI's affordable housing project during the year ended December 31, 2014, was \$140,716.

### Note 21 Grant Awards

At December 31, 2014, CAI had commitments under various grants of approximately \$2,540,000. These commitments are not recognized in the accompanying consolidated financial statements as they are conditional awards.

### Note 22 Sources of Revenue

Generally, revenue received is from government or private sources. The table below shows the sources of funds for 2014.

	<u>Percentage</u>	<u>Amount</u>
Government	74%	\$ 6,209,125
Private	26%	2,143,376
<u>Totals</u>	<u>100%</u>	<u>\$ 8,352,501</u>

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

## Notes to Consolidated Financial Statements

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### 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, 2014:

Program activities:

Weatherization/energy assistance	\$ 2,309,651
Child programs	823,205
Community services programs	646,139
Health Care	686,536
Homeless/shelter programs	205,664
Food programs	492,131
Housing and housing rehabilitation	1,359,304
Employment training	1,018,513
Other	110,537
<u>Total program activities</u>	<u>7,651,680</u>
Fund-raising	71,023
<u>Management and general expenses</u>	<u>830,795</u>
<u>Total expenses</u>	<u>\$ 8,553,498</u>

### 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.

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.

# 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 recurring basis as of December 31, 2014, is as follows:

	Recurring Fair Value Measurements Using			
	Assets Measured at Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Equity securities:				
Large cap funds	\$ 16,275	\$ 16,275	\$ 0	\$ 0
Mid cap funds	18,004	18,004	0	0
Small cap funds	7,061	7,061	0	0
Growth funds	77,784	77,784	0	0
Emerging markets	5,433	5,433	0	0
Value funds	21,151	21,151	0	0
Large blend	72,105	72,105	0	0
Other equity	6,381	6,381	0	0
Fixed income securities:				
Bonds	71,150	71,150	0	0
Loan backed obligations	4,051	4,051	0	0
Government income fund	6,610	6,610	0	0
<b>Totals</b>	<b>\$ 306,005</b>	<b>\$ 306,005</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:

- Equity securities are valued at quoted market prices.
- Fixed income securities are valued using quotes from pricing vendors based on recent trading activity and other observable market data.

Information regarding the fair value of assets measured at fair value on a non-recurring basis as of December 31, 2014, is as follows:

	Non-recurring Fair Value Measurements Using			
	Assets Measured at Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Loans	\$ 1,602,766	\$ 0	\$ 0	\$ 1,602,766
Housing inventory	203,500	0	0	203,500
<b>Totals</b>	<b>\$ 1,806,266</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 1,806,266</b>



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

## Notes to Consolidated Financial Statements

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### **Note 24**      **Fair Value Measurements (Continued)**

Housing inventory with a carrying amount of \$254,361 was written down to its fair value of \$203,500 since this impairment was deemed to be other than temporary. As a result, an impairment charge of \$50,861 is included in the consolidated statement of activities for the year ended December 31, 2014.

Loans with a carrying amount of \$2,512,644 were considered impaired and were written down to their estimated fair value of \$1,602,766 as of December 31, 2014. As a result, a specific valuation allowance was recognized against these impaired loans totaling \$909,878 at December 31, 2014.

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.

### **Note 25**      **Subsequent Event**

Subsequent events have been evaluated through June 29, 2015, which is the date the financial statements were available to be issued.

CAI owns .01% of the Beloit Mature Adult Housing, LLC (BMAH). CAI has been in negotiations to purchase the limited partner's share of BMAH for approximately \$38,000. CAI will be recognizing this transaction as an acquisition of a business and will record substantially all assets and liabilities of the partnership at fair value on the date of acquisition. The loans receivable from BMAH, as detailed in Note 7, will likely be forgiven upon completion of the transaction. The details of this transaction have not been finalized as of the report date. Any gain or loss as a result of this transaction will be recorded on the consolidated statement of activities during the year ended December 31, 2015.

