

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

Beloit, Wisconsin

Consolidated Financial Statements  
and Supplementary Information

Year Ended December 31, 2020



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

Consolidated Financial Statements and Supplementary Information  
Year Ended December 31, 2020

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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, 2020, 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 consolidated 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, 2020, 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 consolidated statement of financial position of Community Action, Inc. of Rock & Walworth Counties as of December 31, 2019, and the related consolidated 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 consolidated financial statements. That audit was conducted for purposes of forming an opinion on the consolidated financial statements as a whole. The Schedule of Emergency Furnace Activity by Contract 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, 2019, consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of those consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the prior year expenses included on the Schedule of Emergency Furnace Activity by Contract is fairly presented, in all material respects, in relation to the consolidated financial statements from which it has been derived.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2021, 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.

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

Wipfli LLP

June 23, 2021  
Madison, Wisconsin

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

## Consolidated Statement of Financial Position

December 31, 2020

<i>Assets</i>	
Current assets:	
Cash	\$ 821,953
Restricted cash	559,090
Grants receivable	622,432
Accounts receivable, net	52,563
Weatherization inventory	239,205
Housing inventory	367,543
Commodity food inventory	78,962
Prepaid expenses and other assets	121,420
Total current assets	2,863,168
Other assets:	
Investments	460,675
Loans receivable - Housing partnership	220,000
Loans receivable - Housing, net	991,732
Total other assets	1,672,407
Property and equipment, net	5,847,064
<b>TOTAL ASSETS</b>	<b>\$ 10,382,639</b>

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

## Consolidated Statement of Financial Position (Continued)

December 31, 2020

<i>Liabilities and Net Assets</i>	
Current liabilities:	
Current portion of mortgages payable	\$ 21,825
Accounts payable	190,627
Accrued payroll and related expenses	113,015
Other liabilities	100,906
Refundable advance liability	743,190
Total current liabilities	1,169,563
Long-term liabilities:	
Mortgages payable	1,138,986
Other liability	109,154
Total long-term liabilities	1,248,140
Total liabilities	2,417,703
Net assets:	
Without donor restrictions - CAI	1,251,894
Without donor restrictions - BALI	1,401,229
Without donor restrictions - Board designated	460,675
Without donor restrictions - Low-Income housing partnerships	1,026,819
Total without donor restrictions	4,140,617
With donor restrictions - CAI	3,824,319
Total net assets	7,964,936
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 10,382,639</b>

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

## Consolidated Statement of Activities

December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue:			
Grant and contract revenue	\$ 8,880,411	\$ 64,733	\$ 8,945,144
Fee for services revenue	787,419	0	787,419
Program and other contributions	424,602	259,631	684,233
Rental income	901,454	0	901,454
Investment income	49,968	0	49,968
Net assets released from restriction through satisfaction of program restrictions	140,933	( 140,933)	0
Total revenue	11,184,787	183,431	11,368,218
Expenses:			
Program activities:			
Weatherization/energy assistance	2,790,273	0	2,790,273
Housing and housing rehabilitation	3,853,093	0	3,853,093
Employment training	1,077,727	0	1,077,727
Food programs	1,219,644	0	1,219,644
Child programs	935,526	0	935,526
Community services programs	368,557	0	368,557
Other	84,797	0	84,797
Homeless/shelter programs	252,625	0	252,625
Health Care	83,558	0	83,558
Total program activities	10,665,800	0	10,665,800
Support services:			
Fund-raising	39,693	0	39,693
Management and general	712,028	0	712,028
Total supportive services	751,721	0	751,721
Total expenses	11,417,521	0	11,417,521
Change in net assets	( 232,734)	183,431	( 49,303)
Net assets at beginning of year	4,373,351	3,640,888	8,014,239
Net assets at end of year	\$ 4,140,617	\$ 3,824,319	\$ 7,964,936

See accompanying notes to consolidated financial statements.



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

## Consolidated Statement of Functional Expenses

December 31, 2020

	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total Expenses</b>
Salaries and wages	\$ 2,471,220	\$ 464,002	\$ 17,809	\$ 2,953,031
Fringe benefits	586,714	96,599	0	683,313
Consultants/contractual	225,340	58,255	0	283,595
Travel	68,917	1,489	0	70,406
Occupancy	738,712	60,117	0	798,829
Supplies	232,096	10,526	0	242,622
Weatherization materials	1,754,098	0	0	1,754,098
Client/participant costs	2,736,802	0	0	2,736,802
Depreciation	286,260	0	0	286,260
Commodities distributed	1,121,025	0	0	1,121,025
Other	104,405	21,040	21,884	147,329
Project expenses	340,211	0	0	340,211
<b>Total expenses</b>	<b>\$ 10,665,800</b>	<b>\$ 712,028</b>	<b>\$ 39,693</b>	<b>\$ 11,417,521</b>

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

## Consolidated Statement of Cash Flows

Year Ended December 31, 2020

Increase (decrease) in cash and restricted cash:	
Cash flows from operating activities:	
Change in net assets	(\$ 49,303)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	286,260
Amortized interest expense	1,186
Loss on disposal of property and equipment	22,990
Realized and unrealized gain on investments	( 44,372)
Provision allowance for uncollectible accounts receivable	6,187
Write down of housing inventory	85,178
Provision allowance for loan losses	19,399
Net change in discount on loans receivable	( 34,477)
Changes in operating assets and liabilities:	
Grants receivable	( 195,996)
Accounts receivable	( 12,719)
Weatherization inventory	73,760
Housing inventory	( 246,316)
Prepaid expenses and other assets	( 18,513)
Accounts payable	( 66,088)
Accrued payroll and related expenses	10,037
Other liabilities	13,989
Refundable advance liability	374,569
Other liability	1,105
Net cash provided by operating activities	226,876
Cash flows from investing activities:	
Capital expenditures	( 273,375)
Purchase of investments	( 3,656)
Collections on loans receivable	51,661
Net cash used in investing activities	( 225,370)
Cash flows from financing activities:	
Payments on mortgages payable	( 13,053)
Net cash used in financing activities	( 13,053)
Change in cash and restricted cash	( 11,547)
Cash and restricted cash - Beginning of year	1,392,590
Cash and restricted cash - End of year	\$ 1,381,043
<b>Supplemental schedule of operating activities:</b>	
Interest paid and expensed	\$ 49,572
<b>Supplemental schedule of noncash operating and investing activity:</b>	
Change in commodity food inventory/refundable advance liability	( 35,450)
<b>Reconciliation of cash and restricted cash statement of financial position at December 31, 2020</b>	
Cash	821,953
Restricted cash	559,090
Total cash and restricted cash	\$ 1,381,043

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

## Notes to Consolidated Financial Statements

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

#### **Nature of Operations**

Community Action, Inc. of Rock & Walworth Counties (CAI) was organized as a nonprofit corporation in 1965. CAI was formed to develop and provide resources for the purpose of assisting low-income individuals through a variety of programs in Rock and Walworth Counties in Wisconsin. CAI is supported through federal and state government grants, fees for services, and private contributions. Approximately 33% of grant revenue was received from the State of Wisconsin under the Weatherization program, 20% of grant revenue was from the State of Wisconsin under the Coronavirus Relief Fund - Wisconsin Rental Assistance Program, and 14% of grant revenue was from the state of Wisconsin for the Temporary Emergency Food Assistance and Commodity Food programs.

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, 2020.

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.

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

## Notes to Consolidated Financial Statements

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

#### **Basis of Presentation**

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

#### **Principles of Consolidation**

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

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

## Notes to Consolidated Financial Statements

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

#### **Revenue Recognition**

##### Contributions

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

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 barrier(s) to entitlement are overcome and the contributions become unconditional. Unconditional contributions are recognized as revenue when received.

##### Grants

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 Topic 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 in accordance with the terms of the award and ASC Topic 958-606. Revenue is recognized when control of the promised goods or services is transferred to the customer (grantor) in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Amounts received in excess of recognized revenue are reflected as a contract liability.

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

## Notes to Consolidated Financial Statements

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

#### **Revenue Recognition (Continued)**

##### Revenue from Contracts with Customers

CAI recognized revenue from exchange transactions from contracts with customers for childcare fees and recognizes this revenue in accordance with Financial Accounting Standard Board (FASB) Accounting Standards Update (ASU 2014-09) and ASC 606, *Revenue from Contracts with Customers*, as amended. ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition with a focus on the transfer of control of promised goods or services to a customer.

