

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

Beloit, Wisconsin

Consolidated Financial Statements and
Supplementary Information
Year Ended December 31, 2019

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

Consolidated Financial Statements and Supplementary Information
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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, 2019, and the related consolidated statements of activities, functional expenses, 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, 2019, 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.

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. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

We also have previously audited, in accordance with auditing standards generally accepted in the United States, the statement of financial position of Community Action, Inc. of Rock & Walworth Counties as of December 31, 2018, and the related statements of activities and cash flows for the year then ended (none of which is presented herein), and we expressed an unmodified opinion on those financial statements. That audit was conducted for purposes of forming an opinion on the financial statements as a whole. The supplementary schedule on page 42 is presented for purposes of additional analysis. 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 December 31, 2018, financial statements. The information has been subjected to the auditing procedures applied in the audit of those financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the prior year expenses included on the supplementary schedule on page 42 is fairly presented, in all material respects, in relation to the financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 23, 2020, on our consideration of Community Action, Inc. of Rock & Walworth Counties' 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' internal control over financial reporting and compliance.

Wipfli LLP

Wipfli LLP

July 23, 2020

Madison, Wisconsin

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

Consolidated Statement of Financial Position

December 31, 2019

<i>Assets</i>	
Current assets:	
Cash	\$ 682,866
Restricted cash	709,724
Grants receivable	426,436
Accounts receivable, net	46,031
Weatherization inventory	312,965
Housing inventory	206,405
Commodity food inventory	43,512
Prepaid expenses and other assets	102,907
Total current assets	2,530,846
Other assets:	
Investments	412,647
Loans receivable - Housing partnership	220,000
Loans receivable - Housing, net	1,028,315
Total other assets	1,660,962
Property and equipment, net	5,882,939
TOTAL ASSETS	\$ 10,074,747

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

Consolidated Statement of Financial Position (Continued)

December 31, 2019

<i>Liabilities and Net Assets</i>	
Current liabilities:	
Current portion of mortgages payable	\$ 20,808
Accounts payable	256,715
Accrued payroll and related expenses	102,978
Other liabilities	86,917
Refundable advance liability	333,171
 Total current liabilities	 800,589
Long-term liabilities:	
Mortgages payable	1,151,870
Other liability	108,049
 Total long-term liabilities	 1,259,919
 Total liabilities	 2,060,508
Net assets:	
Without donor restrictions - CAI	1,259,305
Without donor restrictions - BALI	1,473,623
Without donor restrictions - Board designated	412,647
Without donor restrictions - Low-Income housing partnerships	1,227,776
 Total without donor restrictions	 4,373,351
 With donor restrictions - CAI	 3,640,888
 Total net assets	 8,014,239
 TOTAL LIABILITIES AND NET ASSETS	 \$ 10,074,747

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

Consolidated Statement of Activities

Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue:			
Grant and contract revenue	\$ 6,815,912	\$ 0	\$ 6,815,912
Fee for services revenue	882,109	0	882,109
Program and other contributions	517,329	26,973	544,302
Rental income	882,714	0	882,714
Investment income	69,476	0	69,476
Net assets released from restriction through satisfaction of program restrictions	65,071	(65,071)	0
Total revenue	9,232,611	(38,098)	9,194,513
Expenses:			
Program activities:			
Weatherization/energy assistance	2,609,323	0	2,609,323
Housing and housing rehabilitation	1,494,960	0	1,494,960
Employment training	1,236,993	0	1,236,993
Food programs	1,069,298	0	1,069,298
Child programs	957,844	0	957,844
Community services programs	483,855	0	483,855
Other	307,727	0	307,727
Homeless/shelter programs	198,304	0	198,304
Health Care	105,568	0	105,568
Total program activities	8,463,872	0	8,463,872
Support services:			
Fund-raising	42,201		42,201
Management and general	1,016,487	0	1,016,487
Total supportive services	1,058,688	0	1,058,688
Total expenses	9,522,560	0	9,522,560
Change in net assets	(289,949)	(38,098)	(328,047)
Net assets at beginning of year	4,663,300	3,678,986	8,342,286
Net assets at end of year	\$ 4,373,351	\$ 3,640,888	\$ 8,014,239

See accompanying notes to consolidated financial statements.

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

Consolidated Statement of Functional Expenses

Year Ended December 31, 2019

	Program Services	Management and General	Fundraising	Total Expenses
Salaries and wages	\$ 2,435,654	\$ 508,455	\$ 13,911	\$ 2,958,020
Fringe benefits	612,420	115,195	0	727,615
Consultants/contractual	167,602	93,972	0	261,574
Travel	91,033	11,540	0	102,573
Occupancy	588,645	101,523	0	690,168
Supplies	180,718	7,941	0	188,659
Weatherization materials and other inventory	1,771,561	0	0	1,771,561
Client/participant costs	847,820	960	0	848,780
Depreciation	268,534	0	0	268,534
Commodities distributed	1,050,652	0	0	1,050,652
Other	287,445	33,251	28,290	348,986
Project expenses	161,788	143,650	0	305,438
Total expenses	\$ 8,463,872	\$ 1,016,487	\$ 42,201	\$ 9,522,560

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

Consolidated Statement of Cash Flows

Year Ended December 31, 2019

Increase (decrease) in cash and restricted cash:	
Cash flows from operating activities:	
Change in net assets	(\$ 328,047)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	268,534
Amortized interest expense	915
Realized and unrealized gain on investments	(57,162)
Provision allowance for uncollectible accounts receivable	7,353
Write down of housing inventory	63,069
Provision allowance for loan losses	23,818
Net change in discount on loans receivable	(28,469)
Changes in operating assets and liabilities:	
Grants receivable	100,656
Accounts receivable	1,501
Weatherization inventory	(119,705)
Housing inventory	(108,550)
Prepaid expenses and other assets	(34,677)
Accounts payable	89,124
Accrued payroll and related expenses	23,799
Other liabilities	(8,193)
Refundable advance liability	(49,929)
Other liability	94,329
Long-term advances	(9,720)
Net cash used in operating activities	(71,354)
Cash flows from investing activities:	
Capital expenditures	(125,267)
Purchase of investments	(4,414)
Collections on loans receivable	66,532
Net cash used in investing activities	(63,149)
Cash flows from financing activities:	
Payments on mortgages payable	(19,903)
Net cash used in financing activities	(19,903)
Change in cash and restricted cash	(154,406)
Cash and restricted cash - Beginning of year, restated	1,546,996
Cash and restricted cash - End of year	\$ 1,392,590
Supplemental schedule of operating activities:	
Interest paid and expensed	\$ 51,623
Supplemental schedule of noncash operating and investing activity:	
Change in commodity food inventory/refundable advance liability	43,123
Reconciliation of cash and restricted cash to statement of financial position at December 31, 2019	
Cash	682,866
Restricted cash	709,724
Total cash and restricted cash	1,392,590

See accompanying notes to consolidated financial statements.

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

Notes to Consolidated Financial Statements

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 42% 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, 2019.

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

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, 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:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets Without Donor Restrictions, Board Designated - 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 net assets without donor restrictions. The Board's intent is that the amount of net assets without donor restrictions 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.

Net Assets With Donor Restrictions - 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, net assets with donor restrictions are transferred to net assets without donor restrictions 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 revenue without restrictions.

