

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

Beloit, Wisconsin

Consolidated Financial Statements and  
Supplementary Information  
Year Ended December 31, 2017

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

Consolidated Financial Statements and Supplementary Information  
Year Ended December 31, 2017

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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, 2017, and the related consolidated statements of activities and cash flows for the year then ended and the related notes to the consolidated financial statements.

### **Management's Responsibility for the Consolidated Financial Statements**

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

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

### **Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Community Action, Inc. of Rock & Walworth Counties and Related Entities as of December 31, 2017, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States.

## **Change in Accounting Principle**

As discussed in Note 1, Beloit Assisted Living, Inc. has elected a more preferable method of accounting for their capital advance than in prior years. This change in accounting principle is reflected as a retrospective adjustment to beginning net assets on the consolidated statement of activities. Our opinion is not modified with respect to this matter.


## **Other Matters**

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying Schedule of Program Activity, Schedule of Expenditures of Federal Awards as required by Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the *State Single Audit Guidelines*, issued by the Wisconsin Department of Administration, Consolidating Statement of Financial Position, Consolidating Statement of Activities, Statement of Financial Position – Low-Income Housing Partnerships, Statement of Activities – Low-Income Housing Partnerships, Schedule of Emergency Furnace Activity by Contract, and DHS Cost Reimbursement Award Schedule are presented for the purposes 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. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2018, on our consideration of Community Action, Inc. of Rock & Walworth Counties and Related Entities' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreement and other matters. The purpose of that report is solely 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 effectiveness of Community Action, Inc. of Rock & Walworth Counties' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Community Action, Inc. of Rock & Walworth Counties and Related Entities' internal control over financial reporting and compliance.



Wipfli LLP

June 27, 2018  
Madison, Wisconsin

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

## Consolidated Statement of Financial Position

December 31, 2017

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<i>Assets</i>	
Current assets:	
Cash	\$ 524,025
Restricted cash	716,651
Grants receivable	671,934
Accounts receivable, net	74,296
Weatherization inventory	97,248
Housing inventory	166,759
Commodity food inventory	961
Current portion of loans receivable - Housing and vehicle	17,695
Prepaid expenses and other assets	119,339
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Total current assets	2,388,908
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Other assets:	
Investments	375,203
Loans receivable - Affiliates	220,000
Loans receivable - Housing, net	1,181,812
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Total other assets	1,777,015
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Property and equipment, net	6,091,784
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<b>TOTAL ASSETS</b>	<b>\$ 10,257,707</b>

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

## Consolidated Statement of Financial Position (Continued)

December 31, 2017

<i>Liabilities and Net Assets</i>	
Current liabilities:	
Current portion of mortgages payable	\$ 18,923
Accounts payable	207,387
Accrued payroll and related expenses	78,222
Other liabilities	63,496
Grant funds received in advance	132,691
<b>Total current liabilities</b>	<b>500,719</b>
Long-term liabilities:	
Long-term advances	35,578
Mortgages payable	1,190,267
<b>Total long-term liabilities</b>	<b>1,225,845</b>
<b>Total liabilities</b>	<b>1,726,564</b>
Net assets:	
Unrestricted - CAI	992,070
Unrestricted - BALI	1,563,605
Unrestricted - Board designated	375,203
Unrestricted - Low-Income housing partnerships	1,329,737
<b>Total unrestricted</b>	<b>4,260,615</b>
Temporarily restricted - CAI	4,270,528
<b>Total net assets</b>	<b>8,531,143</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 10,257,707</b>

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

## Consolidated Statement of Activities

Year Ended December 31, 2017

	Unrestricted	Temporarily Restricted	Total
Revenue:			
Grant and contract revenue	\$ 6,442,356	\$ 73,342	\$ 6,515,698
Fee for services revenue	1,343,509	0	1,343,509
Program and other contributions	430,728	89,614	520,342
Rental income	805,515	0	805,515
Investment income	52,693	0	52,693
Net assets released from restriction through satisfaction of program restrictions	141,886	( 141,886)	0
<b>Total revenue</b>	<b>9,216,687</b>	<b>21,070</b>	<b>9,237,757</b>
Expenses:			
Salaries and wages	2,929,543	0	2,929,543
Fringe benefits	714,106	0	714,106
Consultants/contractual	233,628	0	233,628
Travel	77,538	0	77,538
Occupancy	946,858	0	946,858
Supplies	116,545	0	116,545
Weatherization materials and other inventory	1,732,169	0	1,732,169
Client/participant costs	1,107,595	0	1,107,595
Depreciation	242,561	0	242,561
Commodities distributed	423,585	0	423,585
Other	445,408	0	445,408
<b>Total expenses</b>	<b>8,969,536</b>	<b>0</b>	<b>8,969,536</b>
Change in net assets	247,151	21,070	268,221
Net assets at beginning of year, as previously reported	1,761,964	4,249,458	6,011,422
Restatement of capital advance to net assets	2,251,500	0	2,251,500
Net assets at beginning of year, as restated	4,013,464	4,249,458	8,262,922
<b>Net assets at end of year</b>	<b>\$ 4,260,615</b>	<b>\$ 4,270,528</b>	<b>\$ 8,531,143</b>

See accompanying notes to consolidated financial statements.

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

## Consolidated Statement of Cash Flows

Year Ended December 31, 2017

Increase (decrease) in cash:		
Cash flows from operating activities:		
Change in net assets	\$	268,221
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation		242,561
Amortized interest expense		1,186
Contribution related to below market purchase of building	(	158,366)
Realized and unrealized gain on investments	(	36,301)
Change in allowance for uncollectible accounts receivable		13,906
Write down of housing inventory		14,295
Change in allowance for uncollectible loans receivable		39,457
Net change in discount on loans receivable	(	21,716)
Changes in operating assets and liabilities:		
Restricted cash	(	16,786)
Grants receivable		136,008
Accounts receivable	(	10,948)
Weatherization inventory		62,548
Housing inventory	(	34,255)
Prepaid expenses and other assets	(	11,536)
Accounts payable	(	119,502)
Accrued payroll and related expenses		13,652
Other liabilities	(	4,115)
Grant funds received in advance	(	105,702)
Net cash provided by operating activities		272,607
Cash flows from investing activities:		
Capital expenditures	(	220,521)
Purchase of investments	(	242,363)
Proceeds from sale of investments		230,349
Collections on loans receivable		120,711
Issuance of loans receivable	(	5,000)
Net cash used in investing activities	(	116,824)
Cash flows from financing activities:		
Payments on mortgages payable	(	18,106)
Net cash used in financing activities	(	18,106)
Change in cash		137,677
Cash at beginning of year		386,348
Cash at end of year	\$	524,025
<b>Supplemental schedule of operating activities:</b>		
Interest paid and expensed	\$	64,502
<b>Supplemental schedule of noncash operating and investing activity:</b>		
Change in commodity food inventory/grant funds received in advance	(	2,181)
Non-cash contribution		158,366

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 39% of grant revenue is received from the State of Wisconsin under the Weatherization program.

Beloit Assisted Living, Inc. (BALI) was organized as a private nonprofit corporation in 2001. BALI has common board members with CAI and is under common control with CAI. BALI was organized to provide affordable housing for the elderly. BALI currently owns and operates a 30-unit housing project. The project is funded through a forgivable loan from the U.S. Department of Housing and Urban Development (HUD). A separate Single Audit was also issued for BALI as of and for the year ended December 31, 2017.

Beloit Mature Adult Housing, LLC (BMAH), a Wisconsin limited liability company, was formed in January 1997, under the Wisconsin Limited Liability Company Act to acquire and operate a 47-unit residential rental housing project called Olympian Hill Apartments located in Beloit, Wisconsin. The project is financed and regulated by the Wisconsin Housing and Economic Development Authority (WHEDA).

Delavan Mature Adult Housing, LLC (DMAH), a Wisconsin limited liability company, was formed in April 1999, under the Wisconsin Limited Liability Company Act to acquire and operate a 24-unit residential rental housing project called Prairie View Apartments located in Delavan, Wisconsin. The Project qualifies for low-income housing tax credits pursuant to Section 42 of the Internal Revenue Service Code. The Project receives rent and interest subsidies from Rural Housing Service (RHS) of the U.S. Department of Agriculture, Rural Development (USDA-RD).

Evansville Senior Housing, LP (ESH) was formed in July 2000, as a limited partnership under the Wisconsin Uniform Limited Partnership Act to construct and operate a 24-unit residential rental housing project called Arbor Glen Apartments (the "Project") located in Evansville, Wisconsin. The Project qualifies for low-income housing tax credits pursuant to Section 42 of the Internal Revenue Service Code (IRC). The Project receives rent and interest subsidies from Rural Housing Service (RHS) of the U.S. Department of Agriculture, Rural Development (USDA-RD).

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.

# 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)**

#### **Principles of Consolidation**

These financial statements are consolidated and include the accounts of CAI, BALI, BMAH, DMAH, ESH, 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. 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.

**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.

# 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)**

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.

#### **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, BMAH, DMAH, and ESH with tenants. Rental income is recognized when earned.