# **Supplementary Information**

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

Schedule A-1  
 Schedule of Program Activity  
 Year Ended December 31, 2014

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>					
10.556	N/A	Special Milk Program	State of WI Dept. of Public Instruction	01/01/14-12/31/14	N/A
10.561	N/A	FSET-Fatherhood	WISCAP	01/01/14-12/31/14	55,000
10.561	N/A	FSET-Skills	WISCAP	01/01/14-12/31/14	45,000
10.561	N/A	FSET-Skills	WISCAP	07/01/14-06/30/15	25,000
<b>Subtotal 10.561</b>					
10.558	N/A	USDA Reimbursement	State of WI Dept. of Public Instruction	10/01/13-09/30/14	N/A
10.558	N/A	USDA Reimbursement	State of WI Dept. of Public Instruction	10/01/14-09/30/15	N/A
<b>Subtotal 10.558</b>					
10.568	N/A	Temporary Emerg. Food Asst. Prog.	State of WI Dept. of Health Services	10/01/13-09/30/14	35,675
10.568	N/A	Temporary Emerg. Food Asst. Prog.	State of WI Dept. of Health Services	10/01/14-09/30/15	38,443
<b>Subtotal 10.568</b>					
10.569	N/A	Commodity Food Program	State of WI Dept. of Health Services	01/01/14-12/31/14	N/A
<b>Subtotal 10.568 &amp; 10.569 Cluster</b>					
<b>Department of Housing and Urban Development</b>					
14.218	94520966-2014	Community Development Block Grant	City of Beloit	01/01/14-12/31/14	25,956
14.231	ETH 13-05 A	Transitional Housing and HPP	State of WI Dept. of Administration	07/01/13-06/30/14	59,296
14.231	ETH03-05 B	Emergency Solutions Grant	State of WI Dept. of Administration	07/01/13-06/30/14	57,440
14.231	ETH 14-05	ESG, THP & HPP	State of WI Dept. of Administration	07/01/14-06/30/15	108,153
14.231	13-14ETH12-26B-CAI	Homeless Prevention Program Grant	YWCA-Janesville	07/01/13-06/30/14	3,339
<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	SPC13-01	Supportive Housing Prog.-Shelter Plus Care	State of WI Dept. of Administration	06/19/13-06/18/14	252,320
14.235	WI0016L5I001306	Supportive Housing Program	U.S. Dept. of HUD	09/01/14-08/31/15	544,442
14.235	WI0016L5I001205	Supportive Housing Program	U.S. Dept. of HUD	09/01/13-08/31/14	544,442
<b>Subtotal 14.235</b>					
14.239	N/A	HOME Invest. Partnership - Rock	City of Janesville	07/01/09-05/30/15	102,073
14.239	N/A	HOME Invest. Partnership - Rock	City of Janesville	01/01/10-12/31/14	83,594
14.239	N/A	COJ Down Payment Assistance	City of Janesville	01/01/14-12/31/14	188,000
<b>Subtotal 14.239</b>					
<b>Department of Labor</b>					
17.259	CALISY.PY12.S1	WIA Youth Activities	SWWDB	07/01/13-06/30/14	170,654
17.259	CALISY.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
17.274	YB-23473-12-60-A-55	Youth Build	U.S. Dept. of Labor	09/01/12-12/31/15	720,000
<b>Subtotal 17.274</b>					

<b>Net Assets 12/31/13</b>	<b>Grant funds Received in Advance 12/31/13</b>	<b>Current Grant Revenue</b>	<b>Other Revenue</b>	<b>Expenses</b>	<b>Transfers</b>	<b>Grant funds Received in Advance 12/31/14</b>	<b>Net Assets 12/31/14</b>
\$ 0	\$ 0	\$ 334	\$ 0	(\$ 334)	\$ 0	\$ 0	\$ 0
0	0	42,995	0	( 42,995)	0	0	0
0	0	45,000	0	( 45,000)	0	0	0
0	0	5,954	0	( 5,954)	0	0	0
<b>0</b>	<b>0</b>	<b>93,949</b>	<b>0</b>	<b>(93,949)</b>	<b>0</b>	<b>0</b>	<b>0</b>
0	0	44,599	0	( 44,599)	0	0	0
0	0	14,527	0	( 14,527)	0	0	0
<b>0</b>	<b>0</b>	<b>59,126</b>	<b>0</b>	<b>( 59,126)</b>	<b>0</b>	<b>0</b>	<b>0</b>
0	0	22,497	0	( 22,497)	0	0	0
0	0	8,919	0	( 8,221)	0	( 698)	0
<b>0</b>	<b>0</b>	<b>31,416</b>	<b>0</b>	<b>( 30,718)</b>	<b>0</b>	<b>( 698)</b>	<b>0</b>
<b>0</b>	<b>0</b>	<b>454,896</b>	<b>0</b>	<b>( 454,896)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>0</b>	<b>0</b>	<b>486,312</b>	<b>0</b>	<b>( 485,614)</b>	<b>0</b>	<b>( 698)</b>	<b>0</b>
<b>0</b>	<b>0</b>	<b>25,956</b>	<b>0</b>	<b>( 25,956)</b>	<b>0</b>	<b>0</b>	<b>0</b>
0	0	38,494	0	( 38,494)	0	0	0
0	0	33,819	0	( 33,819)	0	0	0
0	0	39,258	0	( 39,258)	0	0	0
0	0	3,339	0	( 3,339)	0	0	0
<b>0</b>	<b>0</b>	<b>114,910</b>	<b>0</b>	<b>( 114,910)</b>	<b>0</b>	<b>0</b>	<b>0</b>
0	0	144,801	0	( 144,801)	0	0	0
0	0	105,708	0	( 105,708)	0	0	0
0	0	186,826	0	( 186,826)	0	0	0
0	0	360,073	0	( 360,073)	0	0	0
<b>0</b>	<b>0</b>	<b>797,408</b>	<b>0</b>	<b>( 797,408)</b>	<b>0</b>	<b>0</b>	<b>0</b>
0	0	52,033	0	( 52,033)	0	0	0
0	0	52,304	0	( 52,304)	0	0	0
0	0	99,328	0	( 99,328)	0	0	0
<b>0</b>	<b>0</b>	<b>203,665</b>	<b>0</b>	<b>( 203,665)</b>	<b>0</b>	<b>0</b>	<b>0</b>
0	0	111,517	0	( 111,517)	0	0	0
0	0	91,183	0	( 91,183)	0	0	0
<b>0</b>	<b>0</b>	<b>202,700</b>	<b>0</b>	<b>( 202,700)</b>	<b>0</b>	<b>0</b>	<b>0</b>
0	0	161,524	0	( 161,524)	0	0	0
<b>0</b>	<b>0</b>	<b>252,456</b>	<b>0</b>	<b>( 252,456)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>0</b>	<b>0</b>	<b>413,980</b>	<b>0</b>	<b>( 413,980)</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, 2014