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/Refundable Advance Liability

Contributions, including promises to give, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution or promise to give contains a donor or grantor condition when both of the following are present:

- An explicit identifying of a barrier, that is more than trivial, that must be overcome before the revenue can be earned and recognized
- An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised, if the condition is not met

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

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue Recognition/ Refundable Advance Liability (Continued)

Unconditional contributions or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor are recorded as support with or without donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

Conditional contributions are recognized when the barriers to entitlement are overcome and the promises become unconditional. Unconditional contributions are recognized as revenue when received.

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 in accordance with the terms of the award and ASC Subtopic 958-605. Revenue is recognized in the accounting period when the related expenses are incurred. Amounts received or receivable in excess of expenses are reflected as a refundable advance liability.

B. Grant Awards That Are Exchange Transactions

Exchange transactions are reimbursed 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 other 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 with tenants. Rental income is recognized when earned.

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

Notes to Consolidated Financial Statements

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 and client service 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 \$7,184 at December 31, 2019.

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

Inventories 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.

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 inventory 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 a refundable advance liability on the consolidated statement of financial position.

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 net assets with donor restrictions. Any loans subsequently repaid will reduce the loan receivable and provide funds for loans or other assistance to other eligible participants.

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

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Loans Receivable (Continued)

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

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 – Housing Partnership

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 was 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 CAI 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 disposition of property and equipment, as well as the ownership of any proceeds therefrom, is subject to funding source regulations. The net book value of property and equipment purchased with grant funds is \$218,026 at December 31, 2019.

Debt Issuance Costs

Debt issuance costs represent costs associated with obtaining debt to finance the purchase of the BMAH housing project. Unamortized debt issuance costs 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, which approximates the effective interest 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.

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

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Income Taxes (Continued)

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 12% 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.

Functional Allocation

The costs of providing the various programs and activities have been summarized on a functional basis in the consolidated statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Personnel costs are allocated based on time and effort reporting. Occupancy and related costs are allocated based on square footage.

Recently Adopted Accounting Pronouncements

During 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows*, to provide guidance on the presentation of restricted cash or restricted cash equivalents in the statement of cash flows. The accounting guidance is effective for fiscal years beginning after December 15, 2018. The guidance is to be applied using a retrospective transition method to the period presented. The Organization believes the new accounting guidance improves the information provided in the financial statements and related disclosures for the primary users of the financial statements. The beginning balance of cash and restricted cash on the consolidated statement of cash flows for the year ended December 31, 2019, has been restated to include restricted cash of \$712,110 to properly reflect this change in policy.

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

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Recently Adopted Accounting Pronouncements (Continued)

On June 21, 2018, the FASB issued ASU 2018-08 *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this ASU assist in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) subject to Subtopic 958-605 or as exchange (reciprocal) transactions subject to Accounting Standards Codification 606 and (2) determining whether a contribution is conditional. The contribution guidance in Subtopic 958-605 requires an entity to determine whether a transaction is conditional, which affects the timing of the revenue recognized. The entity has applied the amendments in this ASU on a modified prospective basis. There was no change on opening balances of net assets and no prior period results were restated.

New Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09 *Revenue From Contracts with Customers (Topic 606)*. This ASU, as amended, provides comprehensive guidance on the recognition revenue from customers arising from the transfer of goods and services, guidance on accounting for certain contract costs, and new disclosures. When adopted, the amendments in this ASU must be applied using one of two retrospective methods. ASU No. 2014-09 was originally effective for nonpublic entities for annual periods beginning after December 15, 2018. On June 3, 2020, FASB issued ASU No. 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842)* that extended the effective date for certain entities, including the Organizations, to annual periods beginning after December 15, 2019.

In 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which is intended to improve financial reporting on leasing transactions. ASU No. 2016-02 will require lessees to recognize right of use assets and lease obligations for operating and finance leases under terms greater than 12 months. ASU No. 2016-02 is effective for fiscal years beginning after December 15, 2020, with early adoption permitted. ASU No. 2016-02 must be applied modified retrospectively. On June 3, 2020, FASB issued ASU No. 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842)* that extended the effective date for certain entities, including the Organizations, to annual periods beginning after December 15, 2021.

Note 2: Liquidity and Availability

As of December 31, 2019, the following are the financial assets that could readily be made available within one year of the consolidated statement of financial position date to meet general expenditures:

Cash	\$	682,866
Grants receivable		426,436
Accounts receivable		46,031
Less: refundable advance liability included in financial assets	(20,206)
Less: net assets with donor restrictions included in financial assets	(975,909)
<u>Total financial assets available</u>		<u>\$ 159,218</u>

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

Notes to Consolidated Financial Statements

Note 2: Liquidity and Availability (Continued)

In accordance with the Organization's policies, the Finance Director monitors cash flow needs on a daily basis to eliminate idle funds and to ensure that payment obligations can be met. In addition to the financial assets available, CAI has access to draw on its line of credit of \$750,000, and with approval from the Board of Directors, has access to convert investments to cash. CAI can rely on a lower cash balance as it is primarily funded with cost reimbursement grants. Under cost reimbursement grants, once expenses are incurred, an organization can request reimbursement from the funding source. CAI has grant commitments for future expenses of approximately \$4,200,000 at December 31, 2019.

Note 3: 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. 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 7).

Note 4: Restricted Cash

The restricted cash balance at December 31, 2019, consisted of the following.

CAI reserve for unemployment claims	\$	52,000
BALI reserves and security deposits		106,512
BMAH reserves and security deposits		242,137
DMAH reserves and security deposits		208,509
ESH reserves and security deposits		100,566
Total	\$	709,724

Note 5: Grants Receivable

Grants receivable at December 31, 2019, consisted of the following:

State programs	\$	214,774
Direct federal programs		36,548
Other programs		175,114
Total	\$	426,436

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

Notes to Consolidated Financial Statements

Note 6: Accounts Receivable, Net

Accounts receivable, net, at December 31, 2019, consisted of funds due for the following activities:

CAI miscellaneous activities, net of \$7,184 allowance for uncollectible amounts	\$	39,404
BALI, BMAH, DMAH, and ESH rental activities		6,627
<u>Total</u>	<u>\$</u>	<u>46,031</u>

There is no allowance for the rental activities receivables.

Note 7: Investments

The investments consist of 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, 2019, investments consist of the following:

Money market fund	\$	8,098
<u>Equity and fixed income funds</u>		<u>404,549</u>
<u>Total</u>	<u>\$</u>	<u>412,647</u>

Total investment income as of December 31, 2019, was as follows:

Interest and dividends	\$	16,119
Realized and unrealized gain on investments		57,162
<u>Fees</u>	<u>(</u>	<u>3,805)</u>
<u>Investment income</u>	<u>\$</u>	<u>69,476</u>

Note 8: Loan Receivable – Housing Partnership

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 – housing partnership at December 31, 2019, consists of \$220,000 in State of Wisconsin CHDO funds loaned to Mulberry Grove, LLC. The loan is non-interest bearing. CAI had a 3% interest in Mulberry Grove LLC. that interest was sold in 2018.

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

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

Notes to Consolidated Financial Statements

Note 8: Loan Receivable – Housing Partnership (Continued)

There is no allowance for uncollectible loans for the loan receivable – housing partnership. 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 – housing partnership 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 2019.

Note 9: Weatherization Inventory

At December 31, 2019, CAI's inventory of weatherization material included the following:

Materials inventory	\$ 6,536
Work in process	306,429
Total	<u>\$ 312,965</u>

Note 10: Housing Inventory

The inventory of houses included the following:

Beginning cost of house inventory - Beloit Merrill Neighborhood	\$ 160,924
Current year additions	108,550
Current year write-down (lower of cost or net realizable value)	<u>(63,069)</u>
Ending cost of house inventory - Beloit Merrill Neighborhood	<u>\$ 206,405</u>

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. 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. 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. 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

Note 11: 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. \$ 39,379

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. 83,754

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. 223,071

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. 473,007

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. 30,110

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

Notes to Consolidated Financial Statements

Note 11: 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.