# 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 \$126,631 at December 31, 2017.

#### **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**

Inventory consists of weatherization, housing, and commodity foods. In 2017, the Organization adopted Accounting Standard Update (ASU) 2015-11, "Inventory – Simplifying the Measurement of Inventory," which changed how inventory is valued. Inventories as of December 31, 2017 are stated at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. The adoption of ASU 2015-11 did not have a material impact on the Organization's financial statements.

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.

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.

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.

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.

# 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)**

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. Due to the short term nature of these loans and the amount of the discount, they have not been discounted to their net present value.

##### **Loans Receivable – Affiliate**

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 a limited liability company (LLC), 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 \$264,320 at December 31, 2017. 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.

# 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)**

#### **Financing Fees**

Financing fees represent costs associated with obtaining debt to finance the purchase of the BMAH housing project. Unamortized financing fees have been recorded as a reduction to the related debt obligation. The costs are being amortized to interest expense over the maximum term provided in the debt agreement using the straight-line method.

#### **Income Taxes**

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

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

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

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

#### **Indirect Cost Rate**

Joint costs are allocated to benefiting programs using an indirect cost rate. Joint costs are those costs incurred for the common benefit of all organization programs that cannot be readily identified with a final cost objective. A provisional indirect cost rate of 14% of modified total direct costs has been approved by the U.S. Department of Health and Human Services (DHHS). A provisional indirect cost rate is based upon the projected costs of the Organization for the fiscal year under consideration. CAI adjusts the provisional rate based upon actual experience. This adjusted rate is subject to approval at which time the indirect cost rate becomes final. Any adjustments to the rate will be reflected in the consolidated financial statements when the rate is finalized.

#### **Change in Accounting Principle**

In 2017, BALI elected to change the methodology of accounting for the capital advance. Previously, BALI recognized the capital advance as a liability. BALI now reflects the capital advance as part of unrestricted net assets. As HUD allows for the treatment of the capital advance as net assets or a liability, BALI believes reflecting the amount as a net asset is preferable. BALI intends on complying with the 40 year compliance period at which point the advance will be forgiven. The change in accounting principle was applied retrospectively which resulted in an increase in beginning net assets in the amount of \$2,251,500.

# 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)

#### Subsequent Events

Subsequent events have been evaluated through June 27, 2018, which is the date the financial statements were available to be issued.

#### Note 2: Concentration of Credit Risk

The Organizations maintain their cash balances at 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

The restricted cash balance at December 31, 2017, consisted of the following.

CAI reserve for unemployment claims	\$	85,183
BALI reserves and security deposits		95,025
BMAH reserves and security deposits		251,248
DMAH reserves and security deposits		199,774
ESH reserves and security deposits		85,421
<u>Total</u>	<u>\$</u>	<u>716,651</u>

#### Note 4: Grants Receivable

Grants receivable at December 31, 2017, consisted of the following:

Direct federal programs	\$	120,169
State programs		374,542
Other programs		177,223
<u>Total</u>	<u>\$</u>	<u>671,934</u>



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

## Notes to Consolidated Financial Statements

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### Note 5: Accounts Receivable

Accounts receivable at December 31, 2017, consisted of funds due for the following activities:

Patient fees, net of \$98,710 allowance for uncollectible amounts	37,038
CAI miscellaneous activities, net of \$27,921 allowance for uncollectible amounts	22,964
BALI, DMAH, and ESH rental activities	14,294
<u>Total</u>	<u>\$ 74,296</u>

There is no allowance for the rental receivables.

### Note 6: Investments

The investments consist of unrestricted funds in a trust managed by BMO Harris Bank. The trust account is invested in equity and fixed income funds and a money market fund and is carried at fair value.

As of December 31, investments consist of the following:

Money market fund	\$ 6,268
<u>Equity and fixed income funds</u>	<u>368,935</u>
<u>Total</u>	<u>\$ 375,203</u>

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

Interest and dividends	\$ 20,547
Realized and unrealized gain on investments	36,301
<u>Fees</u>	<u>( 4,155)</u>
<u>Investment income</u>	<u>\$ 52,693</u>

### Note 7: Loan Receivable - Affiliate

CAI has received Community Housing Development Organization (CHDO) Rental Housing Development awards from the State of Wisconsin DOA. The awards were used for the development of HOME-assisted units. The loan receivable - affiliate at December 31, 2017, consists of \$220,000 in State of Wisconsin CHDO funds loaned to Mulberry Grove, LLC. The loan is non-interest bearing. CAI has a 3% interest in Mulberry Grove LLC.

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

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### Note 7: Loan Receivable – Affiliate (Continued)

There is no allowance for uncollectible loans for the loan receivable – affiliate. CAI determined this loan was not considered impaired. CAI regularly evaluates attributes of loans to determine the appropriateness of the allowance for loan losses. Given the long-term nature of this loan and the fact that payment is not due until maturity, CAI has not attributed an allowance against the loan above. The loan receivable - affiliate is generally evaluated based on whether or not the loan is performing according to the contractual terms of the loan.

In addition, the loan receivable - affiliate is not past due. Due to the nature of the loan terms, no payments of principal or interest are required until loan maturity.

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 2017.

### Note 8: Weatherization Inventory

At December 31, 2017, CAI’s inventory of weatherization material included the following:

Materials inventory	\$	5,989
Work in process		91,259
Total	\$	97,248

### Note 9: Housing Inventory

The inventory of houses included the following:

Beginning cost of house inventory - Beloit Merrill Neighborhood	\$	146,799
Current year additions		34,255
Current year write-down (lower of cost or net realizable value)	(	14,295)
Ending cost of house inventory - Beloit Merrill Neighborhood	\$	166,759

CAI has purchased older homes in Beloit and Janesville to repair and sell in an effort to provide affordable housing and to stimulate private redevelopment in these locations. 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. Four of the homes in the Beloit Merrill Neighborhood 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. \$ 65,019

CAI received a HOME grant award to help low-income homebuyers bring their homes up to housing quality standards. Rehabilitation assistance is in the form of a no-interest deferred loan. The loan is payable at the earliest of the sale, transfer, or reassignment of the property. 102,400

CAI received a HOME grant and a Housing Cost Reduction Initiative (HCRI) grant to provide no-interest deferred loans to help low-income homebuyers acquire a lot for the construction of a home and for down payment and closing cost assistance. The assistance is given as a no-interest deferred loan payable at the earliest of the sale or transfer of the property. 270,151

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

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. 572,558

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. 31,575

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

## Notes to Consolidated Financial Statements

### Note 10: Loans Receivable – Housing (Continued)

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

	644,470
Total loans receivable - Housing and home weatherization	1,859,306
<u>Allowance for uncollectible</u>	<u>( 385,893)</u>
Expected revolving loans to be received	1,473,413
<u>Discounted at 4.5%</u>	<u>( 288,635)</u>
Loans receivable, net	1,184,778
<u>Total current portion</u>	<u>( 2,966)</u>
<u>Total long-term portion</u>	<u>\$ 1,181,812</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.

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

For the year ended December 31, 2017, the allowance for loan losses change is as follows:

Balance at the beginning of the year	\$ 396,801
Provision for loan losses	14,689
<u>Charge-offs</u>	<u>( 25,597)</u>
<u>Balance at the end of year</u>	<u>\$ 385,893</u>

There are \$63,876 in housing loans that are considered past due by 90 days or over at December 31, 2017. There were no loans evaluated individually for impairment. There were no loans restructured under a troubled debt restructuring in 2017. The amount of loans that have been placed on nonaccrual status is \$739,921 at December 31, 2017. Interest income recognized on loans that have been placed on nonaccrual status was \$23,004 during 2017.

### Note 11: Loans Receivable - Vehicle

CAI loaned funds to eligible individuals for vehicle purchase assistance as a part of the Work 'N Wheels Program. The assistance was provided in the form of no-interest installment loans. Loans are to be repaid in monthly installments over a time period of 30 months.

Total loans receivable - Vehicle	\$ 31,817
<u>Allowance for uncollectible</u>	<u>( 17,088)</u>
<u>Total current portion</u>	<u>\$ 14,729</u>

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

## Notes to Consolidated Financial Statements

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

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

For the year ended December 31, 2017, the allowance for loan losses change is as follows:

Balance at the beginning of the year	\$	21,945
Provision for loan losses		24,768
Charge-offs	(	29,625)
<u>Balance at the end of year</u>	<u>\$</u>	<u>17,088</u>

There are \$17,088 in vehicle loans that are considered past due by 90 days or over at December 31, 2017.

There were no loans evaluated individually for impairment. There were no loans restructured under a troubled debt restructuring in 2017.

### Note 12: Property and Equipment

A summary of property and equipment as of December 31, 2017, is as follows:

	Land	Building	Equipment	Total
CAI	\$ 224,600	\$ 2,449,096	\$ 580,215	\$ 3,253,911
BALI	4,141	2,204,682	23,911	2,232,734
BMAH	0	1,275,000	0	1,275,000
DMAH	272,300	903,700	0	1,176,000
ESH	210,420	1,023,471	0	1,233,891
Subtotal	711,461	7,855,949	604,126	9,171,536
Accumulated depreciation				(3,079,752)
<u>Property and equipment, net</u>				<u>\$ 6,091,784</u>

### Note 13: Mortgages Payable

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

\$ 15,000

BMAH has a mortgage payable to WHEDA, payable in monthly installments of \$3,687, including interest at a rate of the 7-year Treasury Rate plus 2.75% (5.08% at December 31, 2017). The maturity date of the mortgage is August 1, 2045. The mortgage is secured by BMAH's assets.