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	07/01/14-06/30/15	234,863
81.042	AD139692.03	Weatherization Assistance DOE	State of WI Dept. of Administration	07/01/13-06/30/14	213,749
		<b>Subtotal 81.042</b>			
<b>Department of Health and Human Services</b>					
93.092	N/A	Personal Responsibility Education Program	The Medical College of Wisconsin	11/01/13-09/30/14	100,000
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	10/01/13-09/30/14	15,150
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	01/01/14-12/31/14	25,813
		<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.	03/01/13-02/28/14	207,657
		<b>Subtotal 93.217</b>			
93.283	24076	WI Well Woman's Program	State of WI Dept. of Health Services	01/01/14-12/31/14	43,201
93.568	AD149877.03	Weatherization Assistance EAP	State of WI Dept. of Administration	07/01/14-06/30/15	639,899
93.568	AD139692.03	Weatherization Assistance EAP	State of WI Dept. of Administration	07/30/13-06/30/14	548,457
93.568	N/A	Emergency Furnace Replacement	State of WI Dept. of Administration	10/01/13-05/31/14	N/A
		<b>Subtotal 93.568</b>			
93.569	CFD00353	Community Services Block Grant	State of WI Dept. of Children & Families	01/01/14-12/31/14	347,768
93.670	HSD_2014_0039	PATHS	Rock County Human Services	07/01/14-06/30/15	235,220
93.959	HSD_2014_0134	AODA Inner City	Rock County Human Services	01/01/14-12/31/14	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
94.006	AD109453	AmeriCorps	Serve Wisconsin	09/01/13-08/31/14	45,360
		<b>Subtotal 94.006</b>			
<b>Total Federal Programs</b>					
<b>STATE AND LOCAL PROGRAMS</b>					
N/A	AD149877.03	Public Benefits Weatherization	State of WI Dept. of Administration	07/01/14-06/30/15	1,281,913
N/A	AD139692.03	Public Benefits Weatherization	State of WI Dept. of Administration	07/01/13-06/30/14	1,591,540
N/A	N/A	Emergency Furnace Replacement	State of WI Dept. of Administration	10/01/14-05/31/15	N/A
N/A	N/A	Emergency Furnace Replacement	State of WI Dept. of Administration	10/01/13-05/31/14	N/A
N/A	SSSG14-06	State Shelter Subsidy Grant	State of WI Dept. of Administration	01/01/14-12/31/14	15,400
N/A	WFS14-02	Fresh Start	State of WI Dept. of Administration	01/01/14-06/30/15	37,000
N/A	N/A	Fresh Start	School District of Beloit-WI DPI	09/01/13-06/30/14	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	Skills GPR	WISCAP	07/01/14-06/30/15	14,100
N/A	N/A	Skills GPR	WISCAP	07/01/13-06/30/14	14,100
N/A	N/A	AWARE	City of Evansville	01/01/14-12/31/14	8,000
N/A	HSD_2014_0037	Brighter Futures	Rock County Human Services	01/01/14-12/31/14	81,113
N/A	N/A	PATHS	SIL - Rock County	01/01/14-12/31/14	N/A
N/A	DOH-CA-FC-WHC-14	Women's Health Services	Kenosha County Dept. of Public Health	01/01/14-12/31/14	47,250
N/A	N/A	Housing Counseling	Walworth County Mediation	01/01/14-12/31/14	5,300
N/A	N/A	Lincoln, Washington & Lakeview	United Way of N. Walworth County	01/01/14-12/31/14	2,000
N/A	N/A	Housing Counseling	United Way of Walworth County	01/01/14-12/31/14	11,800
N/A	N/A	Twin Oaks Homeless Shelter	United Way of Walworth County	01/01/14-12/31/14	11,800
N/A	N/A	Skills Enhancement	United Way Blackhawk Region	01/01/14-12/31/14	14,800
N/A	N/A	AWARE	United Way Blackhawk Region	01/01/14-12/31/14	14,000
N/A	N/A	Community Kids Janesville	United Way Blackhawk Region	01/01/14-12/31/14	52,594

Net Assets 12/31/13	Grant funds Received in Advance 12/31/13	Current Grant Revenue	Other Revenue	Expenses	Transfers	Grant funds Received in Advance 12/31/14	Net Assets 12/31/14
0	0	229,015	0	( 234,492)	0	5,477	0
0	( 56,089)	185,493	0	( 129,404)	0	0	0
<b>0</b>	<b>( 56,089)</b>	<b>414,508</b>	<b>0</b>	<b>( 363,896)</b>	<b>0</b>	<b>5,477</b>	<b>0</b>
0	0	76,882	0	( 76,882)	0	0	0
0	0	13,583	0	( 13,583)	0	0	0
0	0	10,374	0	( 10,374)	0	0	0
0	0	6,724	0	( 6,724)	0	0	0
0	0	25,213	0	(25,213)	0	0	0
<b>0</b>	<b>0</b>	<b>132,776</b>	<b>0</b>	<b>( 132,776)</b>	<b>0</b>	<b>0</b>	<b>0</b>
0	0	173,048	259,799	( 432,847)	0	0	0
0	0	0	48,333	( 48,333)	0	0	0
<b>0</b>	<b>0</b>	<b>173,048</b>	<b>308,132</b>	<b>( 481,180)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>0</b>	<b>0</b>	<b>43,201</b>	<b>0</b>	<b>( 43,201)</b>	<b>0</b>	<b>0</b>	<b>0</b>
0	0	328,657	0	( 175,874)	0	( 152,783)	0
0	166,740	148,268	0	( 315,008)	0	0	0
0	0	96,142	0	( 96,142)	0	0	0
<b>0</b>	<b>166,740</b>	<b>573,067</b>	<b>0</b>	<b>( 587,024)</b>	<b>0</b>	<b>( 152,783)</b>	<b>0</b>
<b>0</b>	<b>0</b>	<b>347,768</b>	<b>0</b>	<b>( 347,768)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>0</b>	<b>0</b>	<b>61,679</b>	<b>0</b>	<b>( 61,679)</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>
0	0	15,252	0	( 15,252)	0	0	0
0	0	35,266	0	( 35,266)	0	0	0
<b>0</b>	<b>0</b>	<b>50,518</b>	<b>0</b>	<b>( 50,518)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>0</b>	<b>110,651</b>	<b>4,241,405</b>	<b>308,132</b>	<b>( 4,512,184)</b>	<b>0</b>	<b>( 148,004)</b>	<b>0</b>
0	0	646,385	16,048	( 654,229)	0	( 8,204)	0
0	79,551	713,111	21,812	( 814,474)	0	0	0
0	0	58,099	0	( 58,099)	0	0	0
0	0	80,397	0	( 80,397)	0	0	0
0	0	15,400	0	( 15,400)	0	0	0
0	0	23,875	0	( 23,875)	0	0	0
3,754	0	51,500	0	( 55,254)	0	0	0
0	0	42,000	0	( 2,935)	0	0	39,065
0	0	2,385	0	( 2,385)	0	0	0
0	0	6,602	0	( 6,602)	0	0	0
0	0	8,000	0	( 8,000)	0	0	0
0	0	81,113	0	( 81,113)	0	0	0
0	0	1,712	0	( 1,712)	0	0	0
0	0	47,250	0	( 47,250)	0	0	0
0	0	5,300	0	( 5,300)	0	0	0
0	0	404	0	( 404)	0	0	0
0	0	11,800	0	( 11,800)	0	0	0
0	0	11,800	0	( 11,800)	0	0	0
0	0	14,800	0	( 14,800)	0	0	0
0	0	14,000	0	( 14,000)	0	0	0
0	0	52,594	0	( 52,594)	0	0	0