	565,029
Total loans receivable - Housing	1,587,483
Allowance for uncollectible	(342,395)
Expected revolving loans to be received	1,245,088
Discounted at 4.5%	(216,773)
<u>Long-term loans receivable, net</u>	<u>\$ 1,028,315</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, 2019, the allowance for loan losses change is as follows:

Balance at the beginning of the year	\$ 356,214
Provision for loan losses	23,818
Charge-offs	(37,637)
<u>Balance at the end of year</u>	<u>\$ 342,395</u>

The following is a summary of information pertaining to impaired and nonperforming loans as of December 31, 2019:

Impaired loans without an allowance for loan loss	\$ 0
Impaired loans with an allowance for loan loss	39,379
<u>Total impaired loans</u>	<u>\$ 39,379</u>
Allowance for loan losses related to impaired loans	\$ 39,379
Total nonaccrual loans	634,518
Average investment in impaired loans	\$ 39,379
Interest income recognized on impaired loans	0

The lead hazard reduction assistance and assigned HOME and HCRI loans above have also been placed on nonaccrual status at December 31, 2019 given the fact that the loans are not payable until a certain event occurs. Interest income recognized on these loans was \$10,324 during 2019.

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

Notes to Consolidated Financial Statements

Note 12: Property and Equipment

A summary of property and equipment as of December 31, 2019, is as follows:

	Land	Building	Equipment	Total
CAI	\$ 224,600	\$ 2,679,719	\$ 455,343	\$ 3,359,662
BALI	4,141	2,226,865	23,911	2,254,917
BMAH	0	1,351,339	0	1,351,339
DMAH	272,300	923,962	0	1,196,262
ESH	210,420	1,023,471	0	1,233,891
Subtotal	711,461	8,205,356	479,254	9,396,071
Accumulated depreciation				(3,513,132)
Property and equipment, net				\$ 5,882,939

Note 13: Mortgages Payable

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

\$ 15,000

BMAH has a mortgage payable to WHEDA, payable in monthly installments of \$3,687, including interest at a rate of the 7-year Treasury Rate plus 2.75% (4.58% at December 31, 2019). The maturity date of the mortgage is August 1, 2045. The mortgage is secured by BMAH's assets.

662,988

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.

136,667

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, 2030, in the form of a balloon payment equal to the principal balance at that date. The mortgage is secured by the DMAH's assets.

130,905

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.

257,459

Subtotals	1,203,019
Unamortized debt issuance costs, net of accumulated amortization of \$5,238	(30,341)
Current maturities of mortgages payable	(20,808)

Long-term mortgages payable \$ 1,151,870

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

Notes to Consolidated Financial Statements

Note 13: Mortgages Payable (Continued)

Future payments of mortgages payable are as follows:

2020	\$ 20,808
2021	21,825
2022	22,894
2023	24,019
2024	25,203
<u>Thereafter</u>	<u>1,088,270</u>
 Total	 <u>\$ 1,203,019</u>

CAI also has a line of credit at BMO Harris Bank with a maximum loan available of \$750,000. The line of credit matures in October 2020. The line of credit has an interest rate of the one-month LIBOR rate plus 3.15% (5.15% at December 31, 2019), and is collateralized by real property. There was no outstanding amount drawn on the line of credit at December 31, 2019.

Note 14: 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 net assets without donor restrictions. 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 net assets without donor restrictions is the appropriate treatment.

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

Notes to Consolidated Financial Statements

Note 15: Net Assets With Donor Restrictions

At December 31, 2019, net assets with donor restrictions are available for the following purposes:

Housing activities:

Housing projects	\$ 1,661,683
Revolving loans - Housing	1,707,498
Housing activities subtotal	3,369,181
Funds available for vehicle loans	114,483
Employment training	11,686
Other	145,538

Total	\$ 3,640,888
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Note 16: 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 \$100,630 for the year ended December 31, 2019.

Note 17: Operating Lease Agreements

CAI leases various facilities and apartments for the operation of its programs. Lease expense for the year ended December 31, 2019, was \$224,608, which includes \$85,473 in lease expense related to CAI's Transitional Living Program. The future minimum lease obligations are as follows:

2020	\$ 249,594
2021	138,304
2022	140,542
2023	142,902
2024	145,310
Thereafter	868,506
Total lease obligations	\$ 1,685,158

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

Notes to Consolidated Financial Statements

Note 18: Rental Income

Rental income from the affordable housing projects, primarily under annual leases, during the year ended December 31, 2019, was \$747,008. In addition, CAI subleases certain properties in the operation of some of their housing programs. Rental income recorded under subleases during the year ended December 31, 2019, was \$135,706. As per the sublease agreements, guaranteed annual rental payments due to CAI are as follows:

2020	\$	95,088
2021		30,323
2022		22,488
2023		5,622

Total rental payments to be received in the future	\$	153,521
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Note 19: Commitments and Contingencies

At December 31, 2019, 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.

Note 20: Sources of Revenue

Generally, revenue received is from government or private sources. The table below shows the sources of funds for 2019.

	Percentage	Amount
Government	70%	\$ 6,445,976
Private	30%	2,748,537
Totals	100%	\$ 9,194,513

Note 21: 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 21: 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, 2019, 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	\$ 8,098	\$ 8,098	\$ 0	\$ 0
Equity and fixed income funds:				
Large cap funds	135,993	135,993	0	0
Mid cap funds	34,819	34,819	0	0
Small cap funds	11,479	11,479	0	0
International development funds	63,639	63,639	0	0
Emerging markets	15,446	15,446	0	0
Multi-strategy funds	26,722	26,722	0	0
Bonds	116,451	116,451	0	0
Totals	\$ 412,647	\$ 412,647	\$ 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, 2019, 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	\$ 206,405	\$ 0	\$ 0	\$ 206,405
Loans receivable - housing	0	0	0	0
Totals	\$ 206,405	\$ 0	\$ 0	\$ 206,405

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

Notes to Consolidated Financial Statements

Note 21: Fair Value Measurements (Continued)

Housing inventory with a carrying amount of \$269,474 was written down to its fair value of \$206,405 since this impairment was deemed to be other than temporary. As a result, an impairment charge of \$63,069 is included in the consolidated statement of activities for the year ended December 31, 2019.

Loans receivable – housing with a carrying amount of \$39,379 were determined to be impaired and were written down to a fair value of \$0. As a result, a specific valuation allowance was recognized against the impaired loan totaling \$39,379 at December 31, 2019.

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

- Housing inventory is valued using appraisals and other observable market data.
- Loans receivable – housing are considered impaired based on the estimated future repayments by the borrower based on their financial condition.

Note 22: Subsequent Events

Subsequent Events

Subsequent events have been evaluated through July 23, 2020, which is the date the financial statements were available to be issued.

Beginning in March 2020, the United States economy began suffering adverse effects from the COVID-19 Crisis (CV19 Crisis) including financial markets, supply chains, businesses, and communities. Specific to Organization, COVID-19 may impact various parts of its 2021 operations and financial results. Management believes the Organization is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events occurred subsequent to year-end and are still developing.