688,682

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

## Notes to Consolidated Financial Statements

### Note 13: Mortgages Payable (Continued)

BMAH has a mortgage payable to WHEDA, payable in annual installments of \$7,589, including interest at a fixed rate of 3%. Debt service payments on this mortgage is subject to available surplus cash flow. The maturity date of the mortgage is August 1, 2045. The mortgage is secured by BMAH's assets. 143,343

DMAH has a mortgage payable to Rural Housing Services (RHS), payable in monthly installments of \$875, including interest at a fixed rate of 7.125% with a maturity date of December 1, 2031, in the form of a balloon payment equal to the principal balance at that date. The mortgage is secured by the DMAH's assets. 133,088

ESH has a mortgage payable to RHS, payable in monthly installments of \$1,655, including interest at a fixed rate of 6.875% with a maturity date of July 2030. The mortgage is secured by the ESH's assets. 261,791

Subtotals	1,241,904
Unamortized debt issuance costs, net of accumulated amortization of \$2,866	( 32,714)
<u>Current maturities of mortgages payable</u>	<u>( 18,923)</u>

Long-term mortgages payable \$ 1,190,267

Future payments of mortgages payable are as follows:

2018	\$ 18,923
2019	19,843
2020	20,808
2021	21,825
2022	22,894
<u>Thereafter</u>	<u>1,137,611</u>

Total \$ 1,241,904

CAI also has a line of credit at BMO Harris Bank with a maximum loan available of \$750,000. The line of credit matures in October 2020. The line of credit has an interest rate of the one-month LIBOR rate plus 3.15% (4.58% at December 31, 2017), and is collateralized by real property. There was no outstanding amount drawn on the line of credit at December 31, 2017.

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

## Notes to Consolidated Financial Statements

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### Note 14: Advances

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

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

### Note 15: Capital Advance - HUD

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

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

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

The Note, in its principal amount, is reflected as unrestricted net assets. Management currently intends to comply with all Note provisions over the term of the Note and management believes that the possibility that repayment may occur is remote and; therefore, believes recognition of the Note as unrestricted net assets 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	\$ 1,863,698
Revolving loans - Housing	1,732,998
Twin Oaks shelter	61,728
Housing activities subtotal	3,658,424
Vehicle	163,201
Grant-funded equipment	264,320
Employment training	74,306
Other	110,277
<b>Total</b>	<b>\$ 4,270,528</b>

### Note 17: Related Party

CAI received CHDO rental housing assistance awards from the State of Wisconsin DOA. The award was for the development of HOME-assisted units. CAI has entered into an agreement with Mulberry Grove, LLC to construct and own a rental property, of which a certain number of units are HOME-assisted units as stipulated in the CHDO award.

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 this LLC. The ownership, loans, and service fees received relating to the LLC are as follows:

	Percentage Ownership	Loans Receivable	Management Service Fee Received in 2017
Mulberry Grove, LLC	3.00%	\$ 220,000	\$ 0

See additional information on loans receivable in Note 7. CAI's minority investment interest in the above LLC is \$0. The investment is accounted for on the equity method based on CAI's ownership status in the partnership.

### 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 two 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 \$94,975 for the year ended December 31, 2017.



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

## Notes to Consolidated Financial Statements

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### 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, 2017, was \$575,488, which includes \$447,774 in lease expense related to CAI's Transitional Living Program. The future minimum lease obligations are as follows:

2018	\$	282,667
2019		131,864
2020		133,944
2021		136,110
2022		138,304
Thereafter		1,435,565
<u>Total lease obligations</u>		<u>\$ 2,258,454</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, 2017, was \$86,178. Rental income from the affordable housing projects during the year ended December 31, 2017, was \$719,337. As per the sublease agreements, guaranteed annual rental payments due to CAI are as follows:

2018	\$	45,070
2019		26,535
2020		5,622
<u>Total rental payments</u>		<u>77,227</u>

### Note 21: Commitments and Contingencies

At December 31, 2017, CAI had commitments under various grants of approximately \$4,200,000. These commitments are not recognized in the accompanying consolidated financial statements as they are conditional awards.

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

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

## Notes to Consolidated Financial Statements

### Note 22: Sources of Revenue

Generally, revenue received is from government or private sources. The table below shows the sources of funds for 2017.

	Percentage	Amount
Government	68%	\$ 6,316,826
Private	32%	2,920,931
<b>Totals</b>	<b>100%</b>	<b>\$ 9,237,757</b>

### Note 23: Functional Classification of Expenses

The following program and supporting services are reflected in the consolidated statement of activities for the year ended December 31, 2017:

Program activities:

Weatherization/energy assistance	\$ 2,479,715
Child programs	825,134
Community services programs	551,854
Health Care	509,018
Homeless/shelter programs	208,154
Food programs	521,179
Housing and housing rehabilitation	1,769,186
Employment training	1,019,944
Other	47,922
<b>Total program activities</b>	<b>7,932,106</b>
Fund-raising	44,527
<b>Management and general expenses</b>	<b>992,903</b>
<b>Total expenses</b>	<b>\$ 8,969,536</b>

### Note 24: Fair Value Measurements

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

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

## Notes to Consolidated Financial Statements

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

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

Information regarding the fair value of assets measured at fair value on a recurring basis as of December 31, 2017, is as follows:

	Assets Measured at Fair Value	Recurring Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Money market fund	\$ 6,268	\$ 6,268	\$ 0	\$ 0
Equity and fixed income funds:				
Large cap funds	118,372	118,372	0	0
Mid cap funds	30,756	30,756	0	0
Small cap funds	10,565	10,565	0	0
International development funds	62,516	62,516	0	0
Emerging markets	12,855	12,855	0	0
Multi-strategy funds	23,998	23,998	0	0
Bonds	109,873	109,873	0	0
Totals	\$ 375,203	\$ 375,203	\$ 0	\$ 0

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

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

Information regarding the fair value of assets measured at fair value on a non-recurring basis as of December 31, 2017, is as follows:

	Assets Measured at Fair Value	Non-recurring Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Housing inventory	\$ 166,759	\$ 0	\$ 0	\$ 166,759

# 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 \$181,054 was written down to its fair value of \$166,759 since this impairment was deemed to be other than temporary. As a result, an impairment charge of \$14,295 is included in the consolidated statement of activities for the year ended December 31, 2017.

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.

# **Supplementary Information**

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

Schedule A-1  
 Schedule of Program Activity  
 Year Ended December 31, 2017

CFDA Number	Grant Number	Program Name	Grantor Agency	Program Period	Program or Award Amount
<b>ASSISTANCE PROGRAMS AS IDENTIFIED IN THE CATALOG OF FEDERAL DOMESTIC ASSISTANCE</b>					
<b>Department of Agriculture</b>					
10.558	53-6801	Community Kids Janesville (USDA)	State of WI Dept. of Public Instruction	10/01/16-09/30/17	N/A
10.558	53-6801	Community Kids Janesville (USDA)	State of WI Dept. of Public Instruction	10/01/17-09/30/18	N/A
		<b>Subtotal 10.558</b>			
10.561	N/A	FSET-Fatherhood	SWWDB	10/01/16-09/30/17	83,475
10.561	N/A	FSET-Fatherhood	SWWDB	10/01/17-09/30/18	89,627
		<b>Subtotal 10.561</b>			
10.568	29939	Temporary Emerg. Food Asst. Prog.	State of WI Dept. of Health Services	10/01/16-09/30/17	53,534
10.568	33966	Temporary Emerg. Food Asst. Prog.	State of WI Dept. of Health Services	10/01/17-09/30/18	39,666
		<b>Subtotal 10.568</b>			
10.569	N/A	Commodity Food Program	State of WI Dept. of Health Services	01/01/17-12/31/17	N/A
		<b>Subtotal 10.568 &amp; 10.569 Cluster</b>			
<b>Department of Housing and Urban Development</b>					
14.218	94520966-2017	Community Development Block Grant	City of Beloit	01/01/17-12/31/17	25,795
14.218	94520921-2017	Community Development Block Grant	City of Beloit	01/01/17-12/31/17	34,000
14.218	94520966-2017	Community Development Block Grant	City of Beloit	01/01/17-12/31/17	12,705
		<b>Subtotal 14.218</b>			
14.231	ETH 16-05	Emergency Shelter & Homeless Prevention	State of WI Dept. of Administration	07/01/16-06/30/17	53,932
14.231	ETH 17-04	Emergency Shelter & Homeless Prevention	State of WI Dept. of Administration	07/01/17-06/30/18	56,499
		<b>Subtotal 14.231</b>			
14.235	SHP 15-01	Supportive Housing Prog.-Shelter Plus Care	State of WI Dept. of Administration	06/01/16-05/31/17	261,692
14.235	SHP 60-01	Supportive Housing Prog.-Shelter Plus Care	State of WI Dept. of Administration	06/01/17-05/31/18	261,692
		<b>Subtotal 14.235</b>			
14.239	N/A	HOME Invest. Partnership - Rock	City of Janesville	01/01/17-12/31/17	95,000
14.267	WI0016L5I001407	HUD Continuum of Care	U.S. Dept. of HUD	09/01/16-08/31/17	544,442
14.267	WI0016L5I001508	HUD Continuum of Care	U.S. Dept. of HUD	09/01/17-08/31/18	544,442
		<b>Subtotal 14.267</b>			
<b>Department of Labor</b>					
17.259	CAI.YOUTH.PY15	WIOA Youth Activities	SWWDB	07/01/15-06/30/17	669,495
17.274	YB-26235-14-60-A-55	Youth Build	U.S. Dept. of Labor	07/01/14-06/30/17	720,000
17.274	YB-29990-17-60-A-55	Youth Build	U.S. Dept. of Labor	10/17/16-02/16/20	1,100,000
		<b>Subtotal 17.274</b>			
<b>Department of Energy</b>					
81.042	WX 1718.03	Weatherization Assistance DOE	State of WI Dept. of Administration	07/01/16-06/30/18	624,334