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

Schedule A-3

Schedule of Program Activity

Year Ended December 31, 2014

CFDA Number	Grant Number	Program Name	Grantor Agency	Program Period	Program or Award Amount
<b>STATE AND LOCAL PROGRAMS (Continued)</b>					
N/A	N/A	Community Kids Wrap Around	United Way Blackhawk Region	01/01/14-12/31/14	6,406
N/A	N/A	Fatherhood	United Way Blackhawk Region	01/01/14-12/31/14	10,000
N/A	N/A	HUB Teen Parent Connections	United Way Blackhawk Region	01/01/14-12/31/14	38,000
N/A	N/A	HUB SHP Connection	United Way Blackhawk Region	01/01/14-12/31/14	54,500
N/A	N/A	Fresh Start	United Way Blackhawk Region	01/01/14-12/31/14	3,000
N/A	N/A	Teen Parent Connection	Donations	01/01/14-12/31/14	N/A
N/A	N/A	Community Kids Janesville	Foundations	Ongoing	N/A
N/A	N/A	WETAP PD Vehicle Loans	State of WI Dept of Transportation	01/01/14-12/31/14	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 Services Fund - Disability	Fees to Programs	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	CHDO Proceeds	N/A	Ongoing	N/A
N/A	N/A	COJ Home Buyer Program	City of Janesville	01/01/14-12/31/14	N/A
N/A	N/A	Work-N-Wheels Program	Loan Origination/Device Fees	01/01/14-12/31/14	N/A
N/A	N/A	Skills	Foundations/Donations	01/01/14-12/31/14	N/A
N/A	N/A	Wisconsin Well Women's Program	Susan G Komen Foundation	04/01/13-03/31/14	75,810
N/A	N/A	Wisconsin Well Women's Program/First Choice	Donations	Ongoing	N/A
N/A	N/A	First Choice (MAPPP)	The Medical College of Wisconsin	10/01/14-12/31/14	8,177
N/A	N/A	Twin Oaks Homeless Shelter	Donations	01/01/14-12/31/14	N/A
N/A	N/A	Twin Oaks Homeless Shelter-Building Proj	Donations	Ongoing	N/A
N/A	N/A	AWARE	Donations	01/01/14-12/31/14	N/A
<b>GENERALLY ACCEPTED ACCOUNTING PRINCIPLE (GAAP) ADJUSTMENTS</b>					
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
<b>Total State and Local Programs and GAAP Adjustments</b>					
<b>Total Program Activity</b>					
<b>PRIVATE SUPPORT AND SERVICE FEES</b>					
N/A	N/A	Lincoln School-Age	Client Fees	01/01/14-12/31/14	N/A
N/A	N/A	Washington School-Age	Client Fees	01/01/14-12/31/14	N/A
N/A	N/A	Lakeview School-Age	Client Fees	01/01/14-12/31/14	N/A
N/A	N/A	Wileman School-Age	Client Fees	01/01/14-12/31/14	N/A
N/A	N/A	First Choice	Mercy Hospital Donations	01/01/14-12/31/14	N/A
N/A	N/A	First Choice	Client Fees	Ongoing	N/A
N/A	N/A	Community Kids Janesville	Rock County Dept. of H.S., Client Fees/Donations	01/01/14-12/31/14	N/A
N/A	N/A	Community Kids Janesville	Forward Services Corporation	01/01/14-12/31/14	N/A
N/A	N/A	Community Kids P4J	School District of Janesville Fees	01/01/14-12/31/14	N/A
N/A	N/A	Community Kids Delavan	Walworth County Dept. H.S., Client Fees/Donations	01/01/14-12/31/14	N/A
N/A	N/A	Community Kids Beloit	Rock County Dept. of H.S., Client Fees/Donations	01/01/14-12/31/14	N/A
N/A	N/A	Community Kids-Wrap Around Program	Rock County Dept. of H.S.,	01/01/14-12/31/14	N/A
N/A	N/A	Fatherhood Initiative	Foundations/Donations	Ongoing	N/A

See Independent Auditor's Report.