CAI recognized revenues from childcare fees of \$635,425 in 2020, which is included in fee for services revenue on the consolidated statement of activities. CAI provides childcare services to families in the community and also has two contracts with a nonprofit organization to provide childcare services for participants in their programs. Contract terms are established when parents enroll their child in the program using a childcare parent handbook. Pricing is established based on the age of the child, hours needed per day, and if enrolled on a full time or part time basis. Families are responsible for paying for blocks of care in weekly increments and can cancel care with one week's notice. If a family is eligible for the Wisconsin Shares Child Care Subsidy through the State of Wisconsin, the family is responsible for applying for and maintaining eligibility. Payments from Wisconsin Shares are considered third-party reimbursements on behalf of the family receiving care and are treated as exchange revenues similar to parent fees paid. A multiple child discount is available to all families with two or more children enrolled. CAI considers the performance obligation to be providing the services outlined in the contracts. Revenue is recognized over time as the customers are simultaneously receiving and consuming the benefits of the services. CAI feels the output method is the most faithful depiction of the transfer of goods or service, using time elapsed.

CAI determined at December 31, 2020 there were no services provided without a contract in place and, therefore, has no expected adjustments to receivables and revenue. The receivables from contracts with customers for services provided are included in accounts receivable on the consolidated statement of financial position and were \$8,167 and \$5,453 at January 1, 2020 and December 31, 2020, respectively.

There were no contract assets at January 1, 2020 or December 31, 2020 and contract liabilities included in other current liabilities on the consolidated statement of financial position were at \$9,374 and \$7,238 at January 1, 2020 and December 31, 2020, respectively. The contract liability at January 1, 2020 was recognized as revenue in 2020.

##### Rental Income

Rental income is derived primarily from annual leases with tenants. This income is recognized in the period in which it is earned.

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

## Notes to Consolidated Financial Statements

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

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

Accounts receivable consist primarily of amounts billed under performance contracts 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 \$13,371 at December 31, 2020.

#### **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

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### **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 consolidated 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.

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.



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

## Notes to Consolidated Financial Statements

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

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

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 \$333,115 at December 31, 2020.

#### **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.

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.

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

## Notes to Consolidated Financial Statements

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

#### **Income Taxes (Continued)**

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 Pronouncement**

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. The new standard replaces previous revenue recognition requirements and most industry-specific guidance. The Organizations have adopted ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* as of January 1, 2020.

Management has adopted the guidance on a modified retrospective basis and analysis of various provisions of this standard resulted in no significant changes in the way the Organizations recognize revenue. There was no cumulative effect on beginning net assets of applying the new standard and its amendments for the year ended December 31, 2020.

#### **Future Accounting Pronouncement**

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.

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

## Notes to Consolidated Financial Statements

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

#### Future Accounting Pronouncement (Continued)

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, *Leases (Topic 842)* that extended the effective date for certain entities, including the Organizations, to annual periods beginning after December 15, 2021.

#### Subsequent Events

Subsequent events have been evaluated through June 23, 2021, which is the date the consolidated financial statements were available to be issued.

### Note 2: Liquidity and Availability

As of December 31, 2020, 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	\$	821,953
Grants receivable		622,432
Accounts receivable		52,563
Less: refundable advance liability included in financial assets	(	503,985)
<u>Less: net assets with donor restrictions included in financial assets</u>	<u>(</u>	<u>919,707)</u>
<u>Total financial assets available</u>	<u>\$</u>	<u>73,256</u>

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 \$2,600,000 at December 31, 2020.

### 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).

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

## Notes to Consolidated Financial Statements

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### Note 4: Restricted Cash

The restricted cash balance at December 31, 2020, consisted of the following.

CAI reserve for unemployment claims	\$	52,000
BALI reserves and security deposits		42,482
BMAH reserves and security deposits		146,186
DMAH reserves and security deposits		212,635
ESH reserves and security deposits		105,787
<u>Total</u>		<u>\$ 559,090</u>

### Note 5: Grants Receivable

Grants receivable at December 31, 2020, consisted of the following:

State programs	\$	418,304
Direct federal programs		267
Other programs		203,861
<u>Total</u>		<u>\$ 622,432</u>

### Note 6: Accounts Receivable, Net

Accounts receivable, net, at December 31, 2020, consisted of funds due for the following activities:

CAI miscellaneous activities, net of \$13,371 allowance for uncollectible amounts	\$	29,516
BALI, BMAH, DMAH, and ESH rental activities		23,047
<u>Total</u>		<u>\$ 52,563</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, 2020, investments consist of the following:

Money market fund	\$	4,998
Equity and fixed income funds		455,677
<u>Total</u>		<u>\$ 460,675</u>

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

## Notes to Consolidated Financial Statements

### Note 7: Investments (Continued)

Total investment income for the year ended December 31, 2020, was as follows:

Interest and dividends	\$ 9,574
Realized and unrealized gain on investments	44,372
Fees	( 3,978)
Investment income	\$ 49,968

### 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, 2020, 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 and 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.

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 2020.

### Note 9: Weatherization Inventory

As of December 31, 2020, CAI's inventory of weatherization material included the following:

Materials inventory	\$ 6,657
Work in process	232,548
Total	\$ 239,205

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

## Notes to Consolidated Financial Statements

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### Note 10: Housing Inventory

The inventory of houses included the following:

Beginning cost of house inventory	\$ 206,405
Current year additions	246,316
Current year write-down (lower of cost or net realizable value)	( 85,178)
<u>Ending cost of house inventory</u>	<u>\$ 367,543</u>

CAI has purchased older homes in Rock and Walworth counties 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.

### 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.

A summary of loans receivable - housing as of December 31, 2020, is as follows:

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. 76,254

CAI received 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. 54,745

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

## Notes to Consolidated Financial Statements

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

CAI received a HOME grant to provide no-interest deferred loans to help low-income homeowners rehab their property. The assistance is given as a no-interest deferred loan payable at the earliest of the sale or transfer of the property.	153,160
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.	141,296
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.	419,466
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.	27,332
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	1,503,511
Allowance for uncollectible	( 329,483)
Expected revolving loans to be received	1,174,028
Discounted at 4.5%	( 182,296)
<u>Long-term loans receivable, net</u>	<u>\$ 991,732</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.

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

## Notes to Consolidated Financial Statements

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

For the year ended December 31, 2020, the allowance for loan losses change is as follows:

Balance at the beginning of the year	\$ 342,395
Provision for loan losses	19,399
Charge-offs	( 32,311)
<u>Balance at the end of year</u>	<u>\$ 329,483</u>

The following is a summary of information pertaining to impaired and nonperforming loans as of December 31, 2020:

Impaired loans without an allowance for loan loss	\$ 0
<u>Impaired loans with an allowance for loan loss</u>	<u>39,379</u>
<u>Total impaired loans</u>	<u>\$ 39,379</u>
Allowance for loan losses related to impaired loans	\$ 39,379
Total nonaccrual loans	631,740
Average investment in impaired loans	\$ 39,379
Interest income recognized on impaired loans	0

### Note 12: Property and Equipment

A summary of property and equipment as of December 31, 2020, is as follows:

	Land	Building	Equipment	Total
CAI	\$ 224,600	\$ 2,780,619	\$ 468,850	\$ 3,474,069
BALI	4,141	2,258,023	23,911	2,286,075
BMAH	0	1,351,339	17,295	1,368,634
DMAH	272,300	923,962	0	1,196,262
<u>ESH</u>	<u>210,420</u>	<u>1,023,471</u>	<u>0</u>	<u>1,233,891</u>
Subtotal	711,461	8,337,414	510,056	9,558,931
<u>Accumulated depreciation</u>				<u>(3,711,867)</u>
<u>Property and equipment, net</u>				<u>\$ 5,847,064</u>



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

## Notes to Consolidated Financial Statements

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### Note 13: Paycheck Protection Program

During the year ended December 31, 2020, CAI received proceeds of \$663,500 and has recorded grant revenue of \$255,107 from the Small Business Administration's (SBA) Paycheck Protection Program (PPP) that resulted from legislation passed to assist businesses with navigating the Coronavirus Pandemic. CAI has determined that the award is a conditional grant and has applied the policy as described in Note 1.