Supplementary Information

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

Schedule A-1

Schedule of Program Activity

Year Ended December 31, 2019

CFDA Number	Grant Number	Program Name	Grantor Agency	Program Period	Program or Award Amount
ASSISTANCE PROGRAMS AS IDENTIFIED IN THE CATALOG OF FEDERAL DOMESTIC ASSISTANCE					
Department of Agriculture					
10.558	53-6801	Community Kids Janesville (USDA)	State of WI Dept. of Public Instruction	10/01/18-09/30/19	N/A
10.558	53-6801	Community Kids Janesville (USDA)	State of WI Dept. of Public Instruction	10/01/19-09/30/20	N/A
		Subtotal 10.558			
10.561	FY19-CAI-FSET	FSET-Fatherhood	SWWDB	10/01/18-09/30/19	100,458
10.561	FY20-CAI-FSET	FSET-Fatherhood	SWWDB	10/01/19-09/30/20	100,458
		Subtotal 10.561			
10.568	435100-G-19-12204-210484-990	Temporary Emerg. Food Asst. Prog.	State of WI Dept. of Health Services	10/01/18-09/30/19	74,891
10.568	435100-G-20-12204-210484-990	Temporary Emerg. Food Asst. Prog.	State of WI Dept. of Health Services	10/01/19-09/30/20	80,423
		Subtotal 10.568			
10.569	N/A	Commodity Food Program	State of WI Dept. of Health Services	01/01/19-12/31/19	N/A
		Subtotal 10.568 & 10.569 Cluster			
Department of Housing and Urban Development					
14.218	B-19-MC-55-0013	Community Development Block Grant	City of Beloit	01/01/19-12/31/19	100,000
14.218	B-19-MC-55-0013	Community Development Block Grant	City of Beloit	01/01/19-12/31/19	5,458
14.218	B-19-MC-55-0013	Community Development Block Grant	City of Beloit	01/01/19-12/31/19	3,111
14.218	B-19-MC-55-0013	Community Development Block Grant	City of Beloit	01/01/19-12/31/19	15,000
14.218	B-19-MC-55-0013	Community Development Block Grant	City of Beloit	01/01/19-12/31/19	22,000
14.218	B-18-MC-55-0014	Community Development Block Grant	City of Janesville	07/01/18-06/30/19	6,500
		Subtotal 14.218			
14.231	18-19EHH18-23-CAI	Emergency Shelter & Homeless Prevention	YWCA of Rock County	07/01/18-06/30/19	35,648
14.231	19-20EHH19-24-CAI	Emergency Shelter & Homeless Prevention	YWCA of Rock County	07/01/19-06/30/20	16,284
		Subtotal 14.231			
14.235	SPC 17-01	Supportive Housing Prog.-Shelter Plus Care	State of WI Dept. of Administration	06/01/17-03/31/19	261,692
14.239	N/A	HOME Invest. Partnership - Rock	City of Janesville	07/31/17-12/31/20	131,771
14.267	WI0202L5I001700	HUD Continuum of Care	U.S. Dept. of HUD	09/01/18-08/31/19	452,695
14.267	WI0202L5I001801	HUD Continuum of Care	U.S. Dept. of HUD	09/01/19-08/31/20	459,945
14.267	WI0203L5I001801	HUD Permanent Supportive Housing	U.S. Dept. of HUD	09/01/19-08/31/20	219,552
14.267	WI0203L5I001700	HUD Permanent Supportive Housing	U.S. Dept. of HUD	09/01/18-08/31/19	218,395
		Subtotal 14.267			
Department of Labor					
17.274	YB-29990-17-60-A-55	Youth Build	U.S. Dept. of Labor	10/01/16-01/31/20	1,100,000
17.274	YB-32961-18-60-A-55	Youth Build	U.S. Dept. of Labor	02/01/19-05/30/22	1,100,000
		Subtotal 17.274			
Department of Energy					
81.042	WX 1819.03	Weatherization Assistance DOE	State of WI Dept. of Administration	07/01/18-06/30/19	405,153
81.042	WX 1920.03	Weatherization Assistance DOE	State of WI Dept. of Administration	07/01/19-06/30/20	403,363
		Subtotal 81.042			

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

Schedule A-1 (Continued)
Schedule of Program Activity
Year Ended December 31, 2019

Net Assets (Deficit) 12/31/18	Refundable Advance Liability 12/31/18	Current Grant Revenue	Other Revenue	Expenses	Transfers	Refundable Advance Liability 12/31/19	Net Assets (Deficit) 12/31/19
\$ 0	\$ 0	\$ 49,393	\$ 0	(\$ 49,393)	\$ 0	\$ 0	\$ 0
0	0	16,422	0	(16,422)	0	0	0
0	0	65,815	0	(65,815)	0	0	0
0	0	61,996	0	(61,996)	0	0	0
0	0	24,922	0	(24,922)	0	0	0
0	0	86,918	0	(86,918)	0	0	0
0	0	66,586	0	(66,586)	0	0	0
0	0	14,028	0	(14,028)	0	0	0
0	0	80,614	0	(80,614)	0	0	0
0	389	1,093,775	0	(1,050,652)	0	(43,512)	0
0	389	1,174,389	0	(1,131,266)	0	(43,512)	0
0	0	100,000	0	(100,000)	0	0	0
0	0	4,000	0	(4,000)	0	0	0
0	0	3,111	0	(3,111)	0	0	0
0	0	15,000	0	(15,000)	0	0	0
0	0	22,000	0	(22,000)	0	0	0
0	0	2,195	0	(2,195)	0	0	0
0	0	146,306	0	(146,306)	0	0	0
0	0	28,548	0	(28,548)	0	0	0
0	0	6,511	0	(6,511)	0	0	0
0	0	35,059	0	(35,059)	0	0	0
0	0	8,964	0	(8,964)	0	0	0
0	0	59,865	0	(59,865)	0	0	0
0	0	209,709	0	(209,709)	0	0	0
0	0	120,607	0	(120,607)	0	0	0
0	0	69,089	0	(69,089)	0	0	0
0	0	121,428	0	(121,428)	0	0	0
0	0	520,833	0	(520,833)	0	0	0
0	0	53,632	0	(53,632)	0	0	0
0	0	552,409	0	(552,409)	0	0	0
0	0	606,041	0	(606,041)	0	0	0
0	(34,387)	132,315	0	(97,928)	0	0	0
0	0	269,658	0	(271,738)	0	2,080	0
0	(34,387)	401,973	0	(369,666)	0	2,080	0