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

Schedule A-1 (Continued)  
 Schedule of Program Activity  
 Year Ended December 31, 2017

Net Assets (Deficit) 12/31/16	Grant funds Received in Advance 12/31/16	Current Grant Revenue	Other Revenue	Expenses	Transfers	Grant funds Received in Advance 12/31/17	Net Assets (Deficit) 12/31/17
\$ 0	\$ 0	\$ 47,395	\$ 0	(\$ 77,986)	\$ 30,591	\$ 0	\$ 0
0	0	12,129	0	( 30,441)	18,312	0	0
<b>0</b>	<b>0</b>	<b>59,524</b>	<b>0</b>	<b>( 108,427)</b>	<b>48,903</b>	<b>0</b>	<b>0</b>
0	0	47,629	0	( 47,629)	0	0	0
0	0	21,008	0	( 21,008)	0	0	0
<b>0</b>	<b>0</b>	<b>68,637</b>	<b>0</b>	<b>( 68,637)</b>	<b>0</b>	<b>0</b>	<b>0</b>
0	0	45,407	0	( 45,407)	0	0	0
0	0	8,634	0	( 8,634)	0	0	0
<b>0</b>	<b>0</b>	<b>54,041</b>	<b>0</b>	<b>( 54,041)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>0</b>	<b>3,142</b>	<b>421,404</b>	<b>0</b>	<b>( 423,585)</b>	<b>0</b>	<b>( 961)</b>	<b>0</b>
<b>0</b>	<b>3,142</b>	<b>475,445</b>	<b>0</b>	<b>( 477,626)</b>	<b>0</b>	<b>( 961)</b>	<b>0</b>
0	0	25,795	0	( 25,795)	0	0	0
0	0	34,000	0	( 34,000)	0	0	0
0	0	12,705	0	( 12,705)	0	0	0
<b>0</b>	<b>0</b>	<b>72,500</b>	<b>0</b>	<b>( 72,500)</b>	<b>0</b>	<b>0</b>	<b>0</b>
0	0	41,652	0	( 41,652)	0	0	0
0	0	9,345	0	( 9,345)	0	0	0
<b>0</b>	<b>0</b>	<b>50,997</b>	<b>0</b>	<b>( 50,997)</b>	<b>0</b>	<b>0</b>	<b>0</b>
0	0	109,679	0	( 109,679)	0	0	0
0	0	121,273	0	( 121,273)	0	0	0
<b>0</b>	<b>0</b>	<b>230,952</b>	<b>0</b>	<b>( 230,952)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>0</b>	<b>0</b>	<b>50,037</b>	<b>0</b>	<b>( 50,037)</b>	<b>0</b>	<b>0</b>	<b>0</b>
0	0	400,115	0	( 400,115)	0	0	0
0	0	220,308	0	( 220,308)	0	0	0
<b>0</b>	<b>0</b>	<b>620,423</b>	<b>0</b>	<b>( 620,423)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>0</b>	<b>0</b>	<b>189,532</b>	<b>0</b>	<b>( 189,532)</b>	<b>0</b>	<b>0</b>	<b>0</b>
0	0	23,643	0	( 23,643)	0	0	0
0	0	459,160	0	( 459,160)	0	0	0
<b>0</b>	<b>0</b>	<b>482,803</b>	<b>0</b>	<b>( 482,803)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>0</b>	<b>( 9,723)</b>	<b>278,237</b>	<b>0</b>	<b>( 290,406)</b>	<b>0</b>	<b>21,892</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, 2017

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 Health and Human Services</b>					
93.092	N/A	Personal Responsibility Education Program	State of WI Dept. of Health Services	10/01/17-09/30/17	100,000
93.092	N/A	Health Care Employment & Training	The Medical College of Wisconsin	01/01/17-12/31/17	13,790
93.092	N/A	Personal Responsibility Education Program	State of WI Dept. of Health Services	10/01/16-09/30/17	100,000
93.092	N/A	HPV WIP	State of WI Dept. of Health Services	10/01/16-09/30/17	4,000
		<b>Subtotal 93.092</b>			
93.217	N/A	Family Planning	Planned Parenthood of WI, Inc.	04/01/16-03/31/17	211,733
93.217	N/A	Family Planning	Planned Parenthood of WI, Inc.	04/01/17-03/31/18	211,733
		<b>Subtotal 93.217</b>			
93.558	437004-G16-0000742-000-01	Transitional Jobs	State of WI Dept. of Children & Families	07/01/16-12/31/19	1,479,700
93.568	WX 1718.03	Weatherization Assistance EAP	State of WI Dept. of Administration	07/01/16-06/30/18	1,039,726
93.568	N/A	Emergency Furnace Replacement	State of WI Dept. of Administration	10/01/16-09/30/17	N/A
93.568	N/A	Emergency Furnace Replacement	State of WI Dept. of Administration	10/01/17-09/30/18	N/A
		<b>Subtotal 93.568</b>			
93.569	437004-G16-0000764-000-04	Community Services Block Grant	State of WI Dept. of Children & Families	01/01/17-12/31/17	375,139
93.959	HSD_2016_0029	AODA Inner City	Rock County Human Services	01/01/17-12/31/17	46,500
<b>Corporation for National and Community Service</b>					
94.006	N/A	AmeriCorps	Serve Wisconsin	09/01/16-08/31/17	65,950
94.006	N/A	AmeriCorps	Serve Wisconsin	09/01/17-08/31/18	92,000
		<b>Subtotal 94.006</b>			
<b>Total Federal Programs</b>					
<b>STATE AND LOCAL PROGRAMS</b>					
N/A	WX 1718.03	Public Benefits Weatherization	State of WI Dept. of Administration	07/01/16-06/30/18	3,607,779
N/A	N/A	Emergency Furnace Replacement	State of WI Dept. of Administration	10/01/16-09/30/17	N/A
N/A	N/A	Emergency Furnace Replacement	State of WI Dept. of Administration	10/01/17-09/30/18	N/A
N/A	SSSG 1-07	State Shelter Subsidy Grant	State of WI Dept. of Administration	01/01/17-12/31/17	16,400
N/A	HSD_2018_0045	Mentoring - Inner City	Rock County Human Services	01/01/17-12/31/17	33,600
N/A	DOH-CA-FC-WHC-17	Women's Health Services	Kenosha County Dept. of Public Health	01/01/17-12/31/17	47,250
N/A	437004-G16-0000871-000-04	Skills GPR	State of WI Dept. of Children & Families	07/01/16-06/30/17	17,857
N/A	N/A	AWARE	City of Evansville	01/01/17-12/31/17	8,500
N/A	N/A	152 Linn St.	City of Janesville TIFF Funds	01/01/16-12/31/16	23,750
N/A	N/A	AWARE	United Way Blackhawk Region	01/01/17-12/31/17	16,000
N/A	N/A	AWARE	Donations	01/01/17-12/31/17	N/A
N/A	N/A	Fresh Start	School District of Beloit-WI DPI	09/01/15-06/30/16	95,500
N/A	N/A	Fresh Start	School District of Beloit-WI DPI	07/01/16-01/31/20	103,500
N/A	N/A	Fresh Start - Mentoring	Stateline Community Foundation	03/03/16-03/03/17	15,000
N/A	N/A	Inner City	Stateline Community Foundation	01/01/17-12/31/17	N/A
N/A	N/A	Inner City	Foundations/Donations	01/01/17-12/31/17	N/A
N/A	N/A	TLP/SHP	United Way of Walworth County	01/01/17-12/31/17	8,750
N/A	N/A	Merrill After School Program	United Way Blackhawk Region	01/01/17-12/31/17	27,500
N/A	N/A	Merrill Senior Program	United Way Blackhawk Region	01/01/17-12/31/17	18,000
N/A	N/A	Community Kids Janesville	United Way Blackhawk Region	01/01/17-12/31/17	60,000
N/A	N/A	Personal Responsibility Education Program	United Way Blackhawk Region	01/01/17-12/31/17	10,000
N/A	N/A	Fatherhood	United Way Blackhawk Region	01/01/17-12/31/17	30,000
N/A	N/A	Fresh Start	United Way Blackhawk Region	01/01/17-12/31/17	10,000
N/A	N/A	TLP SHP Connection	United Way Blackhawk Region	01/01/17-12/31/17	54,000