<b>Net Assets 12/31/13</b>	<b>Grant funds Received in Advance 12/31/13</b>	<b>Current Grant Revenue</b>	<b>Other Revenue</b>	<b>Expenses</b>	<b>Transfers</b>	<b>Grant funds Received in Advance 12/31/14</b>	<b>Net Assets 12/31/14</b>
0	0	6,406	0	( 6,406)	0	0	0
0	0	10,000	0	( 10,000)	0	0	0
0	0	38,000	0	( 38,000)	0	0	0
0	0	54,500	0	( 54,500)	0	0	0
0	0	3,000	0	( 3,000)	0	0	0
0	0	0	4,351	( 7,889)	3,538	0	0
0	0	0	6,700	( 6,700)	0	0	0
107,247	0	87,988	14,698	( 63,955)	( 12,132)	0	133,846
120,970	0	0	0	( 2,334)	14,360	0	132,996
5,246	0	0	0	( 5,246)	0	0	0
11,480	0	0	0	22,957	0	0	34,437
2,039,256	0	10,579	911	( 120,696)	( 7,063)	0	1,922,987
1,822,135	0	0	1,369	( 1,369)	0	0	1,822,135
27,863	0	0	0	( 27,863)	0	0	0
0	0	0	10,051	( 10,051)	0	0	0
17,306	0	0	3,498	( 4,050)	624	0	17,378
3,888	0	0	37,520	( 33,598)	0	0	7,810
0	23,984	( 2,203)	0	( 21,781)	0	0	0
10,725	0	0	0	( 558)	( 10,167)	0	0
0	0	8,177	0	( 8,177)	0	0	0
0	0	0	159,874	( 159,874)	0	0	0
5,296	0	0	0	( 521)	0	0	4,775
41,283	0	0	41,757	( 44,827)	0	0	38,213
0	0	0	0	1,920	( 1,920)	0	0
327,553	0	0	0	( 63,083)	0	0	264,470
<b>4,544,002</b>	<b>103,535</b>	<b>2,104,974</b>	<b>318,589</b>	<b>( 2,632,024)</b>	<b>( 12,760)</b>	<b>( 8,204)</b>	<b>4,418,112</b>
<b>4,544,002</b>	<b>214,186</b>	<b>6,346,379</b>	<b>626,721</b>	<b>( 7,144,208)</b>	<b>( 12,760)</b>	<b>( 156,208)</b>	<b>4,418,112</b>
0	0	0	20,812	( 15,472)	( 5,340)	0	0
0	0	0	7,609	( 11,584)	3,975	0	0
0	0	0	8,408	( 12,052)	3,644	0	0
0	0	0	8,558	( 15,923)	7,365	0	0
0	0	0	18,750	( 18,750)	0	0	0
99,551	0	0	62,565	( 161,532)	57,254	0	57,838
45,231	0	0	663,906	( 628,660)	0	0	80,477
0	0	0	39,300	( 39,300)	0	0	0
137,319	0	0	93,860	( 83,206)	0	( 520)	147,453
( 435,111)	0	0	0	0	435,111	0	0
( 28,827)	0	0	0	0	28,827	0	0
24,704	0	0	39,463	( 39,463)	( 24,704)	0	0
(10,000)	0	0	37,540	( 27,540)	0	0	0



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

Schedule A-4  
 Schedule of Program Activity  
 Year Ended December 31, 2014

CFDA Number	Grant Number	Program Name	Grantor Agency	Program Period	Program or Award Amount
<b>PRIVATE SUPPORT AND SERVICE FEES (Continued)</b>					
N/A	N/A	Beloit Merrill Houses	Rent/Donations	01/01/14-12/31/14	N/A
N/A	N/A	BMI Community Development	Donations	01/01/14-12/31/14	N/A
N/A	N/A	Housing Development	Fees/Donations	01/01/14-12/31/14	N/A
N/A	N/A	Supportive Services	Rent/Fees	01/01/14-12/31/14	N/A
N/A	N/A	Accounting Fees	WISCAP Fee for Service	01/01/14-12/31/14	N/A
N/A	N/A	Corporate Fund	Donations, Rent Inc. and Interest	01/01/14-12/31/14	N/A
<b>Total CAI Discretionary Activity</b>					
<b>Total CAI Activity</b>					
N/A	N/A	Beloit Assisted Living, Inc.	Rent	01/01/14-12/31/14	N/A
<b>GRAND TOTALS</b>					

See Independent Auditor's Report.