CAI has interpreted the condition of the award to be the incurrence of eligible expenditures, adjusted for any decrease in full time equivalents and or salary/wage limitations, during a covered period of either 8 or 24 weeks. As of December 31, 2020, CAI believes it has incurred eligible expenses and the amount spent will be fully forgiven. Accordingly, as the award conditions were overcome, the amount spent was recognized as revenue. The portion of the PPP proceeds that were not spent, \$408,393, is included in refundable advance liability on the consolidated statement of financial position.

Should the conditions of the award not be substantially met or explicitly waived, all or a portion of the award will bear interest at 1% and be repayable in monthly payments of \$37,338, commencing upon receipt of notification of the unforgiven amount by the SBA. Any principal amount outstanding upon maturity of the note (April 14, 2022) will be due and payable on the maturity date of the note.

### Note 14: 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% (3.40% at December 31, 2020). The maturity date of the mortgage is August 1, 2045. The mortgage is secured by BMAH's assets. 649,221

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. 140,995

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. 129,689

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

## Notes to Consolidated Financial Statements

### Note 14: Mortgages Payable (Continued)

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.

	255,061
Subtotals	1,189,966
Unamortized debt issuance costs, net of accumulated amortization of \$6,424	( 29,155)
Current maturities of mortgages payable	( 21,825)
<u>Long-term mortgages payable</u>	<u>\$ 1,138,986</u>

Future payments of mortgages payable are as follows:

2021	\$ 21,825
2022	22,894
2023	24,019
2024	25,203
2025	26,449
Thereafter	1,069,576
<u>Total</u>	<u>\$ 1,189,966</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 upon mutual termination or default. The line of credit has a variable interest rate of prime rate plus 0.85% with a floor interest rate of 3.0% (4.10% at December 31, 2020), and is collateralized by real property. There was no outstanding amount drawn on the line of credit at December 31, 2020.

### Note 15: Capital Advance - HUD

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

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

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

The Note, in its principal amount, is reflected as 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

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### Note 16: Net Assets With Donor Restrictions

At December 31, 2020, net assets with donor restrictions are available for the following purposes:

Housing activities:	
Housing projects	\$ 1,937,899
Revolving loans - Housing	1,600,800
Housing activities subtotal	3,538,699
Funds available for vehicle loans	94,503
Employment training	11,686
Other	179,431
Total	\$ 3,824,319

### Note 17: 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 \$99,713 for the year ended December 31, 2020.

### Note 18: Operating Lease Agreements

CAI leases various facilities and apartments for the operation of its programs. Lease expense for the year ended December 31, 2020, was \$259,202, which includes \$120,067 in lease expense related to CAI's Transitional Living Program. The future minimum lease obligations are as follows:

2021	\$ 209,922
2022	142,602
2023	142,903
2024	145,310
2025	147,526
Thereafter	720,979
Total lease obligations	\$ 1,509,242

Rental income from the affordable housing projects, primarily under annual leases, during the year ended December 31, 2020, was \$759,763. 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, 2020, was \$141,691. As per the sublease agreements, guaranteed annual rental payments due to CAI are as follows:

2021	\$ 105,381
2022	46,345
2023	5,772
Total rental payments to be received in the future	\$ 157,498

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

## Notes to Consolidated Financial Statements

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### Note 19: Commitments and Contingencies

At December 31, 2020, CAI had commitments under various grants of approximately \$2,600,000. These commitments are not recognized in the accompanying consolidated financial statements as they are conditional awards.

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

### Note 20: Sources of Revenue

Generally, revenue received is from government or private sources. The table below summarizes the sources of funds for 2020.

	Percentage	Amount
Government	74%	\$ 8,410,434
Private	26%	2,957,784
Totals	100%	\$ 11,368,218

### 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.

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.

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

## Notes to Consolidated Financial Statements

### Note 21: Fair Value Measurements (Continued)

Information regarding the fair value of assets measured at fair value on a recurring basis as of December 31, 2020, 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	\$ 4,998	\$ 4,998	\$ 0
Equity and fixed income funds:			
Large cap funds	171,570	171,570	0
Mid cap funds	23,272	23,272	0
Small cap funds	12,941	12,941	0
International development funds	59,550	59,550	0
Emerging markets	26,748	26,748	0
Multi-strategy funds	17,359	17,359	0
Bonds	144,237	144,237	0
Totals	\$ 460,675	\$ 460,675	\$ 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, 2020, 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	\$ 367,543	\$ 0	\$ 367,543

Housing inventory with a carrying amount of \$452,721 was written down to its fair value of \$367,543 since this impairment was deemed to be other than temporary. As a result, an impairment charge of \$85,178 is included in the consolidated statement of activities for the year ended December 31, 2020.

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.

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

## Notes to Consolidated Financial Statements

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### **Note 22: Business Conditions**

The COVID-19 pandemic, whose effects first became known in January 2020, is having an impact on commerce and financial markets around the world. The Organizations are closely monitoring its investment portfolio and its liquidity and is actively working to minimize the impact of COVID-19. The extent of the impact of COVID-19 on the Organizations operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the Organizations customers, employees, and vendors, all of which are present, cannot be determined. Accordingly, the extent to which COVID-19 may impact the Organizations financial position and changes in net assets and cash flows is uncertain and the accompanying consolidated financial statements include no adjustments relating to the effects of this pandemic.