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

Schedule A-2

Schedule of Program Activity

Year Ended December 31, 2019

CFDA Number	Grant Number	Program Name	Grantor Agency	Program Period	Program or Award Amount
ASSISTANCE PROGRAMS AS IDENTIFIED IN THE CATALOG OF FEDERAL DOMESTIC ASSISTANCE (Continued)					
Department of Health and Human Services					
93.092	N/A	Healthcare Education & Training	Healthcare Education & Training	01/01/19-12/31/19	2,500
93.092	435100-G-19-12221-210484-990	Personal Responsibility Education Program	State of WI Dept. of Health Services	10/01/18-09/30/19	100,000
93.092	435100-G20-210484-90	Personal Responsibility Education Program	State of WI Dept. of Health Services	10/01/19-09/30/20	100,000
		Subtotal 93.092			
93.558	437004-G16-0000742-000-01	Transitional Jobs	State of WI Dept. of Children & Families	07/01/17-12/31/19	1,113,700
93.568	WX 1819.03	Weatherization Assistance EAP	State of WI Dept. of Administration	07/01/18-06/30/19	741,437
93.568	WX 1920.03	Weatherization Assistance EAP	State of WI Dept. of Administration	07/01/19-06/30/20	429,929
93.568	2018.03	Emergency Furnace Replacement	State of WI Dept. of Administration	10/01/18-09/30/19	N/A
93.568	2019.03	Emergency Furnace Replacement	State of WI Dept. of Administration	10/01/19-09/30/20	N/A
		Subtotal 93.568			
93.569	437004-G19-0001361-000-04	Community Services Block Grant	State of WI Dept. of Children & Families	01/01/19-12/31/19	376,168
93.959	HSD_2019_0060 A1	Juvenile Justice OADA	Rock County Human Services	01/01/19-12/31/19	38,434
93.959	HSD_2019_0060 A1	Rock County Urban Youth	Rock County Human Services	01/01/19-12/31/19	47,400
		Subtotal 93.959			
Corporation for National and Community Service					
94.006	N/A	AmeriCorps	Serve Wisconsin	09/01/17-03/31/19	98,577
94.006	N/A	AmeriCorps	Serve Wisconsin	09/01/18-12/31/19	102,000
94.006	N/A	AmeriCorps	Serve Wisconsin	08/15/19-08/14/20	92,000
		Subtotal 94.006			
Department of Homeland Security					
97.024	N/A	Emergency Food & Shelter Program (EFSP)	United Way of Walworth County	01/01/19-12/31/19	10,434
		Total Federal Programs			
STATE AND LOCAL PROGRAMS					
N/A	WX 1819.03	Public Benefits Weatherization	State of WI Dept. of Administration	07/01/18-06/30/19	1,784,841
N/A	WX 1920.03	Public Benefits Weatherization	State of WI Dept. of Administration	07/01/19-06/30/20	1,953,661
N/A	2018.03	Emergency Furnace Replacement	State of WI Dept. of Administration	10/01/18-09/30/19	N/A
N/A	2019.03	Emergency Furnace Replacement	State of WI Dept. of Administration	10/01/19-09/30/20	N/A
N/A	SSSG 19-06	State Shelter Subsidy Grant	State of WI Dept. of Administration	01/01/19-12/31/19	15,100
N/A	N/A	AWARE	City of Evansville	01/01/19-12/31/19	10,000
N/A	N/A	AWARE	Donations	01/01/19-12/31/19	N/A
N/A	N/A	AWARE	Evansville Community Fund	01/01/19-12/31/19	N/A
N/A	N/A	Fresh Start	School District of Beloit-WI DPI	01/01/18-12/31/18	N/A
N/A	N/A	Twin Oaks Shelter for the Homeless	United Way of Walworth County	01/01/19-12/31/19	15,200
N/A	N/A	Permanent Supportive Housing	United Way of Walworth County	01/01/19-12/31/19	3,250
N/A	N/A	RRH	United Way of Walworth County	01/01/19-12/31/19	3,250
N/A	N/A	AWARE	United Way Blackhawk Region	01/01/18-06/30/19	28,500
N/A	N/A	AWARE	United Way Blackhawk Region	07/01/19-06/30/21	38,000
N/A	N/A	Community Kids	United Way Blackhawk Region	01/01/18-06/30/19	90,000
N/A	N/A	Community Kids	United Way Blackhawk Region	07/01/19-06/30/21	120,000
N/A	N/A	Personal Responsibility Education Program	United Way Blackhawk Region	01/01/18-06/30/19	15,000
N/A	N/A	Personal Responsibility Education Program	United Way Blackhawk Region	07/01/19-06/30/21	20,000
N/A	N/A	Merrill After School Program	United Way Blackhawk Region	01/01/18-06/30/19	86,532
N/A	N/A	Merrill After School Program	United Way Blackhawk Region	07/01/19-06/30/21	115,376
N/A	N/A	Merrill Senior Program	United Way Blackhawk Region	01/01/18-06/30/19	19,968
N/A	N/A	Merrill Senior Program	United Way Blackhawk Region	07/01/19-06/30/21	26,624
N/A	N/A	Fatherhood	United Way Blackhawk Region	01/01/18-06/30/19	45,000
N/A	N/A	Fatherhood	United Way Blackhawk Region	07/01/19-06/30/21	60,000
N/A	N/A	RRH (TLP)	United Way Blackhawk Region	07/01/19-06/30/21	108,000
N/A	N/A	RRH (TLP)	United Way Blackhawk Region	01/01/18-06/30/19	81,000
N/A	N/A	Fresh Start	United Way Blackhawk Region	01/01/18-06/30/19	15,000
N/A	N/A	Fresh Start	United Way Blackhawk Region	7/01/2019-6/31/21	20,000

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

Schedule A-2 (Continued)
Schedule of Program Activity
Year Ended December 31, 2019

Net Assets (Deficit) 12/31/18	Refundable Advance Liability 12/31/18	Current Grant Revenue	Other Revenue	Expenses	Transfers	Refundable Advance Liability 12/31/19	Net Assets (Deficit) 12/31/19
0	0	2,500	0	(2,500)	0	0	0
0	0	65,029	0	(65,029)	0	0	0
0	0	23,257	0	(23,257)	0	0	0
0	0	90,786	0	(90,786)	0	0	0
0	0	71,793	0	(71,793)	0	0	0
0	191,523	251,236	0	(442,759)	0	0	0
0	0	258,487	9,720	(37,436)	0	(230,771)	0
0	0	14,356	0	(14,356)	0	0	0
0	0	68,689	0	(68,689)	0	0	0
0	191,523	592,768	9,720	(563,240)	0	(230,771)	0
0	0	376,168	0	(376,168)	0	0	0
0	0	38,434	0	(38,434)	0	0	0
0	0	47,400	0	(47,400)	0	0	0
0	0	85,834	0	(85,834)	0	0	0
0	0	10,041	0	(10,041)	0	0	0
0	0	70,872	0	(70,872)	0	0	0
0	0	28,868	0	(28,868)	0	0	0
0	0	109,781	0	(109,781)	0	0	0
0	0	10,434	0	(10,434)	0	0	0
0	157,525	4,443,727	9,720	(4,338,769)	0	(272,203)	0
0	154,097	770,956	0	(925,053)	0	0	0
0	0	832,243	0	(771,275)	0	(60,968)	0
0	0	119,525	0	(119,525)	0	0	0
0	0	146,112	0	(146,112)	0	0	0
0	0	15,100	0	(15,100)	0	0	0
0	0	10,000	0	(10,000)	0	0	0
74,863	0	72,476	0	(61,758)	0	0	85,581
0	0	1,150	0	(1,150)	0	0	0
44,241	0	128,000	325	(160,880)	0	0	11,686
0	0	15,200	0	(15,200)	0	0	0
0	0	3,250	0	(3,250)	0	0	0
0	0	3,250	0	(3,250)	0	0	0
0	0	9,500	0	(9,500)	0	0	0
0	0	9,500	0	(9,500)	0	0	0
0	0	30,000	0	(30,000)	0	0	0
0	0	9,860	0	(9,860)	0	0	0
0	0	5,000	0	(5,000)	0	0	0
0	0	6,897	0	(6,897)	0	0	0
0	28,355	489	0	(28,844)	0	0	0
0	0	28,750	0	(28,750)	0	0	0
0	0	6,656	0	(6,656)	0	0	0
0	0	6,750	0	(6,750)	0	0	0
0	0	19,399	0	(19,399)	0	0	0
0	0	31,123	0	(31,123)	0	0	0
0	0	23,236	0	(23,236)	0	0	0
0	0	45,957	0	(45,957)	0	0	0
0	0	10,000	0	(10,000)	0	0	0
0	0	5,000	0	(5,000)	0	0	0