<b>Net Assets 12/31/13</b>	<b>Grant funds Received in Advance 12/31/13</b>	<b>Current Grant Revenue</b>	<b>Other Revenue</b>	<b>Expenses</b>	<b>Transfers</b>	<b>Grant funds Received in Advance 12/31/14</b>	<b>Net Assets 12/31/14</b>
0	0	0	( 1,664)	59,105	( 57,441)	0	0
2,118	0	0	16,564	( 10,203)	0	0	8,479
1,261	0	0	6,096	( 9,797)	3,701	0	1,261
8,701	0	0	29,571	( 25,469)	0	0	12,803
0	0	0	15,000	( 15,000)	0	0	0
1,074,731	0	0	110,397	( 142,640)	( 439,632)	0	602,856
<b>919,678</b>	<b>0</b>	<b>0</b>	<b>1,176,735</b>	<b>( 1,197,486)</b>	<b>12,760</b>	<b>( 520)</b>	<b>911,167</b>
<b>5,463,680</b>	<b>214,186</b>	<b>6,346,379</b>	<b>1,803,456</b>	<b>( 8,341,694)</b>	<b>0</b>	<b>( 156,728)</b>	<b>5,329,279</b>
( 449,109)	0	0	145,208	( 211,804)	0	0	( 515,705)
<b>\$ 5,014,571</b>	<b>\$ 214,186</b>	<b>\$ 6,346,379</b>	<b>\$ 1,948,664</b>	<b>(\$ 8,553,498)</b>	<b>\$ 0</b>	<b>(\$ 156,728)</b>	<b>\$ 4,813,574</b>
<b>Reconciliation of Grant and Contract Revenue With Statement of Activities:</b>			<b>Reconciliation of Other Revenue With Statement of Activities:</b>				
Prior year grant funds received in advance			\$ 214,186	Fee for services revenue			\$ 1,407,920
Current grant revenue			6,346,379	Program and other contributions			310,676
Current year grant funds received in advance			( 156,728)	Rental income			199,221
<b>TOTAL</b>			<b>\$ 6,403,837</b>	Investment income			16,149
				In-kind revenue			14,698
							<b>\$ 1,948,664</b>

# Community Action, Inc. of Rock and Walworth Counties

## Schedule B-1

### Schedule of Expenditures of Federal Awards

Year Ended December 31, 2014

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Federal Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>		
<b>Passed-Through Wisconsin Department of Public Instruction</b>		
Special Milk Program	10.556	\$ 334
USDA Reimbursement	10.558	<u>59,126</u>
<b>Passed-Through Wisconsin Community Action Program Association, Inc.</b>		
FSET-Fatherhood	10.561	42,995
FSET-Skills		<u>50,954</u>
<b>Subtotal 10.561</b>		<u><b>93,949</b></u>
<b>Passed-Through Wisconsin Department of Health Services</b>		
Temporary Emergency Food Assistance Program	10.568	<u>30,718</u>
Commodity Food Program	10.569	<u>454,896</u>
<b>Subtotal 10.568 and 10.569 Cluster</b>		<u><b>485,614</b></u>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>		
<b>Passed-Through City of Beloit</b>		
Community Development Block Grant	14.218	<u>25,956</u>
<b>Passed-Through Wisconsin Department of Administration</b>		
Transitional Housing Program Grant	14.231	38,494
Emergency Solutions Grant		33,819
ESG-Rapid Rehousing		39,258
<b>Passed-Through YWCA-Janesville</b>		
Homeless Prevention Program Grant		<u>3,339</u>
<b>Subtotal 14.231</b>		<u><b>114,910</b></u>
<b>Passed-Through Wisconsin Department of Administration</b>		
Supportive Housing Program	14.235	250,509
<b>Direct Grant - Supportive Housing Program</b>		<u>546,899</u>
<b>Subtotal 14.235</b>		<u><b>797,408</b></u>
<b>Passed-Through City of Janesville</b>		
HOME Investment Partnership	14.239	104,337
Down Payment Assistance		<u>99,328</u>
<b>Subtotal 14.239</b>		<u><b>203,665</b></u>

# Community Action, Inc. of Rock and Walworth Counties

Schedule B-2

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2014

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Federal Expenditures
<b>U.S. DEPARTMENT OF LABOR</b>		
<b>Passed-Through Southwest Wisconsin Workforce Development Board</b>		
WIA Youth Activities	17.259	<u>202,700</u>
<b>Direct Grant - Youth Build</b>	17.274	<u>413,980</u>
<b>U.S. DEPARTMENT OF ENERGY (DOE)</b>		
<b>Passed-Through Wisconsin Department of Administration</b>		
Weatherization Assistance DOE	81.042	<u>363,896</u>
<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	107,563
<b>Passed-Through Health Care Education &amp; Training</b>		
Personal Responsibility Education Program		<u>25,213</u>
<b>Subtotal 93.092</b>		<u>132,776</u>
<b>Passed-Through Planned Parenthood of Wisconsin, Inc.</b>		
Family Planning	93.217	<u>173,048</u>
<b>Passed-Through Wisconsin Department of Health Services</b>		
Well Women's Program	93.283	<u>43,201</u>
<b>Passed-Through Wisconsin Department of Administration</b>		
Weatherization Assistance EAP	93.568	490,882
Emergency Furnace Repair and Replacement		<u>96,142</u>
<b>Subtotal 93.568</b>		<u>587,024</u>
<b>Passed-Through Wisconsin Department of Children &amp; Families</b>		
Community Service Block Grant	93.569	<u>347,768</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, 2014

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)</b>		
Passed-Through Rock County Human Services PATHS	93.670	<u>61,679</u>
Passed-Through Rock County Human Services AODA Inner City	93.959	<u>46,500</u>
<b>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</b>		
Passed-Through Serve Wisconsin Americorps	94.006	<u>50,518</u>
<b>TOTAL FEDERAL PROGRAMS</b>		<u><u>\$ 4,204,052</u></u>

# Community Action, Inc. of Rock and Walworth Counties

## Notes to the Schedule of Expenditures of Federal Awards

December 31, 2014

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NOTE 1 - The Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of Community Action, Inc. of Rock and Walworth Counties under programs of the federal government for the year ended December 31, 2014. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of Community Action, Inc. of Rock & 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 & Walworth Counties.

NOTE 2 - Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

NOTE 3 - Grant numbers, if applicable, are disclosed on Schedules A-1 to A-4 for the federal awards on this schedule.