# **Supplementary Information**

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

Schedule A-1  
Schedule of Program Activity  
Year Ended December 31, 2020

CFDA Number	Grant Number	Program Name	Grantor Agency	Program Period	Program or Award Amount
<b>ASSISTANCE PROGRAMS AS IDENTIFIED IN THE CATALOG OF FEDERAL DOMESTIC ASSISTANCE</b>					
<b>Department of Agriculture</b>					
10.558	53-6801	Community Kids Janesville (USDA)	State of WI Dept. of Public Instruction	10/01/20-09/30/21	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
		<b>Subtotal 10.558</b>			
10.561	FY20-CAI-FSET	FSET-Fatherhood-Rock	SWWDB	10/01/19-09/30/20	100,458
10.568	435100-G-21-210484-990	Temporary Emerg. Food Asst. Prog.	State of WI Dept. of Health Services	10/01/20-09/30/21	38,354
10.568	435100-G-20-210484-990	Temporary Emerg. Food Asst. Prog.	State of WI Dept. of Health Services	10/01/19-09/30/20	140,605
		<b>Subtotal 10.568</b>			
10.569	N/A	Commodity Food Program	State of WI Dept. of Health Services	01/01/20-12/31/20	N/A
		<b>Subtotal 10.568 &amp; 10.569 Cluster</b>			
<b>Department of Housing and Urban Development</b>					
14.218	B-20-MW-55-0013	COVID-19 Community Development Block Grant-Cares Act	City of Beloit	07/01/20-12/31/20	67,430
14.218	B-20-MC-55-0013	Community Development Block Grant-Neighborhood Revitalization Strategic Areas	City of Beloit	01/01/20-12/31/20	57,108
14.218	B-19-MC-55-0013	CDBG-Merrill Community Center Improvements	City of Beloit	01/01/20-12/31/20	85,000
		CDBG-Merrill Community Center Youth and Senior Programs	City of Beloit	01/01/20-12/31/20	18,893
14.218	B-20-MC-55-0013	CDBG-Fatherhood Initiative	City of Beloit	01/01/20-12/31/20	13,709
14.218	B-20-MC-55-0013	CDBG-Fatherhood Initiative	City of Beloit	01/01/20-12/31/20	8,291
14.218	B-20-MC-55-0013	CDBG-Rapid Rehousing	City of Beloit	01/01/20-12/31/20	7,150
14.218	B-20-MC-55-0013	CDBG-Permanent Supportive Housing	City of Beloit	01/01/20-12/31/20	3,850
14.218	B-20-MC-55-0013	CDBG-Hackett Neighborhood Clean-up	City of Beloit	01/01/20-12/31/20	3,356
14.218	B-20-MC-55-0013	CDBG-Merrill Neighborhood Clean-up	City of Beloit	01/01/20-12/31/20	3,251
14.218	B-20-MC-55-0014	CDBG-Fatherhood Initiative	City of Janesville	01/01/20-12/31/20	6,972
		CDBG-Permanent Supportive Housing & Rapid Rehousing	City of Janesville	01/01/20-12/31/20	9,420
		<b>Subtotal 14.218 CDBG - Entitlement Grants Cluster</b>			
14.231	20-21ESG-CV-22-CAI	COVID-19 Emergency Solutions Grant-Cares Act	YWCA of Rock County	07/01/20-06/30/21	504,000
14.231	20-21EHH20-23-CAI	Emergency Solutions Grant	YWCA of Rock County	07/01/20-06/30/21	15,658
14.231	19-20EHH19-24-CAI	Emergency Solutions Grant	YWCA of Rock County	07/01/19-06/30/20	16,284
		<b>Subtotal 14.231</b>			
14.239	N/A	HOME Investment Partnership - Rock	City of Janesville	07/31/17-12/31/20	131,771
14.267	CAI_PSH	Housing Assistance Program	State of WI Dept. of Administration	07/01/20-09/30/21	25,000
14.267	Rock Walworth	Supportive Services Only	State of WI Dept. of Administration	07/01/20-06/30/21	32,177
14.267	WI0202LSI001801	HUD Continuum of Care	U.S. Dept. of HUD	09/01/19-08/31/20	459,945
14.267	WI0203LSI001801	HUD Permanent Supportive Housing	U.S. Dept. of HUD	09/01/19-08/31/20	219,552
14.267	WI0203LSI001902	HUD Permanent Supportive Housing	U.S. Dept. of HUD	09/01/20-08/31/21	221,889
		<b>Subtotal 14.267</b>			
<b>Department of Labor</b>					
17.274	YB-32961-18-60-A-55	Youth Build-Rock	U.S. Dept. of Labor	02/01/19-05/30/22	1,100,000
<b>Department of Treasury</b>					
21.019	WRAP 20-05	COVID-19 Coronavirus Relief Fund - Wisconsin Rental Assistance Program	State of WI Dept. of Administration	05/20/20-12/31/20	1,931,296
<b>Department of Energy</b>					
81.042	WX 2021.03	Weatherization Assistance DOE	State of WI Dept. of Administration	07/01/20-06/30/21	435,438
81.042	WX 1920.03	Weatherization Assistance DOE	State of WI Dept. of Administration	07/01/19-09/30/20	403,363
		<b>Subtotal 81.042</b>			
<b>Department of Health and Human Services</b>					
93.092	N/A	Healthcare Education & Training	Healthcare Education & Training	01/01/20-12/31/20	2,500
93.092	435100-G-20-210484-090	Personal Responsibility Education Program	State of WI Dept. of Health Services	10/01/19-09/30/20	100,000
		<b>Subtotal 93.092</b>			
93.558	437004-G16-0000742-000-01	Transitional Jobs	State of WI Dept. of Children & Families	07/01/17-12/31/20	1,480,700
93.558	HCMMSG 19-02	Homeless Case Management Services Grant	State of WI Dept. of Administration	07/01/20-06/30/21	50,000
		<b>Subtotal 93.558</b>			
93.568	WX 2021.03	Weatherization Assistance EAP	State of WI Dept. of Administration	07/01/20-06/30/21	606,408
93.568	WX 1920.03	Weatherization Assistance EAP	State of WI Dept. of Administration	07/01/19-09/30/20	429,929
93.568	2020.03	Emergency Furnace Replacement	State of WI Dept. of Administration	10/01/19-09/30/20	N/A
		<b>Subtotal 93.568</b>			



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

Schedule A-1 (Continued)  
Schedule of Program Activity  
Year Ended December 31, 2020

Net Assets (Deficit) 12/31/19	Refundable Advance Liability 12/31/19	Current Grant Revenue	Other Revenue	Expenses	Transfers	Refundable Advance Liability 12/31/20	Net Assets (Deficit) 12/31/20
\$ 0	\$ 0	11,233	\$ 0	(\$ 11,233)	\$ 0	\$ 0	\$ 0
0	0	33,085	0	( 33,085)	0	0	0
0	0	44,318	0	( 44,318)	0	0	0
0	0	47,480	0	( 47,480)	0	0	0
0	0	16,719	0	( 16,719)	0	0	0
0	0	112,777	0	( 112,777)	0	0	0
0	0	129,496	0	( 129,496)	0	0	0
0	43,512	1,156,475	0	( 1,121,025)	0	( 78,962)	0
0	43,512	1,285,971	0	( 1,250,521)	0	( 78,962)	0
0	0	67,430	0	( 67,430)	0	0	0
0	0	57,108	0	( 57,108)	0	0	0
0	0	82,962	0	( 82,962)	0	0	0
0	0	18,893	0	( 18,893)	0	0	0
0	0	13,709	0	( 13,709)	0	0	0
0	0	8,291	0	( 8,291)	0	0	0
0	0	7,150	0	( 7,150)	0	0	0
0	0	3,850	0	( 3,850)	0	0	0
0	0	2,554	0	( 2,554)	0	0	0
0	0	2,554	0	( 2,554)	0	0	0
0	0	6,972	0	( 6,972)	0	0	0
0	0	9,420	0	( 9,420)	0	0	0
0	0	280,893	0	( 280,893)	0	0	0
0	0	24,250	0	( 24,250)	0	0	0
0	0	8,110	0	( 8,110)	0	0	0
0	0	14,073	0	( 14,073)	0	0	0
0	0	46,433	0	( 46,433)	0	0	0
0	0	13,364	0	( 13,364)	0	0	0
0	0	503	0	( 503)	0	0	0
0	0	6,205	0	( 6,205)	0	0	0
0	0	333,490	0	( 333,490)	0	0	0
0	0	142,918	0	( 142,918)	0	0	0
0	0	52,706	0	( 52,706)	0	0	0
0	0	535,822	0	( 535,822)	0	0	0
0	0	446,346	0	( 446,346)	0	0	0
0	0	1,783,533	0	( 1,783,533)	0	0	0
0	0	196,413	0	( 196,413)	0	0	0
0	( 2,080)	133,705	0	( 131,625)	0	0	0
0	( 2,080)	330,118	0	( 328,038)	0	0	0
0	0	2,500	0	( 2,500)	0	0	0
0	0	76,743	0	( 76,743)	0	0	0
0	0	79,243	0	( 79,243)	0	0	0
0	0	122,901	0	( 126,285)	3,384	0	0
0	0	29,319	0	( 29,319)	0	0	0
0	0	152,220	0	( 155,604)	3,384	0	0
0	0	16,142	0	( 16,142)	0	0	0
0	230,771	171,442	0	( 402,213)	0	0	0
0	0	24,592	0	( 24,592)	0	0	0
0	230,771	212,176	0	( 442,947)	0	0	0

See Independent Auditor's Report.