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

Schedule A-3

Schedule of Program Activity

Year Ended December 31, 2019

CFDA Number	Grant Number	Program Name	Grantor Agency	Program Period	Program or Award Amount
STATE AND LOCAL PROGRAMS (Continued)					
N/A	N/A	Fatherhood Initiative	Foundations/Donations	Ongoing	N/A
N/A	N/A	Fatherhood Initiative - Walworth County	Foundations/Donations	Ongoing	N/A
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	1318 Porter Ave.	Sale Proceeds	01/01/18-12/31/18	N/A
N/A	N/A	152 Linn St.	Sale Proceeds	01/01/17-12/31/17	N/A
N/A	N/A	1417 Hull	WIP	Ongoing	N/A
N/A	N/A	Twin Oaks Homeless Shelter	Donations	01/01/19-12/31/20	N/A
Total State and Local Programs					
Total Program Activity					
GENERALLY ACCEPTED ACCOUNTING PRINCIPLE (GAAP) ADJUSTMENTS					
N/A	N/A	Average Lease Adjustment Pathways Center	N/A	Ongoing	N/A
N/A	N/A	Grant-Funded Equipment	N/A	Ongoing	N/A
Total GAAP Adjustments					
PRIVATE SUPPORT AND SERVICE FEES					
N/A	N/A	Permanent Supportive Housing	Client rent income	01/01/19-12/31/19	N/A
N/A	N/A	Permanent Supportive Housing	Client rent income	01/01/19-12/31/19	N/A
N/A	N/A	Community Kids Janesville	Rock County Dept. of H.S., YoungStar, and	01/01/19-12/31/19	N/A
N/A	N/A	Community Kids P4J	School District of Janesville Fees	01/01/19-12/31/19	N/A
N/A	N/A	Community Kids Pathways	Fees/Donations	01/01/19-12/31/19	N/A
N/A	N/A	Early Head Start Beloit	Fees/Donations	01/01/19-12/31/19	N/A
N/A	N/A	122 Knoll	HRRP Revolving Loan/Rent	Ongoing	N/A
N/A	N/A	Beloit Merrill Houses	Rent/Donations	01/01/19-12/31/19	N/A
N/A	N/A	Merrill After School Program	Fees/Donations	01/01/19-12/31/19	N/A
N/A	N/A	NRSA	Fees/Donations	01/01/19-12/31/19	N/A
N/A	N/A	Housing Development	Fees/Donations	01/01/19-12/31/19	N/A
N/A	N/A	Housing Development	Fees/Donations	01/01/19-12/31/19	N/A
N/A	N/A	Personal Responsibility Education Program	Fees/Donations	01/01/19-12/31/19	N/A
N/A	N/A	Fatherhood	Fees/Donations	01/01/19-12/31/19	N/A
N/A	N/A	Weatherization	Landlord Contribution/WX Cost Reduction	01/01/19-12/31/19	N/A
N/A	N/A	TLP/SHP/PSH/RRH	Fees/Donations	01/01/19-12/31/19	N/A
N/A	N/A	Training	Fee for Service	01/01/19-12/31/19	N/A
N/A	N/A	Corporate Fund	Donations, Rent Inc. and Interest	01/01/19-12/31/19	N/A
Total CAI Discretionary Activity					
Total CAI Activity					
N/A	N/A	Beloit Assisted Living, Inc.	Rent	01/01/19-12/31/19	N/A
N/A	N/A	Beloit Mature Adult Housing LLC	Rent	01/01/19-12/31/19	N/A
N/A	N/A	Delavan Mature Adult Housing, LLC	Rent	01/01/19-12/31/19	N/A
N/A	N/A	Evansville Senior Housing, LP	Rent	01/01/19-12/31/19	N/A
Total Subsidiary Activity					
GRAND TOTALS					

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

Schedule A-3 (Continued)
Schedule of Program Activity
Year Ended December 31, 2019

Net Assets (Deficit) 12/31/18	Refundable Advance Liability 12/31/18	Current Grant Revenue	Other Revenue	Expenses	Transfers	Refundable Advance Liability 12/31/19	Net Assets (Deficit) 12/31/19
0	0	0	14,000	(14,000)	0	0	0
0	0	0	5,000	0	0	0	5,000
136,536	0	0	387	(22,440)	0	0	114,483
54,957	0	0	0	0	0	0	54,957
1,717,961	0	0	15,321	(4,654)	(21,130)	0	1,707,498
1,625,409	0	0	0	0	1,369	0	1,626,778
5,361	0	0	0	0	0	0	5,361
19,658	0	0	0	0	0	0	19,658
0	0	0	0	9,886	0	0	9,886
0	0	0	161,409	(161,409)	0	0	0
3,678,986	182,452	2,365,379	196,442	(2,701,642)	(19,761)	(60,968)	3,640,888
3,678,986	339,977	6,809,106	206,162	(7,040,411)	(19,761)	(333,171)	3,640,888
0	0	0	0	7,656	(7,656)	0	0
249,409	0	0	0	59,865	(91,248)	0	218,026
249,409	0	0	0	67,521	(98,904)	0	218,026
0	0	0	4,995	(4,995)	0	0	0
0	0	0	6,654	(6,654)	0	0	0
(75,782)	0	0	793,805	(793,805)	0	0	(75,782)
0	0	0	89,440	(89,440)	0	0	0
0	0	0	36,060	(36,060)	0	0	0
0	0	0	113,143	(113,143)	0	0	0
(39,695)	0	0	13,218	(31,300)	0	0	(57,777)
0	0	0	24,210	(37,458)	13,248	0	0
0	0	0	100	(100)	0	0	0
0	0	0	2,500	(2,500)	0	0	0
0	0	0	0	(22,386)	22,386	0	0
1,261	0	0	0	0	0	0	1,261
10,000	0	0	5,500	(15,500)	0	0	0
0	0	0	15,300	(15,300)	0	0	0
0	0	0	26,269	(26,269)	0	0	0
0	0	0	17,628	(17,628)	0	0	0
23,772	0	0	24,400	(8,836)	0	0	39,336
1,698,975	0	0	215,312	(450,430)	83,031	0	1,546,888
1,618,531	0	0	1,388,534	(1,671,804)	118,665	0	1,453,926
5,546,926	339,977	6,809,106	1,594,696	(8,644,694)	0	(333,171)	5,312,840
1,515,289	0	0	156,977	(198,643)	0	0	1,473,623
670,966	0	0	320,368	(321,888)	0	0	669,446
367,133	0	0	142,998	(177,256)	0	0	332,875
241,972	0	0	163,562	(180,079)	0	0	225,455
2,795,360	0	0	783,905	(877,866)	0	0	2,701,399
\$ 8,342,286	\$ 339,977	\$ 6,809,106	\$ 2,378,601	(\$ 9,522,560)	\$ 0	(\$ 333,171)	\$ 8,014,239
Reconciliation of Grant and Contract Revenue With Statement of Activities:				Reconciliation of Other Revenue With Statement of Activities:			
Prior year refundable advance liability			\$ 339,977	Fee for services revenue			\$ 882,109
Current grant revenue			6,809,106	Program and other contributions			544,302
Current year refundable advance liability			(333,171)	Rental income			882,714
				Investment income			69,476
TOTAL			\$ 6,815,912				\$ 2,378,601