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

Schedule A-2 (Continued)  
 Schedule of Program Activity  
 Year Ended December 31, 2017

Net Assets (Deficit) 12/31/16	Grant funds Received in Advance 12/31/16	Current Grant Revenue	Other Revenue	Expenses	Transfers	Grant funds Received in Advance 12/31/17	Net Assets (Deficit) 12/31/17
0	0	23,105	0	( 23,105)	0	0	0
0	0	13,790	0	( 13,790)	0	0	0
0	0	57,515	0	( 57,515)	0	0	0
0	0	4,000	0	( 4,000)	0	0	0
<b>0</b>	<b>0</b>	<b>98,410</b>	<b>0</b>	<b>( 98,410)</b>	<b>0</b>	<b>0</b>	<b>0</b>
0	0	52,935	45,416	( 98,351)	0	0	0
0	0	171,916	125,374	( 297,290)	0	0	0
<b>0</b>	<b>0</b>	<b>224,851</b>	<b>170,790</b>	<b>( 395,641)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>0</b>	<b>0</b>	<b>141,208</b>	<b>0</b>	<b>( 90,887)</b>	<b>( 50,321)</b>	<b>0</b>	<b>0</b>
0	153,031	660,624	0	( 659,736)	0	( 153,919)	0
0	0	39,426	0	( 39,426)	0	0	0
0	0	1,681	0	( 1,681)	0	0	0
<b>0</b>	<b>153,031</b>	<b>701,731</b>	<b>0</b>	<b>( 700,843)</b>	<b>0</b>	<b>( 153,919)</b>	<b>0</b>
<b>0</b>	<b>0</b>	<b>375,139</b>	<b>0</b>	<b>( 375,139)</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	32,077	0	( 32,077)	0	0	0
0	0	35,817	0	( 35,817)	0	0	0
<b>0</b>	<b>0</b>	<b>67,894</b>	<b>0</b>	<b>( 67,894)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>0</b>	<b>146,450</b>	<b>4,234,820</b>	<b>170,790</b>	<b>(4,417,654)</b>	<b>(1,418)</b>	<b>(132,988)</b>	<b>0</b>
0	83,201	1,497,239	9,599	( 1,590,336)	0	297	0
0	0	79,636	0	( 79,636)	0	0	0
0	0	127,160	0	( 127,160)	0	0	0
0	0	16,400	0	( 16,400)	0	0	0
0	0	33,600	0	( 33,600)	0	0	0
0	0	47,250	0	( 47,250)	0	0	0
0	0	4,223	0	( 4,223)	0	0	0
0	0	8,500	0	( 8,500)	0	0	0
0	0	0	0	0	0	0	0
0	0	16,000	0	( 16,000)	0	0	0
44,563	0	0	65,324	( 54,567)	0	0	55,320
0	0	0	0	0	0	0	0
38,128	0	124,000	0	( 87,822)	0	0	74,306
0	0	0	0	0	0	0	0
0	0	14,174	0	( 14,174)	0	0	0
0	0	0	1,500	( 1,500)	0	0	0
0	0	8,750	0	( 8,750)	0	0	0
0	0	24,380	0	( 24,380)	0	0	0
0	0	16,327	0	( 16,327)	0	0	0
0	0	0	0	0	0	0	0
0	0	10,000	0	( 10,000)	0	0	0
0	0	30,000	0	( 30,000)	0	0	0
0	0	10,000	0	( 10,000)	0	0	0
0	0	54,000	0	( 54,000)	0	0	0

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

Schedule A-3  
 Schedule of Program Activity  
 Year Ended December 31, 2017

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	Fatherhood Initiative	Stateline Community Foundation	03/03/16-03/03/17	4,750
N/A	N/A	Fatherhood Initiative	SSM Health	01/01/17-12/31/17	5,000
N/A	N/A	Fatherhood Initiative	Foundations/Donations	Ongoing	N/A
N/A	N/A	Fatherhood Initiative-FSET	Foundations/Donations	10/01/16-09/30/17	N/A
N/A	N/A	Fatherhood Initiative-SWWDB	Foundations/Donations	10/01/17-09/30/18	N/A
N/A	N/A	Fatherhood Initiative-FSET	Freedom Foundation	10/01/16-09/30/17	N/A
N/A	N/A	WETAP PD Vehicle Loans	State of WI Dept of Transportation	01/01/17-12/31/17	0
N/A	N/A	WETAP PD Vehicle Available to Loan	State of WI Dept of Transportation	Ongoing	N/A
N/A	N/A	Internal Unemployment Fund	Fees to Programs	Ongoing	N/A
N/A	N/A	Revolving Housing Funds	Revolving Program Income	Ongoing	N/A
N/A	N/A	Loans to Affiliates	N/A	Ongoing	N/A
N/A	N/A	Work-N-Wheels Program	Loan Origination/Device Fees	Ongoing	N/A
N/A	N/A	Skills	Foundations/Donations	01/01/17-12/31/17	N/A
N/A	N/A	Fresh Start	Foundations/Donations	01/01/17-12/31/17	N/A
N/A	N/A	152 Linn St.	Sale Proceeds	01/01/17-12/31/17	N/A
N/A	N/A	Twin Oaks Homeless Shelter	WHEDA	01/01/17-12/31/17	19,680
N/A	N/A	Twin Oaks Homeless Shelter	Donations	01/01/17-12/31/17	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	First Choice	Client Fees	Ongoing	N/A
N/A	N/A	Community Kids Janesville	Rock County Dept. of H.S., YoungStar, and Forward Services Corporation	01/01/17-12/31/17	N/A
N/A	N/A	Community Kids P4J	School District of Janesville Fees	01/01/17-12/31/17	N/A
N/A	N/A	Community Kids Pathways	Fees/Donations	01/01/17-12/31/17	N/A
N/A	N/A	122 Knoll	HRRP Revolving Loan/Rent	Ongoing	N/A
N/A	N/A	Beloit Merrill Houses	Rent/Donations	01/01/17-12/31/17	N/A
N/A	N/A	Beloit Merrill Houses	Sale Proceeds	01/01/17-12/31/17	N/A
N/A	N/A	BMI Community Development	Donations	01/01/17-12/31/17	N/A
N/A	N/A	Merrill After School Program	Fees/Donations	01/01/17-12/31/17	N/A
N/A	N/A	Merrill Senior Program	Fees/Donations	01/01/17-12/31/17	N/A
N/A	N/A	Housing Development	Fees/Donations	01/01/17-12/31/17	N/A
N/A	N/A	Mentoring	Fees/Donations	01/01/17-12/31/17	N/A
N/A	N/A	PREP	Fees/Donations	01/01/17-12/31/17	N/A
N/A	N/A	TLP/SHP	Fees/Donations	01/01/17-12/31/17	N/A
N/A	N/A	Supportive Services	Rent/Fees	01/01/17-12/31/17	N/A
N/A	N/A	Accounting Fees	WISCAP Fee for Service	01/01/17-12/31/17	N/A
N/A	N/A	Training	Fee for Service	01/01/17-12/31/17	N/A
N/A	N/A	Corporate Fund	Donations, Rent Inc. and Interest	01/01/17-12/31/17	N/A
<b>Total CAI Discretionary Activity</b>					
<b>Total CAI Activity</b>					
N/A	N/A	Beloit Assisted Living, Inc.	Rent	01/01/17-12/31/17	N/A
N/A	N/A	Beloit Mature Adult Housing LLC	Rent	01/01/17-12/31/17	N/A
N/A	N/A	Delavan Mature Adult Housing, LLC	Rent	01/01/17-12/31/17	N/A
N/A	N/A	Evansville Senior Housing, LP	Rent	01/01/17-12/31/17	N/A
<b>Total Subsidiary Activity</b>					
<b>GRAND TOTALS</b>					

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

Schedule A-3 (Continued)  
 Schedule of Program Activity  
 Year Ended December 31, 2017