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

Schedule A-2  
Schedule of Program Activity  
Year Ended December 31, 2020

CFDA Number	Grant Number	Program Name	Grantor Agency	Program Period	Program or Award Amount
<b>ASSISTANCE PROGRAMS AS IDENTIFIED IN THE CATALOG OF FEDERAL DOMESTIC ASSISTANCE (Continued)</b>					
93.569	437004-G20-0001511-000-04	Community Service Block Grant	State of WI Dept. of Children & Families	01/01/20-12/31/20	387,788
93.569	N/A	COVID-19 Community Services Block Grant-Cares Act	State of WI Dept. of Children & Families	06/01/20-09/30/22	28,622
		<b>Subtotal 93.569</b>			
93.959	HSD_2020_0093	Urban Youth Prevention Program	Rock County Human Services	01/01/20-12/31/20	47,310
<b>Corporation for National and Community Service</b>					
94.006	19NDHMA00300003	AmeriCorps	Serve Wisconsin	08/15/20-08/14/21	92,000
94.006	19NDHMA00300003	AmeriCorps	Serve Wisconsin	08/15/19-08/14/20	92,000
		<b>Subtotal 94.006</b>			
<b>Department of Homeland Security</b>					
97.024	N/A	Emergency Food & Shelter Program (EFSP)	United Way of Walworth County	01/01/20-12/31/20	10,600
		<b>Total Federal Programs</b>			
<b>STATE AND LOCAL PROGRAMS</b>					
N/A	WX 2021.03	Public Benefits Weatherization	State of WI Dept. of Administration	09/01/20-06/30/21	1,808,604
N/A	WX 1920.03	Public Benefits Weatherization	State of WI Dept. of Administration	07/01/19-09/30/20	1,953,661
N/A	2021.03	Emergency Furnace Replacement	State of WI Dept. of Administration	10/01/20-09/30/21	N/A
N/A	2020.03	Emergency Furnace Replacement	State of WI Dept. of Administration	10/01/19-09/30/20	N/A
N/A	SSSG 20-05	State Shelter Subsidy Grant	State of WI Dept. of Administration	01/01/20-12/31/20	26,700
N/A	N/A	WETAP PD Driver License Program	State of WI Dept of Transportation	01/01/20-12/31/20	N/A
N/A	N/A	Loans to Affiliates	N/A	Ongoing	N/A
N/A	N/A	AWARE	City of Evansville	01/01/20-12/31/20	10,000
N/A	N/A	Fresh Start	School District of Beloit-WI DPI	01/01/20-12/31/20	N/A
N/A	N/A	Youth Build-Walworth	Elkhorn Area School District	03/02/20-08/30/22	125,000
N/A	N/A	Fatherhood	United Way of Walworth County	01/01/20-12/31/20	N/A
N/A	N/A	Permanent Supportive Housing	United Way of Walworth County	01/01/20-12/31/20	N/A
N/A	N/A	Rapid Re-Housing (TLP)	United Way of Walworth County	01/01/20-12/31/20	N/A
N/A	N/A	Twin Oaks Shelter for the Homeless	United Way of Walworth County	01/01/20-12/31/20	N/A
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	07/01/19-06/30/21	110,000
N/A	N/A	Community Kids-Tuition Assistance	United Way Blackhawk Region	07/01/19-06/30/21	10,000
N/A	N/A	Fatherhood-Rock	United Way Blackhawk Region	07/01/19-06/30/21	60,000
N/A	N/A	Fresh Start	United Way Blackhawk Region	07/01/19-06/30/21	20,000
N/A	N/A	Merrill After School Program	United Way Blackhawk Region	07/01/19-06/30/21	115,000
N/A	N/A	Merrill Senior Program	United Way Blackhawk Region	07/01/19-06/30/21	27,000
N/A	N/A	Personal Responsibility Education Program	United Way Blackhawk Region	07/01/19-06/30/21	20,000
N/A	N/A	Rapid Re-Housing (TLP)	United Way Blackhawk Region	07/01/19-06/30/21	108,000
N/A	N/A	Advance-United Way Blackhawk Region	United Way Blackhawk Region	07/01/19-06/30/21	N/A
N/A	N/A	AWARE	Foundations	01/01/20-12/31/20	N/A
N/A	N/A	COVID-19 CDBG-Cares Act City of Beloit	Foundations	01/01/20-12/31/20	N/A
N/A	N/A	Fatherhood-Rock	Foundations	01/01/20-12/31/20	N/A
N/A	N/A	Twin Oaks Shelter for the Homeless	Foundations	01/01/20-12/31/20	N/A
N/A	N/A	Merrill Senior Program	Foundations	01/01/20-12/31/20	N/A
N/A	N/A	Personal Responsibility Education Program	Foundations	01/01/20-12/31/20	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	1318 Porter Ave.	Sale Proceeds	01/01/20-12/31/20	N/A
N/A	N/A	152 Linn St.	Sale Proceeds	01/01/20-12/31/20	N/A
N/A	N/A	1417 Hull	WIP	Ongoing	N/A
N/A	N/A	AWARE	Donations	01/01/20-12/31/20	N/A
N/A	N/A	Fatherhood	Donations	01/01/20-12/31/20	N/A
N/A	N/A	Twin Oaks Homeless Shelter	Donations	01/01/20-12/31/20	N/A
		<b>Total State and Local Programs</b>			
		<b>Total Program Activity</b>			

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

Schedule A-2 (Continued)  
Schedule of Program Activity  
Year Ended December 31, 2020

Net Assets (Deficit) 12/31/19	Refundable Advance Liability 12/31/19	Current Grant Revenue	Other Revenue	Expenses	Transfers	Refundable Advance Liability 12/31/20	Net Assets (Deficit) 12/31/20
0	0	387,788	0	( 387,788)	0	0	0
0	0	28,622	0	( 28,622)	0	0	0
0	0	416,410	0	( 416,410)	0	0	0
0	0	47,310	0	( 47,310)	0	0	0
0	0	25,205	0	( 25,205)	0	0	0
0	0	27,281	0	( 27,281)	0	0	0
0	0	52,486	0	( 52,486)	0	0	0
0	0	10,600	0	( 10,600)	0	0	0
0	272,203	5,784,723	0	( 5,981,348)	3,384	( 78,962)	0
0	0	1,017,328	0	( 761,493)	0	( 255,835)	0
0	60,968	1,121,418	3,697	( 1,186,083)	0	0	0
0	0	103,864	0	( 103,864)	0	0	0
0	0	153,431	0	( 153,431)	0	0	0
0	0	26,700	0	( 26,700)	0	0	0
114,483	0	0	3,725	( 23,705)	0	0	94,503
1,626,778	0	0	0	0	221,369	0	1,848,147
0	0	10,000	0	( 10,000)	0	0	0
11,686	0	133,500	1,674	( 135,174)	0	0	11,686
0	0	50,000	0	( 50,000)	0	0	0
0	0	1,000	0	( 1,000)	0	0	0
0	0	750	0	( 750)	0	0	0
0	0	750	0	( 750)	0	0	0
0	0	10,000	0	( 10,000)	0	0	0
0	0	21,250	0	( 21,250)	0	0	0
0	0	26,255	0	( 26,255)	0	0	0
0	0	8,857	0	( 8,857)	0	0	0
0	0	15,733	0	( 15,733)	0	0	0
0	0	10,000	0	( 10,000)	0	0	0
0	0	57,500	0	( 57,500)	0	0	0
0	0	8,195	0	( 8,195)	0	0	0
0	0	2,979	0	( 2,979)	0	0	0
0	0	37,623	0	( 37,623)	0	0	0
0	0	64,733	0	0	0	0	64,733
0	0	2,000	0	( 2,000)	0	0	0
0	0	1,500	0	( 1,500)	0	0	0
0	0	3,000	0	( 3,000)	0	0	0
0	0	5,730	0	( 5,730)	0	0	0
0	0	6,000	0	( 6,000)	0	0	0
0	0	6,844	0	( 6,844)	0	0	0
54,957	0	0	0	15,043	0	0	70,000
1,707,498	0	0	0	( 37,478)	( 69,220)	0	1,600,800
5,361	0	0	0	0	0	0	5,361
19,658	0	0	0	0	0	0	19,658
9,886	0	0	0	0	( 9,886)	0	0
85,581	0	0	104,201	( 80,982)	0	0	108,800
5,000	0	0	26,912	( 31,281)	0	0	631
0	0	0	140,645	( 140,645)	0	0	0
3,640,888	60,968	2,906,940	280,854	( 2,951,759)	142,263	( 255,835)	3,824,319
3,640,888	333,171	8,691,663	280,854	( 8,933,107)	145,647	( 334,797)	3,824,319