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

## Schedule C

### Consolidating Statement of Financial Position

December 31, 2014

<i>Assets</i>	Community Action, Inc. of Rock & Walworth *	Beloit Assisted Living, Inc.	Subtotal	CAI and BALI Consolidated
Current assets:				
Cash	\$ 167,514	\$ 13,287	\$ 180,801	\$ 180,801
Restricted cash	91,693	105,761	197,454	197,454
Grants receivable	498,825	0	498,825	498,825
Accounts receivable, net	100,297	349	100,646	100,646
Weatherization inventory	178,808	0	178,808	178,808
Housing inventory	203,500	0	203,500	203,500
Current portion of loans receivable	98,422	0	98,422	98,422
Prepaid expenses	79,031	1,000	80,031	80,031
<b>Total current assets</b>	<b>1,418,090</b>	<b>120,397</b>	<b>1,538,487</b>	<b>1,538,487</b>
Other assets:				
Investments	321,693	0	321,693	321,693
Loans receivable - Affiliates, net	1,822,135	0	1,822,135	1,822,135
Loans receivable - Housing, net	1,440,695	0	1,440,695	1,440,695
Loans receivable - Vehicles, net	49,752	0	49,752	49,752
<b>Total other assets</b>	<b>3,634,275</b>	<b>0</b>	<b>3,634,275</b>	<b>3,634,275</b>
Property and equipment, net	1,018,688	1,637,087	2,655,775	2,655,775
<b>TOTAL ASSETS</b>	<b>\$ 6,071,053</b>	<b>\$ 1,757,484</b>	<b>\$ 7,828,537</b>	<b>\$ 7,828,537</b>
<b><i>Liabilities and Net Assets</i></b>				
Current liabilities:				
Current portion of mortgages payable	\$ 2,609	\$ 0	\$ 2,609	\$ 2,609
Accounts payable	219,273	1,741	221,014	221,014
Accrued payroll and related expenses	75,220	0	75,220	75,220
Advances	11,478	0	11,478	11,478
Other liabilities	0	19,948	19,948	19,948
Grant funds received in advance	156,728	0	156,728	156,728
<b>Total current liabilities</b>	<b>465,308</b>	<b>21,689</b>	<b>486,997</b>	<b>486,997</b>
Long-term liabilities:				
Line of credit	200,000	0	200,000	200,000
Long-term advances	35,578	0	35,578	35,578
Capital advance - HUD	0	2,251,500	2,251,500	2,251,500
Mortgages payable	40,888	0	40,888	40,888
<b>Total long-term liabilities</b>	<b>276,466</b>	<b>2,251,500</b>	<b>2,527,966</b>	<b>2,527,966</b>
<b>Total liabilities</b>	<b>741,774</b>	<b>2,273,189</b>	<b>3,014,963</b>	<b>3,014,963</b>
Net assets:				
Unrestricted	589,474	( 515,705)	73,769	73,769
Unrestricted - Board designated	321,693	0	321,693	321,693
<b>Total unrestricted</b>	<b>911,167</b>	<b>( 515,705)</b>	<b>395,462</b>	<b>395,462</b>
Temporarily restricted	4,418,112	0	4,418,112	4,418,112
<b>Total net assets</b>	<b>5,329,279</b>	<b>( 515,705)</b>	<b>4,813,574</b>	<b>4,813,574</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 6,071,053</b>	<b>\$ 1,757,484</b>	<b>\$ 7,828,537</b>	<b>\$ 7,828,537</b>

\* Includes activity for both CAI and CAP.

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

## Schedule D

### Consolidating Statement of Activities

Year Ended December 31, 2014

	<b>Community Action, Inc. of Rock &amp; Walworth *</b>	<b>Beloit Assisted Living, Inc.</b>	<b>CAI and BALI Consolidated</b>
<b>Revenue:</b>			
Grant and contract revenue	\$ 6,403,837	\$ 0	\$ 6,403,837
Fee for services revenue	1,403,577	4,343	1,407,920
Program and other contributions	310,676	0	310,676
Rental income	58,505	140,716	199,221
Investment income	16,000	149	16,149
In-kind revenue	14,698	0	14,698
<b>Total revenue</b>	<b>8,207,293</b>	<b>145,208</b>	<b>8,352,501</b>
<b>Expenses:</b>			
Salaries and wages	3,012,432	0	3,012,432
Fringe benefits	797,639	0	797,639
Consultants/contractual	54,517	22,603	77,120
Travel	94,813	0	94,813
Occupancy	614,814	35,833	650,647
Supplies	96,604	5,184	101,788
Weatherization materials	1,349,367	0	1,349,367
Client/participant costs	1,268,297	0	1,268,297
Depreciation	167,717	54,901	222,618
Commodities distributed	454,896	0	454,896
Other	430,598	93,283	523,881
<b>Total expenses</b>	<b>8,341,694</b>	<b>211,804</b>	<b>8,553,498</b>
Change in net assets	( 134,401)	( 66,596)	( 200,997)
Net assets (deficit) at beginning of year	5,463,680	( 449,109)	5,014,571
<b>Net assets (deficit) at end of year</b>	<b>\$ 5,329,279</b>	<b>(\$ 515,705)</b>	<b>\$ 4,813,574</b>

\* Includes activity for both CAI and CAP.