Net Assets (Deficit) 12/31/16	Grant funds Received in Advance 12/31/16	Current Grant Revenue	Other Revenue	Expenses	Transfers	Grant funds Received in Advance 12/31/17	Net Assets (Deficit) 12/31/17
0	0	0	0	0	0	0	0
0	0	5,000	0	( 5,000)	0	0	0
0	0	0	10,428	( 5,428)	( 5,000)	0	0
0	0	0	5,117	( 5,117)	0	0	0
0	0	0	3,743	( 3,743)	0	0	0
0	0	4,000	0	( 4,000)	0	0	0
53,406	0	0	0	0	( 53,406)	0	0
162,118	0	0	275	( 32,931)	33,739	0	163,201
39,233	0	0	0	15,724	0	0	54,957
1,770,920	0	33,599	0	( 6,292)	( 65,229)	0	1,732,998
1,822,135	0	0	0	21,905	0	0	1,844,040
0	0	0	0	0	0	0	0
0	0	0	900	( 900)	0	0	0
5,000	0	0	308	( 9,110)	3,802	0	0
35,786	0	0	0	( 16,128)	0	0	19,658
0	0	19,680	0	( 19,680)	0	0	0
21,583	0	0	242,024	( 201,879)	0	0	61,728
0	0	0	0	( 7,391)	7,391	0	0
256,586	0	0	37,164	( 29,430)	0	0	264,320
<b>4,249,458</b>	<b>83,201</b>	<b>2,183,918</b>	<b>376,382</b>	<b>( 2,544,025)</b>	<b>( 78,703)</b>	<b>297</b>	<b>4,270,528</b>
<b>4,249,458</b>	<b>229,651</b>	<b>6,418,738</b>	<b>547,172</b>	<b>( 6,961,679)</b>	<b>( 80,121)</b>	<b>( 132,691)</b>	<b>4,270,528</b>
34,267	0	0	38,241	( 34,601)	0	0	37,907
189,950	0	0	869,462	( 809,271)	( 314,943)	0	( 64,802)
0	0	0	0	0	0	0	0
167,816	0	0	86,463	( 81,205)	( 167,816)	0	5,258
0	0	0	29,982	( 26,868)	0	0	3,114
( 39,674)	0	0	15,390	( 13,137)	0	0	( 37,421)
0	0	0	33,633	( 66,636)	33,003	0	0
0	0	0	0	0	0	0	0
6,872	0	0	600	( 1,184)	0	0	6,288
0	0	0	86	( 86)	0	0	0
0	0	0	86	( 86)	0	0	0
1,261	0	0	0	( 43,095)	43,095	0	1,261
0	0	0	2,541	( 2,541)	0	0	0
0	0	0	500	( 500)	0	0	0
0	0	0	8,062	( 12,505)	0	0	( 4,443)
0	0	0	0	0	0	0	0
0	0	0	13,750	( 10,363)	( 3,387)	0	0
10,494	0	0	16,106	( 12,917)	0	0	13,683
660,266	0	0	304,073	( 59,580)	501,669	0	1,406,428
<b>1,031,252</b>	<b>0</b>	<b>0</b>	<b>1,418,975</b>	<b>( 1,174,575)</b>	<b>91,621</b>	<b>0</b>	<b>1,367,273</b>
<b>5,280,710</b>	<b>229,651</b>	<b>6,418,738</b>	<b>1,966,147</b>	<b>( 8,136,254)</b>	<b>11,500</b>	<b>( 132,691)</b>	<b>5,637,801</b>
( 641,311)	0	0	152,983	( 199,567)	2,251,500	0	1,563,605
666,111	0	0	304,479	( 283,469)	0	0	687,121
409,446	0	0	141,788	( 164,952)	( 5,500)	0	380,782
296,466	0	0	156,662	( 185,294)	( 6,000)	0	261,834
<b>730,712</b>	<b>0</b>	<b>0</b>	<b>755,912</b>	<b>( 833,282)</b>	<b>2,240,000</b>	<b>0</b>	<b>2,893,342</b>
<b>\$ 6,011,422</b>	<b>\$ 229,651</b>	<b>\$ 6,418,738</b>	<b>\$ 2,722,059</b>	<b>(\$ 8,969,536)</b>	<b>\$ 2,251,500</b>	<b>(\$ 132,691)</b>	<b>\$ 8,531,143</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			\$ 229,651	Fee for services revenue		\$ 1,343,509	
Current grant revenue			6,418,738	Program and other contributions		520,342	
Current year grant funds received in advance			( 132,691)	Rental income		805,515	
<b>TOTAL</b>			<b>\$ 6,515,698</b>	Investment income		52,693	
						<b>\$ 2,722,059</b>	

See Independent Auditor's Report.

# Community Action, Inc. of Rock and Walworth Counties

Schedule B-1

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2017

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Grant Number	Subrecipient Expenditures	Federal Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
<b>Passed-Through Wisconsin Department of Public Instruction</b>				
USDA Reimbursement	10.558	53-6801	\$ 0	\$ 59,524
<b>Passed-Through Southwest Wisconsin Workforce Development Board</b>				
<b>SNAP Cluster:</b>				
FSET-Fatherhood	10.561	N/A	0	68,637
<b>Passed-Through Wisconsin Department of Health Services</b>				
<b>Emergency Food Assistance Cluster:</b>				
Temporary Emergency Food Assistance Program	10.568	29939	0	45,407
Temporary Emergency Food Assistance Program	10.568	33966	0	8,634
<b>Subtotal 10.568</b>			<b>0</b>	<b>54,041</b>
Commodity Food Program	10.569	N/A	0	423,585
<b>Subtotal Emergency Food Assistance Cluster CFDA #10.568 and #10.569</b>			<b>0</b>	<b>477,626</b>
<b>SUBTOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			<b>0</b>	<b>605,787</b>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>				
<b>Passed-Through City of Beloit</b>				
<b>CDBG - Entitlement Grants Cluster:</b>				
Community Development Block Grant	14.218	94520966-2017	0	25,795
Community Development Block Grant		94520921-2017	0	34,000
Community Development Block Grant		94520966-2017	0	12,705
<b>Subtotal 14.218</b>			<b>0</b>	<b>72,500</b>
<b>Passed-Through Wisconsin Department of Administration</b>				
Emergency Shelter & Homeless Prevention	14.231	ETH 16-05	31,757	41,652
Emergency Shelter & Homeless Prevention		ETH 17-04	0	9,345
<b>Subtotal 14.231</b>			<b>31,757</b>	<b>50,997</b>
<b>Passed-Through Wisconsin Department of Administration</b>				
Supportive Housing Program	14.235	SHP 15-01	0	109,679
Supportive Housing Program		SHP 60-01	0	121,273
<b>Subtotal 14.235</b>			<b>0</b>	<b>230,952</b>
<b>Passed-Through City of Janesville</b>				
HOME Investment Partnership	14.239	N/A	0	50,037
<b>Direct Grant</b>				
HUD Continuum of Care	14.267	WI0016L51001407	0	400,115
HUD Continuum of Care		WI0016L51001508	0	220,308
<b>Subtotal 14.267</b>			<b>0</b>	<b>620,423</b>
<b>SUBTOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			<b>31,757</b>	<b>1,024,909</b>
<b>U.S. DEPARTMENT OF LABOR</b>				
<b>Passed-Through Southwest Wisconsin Workforce Development Board</b>				
<b>WIOA Cluster:</b>				
WIOA Youth Activities	17.259	CALYOUTH.PY15	0	189,532
<b>Direct Grant - Youth Build</b>				
Youth Build	17.274	YB-26235-14-60-A-55	0	23,643
Youth Build		YB-29990-17-60-A-55	0	459,160
<b>Subtotal 17.274</b>			<b>0</b>	<b>482,803</b>
<b>SUBTOTAL U.S. DEPARTMENT OF LABOR</b>			<b>0</b>	<b>672,335</b>

See Independent Auditor's Report.

See Notes to Schedule of Expenditures of Federal Awards.

# Community Action, Inc. of Rock and Walworth Counties

Schedule B-2

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2017

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Grant Number	Subrecipient Expenditures	Federal Expenditures
<b>U.S. DEPARTMENT OF ENERGY (DOE)</b>				
Passed-Through Wisconsin Department of Administration Weatherization Assistance DOE	81.042	WX 1718.03	0	290,406
<b>SUBTOTAL U.S. DEPARTMENT OF ENERGY</b>			<b>0</b>	<b>290,406</b>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				
Passed-Through The Medical College of Wisconsin Health Care Employment & Training	93.092	N/A	0	13,790
Passed-Through Wisconsin Department of Health Services Personal Responsibility Education Program		N/A	0	23,105
Personal Responsibility Education Program		N/A	0	57,515
HPV WIP		N/A	0	4,000
<b>Subtotal 93.092</b>			<b>0</b>	<b>98,410</b>
Passed-Through Planned Parenthood of Wisconsin, Inc. Family Planning	93.217	N/A	0	224,851
Passed-Through Wisconsin Department of Children & Families <b>TANF Cluster:</b> Transitional Jobs	93.558	437004-G16- 0000742-000-01	0	141,208
Passed-Through Wisconsin Department of Administration Weatherization Assistance EAP	93.568	WX 1718.03	0	659,736
Emergency Furnace Repair and Replacement		N/A	0	41,107
<b>Subtotal 93.568</b>			<b>0</b>	<b>700,843</b>
Passed-Through Wisconsin Department of Children & Families Community Service Block Grant	93.569	437004-G16- 0000764-000-04	0	375,139
Passed-Through Rock County Human Services AODA Inner City	93.959	HSD_2016_0029	0	46,500
<b>SUBTOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<b>0</b>	<b>1,586,951</b>
<b>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</b>				
Passed-Through Serve Wisconsin Americorps	94.006	N/A	0	67,894
<b>SUBTOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</b>			<b>0</b>	<b>67,894</b>
<b>TOTAL SUBRECIPIENT EXPENDITURES AND FEDERAL EXPENDITURES</b>			<b>\$ 31,757</b>	<b>\$ 4,248,282</b>

See Independent Auditor's Report.  
See Notes to Schedule of Expenditures of Federal Awards.