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

Schedule A-3  
Schedule of Program Activity  
Year Ended December 31, 2020

CFDA Number	Grant Number	Program Name	Grantor Agency	Program Period	Program or Award Amount
<b>GENERALLY ACCEPTED ACCOUNTING PRINCIPLE (GAAP) ADJUSTMENTS</b>					
N/A	N/A	Average Lease Adjustment Pathways Center	N/A	Ongoing	N/A
N/A	N/A	Grant-Funded Equipment	N/A	Ongoing	N/A
		<b>Total GAAP Adjustments</b>			
<b>PRIVATE SUPPORT AND SERVICE FEES</b>					
N/A	N/A	Paycheck Protection Program	Small Business Administration & BMO	04/20/20-10/04/20	255,107
N/A	N/A	Community Kids Janesville	Rock County Dept. of H.S., YoungStar, Cronin Foundation, Fees, Donations and Fundraising	Ongoing	N/A
N/A	N/A	Community Kids P4J	School District of Janesville & Fees	Ongoing	N/A
N/A	N/A	Community Kids Pathways	Fees/Donations	Ongoing	N/A
N/A	N/A	Early Head Start Beloit	Early Head Start, Rock County Dept. of H.S., YoungStar, Fees and Donations	Ongoing	N/A
N/A	N/A	122 Knoll	HRRP Revolving Loan/Client Rent	Ongoing	N/A
N/A	N/A	Beloit Merrill Houses	Rent/Donations	Ongoing	N/A
N/A	N/A	Permanent Supportive Housing	Client rent income	Ongoing	N/A
N/A	N/A	Beloit Merrill Community Garden	Donations	Ongoing	N/A
N/A	N/A	Merrill After School Program	Donations	Ongoing	N/A
N/A	N/A	Merrill Senior Program	Donations	Ongoing	N/A
N/A	N/A	Housing Development	Fees/Donations	Ongoing	N/A
N/A	N/A	Housing Development	Fees/Donations	Ongoing	N/A
N/A	N/A	Personal Responsibility Education Program	Donations	Ongoing	N/A
N/A	N/A	Youth Build-Rock	Contractor Contributions	Ongoing	N/A
N/A	N/A	Training	Fee for Service	Ongoing	N/A
N/A	N/A	Corporate Fund	Donations, Rent Inc. and Interest	Ongoing	N/A
		<b>Total CAI Discretionary Activity</b>			
		<b>Total CAI Activity</b>			
N/A	N/A	Beloit Assisted Living, Inc.	Rent	Ongoing	N/A
N/A	N/A	Beloit Mature Adult Housing LLC	Rent	Ongoing	N/A
N/A	N/A	Delavan Mature Adult Housing, LLC	Rent	Ongoing	N/A
N/A	N/A	Evansville Senior Housing, LP	Rent	Ongoing	N/A
		<b>Total Subsidiary Activity</b>			
<b>GRAND TOTALS</b>					

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

Schedule A-3 (Continued)  
Schedule of Program Activity  
Year Ended December 31, 2020

Net Assets (Deficit) 12/31/19	Refundable Advance Liability 12/31/19	Current Grant Revenue	Other Revenue	Expenses	Transfers	Refundable Advance Liability 12/31/20	Net Assets (Deficit) 12/31/20
0	0	0	0	1,105	( 1,105)	0	0
218,026	0	0	0	115,089	0	0	333,115
<b>218,026</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>116,194</b>	<b>( 1,105)</b>	<b>0</b>	<b>333,115</b>
0	0	663,500	0	( 255,107)	0	( 408,393)	0
( 75,782)	0	0	846,231	( 770,247)	2,889	0	3,091
0	0	0	74,717	( 74,717)	0	0	0
0	0	0	25,486	( 25,486)	0	0	0
0	0	0	95,075	( 92,186)	( 2,889)	0	0
( 57,777)	0	0	14,680	( 14,064)	0	0	( 57,161)
0	0	0	22,992	( 52,951)	29,959	0	0
0	0	0	14,695	( 16,071)	1,376	0	0
0	0	0	5,924	( 5,924)	0	0	0
0	0	0	1,128	( 1,128)	0	0	0
0	0	0	3,000	( 3,000)	0	0	0
0	0	0	0	( 94,902)	94,902	0	0
1,261	0	0	0	0	( 1,261)	0	0
0	0	0	50	( 50)	0	0	0
0	0	0	1,660	( 1,660)	0	0	0
39,336	0	0	8,900	( 8,900)	0	0	39,336
1,546,888	0	0	241,943	( 125,125)	( 269,518)	0	1,394,188
<b>1,453,926</b>	<b>0</b>	<b>663,500</b>	<b>1,356,481</b>	<b>( 1,541,518)</b>	<b>( 144,542)</b>	<b>( 408,393)</b>	<b>1,379,454</b>
<b>5,312,840</b>	<b>333,171</b>	<b>9,355,163</b>	<b>1,637,335</b>	<b>( 10,358,431)</b>	<b>0</b>	<b>( 743,190)</b>	<b>5,536,888</b>
1,473,623	0	0	165,682	( 238,076)	0	0	1,401,229
669,446	0	0	308,766	( 428,638)	0	0	549,574
332,875	0	0	156,283	( 201,427)	0	0	287,731
225,455	0	0	155,008	( 190,949)	0	0	189,514
<b>2,701,399</b>	<b>0</b>	<b>0</b>	<b>785,739</b>	<b>( 1,059,090)</b>	<b>0</b>	<b>0</b>	<b>2,428,048</b>
<b>8,014,239</b>	<b>333,171</b>	<b>9,355,163</b>	<b>2,423,074</b>	<b>( 11,417,521)</b>	<b>0</b>	<b>( 743,190)</b>	<b>7,964,936</b>
<b>Reconciliation of Grant and Contract Revenue With Statement of Activities:</b>				<b>Reconciliation of Other Revenue With Statement of Activities:</b>			
Prior year refundable advance liability			333,171	Fee for services revenue			787,419
Current grant revenue			9,355,163	Program and other contributions			684,233
Current year refundable advance liability			(743,190)	Rental income			901,454
<b>TOTAL</b>			<b>8,945,144</b>	Investment income			49,968
							<b>2,423,074</b>

# Community Action, Inc. of Rock and Walworth Counties

Schedule B-1

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2020

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Grant Number	Federal Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
Passed-Through Wisconsin Department of Public Instruction			
USDA Reimbursement	10.558	53-6801	\$ 44,318
Passed-Through Southwest Wisconsin Workforce Development Board			
SNAP Cluster:			
FSET-Fatherhood	10.561	FY20-CAI-FSET	47,480
Passed-Through Wisconsin Department of Health Services			
Distribution Food Cluster:			
Temporary Emergency Food Assistance Program	10.568	435100-G-21-210484-990	16,719
Temporary Emergency Food Assistance Program		435100-G-20-210484-990	112,777
Subtotal 10.568			129,496
Commodity Food Program	10.569	N/A	1,121,025
Subtotal Distribution Food Cluster CFDA #10.568 and #10.569			1,250,521
<b>SUBTOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			<b>1,342,319</b>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
Passed-Through City of Beloit			
CDBG - Entitlement Grants Cluster:			
COVID-19 Community Development Block Grant-Cares Act	14.218	B-20-MW-55-0013	67,430
Community Development Block Grant-NRSA		B-20-MC-55-0013	57,108
Community Development Block Grant-MCC Improvements		B-19-MC-55-0013	82,962
Community Development Block Grant		B-20-MC-55-0013	57,001
Passed-Through City of Janesville			
Community Development Block Grant		B-20-MC-55-0014	16,392
Subtotal CDBG - Entitlement Grants Cluster #14.218			280,893
Passed-Through YMCA of Rock County			
COVID-19 Emergency Solutions Grant-Cares Act	14.231	20-21ESG-CV-22-CAI	24,250
Emergency Solutions Grant		20-21EHH20-23-CAI	8,110
Emergency Solutions Grant		19-20EHH19-24-CAI	14,073
Subtotal 14.231			46,433
Passed-Through City of Janesville			
HOME Investment Partnership	14.239	N/A	13,364
Passed-Through Wisconsin Department of Administration			
HUD Continuum of Care-HAP	14.267	CAI_PSH	503
HUD Continuum of Care-SSO		Rock Walworth	6,205
Direct Funding			
HUD Continuum of Care		WI0202L51001801	333,490
HUD Permanent Supportive Housing		WI0203L51001801	142,918
HUD Permanent Supportive Housing		WI0203L51001902	52,706
Subtotal 14.267			535,822
<b>SUBTOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			<b>876,512</b>
<b>U.S. DEPARTMENT OF LABOR</b>			
Direct Grant	17.274		
Youthbuild		YB-32961-18-60-A-55	446,346
<b>SUBTOTAL U.S. DEPARTMENT OF LABOR</b>			<b>446,346</b>
<b>U.S. DEPARTMENT OF TREASURY</b>			
Passed-Through Wisconsin Department of Administration	21.019		
COVID-19 Coronavirus Relief Act - Wisconsin Rental Assistance Program		WRAP 20-05	1,783,533
<b>SUBTOTAL U.S. DEPARTMENT OF TREASURY</b>			<b>1,783,533</b>

See Independent Auditor's Report.