Community Action, Inc. of Rock and Walworth Counties

Schedule B-1

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2019

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Grant Number	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Passed-Through Wisconsin Department of Public Instruction			
USDA Reimbursement	10.558	53-6801	\$ 65,815
Passed-Through Southwest Wisconsin Workforce Development Board			
SNAP Cluster:			
FSET-Fatherhood	10.561	FY19-CAI-FSET	61,996
FSET-Fatherhood		FY20-CAI-FSET	24,922
Subtotal 10.561			86,918
Passed-Through Wisconsin Department of Health Services			
Distribution Food Cluster:			
Temporary Emergency Food Assistance Program	10.568	435100-G-19-12204-210484-990	66,586
Temporary Emergency Food Assistance Program		435100-G-20-12204-210484-990	14,028
Subtotal 10.568			80,614
Commodity Food Program	10.569	N/A	1,050,652
Subtotal Distribution Food Cluster CFDA #10.568 and #10.569			1,131,266
SUBTOTAL U.S. DEPARTMENT OF AGRICULTURE			1,283,999
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed-Through City of Beloit			
CDBG - Entitlement Grants Cluster:			
Community Development Block Grant	14.218	B-19-MC-55-0013	100,000
Community Development Block Grant		B-19-MC-55-0013	4,000
Community Development Block Grant		B-19-MC-55-0013	3,111
Community Development Block Grant		B-19-MC-55-0013	15,000
Community Development Block Grant		B-19-MC-55-0013	22,000
Passed-Through City of Janesville			
Community Development Block Grant		B-18-MC-55-0014	2,195
Subtotal 14.218			146,306
Passed-Through YMCA of Rock County			
Emergency Shelter & Homeless Prevention	14.231	18-19EHH18-23-CAI	28,548
Emergency Shelter & Homeless Prevention		19-20EHH19-24-CAI	6,511
Subtotal 14.231			35,059
Passed-Through Wisconsin Department of Administration			
Supportive Housing Program	14.235	SPC 17-01	8,964
Passed-Through City of Janesville			
HOME Investment Partnership	14.239	N/A	59,865
Direct Grant			
HUD Continuum of Care	14.267	WI0202L5I001700	209,709
HUD Continuum of Care		WI0202L5I001801	120,607
HUD Permanent Supportive Housing		WI0203L5I001801	69,089
HUD Permanent Supportive Housing		WI0203L5I001700	121,428
Subtotal 14.267			520,833
SUBTOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			771,027
U.S. DEPARTMENT OF LABOR			
Direct Grant			
Youthbuild	17.274	YB-29990-17-60-A-55	53,632
Youthbuild		YB-32961-18-60-A-55	552,409
Subtotal 17.274			606,041
SUBTOTAL U.S. DEPARTMENT OF LABOR			606,041

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, 2019

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Grant Number	Federal Expenditures
U.S. DEPARTMENT OF ENERGY (DOE)			
Passed-Through Wisconsin Department of Administration			
Weatherization Assistance DOE	81.042	WX 1819.03	97,928
Weatherization Assistance DOE		WX 1920.03	271,738
Subtotal 81.042			369,666
SUBTOTAL U.S. DEPARTMENT OF ENERGY			369,666
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed-Through Healthcare Employment & Training			
Healthcare Employment & Training	93.092	N/A	2,500
Passed-Through Wisconsin Department of Health Services			
Personal Responsibility Education Program		435100-G-19-12221	
		-210484-990	65,029
Personal Responsibility Education Program		435100-G20-210484-90	23,257
Subtotal 93.092			90,786
Passed-Through Wisconsin Department of Children & Families			
TANF Cluster:			
Transitional Jobs	93.558	437004-G16-0000742-000-01	71,793
Passed-Through Wisconsin Department of Administration			
Weatherization Assistance EAP	93.568	WX 1819.03	442,759
Weatherization Assistance EAP		WX 1920.03	27,716
Emergency Furnace Repair and Replacement		2018.03	14,356
Emergency Furnace Repair and Replacement		2019.03	68,689
Subtotal 93.568			553,520
Passed-Through Wisconsin Department of Children & Families			
Community Service Block Grant	93.569	437004-G19-0001361-000-04	376,168
Passed-Through Rock County Human Services			
Juvenile Justice OADA	93.959	HSD_2019_0060 A1	38,434
Rock County Urban Youth		HSD_2019_0060 A1	47,400
Subtotal 93.959			85,834
SUBTOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			1,178,101
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			
Passed-Through Serve Wisconsin			
Americorps	94.006	N/A	109,781
SUBTOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			109,781
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed-Through United Way of Walworth County			
Emergency Food & Shelter Program (EFSP)	97.024	N/A	10,434
SUBTOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			10,434
TOTAL FEDERAL EXPENDITURES			\$ 4,329,049

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, 2019

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, 2019. 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.

Note 4 - Subrecipients

Community Action, Inc. of Rock and Walworth Counties does not have subrecipients or subrecipient expenditures.

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

Schedule C

Consolidating Statement of Financial Position

December 31, 2019

	Community Action, Inc. of Rock & Walworth *	Beloit Assisted Living, Inc.
<i>Assets</i>		
Current assets:		
Cash	\$ 597,157	\$ 9,549
Restricted cash	52,000	106,512
Grants receivable	426,436	0
Accounts receivable, net	44,662	294
Weatherization inventory	312,965	0
Housing inventory	206,405	0
Commodity food inventory	43,512	0
Prepaid expenses and other assets	100,274	821
Total current assets	1,783,411	117,176
Other assets:		
Investments	412,647	0
Loans receivable - Housing partnerships, net	1,847,390	0
Loans receivable - Housing, net	1,028,315	0
Total other assets	3,288,352	0
Property and equipment, net	1,027,686	1,382,289
TOTAL ASSETS	\$ 6,099,449	\$ 1,499,465
<i>Liabilities and Net Assets</i>		
Current liabilities:		
Current portion of mortgages payable	\$ 0	\$ 0
Accounts payable	231,187	1,082
Accrued payroll and related expenses	99,202	3,776
Other liabilities	0	20,984
Refundable advance liability	333,171	0
Total current liabilities	663,560	25,842
Long-term liabilities:		
Operating loan payable - related party	0	0
Mortgages payable	15,000	0
Other liability	108,049	0
Total long-term liabilities	123,049	0
Total liabilities	786,609	25,842
Net assets:		
Without donor restrictions	1,259,305	1,473,623
Without donor restrictions - Board designated	412,647	0
Total without donor restrictions	1,671,952	1,473,623
With donor restrictions	3,640,888	0
Total net assets	5,312,840	1,473,623
TOTAL LIABILITIES AND NET ASSETS	\$ 6,099,449	\$ 1,499,465