# Community Action, Inc. of Rock and Walworth Counties

## Notes to the Schedule of Expenditures of Federal Awards

December 31, 2017

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

The Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal and other grant activity of Community Action, Inc. of Rock and Walworth Counties under programs of the federal government for the year ended December 31, 2017. The information in this schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Community Action, Inc. of Rock and Walworth Counties, it is not intended to and does not present the financial position, changes in net assets or cash flows of Community Action, Inc. of Rock and Walworth Counties.

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

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

### **Note 3 - Indirect Cost Allocation**

Community Action, Inc. of Rock and Walworth Counties has an approved indirect cost rate, and therefore, has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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

## Schedule C

### Consolidating Statement of Financial Position

December 31, 2017

<i>Assets</i>	<b>Community Action, Inc. of Rock &amp; Walworth *</b>	<b>Beloit Assisted Living, Inc.</b>
Current assets:		
Cash	\$ 381,477	\$ 13,174
Restricted cash	85,183	95,025
Grants receivable	671,934	0
Accounts receivable, net	102,292	1,234
Weatherization inventory	97,248	0
Housing inventory	166,759	0
Commodity food inventory	961	0
Current portion of loans receivable - Housing and vehicle	17,695	0
Prepaid expenses and other assets	110,548	1,233
<b>Total current assets</b>	<b>1,634,097</b>	<b>110,666</b>
Other assets:		
Investments	375,203	0
Loans receivable - Affiliates, net	1,844,040	0
Loans receivable - Housing, net	1,181,812	0
<b>Total other assets</b>	<b>3,401,055</b>	<b>0</b>
Property and equipment, net	1,071,527	1,472,002
<b>TOTAL ASSETS</b>	<b>\$ 6,106,679</b>	<b>\$ 1,582,668</b>
<b><i>Liabilities and Net Assets</i></b>		
Current liabilities:		
Current portion of mortgages payable	\$ 0	\$ 0
Accounts payable	207,387	0
Accrued payroll and related expenses	78,222	0
Other liabilities	0	19,063
Grant funds received in advance	132,691	0
<b>Total current liabilities</b>	<b>418,300</b>	<b>19,063</b>
Long-term liabilities:		
Long-term advances	35,578	0
Operating loan payable - related party	0	0
Mortgages payable	15,000	0
<b>Total long-term liabilities</b>	<b>50,578</b>	<b>0</b>
<b>Total liabilities</b>	<b>468,878</b>	<b>19,063</b>
Net assets:		
Unrestricted	992,070	1,563,605
Unrestricted - Board designated	375,203	0
<b>Total unrestricted</b>	<b>1,367,273</b>	<b>1,563,605</b>
Temporarily restricted	4,270,528	0
<b>Total net assets</b>	<b>5,637,801</b>	<b>1,563,605</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 6,106,679</b>	<b>\$ 1,582,668</b>

\* Includes activity for both CAI and CAP.

\*\* Includes activity for Beloit Mature Adult Housing LLC, Delavan Mature Adult Housing LLC, and Evansville Senior Housing LP.

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

## Schedule C

### Consolidating Statement of Financial Position (Continued)

December 31, 2017

<i>Assets</i>	<b>Low-Income Housing Partnerships **</b>	<b>Subtotal</b>	<b>Eliminations</b>	<b>Consolidated</b>
Current assets:				
Cash	\$ 129,374	\$ 524,025	\$ 0	\$ 524,025
Restricted cash	536,443	716,651	0	716,651
Grants receivable	0	671,934	0	671,934
Accounts receivable, net	13,060	116,586	( 42,290)	74,296
Weatherization inventory	0	97,248	0	97,248
Housing inventory	0	166,759	0	166,759
Commodity food inventory	0	961	0	961
Current portion of loans receivable - Housing and vehicle	0	17,695	0	17,695
Prepaid expenses and other assets	7,558	119,339	0	119,339
<b>Total current assets</b>	<b>686,435</b>	<b>2,431,198</b>	<b>( 42,290)</b>	<b>2,388,908</b>
Other assets:				
Investments	0	375,203	0	375,203
Loans receivable - Affiliates, net	0	1,844,040	( 1,624,040)	220,000
Loans receivable - Housing, net	0	1,181,812	0	1,181,812
<b>Total other assets</b>	<b>0</b>	<b>3,401,055</b>	<b>( 1,624,040)</b>	<b>1,777,015</b>
Property and equipment, net	3,548,255	6,091,784	0	6,091,784
<b>TOTAL ASSETS</b>	<b>\$ 4,234,690</b>	<b>\$ 11,924,037</b>	<b>(\$ 1,666,330)</b>	<b>\$ 10,257,707</b>
<b><i>Liabilities and Net Assets</i></b>				
Current liabilities:				
Current portion of mortgages payable	\$ 18,923	\$ 18,923	\$ 0	\$ 18,923
Accounts payable	0	207,387	0	207,387
Accrued payroll and related expenses	0	78,222	0	78,222
Other liabilities	44,433	63,496	0	63,496
Grant funds received in advance	0	132,691	0	132,691
<b>Total current liabilities</b>	<b>63,356</b>	<b>500,719</b>	<b>0</b>	<b>500,719</b>
Long-term liabilities:				
Long-term advances	0	35,578	0	35,578
Operating loan payable - related party	42,290	42,290	( 42,290)	0
Mortgages payable	2,799,307	2,814,307	( 1,624,040)	1,190,267
<b>Total long-term liabilities</b>	<b>2,841,597</b>	<b>2,892,175</b>	<b>( 1,666,330)</b>	<b>1,225,845</b>
<b>Total liabilities</b>	<b>2,904,953</b>	<b>3,392,894</b>	<b>( 1,666,330)</b>	<b>1,726,564</b>
Net assets:				
Unrestricted	1,329,737	3,885,412	0	3,885,412
Unrestricted - Board designated	0	375,203	0	375,203
<b>Total unrestricted</b>	<b>1,329,737</b>	<b>4,260,615</b>	<b>0</b>	<b>4,260,615</b>
Temporarily restricted	0	4,270,528	0	4,270,528
<b>Total net assets</b>	<b>1,329,737</b>	<b>8,531,143</b>	<b>0</b>	<b>8,531,143</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 4,234,690</b>	<b>\$ 11,924,037</b>	<b>(\$ 1,666,330)</b>	<b>\$ 10,257,707</b>

\* Includes activity for both CAI and CAP.

\*\* Includes activity for Beloit Mature Adult Housing LLC, Delavan Mature Adult Housing LLC, and Evansville Senior Housing LP.



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

## Schedule D

### Consolidating Statement of Activities

Year Ended December 31, 2017

	Community Action, Inc. of Rock & Walworth *	Beloit Assisted Living, Inc.	Low-Income Housing Partnerships **	Eliminations	Consolidated
Revenue:					
Grant and contract revenue	\$ 6,515,698	\$ 0	\$ 0	\$ 0	\$ 6,515,698
Fee for services revenue	1,311,312	3,535	28,662	0	1,343,509
Program and other contributions	531,842	0	0	( 11,500)	520,342
Rental income	86,178	149,222	570,115	0	805,515
Investment income	48,315	226	4,152	0	52,693
<b>Total revenue</b>	<b>8,493,345</b>	<b>152,983</b>	<b>602,929</b>	<b>( 11,500)</b>	<b>9,237,757</b>
Expenses:					
Salaries and wages	2,864,867	0	64,676	0	2,929,543
Fringe benefits	703,487	0	10,619	0	714,106
Consultants/contractual	118,811	6,702	108,115	0	233,628
Travel	77,538	0	0	0	77,538
Occupancy	686,725	32,904	227,229	0	946,858
Supplies	79,057	5,368	32,120	0	116,545
Weatherization materials	1,732,169	0	0	0	1,732,169
Client/participant costs	1,107,595	0	0	0	1,107,595
Depreciation	106,619	55,887	80,055	0	242,561
Commodities distributed	423,585	0	0	0	423,585
Other	235,801	98,706	122,401	( 11,500)	445,408
<b>Total expenses</b>	<b>8,136,254</b>	<b>199,567</b>	<b>645,215</b>	<b>( 11,500)</b>	<b>8,969,536</b>
Change in net assets	357,091	( 46,584)	( 42,286)	0	268,221
Net assets (deficit) at beginning of year	5,280,710	( 641,311)	1,372,023	0	6,011,422
Restatement of capital advance to net assets	0	2,251,500	0	0	2,251,500
<b>Net assets at end of year</b>	<b>\$ 5,637,801</b>	<b>\$ 1,563,605</b>	<b>\$ 1,329,737</b>	<b>\$ 0</b>	<b>\$ 8,531,143</b>

\* Includes activity for both CAI and CAP.

\*\* Includes activity for Beloit Mature Adult Housing LLC, Delavan Mature Adult Housing LLC, and Evansville Senior Housing LP.