See Notes to the 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, 2020

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Grant Number	Federal Expenditures
<b>U.S. DEPARTMENT OF ENERGY (DOE)</b>			
Passed-Through Wisconsin Department of Administration			
Weatherization Assistance DOE	81.042	WX 2021.03	196,413
Weatherization Assistance DOE		WX 1920.03	131,625
Subtotal 81.042			<u>328,038</u>
<b>SUBTOTAL U.S. DEPARTMENT OF ENERGY</b>			<u>328,038</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
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-20-210484-090	76,743
Subtotal 93.092			<u>79,243</u>
Passed-Through Wisconsin Department of Children & Families			
Transitional Jobs	93.558	437004-G16-0000742-000-01	122,901
Passed-Through Wisconsin Department of Administration			
Homeless Case Management Services		HCMMSG 19-02	29,319
Subtotal 93.558			<u>152,220</u>
Passed-Through Wisconsin Department of Administration			
Weatherization Assistance EAP	93.568	WX 2021.03	16,142
Weatherization Assistance EAP		WX 1920.03	402,213
Emergency Furnace Repair and Replacement		2020.03	24,592
Subtotal 93.568			<u>442,947</u>
Passed-Through Wisconsin Department of Children & Families			
Community Service Block Grant	93.569	437004-G20-0001511-000-04	387,788
COVID-19 Community Service Block Grant-Cares Act		N/A	28,622
Subtotal 93.569			<u>416,410</u>
Passed-Through Rock County Human Services			
Rock County Urban Youth	93.959	HSD_2020_0093	47,310
<b>SUBTOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<u>1,138,130</u>
<b>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</b>			
Passed-Through Serve Wisconsin			
Americorps	94.006	19NDHMA00300003	25,205
Americorps		19NDHMA00300003	27,281
Subtotal 94.006			<u>52,486</u>
<b>SUBTOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</b>			<u>52,486</u>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>			
Passed-Through United Way of Walworth County			
Emergency Food & Shelter Program (EFSP)	97.024	N/A	10,600
<b>SUBTOTAL U.S. DEPARTMENT OF HOMELAND SECURITY</b>			<u>10,600</u>
<b>TOTAL FEDERAL EXPENDITURES</b>			<u><u>\$ 5,977,964</u></u>

See Independent Auditor's Report.

See Notes to the 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, 2020

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

The Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal and other grant activity of Community Action, Inc. of Rock and Walworth Counties under programs of the federal government for the year ended December 31, 2020. 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, 2020

<i>Assets</i>	<b>Community Action, Inc. of Rock &amp; Walworth *</b>	<b>Beloit Assisted Living, Inc.</b>
Current assets:		
Cash	\$ 810,269	\$ 538
Restricted cash	52,000	42,482
Grants receivable	622,432	0
Accounts receivable, net	48,710	14,141
Weatherization inventory	239,205	0
Housing inventory	367,543	0
Commodity food inventory	78,962	0
Prepaid expenses and other assets	109,761	2,804
<b>Total current assets</b>	<b>2,328,882</b>	<b>59,965</b>
Other assets:		
Investments	460,675	0
Loans receivable - Housing partnerships, net	1,848,147	0
Loans receivable - Housing, net	991,732	0
<b>Total other assets</b>	<b>3,300,554</b>	<b>0</b>
Property and equipment, net	1,077,982	1,367,387
<b>TOTAL ASSETS</b>	<b>\$ 6,707,418</b>	<b>\$ 1,427,352</b>
<i>Liabilities and Net Assets</i>		
Current liabilities:		
Current portion of mortgages payable	\$ 0	\$ 0
Accounts payable	183,590	5,054
Accrued payroll and related expenses	112,358	657
Other liabilities	7,238	20,412
Refundable advance liability	743,190	0
<b>Total current liabilities</b>	<b>1,046,376</b>	<b>26,123</b>
Long-term liabilities:		
Operating loan payable - related party	0	0
Mortgages payable	15,000	0
Other liability	109,154	0
<b>Total long-term liabilities</b>	<b>124,154</b>	<b>0</b>
<b>Total liabilities</b>	<b>1,170,530</b>	<b>26,123</b>
Net assets:		
Without donor restrictions	1,251,894	1,401,229
Without donor restrictions - Board designated	460,675	0
<b>Total without donor restrictions</b>	<b>1,712,569</b>	<b>1,401,229</b>
With donor restrictions	3,824,319	0
<b>Total net assets</b>	<b>5,536,888</b>	<b>1,401,229</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 6,707,418</b>	<b>\$ 1,427,352</b>

\* Includes activity for both CAI and CAP.

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

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

## Schedule C

### Consolidating Statement of Financial Position (Continued)

December 31, 2020

<i>Assets</i>	<b>Low-Income Housing Partnerships **</b>	<b>Subtotal</b>	<b>Eliminations</b>	<b>Consolidated</b>
Current assets:				
Cash	\$ 11,146	\$ 821,953	\$ 0	\$ 821,953
Restricted cash	464,608	559,090	0	559,090
Grants receivable	0	622,432	0	622,432
Accounts receivable, net	8,906	71,757	( 19,194)	52,563
Weatherization inventory	0	239,205	0	239,205
Housing inventory	0	367,543	0	367,543
Commodity food inventory	0	78,962	0	78,962
Prepaid expenses and other assets	8,855	121,420	0	121,420
Total current assets	493,515	2,882,362	( 19,194)	2,863,168
Other assets:				
Investments	0	460,675	0	460,675
Loans receivable - Housing partnerships, net	0	1,848,147	( 1,628,147)	220,000
Loans receivable - Housing, net	0	991,732	0	991,732
Total other assets	0	3,300,554	( 1,628,147)	1,672,407
Property and equipment, net	3,401,695	5,847,064	0	5,847,064
<b>TOTAL ASSETS</b>	<b>\$ 3,895,210</b>	<b>\$ 12,029,980</b>	<b>(\$ 1,647,341)</b>	<b>\$ 10,382,639</b>
<b><i>Liabilities and Net Assets</i></b>				
Current liabilities:				
Current portion of mortgages payable	\$ 21,825	\$ 21,825	\$ 0	\$ 21,825
Accounts payable	15,919	204,563	( 13,936)	190,627
Accrued payroll and related expenses	0	113,015	0	113,015
Other liabilities	73,256	100,906	0	100,906
Refundable advance liability	0	743,190	0	743,190
Total current liabilities	111,000	1,183,499	( 13,936)	1,169,563
Long-term liabilities:				
Operating loan payable - related party	5,258	5,258	( 5,258)	0
Mortgages payable	2,752,133	2,767,133	( 1,628,147)	1,138,986
Other liability	0	109,154	0	109,154
Total long-term liabilities	2,757,391	2,881,545	( 1,633,405)	1,248,140
Total liabilities	2,868,391	4,065,044	( 1,647,341)	2,417,703
Net assets:				
Without donor restrictions	1,026,819	3,679,942	0	3,679,942
Without donor restrictions - Board designated	0	460,675	0	460,675
Total without donor restrictions	1,026,819	4,140,617	0	4,140,617
With donor restrictions	0	3,824,319	0	3,824,319
Total net assets	1,026,819	7,964,936	0	7,964,936
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 3,895,210</b>	<b>\$ 12,029,980</b>	<b>(\$ 1,647,341)</b>	<b>\$ 10,382,639</b>

\* Includes activity for both CAI and CAP.