* 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, 2019

<i>Assets</i>	Low-Income Housing Partnerships **	Subtotal	Eliminations	Consolidated
Current assets:				
Cash	\$ 76,160	\$ 682,866	\$ 0	\$ 682,866
Restricted cash	551,212	709,724	0	709,724
Grants receivable	0	426,436	0	426,436
Accounts receivable, net	6,333	51,289	(5,258)	46,031
Weatherization inventory	0	312,965	0	312,965
Housing inventory	0	206,405	0	206,405
Commodity food inventory	0	43,512	0	43,512
Prepaid expenses and other assets	1,812	102,907	0	102,907
Total current assets	635,517	2,536,104	(5,258)	2,530,846
Other assets:				
Investments	0	412,647	0	412,647
Loans receivable - Housing partnerships, net	0	1,847,390	(1,627,390)	220,000
Loans receivable - Housing, net	0	1,028,315	0	1,028,315
Total other assets	0	3,288,352	(1,627,390)	1,660,962
Property and equipment, net	3,472,964	5,882,939	0	5,882,939
TOTAL ASSETS	\$ 4,108,481	\$ 11,707,395	(\$ 1,632,648)	\$ 10,074,747
<i>Liabilities and Net Assets</i>				
Current liabilities:				
Current portion of mortgages payable	\$ 20,808	\$ 20,808	\$ 0	\$ 20,808
Accounts payable	24,446	256,715	0	256,715
Accrued payroll and related expenses	0	102,978	0	102,978
Other liabilities	65,933	86,917	0	86,917
Refundable advance liability	0	333,171	0	333,171
Total current liabilities	111,187	800,589	0	800,589
Long-term liabilities:				
Operating loan payable - related party	5,258	5,258	(5,258)	0
Mortgages payable	2,764,260	2,779,260	(1,627,390)	1,151,870
Other liability	0	108,049	0	108,049
Total long-term liabilities	2,769,518	2,892,567	(1,632,648)	1,259,919
Total liabilities	2,880,705	3,693,156	(1,632,648)	2,060,508
Net assets:				
Without donor restrictions	1,227,776	3,960,704	0	3,960,704
Without donor restrictions - Board designated	0	412,647	0	412,647
Total without donor restrictions	1,227,776	4,373,351	0	4,373,351
With donor restrictions	0	3,640,888	0	3,640,888
Total net assets	1,227,776	8,014,239	0	8,014,239
TOTAL LIABILITIES AND NET ASSETS	\$ 4,108,481	\$ 11,707,395	(\$ 1,632,648)	\$ 10,074,747

* 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, 2019

	Community Action, Inc. of Rock & Walworth *	Beloit Assisted Living, Inc.	Low-Income Housing Partnerships **	Eliminations	Consolidated
Revenue:					
Grant and contract revenue	\$ 6,815,912	\$ 0	\$ 0	\$ 0	\$ 6,815,912
Fee for services revenue	853,112	2,583	26,414	0	882,109
Program and other contributions	555,802	0	0	(11,500)	544,302
Rental income	135,706	153,820	593,188	0	882,714
Investment income	61,576	574	7,326	0	69,476
Total revenue	8,422,108	156,977	626,928	(11,500)	9,194,513
Expenses:					
Salaries and wages	2,908,710	24,379	24,931	0	2,958,020
Fringe benefits	727,615	0	0	0	727,615
Consultants/contractual	150,922	32,930	77,722	0	261,574
Travel	102,573	0	0	0	102,573
Occupancy	583,783	25,160	81,225	0	690,168
Supplies	134,536	9,159	44,964	0	188,659
Weatherization materials	1,771,561	0	0	0	1,771,561
Client/participant costs	848,780	0	0	0	848,780
Depreciation	124,997	55,948	87,589	0	268,534
Commodities distributed	1,050,652	0	0	0	1,050,652
Other	252,065	51,067	57,354	(11,500)	348,986
Project expenses	0	0	305,438	0	305,438
Total expenses	8,656,194	198,643	679,223	(11,500)	9,522,560
Change in net assets	(234,086)	(41,666)	(52,295)	0	(328,047)
Net assets at beginning of year	5,546,926	1,515,289	1,280,071	0	8,342,286
Net assets at end of year	\$ 5,312,840	\$ 1,473,623	\$ 1,227,776	\$ 0	\$ 8,014,239

* 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, 2019

<i>Assets</i>	Beloit Mature Adult Housing, LLC	Delavan Mature Adult Housing, LLC	Evansville Senior Housing, LP	Low-Income Housing Partnerships Subtotal
Current assets:				
Cash	\$ 20,119	\$ 28,465	\$ 27,576	\$ 76,160
Restricted cash	242,137	208,509	100,566	551,212
Accounts receivable, net	3,654	835	1,844	6,333
Prepaid expenses and other assets	495	443	874	1,812
Total current assets	266,405	238,252	130,860	635,517
Property and equipment, net	1,204,196	1,116,544	1,152,224	3,472,964
TOTAL ASSETS	\$ 1,470,601	\$ 1,354,796	\$ 1,283,084	\$ 4,108,481
<i>Liabilities and Net Assets</i>				
Current liabilities:				
Current portion of mortgages payable	\$ 17,196	\$ 1,214	\$ 2,398	\$ 20,808
Accounts payable	6,344	7,415	10,687	24,446
Other liabilities	20,239	26,205	19,489	65,933
Total current liabilities	43,779	34,834	32,574	111,187
Long-term liabilities:				
Operating loan payable - related party	5,258	0	0	5,258
Mortgages payable	752,118	987,087	1,025,055	2,764,260
Total long-term liabilities	757,376	987,087	1,025,055	2,769,518
Total liabilities	801,155	1,021,921	1,057,629	2,880,705
Net assets:				
Without donor restrictions	669,446	332,875	225,455	1,227,776
TOTAL LIABILITIES AND NET ASSETS	\$ 1,470,601	\$ 1,354,796	\$ 1,283,084	\$ 4,108,481

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

Schedule F

Statement of Activities - Low-Income Housing Partnerships

Year Ended December 31, 2019

	Beloit Mature Adult Housing, LLC	Delavan Mature Adult Housing, LLC	Evansville Senior Housing, LP	Low-Income Housing Partnerships Subtotal
Revenue:				
Fee for services revenue	\$ 16,237	\$ 2,465	\$ 7,712	\$ 26,414
Rental income	298,039	139,557	155,592	593,188
Investment income	6,092	976	258	7,326
Total revenue	320,368	142,998	163,562	626,928
Expenses:				
Salaries and wages	24,931	0	0	24,931
Fringe benefits	0	0	0	0
Consultants/contractual	77,722	0	0	77,722
Occupancy	81,225	0	0	81,225
Supplies	44,964	0	0	44,964
Depreciation	35,692	24,863	27,034	87,589
Other	57,354	0	0	57,354
Project expenses	0	152,393	153,045	305,438
Total expenses	321,888	177,256	180,079	679,223
Change in net assets	(1,520)	(34,258)	(16,517)	(52,295)
Net assets at beginning of year	670,966	367,133	241,972	1,280,071
Net assets at end of year	\$ 669,446	\$ 332,875	\$ 225,455	\$ 1,227,776



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, 2019, and the related consolidated statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated July 23, 2020. 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, Delavan Mature Adult Housing, LLC, Evansville Senior Housing LP, 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.

Wipfli LLP

Wipfli LLP

July 23, 2020
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, 2019. 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, 2019, 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, 2019.

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

July 23, 2020
Madison, Wisconsin

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

Schedule of Findings and Questioned Costs

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 *State Single Audit Guidelines*?

No

Identification of major federal and state programs:

Name of Federal Major Program or Cluster

CFDA No.

Food Distribution Cluster

10.568 & 10.569

Weatherization

81.042

Low-Income Home Energy Assistance Program

93.568

Name of State Major Program or Cluster

State ID No.

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

Section II - Financial Statement Findings

None

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

Schedule of Findings and Questioned Costs

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

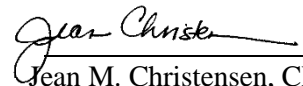
Department of Children & Families

No

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

No

Name and signature of partner


Jean M. Christensen, CPA
July 23, 2020

Date of report