# Community Action, Inc. of Rock and Walworth Counties

## Schedule E

### Schedule of Emergency Furnace Activity by Contract

Year Ended December 31, 2014

<u>Contract #</u>	<u>Prior Audit Period Cash Received</u>	<u>Current Audit Period Cash Received</u>	<u>True up Received (Paid)</u>	<u>Net Contract to Date Cash Received</u>	<u>Prior Audit Period Expenses</u>	<u>Current Audit Period Expenses</u>	<u>Contract to Date Expenses</u>
AD139692.03	\$ 47,365	\$ 213,901	\$ 1,624	\$ 262,890	\$ 86,351	\$ 176,539	\$ 262,890
AD149877.03	0	49,211	0	49,211	0	58,099	58,099
	<u>\$ 47,365</u>	<u>\$ 263,112</u>	<u>\$ 1,624</u>	<u>\$ 312,101</u>	<u>\$ 86,351</u>	<u>\$ 234,638</u>	<u>\$ 320,989</u>



## **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, 2014, 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 29, 2015. The financial statements of 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 Community Action Properties, LLC.

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

In planning and performing our audit of the consolidated 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.

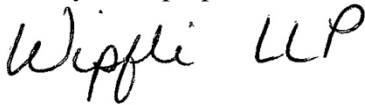
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not 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 over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and 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, flowing style.

Wipfli LLP

June 29, 2015  
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) Circular A-133 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, 2014. Community Action, Inc. of Rock & Walworth Counties' major federal and state programs are identified in the summary of audit 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 \$500,000 in federal awards in the year ended December 31, 2014, 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 the requirements of laws, regulations, contracts, and grants 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; and *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations* and the *State Single Audit Guidelines*, issued by the Wisconsin Department of Administration. Those standards and *OMB Circular A-133* 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, 2014.

## 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 and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal and state program and to test and report on internal control over compliance in accordance with *OMB Circular A-133* and the *State Single Audit Guidelines*, 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 in internal control over compliance 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 that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. 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 *OMB Circular A-133* and the *State Single Audit Guidelines*. Accordingly, this report is not suitable for any other purpose.

  
Wipfli LLP

June 29, 2015  
Madison, Wisconsin

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

## Schedule of Findings and Questioned Costs

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### A. Summary of Auditor's Results

1. The auditor's report expresses an unmodified opinion on the consolidated financial statements of Community Action, Inc. of Rock & Walworth Counties and Related Entities.
2. No material weaknesses or significant deficiencies relating to the audit of the consolidated financial statements are reported in the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*.
3. No instances of noncompliance material to the consolidated financial statements were disclosed during the audit.
4. No material weaknesses or significant deficiencies were disclosed during the audit of the major federal and major state award programs as reported in the Independent Auditor's Report on Compliance for Each Major Federal and State Program and Internal Control over Compliance.
5. The auditor's report on compliance for the major federal and major state award programs expresses an unmodified opinion.
6. There were no audit findings relative to the major federal and major state award programs.
7. The programs tested as major federal programs were Department of Housing and Urban Development, CFDA #14.235, Department of Labor, CFDA #17.274, Department of Energy, CFDA #81.042, and Department of Health and Human Services, CFDA #93.568.
8. The programs tested as major state programs were the State of Wisconsin, Department of Administration, Public Benefits and Emergency Furnace Replacement Programs.
9. The threshold for distinguishing federal Type A and B programs was \$300,000. The threshold for distinguishing state Type A and B programs was \$100,000.
10. Community Action, Inc. of Rock & Walworth Counties was determined to be a low-risk auditee.

### B. Findings – Financial Statements Audit

None

### C. Findings and Questioned Costs – Major Federal Award Programs Audit

**Findings:** None

**Questioned Costs:** None

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

## Schedule of Findings and Questioned Costs

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### D. **Prior Year Findings**

None

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

State Single Audit Guidelines Checklist  
 Year Ended December 31, 2014

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## A. Summary of Auditor's Results

### Financial Statements

- |    |   |            |
|----|---|------------|
| 1. | Type of auditor's report issued?  | Unmodified |
| 2. | Internal control over financial reporting:                                    |            |
|    | a. Material weakness identified?  | No         |
|    | b. Reportable conditions identified not considered to be material weaknesses? | No         |
| 3. | Noncompliance material to the financial statements noted?                     | No         |

### Federal and State Awards

- |    |   |            |
|----|---|------------|
| 4. | Internal control over major programs:   |            |
|    | a. Material weaknesses identified?  | No         |
|    | b. Reportable conditions identified not considered to be material weaknesses?                                     | No         |
| 5. | Type of auditor's report issued on compliance for major programs?   | Unmodified |
| 6. | Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)? | No         |
| 7. | Identification of state major programs:   |            |
|    | <u>Name of State Program</u>  |            |
|    | Public Benefits   |            |
|    | Emergency Furnace Replacement   |            |

**B. Financial Statement Findings** No matters were reported

**C. Federal and State Award Findings and Questioned Costs** No matters were reported



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

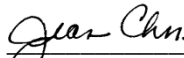
State Single Audit Guidelines Checklist  
Year Ended December 31, 2014

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**D. Prior Year Findings and Questioned Costs**

None

**E. Other Issues**

1. 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
  
2. Does the audit report show audit issues (i.e., material noncompliance, nonmaterial noncompliance, questioned costs, material weakness, reportable condition, management letter comment, excess revenue, or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the *State Single Audit Guidelines*:
  - a. Department of Health Services No
  - b. Department of Workforce Development No
  - c. Department of Administration No
  - d. Department of Public Instruction No
  - e. Department of Children and Families No
  - f. Department of Transportation No
  
3. Was a management letter or other document conveying audit comments issued as a result of this audit? No
  
4. Name and signature of partner in charge   
Jean M. Christensen, CPA
  
5. Date of report June 29, 2015