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

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

## Schedule D

### Consolidating Statement of Activities

Year Ended December 31, 2020

	Community Action, Inc. of Rock & Walworth *	Beloit Assisted Living, Inc.	Low-Income Housing Partnerships **	Eliminations	Consolidated
Revenue:					
Grant and contract revenue	\$ 8,945,144	\$ 0	\$ 0	\$ 0	\$ 8,945,144
Fee for services revenue	763,384	1,241	22,794	0	787,419
Program and other contributions	695,733	0	0	( 11,500)	684,233
Rental income	141,691	164,387	595,376	0	901,454
Investment income	48,027	54	1,887	0	49,968
Total revenue	10,593,979	165,682	620,057	( 11,500)	11,368,218
Expenses:					
Salaries and wages	2,914,238	12,788	26,005	0	2,953,031
Fringe benefits	683,313	0	0	0	683,313
Consultants/contractual	155,971	32,701	94,923	0	283,595
Travel	70,406	0	0	0	70,406
Occupancy	682,240	28,057	88,532	0	798,829
Supplies	102,378	14,344	125,900	0	242,622
Weatherization materials	1,754,098	0	0	0	1,754,098
Client/participant costs	2,736,802	0	0	0	2,736,802
Depreciation	140,521	57,175	88,564	0	286,260
Commodities distributed	1,121,025	0	0	0	1,121,025
Other	8,939	93,011	56,879	( 11,500)	147,329
Project expenses	0	0	340,211	0	340,211
Total expenses	10,369,931	238,076	821,014	( 11,500)	11,417,521
Change in net assets	224,048	( 72,394)	( 200,957)	0	( 49,303)
Net assets at beginning of year	5,312,840	1,473,623	1,227,776	0	8,014,239
Net assets at end of year	\$ 5,536,888	\$ 1,401,229	\$ 1,026,819	\$ 0	\$ 7,964,936

\* 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, 2020

<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	\$ 8,174	\$ 897	\$ 2,075	\$ 11,146
Restricted cash	146,186	212,635	105,787	464,608
Accounts receivable, net	5,738	1,206	1,962	8,906
Prepaid expenses and other assets	4,130	383	4,342	8,855
Total current assets	164,228	215,121	114,166	493,515
Property and equipment, net	1,185,092	1,091,413	1,125,190	3,401,695
<b>TOTAL ASSETS</b>	<b>\$ 1,349,320</b>	<b>\$ 1,306,534</b>	<b>\$ 1,239,356</b>	<b>\$ 3,895,210</b>
<i>Liabilities and Net Assets</i>				
Current liabilities:				
Current portion of mortgages payable	\$ 17,953	\$ 1,303	\$ 2,569	\$ 21,825
Accounts payable	8,511	5,074	2,334	15,919
Other liabilities	24,916	25,963	22,377	73,256
Total current liabilities	51,380	32,340	27,280	111,000
Long-term liabilities:				
Operating loan payable - related party	5,258	0	0	5,258
Mortgages payable	743,108	986,463	1,022,562	2,752,133
Total long-term liabilities	748,366	986,463	1,022,562	2,757,391
Total liabilities	799,746	1,018,803	1,049,842	2,868,391
Net assets:				
Without donor restrictions	549,574	287,731	189,514	1,026,819
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,349,320</b>	<b>\$ 1,306,534</b>	<b>\$ 1,239,356</b>	<b>\$ 3,895,210</b>

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

## Schedule F

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

Year Ended December 31, 2020

	Beloit Mature Adult Housing, LLC	Delavan Mature Adult Housing, LLC	Evansville Senior Housing, LP	Low-Income Housing Partnerships Subtotal
Revenue:				
Fee for services revenue	\$ 13,025	\$ 1,611	\$ 8,158	\$ 22,794
Rental income	294,168	154,425	146,783	595,376
Investment income	1,573	247	67	1,887
Total revenue	308,766	156,283	155,008	620,057
Expenses:				
Salaries and wages	26,005	0	0	26,005
Consultants/contractual	94,923	0	0	94,923
Occupancy	88,532	0	0	88,532
Supplies	125,900	0	0	125,900
Depreciation	36,399	25,131	27,034	88,564
Other	56,879	0	0	56,879
Project expenses	0	176,296	163,915	340,211
Total expenses	428,638	201,427	190,949	821,014
Change in net assets	( 119,872)	( 45,144)	( 35,941)	( 200,957)
Net assets at beginning of year	669,446	332,875	225,455	1,227,776
Net assets at end of year	\$ 549,574	\$ 287,731	\$ 189,514	\$ 1,026,819

# Community Action, Inc. of Rock and Walworth Counties

## Schedule G

### Schedule of Emergency Furnace Activity by Contract

Year Ended December 31, 2020

<b>Contract #</b>	<b>Prior Audit Period Cash Received</b>	<b>Current Audit Period Cash Received</b>	<b>True up Received (Paid)</b>	<b>Net Contract to Date Cash Received</b>	<b>Prior Audit Period Expenses</b>	<b>Current Audit Period Expenses</b>	<b>Contract to Date Expenses</b>
WX 2020.03	\$ 98,672	\$ 213,232	\$ 0	\$ 311,904	\$ 133,881	\$ 178,023	\$ 311,904
WX 2021.03	0	76,949	0	76,949	0	103,864	103,864
	<u>\$ 98,672</u>	<u>\$ 290,181</u>	<u>\$ 0</u>	<u>\$ 388,853</u>	<u>\$ 133,881</u>	<u>\$ 281,887</u>	<u>\$ 415,768</u>

# Community Action, Inc. of Rock and Walworth Counties

## Schedule H

### DHS Cost Reimbursement Award Schedule

Year Ended December 31, 2020

DHS Identification number	TEFAP/EFO's CARS profile 70010	TEFAP/EFO's CARS profile 70010	PREP CARS profile 159354
<b>Award amount</b>	<b>\$38,354</b>	<b>\$140,605</b>	<b>\$100,000</b>
<b>Award period</b>	<b>10/01/20-09/30/21</b>	<b>10/01/19-09/30/20</b>	<b>10/01/19-09/30/20</b>
<b>Period of award within audit period</b>	<b>10/01/20-12/31/20</b>	<b>01/01/20-09/30/20</b>	<b>01/01/20-09/30/20</b>
<b>A. Expenditures reported to DHS or revenue received</b>	<b>\$ 16,719</b>	<b>\$ 112,777</b>	<b>\$ 76,743</b>
<b>B. Actual allowable cost of award reported in audit</b>			
1. Employee Salaries and Wages	6,001	20,916	54,547
2. Employee Fringe Benefits	287	1,643	0
3. Payroll Taxes	459	1,605	0
4. Rent or Occupancy	1,118	3,640	2,317
5. Professional Services	1,994	12,657	7,643
6. Employee Travel	33	67	0
7. Conferences, Meetings or Education	0	0	0
8. Employee Licenses and Dues	0	0	0
9. Supplies	6,297	71,577	12,236
10. Telephone	530	671	0
11. Equipment	0	0	0
12. Depreciation	0	0	0
13. Utilities	0	0	0
14. Bad Debts	0	0	0
15. Postage and Shipping	0	1	0
16. Insurance	0	0	0
17. Interest	0	0	0
18. Bank Fees and Charges	0	0	0
19. Advertising and Marketing	0	0	0
20. Other	0	0	0
Total operating costs of award	16,719	112,777	76,743
<b>C. Less disallowed costs</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>D. Less program revenue and other offsets to costs</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>E. Net allowable operating costs before profit</b>	<b>16,719</b>	<b>112,777</b>	<b>76,743</b>
<b>F. Add allowable profit</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>G. Total Allowable Costs</b>	<b>\$ 16,719</b>	<b>\$ 112,777</b>	<b>\$ 76,743</b>

## **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, 2020, 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 June 23, 2021. 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) as a basis for designing 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 consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

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

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

Wipfli LLP

June 23, 2021  
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, 2020. 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, 2020, 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, 2020.

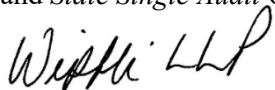
## Report on Internal Control Over Compliance

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

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

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

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



Wipfli LLP

June 23, 2021  
Madison, Wisconsin

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

## Schedule of Findings and Questioned Costs Year Ended December 31, 2020

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

#### Consolidated 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 consolidated financial statements noted?	No

#### Federal and State Awards

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

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

<u>Name of Federal Major Program or Cluster</u>	<u>CFDA No.</u>
Coronavirus Relief Fund - Wisconsin Rental Assistance Program	21.019
Weatherization	81.042
Low-Income Home Energy Assistance Program	93.568
<u>Name of State Major Program or Cluster</u>	<u>State ID No.</u>
Public Benefits Program	505.371
Dollar threshold used to distinguish between Type A and Type B programs:	
Federal	\$750,000
State	250,000

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

None

### 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 consolidated 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

  
Denes L. Tobie, CPA  
June 23, 2021

Date of report