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

## Schedule E

### Statement of Financial Position - Low-Income Housing Partnerships

December 31, 2017

<i>Assets</i>	Beloit Mature Adult Housing, LLC	Delavan Mature Adult Housing, LLC	Evansville Senior Housing, LP	Low-Income Housing Partnerships Subtotal
<b>Current assets:</b>				
Cash	\$ 82,425	\$ 35,041	\$ 11,908	\$ 129,374
Restricted cash	251,248	199,774	85,421	536,443
Accounts receivable, net	11,525	114	1,421	13,060
Prepaid expenses and other assets	2,260	2,753	2,545	7,558
<b>Total current assets</b>	<b>347,458</b>	<b>237,682</b>	<b>101,295</b>	<b>686,435</b>
Property and equipment, net	1,197,969	1,143,994	1,206,292	3,548,255
<b>TOTAL ASSETS</b>	<b>\$ 1,545,427</b>	<b>\$ 1,381,676</b>	<b>\$ 1,307,587</b>	<b>\$ 4,234,690</b>
 <b><i>Liabilities and Net Assets</i></b>				
<b>Current liabilities:</b>				
Current portion of mortgages payable	\$ 15,779	\$ 1,053	\$ 2,091	\$ 18,923
Other liabilities	16,705	12,395	15,333	44,433
<b>Total current liabilities</b>	<b>32,484</b>	<b>13,448</b>	<b>17,424</b>	<b>63,356</b>
<b>Long-term liabilities:</b>				
Operating loan payable - related party	42,290	0	0	42,290
Mortgages payable	783,532	987,446	1,028,329	2,799,307
<b>Total long-term liabilities</b>	<b>825,822</b>	<b>987,446</b>	<b>1,028,329</b>	<b>2,841,597</b>
<b>Total liabilities</b>	<b>858,306</b>	<b>1,000,894</b>	<b>1,045,753</b>	<b>2,904,953</b>
<b>Net assets:</b>				
Unrestricted net assets	687,121	380,782	261,834	1,329,737
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,545,427</b>	<b>\$ 1,381,676</b>	<b>\$ 1,307,587</b>	<b>\$ 4,234,690</b>

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

## Schedule F

### Statement of Activities - Low-Income Housing Partnerships

Year Ended December 31, 2017

	Beloit Mature Adult Housing, LLC	Delavan Mature Adult Housing, LLC	Evansville Senior Housing, LP	Low-Income Housing Partnerships Subtotal
<b>Revenue:</b>				
Fee for services revenue	\$ 16,954	\$ 2,403	\$ 9,305	\$ 28,662
Rental income	284,011	138,950	147,154	570,115
Investment income	3,514	435	203	4,152
<b>Total revenue</b>	<b>304,479</b>	<b>141,788</b>	<b>156,662</b>	<b>602,929</b>
<b>Expenses:</b>				
Salaries and wages	28,647	22,035	13,994	64,676
Fringe benefits	0	5,147	5,472	10,619
Consultants/contractual	58,749	18,042	31,324	108,115
Occupancy	74,468	63,224	89,537	227,229
Supplies	28,008	2,607	1,505	32,120
Depreciation	31,875	22,593	25,587	80,055
Other	61,722	36,804	23,875	122,401
<b>Total expenses</b>	<b>283,469</b>	<b>170,452</b>	<b>191,294</b>	<b>645,215</b>
Change in net assets	21,010	( 28,664)	( 34,632)	( 42,286)
Net assets at beginning of year	666,111	409,446	296,466	1,372,023
<b>Net assets at end of year</b>	<b>\$ 687,121</b>	<b>\$ 380,782</b>	<b>\$ 261,834</b>	<b>\$ 1,329,737</b>

# Community Action, Inc. of Rock and Walworth Counties

## Schedule G

### Schedule of Emergency Furnace Activity by Contract

Year Ended December 31, 2017

<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>
WX1718.03	\$ 134,308	\$ 158,113	\$ 0	\$ 292,421	\$ 173,359	\$ 119,062	\$ 292,421
2018.03	0	82,423	0	82,423	0	128,841	128,841
	<u>\$ 134,308</u>	<u>\$ 240,536</u>	<u>\$ 0</u>	<u>\$ 374,844</u>	<u>\$ 173,359</u>	<u>\$ 247,903</u>	<u>\$ 421,262</u>

# Community Action, Inc. of Rock and Walworth Counties

## Schedule H

### DHS Cost Reimbursement Award Schedule

Year Ended December 31, 2017

	TEFAP/EFO's CARS profile 70010	TEFAP/EFO's CARS profile 70010	PREP CARS profile 159354	PREP CARS profile 159354	HPV WIP CARS profile N/A
<b>DHS Identification number</b>					
<b>Award amount</b>	\$53,534	\$39,666	\$100,000	\$100,000	\$4,000
<b>Award period</b>	10/01/16-09/30/17	10/01/17-09/30/18	10/01/16-09/30/17	10/01/17-09/30/18	10/01/16-09/30/17
<b>Period of award within audit period</b>	01/01/17-09/30/17	10/01/17-12/31/17	01/01/17-09/30/17	10/01/17-12/31/17	01/01/17-09/30/17
<b>A. Expenditures reported to DHS for payment</b>	\$ 45,407	\$ 8,634	\$ 57,515	\$ 23,105	\$ 4,000
<b>B. Actual allowable cost of award reported in audit</b>					
1. Employee Salaries and Wages	12,723	3,936	17,993	11,765	1,330
2. Employee Fringe Benefits	1,830	604	17,523	1,673	0
3. Payroll Taxes	0	0	1,992	1,054	0
4. Rent or Occupancy	1,621	1,159	2,365	63	0
5. Professional Services	0	0	1,545	3,316	0
6. Employee Travel	440	73	2,197	2,390	237
7. Conferences, Meetings or Education	0	0	180	235	540
8. Employee Licenses and Dues	0	0	0	0	0
9. Supplies	8,086	1,453	9,808	1,428	1,893
10. Telephone	284	90	3,214	0	0
11. Equipment	16,927	185	0	0	0
12. Depreciation	0	0	0	0	0
13. Utilities	176	70	195	0	0
14. Bad Debts	0	0	0	0	0
15. Postage and Shipping	6	6	31	26	0
16. Insurance	0	0	182	0	0
17. Interest	0	0	0	0	0
18. Bank Fees and Charges	0	0	0	0	0
19. Advertising and Marketing	0	0	290	1,155	0
20. Other	3,314	1,058	0	0	0
Total operating costs of award	45,407	8,634	57,515	23,105	4,000
<b>C. Less disallowed costs</b>	0	0	0	0	0
<b>D. Less program revenue and other offsets to costs</b>	0	0	0	0	0
<b>E. Net allowable operating costs before profit</b>	45,407	8,634	57,515	23,105	4,000
<b>F. Add allowable profit</b>	0	0	0	0	0
<b>G. Total Allowable Costs</b>	\$ 45,407	\$ 8,634	\$ 57,515	\$ 23,105	\$ 4,000



## **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, 2017, 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 27, 2018. The financial statements of Beloit Mature Adult Housing, LLC, Delavan Mature Adult Housing, LLC, Evansville Senior Housing LP, and Community Action Properties, LLC were not audited in accordance with *Government Auditing Standards* and, accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with Beloit Mature Adult Housing, LLC and Community Action Properties, LLC.

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

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

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

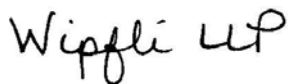
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

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

Wipfli LLP

June 27, 2018  
Madison, Wisconsin



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

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

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

We have audited Community Action, Inc. of Rock & Walworth Counties' (a nonprofit organization) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* and the *State Single Audit Guidelines*, issued by the State of Wisconsin Department of Administration, that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2017. Community Action, Inc. of Rock & Walworth Counties' major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Community Action, Inc. of Rock & Walworth Counties' consolidated financial statements include Beloit Assisted Living, Inc. a related entity, which had expenditures greater than \$750,000 in federal awards in the year ended December 31, 2017, and has had a separate single audit, which is not included in this single audit. Therefore, our audit, described below, did not include the operations of Beloit Assisted Living, Inc.

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

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

### **Auditor's Responsibility**

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

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



## Opinion on Each Major Federal and State Program

In our opinion, Community Action, Inc. of Rock & Walworth Counties' complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2017.

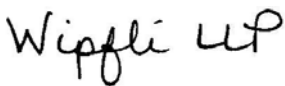
## Report on Internal Control Over Compliance

Management of Community Action, Inc. of Rock & Walworth Counties is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered Community Action, Inc. of Rock & Walworth Counties' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and *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 a 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 over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



Wipfli LLP

June 27, 2018  
Madison, Wisconsin

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

## Schedule of Findings and Questioned Costs

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

#### Financial Statements

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

#### Federal and State Awards

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

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

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

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

None

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

## Schedule of Findings and Questioned Costs

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

None

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

None

### Section V - Other Issues

Does the auditor's report or the notes to the financial statements include disclosure with regard to substantial doubt as to the auditee's ability to continue as a going concern? No

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

Department of Health Services	No
Department of Administration	No
Department of Public Instruction	No
Department of Transportation	No

Was a management letter or other document conveying audit comments issued as a result of this audit? No

Name and signature of partner



Date of report

Jean M. Christensen, CPA  
June 27, 2018